



STATE OF CONNECTICUT
TEACHERS' RETIREMENT BOARD
765 ASYLUM AVENUE, HARTFORD 06105-2822
Toll free 1-800-504-1102 (860) 241-8402 Fax (860) 241-9295
"An Affirmative Action/Equal Opportunity Employer"
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TRB BOARD MEETING

Wednesday, March 14, 2012

2:00 p.m.

The regular meeting of the Teachers' Retirement Board was called to order at 2:03pm by Chairperson Clare Barnett on Wednesday, March 14, 2012 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
Michael Freeman, Teacher Member
William Myers, Teacher Member
Rosalyn Schoonmaker, Teacher Member
Maureen Honan, Teacher Member
Lisa Mosey, Active Member
Eugene Cimiano, Public Member
Jonathan Johnson, Public Member
Elaine Lowengard, Public Member arrived 2:10pm
Clifford Silvers, Public Member
Gregory Messner, Designee (OPM)
Brian Mahoney, Designee, (SDE)
Lee Ann Palladino, Office of the Treasurer

BOARD MEMBERS NOT IN ATTENDANCE:

Doug Dubitsky, Public Member

STAFF PRESENT:

Darlene Perez, TRB Administrator
Lou Laccavole, Supervisor

OTHERS PRESENT:

James Stirling, CEO, Stirling Benefits, Inc.
Karen Nolen, OPM
Richard Follman, ARTC
Louise Follman ARTC
Robyn Kaplan-Cho, CEA
Christine Gellman, OFA
Jonathan Harris, Office of the Treasurer

Chairperson Clare Barnett introduced new members to the Board, Maureen Honan from Southbury and Clifford Silvers a public member appointed by the Governor.

Chairperson Clare Barnett turned the meeting over to Darlene Perez, Administrator, for the Agency Report.

AGENCY REPORT

Administrator Perez gave the following report

1. Federal Withholding Taxes

Approximately 10,000 tax withholding forms were send out informing members that IRS no longer allows a flat rate election for federal withholding and a new tax election form should be completed and submitted to have taxes withheld based on marital status and withholding allowances. Approximately 6,500 forms have been returned and are currently being entered. The members were also told that their withholding will be based on married with three allowances for those members who do not return a completed election form by March 1, 2012.

2. Survivorship Program-Active Teachers

Administrator Perez gave an overview of the Survivorship Program to the Board.

There are two cases before the Board: Joanne Sugros and James Connolly. Neither member had a valid beneficiary designation on file with the Board and died prior to retirement after meeting eligibility for retirement. Based on the laws governing this system the Board could only offer a basic benefit between \$300 - \$600 per month rather than a lump sum of the account balances on the retirement benefit earned on the members work history in the system, as would be provided if the spouses were designated as the beneficiary.

Bill Number **5433** is before the Appropriations Committee and would allow the TRB to offer the co-participant option or the refund option to the surviving spouses.

3. Legislative Package

The 2011 TRB legislative package was disapproved before it was submitted to the Legislatures, which included 1) a technical correction that would make mandatory electronic transfer of monthly benefits optional and another proposal that would authorize the TRB to hire a pension/ tax attorney.

4. Superintendent Waiver

A Superintendent was granted a waiver of certification requirements by the Commissioner of the Department of Education. The laws governing the TRB require that all members hold appropriate certification for their assignment. Administrator Perez wrote the Attorney General's Office regarding this superintendent's membership eligibility and was advised the superintendent did not meet our eligibility requirements. The member was notified of his ineligibility leading to legislation that has been introduced that would allow retro-active membership for his noncertified service.

5. NCTR has been sponsoring webinars on the Federal Government's proposed draft language on the definition of Governmental Plan, which is what the Connecticut Teachers' Retirement System considers itself. There are a number of issues that might affect this system being considered as part of the definition such as are all the employers considered part of the government as well as some tax issues that keep the assets of the plan exempt when you are a Governmental or "Qualified" plan, as well as some discussions over "normal retirement age".

6. We have updated our Health Insurance Summary Plan Description and had planned on mailing them to all of our health plan members, but have put that on the back burner. The last time we mailed out these plan descriptions was in 2008. The updated plan description is posted to our web; anyone wanting to join our health plan can call Stirling Benefits and request a copy.

7. Presently there are a few minor problems with incoming mail associated with another state agency formerly located at this site being relocated to another work site. The Post Offices uses equipment that reads the addresses and if the address starts out with "State of CT" will sometimes forward that mail to the relocated agency.

8. The Board Member handbook has been updated and copies made for all Board members.

9. The Administrator has received an appeal request from a Superintendent who was denied membership based on his employment with a Management Firm. I need members to serve on an appeals subcommittee to hear and vote on this case. After the subcommittee hears the case they bring a recommendation to the full board for a vote by the full Board.

10. The Governor has issued a legislative proposal that among many things would consolidate the TRB within the Office of the State Comptroller and would make the Comptroller the ex officio non-voting Secretary to the Board. This consolidation would eliminate the autonomy of the Board and remove some of the Board's authority. Administrator Perez and Vice Chairperson William Myers met with Deputy Comptroller P. Marty Carlson on a preliminary basis, which primarily served as a "meet and greet".

Clifford Silvers wanted to know what position the Board has taken. Chairperson Barnett explained that this was the first Board meeting since the Governor's proposal was brought to the Legislators. The February meeting was cancelled after learning that the Governor would be making his announcement on the same day and the language had not been made available.

Vice Chairperson William Myers proposed the following Resolution opposing Bill Number 5016.

The Connecticut State Teachers' Retirement Board opposes State of CT bill number 5016 which, as written, would remove the autonomy of the Board and would reduce the states contribution from 1/3 of the cost to less than 1/4 for retiree health insurance.

A motion was made by Rosalyn Schoonmaker to approve the Resolution and seconded by Elaine Lowengard.

A discussion followed.

Chairperson Clare Barnett explained the reason for the Resolution. According to the way the Bill 5016 was written the Board would not retain their full authority or power. The Board would become an advisory group. The actual power you have is that you are the only voice on behalf of the teachers. For many of the teachers this will be the only pension they have, as many do not have social security. Boards throughout the country are independent; they operate with a great deal of autonomy. We carry out our duties through defined statutes. We have the distinction of being the most efficient system in the nation. In 2010 the last study that was done, the administrative cost per member was \$27.00. There was no one even close to that number that provides benefits. That is a testimony to Darlene and her staff. The Board needs to take a position to oppose Bill Number 5016 as written

Clifford Silvers wanted to know how we get this message across to the appropriate people. He thought that Co Chairpersons Senator Harp and Representative Walker (from the Appropriations Committee) should appear before the Board so we could express our concerns and the reasons why we are taking such a strong stand against this bill.

Chairperson Barnett explained that meetings are being held with Kevin Lembo and the Chairs of the Appropriations Committee, but we need to approve the Resolution to represent the position the Board is taking.

Clifford agreed that we should approve the Resolution and that the Chairs should attend a meeting if the Board approves the motion as it presently exists.

Vice Chairperson William Myers told the Board that there was a public hearing before the Appropriations Committee and many people have testified and submitted written comments that have been entered into record and as well as letters have been written especially from retired teachers who will be affected. There are more meetings scheduled. Gregory Messner representing Office of Policy and Management explained that the bill was not intended to dilute the power of the Board; it was really to achieve administrative efficiency. Chairperson Barnett responded that the Bill clearly states that decisions would be made by an elected official

Lee Ann Palladino, representing the Treasurer's Office, expressed her concerns about the Resolution in that she represents the Treasurer and doesn't know what her position or vote would be so she will be abstaining.

A vote was taken on the Resolution. The motion passed. Gregory Messner representing the Office of Policy and Management voted against the resolution; and Lee Ann Palladino representing the Treasurer and Brian Mahoney representing the Commissioner of the State Board of Education abstained from the vote.

MATTERS FOR BOARD ACTION

1. A motion was made to approve the November 9, 2011 meeting minutes by Rosalyn Schoonmaker and seconded by Vice Chairperson William Myers. The motion passed with three abstentions Eugene Cimiano, Clifford Silvers, and Maureen Honan.
2. Consideration and Approval of the Administrator's actions:
 - a. A motion to approve the granting of service retirement benefits for the months of November and December of 2011 and January and February of 2012 was made by Rosalyn Schoonmaker and seconded by Vice Chairperson William Myers. All members voted in favor and the motion was passed.
 - b. A motion to approve the granting of Survivor benefits for the months of November and December of 2011 and January and February of 2012 was made by Rosalyn Schoonmaker and seconded by Vice Chairperson William Myers. All members voted in favor and the motion was passed.
 - c. A motion to consider and approve the reports and recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the November and December of 2011 and January and December of 2012 meetings was made by Rosalyn Schoonmaker. Rosalyn Schoonmaker noted that the December, 2012 should have been February, 2012. Vice Chairperson William Myers seconded the motion. All members voted in favor and the motion passed with a correction.

3. A motion to consider and approve the January, 2012 COLA at 3.8% for those who retired prior to September 1992 with a January cost of living anniversary date was made by Michael Freeman and seconded by Clifford Silvers. All members voted in favor and the motion was passed.

MATTERS FOR BOARD INFORMATION.

1. Retirement statistics for the months of November and December, 2011 and January and February, 2012.

Comments from the Public

Richard and Louise Follman from ARTC whose membership is about 35,000 teachers support the Teachers' Retirement Board's Resolution.

The Meeting adjourned at 2:55pm.