

BOARD FINANCIAL OBJECTIVES

A.C.A. § 24-7-401

1. Sustain actuarial soundness. The goals are for:
 - A. The funded ratio to increase and the funding period to decrease unless knowingly modified by Board action or as a result of events over which the Board has no control.
 - B. The actuarial methodology and economic assumptions to be comparable to other teacher retirement systems.¹
2. Manage contributions effectively. The goals are for:
 - A. Employer contributions to be collected and invested in a timely manner.
 - B. Receivables of more than 30, 60, and 90 days to be reported to the Board.
3. Maximize investment returns within the bounds of prudence.
 - A. Asset Allocation

Investments shall be within the minimum and maximum ranges established by the Board and will approximate the targeted levels unless the Board is advised as to reasons for a deviation.
 - B. Investment Return

Total Fund—The overall goal is to achieve, over a period of years, the actuarial interest assumption rate with due consideration being given to preservation of capital and its purchasing power and to maintaining the element of risk at a prudent investor level.
4. Ensure budget credibility. The goals are for:
 - A. Total operating expenses (excluding investment expenses) of existing programs and services to be maintained or reduced in relation to the five-year rolling average of increases in members and inflation

¹ “Other teacher retirement systems” as used here includes those statewide retirement systems in the United States whose: (a) membership is predominately teachers, (b) members contribute to Social Security, (c) membership is within $\pm 50\%$ of ATRS, and (d) assets are within $\pm 50\%$ of ATRS.

- B. Investment related expenses to be maintained or reduced in relation to investment assets once each asset category reaches its target allocation.
- C. Proposed programs or services to have a “business plan” that includes:
 - i. A description of the need to be met.
 - ii. The method by which the need will be met.
 - iii. The method by which members will learn about the program or services.
 - iv. Staffing requirements.
 - v. Other resources that are needed.
 - vi. The method by which the programs or services will be evaluated.

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