

JOINT COMMITTEE ON PENSIONS AND RETIREMENT

Interim Report to the Joint Committee on Government and Finance
January 7, 2008

Senate Members:

Dan Foster, Chair
Brooks McCabe
Larry Edgell
Mike Oliverio
Robert Plymale
Frank Deem
Mike Hall

House Members:

Sharon Spencer, Chair
Kevin Craig, Vice Chair
Richard Browning
William Stemple
Dale Stephens
Ray Canterbury
Walter Duke

Introduction

During the 2007-2008 interim period, the Joint Committee on Government and Finance directed the Joint Committee on Pensions and Retirement to consider:

House Concurrent Resolution 35 - Requesting the Joint Committee on Pensions and Retirement study the effects of the contested merger between the Teachers' Defined Contribution Retirement System and the State Teachers Retirement System.

The Committee heard testimony on several topics, including: the TDC-TRS merger, the tobacco settlement bond sale and its impact on the Teachers' Retirement System, Universal Voluntary Retirement Accounts, a TDC actuarial report, the Emergency Medical Services Personnel retirement system and municipal pension systems.

Guest Speakers

Anne Lambright, Executive Director of the West Virginia Consolidated Public Retirement Board, and Harry Mandel, Actuary for the Consolidated Public Retirement Board, were in attendance for most committee meetings to make presentations on each topic and to respond to questions from the committee members.

During the August interims, Dean Baker, Co-director of the Center for Economic and Policy Research in Washington, D.C., discussed Universal Voluntary Retirement Accounts (UVA) and their potential to have a positive impact on workers in the state who are unable to accumulate sufficient assets through work-based retirement plans. A UVA is a state sponsored but privately managed defined contribution account. According to Mr. Baker, a system of universal voluntary retirement accounts would give every worker in the state a low-cost, portable, defined contribution account to which he or she could contribute directly from each paycheck.

Peter Verne of Buck Consultants, LLC in Washington, D.C. presented an actuarial report on the TDC-TRS merger during the September interim meeting in Martinsburg. Mr. Verne explained the results of the study, which determined the costs of five approaches to allow individual members in the TDC to elect to transfer their participation to TRS. The cost impact of each scenario was determined on "best case"/ "worst case" groupings.

Interim Legislation

The committee does not recommend any legislation for passage during the 2008 Regular Session.

Conclusions

The Committee requested additional information from several of the aforementioned presenters and all handouts and information contained in the minutes for the meetings are on file in the office of the Joint Committee on Pensions and Retirement. The committee will continue to monitor the status of the TDC-TRS merger, the outcome of the Emergency Medical Services Personnel retirement system election and the condition of municipal pension systems.

Respectfully Submitted,



Senator Dan Foster, Co-Chair



Delegate Sharon Spencer, Co-Chair