



CT TEACHERS' RETIREMENT BOARD

765 ASYLUM AVENUE HARTFORD, CT 06105-2822

Toll free 1-800-504-1102 (860) 241-8400 Fax (860) 241-9295

“An Affirmative Action/Equal Opportunity Employer”

www.ct.gov/trb

May 17, 2017

2:00 p.m.

The meeting of the Teachers' Retirement Board was called to order at 2:03 p.m. by Chairperson Clare Barnett on Wednesday, May 17, 2017 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
Bill Myers, Teacher Member
Jonathan Johnson, Public Member
Al Bredehorst, Teacher Member
Charles Higgins, Public Member
Elaine Lowengard, Public Member
Maureen Honan, Teacher Member
Laurie Martin, Office of the State Treasurer

BOARD MEMBERS NOT IN ATTENDANCE:

Rosalyn Schoonmaker, Teacher Member
Lisa Mosey, Teacher Member
Kathy Demsey, State Department of Education
Gregory Messner, Office of Policy and Management

STAFF PRESENT:

Darlene Perez, Administrator
Charlene Hill, Assistant to the Administrator

OTHERS PRESENT:

Dr. Joe Fields, TRB Health Insurance Consultant
Robyn Kaplan-Cho, CEA
Karen Nolen, OPM
Scott Reed, Reed Financial Planning Services
Walt Ciplinski, Retired Teacher

Open meeting: Chairperson, Clare Barnett

Chairperson, Clare Barnett provided an update in regards to reamortization. Clare recapped that the Board previously authorized, in 2016, for John Garrett, (Actuary), to continue to work with the individuals engaged in the reamortization process, (including OPM and the Treasurer's office) to look at different proposals to try to do what the Board has been asked to do which is lower our assumption rate. Clare advised that she has been in contact with John Garrett as this work continues. The Legislature closes on June 6th so the negotiations on this is intensifying and it is everyone's desire to have this resolved soon, however, we are not under a timeframe. We are trying to be as cautious as we can to make this sustainable over the next several decades. Clare reiterated that violating the parameters of the Bond Covenant is not in the interest of the Board and that the Board's position is to lower the assumption rate. John Garrett will be attending the Board meeting next month.

1. Agency Report:

Staffing:

The individual who was recently hired to fill the vacant Assistant Accountant position in the fiscal division rescinded her acceptance of the offer due to the instability of the State employment workforce. On the same day this occurred, the Governor instituted a hiring freeze which prevents us from recruiting further, so we now have another vacancy.

Budget:

The Governor's second budget proposal includes greater funding for the Healthcare programs that we sponsor than what we have been getting for the past several years. The proposal provides for 25% of the cost of the plans to be appropriated for the teachers' retirement sponsored health programs. The statutory requirement is 33% so there is still a gap that needs to be filled.

Disability Income:

Every year we send out requests to all members who are receiving disability income from TRB to submit to us their income tax returns including all W-2s associated with the filing of their tax return. There were approximately 300 notices sent out. There were approximately 35 people who did not respond; their benefits will be suspended at the end of the month and that was included in the notice requesting them to supply their tax returns which is a statutory requirement.

Annuity Reporting in Superintendent Compensation:

We previously denied a Superintendents request to include undocumented monies as part of their salary. Our Attorney advised us to request the Superintendent's W-2s to make sure we made the right decision, however, the Superintendent has obtained representation from a law firm and we are experiencing resistance from them to provide the documents. The Board will be kept updated on this situation.

2. Consideration and Approval of Medical Plan Cost Savings Recommendations from the TRB Health Insurance Plan Consultant.

Joe Fields discussed three recommended changes to the prescription plan effective January 1, 2018. The three changes include increasing the coinsurance maximum from \$750.00 to \$800.00 annually, placing a 5% copay on generic drugs and eliminating coverage for certain compound drugs. These changes will result in 2.35 million dollars in savings for the health fund.

We would like to get started on an RFP for a Retiree Drug Subsidy (RDS) Audit that could result in a \$1 to \$2 million one-time recovery from CMS. There is no cost associated with hiring the Auditor. If there is a recovery, the fee would be approximately 25-30% of the dollars recovered, if there is no recovery there is no fee.

A motion was made by Bill Myers and seconded by Al Bredehorst to approve the cost savings recommendations from the TRB Health Insurance Plan Consultant. All members voted in favor and the motion was passed.

3. Consideration and Approval of the April 19, 2017 Meeting Minutes:

A motion was made by Maureen Honan and seconded by Bill Myers to approve the April 19, 2017 meeting minutes. All members voted in favor and the motion was passed with one abstention Charles Higgins due to absence.

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

- a. Granting of service retirement benefits for the month of April 2017.
- b. Survivor benefits for the month of April, 2017.
- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the April, 2017 meeting.

A motion was made by Bill Myers and seconded by Al Bredehorst to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the month of April, 2017. All members voted in favor and the motion was passed.

MATTERS FOR THE BOARD INFORMATION:

Retirement Statistics for the month of April, 2017.

COMMENTS FROM OBSERVERS:

Walt Ciplinski asked if the changes to the prescription plan would cause an adjustment to members' premiums.

Joe Fields advised that the changes to the prescription plan would lower the expected premium to be paid by members.

ADJOURNMENT: 2:35 p.m.