



CT TEACHERS' RETIREMENT BOARD

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MINUTES

June 24, 2015

2:00 pm

The meeting of the Teachers' Retirement Board was called to order at 2:07 pm by Chairperson Clare Barnett on Wednesday, June 24, 2015 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

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

BOARD MEMBERS NOT IN ATTENDANCE:

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

STAFF PRESENT:

Darlene Perez, TRB Administrator
Shantelle Varrs, Fiscal Administrative Manager
Mark Aronowitz, OPM Consultant
Mike Janusko, OPM Consultant
Charlene Hill, Administrative Assistant

OTHERS PRESENT:

John Garrett, Cavanaugh Macdonald Consulting
Robyn Kaplan-Cho, CEA
Thomas Singleton, ARTC
Thomas Danehy, CAPSS

Karen Nolen, OPM
Christina Gellman, OFA
James Stirling, Stirling Benefits
Walt Ciplinski, Retiree

Open meeting –Chairperson, Clare Barnett

1. Agency Report:

Darlene Perez introduced the Teachers' Retirement Board's new Fiscal Administrative Manager, Shantelle Varrs. The Board members and guests introduced themselves to Shantelle.

Required Minimum Distribution (RMD):

Darlene discussed that letters will be sent out in the next couple of weeks to members who are approaching age 70 ½ who are required under Federal code to take a minimum distribution. The Teachers' Retirement does not do partial distributions, so the letters are sent out early indicating that these funds are subject to the required minimum distribution and it explains how they can withdraw the funds or rollover the taxable portion. The minimum distribution is required because these funds are retirement funds and the IRS only allows the funds to be invested for a certain amount of time and they require a minimum distribution prior to the April following the year members turn 70 ½. We give members an opportunity to withdraw the funds at the earliest or latest time possible that they choose before the time runs out. The letters are sent out return receipt requested. If they do not take their money out and we have received a return receipt showing that the letter was delivered and received, and we have not received a withdrawal or rollover form, we automatically send them a refund which is subject to the 20% federal tax withholding because they did not respond to the opportunity to roll it over. Darlene discussed in detail all of the provisions that are explained to the members in the letter that is sent out to them.

2015 Legislation:

The 2015 Legislative packet made it through the House but did not make it through the Senate. An email was sent to one of the Co-Chairs asking for support that may or may not be taken up in a special session. It may not be because it's not exactly a budget piece of Legislation. Darlene walked through the three pieces of the Legislative packet that may have to be submitted again next year. If there are any additional updates or changes on this Legislation, it will be reported to the Board in September.

Inactive members (25 years):

Interest is posted to member's accounts for 25 years after they have left public school teaching. Once they have been inactive for 25 years, interest no longer gets posted to member's accounts. Each of these members is mailed a letter notifying them that their account will discontinue earning interest and they are given the opportunity to withdraw or rollover the funds.

FOI Complaint:

A formal complaint was filed against the Agency for failure to respond to a Freedom of Information (FOI) complaint. Darlene discussed the complaint and explained how the information requested breaches the HIPAA laws and that the HIPAA laws prohibit TRB from releasing anything that would allow the receiver of the information to identify who it is if they have health insurance. The Attorney General's office is involved and Darlene will be meeting with them. Joe Fields came in and met with the two Plaintiffs and showed them all of the criteria from the U.S. Department of Health website and additional resources showing that we cannot release names or address if they are requested in relation to health insurance.

Additional Agency Items:

Darlene Perez has been subpoenaed for Data having to do with a lawsuit against the State of CT. At this time, the request for the data has not been completed and may take some time to complete.

Darlene discussed an issue with a member who is requesting to be reinstated on the Health Insurance Plan but has not fulfilled the requirement of providing proof that she is a U.S. resident. Under a Federal Health Insurance Program, the Federal Government requires members to be a resident of the U.S. The only address we have on file for this member is outside of the U.S. We are unable to restore her coverage until she provides the information requested to show she is a resident of the U.S.

The first round of the annual disability income reporting forms have been sent out. Second letters are going out now. There has only been one person so far that has needed action. We have a pretty good handle on our disability program with approximately 400 people on our disability program.

2. Interest to be credited to members' accounts:

John Garrett from Cavanaugh MacDonald Consulting, LLC presented the interest to be credited to members' accounts on June 30, 2015. As part of the annual services, the credited interest rate for the mandatory contributions was determined using the established 10-year smoothing method and the unrecognized amounts determined in prior years. The market-based rate of return used for crediting interest to voluntary contribution balances is determined as a step along the way of the 10-year smoothed rate of return calculation.

The interest rate of return for the mandatory contributions: 6.70%

The interest rate of return for the voluntary contributions: 3.54%

A motion was made and seconded to approve the proposed interest rate to be credited to members' accounts on June 30, 2015. All members voted in favor and the motion was passed.

3. Approval of the May 27, 2015 Meeting Minutes.

A motion was made and seconded to approve the May 27, 2015 meeting minutes as amended. All members voted in favor and the motion was passed (with three abstentions, Maureen Honan, Gregory 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 month of May, 2015.
- b) Survivor benefits for the month of May, 2015.
- c) Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the May, 2015 meeting.

A motion was made and seconded to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the month of May, 2015. 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 Manager (Shantelle Varrs) 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 Authorization Resolution. 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 Cost of Living Adjustments (COLA) granted for July, 2015. The rate for pre-September 1992 retirees is 3% and the rate for those who retired on or after September 1, 1992 is 1.7%.

A motion was made and seconded to approve the COLA granted for July, 2015. All members voted in favor and the motion was passed.

9. Status report from Mark Aronowitz on Audit Recommendations.

Mark Aronowitz and Mike Janusko have been working with Shantelle Varrs regularly to familiarize her with TRB operations, reviewing the duties of the staff, determining what staff needs to be hired and at what level, introducing her to the vendors that we deal with and fiscal year end activities.

Mark and Mike continue to work on the Health Fund Ledger. They are currently examining the years 2011 to 2015. They have been documenting the proposed adjustments to the Health Fund Ledger. The Health Fund Ledger is the internal records for the Agency that differs from CORE-CT which are the books for the State of CT which were somewhat out of balance. The adjustments that will be recommended are going to be reviewed with the State Comptroller's Office, The Treasurer's Office and OPM and they will make a final decision on what adjustments should be made once the audit is complete.

A motion was made and seconded to accept the report from the audit committee. All members voted in favor and the motion was passed.

Clare Barnett thanked the audit committee who meets before every Board meeting for the work they have been doing. They have looked at every single audit recommendation in the audit report and addressed, in a significant way many of them already. Along with a group of Board members under the direction of Bill Myers, OPM, the Treasurer's Office, a public member and active teacher also have a significant presence on the committee. We are well represented by the stakeholders who are involved, the people who put the money in, the people who receive the benefit, and the people who oversee and work in concert with the board. It's a process that has helped us and has been a benefit to us.

Attorney General's Opinion:

Darlene Perez discussed the Attorney General's Opinion letter that addresses what is included and what a person who is working under the 45% Rule can earn because there are rules and restrictions on employment in a position that would qualify for membership with the Teachers' Retirement Board. Darlene discussed each type of post retirement employment rule requirements including items that are considered includable items and excludable items. She discussed that the Attorney General's Opinion letter says that the restriction for retirement is called compensation (which includes fringe benefits) not salary. Questions are starting to come in from Attorneys who represent members who participate in the post retirement employment program so Darlene will be having conference calls to discuss how TRB will be administering this.

Additional Items:

Lee Ann Palladino announced that she is retiring next month. She shared that it has been a pleasure working for the Board and she admires the work that everyone does. She wished everyone the best of luck in the future.

Clare Barnett thanked Lee Ann and Michael Freeman who will no longer be on the Board for the ethical, personal, and hard work attention that they have given to the important work that the Board does.

Clare Barnett discussed that the August Workshop will be a “Meet and Greet”. This will give the Board Members, Board Attendees and TRB staff the opportunity to meet since there have been a number of new staff who have joined the Agency.

MATTERS FOR THE BOARD INFORMATION:

Retirement Statistics for the month of May, 2015.

COMMENTS FROM OBSERVERS:

Walt Ciplinski presented to the Board another petition with additional signatures (25) from retired teachers to be added to the petitions previously submitted in support of the Silver Sneakers program. The total number of retired teacher signatures in support of the program is now 243.

ADJOURNMENT – 2:50 PM