



NCTR Annual Convention

October 12, 2011

8:30 – Group Exercise



Table of Contents

Page 3 – Introduction

Page 4 – Key Findings

Page 5 – Demographic questions

Page 13 – 8:30 Group Exercise questions

Page 41 – 10:15 Group Exercise questions

Page 61 – About Cobalt



Introduction

Baltimore, Maryland: On October 12th, the National Council on Teacher Retirement sponsored two audience response sessions provided by the nonprofit Cobalt Community Research. Conference participants were asked to answer questions anonymously using the audience response system, Turning Point.

More than 90 individuals participated in the sessions, representing retirement funds from across the United States. Because attendance does not statistically represent the full NCTR membership, the results cannot be scientifically generalized to the full membership.

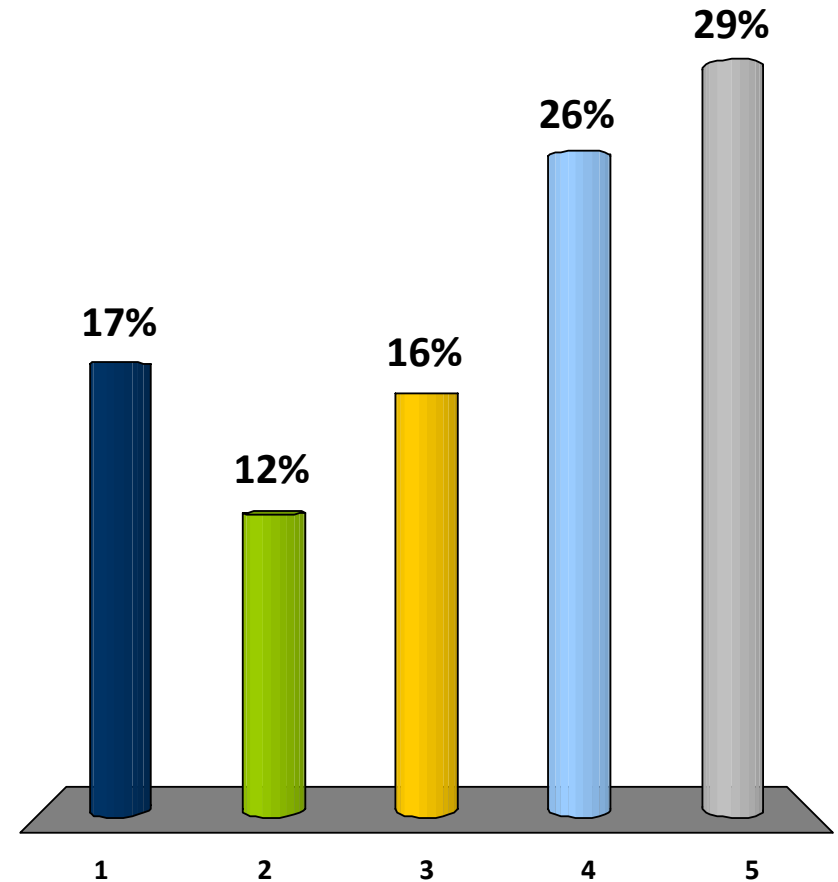
Key Findings

- 55% of funds do not actively engage in Corporate Governance
- Almost 70% of funds who are adjusting their asset allocations plan to increase their exposure of private equity, hedge funds, real estate, other alternative investments
- Only 26% of funds have lowered their actuarial assumed rate of return
- 91% of funds can directly interact with their legislative body regarding plan modifications
- More than half of respondents (52%) are unaware of the proposed Normal Retirement Age regulations set to apply in 2013
- More than half of respondents (54%) would be interested in attending an evening Webinar provided by NCTR



How many NCTR Annual Conventions have you attended?

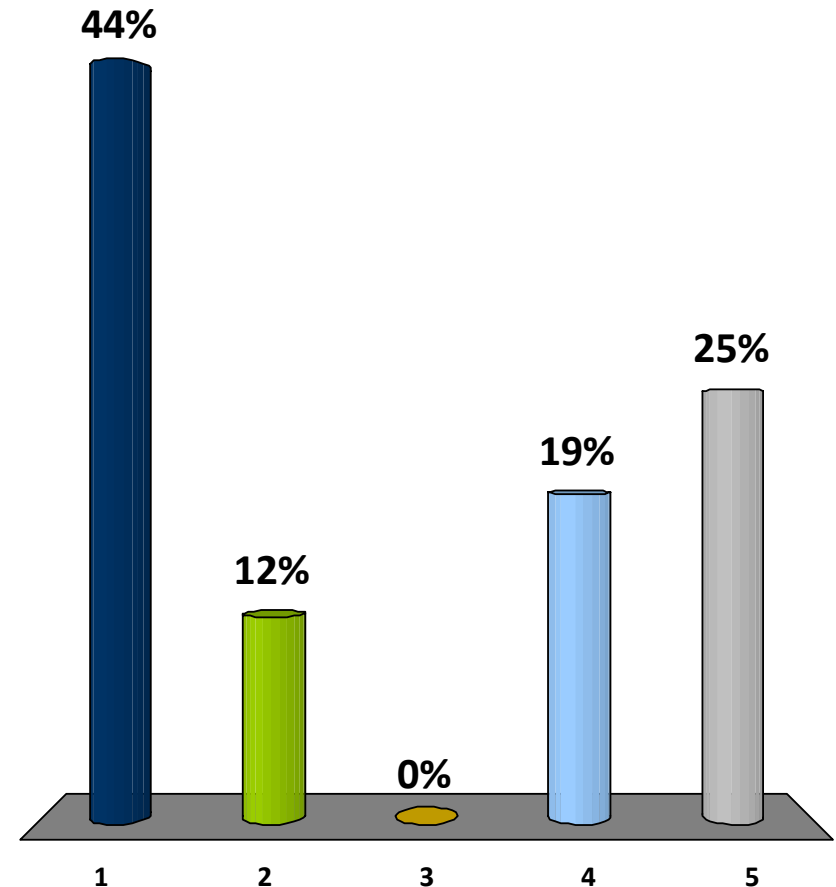
1. This is the first
2. 2 to 3
3. 4 to 5
4. 6 to 10
5. Over 10





What best describes your role in your fund?

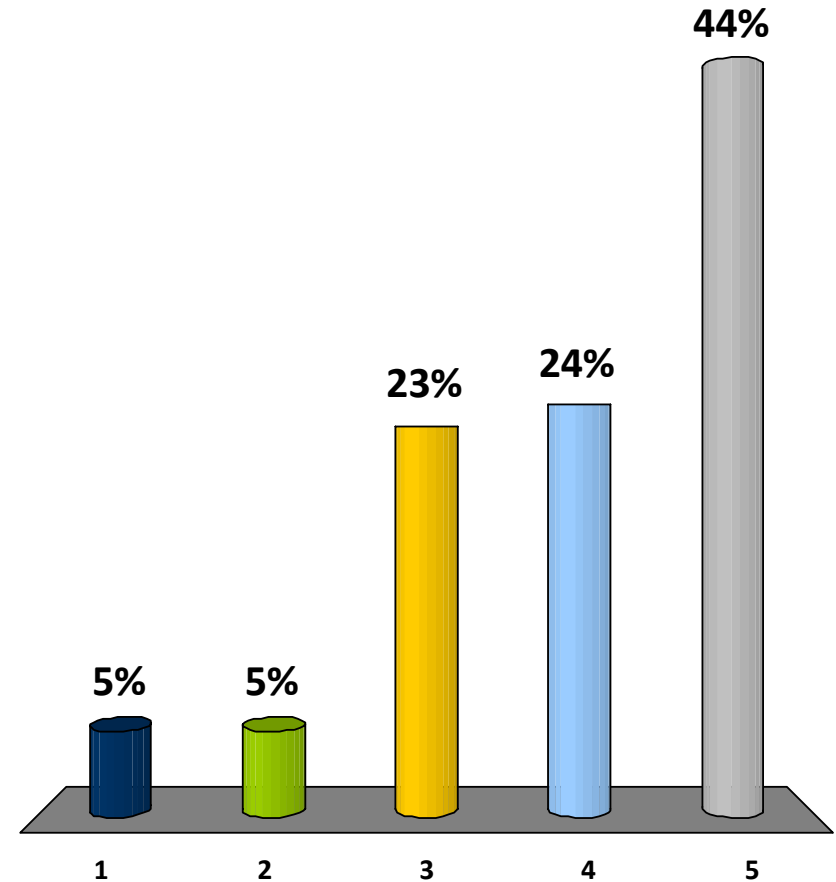
1. Elected Board Trustee
2. Appointed Board Trustee
3. Ex-Officio Trustee
4. System Director
5. Other





How long have you been in this position?

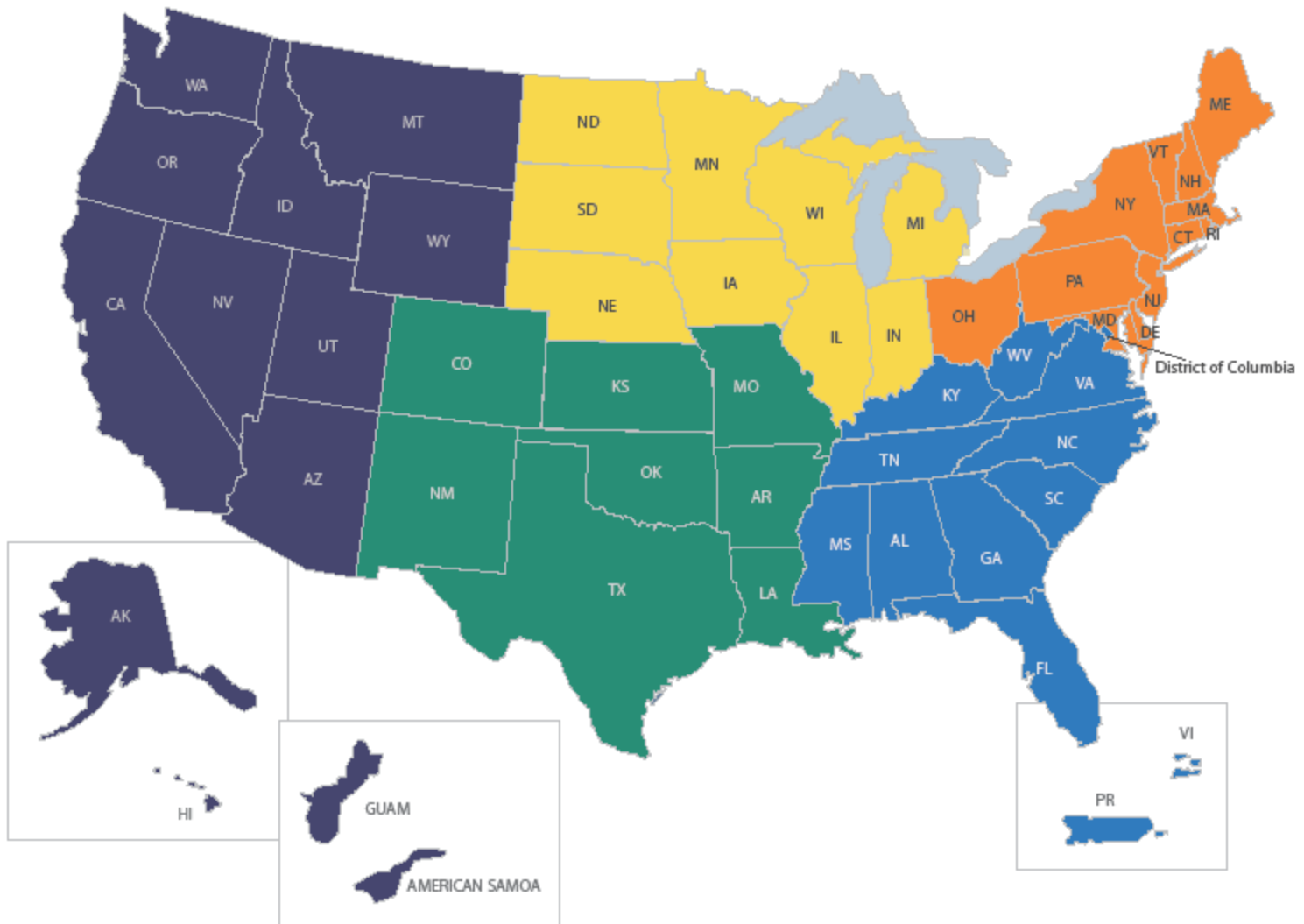
1. 1 year or less
2. 1 to 2 years
3. 3 to 5 years
4. 6 to 10 years
5. Over 10 years





In which Region is your fund located?

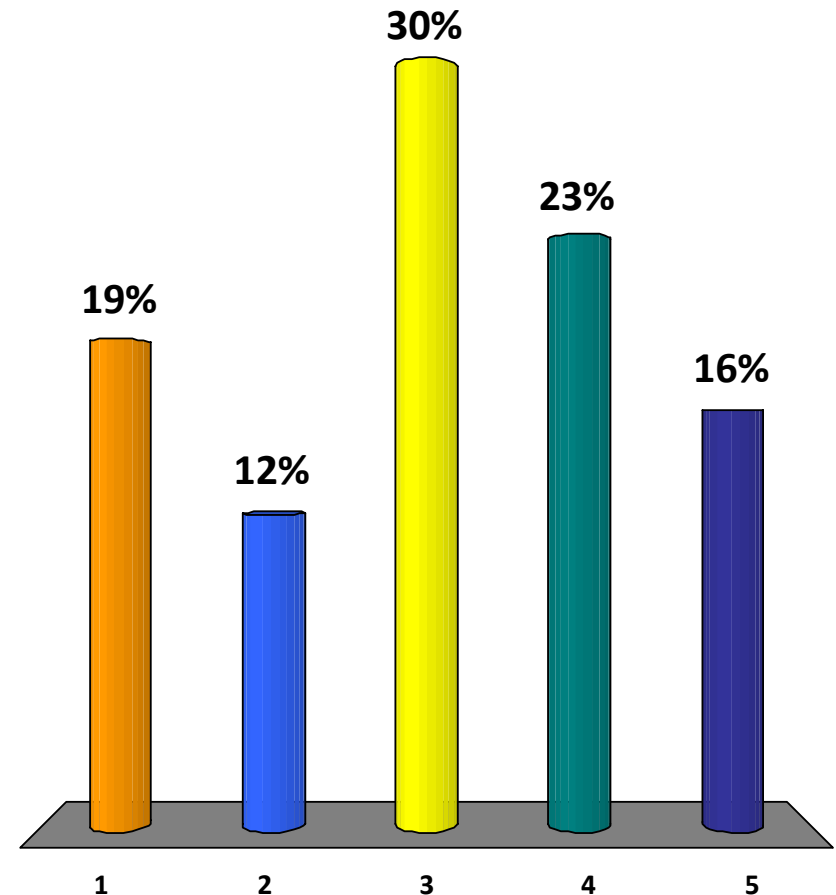
REGION 1 REGION 2 REGION 3 REGION 4 REGION 5





In which Region is your fund located?

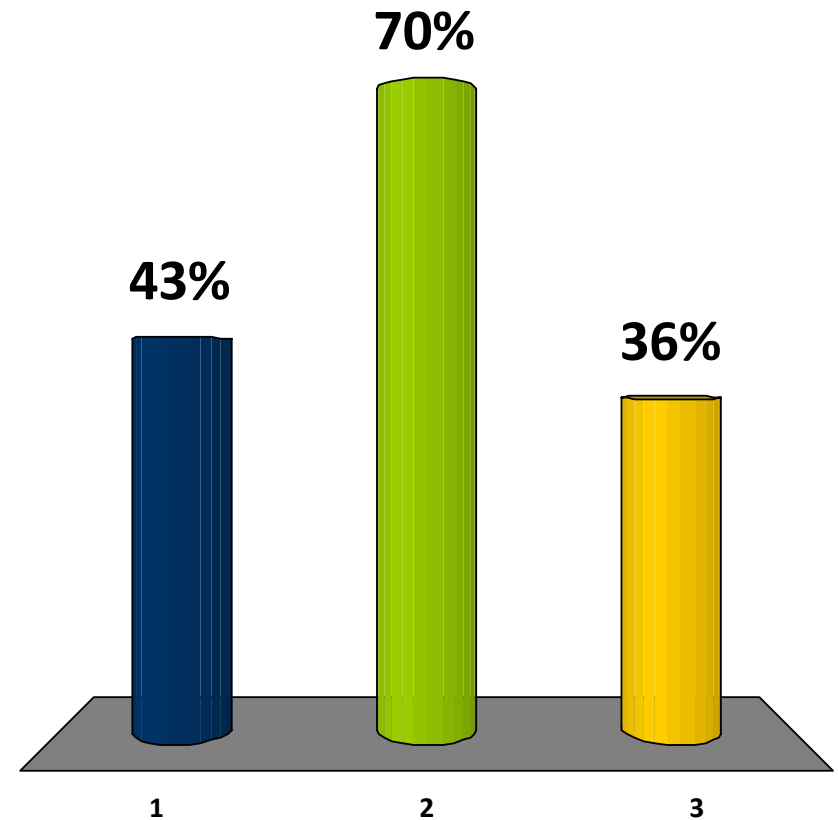
1. Region 1 (Northeast)
2. Region 2 (Southeast)
3. Region 3 (Midwest)
4. Region 4 (Southwest)
5. Region 5 (West)





What type of jurisdiction does your fund serve? Mark all that apply.

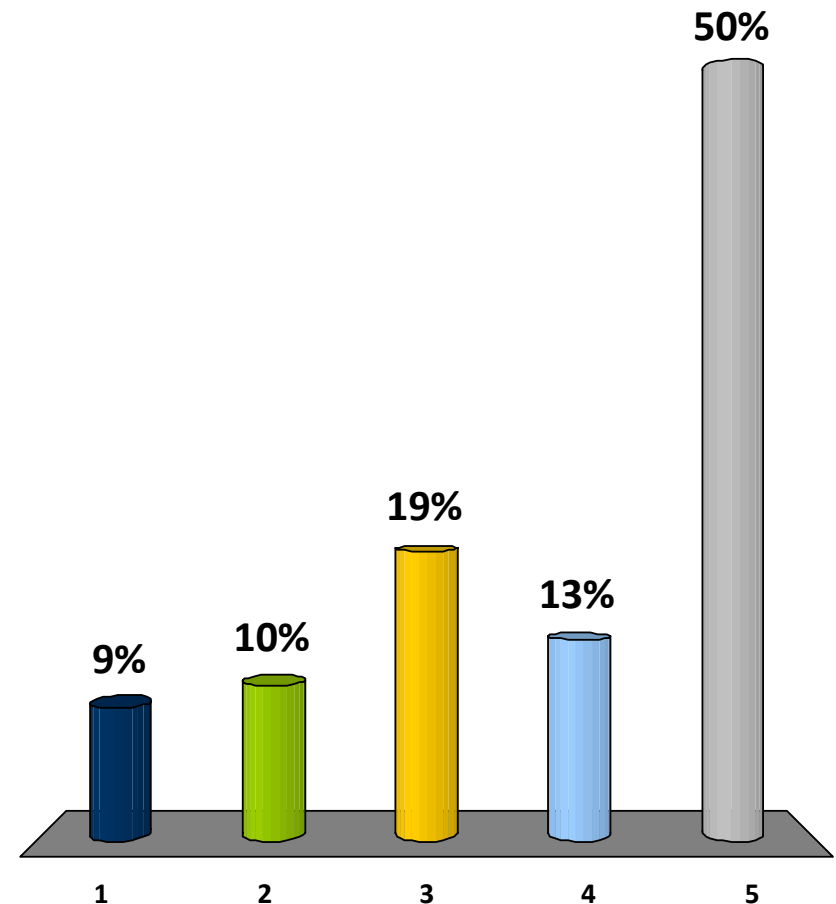
1. State
2. City/K-12 Schools
3. Other





What is the population of your fund's active/retired membership?

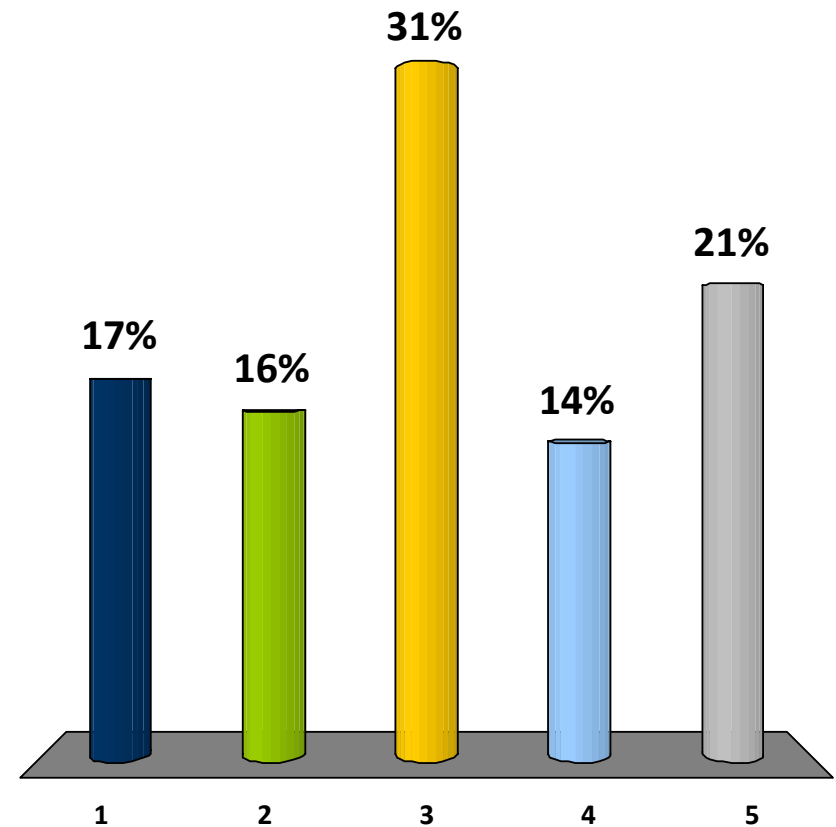
1. 50 – 5,000
2. 5,001 – 10,000
3. 10,001 – 50,000
4. 50,001 – 100,000
5. Over 100,000





What is the size of your fund's portfolio?

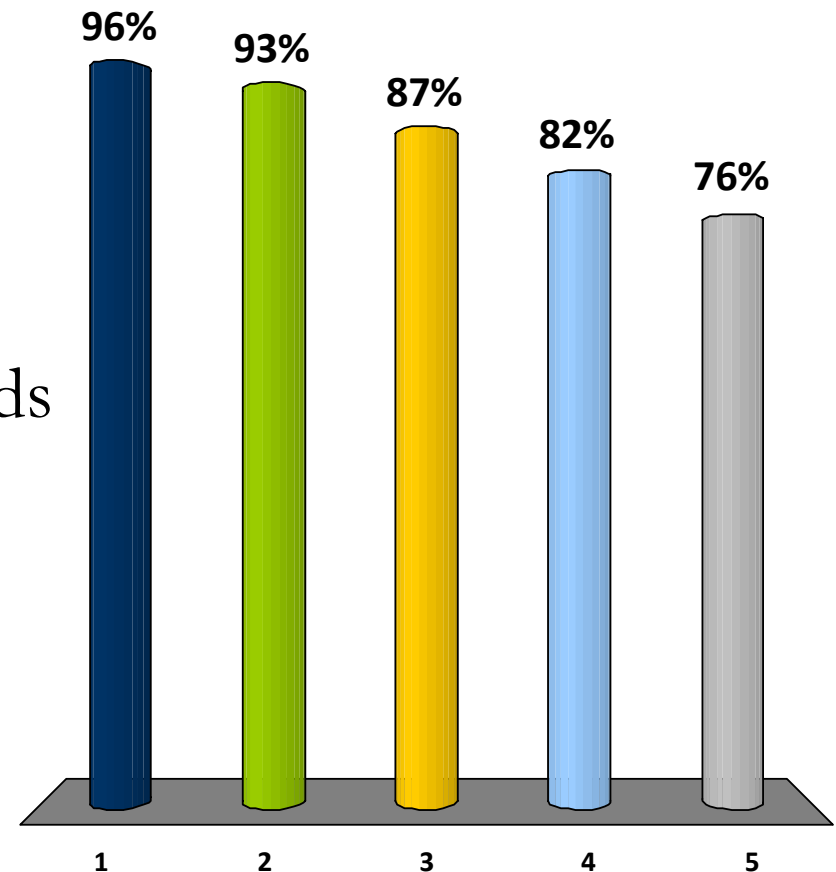
1. Less than \$1 billion
2. \$1 to \$5.9 billion
3. \$6 to \$20.9 billion
4. \$21 to \$50.9 billion
5. Over \$50 billion





Does your fund have investments in the following categories? Mark all that apply.

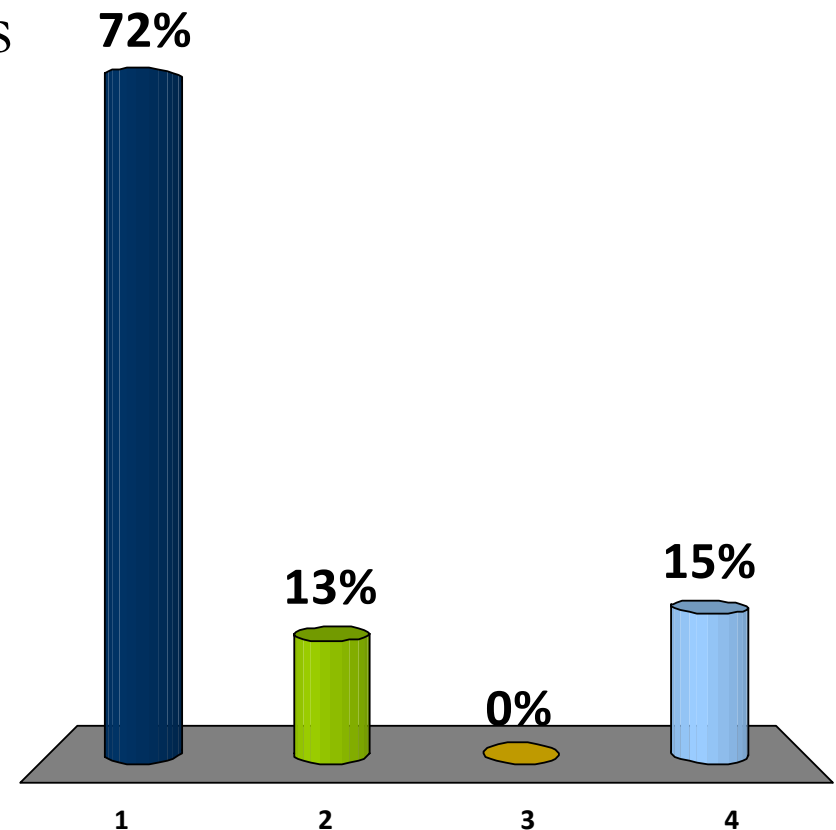
1. Stocks
2. Bonds
3. Real Estate
4. Alternative/hedge funds
5. Other private equity





Who makes investment decisions for your fund?

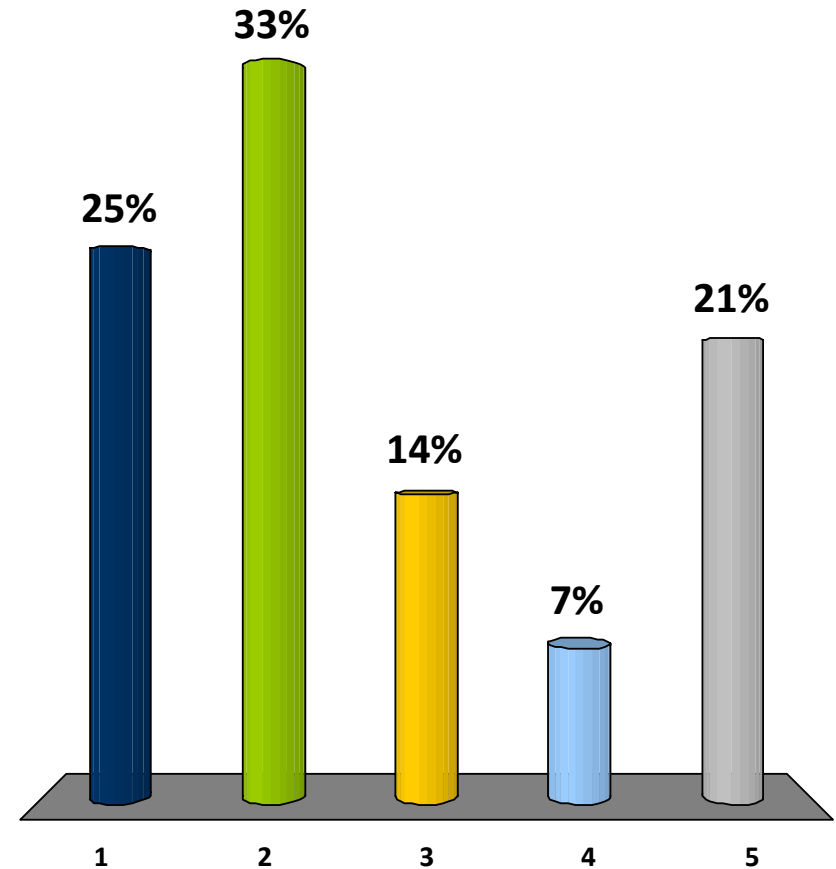
1. Pension Fund Trustees
2. External Investment Board
3. Sole Trustee (e.g. Treasurer)
4. Other





How many full time investment staff does your fund have?

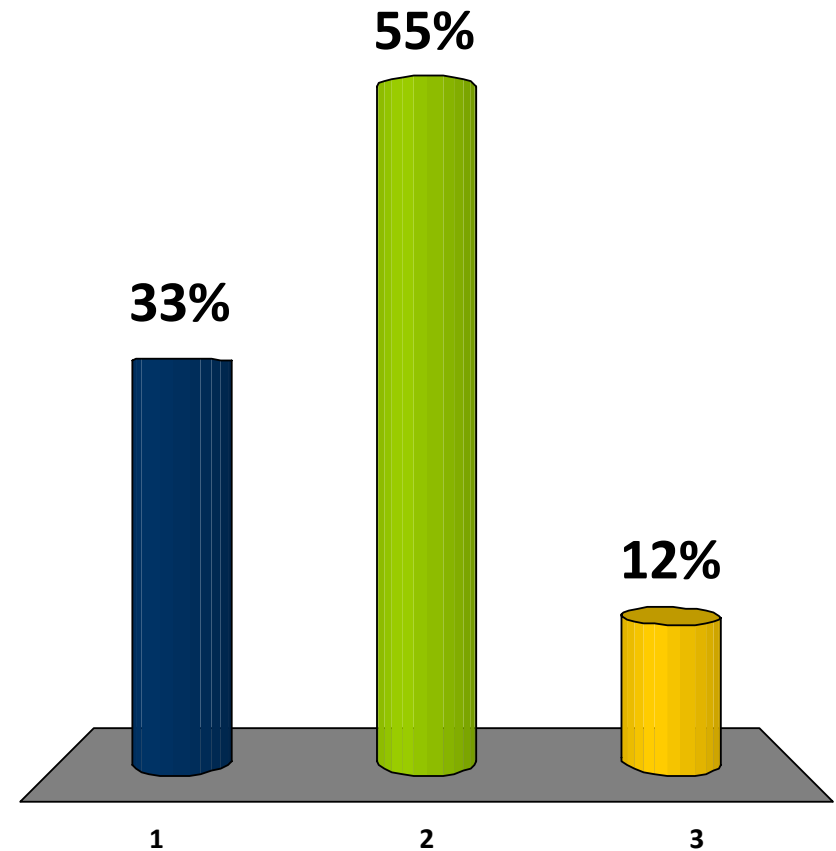
1. None
2. 1 to 5
3. 6 to 20
4. 21 to 50
5. Over 50





Does your fund engage directly in Corporate Governance?

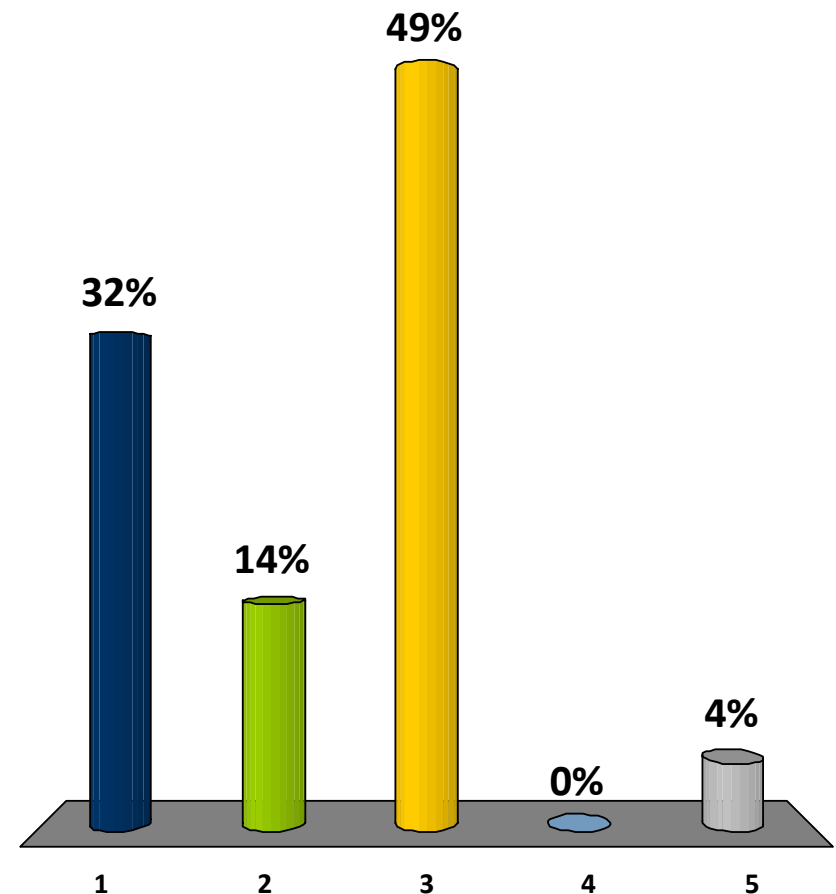
1. Yes
2. No
3. Not sure





How often does your fund adjust asset allocation targets?

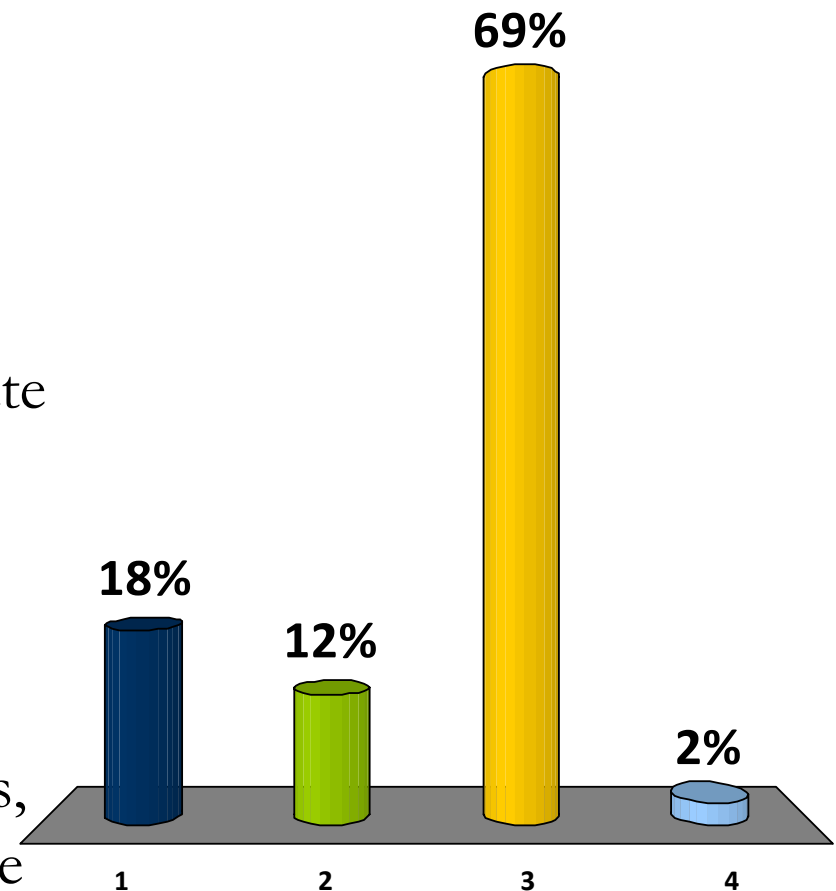
1. Annually
2. Every 2 years
3. Every 3 to 5 years
4. Never
5. Not sure





If you are expecting to adjust asset allocation targets in the near future, do you expect your fund to:

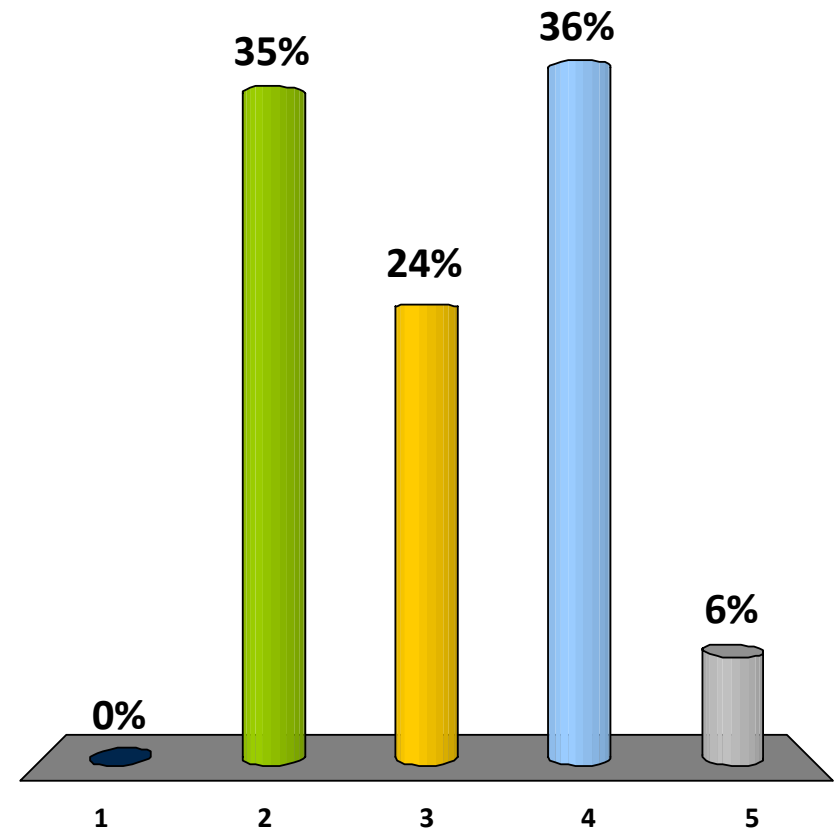
1. Increase equity exposure (domestic/international)
2. Decrease equity exposure (domestic/international)
3. Increase exposure of private equity, hedge funds, real estate, other alternative investments
4. Decrease exposure of private equity, hedge funds, real estate, other alternative investments





What should the expected long-term (10 year) average annual return for public fund fixed income investments be?

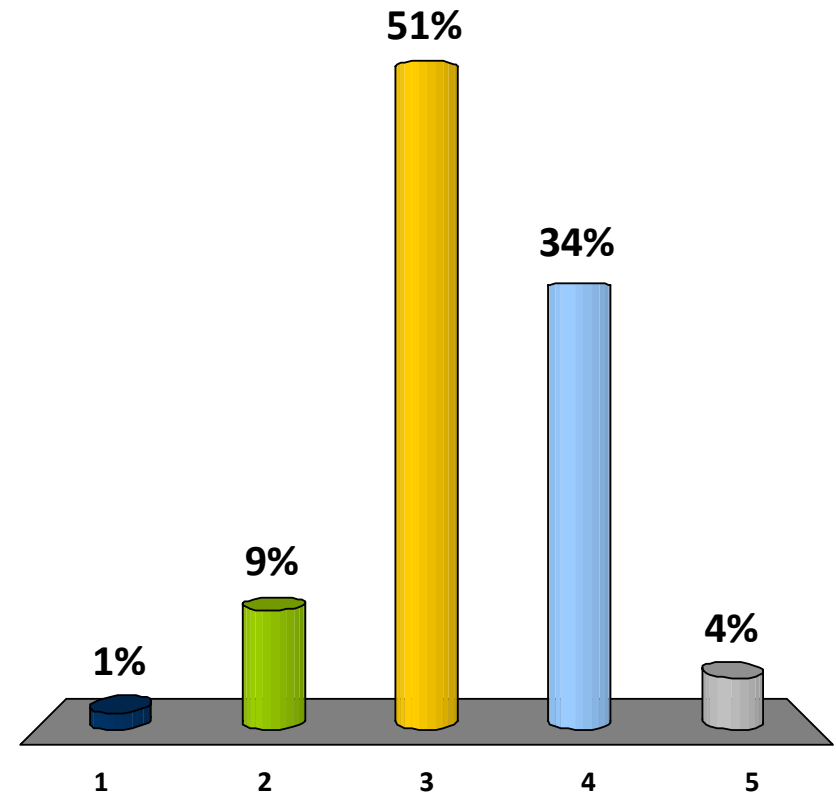
1. 2%
2. 4%
3. 6%
4. 8%
5. Not sure





What should the expected long-term (10 year) average annual return for public fund equity investments be?

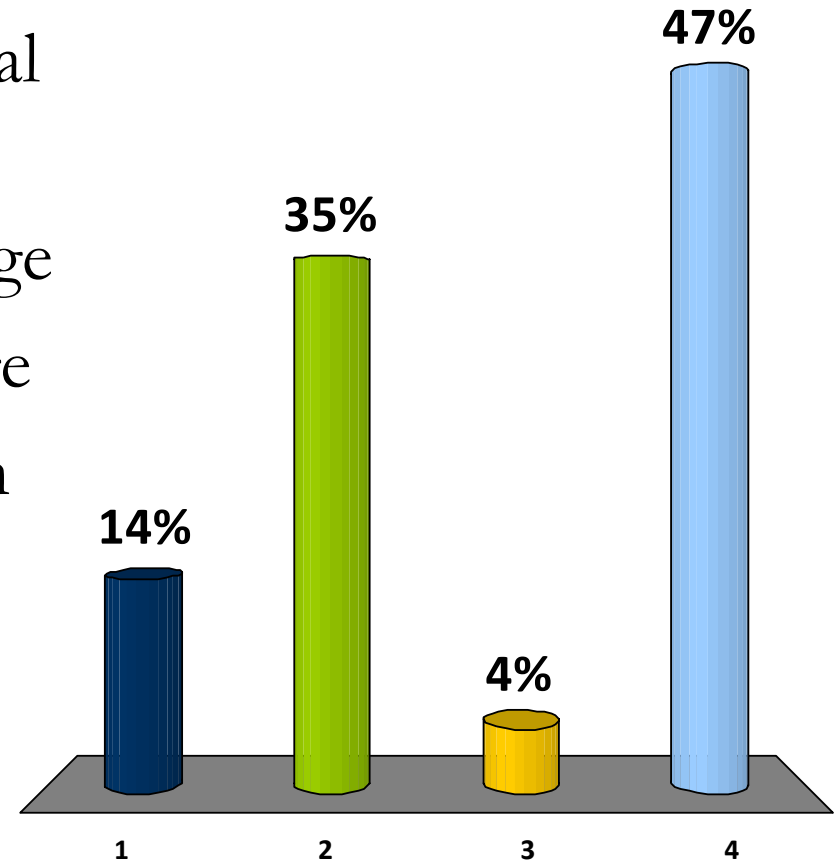
1. 4%
2. 6%
3. 8%
4. 10% or more
5. Not sure





What will be the risk trend of public equity portfolios over the next 10 years?

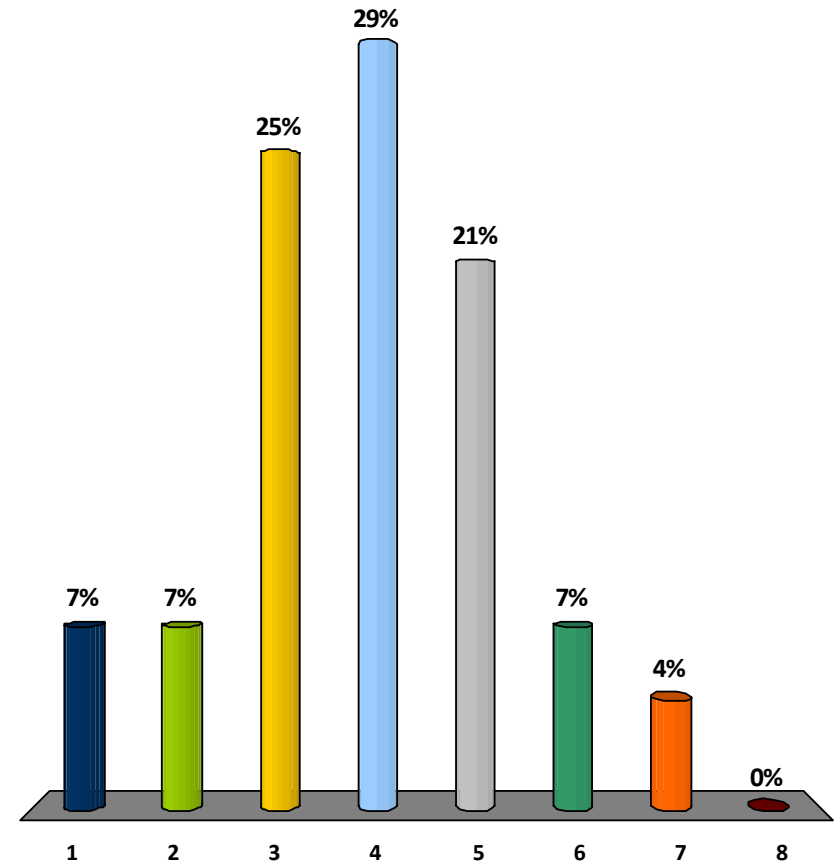
1. Risk similar to historical average
2. Risk higher than average
3. Risk lower than average
4. Risk cyclical but within historic averages





It is stated that the average public pension fund is funded between 76% - 80%. At what level is your fund presently funded?

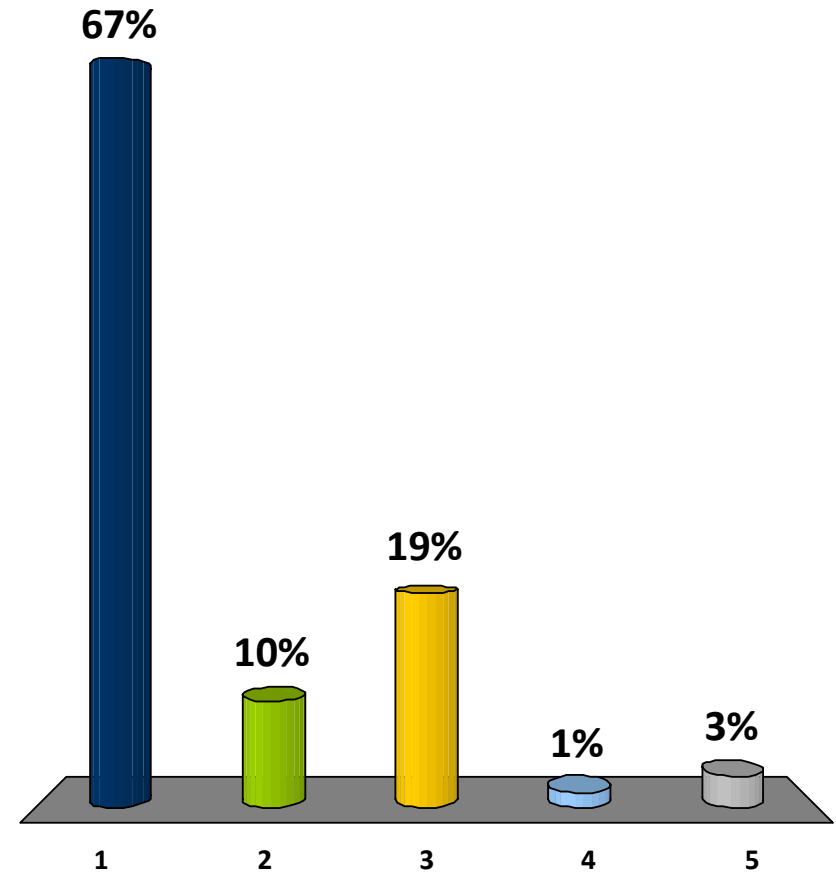
1. 0 – 50%
2. 51 – 60%
3. 61 – 70%
4. 71 – 80%
5. 81 – 90%
6. 91 – 100%
7. Over 100%
8. Not sure





How often does your plan do a full actuarial evaluation?

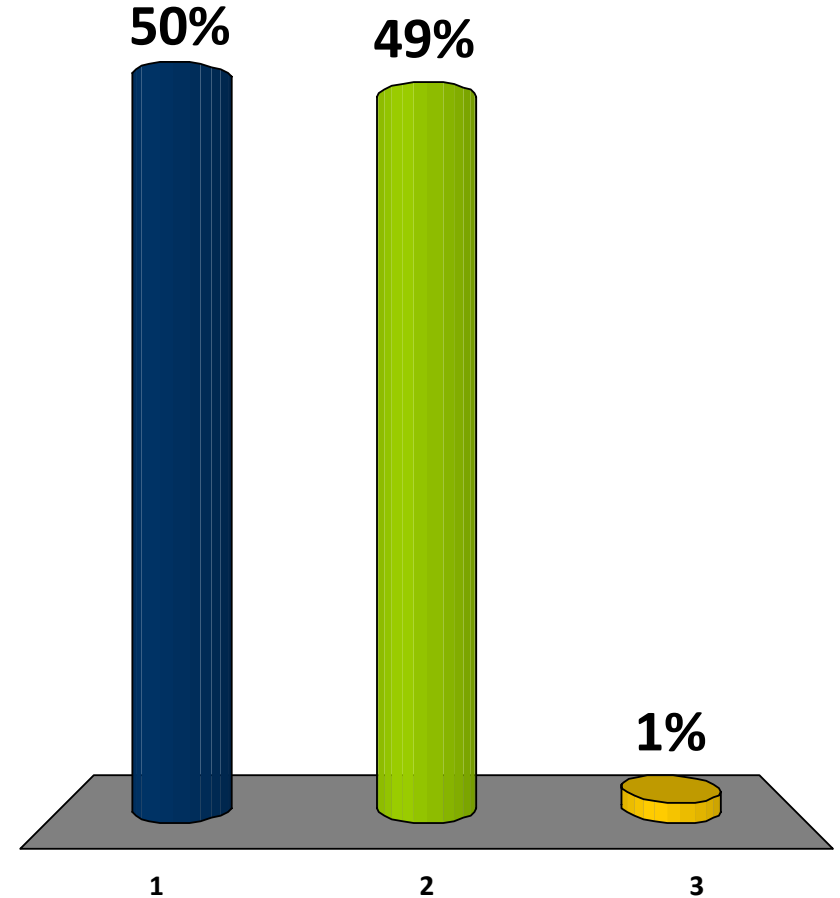
1. Annually
2. Every 2 years
3. Every 3 to 5 years
4. Over 5 years
5. Not sure





Has your plan been fully funded by the responsible entity each year for the past 10 years?

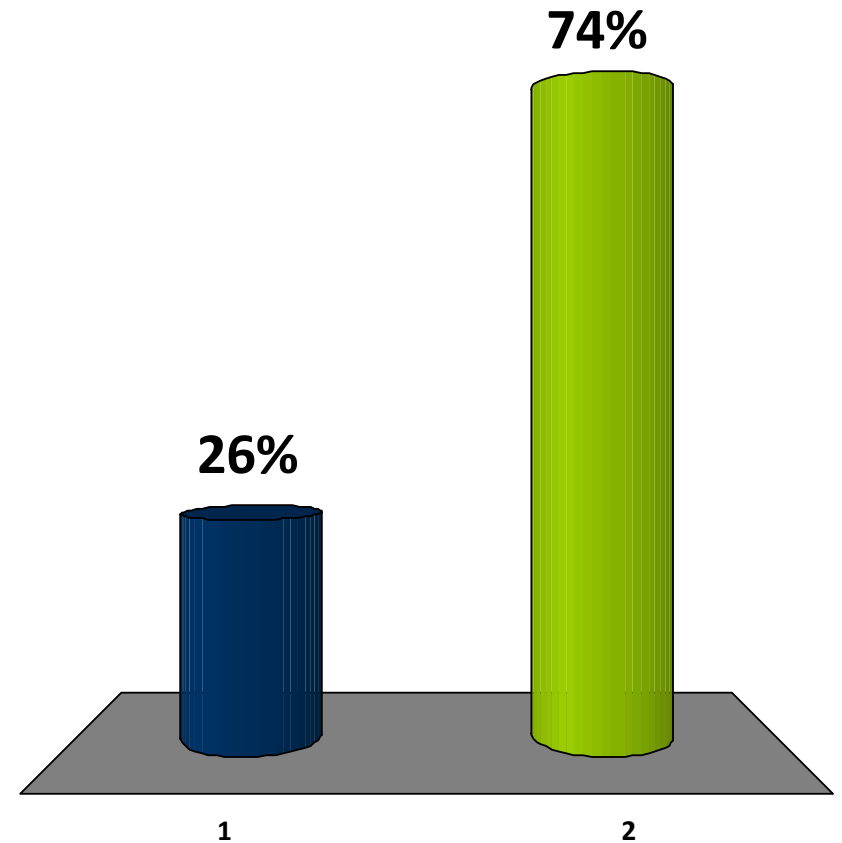
1. Yes
2. No
3. Not sure





In responding to the present economic, political, and social landscapes, many states, counties, and plans have been very active in examining and making plan changes. Has your fund lowered your actuarial assumed rate of return?

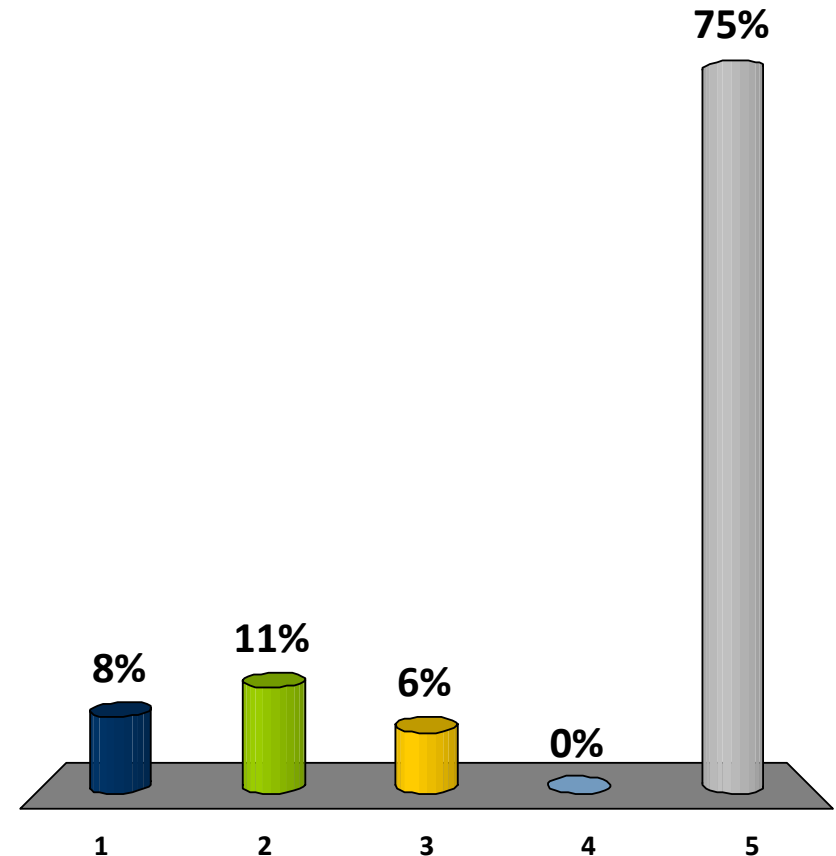
1. Yes
2. No





If your fund has lowered your actuarial assumed rate of return, was it by:

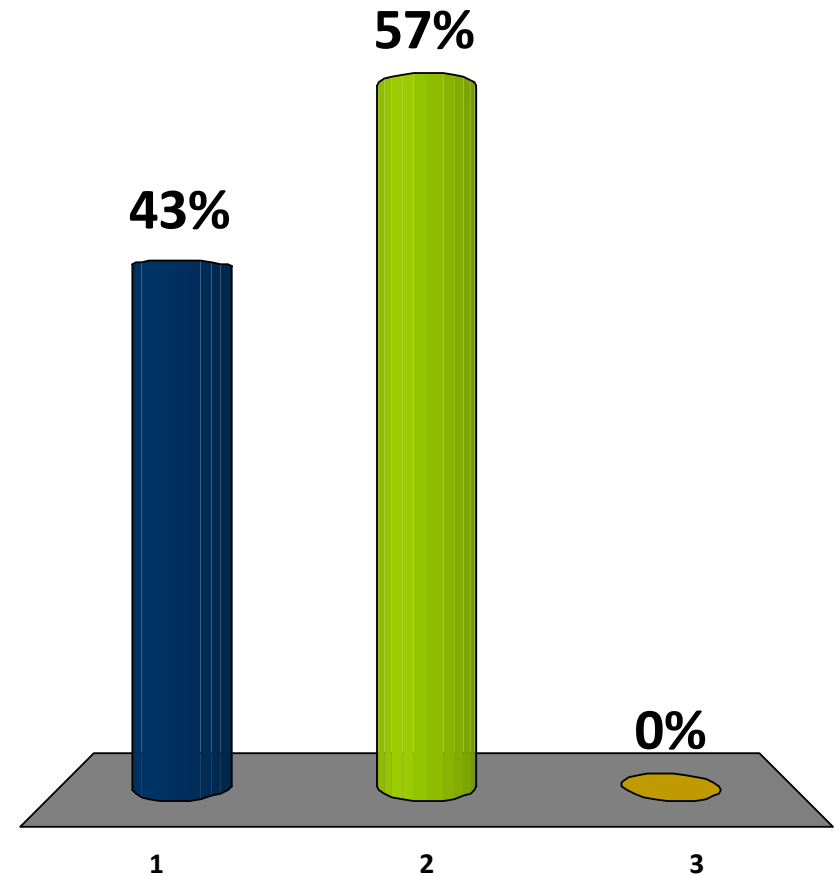
1. .25% or less
2. .26% - .50%
3. .51% - 1.00%
4. More
5. Have not lowered rate





Has your plan raised the benefit age and/or service requirements for vesting or retirement?

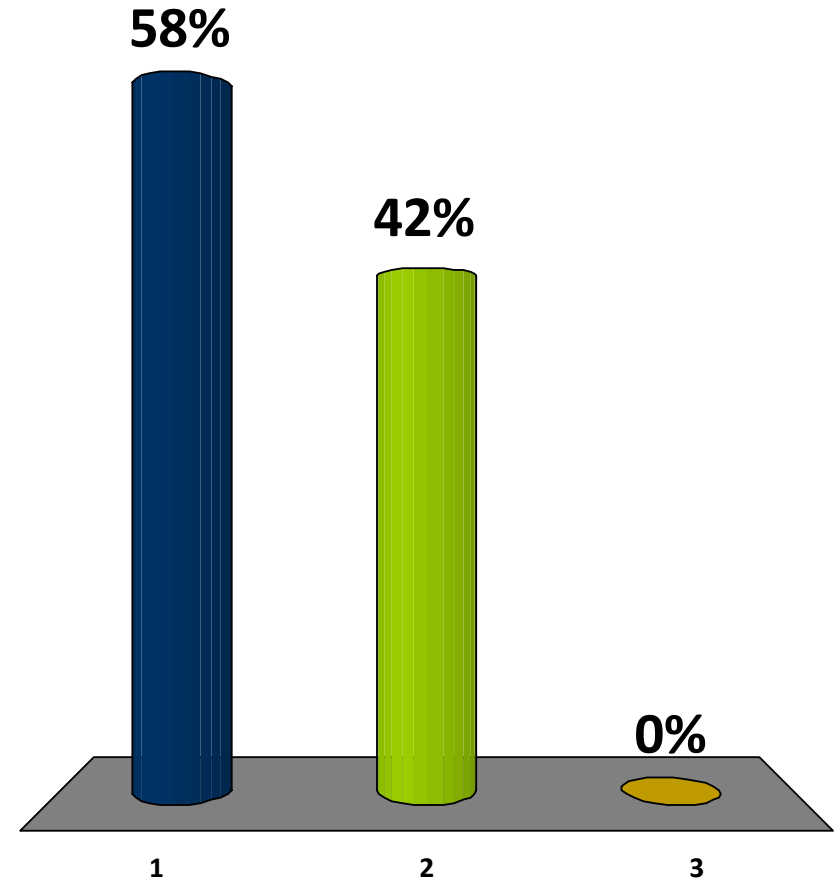
1. Yes
2. No
3. Not sure





Does your plan have multiple “tiers of benefit” levels?

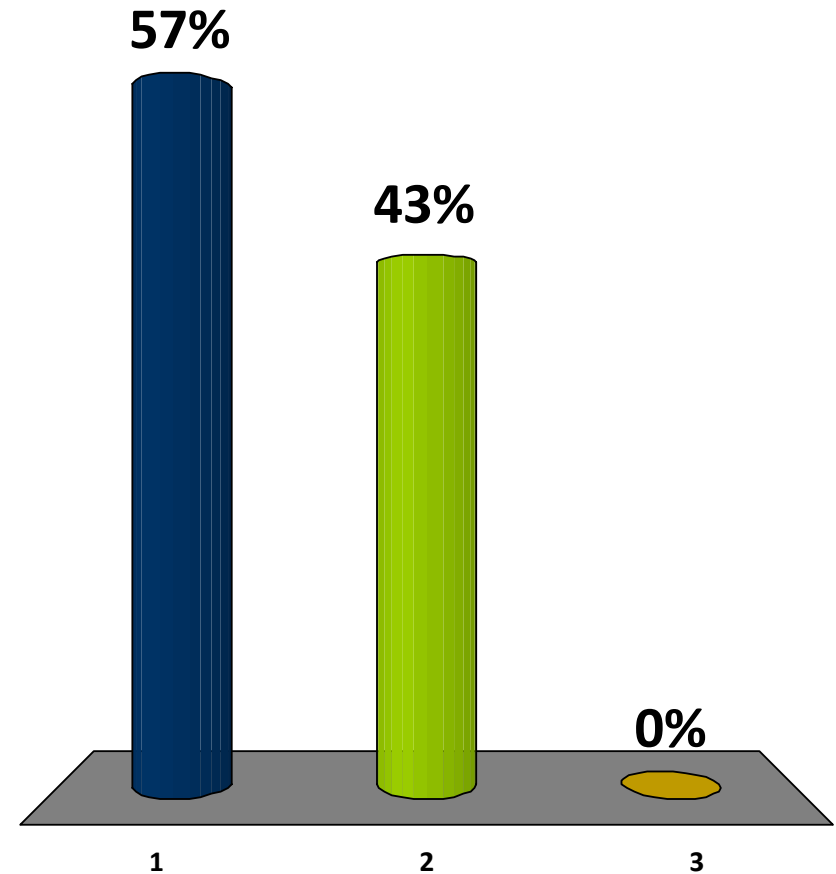
1. Yes
2. No
3. Not sure





Has the rate of the employees' contributions to the plan increased in the last two years?

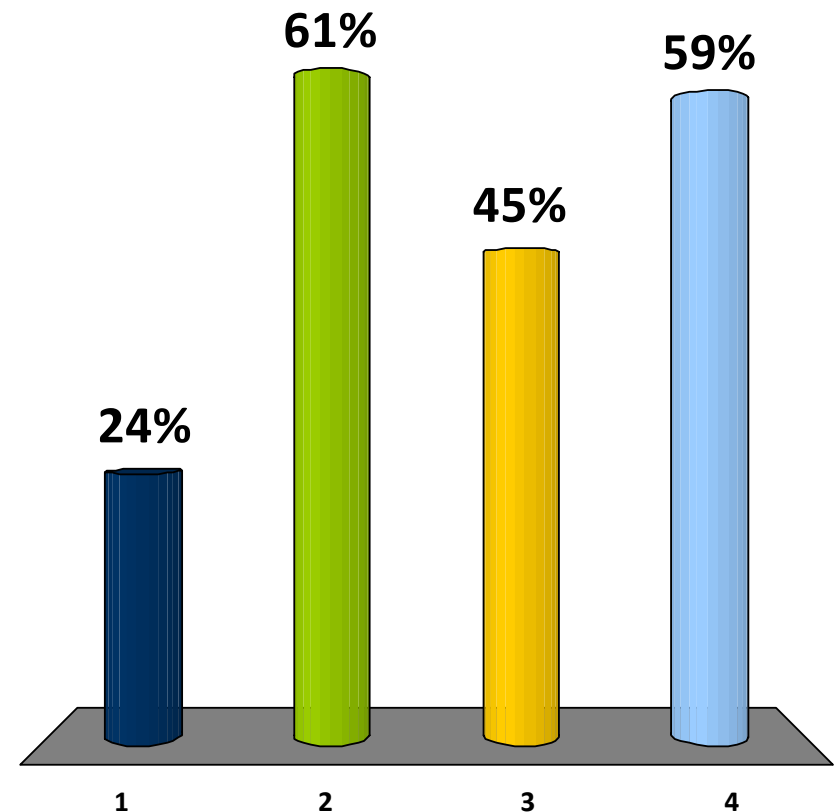
1. Yes
2. No
3. Not sure





Is your Legislature giving any consideration to the establishment of a: Mark all that apply.

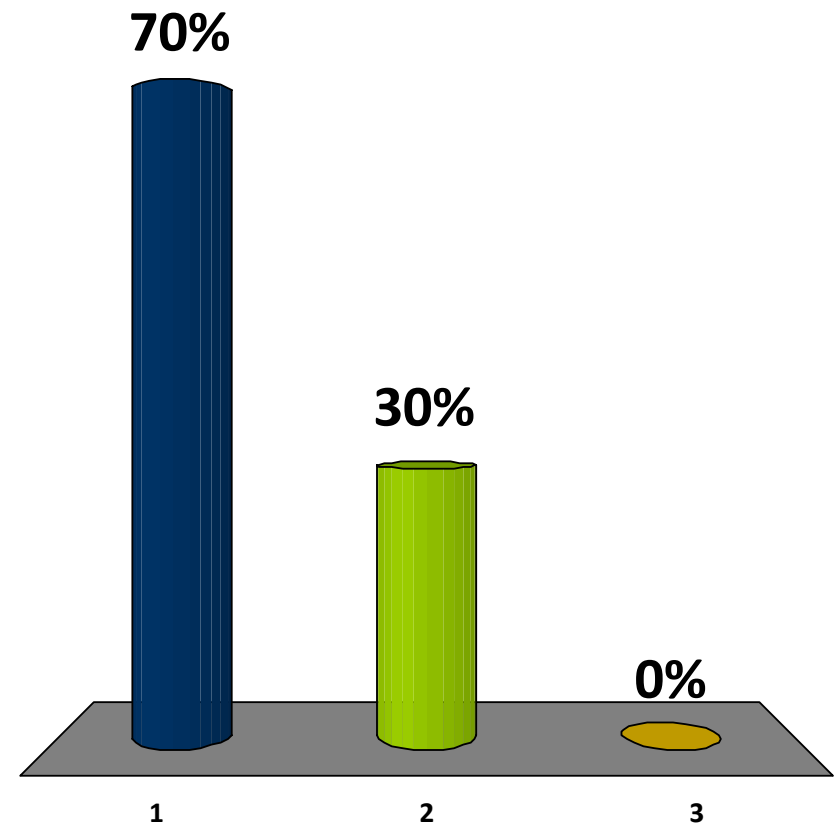
1. Cash Balance Plan
2. Defined Contribution Plan
3. Hybrid Plan
4. Defined Benefit Plan with a lower formula





Does your plan provide an automatic COLA to retirees?

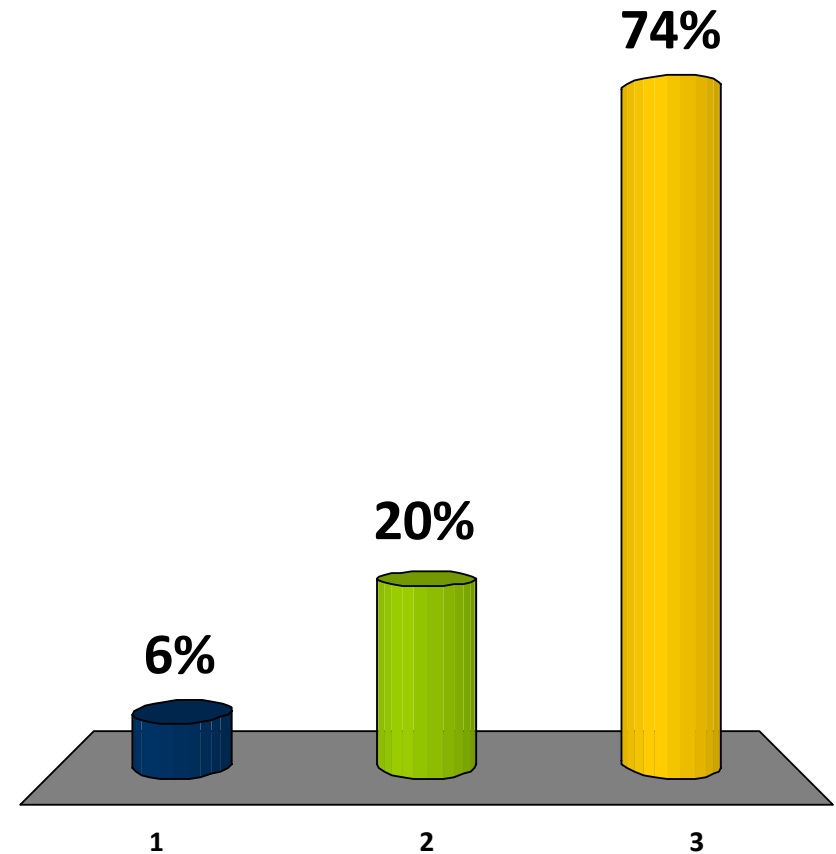
1. Yes
2. No
3. Not sure





Have the benefits for your plan's current retirees been changed?

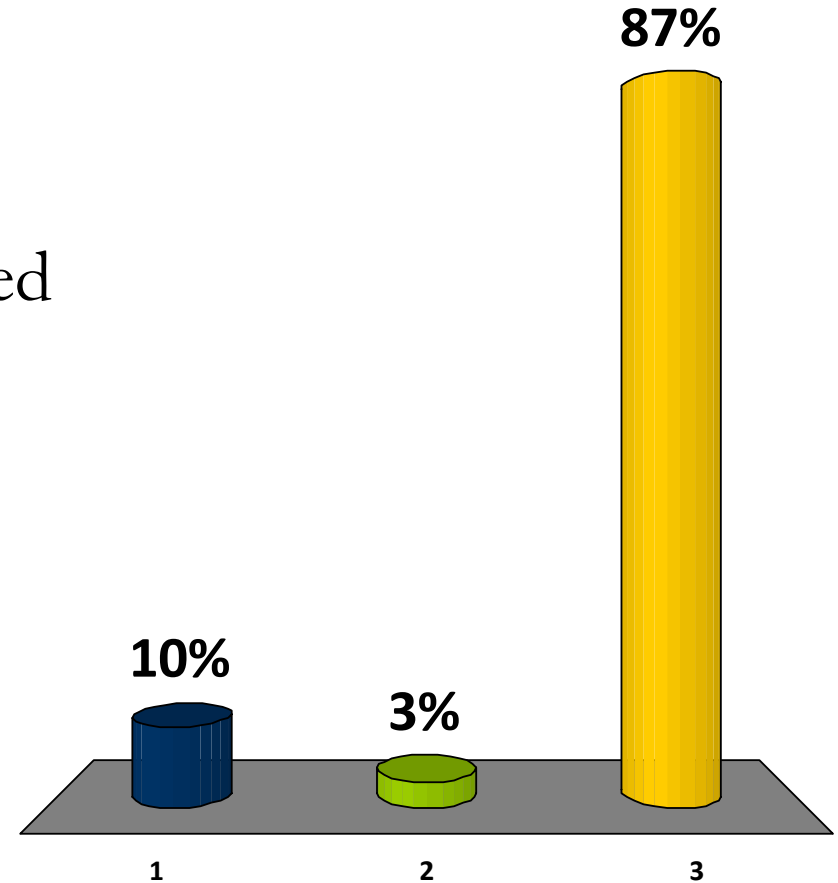
1. Yes, increased
2. Yes, decreased
3. No





Have there been attempts to nullify any method by which your plan's current retirees could receive a benefit increase/COLA ever again?

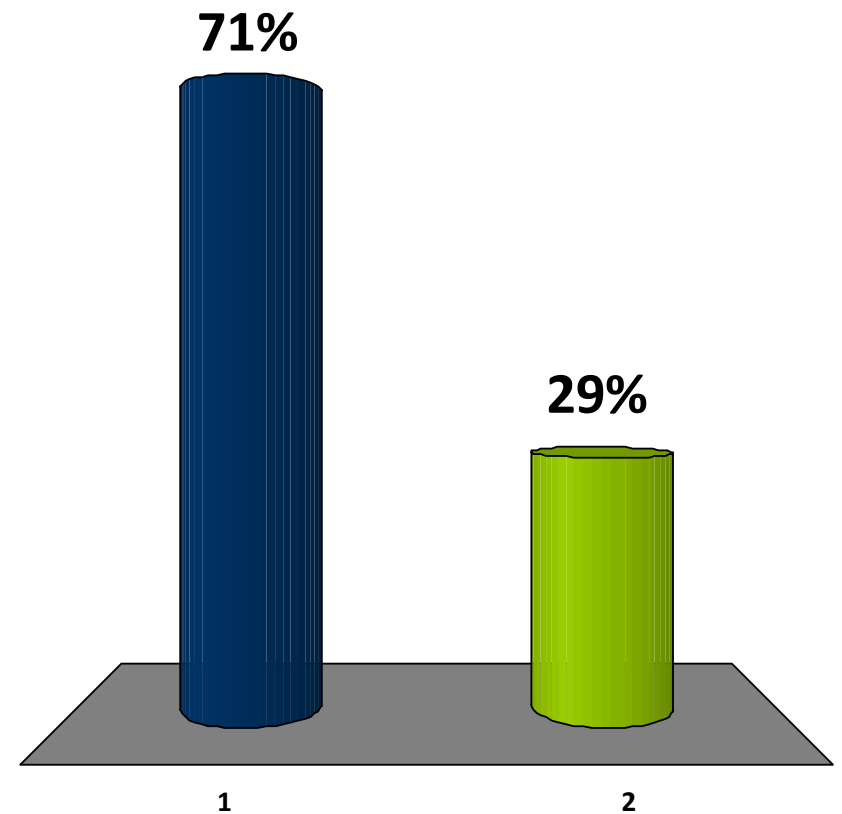
1. Yes, they have been successful
2. Yes, but they have failed
3. No





Are your members covered by Social Security?

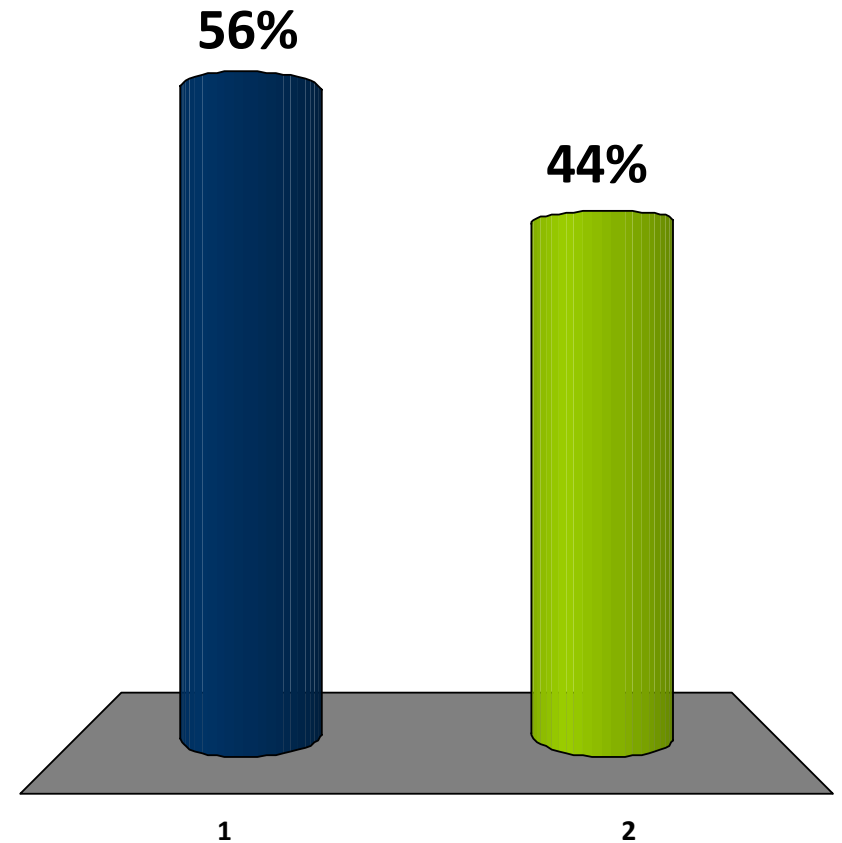
1. Yes
2. No





Should Social Security be mandatory?

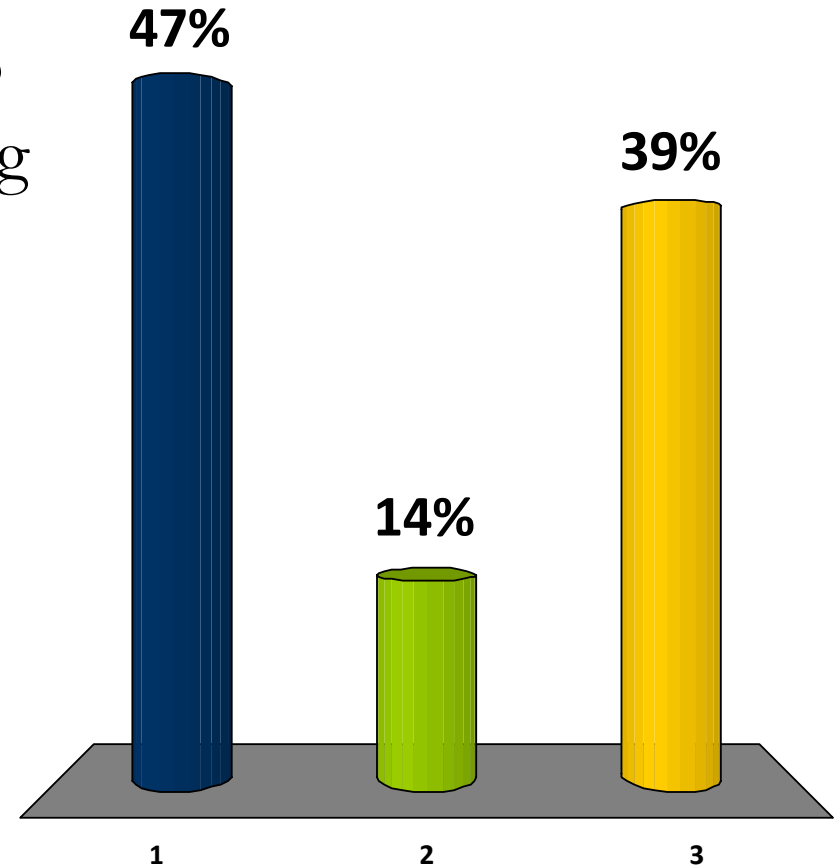
1. Yes
2. No





If “No,” why not?

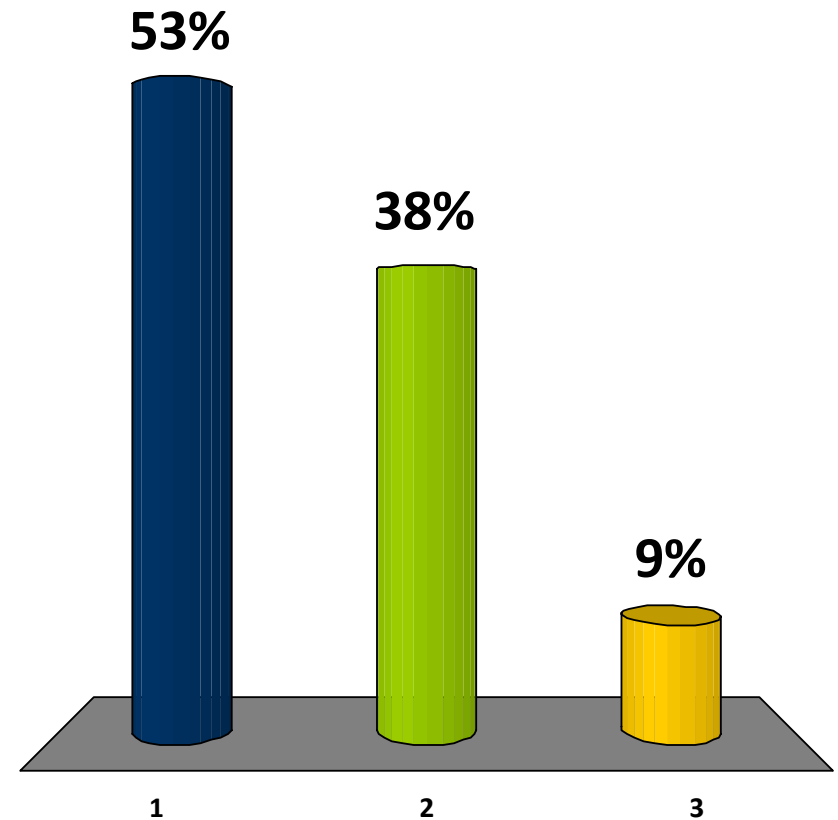
1. The cost in addition to retirement plan funding would be too big a burden
2. It would require extensive legislation and/or constitutional changes
3. Other





How satisfied/confident are you that you will be prepared and able to deal with the problems and issues affecting your plan that will/may occur in the next year?

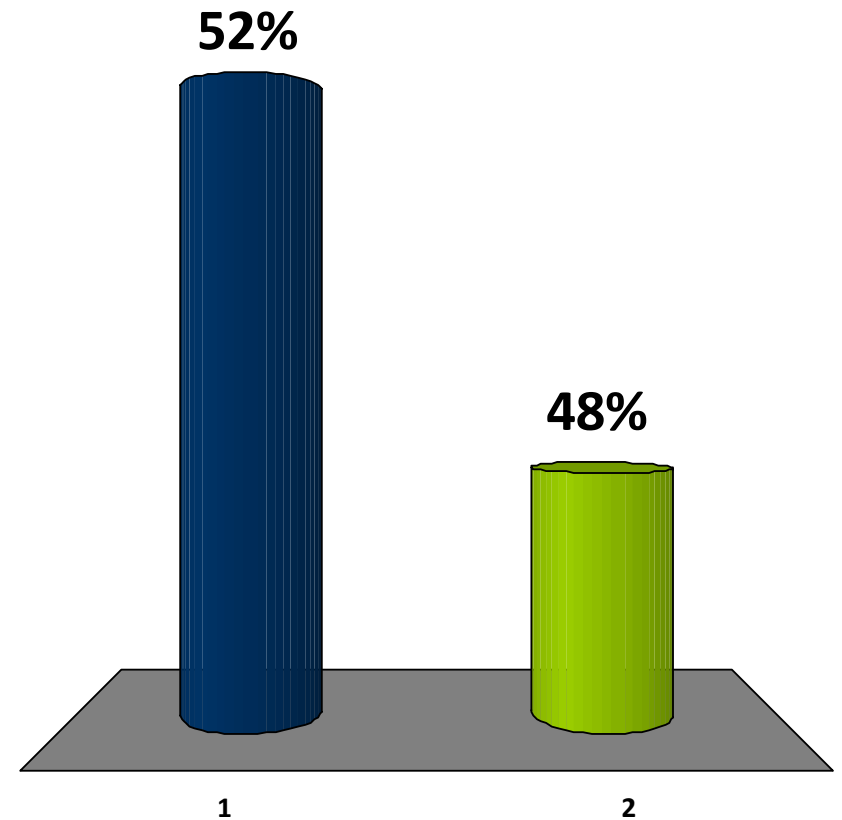
1. Very confident
2. Somewhat confident
3. Not at all confident





Is your plan regularly engaged with the media?

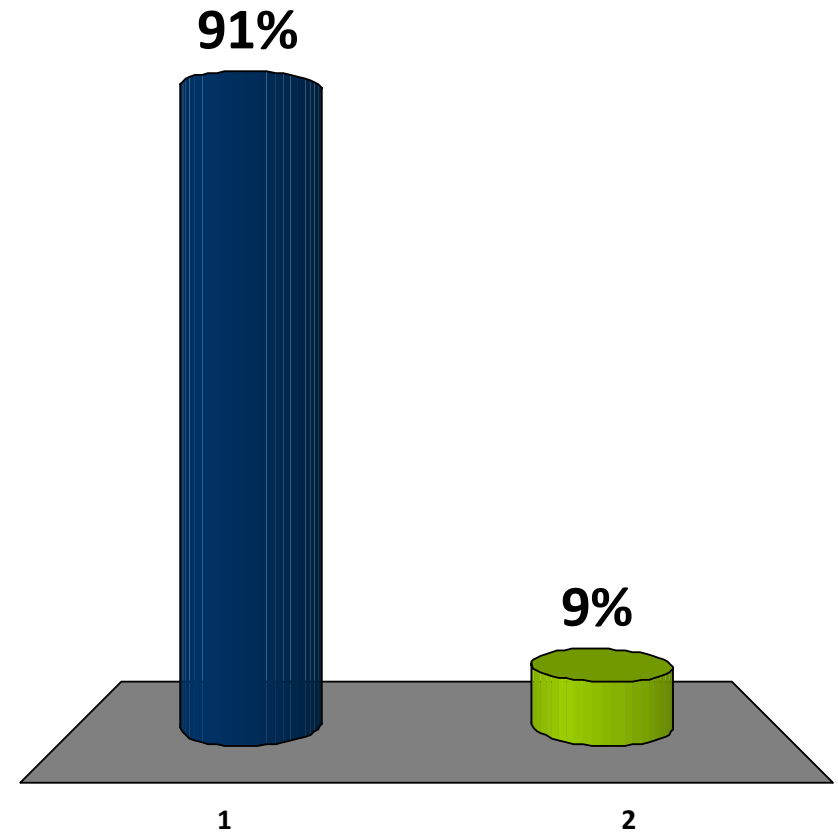
1. Yes
2. No





Can your plan directly interact with its legislative body in the determination of plan modifications?

1. Yes
2. No





NCTR Annual Convention

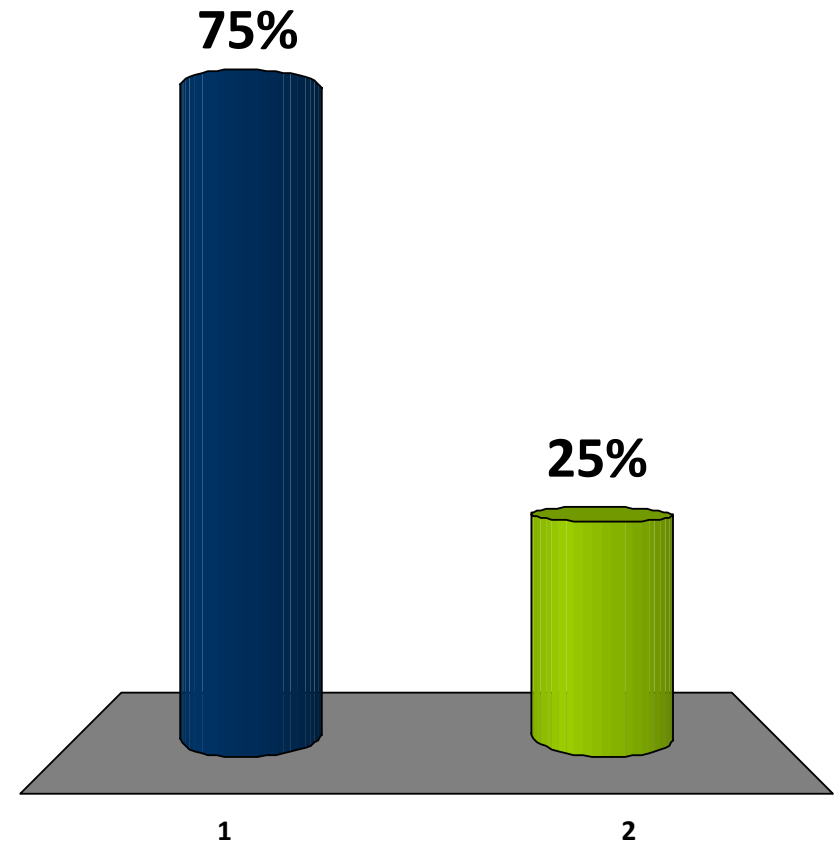
October 12, 2011

10:15 – Group Exercise



Does your system/plan have a governmental affairs department, legal department, or in-house counsel serving its legislative needs?

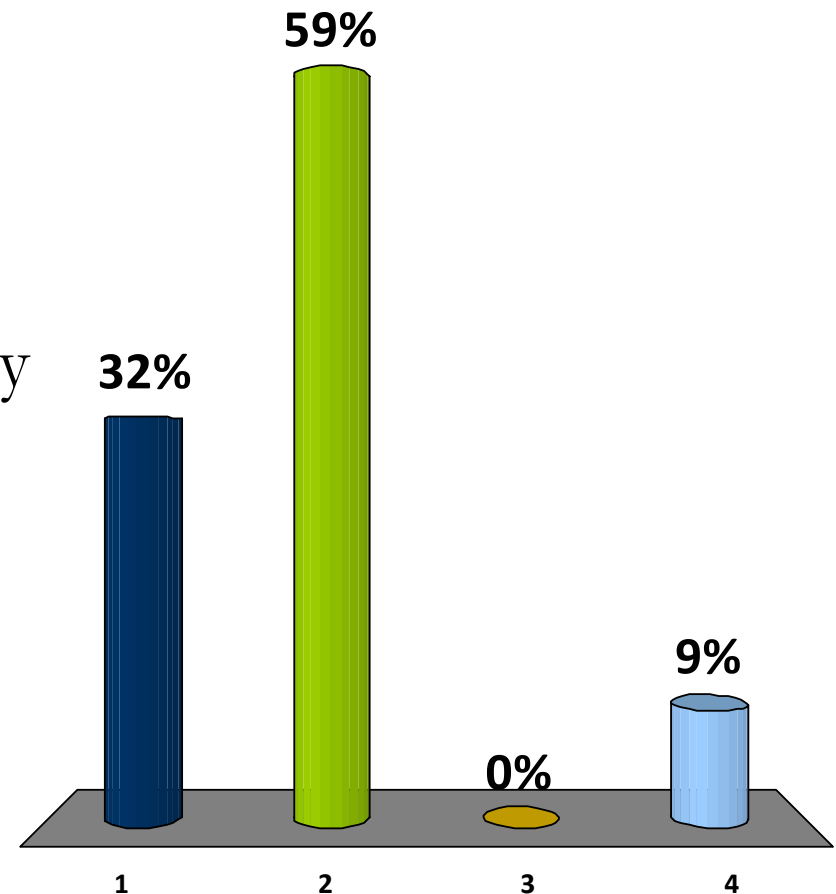
1. Yes
2. No





If “No,” what entity serves those needs?

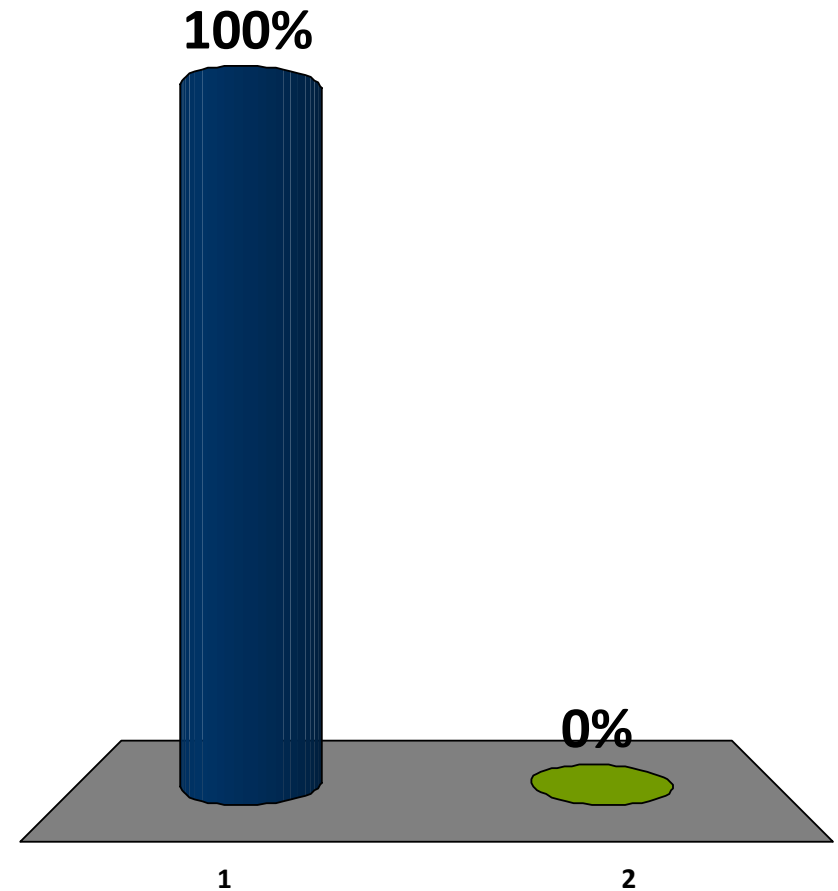
1. State’s/county’s/city’s governmental affairs department, legal department, or attorney counsel/corporation counsel
2. Private counsel
3. Other
4. None





Is your Board/plan/system kept informed on the status of proposed/pending/newly adopted local/state/federal rules, regulations, and laws that affect it?

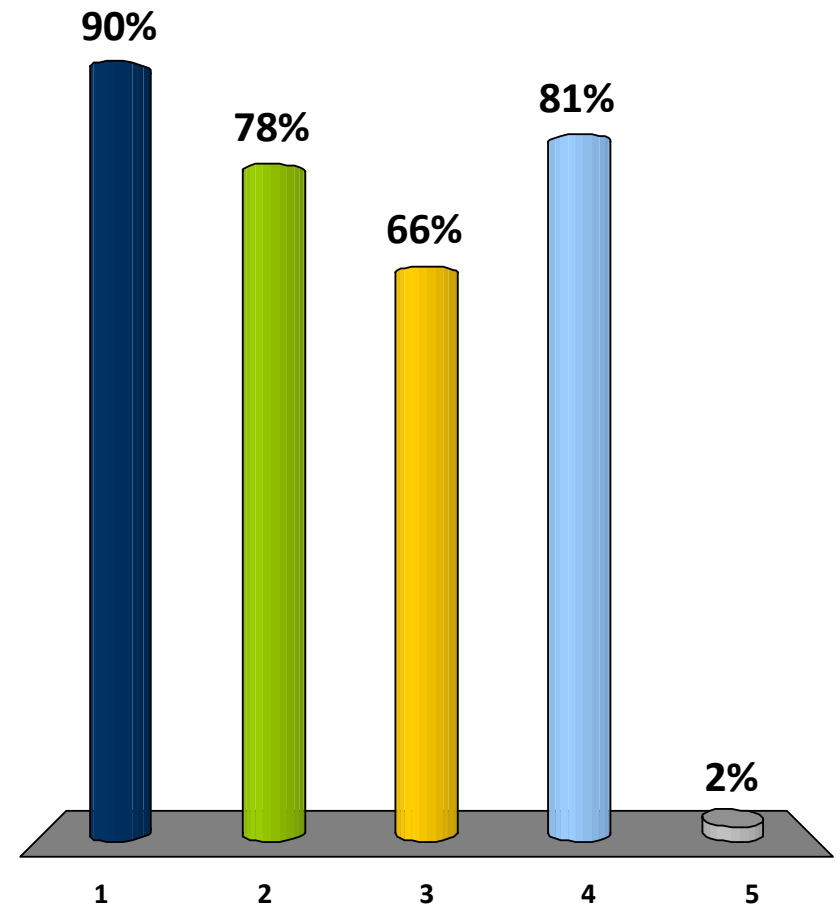
1. Yes
2. No





From what other sources do you receive current information about the above? Mark all that apply.

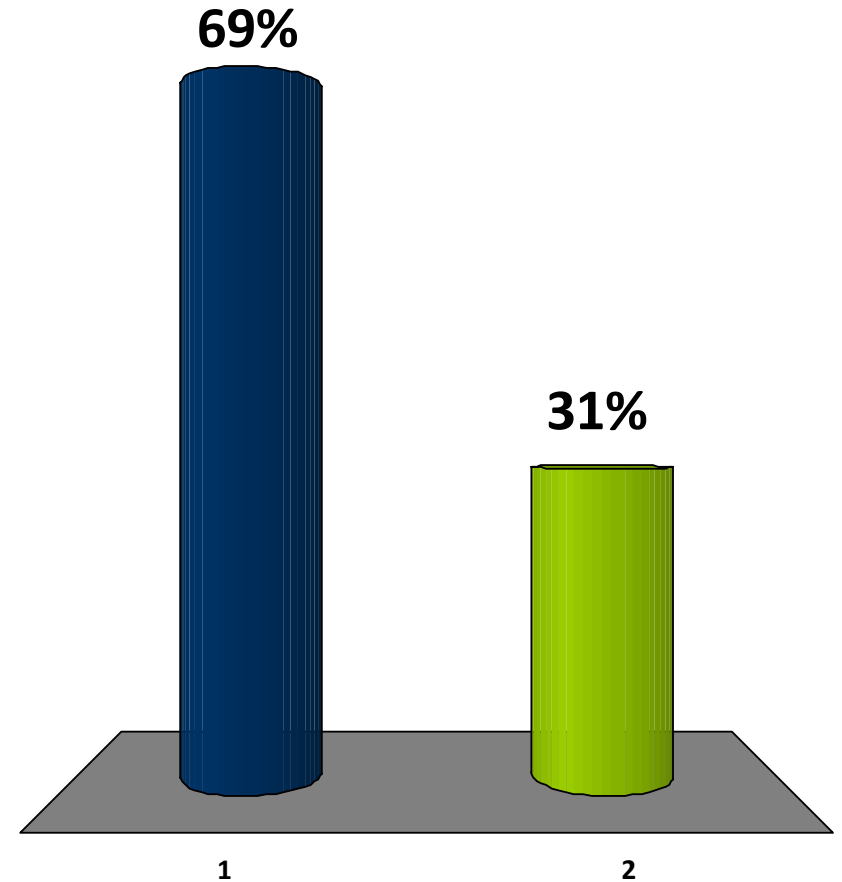
1. NCTR
2. Newspapers, trade publications
3. Other media
4. Other organizations
5. None





Is there an entity that lobbies on behalf of the plan/system within the state/city/county?

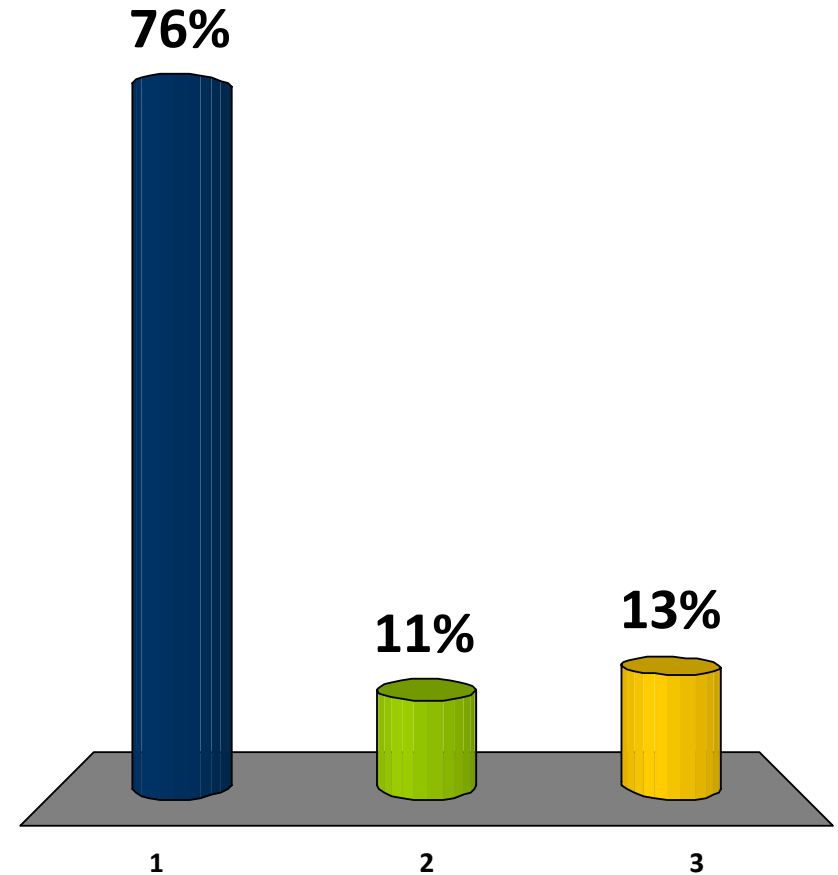
1. Yes
2. No





If “Yes,” are you kept currently informed as to the item/position being lobbied for or against?

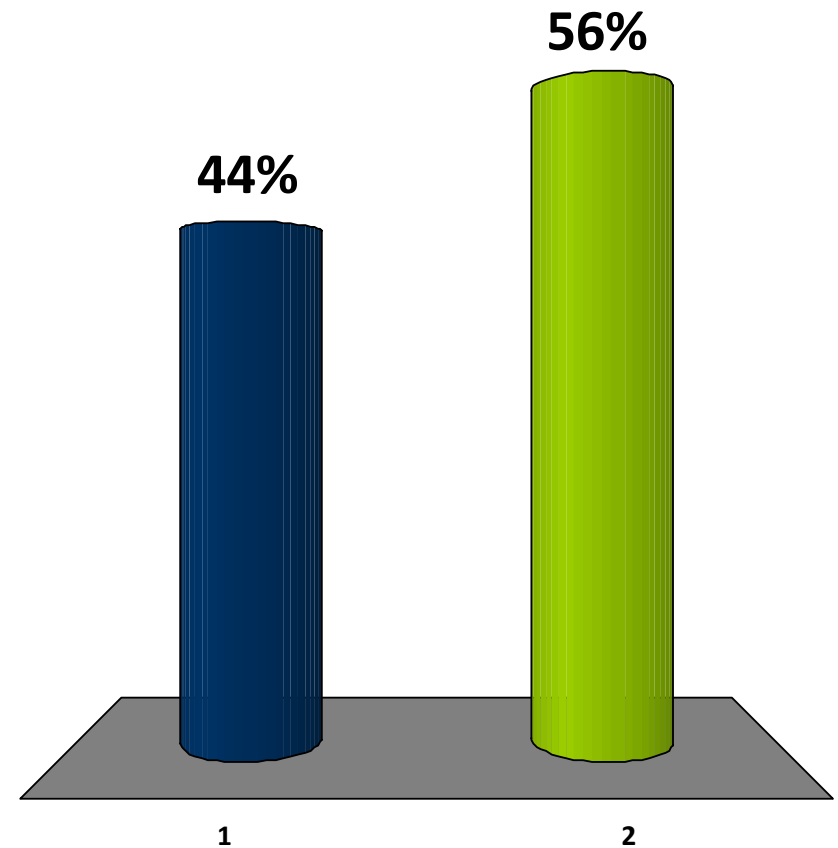
1. Yes
2. No
3. Sometimes





Is there an entity that lobbies directly on behalf of the plan/system at the federal level?

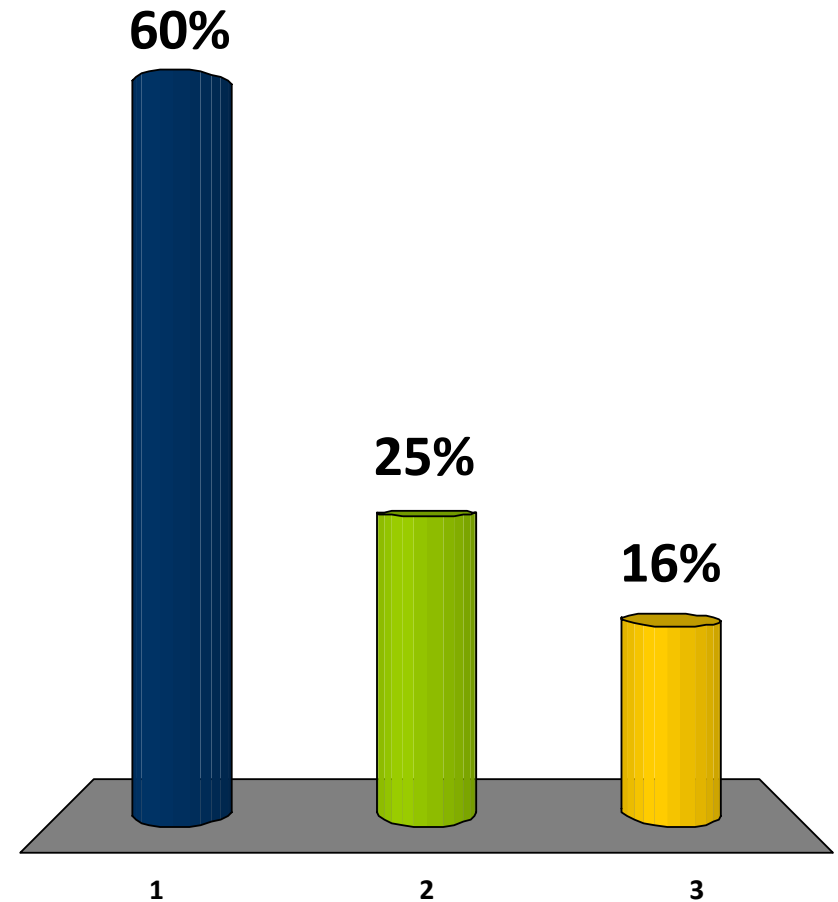
1. Yes
2. No





Does your Board have direct input into establishing any lobbying positions?

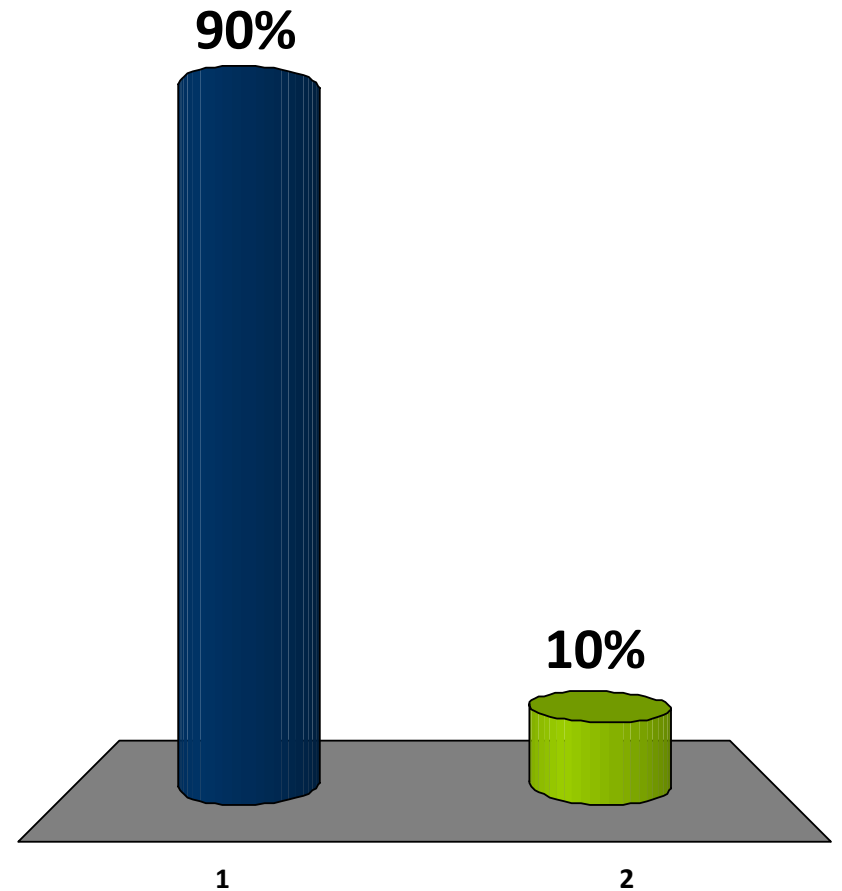
1. Yes
2. No
3. Sometimes





If “Yes,” are you kept aware/current as to what is being lobbied for or against?

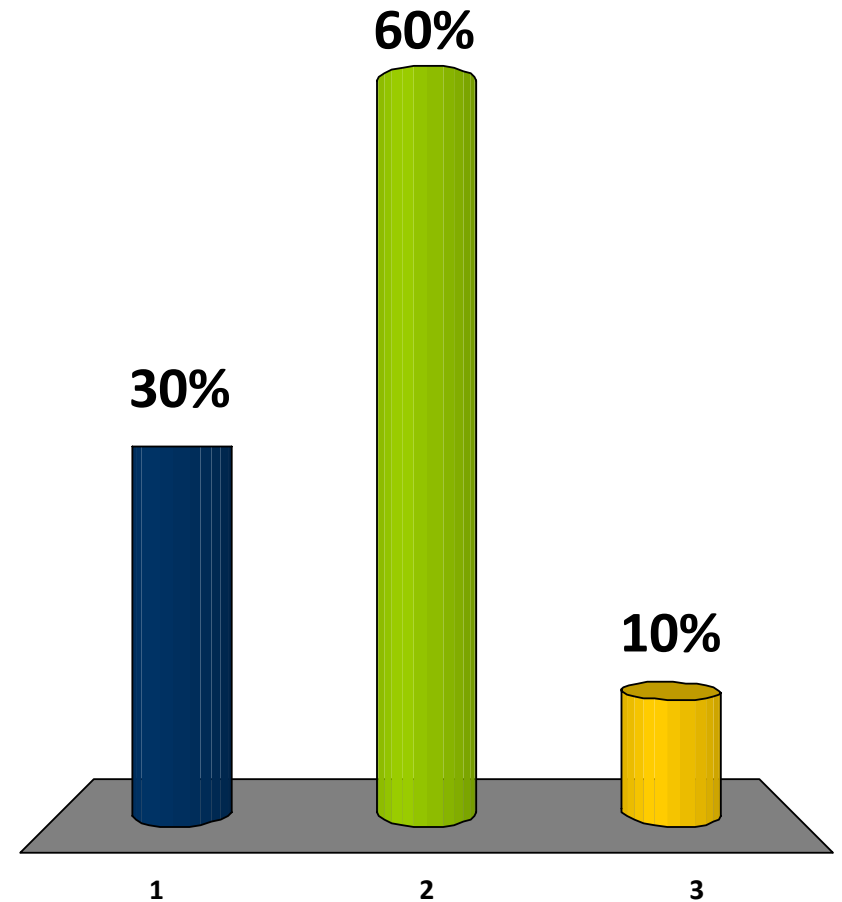
1. Yes
2. No





Have you “attended” any of NCTR’s Webinars?

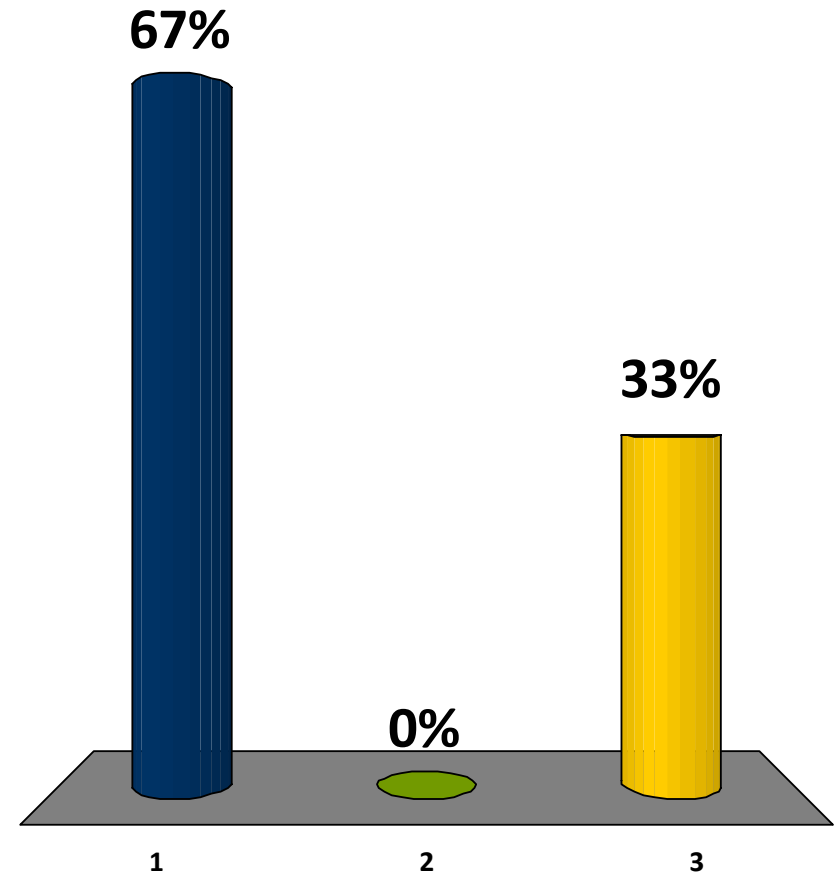
1. Yes
2. No
3. Meant to but got otherwise involved





If you have “attended” any Webinars, have they met your expectations?

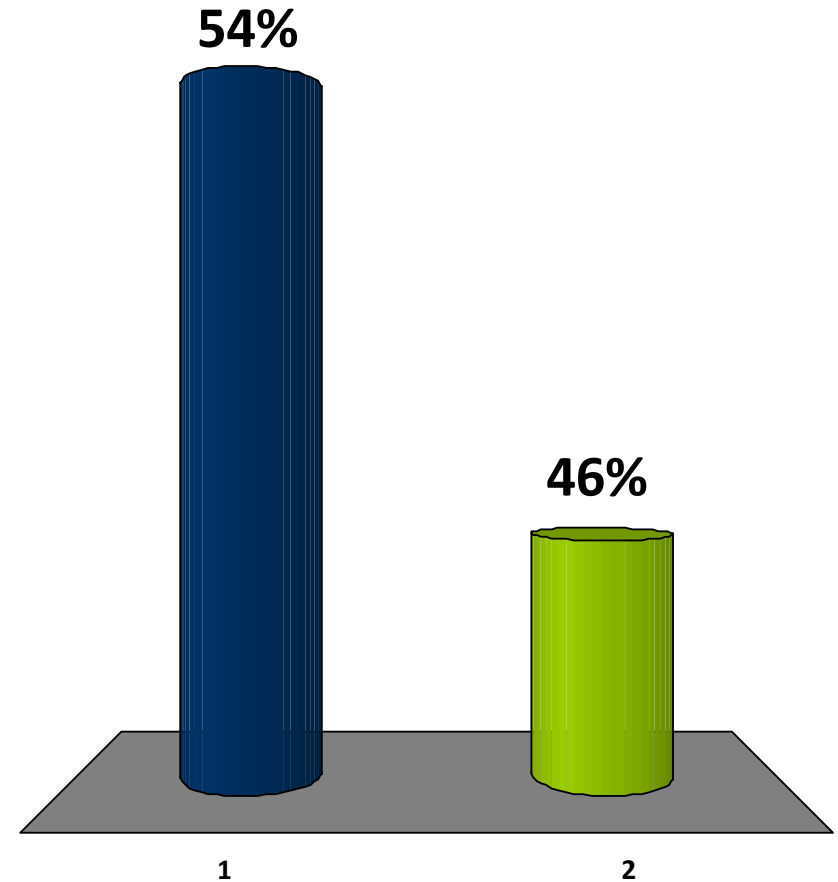
1. Yes
2. No
3. In some respects





To date, NCTR's Webinars have been held during afternoon hours. Would you attend an evening Webinar if NCTR scheduled one?

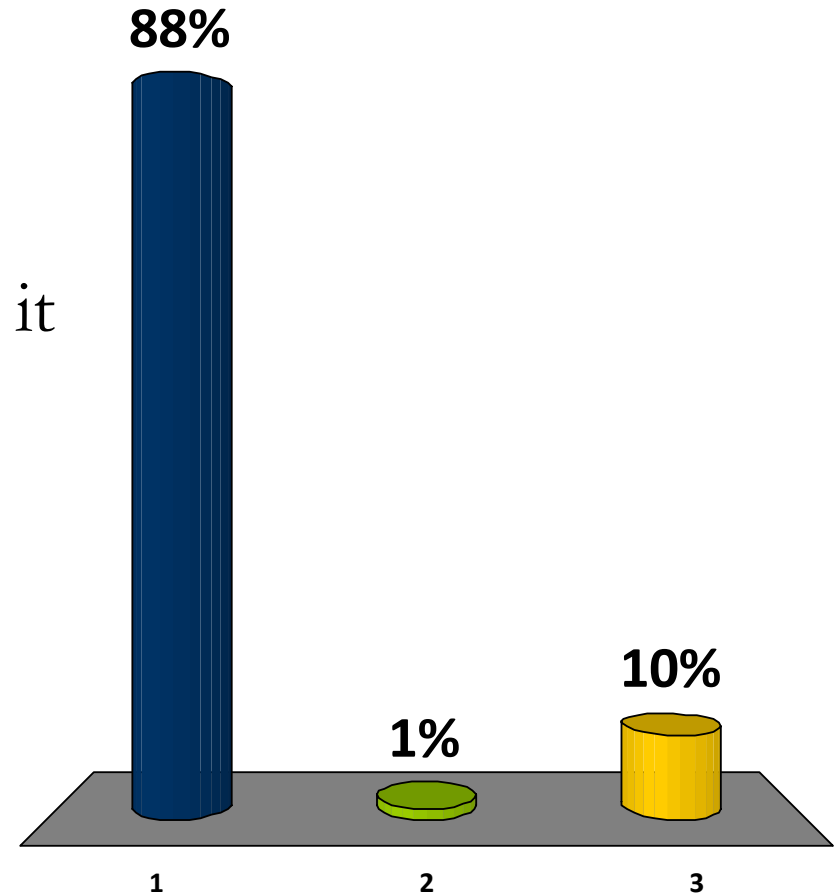
1. Yes
2. No





Are you aware of GASB's issuance of exposure drafts on its project on pension accounting and financial reporting that, if adopted, would dramatically change the way plans and employers report and account for pensions?

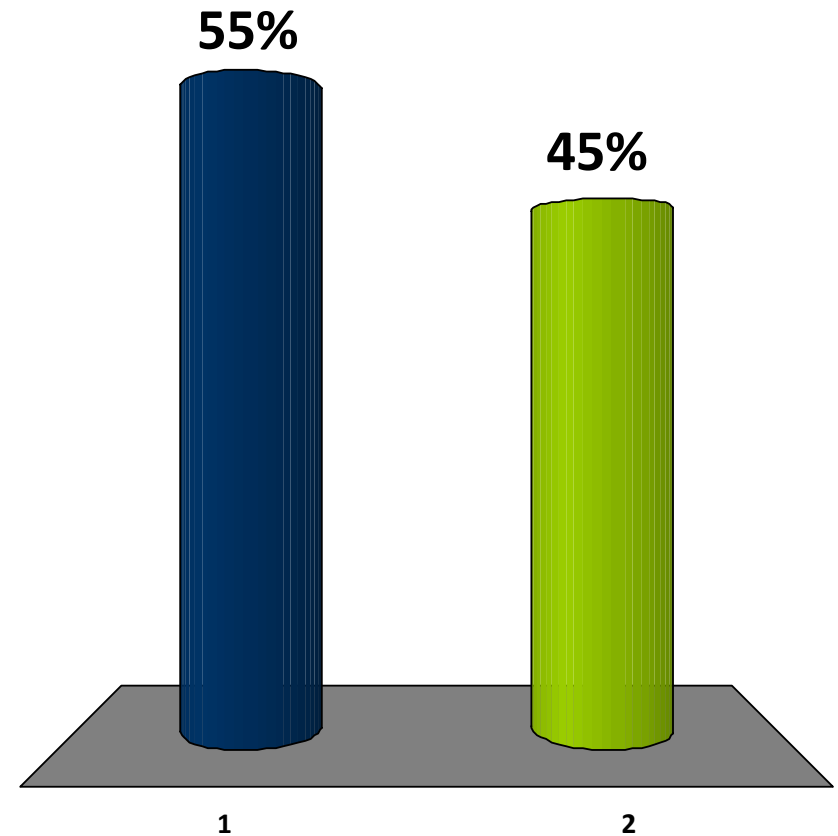
1. Yes
2. No
3. Only heard a bit about it





NCTR has lobbied strongly against the enactment of the Public Employees Pension Transparency Act (PEPTA) AKA the “Nunes” Bill. Are you aware of this bill and its requirements?

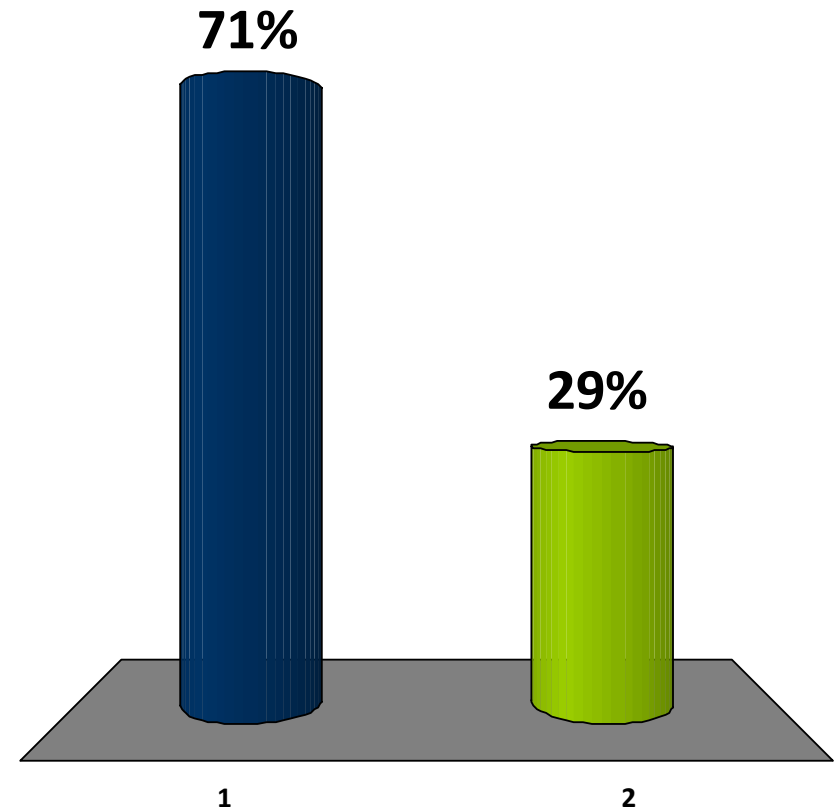
1. Yes
2. No





The US Securities and Exchange Commission (SEC) has a new enforcement unit focused on public pensions. Are you aware of the SEC's interest and involvement with public pensions?

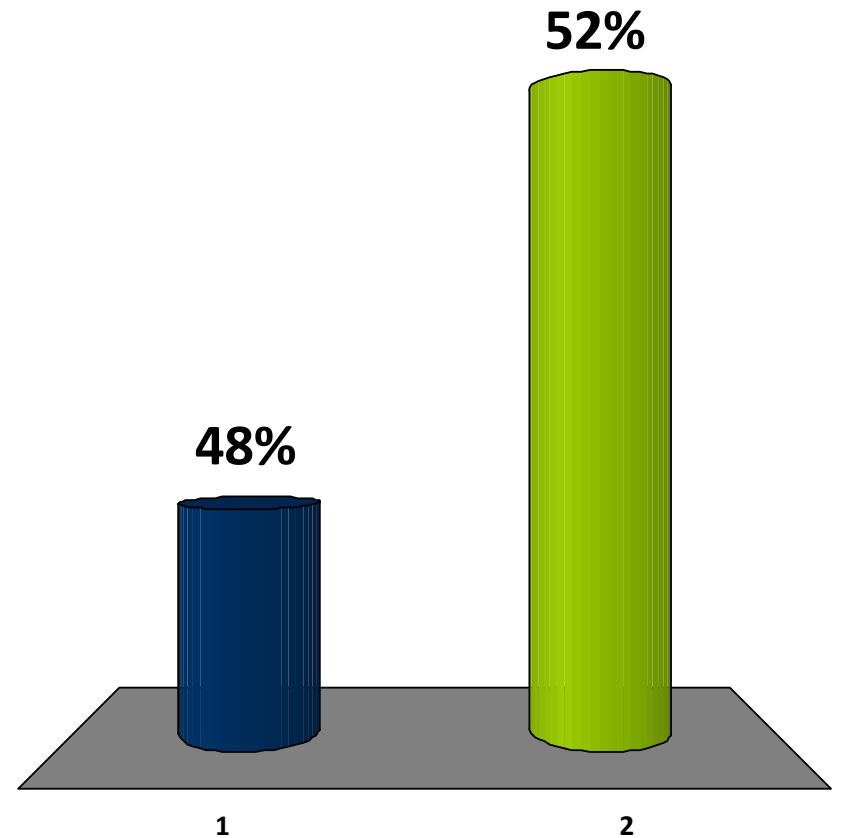
1. Yes
2. No





Are you aware of the proposed Normal Retirement Age regulations issued by the IRS that are currently set to apply to governmental plans in 2013, and how they will affect your plan?

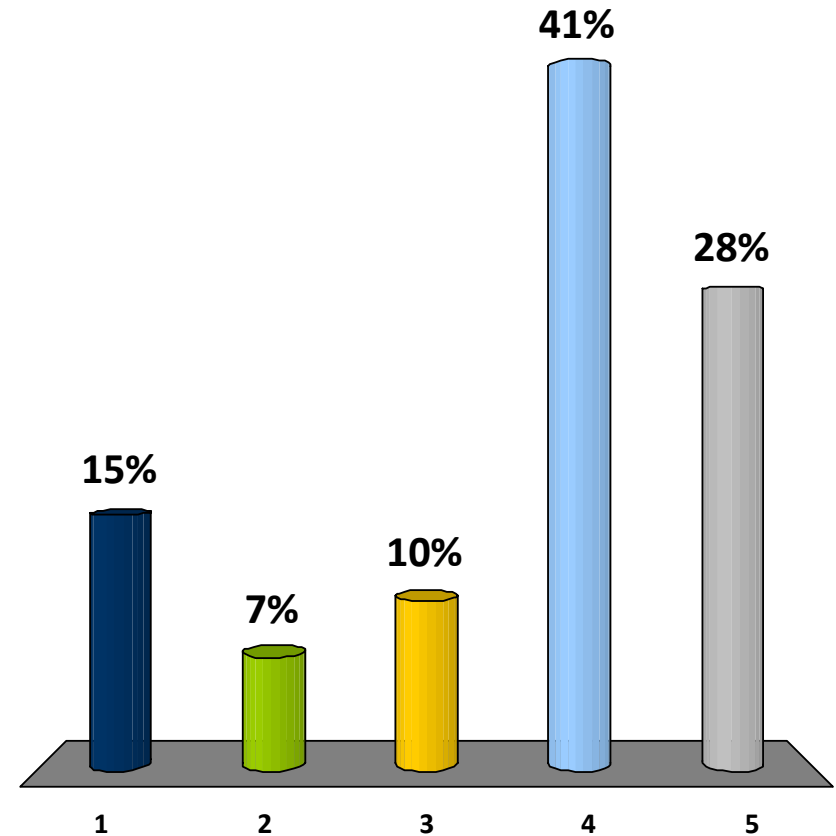
1. Yes
2. No





Which of the following communication vehicles NCTR makes available to you do you find helpful in performing your plan/system duties and responsibilities?

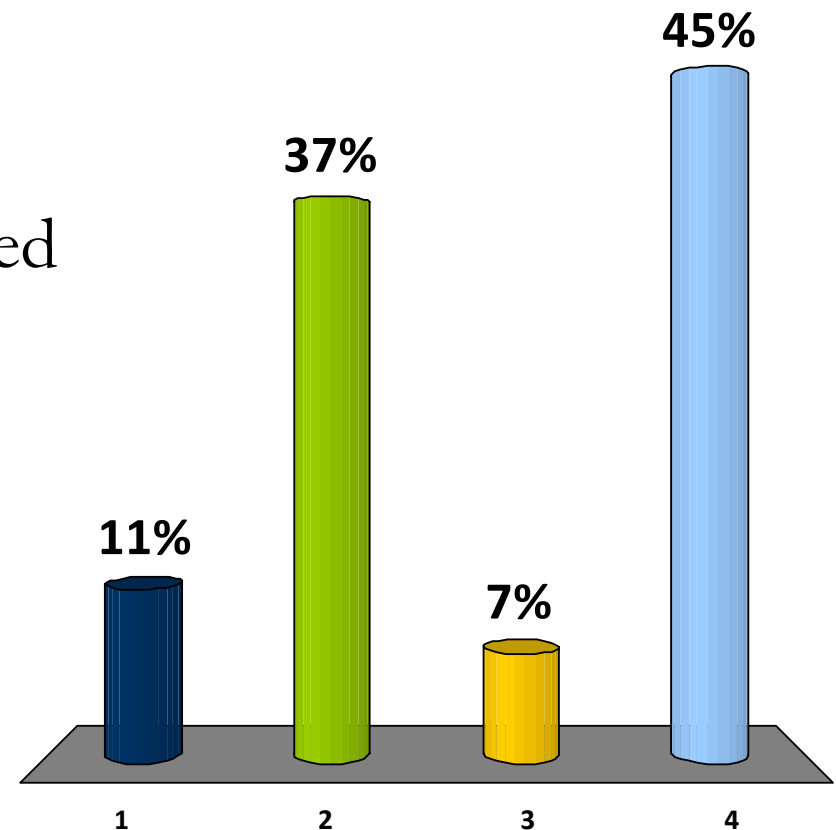
1. NCTR quarterly newsletter
2. NCTR federal e-news blog
3. NCTR webinars
4. All of the above
5. None of the above





Are you aware that, in addition to the above well-established NCTR communication formats, NCTR has started a Facebook page?

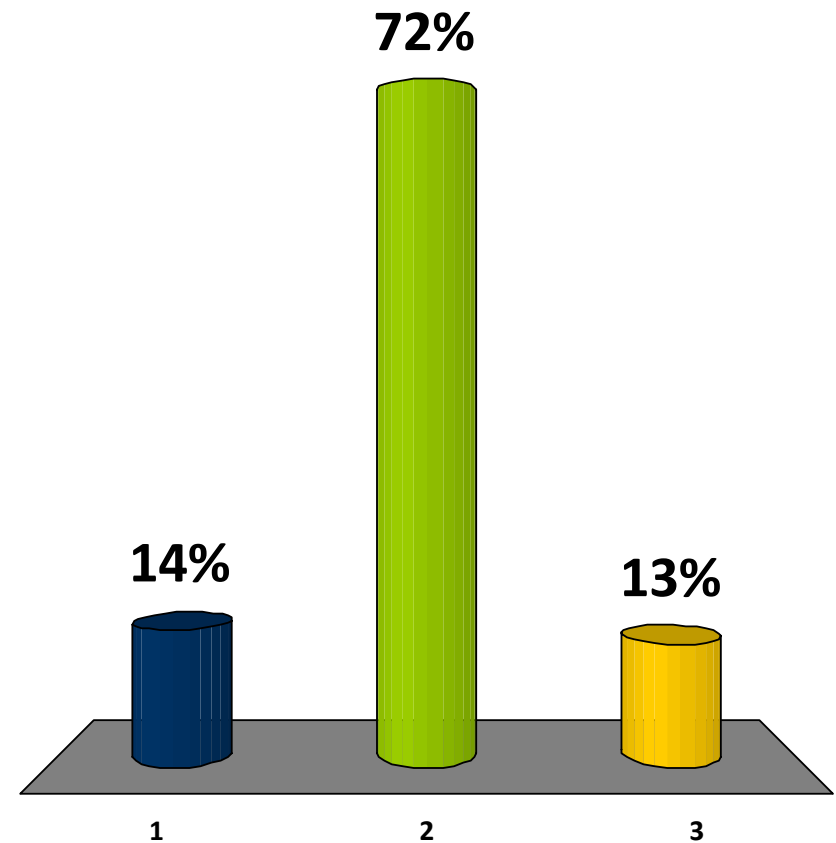
1. Yes
2. No
3. Yes, but have not visited it yet
4. Not a member of Facebook





Have you visited NCTR's new "Pension Dialog" blog?

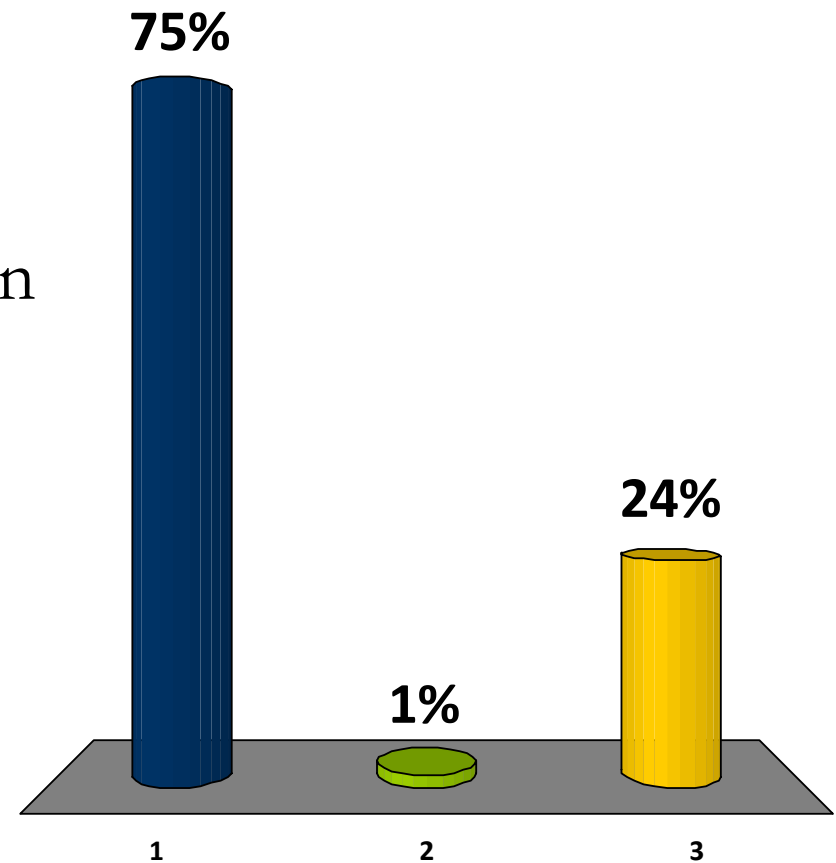
1. Yes
2. No
3. Intend to do so





Does NCTR's communications program, in concert with the live federal legislative updates presented at NCTR workshops and the annual convention provide you with solid, working knowledge of the issues our plans/systems are facing?

1. Yes
2. No
3. Need more information





Background on Cobalt Community Research

Cobalt Community Research is a 501c3 nonprofit, non-partisan coalition that helps local governments, schools and membership organizations measure, benchmark, and manage their efforts through shared data, high-quality affordable surveys, focus groups and facilitated meetings that use instant audience feedback technology. Cobalt uncovers trends, innovations and best practices across many fields to help you thrive as changes emerge in the economic, demographic and social landscape.

Phone: 877.888.0209

Website: www.CobaltCommunityResearch.org

Email: pcharette@cobaltcommunityresearch.org