



The RIMS Strategic and Enterprise Risk Center presents:

Thomas Brandt

Chief Risk Officer

Federal Retirement Thrift Investment Board

Embedding ERM Into One of The World's Largest Retirement Programs

By Russ Banham

At one of the world's largest defined contribution savings and retirement plans for more than 7 million federal employees and uniformed service members, Enterprise Risk Management is integrated with strategy.



Following a 27-year career at the Internal Revenue Service, Thomas Brandt, Chief Risk Officer (CRO) of the IRS was hired as the CRO of the Federal Retirement Thrift Investment Board (FRTIB), an independent federal agency created in 1986 to administer the Thrift Savings Plan, a retirement savings and investment plan for current and former federal employees and members of the uniformed services.

What interested Brandt was the opportunity to make a difference for the plan's 7 million-plus participants. Assets in the savings plan, which is like private sector 401(k) plans, are more than \$950 billion. Obviously, managing the myriad risks that can affect the plan's stability to disrupt the financial wherewithal of participants is not a job for the fainthearted. Brandt, who assumed the CRO role in December 2021, had confidence in the soundness of the FRTIB's ERM program and the initial task he was given by the organization's board—to integrate strategy and ERM into a new office.

Brandt, on behalf of FRTIB, was one of three honorees at the RIMS ERM Conference 2024 to receive a RIMS ERM Global Award of Distinction. The award acknowledges exceptional ERM programs that align with business strategy, improve risk identification endeavors, empower organizational decision-makers, and embed robust risk cultures across enterprises.

In January 2025, Brandt sat down with RIMS to discuss the risks confronting the Thrift Savings Plan, the formation of the FRTIB's ERM program, and its opportunities and challenges. The Q&A that follows has been edited for clarity and concision.

RIMS: As a federal employee yourself, did you feel a sense of purpose in choosing to become FRTIB's next CRO?

Brandt: My dad was in the military, as was my sister, and two of my nephews. My dad also became a public servant for 30 years. I'm getting closer to retirement myself and recognize that the Thrift Savings Plan is a vital part of our offerings, especially since defined contribution plans have become more important to people's retirements. So, yes, I did see the CRO function as an opportunity for me to help out. I was also attracted to work in an agency of some 250 people with a singular mission—to help the federal workforce and uniformed services be retirement ready.

RIMS: I read that the ERM program wasn't created until 2012 to help the FRTIB recover from challenges arising out of the 2008 financial crisis. In between those years, the agency's staff was downsized as a cost-cutting measure, diminishing its assurance and compliance processes. Over time, a high number of negative audit findings were identified by an external auditor. Has the ERM program resolved these problems?

Brandt: The board members and leadership at the time recognized the need to decrease the risk exposures discovered in the audit findings. They correctly believed that ERM, which had been adopted in the banking and financial sectors for some time, could help define the agency's risk appetite, enhance our risk culture and identify, manage and mitigate the top risks. Since the ERM program was stood up and the agency's first CRO came on board in 2013, we've done a solid job of overcoming the challenges.

RIMS: When you came on board in December 2021, did you see an opportunity to build upon the work of your predecessor?

Brandt: The program was on solid footing. My charge was to integrate strategy and risk and continue to enhance the overall risk program. I was also tasked with ramping up our [management of] third party and vendor risks, a growing area of cyber risk exposure as more organizations rely on third parties.

RIMS: What are the FTRIB's strategic goals?

Brandt: We have four goals: to improve participant retirement outcomes, provide top-tier defined contribution services to participants, function as a high-performing agency, and successfully transition to a managed services operating model. RIMS: That last goal suggests that more functions at the agency will be transitioned to third-party providers, creating the cyber exposures you just mentioned.

Brandt: Very much so. By identifying, mitigating and managing cyber risks emanating from vendors and third parties, we help ensure the security of the Thrift Savings Plan and the money in it as well as the customer experience.

RIMS: Are vendor and third-party risks part of the agency's risk profile?

Brandt: They are, and we've worked closely with risk owners throughout the organization to identify specific actions to manage and mitigate these risks and others. The initiatives then become part of our annual operating plan and are funded through the budgeting process.

RIMS: Have you been successful in reducing the cyber risk exposure?

Brandt: Yes, we've progressed from what was previously a high-level risk to a medium-level risk. Like other federal agencies, we are audited and scored under the Federal Information Security Management Act. In 2018, we were scored across several domain criteria in the low 1 and 2 range. But we've consistently improved to where we received a 5 across all domains last year. While we've done a great job of shoring up our security practices, the challenge in the cyber space is that the nature of the risk continues to evolve.

RIMS: Let's turn to the value of integrating strategy and ERM. Were these separate areas of focus previously?

Brandt: They were two divisions, in fact—ERM and the Enterprise Planning—and each led by a different senior executive. Although they were both strong programs, they operated in their own swim lanes. In the past, we created the operations plan and budget, but they weren't entirely synched up with our risk profile. By merging the two offices into the Office of Planning and Risk under the CRO's leadership, we can focus on identifying the top risks to our strategic goals and objectives and simultaneously put forth the risk mitigation plans, funding and support needed.



Tom Brandt receiving the ERM Global Award of Distinction, on behalf of the Federal Retirement Thrift Investment Board at the RIMS ERM Conference 2024 in Boston. Also pictured: FRTIB Chief Operating Officer Suzanne Tosini and Division Chief, Enterprise Risk and Internal Controls Wayne Dunbar.

If you're successful in mitigating risk, you're more likely to be successful in accomplishing strategic goals and objectives. It's now part of our annual planning process.

RIMS: How important is the agency's risk culture in managing the Thrift Savings Plan?

Brandt: It's crucial. Every employee here has a role to play in helping the agency effectively manage risk. We encourage everyone here to be comfortable in speaking up when they see or hear about a risk and openly share what they saw or heard. An optimal risk culture begins at the top, with top-level leadership demonstrating how to act and respond. There are examples in several crises where someone in the organization knew about a problem and often attempted to raise it, but their concerns were dismissed or not given their due.

RIMS: Any parting comments for readers?

Brandt: As I get closer to retirement, I've learned that the success of a defined contribution plan is to start your contributions as early as possible, setting aside as much as you can. Thirty years later, you'll be in a much stronger place financially. ■

Russ Banham is a Pulitzer-nominated business journalist and best-selling author.