

Resolutions 1999

COLLEEN ADAMS

WHEREAS, Colleen Adams served as a member of the Board of Trustees of the Public School Retirement System of the School District of Kansas City, Missouri from January 1, 1987 through December 31, 1998; and

WHEREAS, during the tenure of Ms. Adams benefits for retired and active members were substantially improved; and

WHEREAS, Ms. Adams has served the active and retired members of the system with loyalty, dedication and integrity; now therefore be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Colleen Adams for her contributions and years of outstanding and dedicated service to the Public School Retirement System of the School District of Kansas City, Missouri, and be it further

RESOLVED, that a copy of this resolution be presented to Ms. Adams and be included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999 {back to appreciation directory} Submitted by: The Public School Retirement System of the School District of Kansas City, Missouri.

CHRISTINE BLOOM

WHEREAS, Christine Bloom has been greeting convention attendees with a warm smile and a Wall Street Journal for the past 13 years, and

WHEREAS, Chris has assumed new responsibilities at Mellon Bank and will no longer be attending NCTR conventions; now therefore be it

RESOLVED, that NCTR members express their appreciation to Chris for her contributions to the Council and that they extend their best wishes for her continued success, and be it further

RESOLVED, that a copy of this resolution be presented to Ms. Bloom and that it be printed in the Proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The National Council on Teacher Retirement Executive Committee.

WILLIAM P. "BILL" BOWERSOCK

WHEREAS, William P. "Bill" Bowersock is ending a 35-year career with Prudential, and

WHEREAS, Bill has regularly attended NCTR conventions for over 15 years in his capacity as Senior Advisor Public Funds and has carried on Prudential's 20-year tradition of sponsoring the convention programs, now therefore be it

RESOLVED, that attendees at the 77th Annual NCTR Convention express their appreciation to Bill for his long-term support of NCTR and wish he and his lovely wife, Lynne, many, many more rounds of happy golf, and be it further

RESOLVED, that a copy of this resolution be presented to Bill and that it be printed in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The National Council on Teacher Retirement Executive Committee.

SCOTT ENGMAN

WHEREAS, Scott Engmann served as Executive Director of the North Dakota Retirement and Investment Office / Teachers' Fund for Retirement from 1981 to his retirement in June 1999; and

WHEREAS, he earned the respect, confidence, and esteem of the State Investment Board and Teachers' Fund for Retirement Board, his fellow employees, and all those with whom he associated; and

WHEREAS, under his able leadership, the North Dakota Retirement and Investment Office evolved into a model of efficiency and professionalism in the administration of investment and retirement programs; and

WHEREAS, during his tenure, the investment funds administered by the North Dakota State Investment Board experienced tremendous growth; and

WHEREAS, under his guidance, the Teachers' Fund for Retirement was able to significantly improve the benefits provided to active and retired participants while maintaining the actuarial soundness of the Plan; and

WHEREAS, he enabled the development and implementation of such innovations as educational and informational programs for TFFR members, state-of-the-art technological support, quantitative investment performance measurement and optimization strategies, and the Carver model of board governance; and

WHEREAS, he represented the Teachers' Fund for Retirement to the National Council on Teacher Retirement and served as that organization's President; and

WHEREAS, he represented the National Council on Teacher Retirement to the Public Pension Coordinating Council and served as that organization's Chairman; now therefore, be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Mr. Engmann for his contributions and dedicated years of outstanding service to the North Dakota Teachers' Fund for Retirement, North Dakota State Investment Board and Retirement and Investment Office; and be it further

RESOLVED, that a copy of this Resolution be presented to Scott Engmann and be included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The Board of the North Dakota Retirement System.

FRANK JONDAL

WHEREAS, Frank Jondal served on the St. Paul Teachers' Retirement Fund Association Board with distinction from July 1989 to January 1999.

WHEREAS, Frank championed the improvement of benefits for both active and retired members while insisting that the Association remain actuarially funded and

WHEREAS, Frank served the Association with vision, loyalty, dedication, and integrity by providing valuable counsel to the Association and support to Association staff and

WHEREAS, during Frank's tenure, the Association 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. Jondal for his contributions and dedicated years of outstanding service to the St. Paul Teachers' Retirement Fund Association; and be it further

RESOLVED, that a copy of the Resolution be presented to Frank Jondal and be included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: St. Paul Teachers' Retirement Fund Association.

HENRY JONES

WHEREAS, Henry Jones has served as the Chief Executive Officer of the Annuity Reserve Fund Board of the Los Angeles Unified School District since 1994; and

WHEREAS, Mr. Jones' exemplary career with the Los Angeles Unified School District has included positions as Chief Financial Officer, Budget Director, Deputy Budget Director, Principal Financial Analyst, Administrative Services Officer, Area Operations Director, Business Division and Custodian; and

WHEREAS, Mr. Jones has provided leadership on retirement issues working with the State Teachers Retirement System, the California Public Employees Retirement System and the Public Agency Retirement System to improve benefits for all employees; and

WHEREAS, Mr. Jones has served as the National Treasurer and as a delegate to the Council of Institutional Investors executive meetings and general conferences, and participated in meetings of the California Association of Public Retirement Systems; and

WHEREAS, Mr. Jones participated at annual meetings of the National Council on Teacher Retirement; and

WHEREAS, Mr. Jones has served the community as instructor and lecturer for the California State University, Los Angeles, and as a guest speaker at the University of California, Los Angeles; and

WHEREAS, Mr. Jones expressed his commitment to the community by convening an Annual Golf Tournament benefiting LAUSD Students College Scholarship Fund in 1998 specifically designed for needy students in California; and

WHEREAS, Mr. Jones has demonstrated the highest standards of excellence, dedication and accomplishments in more than 37 years of public service; and has been recognized for his leadership in the areas of budget and school finance; therefore, be it

RESOLVED, that NCTR express its appreciation to Mr. Henry Jones upon the occasion of his retirement, for his valuable contributions and his many years of outstanding service to students, teacher, administrators and other personnel of the Los Angeles Unified School District; and be it further

RESOLVED, that a copy of this resolution be presented to Henry Jones and be included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The Los Angeles Unified School District Annuity Reserve Fund Board.

THOMAS W. "SONNY" MCCALL

WHEREAS, Superintendent Thomas W. "Sonny" McCall served as a member of the Board of Trustees of the Teachers' Retirement System of Louisiana from January 1, 1985, through December 31, 1998, representing the parish and city superintendents of schools;

WHEREAS, Superintendent McCall served as Chairman of the Board from January 1, 1993, through December 31, 1996; served as Vice Chairman of the Board from January 1, 1992, through December 31, 1992; and served as Chairman for many of the Board's committees;

WHEREAS, during Superintendent McCall's tenure as a trustee, the Board implemented various benefit enhancements, established the Deferred Retirement Option Plan, the Option 5 Retirement Plan, and the Optional Retirement Plan, revised the 20-year retirement provisions, making the option cost-neutral to the System, and created the Employee Experience Account from which two cost-of-living adjustments have already been granted;

WHEREAS, Superintendent McCall provided valuable insight to the Board of Trustees while serving on all of the Board's committees and was constantly aware of issues faced by his constituents;

WHEREAS, Superintendent McCall dedicated nearly 40 active years to the public teaching profession, almost 19 of which were served as the superintendent of schools in Cameron Parish; and

WHEREAS, Superintendent McCall's service to the Teachers' Retirement System of Louisiana was performed with dignity, loyalty, and dedication; now, therefore, be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Superintendent McCall for his contributions and dedicated years of service to the Board of Trustees of Teachers' Retirement System of Louisiana, and;

RESOLVED, that the delegates to the 77th Annual NCTR Convention heartily congratulate Superintendent McCall on his retirement, and;

RESOLVED, that this Resolution be printed in the official proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999, and a copy be presented to Superintendent McCall. Submitted by: Teachers' Retirement System of Louisiana.

FRED J. MCDONNAL

WHEREAS, Fred J. McDonnal has announced his plans to retire December 1, 1999, as Executive Director of the 267,000-member Oregon Public Employee Retirement System, and

WHEREAS, Fred has been employed by the system since June, 1984, and has served as Executive Director since February 1993, and

WHEREAS, Fred has been the steady rudder to the system as it has struggled with ballot initiatives, an unusually high number of retirements during 1998 and the state taxation of benefits, and

WHEREAS, Fred has been an active member of NCTR having served on several committees and spoken at NCTR meetings, now therefore, be it

RESOLVED, that attendees at the 77th annual NCTR convention congratulate Fred on his outstanding service to Oregon and the public pension community in general, and be it further

RESOLVED, that Fred and his lovely wife, Marie, be extended the Council's best wishes in their future endeavors and that a copy of this resolution be presented to Fred and included in the proceedings of the 77th Annual Convention of the National Council on

Teacher Retirement, 1999. Submitted by: The National Council on Teacher Retirement Executive Committee.

MARGARET M. MCMAHON

WHEREAS, Margaret M. McMahon has announced her plans to retire on December 1, 1999, as the Director of the 600,000 member New Jersey Division of Pensions and Benefits, and

WHEREAS, Marge has effectively administered a huge agency for the past 10 years that oversees nine pension programs and the state's health benefits program which includes 10 different health plans, a prescription drug plan and 12 dental plans, and

WHEREAS, Marge has been a member of the NCTR Executive Committee since 1997 and currently chairs the Resolutions Committee in addition to her many other contributions to the Council, now therefore be it

RESOLVED, that Marge be congratulated for her dedicated public service and be given encouragement in her new endeavor with the Ignatian Lay Volunteer Corps, and be it further

RESOLVED, that NCTR also thanks her husband, Thomas Muldowney, for his strong support of Marge in her work with the Council, and be it further

RESOLVED, that a copy of this resolution be presented to Marge and included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The National Council on Teacher Retirement Executive Committee.

JAMES A. PERRY

WHEREAS, James A. Perry retired on January 29, 1999, as Executive Director of the Pennsylvania Public School Employees' Retirement System; and

WHEREAS, during Mr. Perry's tenure he served the Pennsylvania Public School Employees' Retirement System with distinction, dedication, and loyalty and

WHEREAS, Mr. Perry served for the Commonwealth of Pennsylvania for 28 years and he has seen the Retirement System grow substantially both in assets and membership; and

WHEREAS, Mr. Perry has been active in the National Council on Teacher Retirement, serving on numerous Committees and as its President in 1994, to the benefit of each member retirement system; and

WHEREAS, the National Council on Teacher Retirement expresses its appreciation to Mr. James A. Perry for his contributions to the Council over the years, and extends its best wishes to him and his wife, Barbara, for a long and happy life of continued activity; now therefore be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Mr. James A. Perry for his contributions and years of dedicated service to the National Council on Teacher Retirement and to the Pennsylvania Public School Employees' Retirement System, and be it

RESOLVED FURTHER, that a copy of this Resolution be presented to James A. Perry and be included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The Pennsylvania Public School Employee Retirement System.

CLARICE STRAWN

WHEREAS, Clarice Strawn served as a member of the Board of Trustees of the Public School Retirement System of the School District of Kansas City, Missouri from February 13 1989 through December 31, 1998, having served as Chairperson from January 1, 1991 through December 31, 1992; and

WHEREAS, during Mrs. Strawn's tenure benefits for retired and active members were substantially improved; and

WHEREAS, Mrs. Strawn has served the active and retired members of the system with loyalty, dedication and integrity; now therefore, be it

RESOLVED, that the National Council on teacher Retirement expresses its appreciation to Clarice Strawn for her contributions and years of outstanding and dedicated service to the Public School Retirement System of the School District of Kansas City, Missouri, and be it further

RESOLVED, that a copy of this resolution be presented to Mrs. Strawn and be included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The Public School Retirement System of the School District of Kansas City, Missouri.

LORETTA TOGGENBURGER

WHEREAS, Loretta B. Toggenburger has served teachers and administrators as an elected board member, vice chairperson and chairperson of the Los Angeles Unified School District Annuity Reserve Board; and

WHEREAS, Ms. Toggenburger served teachers and students as an elementary classroom teacher over a period of 45 years; and

WHEREAS, Ms. Toggenburger served as committee chair and member of the Board of Directors of the Unified Teachers of Los Angeles; and

WHEREAS, Ms. Toggenburger provided leadership and rendered invaluable service to the State Teachers Retirement System on behalf of certificated employees; and

WHEREAS, Ms. Toggenburger has served teachers and administrators as a member of the Executive Committee and as a member of the Nominating Committee of the Council of Institutional Investors; and

WHEREAS, Ms. Toggenburger has served the National Council on Teacher Retirement as a participant and delegate to the annual meetings for eight years; and

WHEREAS, Ms. Toggenburger participated at annual meetings of the California Association of Public Retirement Systems, the Institutional Investors of Employee Benefit Plans, and the National Education Association Retirement And Benefits Forum and Trustee Workshop; therefore be it

RESOLVED, that the NCTR express its appreciation to Ms. Toggenburger, upon the occasion of her retirement, for her valuable contributions and many years of outstanding and faithful service to students, teachers, administrators and other certificated personnel of the Los Angeles Unified School District; and be it further

RESOLVED, that a copy of this resolution be presented to Ms. Toggenburger and be included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The Los Angeles Unified School District Annuity Reserve Fund Board.

M. DEE WILLIAMS

WHEREAS, M. Dee Williams retired in June, 1999, after 30 years of public service as an educator, board member, public relations officer and Executive Director of the Utah Retirement System; and

WHEREAS, during his tenure and leadership, the assets of the system grew from \$800 million to over \$12 billion; he advocated and implemented the 401(k) and 457 deferred compensation plans now with over 80,000 participants; and he has maintained outstanding relationships with the Governor, legislature, employee organization, participating units and individual members alike; and

WHEREAS, he has been recognized by his peers in national organizations, served on numerous NCTR committees, and as President of the National Association of State Retirement Administrators; now therefore be it

RESOLVED, that NCTR members congratulate Dee for his many contributions to the public pension community including the Utah Retirement System, NCTR and NASRA; and be it further

RESOLVED, that NCTR members extend their best wishes to Dee and his lovely wife Dionne, for a long and happy and healthy life and that a copy of this resolution be presented to Dee and included in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The National Council on Teacher Retirement Executive Committee.

IN MEMORIAM

HARRY M. DESCOTEAU

WHEREAS, Harry M. Descoteau, Executive Director of the New Hampshire Retirement System, passed away on July 28, 1999; and

WHEREAS, Harry Descoteau served as the Executive Director of the New Hampshire Retirement System since its inception in 1967; and

WHEREAS, Harry dedicated his entire career to providing quality retirement services and benefit improvements to New Hampshire's public sector employees; and

WHEREAS, through Harry's leadership and efforts, the New Hampshire Retirement System achieved actuarial and fiscal soundness; and

WHEREAS, Harry will be deeply missed by his fellow administrators, staff members and the public employees he so faithfully served; now therefore, be it

RESOLVED, that members of the National Council on Teacher Retirement memorialize Harry Descoteau for his many contributions and accomplishments in the public sector community and;

RESOLVED, that delegates to the NCTR's 77th Annual Convention extend their sincere sympathy and condolences to his wife, Carol; and be it further

RESOLVED, that a copy of this Resolution be sent to Carol and that a copy also be placed in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The New England Retirement Administrators Association.

IN MEMORIAM

LEONARD WEBB MCDONALD

WHEREAS, Leonard Webb McDonald, retired Executive Director of the Utah Retirement System, died on March 10, 1999 in Bountiful, Utah, at age 85; and had been an active member of NCTR throughout his 24 year tenure as head of Utah system; and

WHEREAS, Mr. McDonald was a leader in reorganizing and consolidating various state and local retirement systems, into an actuarially sound state-wide system and in creating a health insurance program for retirees, among his many other accomplishments in Utah; now therefore be it

RESOLVED, that with deep sadness, NCTR members acknowledge the passing of a dedicated public servant; and be it further

RESOLVED, that a copy of this resolution be presented to his wife of 60 years, Arola, and their family and that a copy of the resolution be made part of the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999.

Submitted by: The National Council on Teacher Retirement Executive Committee.

IN MEMORIAM

LAWRENCE D. SHUTER

WHEREAS, Lawrence D. Shuter died on June 6, 1999, after a 44 year distinguished career in public service in Ohio including 20 years as executive Director of the State Teachers Retirement System of Ohio; and

WHEREAS, "Larry" Shuter served in many leadership capacities with the National Council on Teacher Retirement, including its President in 1955-56; and

WHEREAS, Mr. Shuter was responsible for legislation that created the non-teaching personnel the Scholl Employees Retirement System as well as the bill which permitted STRS to invest in common stock in addition to many other improvements in benefits for STRS members; and

WHEREAS, upon his retirement as Executive Director in 1967, he led the efforts to establish the state office of the Ohio Retired Teachers Association and served as its treasurer for 10 years; and now therefore be it

RESOLVED, that NCTR honors the many contributions made by Larry Shuter to the educators of Ohio and to the members of NCTR; and be it further

RESOLVED, that NCTR members extend their condolences to his wife of 75 years, Margaret and their family and that a copy of this resolution be presented to the family and be recorded in the proceedings of the 77th Annual Convention of the National Council on Teacher Retirement, 1999. Submitted by: The National Council on Teacher Retirement Executive Committee.

IN MEMORIAM

WILLIAM EARL WILLIS

WHEREAS, William Earl Willis, of Monticello, Arkansas, who passed from this life on February 14, 1999, at the age of 84, having served on the Arkansas Teacher Retirement System Board of Trustees for two terms representing retired school employees in the State of Arkansas; and

WHEREAS, his life's work was devoted to education for 44 years in the State of Arkansas, and remained active following retirement in the Arkansas Retired Teachers' Association and serving on the Arkansas Teacher Retirement System Board of Trustees;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees, staff and the active members and retirees of the Arkansas Teacher Retirement System, along with the membership of the National Council on Teacher Retirement, wish to express appreciation for his service to the school employees of the State of Arkansas;

AND, BE IT FURTHER RESOLVED, that such appreciation be manifest in the form of this Resolution to be presented at the 77th Annual Convention of the National Council on Teacher Retirement, 1999 Submitted by: The National Council on Teacher Retirement Executive Committee.

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

Support for Social Security and the Need to Ensure its Solvency

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 2014, the annual amount of benefits paid from the Social Security Trust Fund is projected to exceed the collection of payroll taxes used to finance benefits; and by the year 2034, 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;

WHEREAS, state and local government retirement systems provide models for federal reform of Social Security; now therefore be it

RESOLVED, that the National Council on Teacher Retirement calls upon the President and the Congress to take action that will: Guarantee at least the current level of Social Security benefits; · 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 inflation-adjusted retirement income as well as to continue to provide guaranteed inflation-adjusted survivor benefits for the families of deceased workers, as well as disabled workers and their families.

RESOLVED, that the National Council on Teacher Retirement encourages Congress to invest the social Security trust fund in a diversified portfolio of assets in the public and private markets, and such investment must: Be administered through an independent board that is well insulated from political interference and that includes Social security beneficiaries as board trustees; Be made for the exclusive benefits of Social Security beneficiaries as under state pension law; Be protected from excessive administrative costs; and Be used solely for retirement, survivor, and disability benefits. Submitted by the Legislative Committee.

Support for Voluntary Participation in 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. Submitted by the Legislative Committee.

Prudent Investment of State and Local Government Pension Plan Assets

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 Current Governance of State and Local Government Retirement Plans

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. Submitted by the Legislative Committee.

Support for Pension Simplification Legislation

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 that will improve the administration of state and local government retirement plans for the exclusive benefit of plan participants. Submitted by the Legislative Committee.

Support for Defined Benefit Plans

WHEREAS, efforts to convert state and local government retirement plans from defined benefit to defined contribution have taken place; 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 in addition to defined benefit plan coverage 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 which they may voluntarily participate; and

WHEREAS, state and local government defined benefit plans help to attract and retain productive employees, which helps produce a high performance work force for taxpayers; and

WHEREAS, such plans provide employees with an effective means of building retirement income; and

WHEREAS, such plans offer a predictable lifetime retirement benefit that can never be reduced; and

WHEREAS, such plans are long-term investors and average the bad periods against the good, therefore, the amount of a retiree's benefit is not reliant on the health of the stock market as could be the case with defined contribution plans; and

WHEREAS, such plans frequently offer plan participants the opportunity to purchase service credit which affords portability; and

WHEREAS, the funding policy of such plans is intended to produce relatively level rates of funding that will accumulate sufficient assets to meet the cost of promised benefits, 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.

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 including those in: the Retirement Account Portability Act, by Rep. Earl Pomeroy (D-ND) (H.R. 739) and Sen. Jim Jeffords (R-VT) (S. 1357); the Comprehensive Retirement Security and Pension Reform Act, by Rep. Rob Portman (R-OH) and Rep. Ben Cardin (D-MD) (H.R. 1102); the Pension Coverage and Portability Act by Sen. Bob Graham (D-FL) and Sen. Charles Grassley (R-IA) (S. 741); the Taxpayer Refund and Relief Act of 1999 by Rep. Bill Archer (R-TX) (H.R. 2488), and the Taxpayer Refund Act of 1999 by Sen. Bill Roth (R-DE) (S. 1429) or passing legislation with similar provisions. Submitted by the Legislative Committee.

Support for All Governmental Employers to Have Authority to Offer 401(k) Plans, in Addition to Defined Benefit Plans and Existing Supplementary Pension Plans, to Their Employees

WHEREAS, defined benefit plans provide the basic retirement income for state and local government employees; and

WHEREAS, some employees also contribute to a supplementary pension plan in which they voluntarily defer a portion of their income (subject to limits) on a tax-favored basis; and

WHEREAS, supplementary plans for education employees are known as 403(b) tax sheltered annuities and are called 457 deferred compensation plans for non-education employees; and

WHEREAS, private sector employees have 401(k) plans available to them, but only a few state and local employees have the same opportunity to participate because Congress, in the Tax Reform Act of 1986, terminated the right of states and localities to offer any new 401(k) plans after that time; and

WHEREAS, allowing states and localities to offer 401(k) plans to their employees in addition to other types of voluntary supplemental retirement savings vehicles would give the governmental employers desirable additional flexibility in assisting their employees in preparing for retirement; and

WHEREAS, granting such authority to the states and localities will restore the status quo that was in effect before the Tax Reform Act of 1986; and

WHEREAS, states and localities should be allowed to offer 401(k) plans if desirable for their employees; and

WHEREAS, the extension of 401(k) plans to the public sector should not be made on conditions that restrict or eliminate the use of other existing tax favored vehicles, such as 403(b) tax-deferred annuities and 457 deferred compensation plans; and

WHEREAS, 401(k) and other supplemental pension programs complement defined benefit plans, but are not a substitute for them; now therefore be it

RESOLVED, that the National Council on Teacher Retirement supports the enactment of legislation authorizing the use of 401(k) plans by public sector employers as a complement, not a substitute for defined benefit plans; and be it further

RESOLVED, that the extension of the availability of 401(k) plans to public sector employees pursuant to the foregoing should be in addition to existing tax favored arrangements, such as 403(b) tax-deferred annuities and 457 deferred compensation plans, and not conditioned on the restriction or closing of these savings vehicles. Submitted by the Legislative Committee.

Support for Liberalizing the IRC §415(b) Defined Benefit "Dollar" Limitations

WHEREAS, state and local retirement systems are primarily defined benefit plans subject to the so-called "dollar" limitations of section 415(b) of the Internal Revenue Code; and

WHEREAS, the enforcement of the dollar limitations pose cumbersome administrative burdens for public sector pension plans because it is often difficult to predict in advance whether the 415(b) limitations will impact a given participant's benefit and the overwhelming majority of public employees are ultimately not affected by the dollar limitations in any event; and

WHEREAS, the uncertainties created by the 415(b) dollar limitations can also present potential traps for plan participants who cannot be expected to be familiar with the complexities of the Federal tax laws as they make their retirement decisions, and because of their particular age and circumstances they might find their promised benefits capped by an unforeseen application of the IRC §415(b) dollar limitations; and

WHEREAS, any liberalization of the 415(b) dollar limitations would be greatly welcomed by public sector pension plans as a way of easing the administrative burdens of complying with the limitations and by participants as a means of assuring they will be able to predict with confidence what benefit they will ultimately be receiving when they choose to retire; and

WHEREAS, in addition to the foregoing problems, a key feature of the IRC §415(b) defined benefit limitations is the actuarial lowering of the limitation for employees who commence receiving benefits at an age younger than age 62 in the case of governmental plans subject to the so-called governmental plan limits or at an age younger than Social Security retirement age (age 65, 66, or 67 depending upon date of birth) in the case of governmental plans subject to the so-called private sector limitations; and

WHEREAS, Congress has already recognized that the actuarial lowering of the 415(b) limitation can unfairly penalize police and fire employees who typically retire at ages well short of age 62 and has accordingly exempted those employees from such lowering of the limitation through the enactment of section 1527 of the Tax Payer Relief Act of 1997; and

WHEREAS, the actuarial lowering of the IRC §415(b) limitations for non-police and fire employees has a similar potential for unfairly penalizing such employees who retire at ages younger than age 62, notwithstanding that such employees may have had an extended career in public service; and

WHEREAS, the actuarial lowering of the IRC §415(b) limitations may be particularly detrimental to public employees born after 1954 participating in retirement systems subject to the private sector limitations because the limitations are actuarially lowered from age 67; and

WHEREAS, the actuarial lowering of the IRC §415(b) limitation may also interfere with employer sponsored early retirement incentives and other strategies for encouraging the early retirement of public employees; now therefore be it

RESOLVED, that the National Council on Teacher Retirement supports the enactment of legislation liberalizing the IRC §415(b) dollar limitations; and be it further

RESOLVED, that the National Council on Teacher Retirement supports amendments to IRC §415(b) that either substantially ameliorate the actuarial lowering of the IRC §415(b) limitations for non-police and fire public employees or, preferably, eliminate the actuarial lowering of the limitations for such employees altogether as has already been done by Congress for police and fire employees. Submitted by the Legislative Committee.

Support for Increased Retirement Savings and Enhanced Education on the Subject

WHEREAS, employees of state and local governments as well as large companies usually have pension coverage; and

WHEREAS, only 20% of small business workers have pension coverage; and

WHEREAS, women and minorities are less likely to have pension coverage than other groups; and

WHEREAS, Americans' savings rate is very low; and

WHEREAS, the number of Americans reaching retirement age will accelerate in the next few decades;

WHEREAS, NCTR is working through its LIFEPLAN website to educate teachers, other state and local government employees, and members of the public about the need for retirement savings; and;

WHEREAS, many other organizations, individual employers, and employee associations are also conducting campaigns to educate Americans about retirement savings, now therefore be it

RESOLVED, that the National Council on Teacher Retirement urges Congress to provide incentives to ensure pension coverage for all Americans, including the encouragement of programs that educate the public about the need to save for retirement. Submitted by the Legislative Committee.