Retired Coalition Meeting
Wednesday, October 27, 2010
AEA Headquarters 345 East Palm Lane Phoenix 10:00 AM-2:00 PM

Attendees: Please see attached list of names, organizations and email/phone contacts of those present.

1. **Welcome** - John Campbell, AEA Retired made introductions of those present. Brief explanation of challenge to ASRS Fund.

2. **What's Happening Nationally?** Sheryl Mathis, AEA Executive Director, explained that NEA has gathered data and conducted national research about pension funds. She introduced Nancy McKenzie, NEA expert on pension funds legislation.

Presentation by Nancy McKenzie:

- Defined Contribution; not enough to retire on, forced to work longer, pensioners need public assistance, strain on family.
- Defined Benefit: able, secure retirement, allows to live independently, increases spending at local merchants.

Ms McKenzie gave case study, and state example of state that moved from DB to DC, and had to move back to DB.

- In 2010, more state leg. Impacted retirement funds than in past 20 years.
- Many more expected in 2-11
- 90's boom = improvement of benefits. Long-term costs have to be paid. Some states took funding holidays.
- Then recent economic downturn. Underfunded plans in worst financial states. State Government struggled with large budget gaps. 46 states had to make cuts in budget to cover shortfall.
- Crisis in public Pensions – headlines. True?
  - NEA Research showed 71% of 108 of largest plans funded at or above 70%. Median is 79% (so headlines erroneous)
  - Problems were states where required contributions were not made.

Arizona is one of

- 20 states passed major pension legislation. 30 states from 2005 to 2010 passed pension legislation.
- 4 states to make benefits reductions
- 10 states to pass higher age and service requirements for normal retirement.
- 8 states required longer period for calculation of final average salary.
- 9 states to reduce benefits for retirement if before normal age.

Legislative trends:

- Reduced benefits for new employees
- Higher employee contributions
- More restrictions on retirement before normal age
- Most changes are within Defined Benefit plans
- Some hybrid Defined Benefit/Define Contributions

More changes expected in 2011 – ongoing media misinformation, misunderstandings of what is really occurring, ideologues in state legislatures.

How do we respond?

1. Advocate for on-time and adequate contributions
2. Be above reproach with funds.
3. Prevent unfair manipulation of pension calculations.
4. Separate ideology and hysteria from facts.
5. Promote our positive message.
6. Respond to and correct misinformation.
7. Engage our allies.
8. The middle ground won't work (Hybrid plans) unless educators make higher salaries.

NEA has created a messaging tool kit that will be available in November.

3. **What's Happening in Arizona?** Paul Matson introduced by Steve Ramos, AEA Retired member who monitors the ASRS board meetings. He had presentation that he passed to participants:

1. Explanation of Defined Benefit (DB) Plan vs Defined Contribution (DC) Plan: Positive and negative aspects of each.
2. Why are Large DBs typically less expensive?
3. Defined Benefit Plan Funded Status Projections (50 years forward)
4. Defined Benefit Plan projected contribution rates
5. Impact of closing the Defined Benefit Plan
6. Key 2011 Legislation Item – Return to Work,
7. Defined Benefit Plan Issues: Past and Present

4. **Arizona's Political Outlook** – Jennifer Loredo – AEA Government Relations, discussed the Arizona political outlook. She stated that:

- this legislature first and foremost would be looking at ways to save money
- they would be even more conservative than ever before
- the Goldwater Institute believes that public employees do not realize the value of their pensions and are not grateful enough
- we need to be ready to show that a DC plan would not save money, and stressed that we need to be informed and to see that our members (especially those who are still working) and the public are informed about the benefits of a DB plan
- the Chamber of Commerce believes that in hard economic times private employees have lost pensions, so public sector employees should also have to make sacrifices
- double dipping from RTW will also be in the news, and the legislature may have bills directed toward changing that
- the Arizona Republic intends to publish names of ASRS members and the amount of their pensions, especially those very few (less than .03%) receiving over $100,000
- salary freezes or salary cuts may be the response of districts to employees who want to maintain the current DB retirement system
- a $1.4 billion deficit is projected for next year

Chuck Essigs, ASBO representative, stated that he is concerned that employees may opt for a DC plan as a way to lower their contributions to the fund in order to get raises in their salaries.

5. AASRA Presentation - Mary Murphy presented a power point with talking points we could use to show benefits of the DB plan.

6. **ROUND TABLE DISCUSSION** A whole group discussion was held and the following points were recommended.

1. We should try to convene a webinar/conference call (similar to the one we experienced today) with all ASRS groups in order to educate them
2. ASRS can put info on their website showing the value of DB plans and comparing with DC plans
3. Information needs to be widely disseminated through organization newsletters to retirees and those currently employed
4. A consistent message needs to go out to ASRS members and the community.
5. The message needs to be flexible and able to respond quickly to any current happenings; fast updates
6. We need to be a watchdog for non-factual media articles, and respond with the facts.
7. We should use Social Media, blogs, Facebook, letters to the editor, etc.
8. In the future we could educate new employees about value of DB plans during "new employee luncheons" at beginning of school year, and during retiree celebrations.
9. The coalition needs to meet more often this election cycle.
10. Use the new NEA toolkit, AASRA presentation, and AEA-Retired presentation to help inform other ASRS members.
11. We need to encourage more groups to join the Coalition.

A sub group was formed to polish our message. Frank Bing, AEA-Retired Vice President will coordinate with group volunteers, and set a meeting date (in November) to draft a uniform message

The total group will meet again in January after the bills are dropped. John Campbell will set the date for the next meeting after checking with attendees.

The meeting was adjourned at 1:15 pm.
Respectfully submitted,
Linda Somo, Barbara Matteson, Julie Horwin