

National Council on Teacher Retirement

RESOLUTIONS



Adopted at the

**NCTR 88th Annual Convention
Annual Business Meeting**

**October 13, 2010
2:00 pm**

Presented by:
The 2010 NCTR Resolutions Committee

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recommends adoption of all of the following resolutions:*

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IN MEMORIAM JOHN T. DUNCAN

WHEREAS, John T. Duncan served as a Trustee of the Retirement System of the School District of Kansas City, Missouri (KCPSRS) for 17 years, including four years as the Treasurer of the Board of Trustees; and

WHEREAS, John Duncan was a dedicated advocate for the active members and retirees of KCPSRS, representing their interests at the National Council on Teacher Retirement conferences over the years; and

WHEREAS, John Duncan taught in Missouri schools for thirty-seven years, retiring as a School Principal in 1988 from the School District of Kansas City, Missouri; and

WHEREAS, John Duncan continued his community involvement after retirement by being elected to the KCPSRS Board of Trustees, and volunteered tirelessly on the boards of the Guadalupe Center, the Kansas City Association of School retirees, the Ethic Enrichment Commission, and the Mayors' Prayer Breakfast; and

WHEREAS, John Duncan passed from this earth on May 21, 2010; now therefore be it

RESOLVED, the Board and Staff of the Kansas City Public School Retirement System, and the National Council on Teacher's Retirement extend their heartfelt sympathy to John's wife of 62 years, Carol, and their children and extended family; and be it further

RESOLVED, that a copy of this resolution be presented to Mrs. Carol Duncan and be included in the proceedings of the 88th Annual Convention of the National Council on Teacher Retirement, 2010.

Submitted by: The Board of the Kansas City Public School Retirement System



IN APPRECIATION BETH A. ALMEIDA

WHEREAS, Beth A. Almeida has served as the first Executive Director of the National Institute on Retirement Security (NIRS) since November 2007; and

WHEREAS, Ms. Almeida recently announced that she will be departing NIRS at the end of this year or upon arrival of her successor; and

WHEREAS, in the three years that Ms. Almeida has served as Executive Director, NIRS has developed a national reputation for the production of a number of research reports concerning retirement security in the public sector; and

WHEREAS, at the beginning of her employment, NIRS was a start-up entity and has now progressed to a mature organization with financial stability and excellent professional talent; and

WHEREAS, under her leadership, NIRS has filled a distinct void in the research community where it was difficult to find any research pertaining to the value of defined benefit plans in providing retirement security; and

WHEREAS, the National Council on Teacher Retirement is a founding member of NIRS; and thus, it has a significant interest in its success; and

WHEREAS, Ms. Almeida's efforts at NIRS have greatly assisted a national effort on the part of public pension plans to preserve defined benefit plans; now therefore be it

RESOLVED, that the National Council on Teacher Retirement expresses its best wishes and appreciation to Ms. Almeida for her outstanding service to public pension plans, and specifically to plans that have teachers in their membership, and be it further

RESOLVED, that a copy of this resolution be presented to Beth A. Almeida and be included in the proceedings of the 88th Annual Convention of the National Council on Teacher Retirement, 2010.

Submitted by: The National Council on Teacher Retirement



IN APPRECIATION BONNIE H. BROOKS

WHEREAS, Bonnie H. Brooks served as a member of the Board of Trustees of the Teachers' Retirement System of Louisiana from January 1, 2006, through December 31, 2009, representing active members who are paid with school food service funds; and

WHEREAS, Mrs. Brooks served on the Budget & Finance, Elections, Personnel, Membership & Entitlements, Legislative, and Investment committees; and

WHEREAS, Mrs. Brooks has provided dedicated service to Tangipahoa Parish for 29 years as a school food service worker, production manager, cafeteria manager, and area supervisor; and

WHEREAS, Mrs. Brooks is a proud and long-standing member of the local, state, and national chapters of the Association of Child Nutrition; and

WHEREAS, Mrs. Brooks was instrumental in the passage of legislation that improved the quality of life for many retirees, including three-percent cost-of-living adjustments in 2007 and 2008, one of which was the first granted since 2002; and a supplemental retirement benefit provided in 2009 for retired teachers living at or below the poverty level; and

WHEREAS, Mrs. Brooks supported legislation addressing the need to pay down the unfunded accrued liability to enhance the soundness of the retirement system and protect the benefits of TRSL members; and

WHEREAS, Mrs. Brooks has always been a true champion of TRSL, expressing a genuine concern for its members and their retirement security, and remaining committed to safeguarding the integrity of the System; now therefore be it

RESOLVED, that the Board of Trustees of the Teachers' Retirement System of Louisiana, on this eighth day of December 2009, hereby expresses its appreciation to Mrs. Brooks for her dedicated service to the System; and be it further

RESOLVED, that a copy of this resolution be presented to Mrs. Bonnie H. Brooks, and that it be duly recorded in the minutes of the Board and be included in the proceedings of the 88th Annual Convention of the National Council on Teacher Retirement, 2010.

Submitted by: The Teachers' Retirement System of Louisiana



IN APPRECIATION JONCEE NODLER

WHEREAS, Joncee Nodler served as a member of the Board of Trustees of The Public School and Education Employee Retirement Systems of Missouri from May 10, 2005, until October 13, 2009, and as Vice Chair from July 1, 2008, through June 30, 2009; and

WHEREAS, during the period of this tenure Mrs. Nodler ably served the interests of teachers and school support personnel of Missouri and the State of Missouri; and

WHEREAS, through her experience in public education, she was able to lead and counsel wisely in the enactment of legislation and the formulation of policies and regulations, bringing continued improvement in the retirement systems; now therefore be it

RESOLVED, that in recognition of this distinguished service to the Board of Trustees and to the members of the retirement systems, the Board extends its sincere gratitude for Mrs. Nodler's many efforts and contributions, and for her personal friendship, which has been much valued by Board and staff members; and be it further

RESOLVED, that a copy of this resolution be presented to Joncee Nodler and be included in the proceedings of the 88th Annual Convention of the National Council on Teacher Retirement, 2010.

Submitted by: The Public School and Education Employee
Retirement Systems of Missouri



IN APPRECIATION JAMES O'DONNELL

WHEREAS, James O'Donnell served as a member of the Board of Trustees of The Public School and Education Employee Retirement Systems of Missouri from November 30, 2005, until October 2, 2009, and as Vice Chair from July 1, 2009, until October 2, 2009; and

WHEREAS, during the period of this tenure Mr. O'Donnell ably served the interests of teachers and school support personnel of Missouri and the State of Missouri; and

WHEREAS, through his experience in the investment industry, he was able to lead and counsel wisely in the formulation of policies and regulations bringing continued improvement in the retirement systems; now therefore be it

RESOLVED, that in recognition of this distinguished service to the Board of Trustees and to the members of the retirement systems, the Board extends its sincere gratitude for Mr. O'Donnell's many efforts and contributions, and for his personal friendship, which has been much valued by Board and staff members; and be it further

RESOLVED, that a copy of this resolution be presented to James O'Donnell and be included in the proceedings of the 88th Annual Convention of the National Council on Teacher Retirement, 2010.

Submitted by: The Public School and Education Employee
Retirement Systems of Missouri



IN APPRECIATION IRVIN R. WEST, JR.

WHEREAS, Irvin R. West, Jr., served as a member of the Board of Trustees of the Teachers' Retirement System of Louisiana from January 1, 2005, through December 31, 2009, representing members of the System working in the Fifth District; and

WHEREAS, Mr. West served on the Budget & Finance, Elections, Personnel, Membership & Entitlements, Executive, and Investment committees, and has chaired the Personnel and Investment committees during his tenure on the Board; and

WHEREAS, Mr. West was selected by his fellow board members to serve as TRSL Board Vice Chair in 2009; and

WHEREAS, Mr. West has dedicated his life to the teaching profession, serving 35 years as an educator in Livingston Parish; and

WHEREAS, Mr. West has been an unwavering advocate for protecting the financial interest of the Louisiana educational community through his support of 2009 legislation that granted economic relief to retired teachers living on very modest retirement benefits and through his support of three-percent cost-of-living adjustments in 2007 and 2008; and

WHEREAS, Mr. West furthered the effort of enhancing the soundness of the System by supporting responsible legislative initiatives to pay down the unfunded accrued liability, thereby protecting the financial standing of the state and the retirement security of all TRSL members; and

WHEREAS, Mr. West's service to the teachers' retirement system was performed with loyalty, honesty, and integrity; now therefore be it

RESOLVED, that the Board of Trustees of the Teachers' Retirement System of Louisiana, on this eighth day of December 2009, hereby expresses its appreciation to Mr. West for his dedicated service to the System; and be it further

RESOLVED, that a copy of this resolution be presented to Mr. Irvin R. West, Jr., and that it be duly recorded in the minutes of the Board and be included in the proceedings of the 88th Annual Convention of the National Council on Teacher Retirement, 2010.

Submitted by: The Teachers' Retirement System of Louisiana.



IN APPRECIATION TINA ZUBECK

WHEREAS, Tina Zubeck served as a member of the Board of Trustees of The Public School and Education Employee Retirement Systems of Missouri from October 6, 2004, until June 30, 2010, as Vice Chair from July 1, 2006, through June 30, 2008, and as Chair from July 1, 2008, through June 30, 2010; and

WHEREAS, during the period of this tenure Mrs. Zubeck ably served the interests of teacher and school support personnel of Missouri and the State of Missouri; and

WHEREAS, through her experience in public education, she was able to lead and counsel wisely in the enactment of legislation and the formulation of policies and regulations bringing continued improvement in the retirement systems; now therefore be it

RESOLVED, that in recognition of this distinguished service to the Board of Trustees and to the members of the retirement systems, the Board extends its sincere gratitude for Mrs. Zubeck's leadership and support as well as her many efforts and contributions, and for her personal friendship, which has been much valued by Board and staff members; and be it further

RESOLVED, that a copy of this resolution be presented to Tina Zubeck and be included in the proceedings of the 88th Annual Convention of the National Council on Teacher Retirement, 2010.

Submitted by: The Public School and Education Employee
Retirement Systems of Missouri



POLICY RESOLUTION

GASB REVIEW OF PUBLIC PENSION ACCOUNTING AND REPORTING STANDARDS

WHEREAS, the Governmental Accounting Standards Board (GASB) Statements 25 and 27, providing standards for accounting and reporting on the pension benefits that State and local governments provide to their employees, have been in place for more than a decade; and

WHEREAS, GASB has stated that separate accounting and financial reporting standards are essential for governments; and

WHEREAS, GASB has acknowledged that its current approach to governmental pension accounting “explicitly harmonizes accounting with the actuarial funding characteristics of public pension plans;” and

WHEREAS, operating pursuant to these existing GASB standards, (i) public employers have been able to provide reliable retirement security to their employees, maintaining pension coverage for almost twice as many of their workforce, on a percentage basis, as compared to the private sector; (ii) most public plans, prior to the recent financial crisis, were acknowledged by experts to have been on a path to full funding, as recommended by GASB, due in large part to the effectiveness of the Annual Required Contribution (ARC) as a gauge by which to measure policymakers’ commitment to properly fund pensions; and (iii) following the dramatic 2008-2009 market downturn, public plan holdings have improved and public pension sustainability is being enhanced, with existing GASB standards playing an instrumental role in this process by permitting smoothing methodologies that help reduce volatility on employers’ balance sheets and make contribution increases, where necessary, less disruptive to overall budgets in these difficult economic times; and

WHEREAS, GASB’s existing standards therefore demonstrably provide a sound framework for reporting that enhances the understanding of the financial condition of governmental plans, improves the ability to finance promised benefits, provides decision-useful information that strengthens funding discipline, and permits necessary flexibility to ensure long-term sustainability; and

WHEREAS, GASB is now considering possible changes in Statements 25 and 27, and has issued a “Preliminary Views” (PV) document on issues related to pension accounting and financial reporting by governmental employers that, among other things, would change the current method for determining the discount rate; de-link accounting standards from pension funding; require employers to place their unfunded pension



liabilities on their basic financial statements; impose limitations on deferred recognition of investment gains and losses; and change the treatment of cost-sharing plans; now therefore be it

RESOLVED, that the National Council on Teacher Retirement (NCTR) believes that government accounting and financial reporting standards for governments should continue to be different from those for-profit business enterprises; that they should reflect governments' and their pension plans' status as virtually permanent, on-going-concerns with long investment horizons; and that GASB should maintain its current view that the basic discount rate for governmental plans' unfunded pension obligation should therefore remain the long-term expected rate of return on plan investments; and be it further

RESOLVED, that the National Council on Teacher Retirement believes that the GASB standards' current link between public pension accounting and pension funding is critically important to accountability, decision-usefulness, and interperiod equity, and therefore NCTR strongly opposes the elimination of the ARC as a means for decision makers to reach proper financial judgments regarding their pension plans as well as a tool for holding them accountable when they do not; and be it further

RESOLVED, that the National Council on Teacher Retirement opposes replacing the cumulative difference between an employer's ARC and its actual contributions (known as the employer's "Net Pension Obligation," or NPO) on its balance sheet with a new number, referred to by GASB as the "Net Pension Liability," or NPL, because (i) the size of the pension obligation itself is not sufficiently reliable; (ii) the pension obligation, as measured by the proposed NPL, will likely be highly volatile and lack reliability; and (iii) the NPL may often appear disproportionately large, thus potentially overshadowing other important disclosures and incorrectly giving them the appearance of being immaterial, thereby threatening the usefulness of the entire balance sheet; and be it further

RESOLVED, that the National Council on Teacher Retirement believes that for single employer and agent plans, an employer's unfunded pension obligation should continue to be subject to disclosure in the required supplementary information section of employer's financial statements, and that for cost-sharing plans, an employer's pension liability should continue to be the difference between the employer's contractually required contribution and the employer's actual contributions; and be it further

RESOLVED, that the National Council on Teacher Retirement believes that the current GASB standards, permitting public pension plans, in consultation with their actuaries, to defer recognition of all asset gains and losses over a responsible period of time, are reasonable and that the GASB PV's proposed change in this area is needlessly complex, would diminish transparency and understanding for users of public retirement plan financial information, and would adversely impact the predictability and stability of required contributions, which are critically important to effective budgeting for



governments and which GASB's current approach in this area encourages; and be it further

RESOLVED, that the National Council on Teacher Retirement believes that GASB's current disclosure requirements regarding cost-sharing plans adequately express employers' obligations to the plan, and that such pension plan costs should be distributed evenly across the entire group of employers, generally regardless of individual employer characteristics; and be it finally

RESOLVED, that the National Council on Teacher Retirement urges GASB to proceed with caution in making any major modifications to Statements 25 and 27 but, should changes be made, GASB should phase them in over time so as to avoid confusion on the part of the user community and unnecessary disruption of the consistency of public pension reporting.

Submitted by: The NCTR 2010 Legislative Committee

