

## **ATRS BOARD POLICY 2**

### **BOARD OBJECTIVES**

A.C.A. § 24-7-401

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#### **I. Definitions.**

As used in this policy:

(1) "Business critical process" means one (1) or more processes that are essential for carrying out the operations of the Arkansas Teacher Retirement System ("ATRS" or "the System"); and

(2) "Other teacher retirement systems" means those statewide retirement systems in the United States whose:

- (A) Membership consists predominantly of teachers;
- (B) Membership contributes to Social Security;
- (C) Membership is within  $\pm 50\%$  of the System; and
- (D) Assets are within  $\pm 50\%$  of the System.

#### **II. Board of Trustees — Financial Objectives.**

The following are the financial objectives of the Board of the Arkansas Teacher Retirement System ("Board"):

(1)(A) To sustain actuarial soundness.

(B) The goals are for the:

(i) System's funded status to increase towards a one hundred percent (100%) funded ratio;

(ii) System's funding period to decrease to below an eighteen-year amortization period in order to avoid negative amortization;

(iii) System's funded ratio to increase and the System's funding period to decrease unless knowingly modified by Board action or as a result of events over which the Board lacks substantial control; and

(iv) Actuarial methodology and economic assumptions to be comparable to other teacher retirement systems;

(2)(A) To manage contributions effectively.

(B)(i) The goals are for employer and employee contributions to be collected and invested in a timely manner.

(ii) Upon the Board's request, aged receivables ~~will~~ shall be reported to the Board;

(3)(A) To maximize investment returns within the bounds of prudence.

(B) Asset Allocation. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation that reasonably ensures that the target returns set for the System will be obtained.

(C) Investment Return - Total Fund. Recognizing that the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to:

(i) Achieve, over a period of years, the greatest rate of return for the System with due consideration being given to preserving capital and its purchasing power; and

(ii) Maintain an appropriate level of risk consistent with the obligations of a prudent investor; and

(4)(A) To ensure budget credibility.

(B) The goals are for:

(i) The total operating expenses, excluding investment expenses, of existing programs and services to be maintained or reduced in relation to the latest available actuarial experience study;

(ii) Investment-related expenses to be maintained or reduced in relation to investment assets after each asset category reaches its target allocation; and

(iii) Proposed programs or services to have a business plan that may include:

(a) A description of the need to be met;

(b) The method by which the need will be met;

(c) The method by which members will learn about the program or services;

(d) Staffing requirements;

(e) Other resources that are needed; and

(f) The method by which the programs or services will be evaluated.

### **III. Board of Trustees — Membership Objectives.**

The following are the membership objectives of the Board:

(1)(A) To promote contribution rates, benefits, and services comparable to other teacher retirement systems.

(B) The goals are for:

(i) Employer and employee contribution rates to be comparable to other teacher retirement systems;

(ii) Total benefits paid to be comparable to other teacher retirement systems;

(iii) Average regular benefits paid to be comparable to other teacher retirement systems;

(iv) Average disability benefits paid to be comparable to other teacher retirement systems;

(v) Average survivor benefits paid to be comparable to other teacher retirement systems;

(vi) Age and length of service requirements for unreduced retirement benefits to be comparable to other teacher retirement systems; and

(vii) Plan of payment options for regular benefits to be comparable to other teacher retirement systems;

(2)(A) To increase awareness of trust fund stewardship.

(B) The goals are for:

(i) Recent investment and actuarial reports to be provided on the ATRS website; and

(ii) A comprehensive annual financial report, or abstract thereof, to be provided to the Governor's office, Legislative Council, and, in accordance with Arkansas Code § 24-7-305, each covered employer of the System;

- (3)(A) To promote retirement education and communications.
  - (B) The goals are to:
    - (i) Increase awareness of ATRS and the benefits offered by the System by developing retirement education special programming for, and distributing the same to, new and non-vested members of the System;
    - (ii) Increase or maintain each fiscal year the number and percentage of members participating in retirement education events sponsored by the ATRS; and
    - (iii) Receive from members and covered employers of the System comments that evaluate communications as well-written, attractively formatted, and informative when the members and covered employers are the target of the communication distributed by ATRS;
- (4)(A) To improve the System's overall service level.
  - (B) The goal is for the System's overall service level to be at a level that promotes the satisfaction of members in a cost-effective manner.
  - (C) The System's overall service level shall include:
    - (i) The ability to pay regular and disability pensions;
    - (ii) The ability to provide pension inception;
    - (iii) The ability to provide pension estimates;
    - (iv) The provision of counseling concerning membership, retirement, and other benefits offered by the System;
    - (v) Appropriate levels of responsiveness to the telephone calls of members of the System;
    - (vi) The provision of written communications through group presentations, e-mail, the ATRS website, newsletters and other written materials when necessary and appropriate;
    - (vii) The provision of collections-related services, which shall include providing members with annual statements and providing reasonable assistance to covered employers;
    - (viii) The ability to terminate benefits and issue a refund of contributions and other amounts when necessary and appropriate;
    - (ix) Options for purchasing service credit; and
    - (x) Providing access to financial control and governance information, including access to annual reports concerning the System, as is necessary and appropriate.

#### **IV. Board of Trustees — Governance Objectives**

The following are the System governance objectives of the Board:

- (1)(A) To administer retirement laws in a timely, accurate, and consistent manner.
  - (B) The goals are for:
    - (i) The average turn-around time for processing retirement applications to improve or remain the same each fiscal year; and
    - (ii) Retirement benefits, survivor benefits, and any other benefit available under the System to be calculated accurately and consistently;
- (2)(A) To provide benefits and services to members in a cost-effective manner and at a level that promotes the satisfaction of members.

(B) The goal is for the satisfaction level of members regarding benefits and services to increase each fiscal year;

(3)(A) To improve the processes of the System when necessary and appropriate.

(B) The goals are for:

(i) Business critical processes to be identified, analyzed, and redesigned as needed; and

(ii) All other processes to be continually reevaluated;

(4)(A) To effectively manage new projects and initiatives.

(B) The goals are for:

(i) New projects and initiatives to be undertaken with a detailed plan, including projected completion dates and resource requirements, when necessary and appropriate; and

(ii) Periodic progress reports to be made to the Board on major projects or initiatives;

(5)(A) To promote effective communication.

(B) The goal is for communications with the Board, members, covered employers, and ATRS employees to be clear, concise, and timely; and

(6)(A) To promote knowledge-based decision-making.

(B) The goal is for management decisions to be based on facts and expert opinions.

## **V. Board of Trustees — Objectives for ATRS Staff — Recruitment, Retention, and Professional Development**

The following are the objectives of the Board with regard to the recruitment, retention, and professional development of ATRS staff:

(1)(A) To foster a positive, innovative work environment.

(B) The goal is for professional and support staff to foster a stable or more positive and innovative work environment each fiscal year;

(2)(A) To recruit and retain highly capable employees.

(B) The goals are for:

(i) The average experience or educational level of the professional and support staff to be maintained or increase each fiscal year;

(ii) Adjusted for current System requirements, the net turnover rate of professional and support staff to be maintained or decrease each fiscal year; and

(iii) To recruit and retain, as necessary and appropriate, employees who have experience or recognized job-specific or job-related credentials each fiscal year; and

(3)(A) To enhance training and professional development opportunities.

(B) The goal is for the average number of days spent in training and professional development by the professional and support staff to be maintained or increased each fiscal year as is necessary and appropriate.

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## **HISTORY**

Adopted: April 26, 2007 as Rule 2-1 through 2-4

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