

**Special Conference Call  
TEACHERS' RETIREMENT BOARD MEETING  
August 3, 2010**

**BOARD MEMBERS PRESENT:**

Kari Peiffer, Chair  
Darrell Layman  
Jeff Greenfield  
Robert Pancich  
Scott Dubbs

**ABSENT:**

James Turcotte

**STAFF PRESENT:**

David Senn, Executive Director  
Tammy Rau, Deputy Executive Director  
Denise Pizzini, Chief Legal Counsel  
Melissa Michalk, Executive Secretary

**OTHERS PRESENT:**

Tom Bilodeau, MEA-MFT  
Rachel Weiss, Legislative Services  
Phil Drake, Montana Watchdog.org  
Charlotte Thomas, Past President of Retired Teachers

**CALL TO ORDER:**

Chairman Peiffer called the meeting to order at 10:39 AM, in the Teachers' Retirement System Conference Room, 1500 East 6th Avenue, Helena, Montana.

**ADOPT AGENDA:**

Chairman Peiffer requested a motion to adopt the Agenda for August 3, 2010.

**MOTION/VOTE:** Member Darrell Layman moved to adopt the agenda as presented. Seconded by Member Robert Pancich, the motion passed unanimously.

**PENSION PLAN DESIGNS:**

Mr. Senn discussed several models of the Money Purchase Plan that prior actuary, Mark Olleman, had done for the last four to five years and the model from the SAVA committee that Buck Consultants had presented. The TRS Board is no longer committed to the Money Purchase Plan, as it does not seem to be the same as when they first looked at it.

**MOTION/VOTE:** Member Darrell Layman moved that the TRS Board is no longer committed to the Money Purchase Plan and work with the SAVA committee to design a plan for new members focused on the Modified PRO. Seconded by Member Jeff Greenfield, the motion passed unanimously.

#### Modified Professional Retirement Option

Mr. Senn discussed the Modified Professional Retirement Option (Modified PRO). It only applies to new hires and wouldn't apply to current members. The TRS Board's recommendations for the Modified PRO are that there be no longer than a 10-year graded vesting period and that new members are able to retire with at least 30 years of service, at any age.

#### Plan Design Features

**MOTION/VOTE:** Member Scott Dubbs moved that work on vesting with the SAVA committee to a maximum of a 10-year graded vesting period. Seconded by Member Darrell Layman, motion passed unanimously.

**MOTION/VOTE:** Member Darrell Layman moved that in the new plan, the board would support the concept of full retirement with 30 or more years of service. Seconded by Member Jeff Greenfield, motion passed unanimously.

The Board discussed, but did not come to any specific recommendation, on "cost sharing" and "return to work" plan design features. Regarding cost sharing, the Board discussed the concept of the Legislature granting them the discretion to increase or decrease both the employee and employer contribution rates when the system's funding ratio declines below or increases above a certain threshold, and that the Board's ability to change contribution rates should be within a limited corridor, for example, of plus or minus 1.0%. Another cost share feature discussed, was to allow for cost of living adjustment paid to retirees to increase or decrease base on market gains and loss and the funding of the system.

The Board discussed requiring a longer waiting period before a retired member would be eligible to return to work for an employer covered under the TRS. Currently, members are eligible to return to work in a TRS eligible position once they have received at least one monthly retirement benefit. Because benefits are not paid until the last working day of each month, someone terminating and retiring on, for example, the last day of June would not receive their first benefit until around the 30<sup>th</sup> of July, and therefore, would have to wait only 30 days before they are eligible to return to work. Someone terminating earlier in the month may have to wait up to 60 days before returning to work. The Board discussed setting fixed waiting periods of 60, 90, 120, or more days before a retired member would be eligible to return to work for an employer covered under TRS.

**PUBLIC COMMENT** – Chairman Peiffer called for public comment on Board related items. No public comments were made.

There being no further business, the meeting was adjourned at 11:49 AM.

Chairperson \_\_\_\_\_

Executive Director \_\_\_\_\_