



STATE OF CONNECTICUT
TEACHERS' RETIREMENT BOARD
765 ASYLUM AVENUE HARTFORD, CT 06105

** APPROVED **

Minutes of Meeting
June 25, 2008

The regular meeting of the Teachers' Retirement Board was called to order at 10:11 a.m. by Acting Chairperson Mary Nicholas on Wednesday, June 25, 2008 at 765 Asylum Avenue, Hartford, Connecticut.

Board Members Present:

Eugene Cimiano, Public Member
Astread Ferron-Poole, representing Commissioner Starkowski, Dept. of Social Services
Marion Jewell, Teacher Member
Jonathan Johnson, Public Member
William Murray, Teacher Member
Mary Nicholas, Teacher Member
Rosalyn Schoonmaker, Teacher Member

Staff present:

Darlene Perez, Administrator
Leanne Appleton, Assistant Administrator
Jean Ouellette, Administrative Assistant

Others present:

Barbara Jiantonio, TRB Benefits Division Supervisor
Robyn Kaplan-Cho, CEA
Lou Laccavole, TRB Fiscal Administrative Supervisor
Brian Murphy, Gabriel Roeder Smith & Company
Karen Nolen, OPM
Raymond Powell, CAPSS
James Stirling, Stirling Benefits
Shousan Wang, Teacher
Amy Williams, Gabriel Roeder Smith & Company
Wayne Woodtke, ARTC
Other unidentified observers were present

AGENCY REPORT

Administrator Perez stated that as a result of Governor Rell's mandate Orientation Books were provided to Board members at the May meeting. Copies are available for members who were not at the May meeting.

The Agency hired three new staff members moments before the Governor issued a hiring freeze. All thirty positions are now filled.

The City of Hartford increased the premium for their Medicare supplemental health insurance plan from \$140.00 per month to over \$500.00 per month. This change affected all their retirees and gave them only two weeks to make decisions. James Stirling of Stirling Benefits found out about the change one week into the change and attended several of the workshops providing the Hartford teachers with another choice for medical coverage. The City of Hartford was only offering the existing Anthem plan and another plan with restricted access to doctors. Consequently we received approximately 400 applications for TRB's plan during the last two weeks of May for the first available enrollment date effective July 1, 2008. Since then we have received over 200 more applications.

The City of Hartford is now holding a moratorium on the premium increase. As a result we have teachers calling to cancel their Stirling plan and others still trying to sign up. This activity greatly added demands on the TRB staff during the peak season for processing retirement applications. It is uncertain whether the premium increase will be challenged and how it will affect enrollment in our health plan.

Public Act 08-112, effective July 1, 2008, provides a health insurance subsidy increase to \$220.00 that TRB makes directly to the Boards of Education on behalf of any retiree who has insurance with their last employing Board of Education. It also applies to an eligible spouse, surviving spouse, disabled dependent adult child if there is no spouse. The subsidy increase affects approximately 400 people who meet eligibility. Requirements for the subsidy are 1) must be 65 years old; 2) must pay a minimum of \$220 per month towards medical and prescription insurance coverage to their last employing board of education, excluding the cost for dental coverage; and 3) does not qualify for Medicare Part A premium-free hospital insurance. This is not a grant program to the town. It is intended to help the teacher who pays for insurance on their own to the town.

The Agency is in its retirement season and will have statistics to report at the September meeting.

MATTERS FOR BOARD ACTION

Motion to approve the May 14, 2008 Meeting Minutes was made by Rosalyn Schoonmaker and Seconded by Eugene Cimiano. All members voted in favor and the Motion passed.

Motion to approve the granting of service retirement and survivor benefits for the month of May 2008 was made by Rosalyn Schoonmaker and Seconded by William Murray. There was no opposition to the motion.

Motion to approve the reports and recommendations of the Medical Review Committee for May and June 2008 was made by Eugene Cimiano and Seconded by Rosalyn Schoonmaker. There was no opposition to the motion.

Administrator Perez explained how the cost of living percentage is determined. The COLA for retirement prior to September 1992 is based on the National Consumer Price Index for the twelve month period ending on the last day of the preceding November. COLA for retirement post September 1992 is based on the Social Security COLA and the investment performance of the retirement fund for the preceding fiscal year and is the same for January and July. Motion to approve the July 2008 Cost of Living Allowance of 4.5% for retirees prior to September 1992 and 2.3% for retirees on or after September 1992 was made by Rosalyn Schoonmaker and Seconded by Eugene Cimiano. There was no opposition to the motion.

Administrator Perez asked that if the two Resolutions presented are passed that they be sent to Chairperson Barnett for her signature as she was unable to attend today's meeting. Motion was made by Rosalyn Schoonmaker and Seconded by William Murray to accept the request. There was no opposition to the motion.

Administrator Perez stated that we have been trying to increase the amount of money paid to the Medical Review Committee because it is causing member retention issues according to the chairperson. The Chairperson's amount has been increased to \$1250.00 per meeting and each member's amount has been increased to \$750.00 per meeting. This increase also reflects the increase of hours required to review the cases prior to the meetings. Traditionally there has been one chairperson and three members on the committee; all practicing physicians. They only review the case file and do not meet with the applicant. To apply for disability the teacher submits an application, a personal statement, a statement from a peer at work attesting to issues relating to the claim, and medical reports. They may provide additional medical information if their claim is tabled. TRB's operating budget provides the funds to pay the Medical Review Committee.

Board members felt that the doctors' affiliation and specialties should be identified. The Chairperson, who selects the committee members, will be asked to supply this information.

Motion was made by Eugene Cimiano and Seconded by Rosalyn Schoonmaker to accept the Resolution for compensation of the Medical Review Committee members. The Resolution was approved as submitted and will be sent to Chairperson Barnett for signature.

Motion was made by Rosalyn Schoonmaker and Seconded by Astread Ferron-Poole to accept the Resolution renewing the Board's authorization for the Secretary (Administrator) and Assistant Secretary to execute contracts and warrants for the payment of benefits and otherwise to conduct the business of the Board. The Resolution was approved as submitted and will be sent to Chairperson Barnett for signature.

Brian Murphy and Amy Williams of Gabriel Roeder Smith & Company (GRS) made a presentation regarding the June 30, 2008 interest rate for members' account balances. A letter explaining the process was distributed. The calculation of the rate for mandatory contributions is based on the procedures the Board adopted in 1997. The use of the smoothed market value procedure uses results for a 10 year period and minimizes volatility in the year-to-year results. The calculated credited interest rate for this year for mandatory contribution account balances is 7.7%.

At the December 12, 2007 Board meeting a market rate of return was approved to be the basis for crediting voluntary accounts effective July 1, 2008. The calculated market value interest rate for this year is -0.3%.

On Motion by William Murray, Seconded Rosalyn Schoonmaker, the Board voted unanimously to approve the interest rates as presented by GRS.

The Connecticut General Statutes, Sec. 10-183ee, requires that the balance of accounts that are inactive for 25 years be transferred to the pension reserve account. Reports listing these accounts were mailed to the Board for their review. Reasons that accounts become inactive were discussed. The members are sent a letter notifying them that their account will no longer earn interest. A list of inactive accounts is posted on the TRB website showing names, last known address and last employing board of education. Lack of staff prevents actively locating these individuals.

On Motion by Eugene Cimiano, Seconded by Rosalyn Schoonmaker, the Board voted unanimously to approve the transferring of abandoned account funds to the pension reserve account.

James Stirling, Stirling Benefits, spoke on the administration of the out of country benefit defining the coverage as originally intended. Board members were handed a copy of the proposed Out of Country Health Care Coverage Policy which Mr. Stirling read. The policy will clarify what is covered. He stated although it will be hard to administer, each

claim can be reviewed on a case by case basis to make a determination. This policy will assist Stirling Benefits in approving or denying a claim. Ownership of property outside of the United States, length of stay, itinerary, repetitive visits to a doctor, etc. will be considered in the decision for coverage of a claim. The intent of the plan is to be a supplement to Medicare. Medicare only covers care in the United States and Puerto Rico; therefore members use the TRB plan for chronic care. To date the expense hasn't been great, but there is a trend towards an increase. This is a proactive action to prevent a problem. The last sentence of the policy is to clarify that experimental medicine and procedures will not be covered. This policy is standard with all medical plans. On Motion by Rosalyn Schoonmaker, Seconded by William Murray, the Board voted unanimously to approve the Out of Country Health Care Coverage Policy. This clarification will be posted on the TRB website and all members will receive notification in the next mass mailing.

Rosalyn Schoonmaker stated that a nomination of two delegates is needed for the NCTR meeting October 11 – 16 to provide voting members. As the State will not fund attendance this year the delegates will have to provide their own financing. Marion Jewell made Motion to nominate Rosalyn Schoonmaker and Mary Nicholas as voting delegates and William Murray as an alternate. Seconded by Eugene Cimiano, the Board voted unanimously to approve the nominations.

MATTERS FOR BOARD INFORMATION

Acting Chairperson Mary Nicholas noted that the Retirement Statistics for May was sent to the Board for their review. There was no discussion.

MATTERS FOR BOARD DISCUSSION

No matters were presented for discussion.

COMMENTS FROM OBSERVERS

In response to questions from an observer clarification was made that the cost of living adjustment comes from the Teachers' Retirement funds. There was a legislative agreement with the teachers for a change to the COLA as of 1992. It was also clarified that the state employees' agreements with the State are separate from the Teachers' Retirement fund. Further valuation information can be found on the TRB website.

James Stirling thanked the Board for their continued confidence in Stirling Benefits and for awarding them a new three year contract.

On Motion by William Murray, Seconded by Eugene Cimiano, the Board voted unanimously to adjourn the meeting at 11:26 a.m.