

**Teachers' Retirement Board Workshop  
TRS Conference Room –  
1500 Sixth Avenue  
Helena, Montana  
August 7, 2012**

**BOARD MEMBERS PRESENT**

Kari Peiffer, Chair  
Scott Dubbs  
Marilyn Ryan  
Jeff Greenfield  
Robert Pancich

**BOARD MEMBERS ABSENT**

James Turcotte

**STAFF PRESENT**

David Senn, Executive Director  
Tammy Rau, Deputy Executive Director  
Denise Pizzini, Legal Counsel  
Karla Scharf, Retired Payroll Supervisor  
Rick Bush, Information Technology Supervisor  
Emma MacKenzie, Public Information Officer

**OTHERS PRESENT**

Diane Fladmo, MEA-MFT  
Phil Drake, Montana Watchdog  
Melanie Symons, MPERA  
Sheri Scurr, Legislative Services

**CALL TO ORDER**

Chairperson Peiffer called the meeting to order at 9:05 AM, in the Teachers' Retirement System Conference Room, 1500 East 6<sup>th</sup> Avenue, Helena, Montana.

**Adopt Agenda**

Chairperson Peiffer asked for additions or changes to the Agenda for August 7, 2012. Finding none, Chairperson Peiffer requested a motion to adopt the Agenda.

**MOTION/VOTE:** Member Jeff Greenfield moved that the TRS Board adopt the Agenda for August 7, 2012. Seconded by Member Scott Dubbs, the motion passed unanimously.

**Public Comment on Board Related Items**

Chairperson Peiffer called for public comment on Board related items. No public comments were made.

## **FUNDING AND BENEFITS POLICY**

### **Biennial Review of the Funding and Benefits Policy**

Staff recommended several changes to the policy regarding (a) actuarial funding methods, (b) recommendations by the actuaries, and (c) appropriate timing to recommend changes to the Legislature. The Board discussed recommendations and directed staff to make the suggested changes as discussed for review and approval at the next regular Board meeting.

## **UPDATE ON 2013 RETIREMENT LEGISLATION**

### **Funding Proposal**

Staff advised the Board of the results at a recent meeting of the Joint SAVA/LFC Subcommittee. The subcommittee moved to recommend that their respective committees combine the TRS Board funding proposal with the proposal made by the Governor. This combined proposal will be used as a starting point for drafting legislation to actuarially fund TRS and will be introduced at the request of SAVA, LFC, TRS and the Governor.

As a starting point, the bill will include (a) an increase in the employee contribution rate of 1.0% for new and current members, (b) a one-time only transfer from school retirement reserves of approximately \$14 million, and (c) a contribution from state land revenues of \$25 million annually. In addition, the recommendation includes the following changes for new hires only effective July 1, 2013:

### **Future Members:**

- Member contribution rate of 8.15%, with triggers to make adjustments, not to exceed 1.0%, as necessary
- 5-year final average compensation
- Age 55 to be eligible for early reduced retirement benefits
- Unreduced retirement benefits with 30 or more years. The board agreed that the minimum eligible age to receive an unreduced retirement benefit should be at least age 55.
- Enhance benefit multiplier of 2.0% for members who retire with 30 or more years of service. The board agreed that the minimum eligibility age for the 2% multiplier should be at least age 60.
- Changes in eligibility requirements for survivor and disability retirement benefits

### **Housekeeping Proposal**

Staff reported TRS had received a conditional determination letter from the Internal Revenue Service stating TRS would meet the qualification requirement for a public pension plan provided the definition of "normal retirement age" was amended from "age 55 and eligible for unreduced retirement benefits", to simply age 60. The board agreed to add this requirement to proposed TRS legislation.

#### University Supplemental Contribution Increase

Staff reported there had been no changes to the legislative proposal to increase the university supplement contribution rate, and that the amount of the required increase would not be known until after the 2012 actuarial valuation was completed.

#### Working Retiree Proposal

Staff reported the budget office had asked if this proposal could be combined with the TRS housekeeping proposal. Staff agreed they would consider combining the two proposals.

Staff shared with the Board a recent memo from Tax Counsel, Ice Miller, in which they recommended a retiree have a 180 day break in service before they would be eligible to return to work as a working retiree in a position eligible to participate in TRS. The board discussed how best to determine the most appropriate date for defining when the 180 day break would begin. The board considered (a) the retirement effective date, (b) the end of the contract, and (c) the last date of paid employment. There appeared to be some agreement that the last day in a paid status would be reasonable and perceived fair by TRS members, but very difficult for staff to manage. It was agreed that staff should continue to explore the pros and cons of either the retirement effective date or the last day in a paid status, i.e., termination date, as certified by the employer.

#### Other Proposals

Staff distributed a report that, showed there had been 287 bill drafts requested by legislators as of July 25, 2012. The board discussed several of the proposals that staff thought could possibly have some impact on TRS benefits or funding.

### **UPDATE ON GASB ACCOUNTING CHANGES**

#### New Accounting Statements 67 and 68

Staff reported that on June 25, 2012, the Governmental Accounting Standards Board (GASB) adopted final amendments to its standard controlling the way in which governmental pension plans and their sponsors account for and report their pension liabilities and expenses. These changes were incorporated into two new accounting standards, numbers 67 and 68. The board discussed two briefs on the changes by the National Council on Teachers Retirement and Gabriel Roeder Smith & Company.

### **ADMINISTRATIVE BUSINESS**

#### Board Meeting Materials – Printed/Electronic Copies

Staff demonstrated different options for receiving board related materials electronically, rather than in paper form. Various types of hardware were also discussed and displayed. The board expressed a strong preference for using Citrix to access the state system and securely accessing information, including confidential information, as opposed to using Dropbox or receiving material via email. It was agreed that before the next board meeting they would attempt to use both Citrix and Dropbox to access material.

Board Meeting Minutes  
Teacher's Retirement System  
August 7, 2012

#### Member Email Services

Staff recommended that TRS contract for subscription services to manage TRS members email from TRS. The service will allow member to subscribe, unsubscribe, and otherwise control the amount and types of email they receive from TRS. The cost for these services can run from a low of around \$30 per month to several hundred dollars per month. It was agreed that staff would explore using either Constant Contact or MailChimp and come back to the board with a recommendation at their next regular meeting.

#### Resolution Authorizing Staff to Purchase Surplus Property

Mr. Senn asked the Board to adopt a new Resolution authorizing named staff to purchase surplus items form the Department of Administration Surplus Property Program.

Chairperson Peiffer requested a motion to adopt the Resolution.

**MOTION/VOTE:** Member Greenfield moved that the TRS Board adopt the Resolution to participate in the surplus property program. Seconded by Member Dubbs, the motion passed unanimously.

#### Approval of Minutes

Chairperson Peiffer called for changes to the May 11, 2012, Board Meeting Minutes. Finding none, Chairperson Peiffer requested a motion to adopt the May 11, 2012, Board Minutes.

**MOTION/VOTE:** Member Greenfield moved that the TRS Board adopt the May 11, 2012, Board Meeting Minutes. Seconded by Member Robert Pancich, the motion passed unanimously.

#### **ADJOURNMENT**

**MOTION/VOTE:** Member Greenfield moved to adjourn the meeting. Seconded by Member Dubbs, the motion passed unanimously.

There being no further business, the meeting was adjourned at 11:30 AM.

Chairperson \_\_\_\_\_

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