

## **Minutes of the Administrative Committee**

**November 30, 2018**

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, November 30, 2018 at 9:00 a.m. The meeting was held in Conference Room D, Eighth Floor Cordell Hull Building with Director Jamie Wayman presiding.

The following members were present: Mr. Paul Varble, Mr. Alfred Laney, Ms. Patsy Moore, Ms. Deborah Taylor Tate, and Mr. Kevin Fielden.

### **Approval of the September 28, 2018 Minutes of the TCRS Administrative Committee**

On a motion by Ms. Tate and seconded by Mr. Varble, the minutes of the September 28, 2018, TCRS Administrative Committee meeting were unanimously approved.

### **Political Subdivision Update**

Mr. Wayman introduced Ms. Mary Beth Franklyn, Director of Employee Reporting and Customer Service, to discuss one employer seeking participation in TCRS. Knox County Emergency Communications District sought participation effective January 1, 2019 in the Local Government Hybrid Plan without Cost Controls. Knox County Emergency Communications District will also be joining the State's 401(k) plan for the defined contribution component of the Hybrid Plan. Employees will contribute 5% of salary to the TCRS defined benefit portion of the plan, and the initial employer rate to the TCRS defined benefit portion will be 1.06%. Knox County Emergency Communications District will not offer the plan to part-time employees, and it will provide cost of living adjustments. Knox County Emergency Communications District will allow employees to establish prior service individually and will prepay to TCRS a lump sum payment for the estimated unfunded liability. The Committee and Mr. Wayman discussed that if all employees do not establish prior service, excess employer assets will be used to offset future employer contributions. The Committee and Mr. Wayman discussed that employees who established prior service would have to establish all prior service which could be done through installment payments and rollover from another qualified plan. Mr. Drew Freeman, Director of Outreach, explained that Knox County Emergency Communications District previously had a defined contribution plan for its employees. The Committee and Ms. Franklyn discussed that during January before the first report from the employer would be due to TCRS, that her staff would conduct training for Knox County Emergency Communications District on reporting, and introduced Ms. Jessica Reaves, Assistant Director of Employee Reporting and Customer Service, and Mr. Joe Walker, Manager of Employer Participation.

On a motion by Mr. Laney and seconded by Mr. Varble, the Administrative Committee unanimously recommended to the Board of Trustees that Knox County Emergency Communications District be allowed entry to TCRS.

### **Operations Update**

Ms. Franklyn discussed the number of phone calls and meetings with participants and employers during the third quarter of 2018. Over 45,000 member phone calls were answered and 343 group meetings for members were held during the time period, and there were 745 group presentations with employers. Mr. Freeman discussed that the third quarter saw a high number of meetings due to school kickoff events,

and discussed that the Outreach team will be spending more time with individual state Human Resources offices.

Next Ms. Erica Nale, Assistant Director of TCRS, shared an update on TCRS operations. Ms. Nale discussed that the Comprehensive Annual Financial Report would be published in the next month. Ms. Nale updated the Committee that TCRS has experienced a 14% increase in retirement applications this fiscal year compared to the same time last year. Ms. Nale shared with the Committee that TCRS has seen a steady uptick in applications submitted online, with 17% of applications submitted in November submitted online. Ms. Nale discussed that TCRS has received positive feedback on the rollout of online retirement and is looking toward enhancements for 2019 such as additional services and enhanced security. Ms. Nale also discussed that initiatives for the upcoming year will include contacting lost members, both vested and non-vested, to make them aware of contributions in the plan or eligibility for benefits, and enhanced prevention of overpayments.

### **Actuarial Update**

Mr. Wayman discussed with the Committee that TCRS' actuary, Justin Thacker, would be presenting the full actuarial valuation at the Board meeting which would include the valuation and recommended employer contribution rates for the state employees' and teachers' legacy plans, with individual political subdivision rates to come out in March or April. The Committee discussed a summary of the actuarial valuation, including the funded rates for the state employees', teachers' and judges' plans.

### **Other Business**

Mr. Freeman advised the Committee that the Outreach team had been contacted by some employers regarding use of retirement incentives. Retirement incentive payments are not included in compensation toward retirement benefits, and Mr. Freeman discussed that the Outreach team would work with employers on this item.

### **Adjournment**

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:50 a.m. on November 30, 2018.

**Respectfully Submitted,**

**Erica Nale**

**Assistant Director, TCRS**

**Approved:**

**James E. Wayman**

**Administrative Committee Chair**