

**MINUTES OF THE
QUASI-GOVERNMENTAL ENTITIES COMMITTEE
RETIREMENT SYSTEMS WORKSHOP**

Monday, August 27, 2001 – 9:00 a.m. – Room 129 State Capitol

Members Present:

Sen. Beverly Evans, Senate Chair
Rep. Ron Bigelow, House Chair
Sen. Ron Allen
Sen. Paula F. Julander
Sen. John L. Valentine
Rep. Eli H. Anderson
Rep. Trisha Beck
Rep. Judy Ann Buffmire
Rep. Don E. Bush
Rep. A. Lamont Tyler
Rep. David Ure
Rep. Glenn L. Way

Members Absent:

President Al Mansell
Rep. Kevin S. Garn

Staff Present:

Mr. Benjamin N. Christensen, Research Analyst
Mr. Dee S Larsen, Associate General Counsel
Ms. Junie G. Anderson, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or contact the Office of Legislative Research and General Counsel.

1. Call to Order

Chair Bigelow called the meeting to order at 9:26 a.m. This is the first meeting of a two-day Retirement Systems workshop.

MOTION: Rep. Buffmire moved to approve the minutes of the May 1, 2001 minutes with an amendment to show that Rep. Way was absent for the meeting, and the June 26, 2001 meeting as written. The motion passed unanimously with Rep. Tyler and Rep. Ure absent for the vote.

2. Utah State Retirement Systems - History, Overview, and Defined Benefit Comparison

Mr. Dee Larsen, ORLGC (Office of Legislative Research and General Counsel), gave a slide presentation "Utah State Retirement Systems Overview - Part I: History and Composition" and distributed copies of the presentation. He explained the historical overview of the retirement systems by decade from the 1910s through the 2000s. He also briefed the committee on the legal status of the Utah State Retirement Systems in accordance with the Independent Entities Act.

Mr. Ben Christensen, OLRGC, gave a slide presentation "Utah State Retirement Systems Overview - Part II: Defined Benefit Comparison" and distributed copies of the presentation. He also distributed a handout "Utah Retirement Defined Benefit Summary – System Comparison" and explained the benefit comparisons within the various retirement systems.

Mr. Kevin Howard, Utah State Retirement Systems, explained that the State is one of the employers within the retirement system and is only responsible for the State's portion of the system's liability.

3. Retirement System Administration

Mr. Robert V. Newman, Executive Director, Utah State Retirement Systems, explained how the retirement systems—the Retirement Office and the Public Employees Health Plan—are managed. He discussed the responsibilities of each part of the system, how the funds and assets in the systems are protected, and how the administrative costs are funded. He said that the Legislature does not appropriate any funds for its operation.

4. Retirement Fund Investment Philosophy, Asset Allocation, and Performance

Mr. Richard Cherry, Chief Investment Officer, Utah State Retirement Office, explained the investment process of the retirement systems and gave a slide presentation "Utah Retirement Systems Asset Allocation & Liability Study" and distributed copies of the presentation. He also defined correlation and what it means to asset allocation.

Chair Evans took control of the chair when Rep. Bigelow left for another meeting.

5. Actuarial Overview and Function - Utah State Retirement Systems

Mr. Michael Carter, FSA, Actuary, Watson Wyatt Worldwide, gave a slide presentation "Retirement Systems Workshop Quasi-governmental Entities Committee, Utah Retirement System - Overview and Function" and distributed copies. He discussed the pension plan, the actuarial calculations, the valuation process, and how to make actuarial issues more understandable.

MOTION: Rep. Buffmire moved that the Utah State Retirement Office include the items listed in Mr. Carter's presentation on the page titled "Making Actuarial Issues More Understandable" in an annual report during the appropriations meetings. These include:

- A. How does funded ratio change? (Increasing or decreasing from year to year?)
- B. In unfunded liability growing or declining as percent of payroll? (Dollar growth may be because of membership growth.)
- C. Look at pattern of actuarial gains and losses. (Can changes in unfunded liability be explained by benefit enhancements or assumption changes?)

She also asked that the Retirement Office include the last five years of data on each item. The motion passed unanimously with Rep. Tyler and Rep. Way absent for the vote.

6. Defined Contribution Plans

Mr. Craig Stone, Defined Contribution Director, Utah State Retirement Systems, gave a slide presentation "Defined Benefit Plan - Defined Contribution Plan." He distributed several handouts "401(k) & 457 Plans," "Small Cap Stock Fund—Period Ended June 30, 2001," "401(k) & 457 Investment Options," "Retirement Education: A Sought After Benefit," "Investment Contract," "Change Form for Nonretired Members," "Plan Comparison Summary," "Approximate Cost for a Future Service Purchase," "Basic Investing

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Principles," and "Savings Workbook." He explained the 401(k) and 457 plans offered by the Utah State Retirement Systems.

Rep. Buffmire expressed gratitude for the Retirement staff for their informative presentations.

7. Other Committee Business

None

8. Adjournment

MOTION: Sen. Julander moved to adjourn the meeting. The motion passed unanimously with Sen. Allen, Rep. Tyler, and Rep. Way absent for the vote. Chair Bigelow adjourned the meeting at 3:40 p.m.

