



**Pennsylvania Association of Public Employee Retirement Systems**

*Forging a Future from the Past*

**Panel Discussion:  
What is your Pension Plan Doing  
to Educate Trustees?**



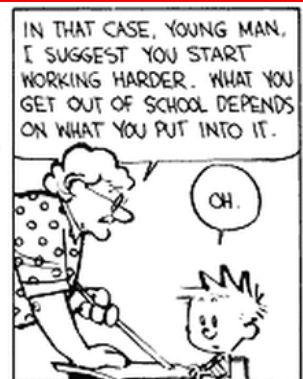
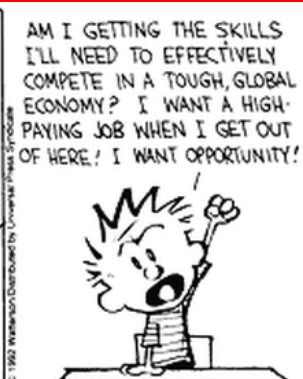
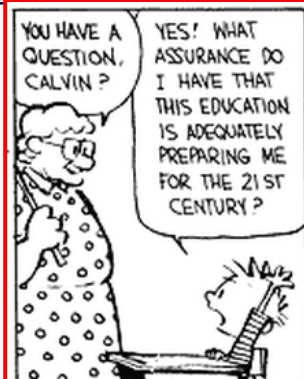
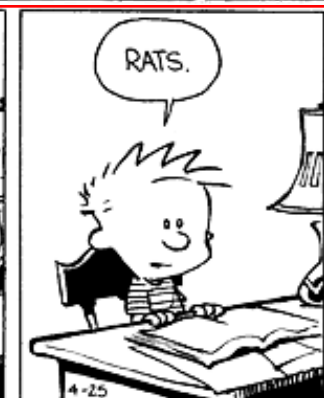
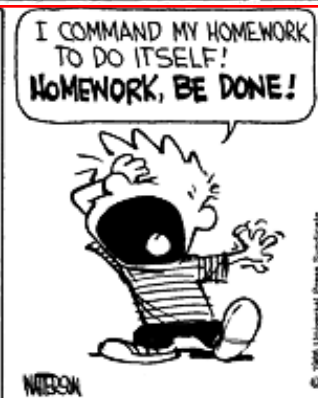
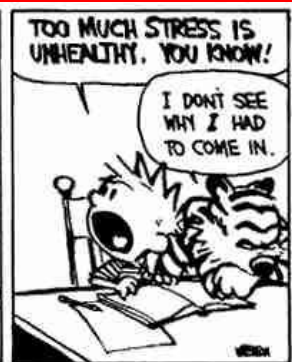
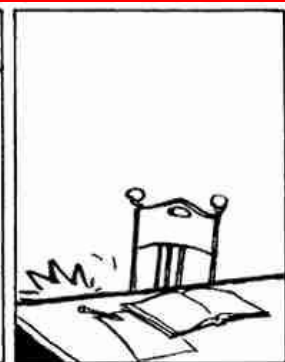
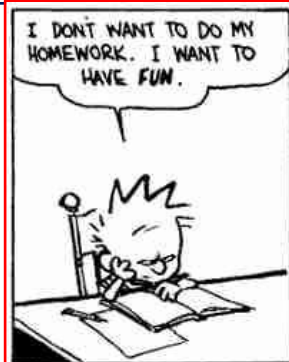
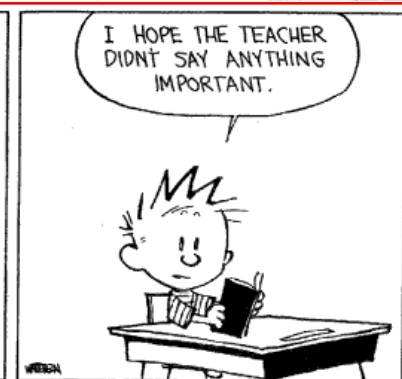
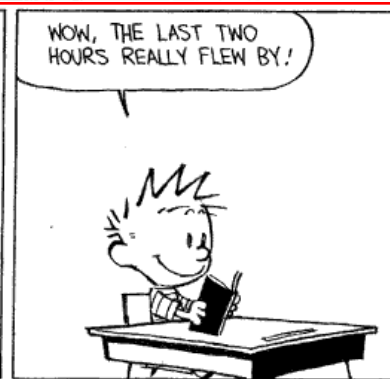
**Perspective of the  
Public School Employees' Retirement System**

**6th Annual PAPERS Fall Workshop  
September 19-20, 2012  
Philadelphia, PA**

**Rule #1:  
Do not follow  
Calvin's  
example!**



...AND IF YOU DIDN'T HAVE TO LEARN ANYTHING... AND IF YOU TOOK AWAY ALL THE TEACHERS AND ALL THE OTHER KIDS. IF IT WAS COMPLETELY DIFFERENT, SCHOOL WOULD BE GREAT.



**Rule #2: Develop  
AND implement a  
comprehensive  
Board education  
policy that meets  
your Board's needs!**

**For a complete copy see:**

**<http://www.psers.state.pa.us/content/board/policies/education.pdf>**

***Education Policy***  
***of***  
***the Commonwealth of Pennsylvania***  
***Public School Employees' Retirement System***

**As adopted by**  
**the Board of Trustees**  
**on June 22, 2007**

**Effective**  
**June 22, 2007**

Adopted: June 22, 2007  
Date Last Reviewed by Chief Counsel: January 10, 2012

**Footnotes  
omitted**

Public School Employees' Retirement Board  
Education Policy

Preface

WHEREAS, the Public School Employees' Retirement Board (PSERB) is empowered by the Retirement Code with the exclusive control and management of PSERS; and

Starts with the fact  
Board Members are  
fiduciaries

Duty of Loyalty

WHEREAS, the Public School Employees' Retirement Board (PSERB) is empowered by the Retirement Code with the exclusive control and management of PSERS; and

**WHEREAS, the members of the PSERB stand in a fiduciary relationship to the members of PSERS with respect, *inter alia*, to the disbursement of any moneys from the fund; and**

**WHEREAS, as fiduciaries, the members of the PSERB have the duty to invest and manage the funds of the PSERS for the exclusive benefit of the members of the PSERS; and**

**WHEREAS, as fiduciaries, the members of the PSERB also have a duty to invest and manage the funds of the PSERS with the care, skill and caution that a prudent investor would exercise under similar circumstances; and**

Duty of Prudence

**WHEREAS, central to the fulfillment of their fiduciary duties, is the obligation of the members of the PSERB to participate in the activities of the PSERB and to be informed on issues and topics that may impact PSERS, which may include attendance at educational opportunities and interaction with other governmental pension plans; and**

**Board education flows from the Duty of Prudence**

**WHEREAS, PSERB Members have an obligation to select such methods of learning as will best enable each of them to acquire the information and skills needed to be effective trustees, taking into account that each PSERB Member has different skill sets and levels of expertise. In the process of making that selection, PSERB Members also have the responsibility to ensure that any educational expenses incurred are both reasonable and necessary; and**

**One size does not fit all**

**WHEREAS, PSERB Members are entitled to reimbursement of educational expenses incurred in fulfilling their fiduciary duties.**

**NOW THEREFORE, the members of the PSERB establish the following Education Policy (Policy) to govern their conduct as trustees of the PSERS:**

- A. Academic Course:** An individual college level or advanced degree course offered by an accredited college or university that directly relates to a PSERB Member's duties as a trustee of a government pension plan. The course need not be for credit.
- B. Board Liaison:** The individual designated by the Secretary of the PSERB to administer this Policy.
- C. Chair of the PSERB:** The duly elected chairperson of the PSERB.
- D. Costs:** Except as otherwise specifically limited by this Policy, all reasonable expenses including but not limited to, transportation, lodging, tuition, subsistence, and conference registration expenses incurred by PSERB Members or Designees in attending an educational event required or permitted under this Policy, including an Academic Course and an Educational/Industry Meeting.
- E. Designees:** Individuals duly designated in writing to the Secretary of the PSERB by either a legislative or *ex officio* member of the PSERB, with the authority to act on behalf of the designating member in his or her absence.

- F. Educational/Industry Meetings:** Meetings or conferences held for the primary purpose of either:
- Instructing the participants on topics which are directly related to the performance of their duties as trustees of governmental pension plans or;
  - Sharing information and, through collective action, advancing policies and interests that are directly related to and beneficial for governmental pension plans.



***G. International Meeting:*** An Educational/Industry Meeting held outside the 50 United States and District of Columbia that has been qualified under this Policy for PSERB Members to attend.

***H. Member Organization:*** A national public pension industry organization in which PSERS maintains a membership, i.e. the National Council on Teacher Retirement (NCTR), the National Association of State Retirement Administrators (NASRA), the Council of Institutional Investors (CII) and the National Council on Public Employee Retirement Systems (NCPERS).

Option #2  
specifics

- I. PSERB:*** The Public School Employees' Retirement Board.
- J. PSERB Member:*** Appointed, elected, ex officio, or legislative members of the PSERB.
- K. PSERS:*** The Public School Employees' Retirement System.
- L. Retirement Code:*** The Public School Employees' Retirement Code, 24 Pa.C.S. §8101 *et seq.*
- M. Secretary of the PSERB:*** The duly appointed Secretary of the PSERB as provided by the Retirement Code.
- N. Vice Chair of the PSERB:*** The duly elected vice chairperson of the PSERB.
- O. Year:*** The 12-month period beginning July 1 and ending June 30.

## II. Policy Overview

To provide each PSERB Member with the knowledge and understanding of complex issues and topics necessary to administer a large governmental pension plan and prudently manage its significant investment assets, including international investments, the PSERB's education program for its Members and their Designees shall consist of the following:

### Overview of educational program

1. An orientation program for all new PSERB Members and their Designees.

Initial

Ongoing

2. Semi-annual education sessions for PSERB Members and their Designees organized by PSERS' staff.
3. Other topic specific educational materials and/or educational events for PSERB Members and their Designees provided by PSERS' staff and/or PSERS' service providers, including but not limited to PSERS' actuary, auditors, health care, and investment consultants.
4. Attendance at Academic Courses and Educational/Industry Meetings subject to the limitations set forth herein.

### III. General Guidelines

- A. This Policy only applies to PSERB Members and Designees while engaged in PSERS' business.
- B. This Policy governs all reimbursement requests for Costs incurred by PSERB Members and Designees while attending an educational event permitted under this Policy, including an Academic Course or Educational/Industry Meeting. Subject to any limits or other requirements set forth in this Policy, Costs incurred by PSERB Members and Designees while attending an educational event permitted under this Policy, including an Academic Course or Educational/Industry Meeting, are deemed to be necessary expenses incurred in the performance of their fiduciary duties and thus are eligible for reimbursement by PSERS.
- C. Nothing contained herein shall prevent a PSERB Member or Designee from attending any educational event required or permitted under this Policy, including but not limited to an Academic Course or Educational/Industry Meeting, personally at his or her own expense or on behalf of another organization at its expense.
- D. This Policy shall be reviewed by the PSERB from time to time but not less frequently than annually.
- E. Attendance by a Designee on behalf of the Designee's principal, for the purposes of this Policy, shall be the same as if the PSERB member attended, and shall count towards any limits established in this Policy.

**Collaborative**

**F. All PSERB Members or their Designees who attend an Educational/Industry Meeting will make available all educational materials received at an Educational/Industry Meetings to the Board Liaison. The materials shall be available at PSERS' Headquarters for a period of three months for review and use by all other PSERB Members, their Designees, and PSERS' staff. The Board Liaison shall promptly notify all PSERB Members and their Designees of the submission of new educational materials pursuant to this provision.**

- G. Individual exceptions to this Policy must be approved by the Chair and Secretary of the PSERB prior to the PSERB Member or Designee's engaging in the activity that is the subject of the request for approval. All requests for individual exceptions to the Policy shall be made in writing to the Chair and Secretary of the PSERB. The Vice Chair and the Secretary of the PSERB shall approve any exceptions requested by the Chair. The Board Liaison shall promptly notify all PSERB Members and their Designees of the submission of a request for an exception to this Policy and the action taken with respect to it.

H. Except as otherwise specifically provided for herein, PSERB Members and their Designees shall also be subject to the same rules and procedures which govern training by Commonwealth employees, which rules and procedures are incorporated herein by reference. These rules and procedures are primarily set forth in Management Directives 230.10 amended (December 18, 2006) and 535.3 amended (November 16, 1999).

I. In addition to the Commonwealth Management Directives cited above, reimbursable expenses for PSERB Members and Designees are also governed by Article VI Section 6.3(c) of the PSERB Bylaws.

## **IV. Orientation Program**

### **Details of Orientation Program**



**A. Each new PSERB Member and Designee is expected to attend, preferably prior to his or her first PSERB meeting as a voting member, a PSERS' staff prepared PSERB Member orientation program.**

**B. The PSERB Member orientation program will, at a minimum, include the following elements:**

### **Sample of Orientation materials attached**

- A brief history and overview of PSERS, including the mission and vision of PSERS**
- A description of the principal laws governing PSERS and PSERB**

- **A description of PSERB and the fiduciary duties of PSERB Members under the prudent investor rule**
- **A review of the PSERB Committees and their purposes**
- **A review of the existing PSERB policies**
- **A review of the legislative process and PSERS' relation to it**
- **A review of the actuarial valuation process and funding of PSERS**
- **A briefing on current issues**
- **A briefing on the Investment Office functions**
- **A review of PSERS' pension benefits plan design**
- **A review of PSERS' health care programs**
- **A briefing on the administrative operations of PSERS, including its operating funds and financial management**
- **A list of the names and addresses of all PSERB Members and Designees**
- **The current schedule of PSERB and Committee meetings**
- **A list of PSERS' key service providers**
- **Any other relevant information or documents deemed appropriate by the Secretary of the PSERB**
- **An optional tour of the PSERS' Headquarters**
- **Instructions on how to access the PSERB's secure website**

## **V. Semi-Annual Education Session**

Details of ongoing educational opportunities

**A. Unless directed otherwise by the Chair, PSERS' staff will organize semi-annual educational session for the PSERB to discuss topics of special importance or relevance to the PSERB. The semi-annual educational session will usually be scheduled in conjunction with the PSERB's January and August meetings.**

Sample agenda from a semi-annual event attached

## **VI. Other Educational Events**

**A. Periodically, PSERS' staff may organize presentations on various educational topics to be delivered by Staff and/or PSERS' service providers. Such initiatives, when possible, shall be held in conjunction with, or appended to, regular PSERB Committee and/or Board meetings.**

## **VII. Academic Course**

### Details of ongoing educational opportunities, cont'd

- A. PSERB Members shall be entitled to reimbursement for the allowable Costs incurred to attend not more than one Academic Course per Year. Moreover, attendance by a PSERB Member at an Academic Course shall count towards the annual limit set forth in Section VIII (B).**
- B. To be eligible for reimbursement of the allowable Costs, each Academic Course must be approved by the Chair and Secretary of the PSERB prior to the PSERB Member or Designee's enrollment in the Academic Course. All requests for approval to the Chair and Secretary of the PSERB shall be made in writing on the approved form attached hereto as **Exhibit A**. The Vice Chair and the Secretary of the PSERB shall be responsible to pre-approve all Academic Courses attended by the Chair of the PSERB.
- C. Reimbursement by PSERS for the Costs incurred to attend an Academic Course shall not exceed \$2,000 per Academic Course. Matriculation fees, books, student fees, and activity fees shall not be reimbursed.
- D. Reimbursement of the allowable Costs for an Academic Course will be processed only after the PSERB Member or Designee successfully completes the Academic Course. In the case of a non-credit Academic Course, a certificate of completion issued by the college or university that provided the Academic Course shall evidence successful completion of the Academic Course. In the case of an Academic Course taken for credit, a copy of the official transcript showing a "C" grade or better for any undergraduate course, or "B" grade or better for any advanced degree course, shall evidence successful completion of the Academic Course.

## **VIII. Educational/Industry Meetings**

### **Details of ongoing educational opportunities, cont'd**

- A. The Chair and the Secretary of the PSERB will annually create a list of qualified Educational/Industry Meetings that PSERB Members and Designees may attend, subject to the terms of this Policy. The list of qualified Educational/Industry Meetings for PSERB Members and Designees attendance shall be posted by the Board Liaison on the PSERB's website. Subject to the Secretary's review and approval, during the year, the Board Liaison will update this list when new qualified Educational/Industry Meetings arise and post such on the PSERB's web site. The PSERB may act at any time to revise the current list of qualified Educational/Industry Meetings established under this Policy.**
- B. PSERB Members shall be entitled to reimbursement by PSERS for the Costs incurred to attend not more than two qualified Educational/Industry Meetings per Year. In addition, PSERB Members shall also be entitled to reimbursement by PSERS for the Costs incurred to attend all qualified Educational/Industry Meetings held within the Commonwealth of Pennsylvania sponsored by the Pennsylvania Association of Public Employees' Retirement Systems (PAPERS).
- C. Not more than four PSERB Members or their respective Designees may be eligible for reimbursement of Costs for attending the same qualified Educational/Industry Meeting, unless their attendance is required to fulfill committee assignments and/or voting obligations for a Member Organization. Moreover, attendance by a PSERB Member at a Member Organization meeting to fulfill PSERS' membership obligations to these organizations is excluded from the limit set forth in Section VIII (B).



## **IX. International Meetings**

### **Details of ongoing educational opportunities, cont'd**

#### **A. PSERB Members shall be entitled to reimbursement by PSERS for the Costs incurred to attend not more than one International Meeting every three Years.**

- B. To be eligible for reimbursement of Costs, each International Meeting must be approved by the Chair and Secretary of the PSERB prior to the PSERB Member or Designee's registering for the International Meeting. All requests for approval to the Chair and Secretary of the PSERB shall be made in writing on the approved form attached hereto as **Exhibit B**. The Vice Chair and the Secretary of the PSERB shall approve all International Meetings attended by the Chair of the PSERB.
- C. Attendance by a PSERB Member at a qualified International Meeting shall not count towards the annual limit set forth in Section VIII (B).
- D. Not more than two PSERB Members or their respective Designees may be eligible for reimbursement of Costs for attending the same International Meeting.

## **X. Annual Reports**

### **Tracking**

- A. The Board Liaison shall maintain a list of all educational events required or permitted under this Policy during the current Year that have been attended or will be attended by PSERB Members or their Designees within the next six months, including but not limited to Academic Courses and Educational/Industry Meetings. The list, together with a list of the materials received by PSERB members or their Designees at the attended educational events, shall be posted on the PSERB's Web Site.
- B. The Board Liaison shall prepare within 60 days of the end of each Year a report for the Secretary of the PSERB listing individual PSERB Member and Designee attendance at and the Costs incurred on their behalf for all educational events required or permitted under this Policy, including but not limited to Academic Courses and Education/Industry meetings. The Board Liaison shall also annually prepare an individual version of the report for each PSERB Member and Designee listing the same information for that PSERB Member and their Designees.

# QUESTIONS?

