



CT TEACHERS' RETIREMENT BOARD

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Wednesday, October 16, 2013

2:00 pm

The meeting of the Teachers' Retirement Board was called to order at 2:10 pm by Chairperson Clare Barnett on Wednesday, October 16, 2013 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
William Myers, Teacher Member
Michael Freeman, Teacher Member
Rosalyn Schoonmaker, Teacher Member
Maureen Honan, Teacher Member
Al Bredehorst, Teacher Member
Clifford Silvers, Public Member
Jonathan Johnson, Public Member
Elaine Lowengard, Public Member
Eugene Cimiano, Public Member
Lee Ann Palladino, Designee (Office of the State Treasurer)
Gregory Messner, Designee (Office of Policy and Management)
Kathy Demsey, Designee (State Department of Education)

BOARD MEMBERS NOT IN ATTENDANCE:

Charles Higgins, Public Member

STAFF PRESENT:

Darlene Perez, TRB Administrator
Lou Laccavole, Fiscal Administrative Manager
Anne Scanlon

OTHERS PRESENT:

Karen Nolen, Office of Policy and Management
Robyn Kaplan-Cho, Connecticut Education Association
Christina Gellman, Office of Fiscal Analysis
James Stirling, CEO, Stirling Benefits, Inc.

1. Opening Remarks by the Chairperson.

Clare Barnett, Chairperson, has spoken to three retiree groups. She has accepted an invitation to visit one other group to speak on the state of the retirement world. She also spoke at the Summit Leadership of the CEA and the National Council on Teacher Retirement meeting at Harvard (John F. Kennedy School) to address divesting from investments in gun manufacturers. Lee Ann Palladino aided in providing State policies relating to the topic.

The Chairperson confirmed, in her remarks to the groups, that she as well as TRB Administrator, Darlene Perez, are accessible to active and retired teachers for any information needed regarding the benefits of having a defined benefit plan. There is a booklet, produced by the National Council on Teacher Retirement, supplied to teachers which explains the history and cost of all the retirement plans in language that is easy to understand.

Kathy Demsey was welcomed as a new member to the Board.

2. Approval of the September 11, 2013 Meeting Minutes.

A motion was made and seconded to approve the September 11, 2013 minutes. All members voted in favor and the motion was passed.

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

- a. The granting of service retirement benefits for the month of September, 2013, and
- b. Survivor benefits for the month of September, 2013, and
- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the September, 2013 meeting.

Motion was made and seconded to approve the service retirement benefits and the survivor benefits for the month of September, 2013, and applications for a disability allowance for the month of September, 2013. All members voted in favor and the motion was passed.

4. Update on Post Retirement Re-Employment.

Presented by: Lou Laccavole, Fiscal Administrative Manager.

It is becoming more common for retired teachers to return to work. Orientation to the rules and guidance are needed for both the re-hired teachers and the Boards of Education who are hiring retirees. Post retirement employment rules only affect retired teachers returning to public education in CT to a position that is TRB eligible.

Post-Retirement Employment falls under two categories:

Subject Shortage / Priority School District

The Subject Shortage and Priority School Districts are defined annually by the Commissioner of Education.

Under this area, the retired teacher may work one year with no impact on their pension, and a second year with advance TRB approval. Before approval is given, the hiring Board of Education must submit documentation to TRB showing an effort to hire a qualified active teacher for the open position (advertisement, job fair) prior to selecting the retiree.

The limit for working under the Subject Shortage / Priority District is two years of the retiree's career regardless of assigned area.

45% Rule

Under this category, a retiree is allowed to earn up to 45% of the maximum salary of the highest paid, most qualified person for the position being offered. Any excess earned over the 45% must be paid to TRB (usually as a pension reduction).

There is no limit on the number of years a retiree may work under the 45% Rule.

As of July 1, 2013 a minimum salary requirement was established. The retiree must be paid a sum equal to that of an active teacher with comparable education, background and experience working in the same school district in the same job. This would most likely limit the amount of time a rehired retiree can work without exceeding the 45% Rule.

Discussion:

Clifford Silvers noted that the retired teacher, once re-employed, must either join a union or pay the agency fee. This is up to the union to enforce.

Clare Barnett stated that the only change in the past 20 years to the 45% Rule is raising the salary that is used to calculate the allowable earnings from a starting rate to the higher end salary.

The salary earned by retirees is not subject to TRB contributions.

5. Update on Disability Income Reporting forms.

Presented by: Darlene Perez, Administrator

There are two definitions of disability in our plan. The first is the inability to do your own job, which is for 24 months; the second is to be unable to engage in any substantial gainful activity (meaning cannot do any job). There are different income offsets associated with the two definitions. Income earned in the first 24 months results in a 20% offset, meaning we would reduce the disability allowance by 20% of the earned income. After 24 months, there is a dollar for dollar offset against all earnings in excess of the members disability allowance combined with earnings that exceed the final average salary used in the calculation of the member's disability allowance.

We send out requests for the member's income tax return and corresponding W-2s to determine and apply appropriate offsets for members receiving a disability allowance. The following represent the results of the 2012 income reporting cycle:

Four members receiving a disability allowance passed away during this reporting period.

Four members earned sufficient income to prompt us to request updated medical reports to determine if they are still disabled. The status of those four follows:

- One member needs another reminder to submit new medical information.
- One member was being suspended for failure to respond to several requests.
- One member is on the next Medical Review Committee agenda.
- One member was reviewed by the Medical Review Committee and was approved for a continued disability.

Four members had earned income subject to a reduction in their disability benefit totaling \$24,373 in aggregate.

Three members failed to respond to multiple income verification requests, resulting in a loss of their disability allowance. These monthly allowances were \$2,239 per month in aggregate.

Clare Barnett added that this task was one we were reminded to perform by the State Auditors even though it didn't result in big savings to the state. The Auditor's job is to make sure we do everything the Statutes require us to do, whether it is cost effective and a good use of our limited resources or not.

6. 2014 Board Meeting Schedule

A motion was made to add the 2014 schedule of meetings to the agenda for approval, the motion was seconded and passed unanimously.

A motion was made to approve the 2014 schedule of meetings, seconded and passed unanimously.

7. Freedom of Information (FOI) Requests

Darlene Perez informed the Board that the office has seen a large increase in the volume of FOI requests. Lou added that the requests come from commercial entities, retired teacher groups, members of the public, newspaper reporters, and politicians; and that what the FOI provides is widely misconceived so there is a lot of training and education that occurs on a one on one basis.

MATTERS FOR BOARD INFORMATION

Retirement statistics for the month of September, 2013.

ADJOURNMENT – 2:59 PM