



CT TEACHERS' RETIREMENT BOARD

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Wednesday, June 18, 2014

2:00 pm

The meeting of the Teachers' Retirement Board was called to order at 2:05 pm by Chairperson Clare Barnett on Wednesday, June 18, 2014 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
William Myers, Teacher Member
Rosalyn Schoonmaker, Teacher Member
Maureen Honan, Teacher Member
Al Bredehorst, Teacher Member
Clifford Silvers, Public Member
Jonathan Johnson, Public Member
Eugene Cimiano, Public Member
Lee Ann Palladino, Designee (Office of the Treasurer)
Gregory Messner, Designee (Office of Policy and Management)

BOARD MEMBERS NOT IN ATTENDANCE:

Michael Freeman, Teacher Member
Elaine Lowengard, Public Member
Charles Higgins, Public Member
Kathy Demsey, Designee (State Department of Education)

STAFF PRESENT:

Darlene Perez, TRB Administrator
Lou Laccavole, Fiscal Administrative Supervisor
Anne Scanlon, Administrative Assistant

OTHERS PRESENT:

Karen Nolan, Office of Policy Management
Dr. Joseph A. Fields, TRB Benefit Consultant
Robyn Kaplan-Cho, Connecticut Education Association
James Stirling, CEO, Stirling Benefits, Inc.
Dean Stirling, Stirling Benefits, Inc.
Richard Follman, Association of Retired Teachers of Connecticut
Tom Danehy, Connecticut Association of Public School Superintendents
John Garrett, Cavanaugh MacDonald Consulting, LLC

Open meeting – Chairperson

Chairperson, Clare Barnett

1. Agency Report.

The draft report of the auditor's routine site visit includes 7 recommendations, 1 of which the auditors reported to the Governor's office regarding:

Beneficiary notification of entitlement benefits:

TRB beneficiary election form no longer includes a section for beneficiary addresses. This information was removed 15-20 years ago. In removing this field, we were unable to comply with the law that says we are required to write to the last known address of the beneficiary to advise them of their entitlement. Since we took the field off the form we didn't have an addresses at which to notify them. The only time it affected the agency was when there was non-family member beneficiary or a family member who didn't know they were listed as a beneficiary. These were, for the most part, beneficiaries of retirees. Only one case was for an active member.

We, in the past, were able to locate beneficiaries using their Social Security numbers. This was done using an agency P-Card (MasterCard) to pay for search engines (people search). The P-Card was taken away from the agencies and have since been restored.

The Governor requested a full report on all accounts and accounting (receivables and payables) by June 30th. The auditor wanted response to draft report within a few days, and we have multiple fiscal year reporting requirements all due at the same time. We need to document our updated procedures, especially since we expect 4 or 5 staff members to retire within the next three years and need procedures for new hires to be able to follow. All of these take time to prepare and with our available staff and resources it's doubtful that we'll be able to meet all of the priorities.

We spent an inordinate amount of time responding to the beneficiary issue once the news became involved. Unsettled accounts from 2003-2013 total 15 out of 7,803 settled. More than half of the unsettled accounts occurred after 07/01/13, which is considered to be current. The remaining unsettled accounts are: two cases in 2009 (1 of which was discovered by the auditor), one in 2010, one in 2011, two in 2012. One unsettled account was a charity, with multiple charities listed under the same or similar names, which has since been identified. Many of have been settled, in one instance the family (multiple beneficiaries) is putting off completing the paperwork as the funds would be damaging to a specific member of the family.

We are settling these accounts in a timely and accurate manner unless the deceased member's family chooses, for any reason, not to accept the settlement at the time.

Recovery of overpayments to unreported deceased members:

Almost all of the retirement benefits are delivered via electronic deposits. Unless the bank is notified of the death of a member, these funds continued to be accepted by the bank. (We do receive death notification from the government if our member is enrolled in our Health Insurance program.)

When an overpayment is discovered, we are required to write a letter to the deceased's home address requesting repayment. If returned, we write again for a total of 3 letters. If no response by the 3rd letter, we are to refer these accounts to DAS Collections. Given limited staffing, this adds to the overwhelming burden on the agency.

Within this agency the payment of retirement benefits accurately and timely is the primary responsibility, along with maintenance of current and accurate members' account balances and meeting customer service needs.

Comments:

Dr. Joseph Fields: I assisted Darlene Perez, Administrator in the response to the audit report and once it was made clear that the magnitude of the problem was as small as it actually was there was a great deal of relief and we don't think that the Governor's office views this issue as problematic. The primary concern was not knowing how large the issue was at that particular time; once that was made clear there was a great deal of comfort regarding the issue.

Maureen Honan: Do we need to clarify anything with the press? The Board members received calls from press and teachers.

Clare Barnett, Chairperson: We do not have a communications person here, and I don't want to put another burden on the Administrator to be holding press conferences or anything else. The full report will be issued and the staff's full responses will come before the Board and followed up with recommendations for more actions in the coming year.

2. Approval of the May 21, 2014 Meeting Minutes.

A motion was made and seconded to approve the May 21, 2014 minutes. All members voted in favor with 1 abstention (Rosalyn Schoonmaker).

3. Consideration and Approval of the Administrator's Actions regarding:

- a. Regarding the granting of service retirement benefits for the month of May, 2014
- b. Survivor benefits for the month of May, 2014
- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the June, 2014 meeting.

Motion was made and seconded to approve the granting of service retirement and survivor benefits for the month of May, 2014, and applications for a disability allowance for the month June, 2014. All members voted in favor and the motion was passed.

4. Consideration and Approval of:

Interest to be credited to members' accounts on June 30, 2014.

Presented by John Garrett from Cavanaugh MacDonald Consulting, LLC:
As part of the annual services, we determine the credited interest rate for the mandatory contributions using the 10-year smoothing rate of return and the market-based rate of return for the voluntary contribution balances.

The interest rate of return for the mandatory contributions: 6.80%

The interest rate of return for the voluntary contributions: 12.53%

Motion was made and seconded to approve the proposed interest rate to be credited to members' accounts on June 30, 2014. All members voted in favor and the motion was passed.

5. Consideration and Approval to:

Transfer members' accounts deemed abandoned following twenty-five years of inactivity to the Pension Reserve Account, in accordance with Section 10-183ee of the Connecticut General Statutes.

A motion was made and seconded to transfer members' accounts deemed abandoned to the Pension Reserve Account. All members voted in favor and the motion was passed.

6. Consideration and Approval of:

The Resolution renewing the Board's authorization for the Secretary (Darlene Perez) and Fiscal Administrative Supervisor (Lou Laccavole) to execute the contracts and warrants for the payment of benefits and otherwise to conduct the business of the Board.

A motion was made and seconded to renew the Resolutions. All members voted in favor and the motion was passed.

7. Consideration and Approval of:

The Resolution renewal regarding the Medical Review Committee.

A motion was made and seconded to renew the Medical Review Committee Resolution. All members voted in favor and the motion was passed.

8. Consideration and Approval of:

The Appeals Sub Committee recommendation. The laws governing this system limit earnings for retirees reemployed in "covered assignment" to 45% of the maximum salary for the assignment. The retirees' Attorney was requesting an "exception to the rule". The appeals committee found that neither the Board nor the Administrator have the statutory authority to grant an "exception to the rule" and recommended the request be denied.

A motion was made and seconded to uphold the Appeals Subcommittee's recommendation. All members voted in favor and the motion was passed.

MATTERS FOR THE BOARD INFORMATION:

Retirement Statistics for the month of May, 2014.

Clare Barnett, Chairperson requested an Action Item be added:

Consideration and Approval:

The Teachers' Retirement Board is in full support of Darlene Perez, Administrator and the leadership she provides to the Board as well as the staff at the TRB. The Board supports the acquisition of resources required to adequately address the agency's work load and priorities.

A motion was made and seconded, all members voted in favor and the motion was passed.

Clare Barnett, Chairperson offered Board members the opportunity to attend one of the scheduled or future EGWP (Employer Group Waiver Plan) informational meetings in lieu of the August 6th Workshop meeting. The scheduled meetings will be held at the CT Teachers' Retirement Board, 765 Asylum Avenue, Hartford, CT 06105 on Tuesday, July 15, 2014 at 2pm and Wednesday, July 16, 2014 at 10am. Please check the website for future offsite meetings.

A motion was made and seconded to substitute the August 6, 2014 Workshop meeting with an EGWP meeting of the Board member's choice. All members voted in favor and the motion was passed.

COMMENTS FROM OBSERVERS

Richard Follman, ARTC (Association of Retired Teachers of Connecticut): Expressed concerns of having the Federal Government involved in the proposed plan (EGWP). He also does not understand why members will be forced to take the dental plan if they don't want it. Some, like himself, have their own plan. He does understand this mandatory dental plan is for new enrollees only, not current retirees. Dr. Fields explained that there is an adverse selection issue in the voluntary versus the mandatory plan with a 4% to 6% differential with the cost of the plan. The mandatory dental plan, overall, significantly lowers the cost for people entering the plan as it changes the risk factor. Mr. Follman expressed his support of Darlene Perez, Administrator.

ADJOURNMENT – 3:02 PM