

Executive Director Update

Public Retirement Committee's Regional Meeting at Rogers

September 23, 2011

This is a follow up to the executive director update on potential legislation that has been under discussion in the media and by some members of the General Assembly. The Public Retirement Committee had a regional meeting in Rogers on Tuesday and Wednesday. Many issues, including the four proposals that I highlighted in the September 1, 2011, executive director update, were thoroughly discussed at the public forum the Committee held in Rogers on Tuesday afternoon.

Based upon discussions with legislators at the meeting and information discussed at the meeting, some important points about the discussion are highlighted in this executive director update. Several important points are as follows:

1. The Co-chairs of the Public Retirement Committee, Senator Johnny Key and Representative Les Carnine, firmly and emphatically oppose any retirement legislation being presented in the fiscal session scheduled in early 2012. Both Co-chairs are highly respected members of the General Assembly and of their respective chambers at the General Assembly. Their firm opposition virtually assures that any proposals concerning the public retirement systems will not be considered by the Arkansas General Assembly until the next regular session in **January 2013**. It would take a two-thirds vote of both the House and Senate for any general legislation to be considered in the 2012 session. In addition to the Co-chairs' firm opposition, the Co-chairs asked the Committee and other legislators in attendance and received the same response of their opposition to the fiscal session including any proposals concerning retirement issues.
2. The Public Retirement Committee continues to work closely with ATRS and the other public retirement systems to maintain the strength of the retirement systems and to address each retirement system's special membership group. At ATRS, the long-term policy focus has been to establish a plan that **recruits** the best educators and support staff to the public schools in Arkansas, provides incentives to **retain** those quality educators and support staff for a career in public education in Arkansas, and, finally, **rewards** career educators and support staff with a quality retirement benefit that allows career educators and support staff to have a good quality of life in retirement. ATRS calls these highlighted words the "**Three R's**" of ATRS. The Public Retirement Committee, through its discussion, reaffirmed the Committee's commitment to the "Three R's of ATRS".
3. ATRS members, speaking at the regional meeting in Rogers, generally supported maintaining the 3% simple ATRS COLA, supported maintaining privacy of individualized benefit information, supported maintaining the T-DROP program as a plan to assist in retaining quality educators and

support staff in the Arkansas public schools, and supported allowing working retirees to continue assisting in the public schools during retirement.

4. Members of the General Assembly appreciate member contact and are interested in the input from educators and support staff on important retirement issues. Legislators have told ATRS staff that ATRS members are contacting them and providing input about ATRS and positions on retirement benefits. The reason ATRS sent an executive director update on the four issues on September 1st was to ensure that the General Assembly had input from ATRS members on key issues early in the process as the Public Retirement Committee held regional meetings around the state. ATRS wanted members to have input early in the process instead of after issues had already been developed into draft legislation.
5. The Public Retirement Committee was pleased that a large group of citizens and members of retirement systems attended the regional meeting in Rogers this week. Several commented that the regional meeting had great presentations and great public comments. The Committee also expressed the hope that the upcoming regional meetings would have the same high quality attendance and participation. ATRS will continue to attend and present at these regional meetings of the Public Retirement Committee. The Public Retirement Committee encourages your attendance to present your views and ask questions at these regional meetings.

The Public Retirement Committee worked closely with ATRS in the 2011 session to pass the entire cost-cutting package of the ATRS Board of Trustees. ATRS appreciates the cooperation of the Retirement Committee Co-chairs and members in assisting ATRS as it streamlines operations and eliminates loopholes that have not benefited the membership as a whole.

6. The four issues that ATRS outlined in the September 1, 2011, executive director update remain active issues. The timeframe where potential legislation on these issues should not occur before January 2013. Although that may seem a long time away, input on issues is important at the early development stages. The Public Retirement Committee again encourages your attendance and participation at regional meetings. Member of the General Assembly always appreciate input from constituents on matter of constituent concern.
7. Attached to this written summary are some maps and statistical information about ATRS that was presented at the Rogers meeting. ATRS staff though you might find this information of benefit.
8. The next regional meeting of Public Retirement Committee will be held October 17 and 18 at DeGray Lodge on Lake DeGray. Representative Johnnie Roebuck will be one of the hosts for the Public Retirement Committee at this regional meeting. In a good discussion with Representative Roebuck at Rogers, she hoped that the regional meeting at DeGray Lodge is as well attended as the meeting at Rogers. After the regional meeting at DeGray Lodge, ATRS will follow up with another executive director update similar to the update you are receiving today with any additional information. If you are at the DeGray regional meeting, ATRS staff looks forward to seeing you there!

Working Retirees (fiscal year 2011 as of 09/19/2011)

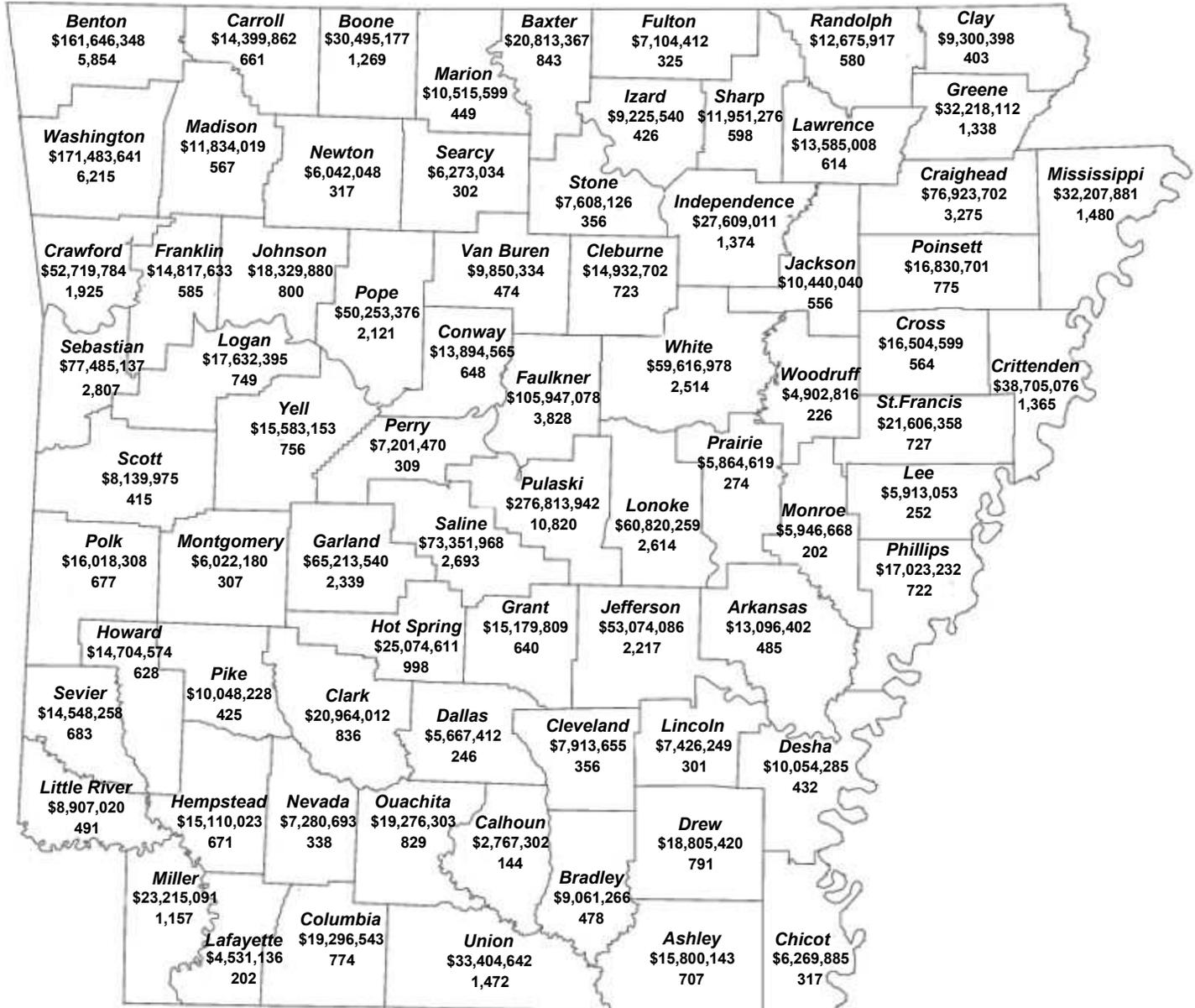


CURRENT TOTALS FOR FISCAL YEAR 2011:

- # - Working Retirees: 4,106 total (58 outside Arkansas)
- \$ (s) - Salary of Working Retirees: \$89,505,402 total (\$1,478,410 outside Arkansas)
- \$ (b) - Benefits of Working Retirees: \$84,147,857 total (\$1,036,631 outside Arkansas)

Active Members

(current as of 09/19/2011)

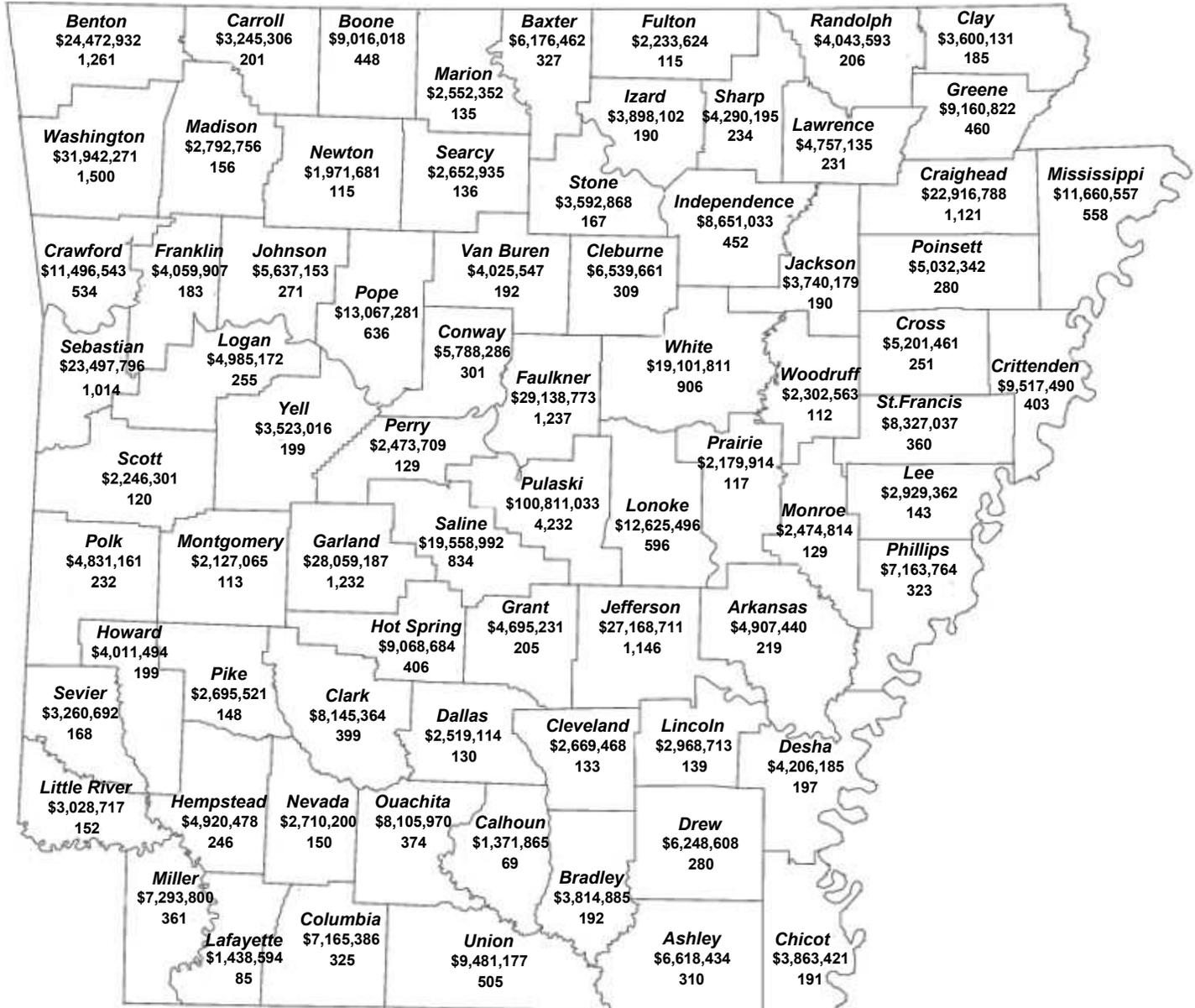


CURRENT TOTALS AS OF 09/19/2011:

- Active Members: 89,624 total (1,993 outside Arkansas)

\$ - Salary of Active Members: \$2,215,770,411 total (\$51,999,066 outside Arkansas)

Retired Members (current as of 09/19/2011)



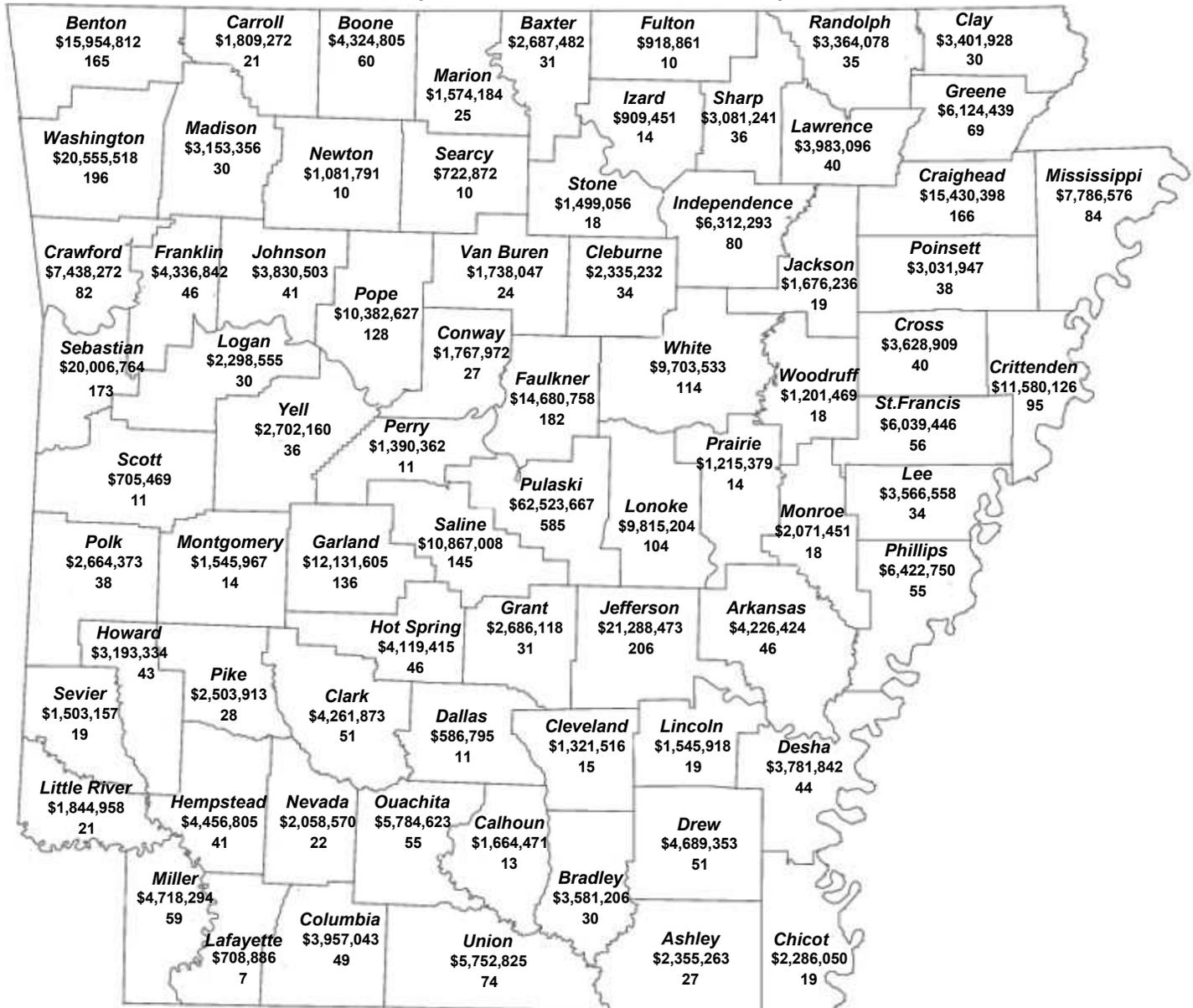
CURRENT BENEFITS AS OF 09/19/2011:

- Recipients: 33,782 total (3,022 outside Arkansas) (includes Retirees, Surviving Spouses and Children)
\$ - Expected Regular Benefits for Retired Members/Recipients in 2011-2012: \$710,951,176 total

SPECIAL BENEFITS FOR FISCAL YEAR 2010-2011:

Residue Refunds Paid: \$7,310,218
Lump Sum Death Benefits Paid: \$6,420,827
T-Drop Lump Sum Paid: \$58,352,396

T-DROP Members (current as of 09/19/2011)



CURRENT TOTALS AS OF 09/19/2011:

- T-DROP Members: 4,563 total (58 outside Arkansas)

\$ - Accumulated Deposits to T-DROP Members: \$428,177,270 total (\$5,325,443 outside Arkansas)



FY 2011 OVERVIEW

<u>MEMBER DATA</u>	<u>06/30/2011</u>	<u>Current</u>
Active	86,899	89,624
Salary of Active Members for FY 2011	\$ 2,238,025,179	2,215,770,411
 Retired	 32,096	 33,782
Monthly Benefit to Retired Members	\$ 54,649,204	59,245,931
Annual Benefit to Retired Members	\$ 655,790,448	(est) 710,951,176
 T-DROP	 4,310	 4,563
Retired from T-DROP as of 07/01/11	584	n/a
Accumulated Deposits to T-DROP Members	468,753,914	*n/m
 Working Retirees	 4,106	 n/m
Annual Employer 14% Contribution		
Received on behalf of Working Retirees (<i>approximately</i>)	\$ 12,530,000	n/m

*not measurable

WORKING RETIREES	Separation Days	Percent	FY 2010-2011
Number of Retirees who were at least age 65 on retirement date	0	36.0	1,475
Number of Retirees who retired prior to July 1, 2001, age not 65	1	8.5	350
Number of Retirees who retired between July 1, 2001 and July 1, 2009, age not 65	30	49.5	2,036
Number of Retirees who retired August 1, 2009 or later, age not 65, at least 38 years of service	30	1.5	62
Number of Retirees who retired August 1, 2009 or later, age not 65, less than 38 years of service	180	4.5	183
Total Count			4,106
Total Salaries for 2010-2011 Fiscal Year			\$ 89,444,867.05



FY 2011 OVERVIEW

<u>*NET ASSET VALUE</u> <i>(as of June 30, 2011)</i>	\$
Domestic Equity	2,896,693,500
Global Equity	3,417,114,500
Fixed Income	2,443,794,800
Private Equity	862,656,200
Real Estate	870,057,400
Activist Managers	370,154,100
Timber/Alternatives	516,421,600
Liquidity/Cash/Transition	330,703,700
TOTAL ATRS VALUE	
	\$ 11,707,595,800

**Unaudited and subject to final revisions*

ACTUARY UPDATE

ATRS just completed an experience study that indicates the average retiree is living longer. The ATRS Board may adjust economic assumptions at its October meeting. The adjustment should have little impact on the actuarial status of ATRS once it is fully implemented.

Funded level: 74%