

Resolutions 1996

HEER, MADELINE

WHEREAS, Madeline Heer has served as a trustee for the North Dakota Teachers' Fund for Retirement, representing active teachers, with distinction for three years; and

WHEREAS, Madeline served as Vice President of said Board from July 1995 through June 1996; and

WHEREAS, she also served for three years on the North Dakota State Investment Board in a trustworthy and prudent manner; and

WHEREAS, Madeline has brought her high standards of leadership, honesty, loyalty, and integrity to the position at all times in working to provide a better retirement and investment program for all North Dakota public school teachers and retirees; and

WHEREAS, her personal life is filled with many joys, namely her husband, Fred, and son, Cody; therefore be it

RESOLVED, that the members of NCTR join with the plan members, Boards of Trustees, and staff of the Retirement and Investment Office in extending their grateful appreciation to Madeline and recognize her for her dedicated service to NCTR and to North Dakota and wish her continued good health, happiness, and future successes; and be it further

RESOLVED, that a copy of this resolution be presented to Madeline Heer and be included in the proceedings of the 74th Annual National Council on Teacher Retirement 1996.

Submitted by the North Dakota Teachers' Fund for Retirement.

DEBORAH FIELDER

WHEREAS, Ms. Deborah Fielder retired on September 1, 1996, as Executive Director of the State Teachers' Retirement System of Vermont; and

WHEREAS, during Ms. Fielder's tenure she has served the Vermont State Teachers' Retirement System, the Vermont State Employees' Retirement System and the Vermont Municipal Retirement System with distinction, dedication and loyalty; and

WHEREAS, Ms. Fielder has served for 27 years, the state of Vermont she has seen the system grow substantially both in assets and membership; and

WHEREAS, Ms Fielder has been active in The National Council on Teacher Retirement, to the benefit of each member retirement system; therefore, be it

RESOLVED, that the National Council on Teacher Retirement express its appreciation to Ms. Deborah Fielder for her contributions and years of dedicated service to NCTR and to the Vermont State Teachers' Retirement System; and be it further

RESOLVED, that a copy of this resolution be presented to Ms. Deborah Fielder and be included in the proceedings of the 74th Annual National Council on Teacher Retirement, 1996. Submitted by the Vermont State Teachers' Retirement Board.

CHARLES VONDRAN

WHEREAS, Charles Vondran, Superintendent of McCrory Schools, McCrory, Arkansas, was duly elected by retirement system members employed in the First Congressional District of the State of Arkansas to serve as Member Trustee on the Arkansas Teacher Retirement System Board of Trustees on November 1, 1990, for a five-year term; and

WHEREAS, he represented equitably both administrators and certified personnel, as well as non-certified personnel employed in the public schools of the First Congressional District of the state of Arkansas during his tenure; and

WHEREAS, during his term of office on the Board of Trustees the retirement system's assets increased in market value from \$2.355 billion to \$4.411 billion; and

WHEREAS, he served for various lengths of time on the following committees of the Board: Investment Committee, 1993 SCTR Planning Committee (Chair), and Health Insurance Study Committee (Chair); and

WHEREAS, he was elected by the membership of the ATRS Board of Trustees in February, 1995, to serve as Vice Chairman, and continued to serve faithfully and conscientiously in such capacity to the completion of his term as trustee on November 1, 1995; therefore, be it

RESOLVED, that the members of NCTR join with the Board of Trustees, ATRS staff and constituents employed in the First Congressional District of the State of Arkansas, in expressing appreciation for his service on the Board of Trustees; and be it further

RESOLVED, that a copy of this resolution be presented to Charles Vondran and be included in the proceedings of the 74th Annual National Council on Teacher Retirement 1996. Submitted by the Arkansas Teacher Retirement System.

PEGGY GRACE AGAR

WHEREAS, Peggy Grace Agar, of Russellville, Arkansas, was duly elected by the active membership of the Arkansas Education Association to serve as A.E.A. Member Trustee on the Arkansas Teacher Retirement System Board of Trustees on May 1, 1991, for a five-year term; and

WHEREAS, she represented equitably the membership of the Arkansas Education Association as well as the membership of the retirement system as a whole, both active and retired, during her tenure; and

WHEREAS, during her term of office on the Board of Trustees the retirement system's assets increased in market value from \$2.573 billion to \$4.736 billion; therefore, be it

RESOLVED, that the members of NCTR join with the Board of Trustees, ATRS staff and the active membership of the Arkansas Education Association, in expressing appreciation for her service on the Board of Trustees which ceased on May 1, 1996; and be it further

RESOLVED, that a copy of this resolution be presented to Peggy Grace Agar and be included in the proceedings of the 74th Annual National Council on Teacher Retirement 1996. Submitted by the Arkansas Teacher Retirement System.

ADA HOUCK

WHEREAS, Ada Houck has served as a member of the Board of Trustees of the Colorado Public Employees' Retirement Association since 1973, including service as vice chair of the Board in 1982; and

WHEREAS, she has rendered invaluable service to Colorado education by working for the improvement of retirement benefits for teachers and school personnel; and

WHEREAS, she was an active participant in the NCTR throughout her membership on the Board of Trustees of PERA; and

WHEREAS, she will retire from her service to the Board of Trustees and NCTR in June, 1997; therefore, be it

RESOLVED, that the National Council on Teacher Retirement express its appreciation to Ada Houck for her contributions to the Council over the years, and extend its best wishes to her and her husband, Chuck, for a long and happy life of continued activity; be it further

RESOLVED, that a copy of this resolution be presented to Ada Houck and be included in the proceedings of the 74th Annual National Council on Teacher Retirement 1996. Submitted by the Colorado Public Employees' Retirement Association.

NEAL R. KRAUSE

WHEREAS, Neal R. Krause has retired as Administrator of the Omaha School Employees' Retirement System effective August 31, 1996, after serving 5 years in that capacity; and

WHEREAS, Neal has served effectively in numerous capacities in public education during his 35 year career, including teacher, administrator, Secretary of the Board of Education and Administrator of the Omaha School Employees' Retirement System; and

WHEREAS, during Neal's tenure as Administrator, the Retirement System has experienced significant asset growth, benefit enhancements, and improvements in member services; and

WHEREAS, Neal has been an active member of the National Council on Teacher Retirement; therefore be it

RESOLVED, that the National Council on Teacher Retirement extend its heartfelt thanks to Neal for his dedicated contributions to the Council and the Omaha Public School District and its Retirement System and wish Neal and his wife Janice good health, good fishing, and many more future successes; and be it further

RESOLVED, that a copy of this resolution be presented to Neal Krause and be included in the proceedings of the 74th Annual National Council on Teacher Retirement 1996. Submitted by the Omaha School Employees' Retirement System.

PURVIS W. COLLINS

WHEREAS, Purvis W. Collins will retire November 1, 1996, after serving as Director of the South Carolina Retirement Systems since 1972; and

WHEREAS, Mr. Collins has distinguished himself as a progressive retirement administrator having been one of the pioneers in developing pre-retirement education programs and securing legislation allowing South Carolina public employees to participate in Deferred Compensation programs thereby encouraging additional savings for retirement; and

WHEREAS, South Carolina teachers and public employees have one of the best retirement benefit programs in the nation due in large measure to Mr. Collins' diligent efforts; and

WHEREAS, Mr. Collins has also devoted enormous energies at the national level promoting changes and additions to the Federal Tax Code which would benefit public employees and actively opposing federal legislation that would have adversely affected public employees; and

WHEREAS, Mr. Collins has earned the utmost respect from his peers who have placed him in key leadership positions in NCTR and other national organizations including these organizations' President and Chairman of the Public Pension Coordinating Council where he serves today as one of NCTR's representatives; and

WHEREAS, he has effectively held such positions: a teacher, coach, superintendent, State Legislator and Naval Officer: therefore, be it

RESOLVED, that delegates to the 74th annual convention of the National Council on Teacher Retirement loudly applaud Mr. Collins' many contributions in improving benefits for all teachers and public employees; and be it further

RESOLVED, that delegates give additional applause to Mr. Collins for his invaluable service to NCTR for the past 24 years; and be it further

RESOLVED, that a copy of this resolution be presented to Purvis W. Collins and be included in the proceedings of the 74th Annual National Council on Teacher Retirement 1996. Submitted by the NCTR Executive Committee and the South Carolina Retirement System.

IN MEMORIAM

BILL B. WARE

WHEREAS, Bruce Billy "Bill" Ware served public education with distinction for 37 years as a teacher, principal superintendent of schools and as the Executive Secretary of the Oklahoma Teacher's Retirement System; and

WHEREAS, Bill Ware served on the Executive Committee of the National Council on Teacher Retirement and various other committees and was NCTR President during 1985-86; and

WHEREAS, Bill Ware's continuing efforts to promote public education, his home state and the goals of NCTR made an indelible mark that all will remember for many years; and

WHEREAS, Bill Ware gained the respect and friendship of everyone who had the privilege of knowing him; and

WHEREAS, Bill Ware passed away on July 18, 1996; therefore, be it

RESOLVED, that with deep sadness and a sense of loss, the members of the National Council on Teacher Retirement extend their sincere sympathy to Bill Ware's wife, Katie, his children and his grandchildren, and be it further

RESOLVED, that a copy of this Resolution be presented to Katie Ware and be included in the proceedings of the 74th Annual National Council on Teacher Retirement, 1996. Submitted by the Oklahoma Teachers' Retirement System.

IN MEMORIAM

A. J. CHRISTIE

WHEREAS, the National Council on Teacher Retirement has become aware of the death of Mr. A.J. Christie of Detroit, Michigan; and

WHEREAS, Mr. Christie served the members of the National Council on Teacher Retirement in a number of important capacities, including service as President from 1958 to 1959; now therefore be it

RESOLVED, that the National Council on Teacher Retirement acknowledges the passing of Mr. A.J. Christie and expresses its deepest sympathy to Mr. Christie's family and colleagues; and be it further

RESOLVED, that a copy of this resolution shall be included in the proceedings of the 74th Annual National Council on Teacher Retirement 1996. Submitted by the NCTR Executive Committee.

Opposition to Federal Tax on the Assets and Income of Public Pension Plans and Opposition to Elimination of Tax-Exempt Status of Public Pension Plan Assets

WHEREAS, public pension plans use the investment process as a means of preserving the principal of the plan's assets and earning income on such assets as part of the overall funding process; and

WHEREAS, any tax on these assets whether in the form of a securities transfer excise tax or any other form, or the elimination of the tax-exempt status of these assets, will raise the cost of these programs to the employee, employers, and taxpayers, as well as erode the financial integrity of the plans; and

WHEREAS, this result would be contrary to the basic national retirement policy embodied in the Internal Revenue Code; now therefore be it

RESOLVED, that the National Council on Teacher Retirement vigorously opposes any effort to enact any tax on the assets and income of public pension plans as well as any effort to eliminate the tax-exempt status of public pension plans. Submitted by the Legislative Committee.

Need for Permanent Moratorium of Application of Nondiscrimination Rules to State and Local Plans

WHEREAS, the Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) have announced that they will begin to enforce the nondiscrimination rules against state and local government plans in 1999 (and for governmental 401 (k) plans in 1997); and

WHEREAS, during the greater part of the last 20-years, Treasury and IRS have granted a temporary moratorium of the application of the nondiscrimination rules to state and local plans; and

WHEREAS, state and local plan provisions are established through the legislative process so as to provide accountability and prevent abusive benefit structures; and

WHEREAS, virtually all employees in the state and local government sector have a pension plan available to them resulting in pension coverage for employees regardless of income level; and

WHEREAS, the nondiscrimination rules will impose an unfunded federal mandate in the form of an unparalleled amount of record gathering which would add millions of new taxpayer dollars to the annual cost of administering the plans; and

WHEREAS, the IRS has waived the application of the nondiscrimination rules to multi-employer plans under the theory that labor-management collective bargaining will ensure nondiscriminatory treatment of rank-and-file employees; and

WHEREAS, Congress explicitly exempted the Thrift Savings Plan for Federal employees from the nondiscrimination rules; and

WHEREAS, concern about discrimination in state and local government pension benefits has not surfaced during the nearly 20-year moratorium; now therefore be it

RESOLVED, that the National Council on Teacher Retirement calls on Congress to make permanent the current moratorium on the application of the nondiscrimination rules to state and local pension plans; and be it further

RESOLVED, that the National Council on Teacher Retirement salutes Senators Hatch, Conrad, Pressler, Pryor, Nickles, and Baucus as well as Representatives Portman, Cardin, Ensign, Pomeroy, Hobson and Matsui for their leadership in initiating legislation to provide the necessary relief to state and local plans from the nondiscrimination rules. Submitted by the Legislative Committee.

Support for Voluntary Participation In Social Security

WHEREAS, many public pension plans, based upon provisions of the Social Security Act permitting affiliation, have availed themselves of the provisions of the act permitting integrated or coordinated plan coverage; and

WHEREAS, other public pension plans, in reliance upon the voluntary affiliation provisions, have elected not to participate in Social Security and have developed independent and excellent programs of retirement and related benefits; and

WHEREAS, imposition of mandated Social Security coverage upon such public pension plans would create cost pressures, necessitating rapid and ill-considered changes in plan design in such states, and possible abandonment of existing programs in such states; and

WHEREAS, the inclusion of such public pension plans would in no way alleviate the long-range Social Security funding problems; and

WHEREAS, serious constitutional questions are raised by the imposition of mandatory Social Security coverage on public pension plans; now therefore be it

RESOLVED, that the National Council on Teacher Retirement records its strong opposition to mandatory Social Security coverage for public employees of state and local governments; and be it further

RESOLVED, that the National Council on Teacher Retirement supports the affiliation of public pension plans with Social Security and Medicare only by means of a voluntary referendum whereby teachers and other public employees are permitted to vote regarding their benefits. Submitted by the Legislative Committee.

Use of State and Local Government Pension Plan Assets for Infrastructure Programs

WHEREAS, the exclusive purpose of state and local government pension plans is to provide benefits to their participants; and

WHEREAS, state and local pension plan administrators and trustees must invest plan assets according to fiduciary standards, which include the duty to invest the assets in a prudent manner; and

WHEREAS, in investing prudently, state and local pension plan administrators and trustees seek investments that provide market-rate returns; and

WHEREAS, state and local pension plan administrators and trustees who do not invest according to these standards violate their fiduciary duties to the plan participants and are subject to lawsuit; and

WHEREAS, some policy makers are interested in tapping pension funds as a new source of funding for infrastructure programs; and

WHEREAS, fiduciary standards do not preclude investments in infrastructure programs, provided that the investments meet the prudence standard; now therefore be it

RESOLVED, that the National Council on Teacher Retirement calls on policy makers to recognize that state and local pension plan administrators and trustees must comply with their fiduciary duties in any investment, including infrastructure programs; and be it further

RESOLVED, that any involvement by state and local pension plans in any infrastructure program be completely voluntary. Submitted by the Legislative Committee.

Support for Current Governance of State and Local Retirement Plans

WHEREAS, most state and local retirement plans have been in operation for decades, and some have existed since the beginning of this century; and

WHEREAS, over 90% of full-time state and local government employees are covered by a defined benefit pension plan; and

WHEREAS, state and local government retirement plans are funded by revenues provided by the employee themselves, state and local taxpayers, and/or earnings from investments managed by the pension board of trustees; and

WHEREAS, state and local governments have a strong contractual, and in some cases, constitutional commitment to back their pension liabilities; and

WHEREAS, the political process ensures that state and local government employees and retirees have meaningful input about legislative decisions affecting retirement plans; and

WHEREAS, state and local retirement plans operate pursuant to an array of state laws, including statutory and common law trust principles, conflict of interest laws, codes of ethics, and open meetings and records laws; and

WHEREAS, the boards of state and local retirement plans have diverse memberships that frequently are made up of representatives of employees, retirees, investment professionals, elected officials, and members of the public; and

WHEREAS, state and local retirement plans have a long history of success in providing retirement security to their participants under the current regulatory structure; now therefore be it

RESOLVED, that the National Council on Teacher Retirement advocates the oversight of state and local retirement plans by the sponsoring governmental entity, not by the federal government, and supports efforts to strengthen the protection of the plans through changes in state constitutions and state and local statutes. Submitted by the Legislative Committee.

Support for Pension Simplification Proposal

WHEREAS, much of the governance of state and local retirement plans is by the sponsoring governmental entity; and

WHEREAS, the federal government is involved to a degree in the regulation of such plans through the pension qualification rules of the federal Internal Revenue Code; and

WHEREAS, the federal Internal Revenue Code grants to participants in state and local government retirement plans tax-deferred treatment of their retirement benefits; and

WHEREAS, in exchange for this tax-deferred treatment, state and local retirement plans must comply with a series of complicated qualification rules; and

WHEREAS, many of these rules have little application to the traditional operation of state and local retirement plans; and WHEREAS, many of these rules impose great administrative cost with little or no corresponding benefit; now therefore be it

RESOLVED that the National Council on Teacher Retirement supports proposals to simplify the Internal Revenue Code pension qualification rules. Submitted by the Legislative Committee.

Support for Defined Benefit Plans

WHEREAS, there is discussion in some quarters about converting state and local retirement plans from defined benefit to defined contribution; and

WHEREAS, state and local government employees traditionally participate in defined benefit plans that provide a pension benefit based on the employee's length of service and salary at retirement; and

WHEREAS, some state and local government employees have the option to participate in a supplementary defined contribution plan, such as a Section 403(b) tax sheltered annuity, a Section 457 deferred compensation plan, or a Section 401 (k) plan, in addition to the defined benefit plan; and

WHEREAS, some changes have been made recently in state and local retirement plans to address the issue of short service employees and to enhance portability, but such changes have been made within the structure of the existing defined benefit plan and not by converting to a defined contribution plan; now therefore be it

RESOLVED that the National Council on Teacher Retirement supports the existing system of retirement benefits in the public sector, which consists of a defined benefit plan and a supplementary plan into which the employee voluntarily contributes. Submitted by the Legislative Committee.

Concern for Medicare Beneficiaries

WHEREAS, the need to reduce the federal budget deficit is acute; and

WHEREAS, difficult decisions about spending cuts in federal programs will have to be made; and

WHEREAS, Congress has targeted Medicare as one of the areas for reduction; now therefore be it

RESOLVED, that the National Council on Teacher Retirement asks Congress to take into consideration the impact of Medicare cuts on retirees. Submitted by the Legislative Committee.

Interference of IRC Section 415 Limits with Pension Portability

WHEREAS, the limits of Section 415 of the Internal Revenue Code are designed to prevent highly paid employees from deferring tax by shifting excessive income into their pension plans; and

WHEREAS, the current interpretation by the Department of the Treasury ("Treasury") and the Internal Revenue Service ("IRS") appears to extend the Section 415 limits to purchase of service credit by state and local government employees; and

WHEREAS, the limits may interfere with an employee's right to purchase the entire amount of service credit to which he/she is eligible; and

WHEREAS, purchase of service credit is a means for an employee to establish service credit for work for which the employee is not eligible for a retirement benefit because of circumstances such as moving to new employment before becoming eligible for a pension benefit at the previous employment; and

WHEREAS, purchase of service credit is a significant way in which state and local government employees can achieve pension portability; now therefore be it

RESOLVED, that the National Council on Teacher Retirement urges Treasury and IRS to recognize that purchase of service credit is strictly a means of pension portability and should not be subject to the Section 415 limits. Submitted by the Legislative Committee.

Management of Public Employee Pension Funds Act

WHEREAS, promotion of uniformity among states is desirable where a need for uniformity exists and the states and their employees will benefit as a result; and

WHEREAS, a governmental entity sponsoring a public pension plan alone is liable for the benefits promised to employees, which fact was recognized by Congress in its decision to exclude public plans from coverage by the Employee Retirement Income Security Act ("ERISA"); and

WHEREAS, there is a need within states for independent and high standards of conduct to which fiduciaries acting on behalf of public pension plans must be held; and

WHEREAS, there is a need for states to establish a degree to which the state wishes to hold fiduciaries personally liable for acts taken in their fiduciary capacity; and

WHEREAS, there is a need for the plan to provide clear and consistent information and reporting to its participants; and

WHEREAS, the Governmental Accounting Standards Board has addressed and continues to address the need for standards and uniformity in the financial reporting of public pension plans; and

WHEREAS, the Management of Public Employee Pension Funds Act promotes adoption of purchase of service credit provisions the inclusion of which are inconsistent with the objective of the Act; and

WHEREAS, the Management of Public Employee Pension Funds Act seeks to impose liability and create causes of action that will be detrimental to the financial health of public pension funds and their ability to attract qualified individuals to serve in fiduciary capacities; therefore, be it

RESOLVED, that the National Council on Teacher Retirement (NCTR) urges the drafters of the Management of Public Employees Pension Funds Act to modify the Act to address the previous concerns regarding fiduciary standards and liability, financial reporting and purchase of service credit; and be it further

RESOLVED, that each NCTR member is encouraged to express these concerns and other concerns relative to their system to the Commissioners who represent their state on the National Conference of Commissioner on Uniform State laws.

Submitted by the Virginia Retirement System.

Respectfully submitted,

The 1996 NCTR Resolutions Committee

Thomas R. Lussier, Chair
Massachusetts

LeRoy Gilbertson
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Karen Kilberg
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William Leighty
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