New Hampshire Retirement System
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Strategic Planning

Background

The New Hampshire Retirement System was created in 1967 as a contributory defined benefit plan. The plan provides lifetime pension benefits, disability benefits, and pre- and post-retirement death benefits for public employees, teachers, police officers and firefighters.

For the fiscal year ending June 30, 2019, NHRS had just over 48,000 active members and more than 38,000 retirees and beneficiaries; it paid out more than $780 million in pension benefits and nearly $50 million in Medical Subsidy payments.

Under RSA 100-A, NHRS has a fiduciary obligation to act for the exclusive benefit of its members and beneficiaries. To carry out that obligation, its operations are governed by a 13-member Board of Trustees. The investment of the trust fund's more than $9.2 billion in assets is the responsibility of an Independent Investment Committee, which consist of six members. Day-to-day retirement system operations are delegated by the Board to the Executive Director and administered by a staff of approximately 65.

Overview

Pursuant to Board Policy, NHRS adopts a rolling three-year strategic plan on an annual basis. The plan is developed during the third and fourth fiscal quarters and typically adopted at the April or May meeting of the Board of Trustees. As a part of that process, both the Board and the staff engages in a Preserve/Achieve/Avoid exercise to identify areas requiring action or attention. The strategic plan focuses on key priorities to be achieved over the next 12 to 36 months. However, it is only one component of the comprehensive management process in place to assure that NHRS meets its obligations to its members and beneficiaries.

The building blocks which comprise the management process are as follows:

- **Mission, Vision, and Values:** In FY 2017 NHRS adopted a new, simplified Mission Statement: To provide secure retirement benefits and superior service. Click on the link above to see the full document.
- **Goals and Objectives:** There are eight high-level goals designed to accomplish the Mission, including items addressing compliance, efficiency, customer service, outreach, and investments. Each goal has multiple objectives attached to it, identifying the actions to be taken to achieve these goals and objectives.
- **Strategic Plan Priorities:** The strategic plan is a rolling three-year plan focused on specific objectives which are seen as most critical over the near-term horizon. For the 2021 fiscal year, there are eight specific priorities we are pursuing.
- **Action Plans:** Action Plans are an implementation tool. Each senior manager develops five to 10 action plans focused on achieving key objectives within their span of responsibility. The plans include milestones and targeted completion dates, and are reviewed monthly and reported to the Board in order to monitor and manage progress. The executive-level Action Plan captures those items identified in the Strategic Plan Priorities.
- **Key Performance Measures:** KPMs are a management tool for assuring that operating processes and procedures are performing as expected. There are a total of 96 metrics which are measured monthly and reported to the Board by each senior manager.

At the staff level, meetings are held on a quarterly basis to update all employees on major issues, initiatives, and progress toward achieving Action Plans. Operationally, our management is committed to a culture of communication and teamwork. We ascribe to the following values, which are the foundation of how we work together to serve our members:

- **Security** – Providing promised benefits and guarding the confidentiality of personal information.
- **Excellence** – Striving to exceed expectations through innovation, accountability, and teamwork.
- **Respect** – By recognizing the uniqueness and importance of our stakeholders, our co-workers, and ourselves, we foster collaboration and cooperation.
- **Value** – Committing to be a trusted and effective fiduciary by always acting in the best interest of our membership.
- **Integrity** – Acting in an ethical, honest, and professional manner in all our interactions.
- **Communication** – Providing responsive, accurate, and timely information to our stakeholders.
- **Empathy** – Being aware of the feelings of others and how our actions affect them enables us to be responsive to the needs of all we encounter.

In Conclusion

NHRS has a very important role in the economic well-being of New Hampshire's public employees, teachers, police officers, and firefighters. All of us at NHRS have a strong appreciation of that responsibility and we are committed to the professional management and administration of the pension trust and the retirement benefits for all of our members, retirees, and beneficiaries.

George P. Lagos
Executive Director

April 2020

Goals & Objectives

1. Goal – Achieve 100% statutory and legal compliance in all operational areas in accordance with a good-faith interpretation of the law governing the retirement system.

- Receive "clean" management letter from external auditors, Plante Moran.
- Continue to enhance IT security and redundancy to assure the safeguarding of member, employer, and stakeholders' electronic data.

2. Goal – Achieve structural and organizational efficiency.

- Meet agreed milestones of LRS PGV3 Upgrade Project to better support NHRS mission.
- Implement a low-cost solution for employers to process all member and employer contribution payments to NHRS online via ACH.

3. Goal – Achieve delivery of superior service to all retirement system members, beneficiaries and employers.

- Develop and implement a strategy to improve service at customer contact points including telephone, fax, email and walk-in interactions.
- Continue to enhance and increase the quality and scope of member education and outreach for newly enrolled members and mid-career members.
- Meet or exceed 95% of the Key Performance Measures on a monthly basis.
- Continue the comprehensive member satisfaction feedback process by utilizing a combination of paper surveys, online surveys and direct telephone contact.
- Continue to improve a comprehensive communication and education program for NHRS participating employers.

4. Goal – Achieve development and implementation of an operating budget which assures that all costs incurred are appropriate and reasonable.

- Develop a FY 2021 trust fund budget for review and approval by the Board of Trustees.
- Monitor and manage the administration of the Trust Fund budget and the statutory administrative budget and report to the Board on a monthly basis.

5. Goal – Achieve a strong and positive working relationship with the NH Legislature.

- Refine and continue presentations and educational outreach to key legislators and legislative committees.

6. Goal – Achieve an investment return at or greater than the assumed rate of return over the long term.

- Over the long-term, achieve an investment return equal to or greater than the assumed rate of return, once determined following the GRS experience study.
- Achieve an investment return that meets or exceed the total fund benchmark over 3-5 years.
- Achieve an investment return that meets or exceed the peer group median over 3-5 years.

7. Goal – Achieve recognition by all stakeholders that NHRS is a well-run, efficient and professional organization, operated for the exclusive benefit of its members and beneficiaries.

- Refine and increase ongoing communication and outreach efforts to inform stakeholders that NHRS is an efficient, cost-effective, and financially secure steward of public employee retirement benefits.

8. Goal – Achieve the proper funding of the pension trust to support the payments of benefits to retirees and

beneficiaries in accordance with NH RSA 100-A.

- Assure continued compliance with the Board's Investment Policy and Actuarial Funding Policy.
- Revise assumptions following the GRS experience study and set employer contribution rates in September 2020 for FY 22 & 23.

April 2020

NHRS Three-year Strategic Plan Priorities
July 2020 – June 2023

2020-2021 (FY 21)

- Complete implementation of data security assessment recommendations and continue to enhance IT security.
- Complete project plan milestones for LRS Pension Gold (PGV3) project.
- Enhance customer services through identification and implementation of improved administration of phone, fax, email and walk-in customer contact processes.
- Continue to enhance member interface to include younger employees/members in the NHRS system.
- Build on the outstanding communication with all internal and external stakeholders, including the state legislature.
- Develop and implement a comprehensive communication and education program for employers.
- Develop and document succession plan at all levels, with particular focus on senior positions.
- Manage and implement experience study modification of assumptions and set contribution rates for FY 22 & 23, using the June 30, 2019 valuation.

2021-2022 (FY 22)

- Review and adjust the three year strategic plan as appropriate.
- Continue implementation of PGV3 upgrade as per project plan.
- Complete implementation of (non-PGV3 reliant) data security enhancement recommendations.

2022-2023 (FY 23)

- Continue implementation of PGV3 upgrade as per project plan.
- Evaluate progress on all objectives and initiatives over prior 24 months to determine what has been achieved and what still needs to be addressed.

NOTES

Plan does not address day-to-day issues such as managing implications of legislative action or litigation outcomes, which may be material, but are entirely unpredictable. Also, see KPMs for performance measures.
FY 22 and FY 23 will be reviewed and adjusted depending on results of FY 21.

Approved by the NHRS Board of Trustees, April 14, 2020