Staff provides updates from recent industry meetings

STRS Ohio Governmental Relations staff attended the National Association of State Retirement Administrators (NASRA)–National Council on Teacher Retirement (NCTR) annual winter meeting in Washington, D.C., on March 1–2. The conference covered various state and federal issues affecting public pension systems. Staff shared the following highlights from those meetings.

- **NASRA Research Overview Including Trends in Retirement Plan Reforms**
  Keith Brainard, NASRA research director, and Alex Brown, NASRA research manager, updated the group on the latest NASRA research. NASRA recently updated its 2016 salary survey, disability and governance Issue Briefs, and a report on systems’ actuarial required contribution/actuarial determined contribution experience.

- **Update on Public Pension Advocacy and Research Grants and Grantees**
  Patrick Murphy, vice president of public finance for Arnold Ventures addressed the group regarding priorities for the organization. Arnold Ventures is the rebranded foundation formerly known as the John & Laura Arnold Foundation and has funded past studies critical of defined benefit plans. Murphy stated that the organization’s overall goal is fiscal sustainability, and one of its top priorities is long-term liabilities and pensions to the degree they affect other decisions governments engage in.

- **New Actuarial Developments Discussed**
  Doug Fiddler of the South Dakota Retirement System, John Garret of Cavanaugh Macdonald and Joe Newton of GRS Consulting discussed new actuarial developments. All three panelists agreed that the goal for all pension funds should be 100% funding.

- **Geopolitical Risks and Impacts on Institutional Investors**
  Tom Donilan, former national security advisor to President Obama and chairman of the BlackRock Investment Institute, spoke on a number of current events that are having an impact on institutional investors. He believes the coronavirus will have a big impact on the supply chain worldwide because of the global reliance on China for products. He also noted that the issue that worries him the most going forward is cybersecurity.

- **2020 Election Forecast and Potential Implications**
  Kyle Klondike, managing editor, Sabato’s Crystal Ball, University of Virginia Center for Politics, spoke to the group about his thoughts on the 2020 election. He conceded that election forecasting had some issues in 2016 but noted that some modeling regarding Donald Trump winning the electoral vote was accurate in 2016. Klondike observed that President Trump is quite strong with Republican partisans and that is important because history shows that a strong primary challenger to the incumbent usually ends with the incumbent losing the general election.
Emerging Federal Compliance Issues for Public Plans
Audra Ferguson-Allen, partner, Ice Miller; Bob Klausner, principal, Klausner, Kaufman, Jensen & Levinson; David Powell, principal, Groom Law Group; and Jim Van Horne, partner, Herschler Law, discussed emerging federal compliance issues for public retirement systems. Ferguson-Allen reviewed changes in the recently enacted SECURE Act. Changes include an increase in the age for required minimum distributions, in-service distributions, and withdrawals for birth or adoption of a child. Other topics of discussion included: how the Internal Revenue Service polices compliance of plan sponsors and participants; regulatory issues affecting plan investments; and information about recent pension litigation.

Federal Legislative Landscape for Tax and Retirement Issues
Mike Belarmino, senior policy advisor, Government Finance Officers Association, and Mike Kreps, principal, Groom Law Group, discussed the federal legislative landscape for tax and retirement issues. Kreps said that, even after the passage of the SECURE Act, there is still a bipartisan demand for Congress to tackle retirement issues because retirement insecurity ranks high on people’s concerns. The two big issues for Democrats are expanding retirement coverage and helping individuals with low incomes save for retirement. Republicans would like to expand retirement savings but have concerns about any employer mandate.

Legislative & Regulatory Developments Affecting Public and Private Markets
Jennifer Choi, managing director of industry affairs, Institutional Limited Partners Association (ILPA), and Jeff Mahoney, general counsel, Council of Institutional Investors (CII), examined legislative and regulatory developments affecting public and private markets. Choi reviewed several U.S. Securities and Exchange Commission (SEC) proposals that impact private markets, such as their revised definition of accredited investors and the advertising rule changes. Mahoney focused on the SEC proxy advisor proposal and amendments to the shareholder proposal rule.

Legislative and Regulatory Wrap-up from NASRA and NCTR
Leigh Snell, federal relations director of NCTR, and Dana Bilyeu, executive director of NASRA, ended the conference with a review of enacted and proposed federal legislation. Many of the topics were covered in earlier conference sessions.

The National Institute on Retirement Security (NIRS) held its annual conference on March 3 in Washington, D.C. The day-long conference covered retirement issues of importance to both public and private sector employees. Following are highlights from the conference sessions:

- Alyssa Quart, executive editor of the Economic Hardship Reporting Project discussed her recent book titled, *Squeezed: Why Our Families Can’t Afford America.* Quart told the audience there are a number of reasons for the growing income inequality in the United States. One factor is that middle class life is 30% more expensive than it was 20 years ago, while salaries have not risen accordingly.

- Dr. Christian Weller, professor of public policy at the University of Massachusetts, Boston and senior fellow at the Center for American Progress, spoke about Social Security and noted there is interest in reforming it from both the right and left — and momentum is in favor of increasing Social Security benefits.

- Elaine Ryan, vice president of state advocacy and strategy integration, AARP; Dr. Joelle Saad-Lessler, Stevens Institute of Technology, report co-author; and Emily Spreiser, legal program director at the Pension Rights Center discussed the factors harming women’s retirement security and how to fix it.

Staff meets with Congressional delegation offices
While in Washington, D.C., for the annual NASRA/NCTR Winter Legislative Conference, STRS Ohio Governmental Relations associates took the opportunity to meet with a number of staff members from Ohio congressional delegation offices. The focus of the meetings was on the most recent funding and demographic information for the system and how that translates with respect to benefit payments in the districts and as a sizable economic impact on the state as a whole.
Bills focusing on retirement systems introduced

Ohio House Rep. Diane Grendell (R-Chesterland) recently introduced House Bill 530, which would impact all five statewide retirement systems. The bill proposes new fiduciary duty language and the creation of the Committee on Pension Salaries and Fees, which would be comprised of three members of the House, three members of the Senate and a designee of the State Auditor. The purpose of the committee would be to investigate, study and report on the salaries and investment fees paid by the retirement systems. Under the provisions of H.B. 530, the committee is to present its report to the chair of the Ohio Retirement Study Council and legislative leaders within 60 days of its first meeting, and it would be abolished 60 days following the issuance of the report.

H.B. 530 would also: cap salary increases to the lesser of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers of staff at only the Ohio Public Employees Retirement System (OPERS) who earn at least $200,000 annually; provide that if the general assembly authorizes the Ohio Public Employees Retirement Board to suspend the annual cost-of-living adjustment (COLA) and the board suspends the COLA, no employee of OPERS shall receive a salary or wage increase for the duration of that suspension; and place both a floor (sixteen-hundredths percent) and a ceiling (six-tenths percent) on fees that OPERS could pay external investment managers.

This bill, along with three other bills pertaining to the retirement systems, was assigned to the House Financial Institutions Committee on March 10. The other bills are all sponsored by Rep. Brigid Kelly (D-Cincinnati) and include: H.B. 514 that would require the systems to broadcast board meetings; H.B. 515 that would require the systems to disclose certain information pertaining to alternative investments; and H.B. 516 that prohibits the systems from contracting with a former associate to manage system assets.

Ohio Retirement Study Council cancels March meeting

The Ohio Retirement Study Council’s meeting scheduled for March 12 was cancelled at the call of the chair. The next meeting of the Council is tentatively scheduled for April 9.