

MINUTES OF THE FUTURE OF RETIREMENT STUDY COMMISSION

February 22, 2010

The meeting was called to order by Dr. Robert Clark, Chairman at 9:05 am. The other members present were Charles Abernathy, Mary Bethel, Randy Byrd, Joseph Coletti, Charles Johnson, Shirley Morrison, Charles Perusse, Deborah Ross, Richard Stevens, and Robert Clark. Darleen Johns joined by phone. Monda Griggs and Aaron Noble were absent. Members present from the Department of State Treasurer were Michael Williamson, David Vanderweide, Debra Bryan, Derwin Dubose, Meredith Rouse-Davis, David Starling, Anthony Solari, Amanda Romano, Chris Jones, Ellen Richardson Cameron Stanton, Lisa Page and Pat Stussie.

It was moved by Randy Byrd and seconded by Charles Johnson and carried that the minutes of the meeting of the Commission held on January 25, 2010 be approved.

Dr. Clark gave an overview of the readings. He briefly outlined some of the key points on Social Security Calculations, the AON study on replacement rates ratio and how that applies to the State system for a typical employee.

David Vanderweide explained the personal budget exercise in the member's folders. He asked the commission to determine how the typical employee detailed on the worksheet might allocate their take-home pay and retirement savings among the different budget categories. Once the exercise was completed the Chair continued remarks on the readings.

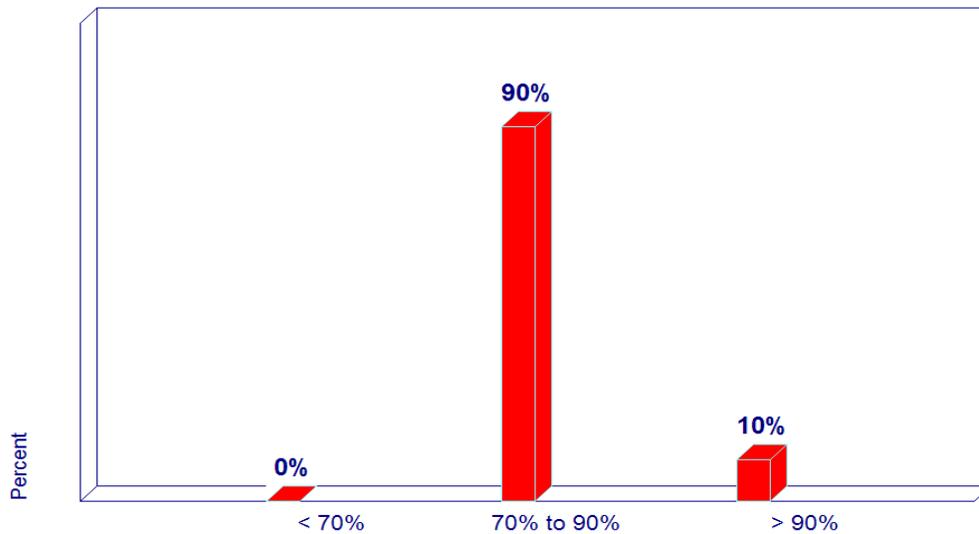
The commission asked that the staff provide the distribution of 2008 TSERS/LGERS retirees by years of service and that same distribution for each combination of gender and income third (lowest, middle, highest). Rep. Ross questioned if employees in lower third of income stay with state/local government longer than middle third and is the years of service driven by gender? Mr. Coletti commented on the tenure in public sector and asked why that differed from the private sector.

Mr. Warren Miller of Fountainworks was introduced and the electronic tracking of the opinions of the members was explained and demonstrated. David Vanderweide explained that we are required to record the votes and this process would speed up the meeting and meet the statute requirements.

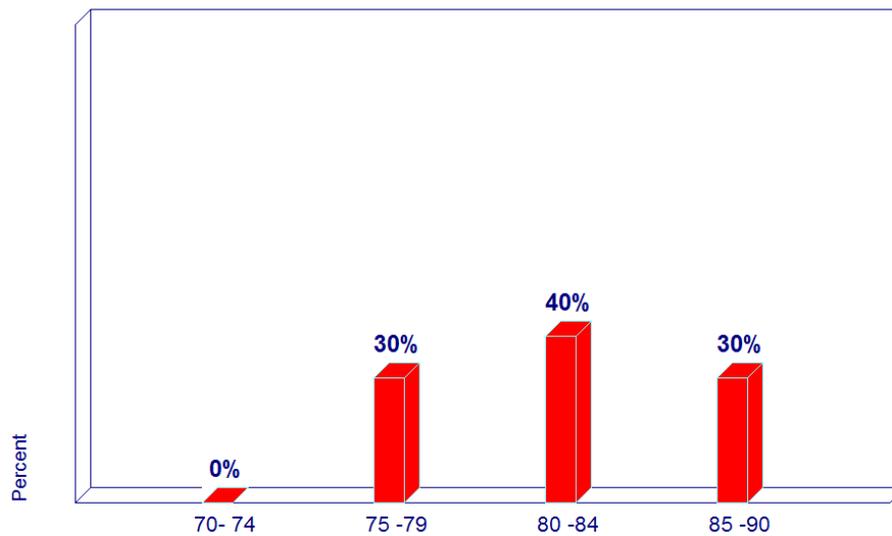
The following are the recorded votes:

The Commission was asked to answer the following two questions based on the preferences of the average state/local employee, specifically someone earning about \$40,000 per year and a mix of single/married and with/without children.

A- What is your recommendation for target replacement rate?

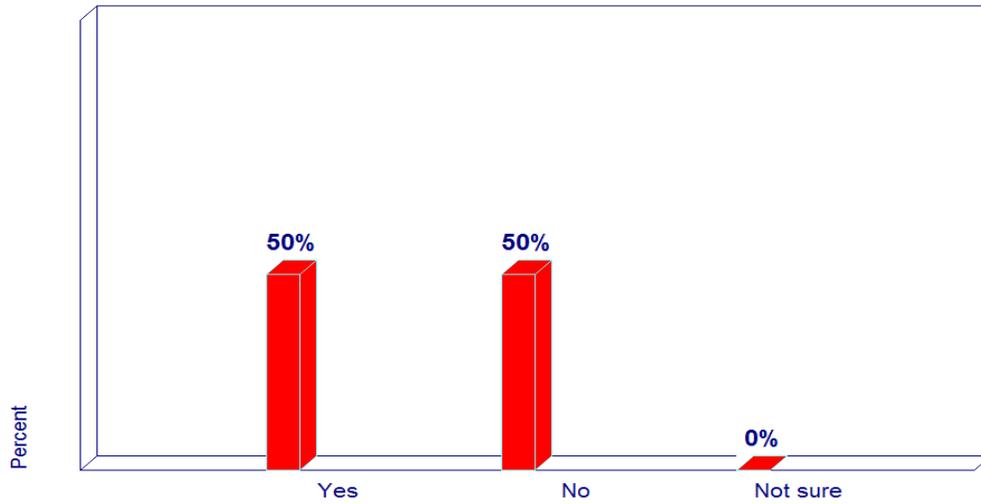


B- What is your recommendation for target replacement rate?

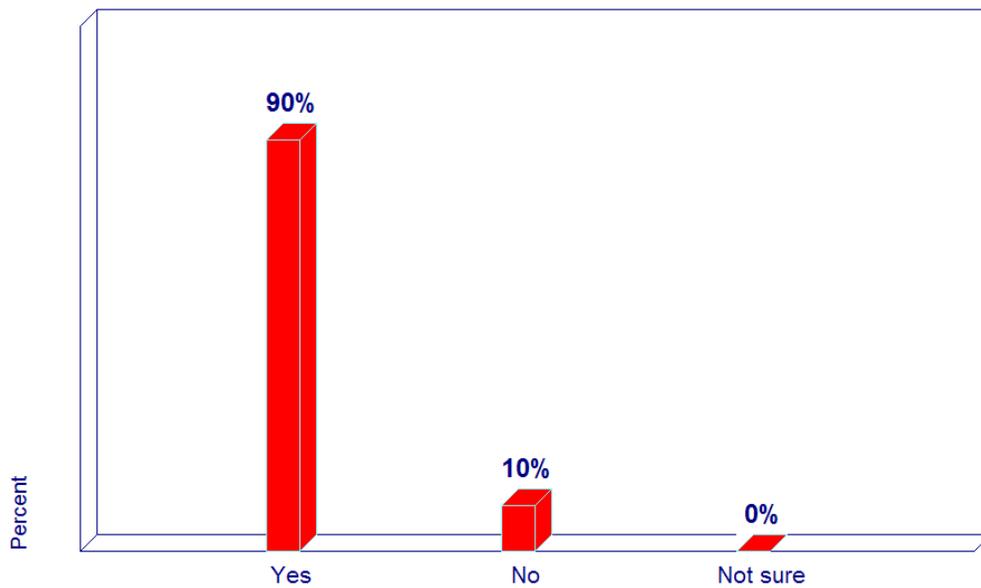


The following three questions relate to post-retirement increases in benefits, particularly whether they are needed, whether they should be automatic, and how large they need to be.

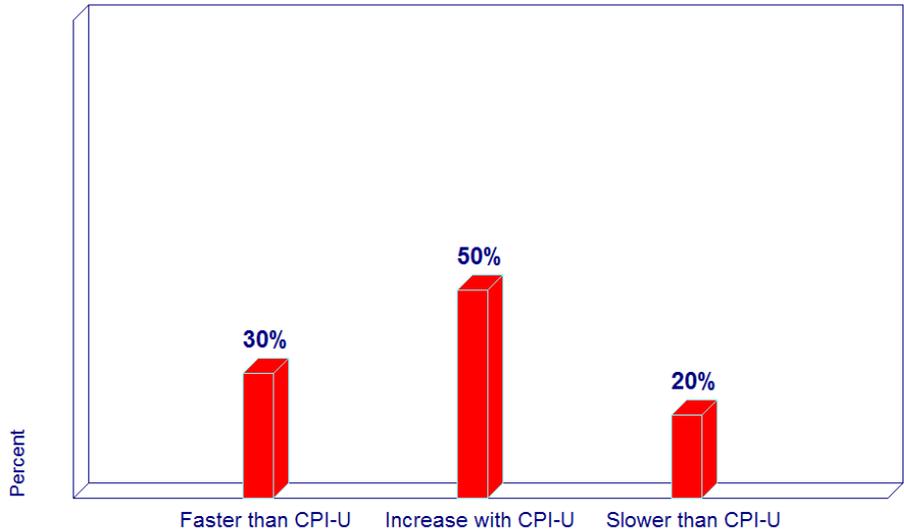
A- Should automatic COLAs be the law for new hires?



A- As an employee should you plan for post retirement increases?



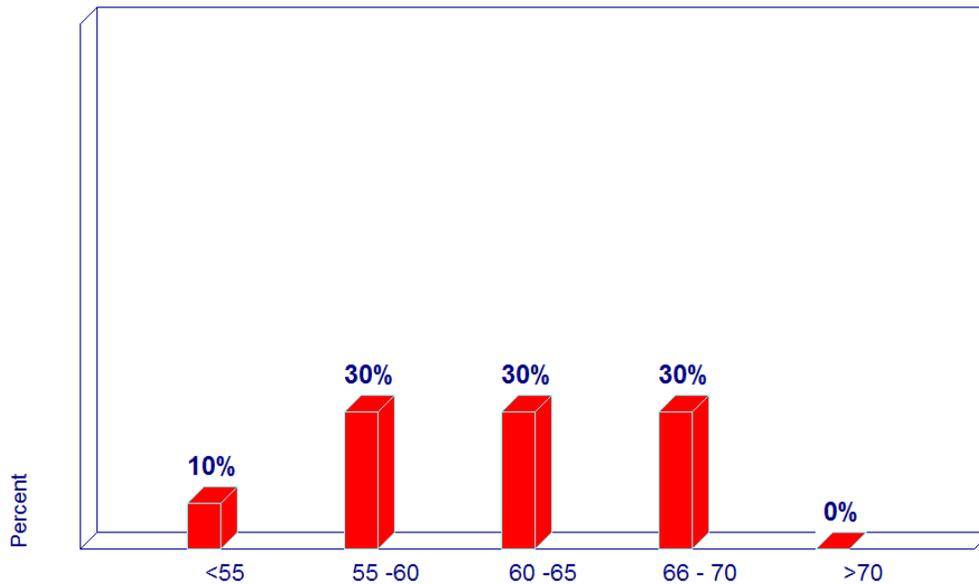
B- What is the recommended level for Post Retirement Increases?



The Commission was asked to answer the following question based on the preferences of the average state/local employee, specifically someone in the middle of their career earning about \$40,000 per year and a mix of single/married and with/without children. Prior to answering the question, they were shown the following table of required monthly savings for this employee to achieve these retirement ages with an 82% replacement rate and benefit increases equal to CPI-U:

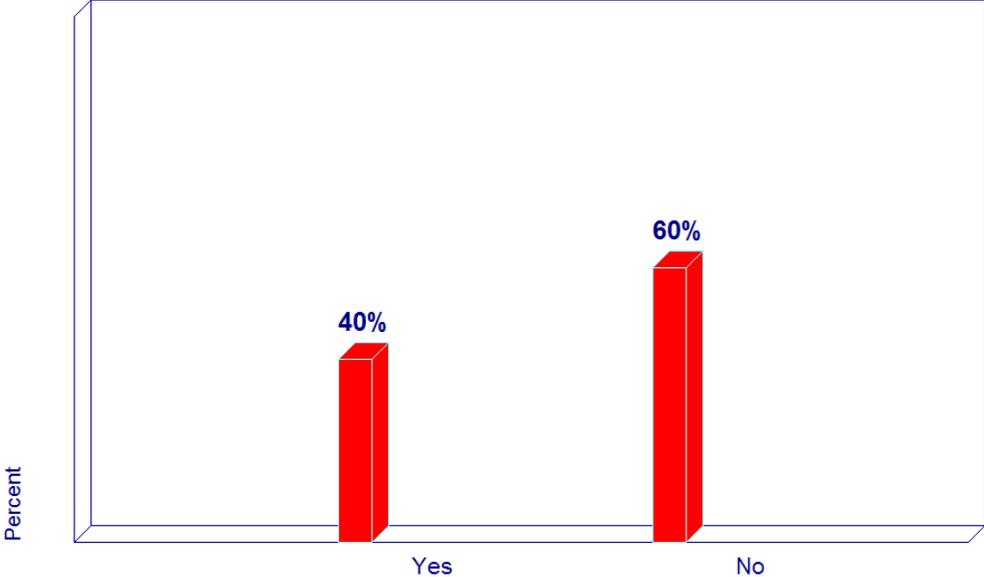
Retirement Age	Required Monthly Savings from Employer plus Employee
70	\$200
65	\$350
60	\$550
55	\$800
50	\$1,150
45	\$1,600

A- Target retirement age at which you leave the workforce?

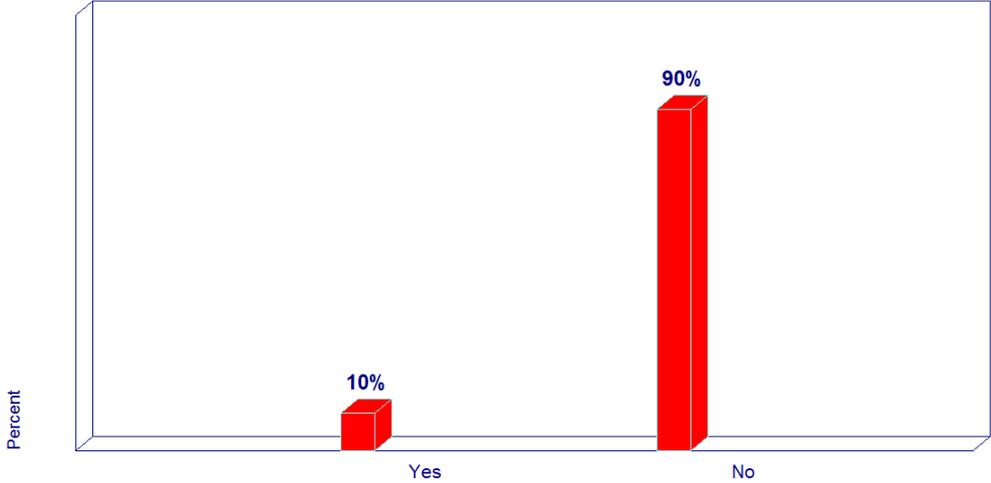


The Commission was asked the following questions about additional reasons to vary the target replacement rate, post-retirement increases, and retirement age. "Target" in these questions refers to the combination of these three dimensions. The Commission may choose to review these reasons in a later meeting and determine how the target should vary with these factors. David Vanderweide also mentioned the need to discuss employees who do not work a full career for the state/local government.

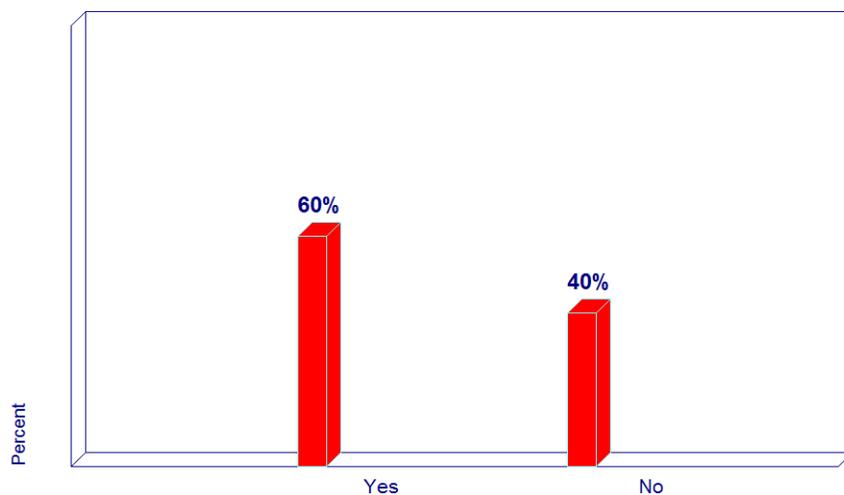
A- Do you think target should vary by employer?(e.g. state, local, schools)



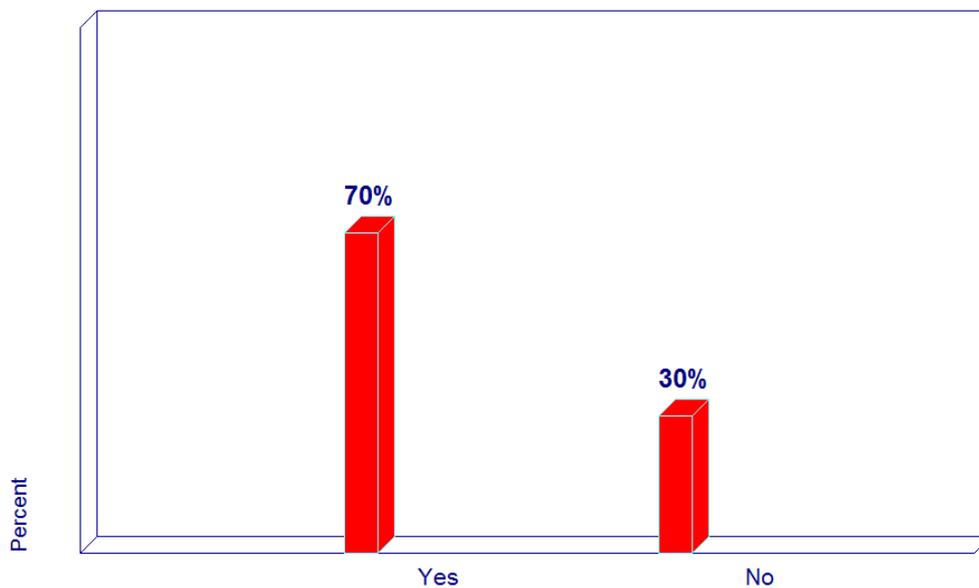
B- Do you think target should vary by job type(e.g. manual labor, office work)



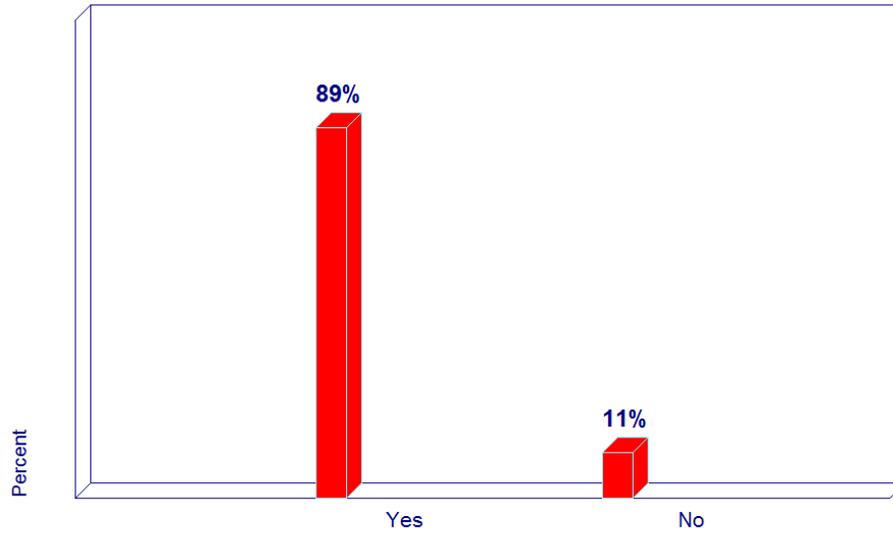
C- Do you think target should vary by public safety vs. non-public safety?



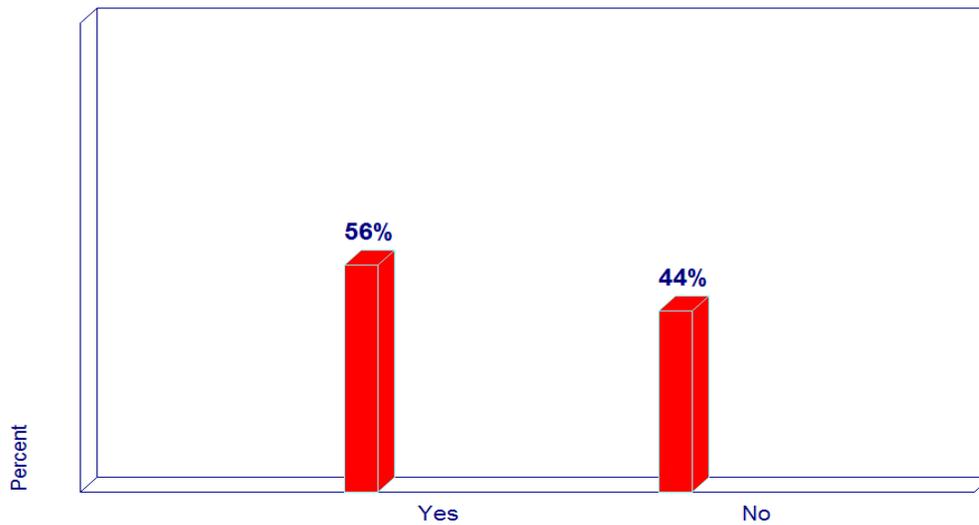
D- Do you think target should vary by marital status?



E- Do you think target should vary by income level?



F- Do you think target should vary by Gender?



David Vanderweide remarked on the readings for meeting three to be held on March 22, 2010 at 9:00 am. He explained the difference between systemic and non-systemic risk and briefly discussed the major risks associated with planning for retirement.

There being no further business the meeting adjourned at 11:53 am.

Chairman

Date

Director, Retirement Systems

Date