

NEIL ABERCROMBIE
GOVERNOR



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

November 22, 2011

Addendum 6

Request for Proposals
for Internal Audit Services

Employees' Retirement System
of the State of Hawaii

RFP ERS 2011-02

Dated

October 6, 2011

OFFERORS:

Please replace the attached "Strategic Plan 2011-2015 [Approved by BOT on 11/8/2011]" with the "Strategic Plan 2011-2015" included as part of Addendum No. 5 dated November 21, 2011.

All other terms and conditions remain unchanged.

Very truly yours,

A handwritten signature in black ink, appearing to read "Wesley K. Machida".

Wesley K. Machida
Administrator



Employees' Retirement System
of the State of Hawaii

Employees' Retirement System of the State of Hawaii

Strategic Plan
2011 - 2015

[Approved by BOT on 11/8/2011]

Employees' Retirement System

VISION

Be the **best** organization in meeting the retirement needs of our members.



Working to fulfill your retirement dreams

[Approved by BOT on 11/8/2011]

Employees' Retirement System

MISSION

Working together to provide a responsive, competent, and cost effective retirement program that elicits pride, confidence & trust.

[Approved by BOT on 11/8/2011]

Employees' Retirement System

VALUES

Aloha Spirit:

We follow the Spirit of Aloha as:

- A** “Akahai” meaning kindness, to be expressed with tenderness. We will be kind and caring to all that we meet.
- L** “Lokahi” meaning unity, to be expressed with harmony. We are one team going in a positive direction.
- O** “Olu’olu” meaning agreeable, to be expressed with humility. We will work towards a common goal and be sensitive to the needs of others.
- H** “Ha’aha’a” meaning humility, to be expressed with modesty. We will be humble and considerate of others.
- A** “Ahonui” meaning patience, to be expressed with perseverance. We are motivated to always do what’s right and never be deterred from achieving this goal.

[Approved by BOT on 11/8/2011]

Employees' Retirement System

VALUES

Excellence:

We will achieve the standard of excellence.

[Approved by BOT on 11/8/2011]

Employees' Retirement System

VALUES

Performance Improvement:

We will continually seek ways to improve our operations to gain efficiencies and to maintain financial stability.

[Approved by BOT on 11/8/2011]

Employees' Retirement System

GOALS

- 1. Improve the ERS funded ratio with the long-term goal of achieving a 100% funded ratio.**
- 2. Provide excellent service to members, retirees, beneficiaries, and employers.**
- 3. Streamline operational procedures and improve efficiencies.**
- 4. Earn superior investment performance using appropriate risk controls to achieve the approved investment return rate assumption.**
- 5. Identify, develop and evaluate timely and useful member, retiree, beneficiary, employer, and other stakeholder communications programs.**
- 6. Provide a nurturing and rewarding work environment for our team members.**

[Approved by BOT on 11/8/2011]

Employees' Retirement System

OBJECTIVE / STRATEGIC INITIATIVE

1. **Improve the ERS funded ratio with the long-term goal of achieving a 100% funded ratio.**
 - **Work with Actuary to provide long-term projections (i.e., contributions and benefit payments), and monitor the actual results against the actuarial assumptions to determine the impact to the funded status.**
 - **Work with the Actuary and other consultants to provide recommendations to the ERS Board of Trustees on future plan designs (which includes employer contribution rate changes) and/or benefit structure changes to ensure future financial stability. Monitor changes implemented by other public pension plans and work with the Actuary to analyze its appropriateness to the ERS.**
 - **Monitor ERS's funded status as global, national, and State economic conditions change and make recommendations to change plan designs or benefit structure.**
 - **Present ERS recommended plan design or benefit structure changes to Governor, Legislature, Employers, Employee Organizations, and other stakeholders.**

[Approved by BOT on 11/8/2011]

Employees' Retirement System

OBJECTIVE / STRATEGIC INITIATIVE

2. **Provide excellent service to members, retirees, beneficiaries, and employers.**
 - **Implement self-service module on the ERS website that provides current member, retiree, and beneficiary information.**
 - **Conduct surveys and other methods to identify and understand the needs and expectations of members.**
 - **Provide timely information either on the telephone (with security verification; same day response) or written correspondence within 2 – 5 business days.**
 - **Monitor and improve business processes to ensure the efficient and effective delivery of services.**
 - **Ensure that performance standards are met.**
 - **Hold retirement informational briefings to members and employers on a monthly basis.**
 - **Analyze and design best use for integrating financial planning within the ERS's counseling structure.**

[Approved by BOT on 11/8/2011]

Employees' Retirement System

OBJECTIVE / STRATEGIC INITIATIVE

3. Streamline operational procedures and improve efficiencies.

- Implement version 8.7 of the V3 pension management information system.**
- Review recommendations of Efficiency Study and implement those recommendations that are cost effective.**
- Develop reorganization plans and implement new structure.**
- Perform an internal audit, and review and implement recommendations that are cost effective.**
- Design the 12th floor of the City Financial Tower and Kapolei branch offices that are conducive to operating efficiently.**

[Approved by BOT on 11/8/2011]

Employees' Retirement System

OBJECTIVE / STRATEGIC INITIATIVE

4. **Earn superior performance using appropriate risk controls to achieve the approved investment return rate assumption.**
 - **Work with the investment consultants to evaluate new strategies and products for new investments.**
 - **Proactively monitor the investment managers and investment portfolio.**
 - **Monitor and improve the cash management system.**
 - **Monitor and improve the targeted asset allocation and investment mix in consideration of the ERS's cash flow requirements.**
 - **Review the asset/liability study for any changes needed in consideration of the economy and the market conditions and the ERS's long-term funding situation.**

[Approved by BOT on 11/8/2011]

Employees' Retirement System

OBJECTIVE / STRATEGIC INITIATIVE

5. **Identify, develop and evaluate timely and useful member, retiree, beneficiary, employer, and other stakeholder communications programs.**
 - **Develop and implement a comprehensive communications plan for members, retirees, beneficiaries, employers and other stakeholders.**
 - **Continue with the quarterly Holomua Newsletters.**
 - **Continue developing direct communications with members and education counseling programs for life/career stages.**
 - **Focus efforts to reinforce stakeholder understanding and to strengthen partnerships with employers and others.**
 - **Continue development of training, staff support, and technology resources for employers and others.**

[Approved by BOT on 11/8/2011]

Employees' Retirement System

OBJECTIVE / STRATEGIC INITIATIVE

6. **Provide a nurturing and rewarding work environment for our team members.**
 - **Identify needs and expectations of staff.**
 - **Continue with quarterly Senior Management Retreat.**
 - **Develop performance incentive program.**
 - **Continue with quarterly Office Meetings.**
 - **Produce an annual performance development plan for all managers and supervisors.**

[Approved by BOT on 11/8/2011]