

## **FY2008 CAPITAL ASSET PLAN (CAP) SUMMARY**

**Project Name:**

Retirement Systems Modernization (RSM)

**Agency Name:**

Office of Personnel Management (OPM)

**Unique Project Identifier:**

027-00-01-02-01-1010-00-403-130

**Project Phase:**

Mixed Life-Cycle

**Project Initiation Date:**

FY2000

**Justification / Description of Initiative:**

Processing retirements of Federal employees is a mission requirement for OPM. The RSM investment is critical to fulfilling that requirement for two reasons. First, the aging Federal workforce will increase the retirement specialist workload. Second, the Federal Retirement Program practices need to keep pace with private sector practices in order to attract new employees to the Federal workplace. The current Federal practice is dated, as some of the practices have been in place for three decades. The RSM investment is targeted at timely, accurate retirement benefit payments and more efficient and flexible processes using proven technology rather than manual, paper-based processes. RSM includes reengineering of the business processes used to determine an employee's annuity, providing a comprehensive view of Federal employment history and tools to employees and processing staff, acquiring the technology to support them, and aligning the Federal retirement practice to redesigned processes. RSM is using OPM's Information Technology Systems Management (ITSM) approach to lifecycle management.

The OPM Director determined that the best alternative to modernize the Retirement Program is to license a proven proprietary industry technology solution designed specifically for defined benefits administration through a competitive procurement. OPM awarded a firm fixed price contract to Hewitt Associates in April 2006 to implement the defined benefits technology solution. The award meets the following "OPM Strategic and Operational Plan 2006-2010" goals: "Award Retirement Systems Modernization contracts and begin implementation..." as defined by the OPM Director. RSM will also meet the following Plan's goals: "Make final 90% of initial retirement benefits in 30 days...", "Complete and mail notice in 10 working days for 80% of subsequent change requests...", "Answer 85% of general inquiries within 72 hours...", and "...eliminating interim payments..." when RSM is fully implemented with centralized data and new technology.

**President's Management Agenda (PMA) Initiatives Supported:**

Human Capital

Budget Performance Integration

Expanded E-Government

Competitive Sourcing

## Eliminating Improper Payments

### Description of how the initiative supports the identified PMA initiatives above:

RSM uses automated calculations of retirement benefits in support of Elimination of Improper Payments initiative and reduces erroneous retirement payments. RSM supports Budget Performance Integration by allowing better projection of budget needs to support retirement payments and better predict near-term retirement activity and associated budgetary needs. RSM supports expanded E-Government by automating retirement processes and disseminating retirement processing best practices across agencies.

### Is this investment for information technology?

Yes

### Is this investment identified as "high risk" on the agency high risk report?

Yes

### Summary of Spending Table:

SUMMARY OF SPENDING FOR PROJECT PHASES (REPORTED IN MILLIONS)			
	PY 2006	CY 2007	BY 2008
Planning	1.082	3.725	3.767
Acquisition	27.713	27.792	10.354
Subtotal Planning & Acquisition	28.795	31.517	14.121
Operations & Maintenance	-	-	17.428
TOTAL	28.795	31.517	31.549
Government FTE Costs	2.718	2.775	2.833
Number of FTE represented by cost	15	20	19

### Acquisition/Contract Information:

**Contract Number 1:** Defined Benefits Technology Solution

**Contract Type Used:** Firm Fixed Price

**Contract Total Value:** \$290 M

**Contract Number 2:** Paper Record Conversion

**Contract Type Used:** Firm Fixed Price

**Contract Total Value?** \$27.3M

**Contract Number 3:** Business Transformation/ Information Technology

**Contract Type Used:** Varied (Firm Fixed Price and T&M)

**Contract Total Value?** \$40M

**Contract Number 4:** Program Management Office

**Contract Type Used:** Firm Fixed Price  
**Contract Total Value?** \$3.4M