



CT TEACHERS' RETIREMENT BOARD

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MINUTES

November 4, 2015

1:00 pm

The meeting of the Teachers' Retirement Board was called to order at 1:03 pm by Chairperson Clare Barnett on Wednesday, November 4, 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
Rosalyn Schoonmaker, Teacher Member
Lisa Mosey, Teacher Member
Charles Higgins, Public Member
Elaine Lowengard, Public Member
Deborah Spalding, 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)

STAFF PRESENT:

Darlene Perez, TRB Administrator
Shantelle Varrs, Fiscal Administrative Manager
Charlene Hill, Assistant to the Administrator

OTHERS PRESENT:

Robyn Kaplan-Cho, CEA
Karen Nolen, OPM
James Stirling, Stirling Benefits
Christina Gellman, OFA
Christine Ashburn, OFA
Walt Ciplinski, Retiree
Dr. Joe Fields, TRB Health Insurance Consultant
John Garrett, Cavanaugh Macdonald Consulting, LLC.
Jonathan Craven, Cavanaugh Macdonald Consulting, LLC.

Open meeting –Chairperson, Clare Barnett

1. Status Report on Prescription Plan:

Dr. Joe Fields, the Health Insurance Consultant for TRB since 1999 has seen the health insurance program grow from 12,000 members to now exceeding 25,000 members. Joe discussed unit costs and EGWP. The unit costs have remained relatively unchanged for the past decade. The EGWP is federally mandated with regard to many of the provisions under it. The expenditures are higher than expected on an aggregate basis at 1.5 million to 1.7 million per week and this is attributed to the increase in participation in the program. One of the primary reasons for the move to the EGWP is that the Federal Government is going to be paying 80% of the cost of individuals who reach the catastrophic phase of the program.

A discussion followed.

2. 5 Year Experience Study:

Clare Barnett reminded the Board members that the Experience Study occurs once every 5 years and the Valuation occurs every other year. The Experience Study is to test all of the assumptions, how long people are going to teach, how long people are going to live in retirement, how much they are going to make, how much it's anticipated the fund is going to make, etc.

John Garrett, Principal Actuary and Jonathan Craven, Senior Actuary from Cavanaugh Macdonald Consulting, LLC, provided a presentation of the 5 year Experience Study of the CT Teachers' Retirement System that included economic assumptions, actuarial methods, a summary of recommendations and additional considerations. The study reviews the current assumptions and recommends modification where appropriate. The actuary is guided by Actuarial Standard of Practice (ASOP) in the development of assumptions. The study also considers the current actuarial methods. Two alternatives were proposed: Proposed Alternative 1 with an 8% Investment Return and Proposed Alternative 2 with a 7.50% Investment Return.

Clare Barnett discussed a meeting she attended last week that included the Governor's office, OPM, State Treasurer's office, Comptroller's Office, CEA, and others. Those attending that meeting were asked to look at the way they have structured their debt as they have amortized this debt over time to see if they can help fulfill the two goals to shore up and sustain these defined benefit plans into the future and also provide a predictable acceptable level of contribution from the State. Clare also discussed the two proposed alternatives presented by John and Jonathan and the possibilities of looking at restructuring the debt that may include lowering the assumption rate.

A discussion followed.

A motion was made by Cliff Silvers and seconded by Rosalyn Schoonmaker to accept the Experience Study and the Proposed Alternative 1. All members voted in favor and the motion was passed.

A motion was made by Charles Higgins and seconded by Bill Myers to authorize Cavanaugh Macdonald Consulting, LLC to examine alternatives to the current amortization schedule and present their findings at the February, 2016 Board meeting with a review of the 8% Assumed Rate of Investment Return. All members voted in favor and the motion was passed.

3. Approval of the October 7, 2015 Meeting Minutes:

A motion was made by Rosalyn Schoonmaker and seconded by Bill Myers to approve the October 7, 2015 meeting minutes. All members voted in favor and the motion was passed (with one abstention, Elaine Lowengard due to absence.)

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

- a) Granting of service retirement benefits for the October, 2015.
- b) Survivor benefits for the October, 2015.
- c) Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the October, 2015 meeting.

A motion was made by Maureen Honan and seconded by Rosalyn Schoonmaker to approve the granting of service retirement, survivor benefits and applications for a disability allowance for October, 2015. All members voted in favor and the motion was passed.

5. Consideration and Approval of the 2016 Legislative Package:

Darlene Perez discussed the two items in the 2016 Legislative Package which includes an act to cease crediting interest on inactive nonvested members and to allow the retention of Plan D for certain retired members upon divorce. This will be the third time these items are being submitted. We do not have a Legislative Liaison to determine why these items did not pass in the two previous Legislative Sessions.

A motion was made by Bill Myers and seconded by Lisa Mosey to approve the submission of the 2016 Legislative Package. All members voted in favor and the motion was passed.

6. Status report on Audit Recommendations:

Bill Myers advised that the Audit Committee will be meeting right after the Board Meeting and an update will be provided at the next Board Meeting.

7. Agency Report Provided by Darlene Perez:

Outside Counsel:

Darlene advised that progress is being made on hiring outside counsel. The bids are due to the AG's office by Friday. After that, the process will continue with two Attorney's from the AG's office as well as Darlene serving on the Committee to select the outside counsel.

Health Insurance Open Enrollment:

The closing date for the TRB Health Insurance Open enrollment is this week. This year's open enrollment is different from previous open enrollments because this year members' who cancel their coverage will not be allowed back into the program for two years unless there is a qualifying event.

GASB 68:

TRB is required to do census testing for GASB 68. A CPA firm was hired to do the census testing in February, 2015 and provide the associated reporting on the results of the data collected from the five largest BOE's in the State. TRB is being asked to pay \$35,000 more than the original price quoted for the project for additional work that needs to be done. Darlene talked with the CPA firm and expects them to review their pricing and get back to her.

Silver Sneakers:

Five more signatures were received from retirees to add to the petition to add Silver Sneakers to our Health Insurance program. Funding for these programs are not at its best. It may not be a great time to add cost to the Health Insurance program but we do appreciate hearing from our plan participants. Darlene thanked Walt Ciplinski for pursuing this interest on behalf of retirees. If there is an opportune time at a later date, because we know that there is some interest in the program, the request may be revisited.

MATTERS FOR THE BOARD INFORMATION:

TRB Annual Report
Retirement Statistics for the month of October, 2015.

COMMENTS FROM OBSERVERS:

ADJOURNMENT – 3:12 PM