



MEMORANDUM

TO: Boards of Trustees of the
Teachers' and State Employees' Retirement System (TSERS) and the
Local Governmental Employees' Retirement System (LGERS)

FROM: Sam Watts, Executive Director

DATE: July 30, 2026

SUBJECT: Authorization for Compensation Plans and Position Management Actions

The General Assembly expanded RSD's personnel and compensation flexibility in Section 1.7 of S.L. 2026-50. Section 1.7 authorizes the State Treasurer and the Boards to appoint employees they deem advisable to carry out the terms and conditions of the Retirement Systems and requires the Boards to authorize the Treasurer to establish compensation plans, including salaries and performance-related bonuses, for qualifying employees who possess specialized skills or knowledge necessary for the proper administration of the Retirement Systems.

Approval of this item fulfills the required Board authorization and provides a framework for implementing the broader personnel flexibility granted by Section 1.7. It authorizes the Treasurer to establish and implement compensation plans and to use related position management actions, including differentiated roles, classification or reclassification of existing positions, and related salary adjustments, to align RSD's position and compensation structures with operational needs. The authority is intended to support recruitment, retention, internal equity, career progression, and effective administration. The item also authorizes the Treasurer to fund and implement these actions using recurring retirement-system administrative receipts and to obtain any necessary adjustments to budgeted requirements, receipts, and position records.

Staff recommends that the Boards take the following actions:

1. Authorize the State Treasurer to establish and implement compensation plans, including salaries and performance-related bonuses, for employees who possess specialized skills or knowledge necessary for the proper administration of the Retirement Systems.

2. Determine that maintaining appropriate alignment between existing RSD positions and the duties, responsibilities, organizational needs, and specialized expertise required to administer the Retirement Systems is advisable.
3. Authorize the State Treasurer to take position-management actions, including classifying or reclassifying existing RSD positions, implementing differentiated roles, and making related salary adjustments, as the Treasurer determines appropriate.
4. Authorize the State Treasurer to fund and implement these actions using recurring retirement-system administrative receipts, including obtaining any necessary adjustments to budgeted requirements and corresponding receipts.
5. Require the State Treasurer to provide the Boards, at least annually, with an update on the implementation and use of the authority granted by this item.

Parallel action is requested from the TSERS and LGERS Boards under their respective statutory authority.