



CT TEACHERS' RETIREMENT BOARD

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MINUTES

February 7, 2018 at 1:30 pm

The meeting of the Teachers' Retirement Board was called to order at 1:45 pm. by Vice-Chairperson Bill Myers on Wednesday, February 7, 2018.

BOARD MEMBERS PRESENT:

Bill Myers, Teacher Member
Steven Muench, Teacher Member
Jonathan Johnson, Public Member
Charles Higgins, Public Member
Stephen McKeever, Teacher Member, AFT
Elaine Lowengard, Public Member
Laurie Martin, Office of the State Treasurer
Gregory Messner, Office of Policy and Management

BOARD MEMBERS (Conf. Call):

Clare Barnett, Teacher Member
Lisa Mosey, Teacher Member
Bill Murray, Teacher Member

BOARD MEMBERS NOT IN ATTENDANCE:

Kathy Demsey, State Department of Education

STAFF PRESENT:

Darlene Perez, Administrator
Loc Pho, Associate Accountant
Anne Scanlon, Assistant Account

OTHERS PRESENT:

John Garrett, Cavanaugh Macdonald Consulting
Larry Langer, Cavanaugh Macdonald Consulting
Denise Nappier, State Treasurer
Robyn Kaplan-Cho, CEA
James Stirling, Stirling Benefits
Christina Gellman, OFA
Christine Girodano, AI-CIO

Open meeting – Vice-Chairperson

1. Viability Commission Report Status:

Actuary, John Garrett of Cavanaugh Macdonald Consulting introduced Larry Langer who recently joined Cavanaugh Macdonald Consulting and will be assisting Garrett. Garrett and Langer discussed the first three of five phases of the CT Teachers' Retirement System Viability Commission project timeline. The phases discussed included benefit benchmarking (comparison of the benefits of the teachers' retirement system compared to other systems that are similarly situated and also have non-social security teacher workforce), current state analysis and projected costs and selection of alternatives. The next phase of the project timeline for the viability commission is analysis of alternatives and then reporting of recommendations.

State Treasurer Denise L. Nappier spoke of her opposition to restructure payments into the teachers' retirement fund to extend the amortization schedule because it would be a clear breach of the bond covenant in accordance with the bond counsel. Nappier cited the state's reputation in the financial markets as being one of the biggest issues with breaching the bond covenant. Nappier disagreed with the Boston College Study's report of a 6 billion dollar spike in payments into the fund. Nappier believes it will not happen. Nappier also believes the Boston College study done in 2015 underestimated the expected investment return. Nappier spoke of an alternative path forward, stating that after 2025 the outstanding pension obligation can be paid off for a little over 2 billion dollars. Once the bond obligation of 2008 is paid off, the bond covenant language will no longer be an issue and future payments can be restructured.

A discussion followed.

2. Agency Report:

New State Tax requirement, Member Annual Statements & 1099Rs

Darlene Perez reported that it is a busy time of the year for the agency. In addition to our normal winter requirements, this year we were required to send out new W4-P tax forms to all members getting a monthly distribution from the system and enter them into our pension administration system upon receipt. Due to some very creative thinking by the TRB staff a new procedure was implemented to process this high volume of forms in a very limited amount of time, which allowed us to enter the first 16,000 returned forms in about three weeks. Those benefit recipients who do not return forms to us will see a mandatory 6.99% default CT tax deduction in February.

Health Insurance Open Enrollment

We have been working on the Medicare Advantage (MA) project. The budget was adopted very late so that left us with a very compressed schedule to figure out how we're going to live within the budget that required us to charge the retiree who participates in the teacher retirement health plan no greater than one-third of the premium for participating in the plan while the same bill said the difference will come out of the health fund and the health fund didn't have the difference in it. So, we had to bring onboard our health plan consultant, Dr. Joseph Fields who did some analysis and determined that the

best route to go would be to do an RFP for a MA plan which we have completed. The plan is to move everyone into the MA plan by default and make that the base plan, that's why we would automatically put everyone into it. However, we are going to allow them to opt out of the MA plan before the effective date. Dr. Fields is busy going around the state having meetings with the retired teacher groups. Along with him, Jamie Sterling is in attendance as well as Anthem. The meetings are going quite well. When those meetings wrap up, a welcome kit will be sent out with opt out information which will allow the plan members to remain in the current plan at a higher cost; either by paper or possibly phone.

3. Consideration and Approval of the Board Meeting Minutes for November 1, 2017, November 15, 2017 and January 11, 2018.

A motion was made and seconded to approve the meeting minutes for November 1, 2017, November 15, 2017 and January 11, 2018. All members voted and the motion was passed as amended with two abstentions, Greg Messner and Charles Higgins due to absence.

4. Consideration and Approval of the Administrator's actions regarding:

- a. Granting of service retirement benefits for the months of November and December, 2017 and January, 2018.
- b. Survivor benefits for the months of November and December, 2017 and January, 2018.
- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the November and December, 2017 and January, 2018 meetings.

A motion was made by Clare Barnett and seconded by Greg Messner to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the months of November and December, 2017 and January, 2018. All members voted in favor and the motion was passed.

5. Consideration and Approval of the 2018 COLA increase of 3% for those who retired prior to September, 1992 and 2.0% for those who retired on and after September, 1992.

A motion was made by Elaine Lowengard and seconded by Charles Higgins to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the months of September and October, 2017. All members voted in favor and the motion was passed.

COMMENTS FROM OBSERVERS:

ADJOURNMENT:

With no other comments or announcements, a motion was made by Charles Higgins and seconded by Greg Messner to adjourn the meeting. All members voted in favor and the motion was passed.

The meeting adjourned at 3:30 pm.