



Public Pension Coordinating Council

October 6, 2009

TO: Members of NASRA, NCTR and NCPERS
FROM: Alan H. Winkle, PPCC Awards Program
SUBJECT: Public Pension Coordinating Council Standards Program

The Public Pension Coordinating Council (PPCC) is a coalition of three associations that represent public pension funds who cover the vast majority of public employees in the US. The associations are:

National Association of State Retirement Administrators (NASRA)
National Council on Teacher Retirement (NCTR)
National Conference on Public Employee Retirement Systems (NCPERS)

This is the seventh year the PPCC is offering the PPCC Standards Award Program to public retirement systems in this form. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards.

CHANGES TO STANDARDS

Three changes have been made to this year's Standards:

- ∅ The Standards have been separated into the Administrative Standards and the Funding Standard. A system may qualify for and receive a Recognition Certificate for either the Administrative or Funding Standard, or both. A system that qualifies for both certificates will be awarded the Public Pension Coordinating Council Standards Award.
- ∅ The requirement for award of a COLA in the past three years has been removed. The requirement that the plan statutes provide for authority to award a COLA is still present.
- ∅ The Actuarial Valuation Standard has been expanded to include a requirement for an actuarial review at least once within the last 10 years.

PENSION STANDARDS APPLICATION FORM

The application process is completely in electronic format. The application can be found by clicking this link: http://www.surveymonkey.com/s.aspx?sm=5VgbCe3l7vvpV77id0NyAA_3d_3d and following the instructions on the site. Responses will be compiled and analyzed to ensure they meet the requirements of the Standards.

Step 1 – Review the application form in Word format attached to this e-mail to determine the needed information. This Word form is for your internal use only; please do not submit this form as your application.

Step 2 – Compile the responses from the latest information available to you. We have timed the application period so information available June 30, 2009 can be reported. Provide an explanation when a No response is made and when additional information is required to explain a Yes response. The reviewer will read the explanation to determine the adequacy of the response. There must be “Yes” answers to all questions (or sufficient explanation) in order to meet the Standards.

Step 3 – Go to the web site address

http://www.surveymonkey.com/s.aspx?sm=5VgbCe3l7vvpV77id0NyAA_3d_3d and complete the form. You do not need to complete the entire form at one time. However, in order to return to your particular survey, your browser must accept cookies. Set your browser (Internet Explorer) to a Medium-High level (Go to Tools > Internet Options > Security tab). If the application form is partially complete you may exit and return later, picking up where you left off. When it is complete submit the application as directed. You should be taken to a screen confirming that your application has been submitted.

Step 4 – Within two weeks you will receive a certificate by e-mail, demonstrating your system has met one or both of the PPCC Standards. The certificate can be used in your CAFR and/or made into a plaque to be displayed appropriately. If you do not qualify, you will receive an email detailing the reasons you did not meet the standards.

DEADLINE: Please complete the application by Friday, November 20, 2009. This will allow us time to process the applications and have the certificates available for your CAFR. The web site will be disabled after that date. The earlier you send in your application, the sooner you will receive your certificate

If you have questions through this process concerning the operations of the web site or the electronic application, contact Keith Brainard at keithb@nasra.org or 512-868-2774. If you have questions concerning application questions contact Alan Winkle at ppcc.standards@earthlink.net or 208-345-7469.



Public Pension Coordinating Council

Public Pension System Standards 2009

Note: This form is provided to aid you in assembling the information necessary to fill out the on-line application. *Do not submit this form !*

System Name:

Contact Name:

Address:

Phone: Fax:

E-Mail:

Provide an explanation when a No response is made and when additional information is required to explain a Yes response.

Administrative Standards Assessment

To qualify for the Recognition Award for Administration the system must meet the Administrative Standards – items 1 – 5 below:

1) Comprehensive Benefit Program

- a) Plan provides service retirement benefits? Yes No Explain:
- b) Plan provides in-service death benefit of at least the return of employee contributions or a comparable benefit? Yes No Explain:
- c) Disability benefits for all members are provided either within the plan, by Social Security, or by all employers? Yes No Explain:
- d) Plan statutes (constitution or rules) provide for vesting of plan benefits and prohibits involuntary forfeiture or reduction of vested benefits?
 Yes No Explain:
- e) A post-retirement adjustment of retirement and disability benefits (e.g., COLA) may be awarded to retired members by a governmental authority (could be approved by the retirement system or legislature or other authority). It is not required that the adjustment is automatic or mandatory – it may be discretionary. Yes No Explain:

GFOA Certificate of Achievement for Excellence in Financial Reporting

Receipt of the GFOA Certificate will fulfill the requirements of items 2 and 3 a) & b) below. Has your system received the GFOA Award of Excellence for the most recent award cycle?

Yes: Skip to item 3 c). No: Please complete items 2 and 3 below.

2) Audit

The system obtains an independent audit in accordance with auditing standards generally accepted in the United States of America. The audit was in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The plan received an unqualified opinion from the auditor on the system's financial statements and on the reports on internal controls and is in compliance with applicable laws and regulations. Yes No Explain:

3) Actuarial Valuation

a) Valuation performed at least every two years. Yes No Explain:

b) Actuary certifies that the valuation was performed using generally recognized and accepted actuarial principles and practices consistent with pronouncements of the Actuarial Standards Board. The report meets the Code of Professional Conduct and Qualifications Standards for Public Statements of Actuarial Opinion issued by the American Academy of Actuaries. Yes No Explain:

c) An actuarial review has been performed by an outside, third party actuary, including a replication of the system valuation and an opinion on actuarial assumptions, within the last ten (10) years. Yes No Explain:

4) Investments

a) The Board or governing body has adopted and follows written investment policies. Yes No Explain:

b) The governing body, retirement board, investment board or legislative body has adopted written fiduciary standards. Yes No Explain:

c) Obtained annual investment performance evaluation from an outside independent investment review entity. Yes No Explain:

5) Communications

a) Members are provided a handbook or summary plan description at time of employment and regular updates to the documents. Updates to the handbook can be provided regularly on the system's website as long the member is made aware of the updates and may request a hard copy.
 Yes No Explain:

b) Members are provided with an annual benefit statement. Yes No Explain:

c) Meetings of the governing board of the system are conducted at least quarterly with adequate public notice. Yes No Explain:

Funding Standard Assessment

To qualify for the Recognition Award for Funding the system must meet the Funding Adequacy Standard below:

Funding Adequacy

In order to demonstrate the funding adequacy of the system, the most recent system actuarial report in compliance with GASB Statement 25 shows one of the following:

1) at least 100% Funded Ratio

OR

2) actual contribution rates are at a level equal to or greater than 100% of the Annual Required Contributions (ARC).

OR

3) a plan has been approved by the governing body to achieve 1) or 2) above within 5 years.

Yes No Explain and state plan to achieve the Standard.