

DRAFT
MINUTES

Future of Retirement Study Commission
October 18, 2010, 1:00 p.m.
Dawson Conference Room
Albemarle Building, 325 N. Salisbury Street
Raleigh, NC

The meeting was called to order by Dr. Robert Clark, Chairman at 1 pm.

Members Present

Commission members present were: Charles Abernathy, Mary Bethel, Randy Byrd, Joseph Coletti, Monda Griggs, Charles Johnson, Shirley Morrison, Aaron Noble, and Senator Richard Stevens. Darleen Johns, Charles Perusse, and Representative Deborah Ross arrived after the meeting had started.

Members Absent

None

DST Staff Present

Members present from the Department of State Treasurer were Treasurer Janet Cowell, Michael Williamson, David Vanderweide, Anthony Solari, Julie Hochsztein, Debra Bryan, David Starling, Ellen Richardson, and Lisa Page.

Approval of Minutes

It was moved, seconded, and carried that the minutes of the meeting of the Commission held on September 20, 2010 be approved as submitted to the Commission.

Auto-Enrollment

The chair discussed the concept of auto-enrollment.

Mary Bethel moved, and Charles Abernathy seconded, that the Commission recommend automatic enrollment in a supplemental plan specified by the state or local government employer and that further study be done of the appropriate contribution amount, default investment, and when the opt-out period should start for local governments that have probationary periods before new employees are eligible for benefits. The motion passed unanimously.

403(b) Plans for Teachers

The chair discussed research he has done into the provider structure in 403(b) plans in several states. Some states centralize administration of these plans, allowing school systems to offer only a limited set of providers with whom the state has negotiated provisions for fees and investment options. Other states allow each school system to approve providers and the provisions they offer.

Shirley Morrison moved and Aaron Noble seconded that the Commission recommend that staff study centralizing 403(b) administration in local school systems with one or more providers across the State. This study is to be coordinated with the NC School Boards Association, the NC Association of Educators, and any other relevant organizations. The motion passed unanimously.

Retirement Age

Darleen Johns joined the meeting at the beginning of this discussion.

David Vanderweide and the chair explained the new retirement age readings provided to the Commission after the last meeting.

Charles Johnson moved and Monda Griggs seconded that the Commission recommend no changes to the retirement age provisions. The motion failed 6-4 with Charles Johnson, Monda Griggs, Shirley Morrison, and Randy Byrd voting for and Senator Stevens abstaining.

Charles Perusse joined the meeting at this point in the discussion.

Joseph Coletti moved that the Commission recommend a requirement of age 65 with 15 years of service for unreduced retirement, with no other threshold. Lacking a second, the motion failed.

Representative Deborah Ross joined the meeting at this point in the discussion.

Charles Abernathy moved, and Aaron Noble seconded, that the Commission recommend for new hires only to change the current provision of unreduced retirement at any age with 30 years of service to age 55 with 30 years of service. All other retirement age provisions would remain as they are. Randy Byrd offered a friendly amendment, which was accepted, that all retirement provisions for law-enforcement officers, as currently defined, would remain as they are. The motion passed 8-3 with Monda Griggs, Shirley Morrison, and Charles Johnson voting against, and Senator Stevens and Representative Ross abstaining.

Charles Johnson moved and Mary Bethel seconded that the Commission recommend that all newly hired hazardous duty employees, including those who have direct contact with inmates, keep the current retirement age provisions. Representative Ross offered a friendly amendment, which was accepted, that the Commission instead recommend a study by retirement system staff and/or the General Assembly to see if there are other occupations that might merit the same treatment as law enforcement officers. The study should include a review of definitions of hazardous duty employment in both state and federal law. The motion failed 6-5 with Robert Clark, Mary Bethel, Monda Griggs, Charles Johnson, and Shirley Morrison voting for and Senator Stevens and Representative Ross abstaining.

Power of LGERS Board to Grant COLAs

Randy Byrd moved, and Darleen Johns seconded that the Commission recommend option 4 in the reading on the Local Cost of Living Adjustment. Option 4 would allow the LGERS Board full authority to grant any COLA, regardless of CPI, and to use all available sources to fund it, including gains and increases in employee and/or employer contributions. Senator Stevens offered a friendly amendment, which was accepted, to retain the cap of 4% in the current statute. The motion passed 10-1, with Joseph Coletti voting against and Senator Stevens and Representative Ross abstaining.

Retirees Returning to Work

Charles Abernathy moved and Darleen Johns seconded that the Commission recommend changing the six month break in service requirement in TSERS to one month. Shirley Morrison offered a friendly amendment, which was accepted, that the required break be one month longer than the normal annual break, so a 10 month teacher would require a three month break and an 11 month teacher would require a two month break. The motion failed 5-5, with Mary Bethel, Joseph Coletti, Darleen Johns, Aaron Noble, and Charles Perusse voting against and Robert Clark, Senator Stevens, and Representative Ross abstaining.

Default Plan Under Choice

Joseph Coletti moved that the Commission recommend that the defined contribution plan be the default under the choice arrangement recommended in a previous meeting. Lacking a second, the motion failed.

Report

Staff will prepare the initial draft of the report and send it out the week of October 25.

Commission members must submit their edits, comments, and minority opinions by the end of the day on November 5.

Staff will convene a conference call on November 10 or 12 to approve the report.

Adjournment

There being no further business the meeting was adjourned by the chairman, Robert Clark. The meeting adjourned at 3:40.

Chairman

Date

Director, Retirement Systems

Date