

RESOLUTIONS

Approved by the
National Council on Teacher Retirement
at its 78th Annual Convention
Boston, Massachusetts
October 4, 2000

Committee Members:

Gary Austin (Minnesota) Chair
Jim Turchi (Duluth, MN)
Iris Wolfson (New York)
Sandra March (New York City)
Danny Joe Lyle (New Mexico)
Mike Smith (Omaha)
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Tommy Beavers (Oklahoma) Ex-Officio
Tom Lussier (Massachusetts) Ex-Officio
Cindie Moore (Washington Counsel) Consultant

Report from the NCTR Resolutions Committee

On September 20, 2000 the Resolutions Committee met at the Oak Lawn Hilton in Chicago to consider resolutions for submission to the National Council on Teachers Retirement (NCTR) convention. The Committee also met on Sunday, October 1, 2000. A total of 27 resolutions were submitted to the Resolutions Committee and will be forwarded to the NCTR for consideration at its annual business meeting on October 2, 2000.

Of the total resolutions, there were nine statements of appreciation, four memorials and fourteen policy resolutions. Eleven of the policy resolutions were previously adopted and are being resubmitted for approval. The three new legislative resolutions are:

Policy Resolution #1 (page 16) supports proposals eliminating the maximum exclusion allowance calculation in order to simplify the calculation of contribution limits for tax sheltered 403(b) accounts.

Policy Resolution #2 (page 16) calls upon money managers that are lobbying for defined contribution plans to recognize the fundamental role of defined benefit plans for state and local government employees. It also requests that any conversion to defined contribution plans have the input and concurrences of the plan members and trustees.

Policy Resolution #3 (page 17) asks for NCTR to endorse “Public Pension Systems - Statement of Key Investment Risks and Common Practices To Address Those Risks” and encourages system plan fiduciaries to consider these practices in adopting or revising their investment risk guidelines. A copy of “Public Pension Systems - Statement of Key Investment Risks and Common Practices To Address Those Risks” will be available for each system at the convention registration desk.

The Committee reviewed all of the resolutions and unanimously recommended that each resolution be adopted by the NCTR at its annual business meeting. Copies of the resolutions are attached.

Respectfully submitted,

Gary Austin - Committee Chair

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**IN APPRECIATION
DR. G. ROBERT BOWERS**

WHEREAS, Dr. G. Robert Bowers will be retiring as Deputy Executive Director - Administration of the State Teachers Retirement System of Ohio on December 31, 2000; and

WHEREAS, Dr. Bowers has served the public education community for his entire career including positions as a teacher and superintendent and as the assistant superintendent of public instruction for the Ohio Department of Education; and

WHEREAS, Dr. Bowers has been responsible for the daily operations and support services of Ohio STRS since joining the system in 1989 and has instilled in all Ohio STRS associates that every teacher who visits the system deserves "red carpet" treatment; and

WHEREAS, Dr. Bowers' educational expertise has been shared with NCTR members through numerous workshops for trustees and writing the NCTR Board Member Handbook, now in its 2nd edition and editing the NCTR Executive Director's Handbook; now therefore be it

RESOLVED, that delegates to the 78th annual NCTR convention congratulate Bob on his significant contributions to teachers and public education in general; and be it further

RESOLVED, that delegates wish he and his charming wife, Barbara, continued success, happiness and health and that a copy of this Resolution be presented to Dr. Bowers and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The STRS of Ohio

**IN APPRECIATION
CATHERINE BRUNO**

WHEREAS, Catherine Bruno retired, as Vice-Chairman and Trustee of the New York City Board of Education Retirement System; and

WHEREAS, Catherine Bruno has served on the Board of Trustees from April 1995 through November 1998; and

WHEREAS, Catherine Bruno has demonstrated the highest level of excellence, dedication and accomplishments in more than 37 years of public service and has been an inspiration to all who have had the pleasure to serve with her; and

WHEREAS, Catherine Bruno has championed the improvement of benefits for active, part-time and retired members of the Board of Education Retirement System; now therefore be it

RESOLVED, that the delegates to the 78th Annual NCTR Convention express their appreciation and heartily congratulate Catherine Bruno on her retirement from public service; and be it further

RESOLVED, that this resolution be presented to Catherine Bruno and be included in the official proceeding of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The New York City Board of Education Retirement System

**IN APPRECIATION
RICHARD CHERVENY**

WHEREAS, Richard Cherveney has served as a trustee of the St. Paul Teachers' Retirement Fund Association with distinction for nine years; and

WHEREAS, during his term of office the assets of the association increased in market value from \$330 million to \$802 million; and

WHEREAS, during his term of office the annual benefits paid the benefit recipients increased from \$17,382,000 to \$41,725,000; now therefore be it

RESOLVED, that the members of the NCTR join with the plan members, the Board of Trustees and the staff of the St. Paul Teachers' Retirement Fund Association in extending their appreciation to Richard for his contributions to the retirement association; and be it further

RESOLVED, that a copy of this Resolution be presented to Richard Cherveney and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The St. Paul Teacher's Retirement Fund Association.

**IN APPRECIATION
CHARLES HAUGHEY**

WHEREAS, Charles Haughey retired, having served as Chairman, Vice-Chairman and Trustee of the New York City Board of Education Retirement System; and

WHEREAS, Charles Haughey has served on the Board of Trustees from January 1989 through April 1999; and

WHEREAS, Charles Haughey has demonstrated the highest level of excellence, dedication and accomplishments in more than 34 years of public service and has been an inspiration to all who have had the pleasure to serve with him; and

WHEREAS, Charles Haughey has championed the improvement of benefits for active, part-time and retired members of the Board of Education Retirement System; now therefore be it

RESOLVED, that the delegates to the 78th Annual NCTR Convention express their appreciation and heartily congratulate Charles Haughey on his retirement from public service; and be it further

RESOLVED, that this resolution be presented to Charles Haughey and be included in the official proceeding of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The New York City Board of Education Retirement System

**IN APPRECIATION
WALTER J. MIKA, JR.**

WHEREAS, Walt Mika served as a member and vice-chairperson of the Board of Trustees of the Educational Employees' Supplemental Retirement System of Fairfax County (ERFC) in Fairfax, Virginia from July 1983 through June 2000; and

WHEREAS, Walt, a 33-year classroom veteran, worked through the Fairfax Education Association to establish the local supplemental retirement fund and participated in the rewriting of the plan in the mid-1980s; and

WHEREAS, he has served the active and retired members of the system with loyalty, dedication and integrity; and

WHEREAS, Walt Mika served as a member of the Virginia Retirement System (VRS) for two terms (1981-1993), served as vice-chairperson of the VRS Board of Trustees for a term, participated in lowering the retirement age from 60 to 55; and

WHEREAS, his advocacy for members led the Virginia Education Association to honor him as "Friend of Education" in 1997; and

WHEREAS, Walt has regularly attended NCTR conventions for the last 16 years having served on several committees; now therefore be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Mr. Walt Mika for his contributions and dedicated years of outstanding service to the Educational Employees' Supplemental Retirement System of Fairfax County, Virginia; and be it further

RESOLVED, that a copy of this resolution be presented to Mr. Mika and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The Educational Employees' Supplemental Retirement System of Fairfax County (ERFC) in Fairfax, Virginia

**IN APPRECIATION
DR. ROBERT C. REIMANN**

WHEREAS, Dr. Robert C. Reimann has served administrators and teachers as an elected board member of the Los Angeles Unified School District, Annuity Reserve Fund Board; and

WHEREAS, Dr. Reimann served the Los Angeles Unified School District as principal of Sepulveda Middle School, Palisades High School, Metropolitan High School, View Park Continuation High School and George K. Porter Middle School for 20 years. Dr. Reimann also served in other administrative capacities and in classroom positions in various communities over a period of 40 years; and

WHEREAS, Dr. Reimann has been active in community organizations providing invaluable service to the public by presently serving on the Board of the Granada Hills Chamber of Commerce and in the past has actively served on the Crenshaw Chamber of Commerce through many different positions and committees; and

WHEREAS, Dr. Reimann has provided excellent leadership by being active in the YMCA, Boy Scouts of America, Toastmasters International and as a Rotarian for over 20 years and served as president on three different occasions; and

WHEREAS, Dr. Reimann has faithfully served as the Treasurer of the Los Angeles Unified School District Middle School Principals' Organization for over six years; and

WHEREAS, Dr. Reimann has provided continuous service to certificated and classified employees as a member of the Supervisory Board of the California Credit Union; and

WHEREAS, Dr. Reimann has served the National Council on Teacher Retirement as a participant and alternate delegate to the annual meetings for five years; and

WHEREAS, Dr. Reimann participated at annual meetings of the Council of Institutional Investors, California Association of Public Retirement System, and the Institutional Investors of Employee Benefit Plans; now therefore be it

RESOLVED, that the NCTR expresses its appreciation to Dr. Reimann, upon the occasion of his retirement, for his valuable contributions and many years of outstanding service to students, teachers, and administrators of the Los Angeles Unified School District; and be it further

RESOLVED, that a copy of this resolution be presented to Dr. Reimann and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The Los Angeles Unified School District, Annuity Reserve Fund Board

**IN APPRECIATION
CLARETHA SHUMATE**

WHEREAS, Claretha Shumate served the Kansas City, Missouri School District and its associated Retirement System from January 27, 1964 through June 30, 2000 as Teacher, Counselor, Associate Director and Acting Executive Director; and

WHEREAS, Mrs. Shumate earned the respect, confidence and esteem of innumerable students, associates, officials and trustees; and

WHEREAS, she became the “face” and the “voice” of the Kansas City Public School Retirement System to its membership; and

WHEREAS, under her creative leadership the counseling and public relations functions were significantly enhanced; now therefore be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Mrs. Shumate for her contributions and dedicated service to the Kansas City Missouri School District and the Kansas City Public School Retirement System; and be it further

RESOLVED, that a copy of this Resolution be presented to Claretha Shumate and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

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

**IN APPRECIATION
S. L. SLACK**

WHEREAS, Mr. S. L. Slack served as a member of the Board of Trustees of Teachers' Retirement System of Louisiana from January 1, 1985, through December 31, 1999, representing the Fourth Membership District; and

WHEREAS, Mr. Slack served as Chairman of the Board from January 1, 1990, through December 31, 1991; served as Vice Chairman of the Board from January 1, 1989, through December 31, 1989; and served as Chairman for many of the Board's committees; and

WHEREAS, During Mr. Slack'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 four cost-of-living adjustments have already been granted; and

WHEREAS, Mr. Slack dedicated over 36 active years of service to the Tensas and Caddo Parish School Boards; and

WHEREAS, Mr. Slack provided valuable insight to the Board of Trustees, was constantly aware of the concerns of his constituents, and served the Teachers' Retirement System of Louisiana with dignity, loyalty, and dedication; now therefore be it

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

RESOLVED, that the delegates to the 78th annual NCTR Convention heartily congratulate Mr. Slack on his retirement; and be it further

RESOLVED, that a copy of this resolution be presented to Mr. S. L. Slack and included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: Teachers' Retirement System of Louisiana

**IN APPRECIATION
JAMES THREATT**

WHEREAS, James Threatt 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, 1988 to December 31, 1999; and

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

WHEREAS, during Mr. Threatt's tenure as a trustee, the system grew substantially both in assets and membership; and

WHEREAS, during Mr. Threatt's tenure as a trustee, benefits for retired and active members were substantially improved; now therefore be it

RESOLVED, that the National Council on Teacher Retirement expresses its appreciation to Mr. Threatt for his contributions and dedicated service to the Kansas City Public School Retirement System; and be it further

RESOLVED, that a copy of this Resolution be presented to James Threatt and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

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

**IN MEMORIAM
RICHARD M. ADAMS**

WHEREAS, Richard M. Adams, a graduate of Middlesex School and Harvard University, was widely respected as an educator and activist for teachers in the Commonwealth of Massachusetts; and

WHEREAS, Mr. Adams retired in 1989 completing a distinguished professional career of more than thirty years as a teacher of Latin and English at Newton North High School in Newton, Massachusetts; and

WHEREAS, as a retired teacher, Mr. Adams generously donated his time tutoring students at Boston Latin School and Charlestown High School; serving as a director and committee chairman for the Beacon Hill Civic Association; and as a loyal benefactor of Middlesex School; and

WHEREAS, Mr. Adams became a relentless advocate for retired teachers, serving as a board member and Legislative Chairman for the Massachusetts Retired Teachers Association and as an active member of the Retired State, County and Municipal Employees Association of Massachusetts; and

WHEREAS, having been appointed by the Governor of the Commonwealth of Massachusetts to three terms as a member of the Massachusetts Teachers' Retirement Board, Mr. Adams faithfully and enthusiastically served the teachers of Massachusetts until his untimely death on August 21, 2000; now therefore be it

RESOLVED, that the members of the National Council on Teacher Retirement acknowledge the passing of a lifelong teacher who dedicated his life to children, to his profession, and to his community and extend their heartfelt sympathy to his family and countless friends; and be it further

RESOLVED, that a copy of this resolution be presented to Mrs. Caroline Hollingsworth Adams and be made a part of the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: the Massachusetts Teachers' Retirement Board

**IN MEMORIAM
PURVIS W. COLLINS**

WHEREAS, Purvis W. Collins died April 7, 2000, after a long and distinguished career of public service including 24 years as Director of the South Carolina Retirement System; and

WHEREAS, Mr. Collins' career included service as a teacher, coach, principal, assistant superintendent, naval officer and state representative in addition to being Director of the Retirement System from 1972 to November, 1996; and

WHEREAS, Mr. Collins was elected by his peers as President of National Council on Teachers Retirement, the National Association of State Retirement Administrators and the National Conference of State Social Security Administrators; and

WHEREAS, Mr. Collins was a strong advocate of individual savings and he spearheaded legislation creating the state's first deferred compensation programs and served as Chairman of the Deferred Compensation Commission for many years; and

WHEREAS, Mr. Collins was active on many NCTR committees and chaired the Legislative Committee for a number of years and was an effective lobbyist for NCTR in Washington; now therefore be it

RESOLVED, that delegates to the 78th annual NCTR Convention honor Mr. Collins for his life of dedicated service to his fellow man; and be it further

RESOLVED, that a copy of this resolution be presented to his daughter, Mrs. Bill (Kim) Porter, and her family and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The South Carolina Retirement System

**IN MEMORIAM
GERALD S. GILBERT**

WHEREAS, Gerald S. "Jerry" Gilbert retired as Executive Director of the Georgia Teachers Retirement System on January 1, 2000, serving in this capacity longer than any of his predecessors (19 years); and

WHEREAS, Mr. Gilbert died suddenly at his home on August 7, 2000, at the young age of 57; and

WHEREAS, Mr. Gilbert spent his entire 32-year professional career at the retirement system; and

WHEREAS, Mr. Gilbert was very active in NCTR, having served as President in 1991-92, in addition to his service on many committees; and

WHEREAS, he was recognized by the Georgia Legislature in its 2000 Session for his tireless work with the Governor's office and members of the Legislature to improve retirement benefits for the teachers in the state, making Georgia a top tier state in teacher retirement benefits; now therefore be it

RESOLVED, that delegates to the 78th annual NCTR convention honor the legacy Mr. Gilbert left in working to improve teacher retirement systems in Georgia and throughout the nation; and be it further

RESOLVED, that NCTR extends its sincere condolences to his wife, Sylvia, and son, Philip, and other family members; and be it further

RESOLVED, that a copy of this resolution be presented to his family and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The Georgia Teachers Retirement System

**IN MEMORIAM
RUTH E. WILLIAMS**

WHEREAS, Ruth E. Williams was widely respected as an educator and activist for teachers in New York State; and

WHEREAS, Ruth was the first retired teacher appointed to the Retirement Board of the New York State Teachers' Retirement System, serving from 1985 through 1993; and

WHEREAS, Ruth 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, Ruth spent most of her career in the service of teachers, not only as a Retirement System Board Member, but also as an officer of numerous professional organizations, including the North Nassau Retired Teachers' Association, the Long Island Zone of the New York State Retired Teachers' Association, and the National Retired Teachers' Association; now therefore be it

RESOLVED, that with deep sadness and a sense of tremendous loss, members of the National Council on Teachers Retirement acknowledge the passing of a concerned and enthusiastic advocate for the retired teachers of New York State and extend their heartfelt sympathy to the Williams family; and be it further

RESOLVED, that a copy of this Resolution be presented to the family of Ruth E. Williams and be included in the proceedings of the 78th Annual Convention of the National Council on Teacher Retirement, 2000.

Submitted by: The New York State Teachers' Retirement System

NCTR POLICY RESOLUTIONS FOR 2000-2001

1. **Support For Simplification of Internal Revenue Code, Section 403(b).**

WHEREAS, Internal Revenue Code (IRC), section 403(b) provides a mechanism for public school teachers and other education employees to save for their retirement on a tax deferred basis; and

WHEREAS, a significant number of teachers and education employees take advantage of the opportunity to invest their personal funds in a tax deferred arrangement under 403(b) as a means of providing a source of retirement income; and

WHEREAS, the maximum exclusion allowance calculation required to determine the maximum amount an employee may contribute each year to a 403(b) account is especially onerous and burdensome, and results in great confusion and taxpayer expense; and

WHEREAS, similar tax shelter arrangements allowed in the IRC such as those in section 401(k), and section 457 deferred compensation do not have such onerous and burdensome requirements to determine the maximum contribution limit, but have simple and effective limits that are easily communicated and understood; now therefore be it

RESOLVED, that the National Council on Teacher Retirement supports proposals to eliminate the maximum exclusion allowance calculation in order to simplify the calculation of the maximum contribution limits to tax sheltered 403(b) accounts.

Submitted by: The Duluth Teachers' Retirement Fund Association

2. **Resolution Urging Money Managers to Recognize the Fundamental Role of Defined Benefit Plans and the Need for Plan Member and Trustee Input and Concurrence on any Change in Plan Design.**

WHEREAS, virtually all retirement systems that belong to NCTR are structured as defined benefit plans; and

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

WHEREAS, many money managers offer services to defined benefit plans; and

WHEREAS, some money managers are actively lobbying state legislatures to set up a defined contribution plan that either would directly supplant the defined benefit plan, if it replaces the defined benefit plan, or compete with it, if it is an alternative to the defined benefit plan; and

WHEREAS, this lobbying activity directly conflicts with NCTR's support for defined benefit plans as an effective means of building retirement income, the best means of offering a predictable lifetime retirement benefit that can never be reduced, and a proven method of attracting and retaining productive employees; now therefore be it

RESOLVED, that the National Council on Teacher Retirement calls upon money managers involved in such lobbying efforts to recognize the fundamental role of defined benefit plans for state and local government employees and that any conversion to a defined contribution or a defined benefit/defined contribution hybrid plan must have the input and concurrence of the plan members and Trustees.

Submitted by: The Trustee Education Committee

3. Public Pension Systems - Statement of Key Investment Risks and Common Practices To Address Those Risks

WHEREAS, public pension systems face an increasing number of risks in undertaking necessary investment activities; and

WHEREAS, controlling or eliminating these risks has become a topic of great interest as well-publicized errors by investment funds have captured public and professional attention; and

WHEREAS, in response, a number of organizations have discussed or promulgated risk principles, guidelines, standards, and other directives for various professional organizations, but very few have been specifically oriented to the public pension fund community, or have approached the issue from the perspective of the basic disciplines and purposes of public pension funds; and

WHEREAS, the public pension community has expressed a desire for general guidance in identifying key investment risks and common practices and procedures used to address those risks; and

WHEREAS, a number of public pension system chief investment officers and representatives of the Association of Public Pension Fund Auditors (APPFA) have developed a document titled, "*Public Pension Systems – Statements of Key Investment Risks and Common Practices to Address those Risks*," that identifies key investment risks associated with public pension funds and common practices to address, manage, and to the extent possible, control those risks, with the understanding that the document is not intended to be an exhaustive checklist of all risks that public pension systems may potentially encounter or a comprehensive checklist of all the procedures a public pension system should incorporate to address the identified risks; and

WHEREAS, APPFA and several public pension system chief investment officers are officially on record as being in support of the risk management concepts identified in “*Public Pension Systems – Statements of Key Investment Risks and Common Practices to Address those Risks;*” now therefore be it

RESOLVED, that the National Council on Teacher Retirement endorses “*Public Pension Systems – Statements of Key Investment Risks and Common Practices to Address those Risks;*” and be it further

RESOLVED, that the National Council on Teacher Retirement encourages retirement system plan fiduciaries to consider these practices in adopting or revising their own investment risks guidelines, with the aim of furthering the confidence public plan participants have in the financial workings of the retirement systems on which they rely for an important part of their future financial security.

Submitted by: The New York State Teachers’ Retirement System and the New Mexico Educational Retirement Board

4. 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 NCTR Legislative Committee.

5. 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 2024, 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 2037, 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; and

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; and be it further

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 Teacher Trustees of the Teachers' Retirement System of the City of New York and the NCTR Legislative Committee

6. 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 Teacher Trustees of the Teachers' Retirement System of the City of New York and the NCTR Legislative Committee.

7. 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 NCTR Legislative Committee.

8. 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 NCTR Legislative Committee.

9. Support for Pension Simplification Proposals

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 NCTR Legislative Committee.

10. 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 NCTR Legislative Committee.

11. 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 NCTR Legislative Committee.

12. 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 NCTR Legislative Committee

13. 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 NCTR Legislative Committee

14. 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 NCTR Legislative Committee