

CITY OF AUSTIN
EMPLOYEES'
RETIREMENT SYSTEM

STRATEGIC PLAN 2022 - 2026





MISSION, VISION, CORE VALUES, & CORE COMPETENCIES

MISSION

The mission of COAERS is to provide our members their promised benefits.

VISION

Our vision is to be a best-in-class public pension plan through excellence in financial stewardship, plan administration, and investment management.

CORE VALUES

| | |
|------------------|----------------|
| Accessibility | Integrity |
| Accountability | Open |
| Cooperation | Communication |
| Ethical Behavior | Respect |
| Fairness | Responsiveness |
| Innovation | |

CORE COMPETENCIES

We believe our proficiency in the following enables the organization to deliver on its mission:

- **DEPENDABLE OPERATIONS:** Managing the financial and operational commitments of the system within appropriate measurable standards.
- **PRUDENT INVESTMENT MANAGEMENT:** Fulfilling fiduciary duty through monitoring performance within adopted process and stated goals.
- **TRANSPARENCY:** Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.
- **CUSTOMER SERVICE:** Treating customers fairly and respectfully. Utilizing effective communication and recognizing the customers' changing needs.
- **EDUCATION:** Promoting educational opportunities that enhance knowledge and develop appropriate skill sets for Trustees, Staff, and customers.



STRATEGIC GOALS 2022 - 2026

TO ACHIEVE BOTH OUR MISSION AND VISION, THE ORGANIZATION SETS FORTH THE FOLLOWING GOALS:

1. Achieve and maintain a funding level that ensures the long-term sustainability of the retirement system.
 2. Responsibly manage the risks of the System.
 3. Provide high-quality stakeholder services, education, and experience.
 4. Identify and implement leading practices in board governance, pension administration, and investment management.
 5. Identify opportunities to capitalize on organizational strengths.
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GOAL 1:

Achieve and maintain a funding level that ensures the long-term sustainability of the retirement system

| GOAL 1 STRATEGIC OBJECTIVES | | | | | | |
|--|--|---|------|--|------|------|
| ACTUARIAL FUNDING | | INVESTMENT PROGRAM | | PLAN SPONSOR AND STAKEHOLDER RELATIONSHIPS | | |
| Ensure the System is actuarially sound, and long-term funding aligns with the Board's Funding Policy. | | Achieve an annualized net return equal to the targets for the following: a. Five-year relative to passive benchmark b. Twenty-year relative to the actuarially assumed rate of return | | Provide education on System current funding, risks, and mitigation strategies to maintain communication and relationship with Plan Sponsor and stakeholders. | | |
| KEY PERFORMANCE INDICATORS | | | | | | |
| <div>①</div> Measure: Number of years to amortize unfunded actuarial accrued liability Target: 25 or less Frequency: Annual | | <div>①</div> Measure: Annualized five-year returns relative to passive benchmark Target: Meet or exceed Frequency: Quarterly | | <div>①</div> Measure: Stakeholder information session Target: Annual information session Frequency: Annual | | |
| <div>②</div> Measure: Long-term funded status of 100% Target: December 31, 2045 Frequency: Annual | | <div>②</div> Measure: Annualized twenty-year returns relative to actuarially assumed rate of return Target: Meet or exceed Frequency: Quarterly | | <div>②</div> Measure: Stakeholder assessment survey Target: 90% Frequency: Annual | | |
| <div>③</div> Measure: Percent of the Actuarially Determined Contribution (ADC) rate contributed Target: 100% Frequency: Annual | | | | | | |
| STRATEGIC OBJECTIVES ACTION ITEMS | | | | | | |
| Actuarial Funding | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Conduct and adopt annual actuarial valuation | | X | X | X | X | X |
| Review and update Funding Policy | | X | | X | | X |
| Actuarial analysis of long-term sustainability proposals | | X | X | | | |
| Conduct actuarial experience study | | | | X | | |
| Investment Program | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Conduct annual review of Investment Policy Statement | | X | X | X | X | X |
| Annual review of COAERS Premier List | | X | X | X | X | X |
| Conduct Asset-Liability Study | | | X | | | |
| Conduct Strategic Asset Allocation Study | | | | X | | |
| Plan Sponsor and Stakeholder Relations | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Coordinate efforts with City to enact legislation related to long-term plan | | X | X | | | |
| Engage stakeholders in work related to long-term plan sustainability | | X | X | | | |
| Conduct annual stakeholder "State of Pension" briefing | | X | X | X | X | X |
| Deploy stakeholder assessment survey | | X | X | X | X | X |

GOAL 2:

Responsibly manage the risks of the System

GOAL 2 STRATEGIC OBJECTIVES

| ENTERPRISE RISK | CYBER AND INFORMATION SECURITY | RISK AWARENESS |
|--|--|--|
| Ensure management of risk functions throughout the organization. | Identify, manage, and mitigate risks associated with cyber and information security. | Cultivate a risk-intelligent organization. |

KEY PERFORMANCE INDICATORS

| | | |
|--|---|---|
| <p>①</p> <p>Measure: Implementation of annual enterprise risk management activities. Target: 100% Frequency: Annual</p> <p>②</p> <p>Measure: Independent auditor findings of COAERS annual audited financial statements. Target: Unmodified audit opinion Frequency: Annual</p> <p>③</p> <p>Measure: Maintain operational risk and asset allocation guidelines at approved policy levels. Target: 100% Frequency: Quarterly</p> | <p>①</p> <p>Measure: NIST Cybersecurity Framework Score Target: 100% Alignment Frequency: Annual</p> <p>②</p> <p>Measure: Maintain maturity posture and score assessment of information security program Target: Maturity score of 3.5 Frequency: Annual</p> <p>③</p> <p>Measure: Disaster recovery system is available and configured to meet continuity of operations plan requirements for essential functions Target: 100% Frequency: Annual</p> | <p>①</p> <p>Measure: Employee compliance awareness survey Target: Maintain 90% positive response rate Frequency: Annual</p> <p>②</p> <p>Measure: Employee cybersecurity training and phish testing Target: 100% deployment with all employees Frequency: Annual</p> <p>③</p> <p>Measure: Number of events which compromise assets, mission, or data Target: Zero Frequency: Annual</p> |
|--|---|---|

STRATEGIC OBJECTIVES ACTION ITEMS

| Enterprise Risk | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|------|------|------|------|------|
| Annual review of the risk management program | X | X | X | X | X |
| Implementation of action items in risk management program | X | X | X | X | X |
| Conduct financial statement audit | X | X | X | X | X |
| Annual review of Investment Risk Framework | X | X | X | X | X |
| Cyber and Information Security | 2022 | 2023 | 2024 | 2025 | 2026 |
| Test disaster recovery system and plans | X | X | X | X | X |
| Build out IT program maturity | X | X | X | X | X |
| Third-party vendor risk assessment | X | X | X | X | X |
| Penetration testing | | | X | | |
| Risk Awareness | 2022 | 2023 | 2024 | 2025 | 2026 |
| Employee compliance awareness survey | X | X | X | X | X |
| Cybersecurity training and phish testing | X | X | X | X | X |

GOAL 3:

Provide high-quality stakeholder services, education, and experience.

| GOAL 3 STRATEGIC OBJECTIVES | | | | | | |
|---|--|---|------|--|------|------|
| SERVICE DELIVERY | | EDUCATION | | ENGAGEMENT | | |
| Ensure excellent stakeholder benefit and service delivery. | | Ensure retirement information resources are accessible to stakeholders. | | Expand outreach with stakeholders and increase usage of technology. | | |
| KEY PERFORMANCE INDICATORS | | | | | | |
| <div>①</div> <p>Measure: Percent of stakeholders satisfied with service delivery Target: 95% Frequency: Annual</p> <div>②</div> <p>Measure: Percent of monthly retirement benefit claims paid on time. Target: 100% Frequency: Annual</p> | | <div>①</div> <p>Measure: Total number of seminars and education events Target: 7 events Frequency: Annual</p> <div>②</div> <p>Measure: Launch “Financial Wellness” event Target: 2023 Frequency: Annual once launched</p> | | <div>①</div> <p>Measure: Annual increase in subscribers across communications channels Target: 3% Frequency: Annual</p> <div>②</div> <p>Measure: Annual increase in “MemberDirect” enrollment Target: 2% Frequency: Annual</p> | | |
| STRATEGIC OBJECTIVES ACTION ITEMS | | | | | | |
| Service Delivery | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Evaluate customer service model and allocation of staffing and resources | | X | X | | | |
| MemberDirect enhancements | | X | X | | | |
| Customer service surveys | | X | X | X | X | X |
| Education | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Develop and plan Financial Wellness event | | X | | | | |
| Host annual Financial Wellness event | | | X | X | X | X |
| Plan and conduct retirement group events | | X | X | X | X | X |
| Utilize digital tools to expand education for stakeholders | | X | X | X | X | X |
| Engagement | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Market MemberDirect to key stakeholder groups | | X | X | X | X | X |
| Develop content for targeted stakeholder outreach | | X | X | X | X | X |

GOAL 4:

Identify and implement leading practices in board governance, pension administration, and investment management.

| GOAL 4 STRATEGIC OBJECTIVES | | |
|---|--|--|
| GOVERNANCE | ADMINISTRATION | INVESTMENT MANAGEMENT |
| Promote engaged, effective, and independent-minded Trustees by utilizing appropriate and effective governance structures and decision-making processes. | Optimize operational effectiveness and ensure ability to support evolving pension administration needs. | Maintain investment management program that aligns investment beliefs, program implementation, and long-term performance goals. |
| KEY PERFORMANCE INDICATORS | | |
| <p>①</p> <p>Measure: Board governance self-assessment Target: Majority of Trustee responses are positive Frequency: Annual</p> <p>②</p> <p>Measure: Effective and efficient Board meetings Target: Majority of Trustee responses are positive Frequency: Annual</p> <p>③</p> <p>Measure: Board Governance Manual Target: Create in 2022 Frequency: Review and approve at least every three years</p> | <p>①</p> <p>Measure: Progress toward rapid assessment "Optimizer" pension administration stage Target: Stair-step each category every two years Frequency: Biennial</p> <p>②</p> <p>Measure: CEM Benchmarking of service score ranking versus peers Target: Above median peer service score Frequency: Every three years</p> | <p>①</p> <p>Measure: Performance versus similarly sized peers (\$1B-\$5B) on three, five, and 10-year net returns Target: Top-quartile Frequency: Quarterly</p> <p>②</p> <p>Measure: CEM Investment Cost Benchmarking Target: Below peer median costs Frequency: Every three years</p> <p>③</p> <p>Measure: Implementation of investment practices and performance report recommendations Target: 100% Frequency: Every three years</p> |

| STRATEGIC OBJECTIVES ACTION ITEMS | | | | | |
|--|------|------|------|------|------|
| Governance | 2022 | 2023 | 2024 | 2025 | 2026 |
| Board Governance Manual | X | | | X | |
| Board governance self-assessment | X | X | X | X | X |
| Board meeting follow-up survey | X | X | X | X | X |
| Foster candidates for future Board positions | X | X | X | X | X |
| Administration | 2022 | 2023 | 2024 | 2025 | 2026 |
| Develop the IT roadmap for pension and financial administration | X | | | | |
| Implement roadmap to optimizer | | X | X | X | X |
| Evaluate personnel structure to meet the future demands of customers | X | | | | |
| Conduct CEM Pension Administration Benchmarking | | | X | | |
| Actuarial Consultant RFP | | X | | | |
| Investment Management | 2022 | 2023 | 2024 | 2025 | 2026 |
| Board Survey of Investment Beliefs | X | | | | X |
| Investment consultant RFP | | | X | | |
| Conduct CEM Investment Cost Benchmarking | | X | | | X |
| Conduct Investment Practices and Performance Report | | X | | | X |

GOAL 5:

Identify opportunities to capitalize on organizational strengths.

| GOAL 5 STRATEGIC OBJECTIVES | | | | | | |
|---|--|--|------|---|------|------|
| ASSESSMENT | | TALENT MANAGEMENT | | AUSTIN MODEL | | |
| Periodic assessment to develop plans to take advantage of organization’s strengths and improve areas of weakness. | | Recruit and empower a high-performing and engaged workforce. | | Continue to develop the “Austin Model” within the investment program and explore application possibilities in other areas of the organization. | | |
| KEY PERFORMANCE INDICATORS | | | | | | |
| <div>①</div> <p>Measure: Completion of organizational assessment Target: Conduct in 2022 Frequency: Every five years</p> | | <div>①</div> <p>Measure: Market compensation and performance management Target: Alignment with compensation philosophy Frequency: At least every three years (next in 2022)</p> | | <div>①</div> <p>Measure: Underwrite existing processes and/or vendors to determine value-add proposition to the System Target: 3-5 Frequency: Annual</p> | | |
| <div>②</div> <p>Measure: Address areas of organizational weakness Target: 2023 Frequency: Annual</p> | | <div>②</div> <p>Measure: Staff culture assessment Target: 80% alignment Frequency: Annual</p> | | <div>②</div> <p>Measure: Number of innovation ideas created Target: 10 Frequency: Annual</p> | | |
| <div>③</div> <p>Measure: Utilize strengths to add value to organization Target: 2023 Frequency: Annual</p> | | <div>③</div> <p>Measure: Percent of staff with professional development plans Target: 100% Frequency: Annual</p> | | <div>③</div> <p>Measure: Number of ideas mobilized for execution Target: 0-3 as applicable Frequency: Annual</p> | | |
| STRATEGIC OBJECTIVES ACTION ITEMS | | | | | | |
| Assessment | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Conduct organizational assessment | | X | | | | X |
| Analyze strengths and weaknesses | | | X | X | X | |
| Develop and implement plans to build on strengths and improve weaknesses | | | X | X | X | |
| Talent Management | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Conduct market compensation study | | X | | | X | |
| Conduct employee culture assessment | | X | X | X | X | X |
| Develop and implement staff professional development plans | | X | X | X | X | X |
| Austin Model | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Establish internal innovation committee | | X | | | | |
| Review existing processes and vendor/third-party relationships to identify areas for enhancement | | X | X | | | |
| Engage staff in promoting innovative ideas for COAERS | | | X | X | X | X |