

Resolutions 1998

JAMES COWAN

WHEREAS, James Cowan served on the Montana Teachers' Retirement Board with distinction as a representative of the public from July 1988 to December 1997; and

WHEREAS, Jim represented the Teachers' Retirement System as a member of the Board of Investments from January 1989 to December 1997; and

WHEREAS, Jim served the System with vision, loyalty, dedication, and integrity by providing valuable counsel to the System and support to agency staff; and

WHEREAS, during Jim's tenure, the System grew substantially both in assets, benefits, and membership; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Mr. Cowan for his contributions and dedicated years of outstanding service to the Montana Teachers' Retirement System; and be it further

RESOLVED, that a copy of this Resolution be presented to James Cowan and be included in the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement, 1998. Submitted by Montana Teachers' Retirement System.

JOHN KRANICK

WHEREAS, John Kranick served on the Montana Teachers' Retirement Board with distinction as a representative of teachers from July 1989 to September 1997; and

WHEREAS, John championed the improvement of benefits for both active and retired members while insisting that the System remain actuarially funded; and

WHEREAS, John served the System with vision, loyalty, dedication, and integrity by providing valuable counsel to the System and support to agency staff; and

WHEREAS, during John's tenure, the System grew substantially both in assets, benefits, and membership; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Mr. Kranick for his contributions and dedicated years of outstanding service to the Montana Teachers' Retirement System; and be it further

RESOLVED, that a copy of this Resolution be presented to John Kranick and be included in the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement, 1998. Submitted by Montana Teachers' Retirement System.

SHARON OFTEDAL

WHEREAS, Sharon Oftedal served on the Montana Teachers' Retirement Board with dedication as a representative of the public from July 1993 to July 1997; and

WHEREAS, Sharon supported the improvement of benefits for both active and retired membership while preserving actuarial soundness of the System; and

WHEREAS, Sharon served the System with loyalty, dedication, and integrity by providing valuable counsel to the System and support to agency staff; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Ms. Oftedal for her contributions and dedicated years of outstanding service to the Montana Teachers' Retirement System; and be it further

RESOLVED, that a copy of this Resolution be presented to Sharon Oftedal and be included in the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement, 1998. Submitted by Montana Teachers' Retirement System.

RICK STUBER

WHEREAS, Rick Stuber has served on the Montana Teachers' Retirement Board with distinction as a representative of active teachers from July 1994 to June 1998; and

WHEREAS, Rick championed the improvement of benefits for both active and retired members while insisting that the System remain actuarially funded; and

WHEREAS, Rick served the System with vision, loyalty, dedication, and integrity by providing valuable counsel to the System and support to agency staff; and

WHEREAS, during Rick's tenure, many improvements were achieved in administration and automation of membership services; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Dr. Stuber for his contributions and dedicated years of outstanding service to the Montana Teachers' Retirement System; and be it further

RESOLVED, that a copy of this Resolution be presented to Rick Stuber and be included in the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement, 1998. Submitted by the Montana Teachers' Retirement System.

STANLEY Y. H. SIU

WHEREAS, Stanley Y. H. Siu of the Employees' Retirement System of the State of Hawaii served as its Administrator from 1977 to his retirement in September, 1998; and

WHEREAS, he earned the respect, good will and esteem of his fellow workers, the members of the System and the Board of Trustees, and all those with whom he associated; and

WHEREAS, during his more than two decades of service in the Employees' Retirement System, the System experienced its period of greatest growth which saw its assets increase from \$683 million to over \$9 billion; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Mr. Stanley Y. H. Siu for his contributions and dedicated years of outstanding service to the Employees' Retirement System of the State of Hawaii; and be it further

RESOLVED, that a copy of this resolution be presented to Stanley Siu and be included in the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement in October 1998. Submitted by NCTR Executive Committee.

IN MEMORIAM

DR. WILLIAM B. SCHARFMAN

WHEREAS, Dr. William B. Scharfman was widely respected as a physician, researcher, author, and college professor; and

WHEREAS, Dr. Scharfman was appointed by the Retirement Board of the New York State Teachers' Retirement System to its Medical Board in 1970 and had served with distinction as a highly esteemed member of the Medical Board for the past 28 years; and

WHEREAS, Dr. Scharfman shared his expertise and concern on behalf of those teachers of New York State who faced disabling illnesses; now therefore, be it

RESOLVED, that with deep sadness and a sense of tremendous loss, members of the NCTR acknowledge the untimely passing of a dedicated professional whose time and expertise have greatly helped the teachers of New York State and extend their heartfelt sympathy to the Scharfman family; and be it further

RESOLVED, that a copy of this resolution be presented to Mrs. Marcie Scharfman and be made a part of the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement, 1998. Submitted by the New York State Teachers' Retirement System.

IN MEMORIAM

DR. ROGER F. MURRAY

WHEREAS, Dr. Roger F. Murray was widely respected in the field of investments as an advisor, educator and author; and

WHEREAS, Roger was appointed to the Investment Advisory Committee by the Retirement Board of the New York State Teachers' Retirement System in 1968 and served with distinction as a member of the Committee for the past 30 years; and

WHEREAS, during Roger's years of distinguished service on the Committee, the System's investment performance improved significantly, allowing the New York State Teachers' Retirement System to dramatically reduce the employer contribution rate while maintaining its fiduciary responsibility; now therefore, be it

RESOLVED, that with deep sadness and a sense of tremendous loss, members of NCTR acknowledge the untimely passing of a concerned and dedicated investment professional whose expertise contributed to the financial security of the teachers of New York State and extend their heartfelt sympathy to the Murray family; and be it further

RESOLVED, that a copy of this resolution be presented to Mrs. Agnes Murray and be made a part of the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement, 1998. Submitted by the New York State Teachers' Retirement System.

IN MEMORIAM

LOUIS L. GOLDSTEIN

WHEREAS, Louis L. Goldstein served for over 39 years as the Comptroller of the State of Maryland and as a member of the Boards of Trustees of the State Retirement and Pension System of Maryland from January, 1959 until his untimely death on July 3, 1998; and

WHEREAS, Louis L. Goldstein, from January 29, 1963 to June 30, 1982, served as Chairman of the Board of Trustees of the Employees' Retirement System of the State of Maryland and Vice-Chairman of the Board of Trustees of the Teachers' Retirement System of the State of Maryland; and served as Vice-Chairman of the Boards of Trustees for the State Police Retirement System and State Police Pension Fund from July 1, 1975 to June 30, 1982, until the consolidation of the various Boards into one Board of Trustees on July 1, 1982; and

WHEREAS, Louis L. Goldstein, by choice of his colleagues, served without interruption as Chairman of the consolidated Board of Trustees from July 1, 1982 to July 3, 1998, testifying to the confidence and respect of his fellow Board members; and

WHEREAS, Louis L. Goldstein devoted full and allegiant service as a Trustee and Chairman of the Retirement and Pension System of Maryland; and

WHEREAS, Louis L. Goldstein, during his legendary career as a dedicated, honorable and much-revered public servant, worked to protect and preserve the interests of the participants of the System, earning him the well deserved title of "Mr. Maryland"; and

WHEREAS, Louis L. Goldstein's notable contributions came from a personality combining warmth, a keen mathematical mind, judicious talent as a mediator and consensus builder, all qualities which brought balance and an objective focus to every endeavor in which he participated; and

WHEREAS, Louis L. Goldstein exhibited all the talents and attributes of a paragon of wisdom and knowledge, yet he was a most patient man who always wore a shield of good will, willingly shared his knowledge and talents and in all ways was above all a gentleman; and

WHEREAS, Louis L. Goldstein exhibited fiduciary stewardship by developing sound retirement policies, standards and funding practices through his thoughtful advice and objective counsel in every facet of the Retirement Systems, while placing the interests of the members of the System first; and

WHEREAS, the State of Maryland, the Trustees of the State Retirement and Pension System of Maryland and the members of the several Systems have immensely benefited from Louis L. Goldstein's unique abilities, integrity, stewardship, fair-mindedness and dedication to his responsibilities; and

WHEREAS, Louis L. Goldstein played a key role in securing legislative approval of benefit improvements for 116,000 active and 14,000 retired members of the Teachers' and Employees' Pension Systems during the 1998 legislative session; now therefore, be it

RESOLVED, that with deep sadness and a sense of tremendous loss, the members of NCTR acknowledge the untimely passing of a dedicated and energetic steward of the financial security of the active and retired teachers and employees of the State of Maryland and extend their heartfelt sympathy to the Goldstein family; and be it further

RESOLVED, that a copy of this Resolution be presented to his children, Philip G. Goldstein, Louisa H. Goldstein and Margaret Goldstein Janney, and be made a part of the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement, 1998. Submitted by the State Retirement and Pension System of Maryland.

IN MEMORIAM

EMANUEL KAFKA

WHEREAS, Emanuel Kafka was widely respected as an educator and activist for teachers in New York State; and

WHEREAS, Manny was elected by the retired teachers of New York State to serve on the Retirement Board of the New York State Teachers' Retirement System in October, 1996; and

WHEREAS, Manny served with distinction as a member of the Communications, Legislation and Proxy Committees of the Board, as well as chair of the Retired Members' Committee; and

WHEREAS, Manny spent most of his career in the service of teachers, not only as a Retirement System Board Member, but also through his presidency of the New York State Teachers' Association, and his lobbying efforts in both Congress and the New York State Legislature for major retirement and pension issues; now therefore, be it

RESOLVED, that with deep sadness and a sense of tremendous loss, members of NCTR acknowledge the untimely passing of a concerned and energetic advocate for teachers of New York State and extend their heartfelt sympathy to the Kafka family; and be it further

RESOLVED, that a copy of this resolution be presented to Mrs. Sheila Kafka and be made a part of the proceedings of the 76th Annual Convention of the National Council on Teacher Retirement, 1998. Submitted by the New York State Teachers' Retirement System.

IN MEMORIAM

PHYLLIS WALLACH

WHEREAS, Mrs. Phyllis Wallach, a trustee of the Teachers' Retirement Board of the City of New York since 1990, passed away on January 7, 1998, after a long illness; and

WHEREAS, Mrs. Wallach, a former mathematics teacher in the New York City schools for more than thirty years vigorously served the interests of members of the Teachers' Retirement System of the City of New York in her capacity as a teacher-member of the Retirement Board, and as a pension consultant and trainer of pension counselors for the United Federation of Teachers; and

WHEREAS, Mrs. Wallach was recognized as a leader in the area of corporate governance and proxy issues; and

WHEREAS, Mrs. Wallach was a mentor and colleague, and a woman of dignity and courage; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement salute Mrs. Wallach and extend sympathies to her family. Submitted by the New York City Teachers' Retirement System.

IN MEMORIAM

WILLIAM C. WALSH

WHEREAS, William C. Walsh, Deputy Secretary-Treasurer of the Retirement System of Alabama, passed away on August 7, 1998; and

WHEREAS, "Bill" Walsh served as President of NCTR in 1994-95 and was active in the association for many years; and

WHEREAS, all those who knew Bill respected his keen intellect, his dedication to family and friends, and his firm commitment to retirement administration; and

WHEREAS, Bill's leadership ability was well recognized and greatly appreciated by his peers in NCTR, as well as the members and trustees he served faithfully in the Retirement System of Alabama; and

WHEREAS, his comradeship will be sorely missed by his fellow administrators; now therefore, be it

RESOLVED, that members of the National Council on Teacher Retirement memorialize Bill Walsh for his many accomplishments in the public pension community and elsewhere; that delegates NCTR's 76th Annual Convention extend their sincere sympathy to his wife Jackie, his daughter Catherine, and his son, Will; and be it further

RESOLVED, that a copy of this Resolution be sent to Jackie and that a copy also be placed in the Convention proceedings. Submitted by the NCTR Executive Committee.

Opposition to Tax on the Assets

WHEREAS, the administrators and trustees of a public pension plan invest the plan's assets to earn income as part of the overall funding process; and

WHEREAS, any tax on these assets and income 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 erode the financial integrity of the plans as well as raise the cost of these programs to the employees, employers, and taxpayers; and

WHEREAS, this result would be contrary to the retirement objectives 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 or any effort to eliminate the tax-exempt status of such plans. Submitted by the Legislative Committee.

Prudent Investments

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 an appropriate risk adjusted market rate of return; and

WHEREAS, if state and local pension plan administrators and trustees do not invest according to these standards, they violate their fiduciary duties and responsibilities to the plan participants and are subject to personal liability; and

WHEREAS, some policy makers are interested in using pension funds as a source of program funding in violation of these duties and responsibilities; and

WHEREAS, other policy makers would like plan administrators and trustees to make investments that advance certain social concerns, which are not directly related to investment returns; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement vigorously opposes any mandate that requires state and local pension plan administrators and trustees to make investment decisions that violate their fiduciary duties and responsibilities. Submitted by the Legislative Committee.

Support for Pension Portability

WHEREAS, some state and local government employees will not spend their entire careers with one employer; and

WHEREAS, many states and localities provide their employees with the opportunity to purchase service credit for years of work for which they will not otherwise earn a pension (for example, they left employment before vesting in a benefit); and

WHEREAS, many state and local government employees participate in Section 403(b) tax-sheltered annuities for public education employees and Section 457 deferred compensation plans for other types of employees; and

WHEREAS, despite some improvements, federal pension law continues to hinder state and local government employees' full access to pension portability; and

WHEREAS, federal law severely limits the right of state and local employees to rollover their money in Section 403(b) and Section 457 plans if they move to a private sector employer or, in some cases, move between public sector employers; and

WHEREAS, employees who participate in Section 401(k) plans (most of whom are in the private sector) have many more rollover options; and

WHEREAS, federal rules penalize employees who use money in their 403(b) and 457 plans to purchase service credit, with the same strict rules not applying to money in other types of plans used for such purchases; now therefore, be it

RESOLVED that the National Council on Teacher Retirement calls on Congress to expand pension portability for state and local government employees by passing provisions in the Retirement Account Portability Act, by Rep. Earl Pomeroy (D ND) and Rep. Jim Kolbe (R-AZ) (H.R. 3505) and Sen. Jim Jeffords (R-VT) and Sen. Jeff Bingaman (D-NM) (S. 2329), H.R. 3788, the Retirement Security for the 21st Century Act, by Rep. Rob Portman (R-OH) and Ben Cardin (D-MD), and the Pension Coverage and Portability Act by Sen. Charles Grassley (R-IA) and Sen. Bob Graham (D-FL) (S. 2339) or passing provisions in similar legislation. Submitted by the Legislative Committee.

Opposition to Tax on Assets

WHEREAS, the administrators and trustees of a public pension plan invest the plan's assets to earn income as part of the overall funding process; and

WHEREAS, any tax on these assets and income 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 erode the financial integrity of the plans as well as raise the cost of these programs to the employees, employers, and taxpayers; and

WHEREAS, this result would be contrary to the retirement objectives 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 or any effort to eliminate the tax-exempt status of such plans. Submitted by the Legislative Committee.

Voluntary Social Security

WHEREAS, many states and localities, based upon provisions of the Social Security Act, have affiliated with the Social Security System and developed excellent retirement and related programs that include both Social Security benefits and benefits from the respective state or local government pension plan; and

WHEREAS, other states and localities, in reliance upon the voluntary affiliation provisions, have not elected 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 states, localities, and their employees would create substantial cost pressures, necessitating rapid and ill-considered changes in plan design, including the possible abandonment of existing programs; and

WHEREAS, the inclusion of states, localities, and their employees in the Social Security System would not solve the System's long-range funding problems; and

WHEREAS, serious constitutional questions are raised by the imposition of mandatory Social Security coverage of states, localities, and their employees; 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 states, localities, and their employees with Social Security and Medicare only by means of a voluntary referendum.

Social Security Stability

WHEREAS, Social Security has successfully provided basic retirement and other benefits to Americans since the 1930's; and

WHEREAS, Social Security has raised many older Americans out of poverty and allowed them to spend their retirement years in dignity; and

WHEREAS, Social Security is the primary source of retirement income for many senior citizens in this country; and

WHEREAS, Social Security is not only a retirement program, but also a family protection plan that provides benefits for spouses and dependent children of wage earners who die during their working lives, adults and children with disabilities, and other Americans with special needs; and

WHEREAS, in the year 2011, the first of the 77 million Baby Boomers will retire and begin to draw Social Security benefits; and beginning in the year 2013, it is currently projected that the annual amount of benefits paid from the Social Security Trust Fund will exceed payroll taxes used to finance benefits; and by the year 2032, the Trust Fund is projected to be depleted and Social Security recipients will receive only 75% of their promised benefits; and

WHEREAS, the Social Security System can currently pay benefits, but action is needed in the future; and

WHEREAS, even though the Social Security System does not cover all participants in state and local government retirement systems, the System may touch their lives in other ways; now therefore be it

RESOLVED, that the National Council on Teacher Retirement calls upon the President and the Congress to take action that will: * Ensure the long-term solvency of the Social

Security Trust Fund; by maintaining the economic security of current and future Social Security beneficiaries; and * Continue to guarantee an inflation-adjusted retirement income as well as to continue to provide guaranteed inflation-adjusted survivors benefits for the families of deceased workers, as well as disabled workers and their families.

Retirement Savings

WHEREAS, the National Council on Teachers Retirement is providing information on supplemental savings and life planning issues for retirement through NCTR's LIFEPLAN on the Internet; and

WHEREAS, Supplemental Savings Plans can serve to help provide for the fullness of the retirement years after a career in education; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement encourages its member systems to promote the usage of NCTR's LIFEPLAN by providing an easy access "Hotlink" from the member system homepage to the NCTR homepage; and be it further

RESOLVED, that the National Council on Teacher Retirement expresses its sincere appreciation to officials at Prudential Investments for their unselfish efforts in facilitating the development of NCTR's LIFEPLAN. Submitted by the NCTR Executive Committee.

Pension Simplification

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

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

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

WHEREAS, many of these rules have little application to the operation of state and local retirement plans; and

WHEREAS, many of these rules interfere with an employee's ability to save for retirement; 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 DB Plans

WHEREAS, there has been discussion about converting state and local government 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 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 prevailing system of retirement benefits in the public sector, namely, a defined benefit plan and a supplementary defined contribution plan into which the employee voluntarily contributes. Submitted by the Legislative Committee.

Pension Portability

WHEREAS, some state and local government employees will not spend their entire careers with one employer; and

WHEREAS, many states and localities provide their employees with the opportunity to purchase service credit for years of work for which they will not otherwise earn a pension (for example, they left employment before vesting in a benefit); and

WHEREAS, many state and local government employees participate in Section 403(b) tax-sheltered annuities for public education employees and Section 457 deferred compensation plans for other types of employees; and

WHEREAS, despite some improvements, federal pension law continues to hinder state and local government employees' full access to pension portability; and

WHEREAS, federal law severely limits the right of state and local employees to rollover their money in Section 403(b) and Section 457 plans if they move to a private sector employer or, in some cases, move between public sector employers; and

WHEREAS, employees who participate in Section 401(k) plans (most of whom are in the private sector) have many more rollover options; and

WHEREAS, federal rules penalize employees who use money in their 403(b) and 457 plans to purchase service credit, with the same strict rules not applying to money in other types of plans used for such purchases; now therefore, be it

RESOLVED that the National Council on Teacher Retirement calls on Congress to expand pension portability for state and local government employees by passing provisions in the Retirement Account Portability Act, by Rep. Earl Pomeroy (D ND) and Rep. Jim Kolbe (R-AZ) (H.R. 3505) and Sen. Jim Jeffords (R-VT) and Sen. Jeff Bingaman (D-NM) (S. 2329), H.R. 3788, the Retirement Security for the 21st Century Act, by Rep. Rob Portman (R-OH) and Ben Cardin (D-MD), and the Pension Coverage and Portability Act by Sen. Charles Grassley (R-IA) and Sen. Bob Graham (D-FL) (S. 2339) or passing provisions in similar legislation. Submitted by the Legislative Committee.

Local Government Regulation

WHEREAS, most state and local government retirement plans have been in operation for decades, some having been in existence since the beginning of the 20th 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 employees 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 guarantee their pension liabilities; and

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

WHEREAS, state and local government 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 sunshine laws; and

WHEREAS, the boards of trustees of state and local government 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 government 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 regulation and protection of state and local government retirement plans by the respective state or local government and not by the federal government. Submitted by the Legislative Committee.

Investment Decisions

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 an appropriate risk adjusted market rate of return; and

WHEREAS, if state and local pension plan administrators and trustees do not invest according to these standards, they violate their fiduciary duties and responsibilities to the plan participants and are subject to personal liability; and

WHEREAS, some policy makers are interested in using pension funds as a source of program funding in violation of these duties and responsibilities; and

WHEREAS, other policy makers would like plan administrators and trustees to make investments that advance certain social concerns, which are not directly related to investment returns; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement vigorously opposes any mandate that requires state and local pension plan administrators and trustees to make investment decisions that violate their fiduciary duties and responsibilities. Submitted by the Legislative Committee.

Respectfully submitted,

1998 NCTR Resolutions Committee

James D. Mosman, Chair, California

Mel Aaronson, Vice Chair, New York City

Winfred Clardy, Arkansas

Jim Hadley, Louisiana

Jay Kaplan, Vermont

Danny Joe Lyle, New Mexico

Mike Nehf, Chicago

Mike Smith, Omaha

Iris Wolfson, New York

Gene Waschbursch, Ex officio St. Paul

Don Miller, Ex officio, New York City

Cindie Moore, NCTR