

MBTA Retirement Fund

Strategic Plan Implementation Progress Report

Updated February 15, 2023

Goal A Enhance financial technology capabilities to support a secure and high performing customer service environment.		
Objective	Strategic Initiative	Implementation Status
A1: Improve and Modernize the Retirement Fund’s IT infrastructure.	A1.1: Implement technological improvements consistent with legal standards and best practices to better protect confidential information.	<ul style="list-style-type: none"> • <i>In progress.</i> The MBTARF is developing a phishing and cyber security training and awareness campaign utilizing the KnowBe4 platform. • <i>Complete.</i> The MBTARF implemented SentinelOne, an autonomous endpoint protection platform that prevents, detects, and responds to attacks across major vectors. • <i>Complete.</i> The MBTARF’s technology consultant conducted a routine vulnerability scan to expose vulnerabilities in the MBTARF’s IT network and then remediated those vulnerabilities. • <i>Complete.</i> The MBTARF migrated from its previous on-premises phone system, which had reached the end of its useful life, to a Teams-based cloud phone system. • <i>Complete.</i> Implemented multifactor authentication (MFA) for access to the MBTARF’s network, directory services, switches, endpoints and servers. • <i>Complete.</i> Adopted enhanced mobile device management and email encryption. • <i>Complete.</i> Tested feasibility of implementing remote online notarization mechanism to enable members to remotely notarize and e-sign retirement applications and other Retirement Fund documents; ongoing implementation on hold. • <i>Complete.</i> Added laptop hard drive encryption capabilities as part of the Windows 10 migration (discussed in A1.2). • <i>Complete.</i> Implemented mechanisms to allow for disability retirement applicants to undergo exams utilizing telemedicine.

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		<ul style="list-style-type: none"> • <i>Complete.</i> Adopted Zoom Video Communications, which provides real time audio and video conferencing and online chat services through a cloud-based peer-to-peer software platform.
	A1.2: Migrate from a traditional on-premises hosting solution to a cloud-based hosting solution and upgrade the Retirement Fund's operating system from Windows 7 to Windows 10.	<ul style="list-style-type: none"> • <i>Cloud Migration – Complete.</i> The Retirement Fund completed migrating its email and office applications to Microsoft Office 365, its phone system to a Teams-based solution, and other applications and data to a cloud-based Microsoft Azure solution. • <i>Windows Migration – Complete.</i> The Retirement Fund's migration to Windows 10 is complete.
	A1.3: Complete migration to an electronic records management and retention program to improve storage and retrieval, while reducing the burden of maintaining paper records.	<ul style="list-style-type: none"> • <i>In progress.</i> Determining the feasibility of utilizing a digital record system for official records and legacy legal files. • <i>Complete.</i> Benefit software provider PTG implemented a mechanism that attaches scans of paper-based member and retired member records to the corresponding member files in PTG PensionPro.
A2: Implement and maintain a sophisticated online self-service platform.	A2.1: Implement password protected account access for members and retirees to obtain and monitor basic retirement data including pension benefit information by completing PTG Pension Pro benefit software implementation.	<ul style="list-style-type: none"> • <i>Complete.</i> The PTG Member Self-Service Portal is live on the Retirement Fund's website.
	A2.2: Ensure that the Retirement Fund's website is secure and maintained properly.	<ul style="list-style-type: none"> • <i>Ongoing.</i> Security and maintenance are ongoing initiatives. • <i>Complete.</i> The Retirement Fund's Manager of Information Technology and website vendor provided website updates for the Member Self-Service Portal and other items, including website layout and member and retiree account access. Additional investment-related items were updated and amended, such as Asset Allocation – Target & Current, Investment Policy Statement, Investment Manager List. • <i>Complete.</i> Updated Privacy Policy and Terms of Use posted on website to cover enhanced website and PTG functionality.
A3: Educate financial technology users on upgraded service	A3.1: Identify online and traditional educational tools to educate members, retirees and their beneficiaries on the Retirement Fund's online service offerings.	<ul style="list-style-type: none"> • <i>In progress.</i> The Retirement Fund is planning to develop additional webinars.

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offerings and evaluate customer satisfaction.		<ul style="list-style-type: none"> • <i>Complete.</i> The MBTARF developed a webinar, that is hosted on the MBTARF website, illustrating the features and functionality of the PTG Member Self-Service Portal available to Members. • <i>Complete.</i> Retirement Fund management published a June 2022 <i>Milestones</i> newsletter. • <i>Complete.</i> Retirement Fund management published an April 2021 <i>Milestones</i> newsletter. • <i>Complete.</i> The Retirement Fund announced its launch of the PTG Member Self-Service Portal in the June 2020 <i>Milestones</i> newsletter.
	A3.2: Conduct customer satisfaction surveys and evaluate customer service delivery and offerings based on findings to improve financial technology and customer facing business processes to achieve and deliver high quality, timely, effective and efficient customer service to our members.	

Goal B Cultivate a sophisticated, professional, risk intelligent organization dedicated to customer service.		
Objective	Strategic Initiative	Implementation Status
<p>B1: Retain and develop a highly component staff.</p>	<p>B1.1: Enhance and encourage employee training and development opportunities (internally and externally) and promote continuing education, cross-training, risk awareness, and knowledge transfer to ensure workforce efficiency, sustainability, and innovation.</p>	<ul style="list-style-type: none"> ● <i>Ongoing.</i> Pursuing education: <ul style="list-style-type: none"> ○ Manager of Information Technology – IT Training. ● <i>Complete:</i> <ul style="list-style-type: none"> ○ Performed management training for Manger of Benefits and Manger of Finance/HR on October 27, 2021 and November 3, 2021, respectively. ○ Completed 2021 Annual Training on October 21, 2021, and make-up training held on November 5, 2021. ○ Conducted new hire training on January 5, 2021, July 19, 2021, and January 7, 2022. ○ Completed 2020 Annual Training on September 24, 2020 and 2021 Annual Training on October 21, 2021. ○ Manager of Benefits – Master’s in Business, Corporate Finance. ○ Manager of Disability Benefits - Master’s in Science – Industrial Org. Psychology. ○ Former Manager of Operations and Manager of Information Technology attended CLE on Cyber Security Threats and Best Practices in the Remote World of COVID-19 on 5/1/2020. ○ Former Manager of Operations attended CLE on Post-Quarantine Return-to-Work Guide on 5/11/2020. ○ Mandated social distance and sanitization training conducted in conjunction with training on the Retirement Fund’s COVID-19 Return-to-Work Guide on 5/21/2020. ○ Interim-Executive Director attended CLE on Employment Law Issues & Opportunities in Remote Work on 6/8/2020. ○ Manger of Information Technology and Operations Manager attended PERAC’s Cybersecurity for Retirement Systems Webinar on 2/28/2022.
	<p>B1.2: Develop succession and redundancy plans to ensure availability of experienced and capable employees to assume new roles as needed and assure continuity of quality service.</p>	<ul style="list-style-type: none"> ● <i>Planning.</i> Being addressed in conjunction within the reorganization of the Retirement Fund’s organizational chart and recent hires. See Strategic Initiative B3.3.

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<p>B2: Design and implement <i>Kai Zen</i>-like processes to improve benefits administration, information security and other Retirement Fund practices and procedures.</p>	<p>B2.1: Regularly evaluate, update and refine internal policies governing operations and management to reduce risk, enhance quality, improve discipline and encourage internal cooperation.</p>	<ul style="list-style-type: none"> • <i>In progress.</i> Developed, and now monitoring and updating, a COVID-19 Return-to-Work Guide to govern return to office operations for employees. The Retirement Fund is monitoring local, state, and federal COVID-19 return to work guidance and updating its Return-to-Work Guide as appropriate. • <i>Complete.</i> The Benefits Department SOPs have been updated to conform with best practices and the MBTARF’s current practices. • <i>Complete.</i> Updated WISP, Acceptable Use Policy, Incident Response Plan, and Use and Transportation Policy based on changes in practices resulting from cloud migration and cyber insurance upgrades. • <i>Complete.</i> Conducted outreach and convened Zoom meetings with peer retirement funds and aspirational retirement funds to discuss benefits operations, strategic planning, and other best practices – meeting with Middlesex County and PERAC Chairperson held 1/12/2022; meeting with Mass. Teachers’ and PERAC Chairperson held 1/31/2022; meeting with Segal Marco, former PERAC Executive Director, and PERAC Chairperson held on 7/11/2022; meeting with NYC Board of Education Retirement System, former PERAC Executive Director, and PERAC Chairperson held on 7/11/2022; meeting with Worcester Retirement System, former PERAC Executive Director, and PERAC Chairperson held on 9/21/2022; meeting with Plymouth County, former PERAC Executive Director, and PERAC Chairperson held on 9/1/2022. • <i>Complete.</i> The Retirement Fund updated its Employee Handbook in July 2021 to ensure compliance with applicable law and best practices, including a policy for drug and alcohol testing. • <i>Complete.</i> Conducted outreach and convened Zoom meetings with peer retirement funds and aspirational retirement funds to discuss their operations and best practices – meeting with Plymouth County and PERAC Chairperson held 11/19/2020; meeting with Middlesex County and PERAC Chairperson held 11/23/2020; meeting with Boston Retirement and PERAC Chairperson held 11/24/2020.

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		<ul style="list-style-type: none"> • <i>Complete.</i> Outreach to PERAC to determine its best practices related to PTG/benefit software, mortality vendor, remote online notarizations, and telemedicine. • <i>Complete.</i> Engaged a new mortality verification vendor, PBI, to provide enhanced mortality verification services.
	B2.2: Adopt a program of assessments and audits to evaluate internal controls, policies, performance and risk, and develop improvements and enhancements to the Retirement Fund’s policies and procedures.	<ul style="list-style-type: none"> • <i>Complete.</i> The Benefits Department SOPs have been updated to conform with best practices and the MBTARF’s current practices. • <i>Complete.</i> PERAC Chairperson conducted an operational assessment of the Benefits Department SOPs (implementation). • <i>Complete.</i> Former PERAC Executive Director conducted an assessment of the development and implementation of the Benefits Department SOPs. • <i>Complete.</i> PERAC Chairperson conducted an operational assessment of the Benefits Department SOPs (content and development) - report delivered to Board - 2/18/22. • <i>Complete.</i> ICWG updated Finance Department Procedures and Selection of Investment Managers policy based on internal assessment to conform to updated IPS and best practices – delivered to Board at October 2021 Board meeting. • <i>Complete.</i> PERAC Chairperson conducted an operational assessment of Retirement Fund’s reorganized structure, organizational chart, and job functions. • <i>Complete.</i> Prepared WISP annual reviews in December 2020, December 2021, and December 2022. • <i>Complete.</i> ICWG updated IPS to account for new asset allocation targets effective 7/1/2020.
	B2.3: Convene regular Information Governance meetings to improve information security awareness and customer facing “FinTech” processes.	<ul style="list-style-type: none"> • <i>Ongoing.</i> Meetings with the Retirement Fund’s managed service provider and technology consultant, CMIT, to be held each quarter beginning on April 13, 2021.
B3: Strive to create a process-based	B3.1: Convene “agenda-driven” monthly staff meetings to promote internal synergy and organization while increasing accountability.	<ul style="list-style-type: none"> • <i>Ongoing.</i> Monthly staff meetings scheduled and held beginning September 2019 and continuing each month.

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organization that optimizes performance and efficiency.	B3.2: Develop and evaluate standard operating procedures (SOPs) to improve efficient operations, productivity and uniformity.	<ul style="list-style-type: none"> • <i>In progress.</i> The Benefits Department SOPs are in the process of being updated. • <i>Complete.</i> The Retirement Fund has prepared an annual operational event calendar setting out reoccurring items such as Board and operational tasks and dates.
	B3.3: Evaluate the organizational chart and job descriptions to assure that roles match ever-evolving business responsibilities and service needs.	<ul style="list-style-type: none"> • <i>Complete.</i> Feedback obtained on job descriptions and the Retirement Fund organization structure from employees via Organizational Chart Evaluation Survey. • <i>Complete.</i> The Retirement Board approved the Retirement Fund staff reorganization plan that was developed, in part, by utilizing feedback obtained from employees via the Organizational Chart Evaluation Survey. • <i>Complete.</i> The Retirement Fund obtained staff feedback related to implementing its reorganized structure via the Reorganizational Assessment Survey. • <i>Complete.</i> The Retirement Fund management and Project 2020 team updated job descriptions in a manner consistent with industry practices, the Retirement Fund’s staff reorganization designed to recognize organizational changes, changes in job functions and technological enhancements as well as promoting cross-departmental work for all employees. • <i>Complete.</i> The Retirement Fund engaged PERAC Chairperson to conduct an operational assessment of its reorganized structure, organizational chart, and job functions. • <i>Complete.</i> Chart and job descriptions reevaluated based on employee departures and new hires.

Goal C Become a recognized leader in pension benefit administration.		
Objective	Strategic Initiative	Implementation Status
C1: Collaborate with state regulators, public pension systems and other industry stakeholders to identify innovative “best practices” and educate stakeholders about the Retirement Fund.	C1.1: Meet semi-annually with PERAC and PRIM leadership and staff to discuss cutting-edge issues relevant to pension benefit administration and investment.	<ul style="list-style-type: none"> • <i>Complete.</i> The Retirement Fund and PERAC meeting convened in April 2022. • <i>Complete.</i> The Retirement Fund and PERAC meeting convened (remotely) in March 2021. • <i>Complete.</i> The Retirement Fund and PERAC meeting convened in August 2020. • <i>Complete.</i> The Retirement Fund and PERAC meeting convened in February 2020. • See Objective B2 for other PERAC “best practice” sharing.
	C1.2: Attend industry meetings and join industry trade groups to identify and adopt industry best practices to continuously improve and adapt the Retirement Fund to an ever-changing environment.	<ul style="list-style-type: none"> • <i>In progress.</i> The Retirement Fund is determining the feasibility of speaking at and/or attending upcoming industry events. • <i>Complete.</i> Select staff members attended Government Finance Officers Association (GFOA) Award Management System Training. • <i>Complete.</i> Interim-Executive Director attended International Foundation of Employee Benefit Plans (IFEBC) - 65th Annual Employee Benefits Conference that covered the following topics: (i) economic outlook; (ii) managing risks; (iii) environmental, social and governance (ESG) – investment initiatives; and (iv) modern asset allocation.
C2: Achieve a level of Retirement Board ethics and fiduciary accountability that meets or exceeds industry standards.	C2.1: Provide fiduciary training to educate the Retirement Board Members regarding their duties of undivided loyalty, accountability and prudent investment to the Retirement Fund and its members, retirees, and their beneficiaries, both as a matter of law and pursuant to the Retirement Fund’s Fiduciary Standards and its Investment Policy Statement.	<ul style="list-style-type: none"> • <i>Complete.</i> Board Member fiduciary training conducted on August 20, 2021 by PERAC Chairperson. • <i>Complete.</i> Board Member fiduciary training conducted in January 2020.
	C2.2: Implement techniques to increase the effectiveness of management’s communication to the Retirement Board.	<ul style="list-style-type: none"> • <i>Complete.</i> Prepared an annual operational calendar (for 2021 and for 2022) setting out reoccurring items including an annual Board Meeting agenda for recurring items.
C3: Educate stakeholders including	C3.1: Increase awareness of the Retirement Fund’s unique and important historical role within the Commonwealth’s transportation and pension benefit systems.	<ul style="list-style-type: none"> • <i>In progress.</i> The Retirement Fund is determining the feasibility of speaking at upcoming industry events.

Goal C Become a recognized leader in pension benefit administration.		
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the public about the Retirement Fund.		<ul style="list-style-type: none"> • <i>Complete.</i> The Retirement Fund updated its website to include additional information in the “About Us” section. • <i>Complete.</i> The Retirement Fund has increased awareness about its background, commitment to transparency, and best practices through informational meetings with comparable and aspirational retirement funds: meeting with Middlesex County and PERAC Chairperson held 1/12/2022; meeting with Mass. Teachers’ and PERAC Chairperson held 1/31/2022; meeting with NYC Board of Education Retirement System, former PERAC Executive Director, and PERAC Chairperson held on 7/11/2022; meeting with Worcester Retirement System, former PERAC Executive Director, and PERAC Chairperson held on 9/21/2022; meeting with Plymouth County, former PERAC Executive Director, and PERAC Chairperson held on 9/1/2022.
	<p>C3.2: Educate stakeholders about the Retirement Fund’s achievements and its limitations, including funding challenges created through demographic forces such as disproportionate increases in retirees through increased life expectancy and decreases in active, contributing members.</p>	<ul style="list-style-type: none"> • <i>Complete.</i> The Retirement Fund announced its launch of the PTG Member Self-Service Portal and the impact of COVID-19 on the Retirement Fund’s investments in the June 2020 <i>Milestones</i> newsletter. • <i>Complete.</i> The Retirement Fund published and distributed a 2021 <i>Milestones</i> newsletter. • <i>Complete.</i> The Retirement Fund published and distributed a 2022 <i>Milestones</i> newsletter.

Goal D Sustain and preserve a financially sound pension fund.		
Objective	Strategic Initiative	Implementation Status
D1: Improve the long-term sustainability of the Retirement Fund.	D1.1: Strive to ensure the long-term sustainability of the Retirement Fund by achieving the highest level of investment performance compatible with risk tolerance and prudent investment practices utilizing a highly capable and diversified external network of global investment consultants.	<ul style="list-style-type: none"> • <i>Complete.</i> ICWG updated Finance Department Procedures (FDPs) and Selection of Investment Manager policies. Careful consideration was given to investment selection including, without limitation, PRIM offerings. (Further review anticipated through ICWG)
	D1.2: Adhere to the designated asset allocation developed through actuarial studies while striving to meet or exceed the target rate of return.	<ul style="list-style-type: none"> • <i>Complete.</i> IPS updated to account for new asset allocation targets effective 7/1/2020.
D2: Enhance financial reporting, accountability, and transparency.	D2.1: Maintain effective internal controls over financial reporting and working with the auditor (KPMG) produce an Annual Comprehensive Financial Report (ACFR) compliant with the Government Accounting Standards Board (GASB) for the annual Independent Auditor's Report.	<ul style="list-style-type: none"> • <i>Complete.</i> State Street Bank's eCFM Platform – Adopted and implemented State Street Bank's eCFM platform (Electronic Cash Flow Module) - Rollout -2/1/2020. eCFM is a State Street application that provides the Retirement Fund with the ability to electronically provide State Street Bank with authorization for the transfer of funds and foreign exchange transactions. eCFM provides a number of security features through user entitlements, an option for dual approval, industry standard encryption protocols and user authentication requirements. • <i>Complete.</i> KPMG completed 2020 and 2021 audits of the Retirement Fund. • <i>Complete.</i> Implement KPMG recommendations from 2020 audit (e.g. escrow unclaimed member contributions).
	D2.2: Strive to receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting annually.	<ul style="list-style-type: none"> • <i>Complete.</i> 2021 ACFR submitted to GFOA for consideration of Certificate of Achievement for Excellence in Financial Reporting. • <i>Complete.</i> GFOA certificates received for fiscal years 2016, 2017, 2018, 2019 and 2020.
	D2.3: Make ACFRs and monthly, quarterly, one-, three-, five-, and ten-year investment returns publicly available via the Retirement Fund's website.	<ul style="list-style-type: none"> • <i>Ongoing.</i> This information is continuously posted on the Retirement Fund's website as it comes available.
	D2.4: Evaluate and, as needed, implement technology to improve financial reporting abilities.	<ul style="list-style-type: none"> • <i>Ongoing.</i>
D3: Regularly convene Investment Compliance	D3.1: ICWG to review and continuously improve Finance Department policies and procedures including, without limitation, the Investment	<ul style="list-style-type: none"> • <i>Complete.</i> ICWG meetings held (via telephone conference) on 3/5/2020 and 4/24/2020 to discuss required IPS revisions based on

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Working Group (“ICWG”) meetings to review and improve Finance Department procedures.	Policy Statement (IPS) to reduce risks and ensure internal and third-party compliance.	<p>new asset allocation targets approved by the Retirement Board in February 2020 and effective in July 2020. IPS revisions approved by Board at July 2020 Board meeting.</p> <ul style="list-style-type: none"> • <i>Ongoing.</i> ICWG sub-committee drafting revisions to Selection of Investment Managers and Finance Department Procedures. ICWG meeting scheduled for September 2021.
	D3.2: ICWG to conduct internal (Retirement Fund) reviews and coordinate external agreed upon procedures audits of IPS and other Finance department policies and procedures to determine compliance, feasibility and effectiveness of controls.	<ul style="list-style-type: none"> • <i>Planning.</i> Investment manager selection policy document to be reviewed by ICWG.