



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

ARTICLE X—CONSTITUTIONAL AMENDMENTS

Section 1. Amendment Procedures

This Constitution may be amended, at any Annual Meeting of NCTR, by a two-thirds vote of those delegates present, provided that any such proposed amendment shall be signed by a representative of at least three Active members, and submitted in writing to the Executive Committee at least ninety (90) days prior to any Annual Meeting. The Executive Committee shall submit the proposed amendment to NCTR members, together with its recommendations, no fewer than thirty (30) days prior to said Annual Meeting.

Section 2. Effective Date

Such amendments shall become effective immediately upon adoption unless otherwise provided for therein.

Proposed 2021 Amendment to NCTR Constitution Article V, Section (i) Resolutions Committee

ARTICLE V—COMMITTEES

Section 1. Standing and Special Committees

- Authority to authorize committees.

The Executive Committee shall establish and appoint standing committees as listed below. The President may establish special committees as he/she deems desirable to fulfill the purposes of NCTR. The President shall appoint the members of each committee with the concurrence of the Executive Committee. Individuals may be reappointed to succeeding terms. The terms of committee members shall coincide with the Annual Meeting of NCTR. Committee members shall be executive officers, staff members, or board members of Active members of NCTR. The President shall fill any vacancies in standing and special committees that occur between Executive Committee meetings.



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

(b) Standing committees shall include:

(i) A Resolutions Committee to:

- Conduct an annual review of the NCTR governance documents including but not limited to the Statement of Principles and Positions in consultation with NCTR Staff, the Executive Committee, and Standing Committees, and submit proposed changes to the Executive Committee for consideration and referral to the membership at the Annual Meeting of NCTR. Proposed changes are to be adopted at the Annual Meeting by sixty percent (60%) of voting members in attendance.
- Develop consensus language of the beliefs of the organization regarding public policy concerning retirement security.
- ~~Recommend to NCTR positions that NCTR should take in regard to public policy issues. The Committee's recommendations may include resolutions affecting the concerns of active or retired education employees.~~
- Recommend to NCTR resolutions of appreciation and in memoriam.



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

Proposed 2021 Amendment to NCTR Principles and Positions

NCTR Statement of Principles and Positions

Plan Design and Benefit Administration

Principles:

The National Council on Teacher Retirement (NCTR) believes that all Americans should have access to a pension plan that will provide adequate and reliable retirement security.

In the governmental sector, public pension plans are designed to provide a core retirement benefit that will help assure vital taxpayer services by providing cost-effective retirement benefits that attract and retain qualified employees. Public pensions ensure a stable retirement income for those who dedicate their career to serving the public.

~~NCTR believes that, in addition to their core defined benefit pension plans, employees should also have access to voluntary participation in employer-sponsored defined contribution (DC) plans which play a meaningful role in providing supplemental, tax-deferred retirement savings.~~

NCTR supports and promotes the role and value of defined benefit pension plans to provide adequate and reliable retirement security for all Americans. NCTR believes that employees should also have access to voluntary participation in employer-sponsored defined contribution (DC) plans which play a meaningful role in providing supplemental, tax-deferred retirement savings.

NCTR believes that public pension plans must be governed by fiduciaries who adhere to the highest standards of integrity and fiscal accountability to the plan, its beneficiaries and members, their employers and the taxpayers.

Positions

NCTR is committed to ensuring and protecting the retirement security of public sector employees and will work with its members, public officials and any other interested parties to encourage and support public policy decisions that guarantee retirement security for public employees and all Americans.

NCTR supports public pension plans that are designed to:

- Assure self-sufficiency for retirees by providing a predictable benefit that is guaranteed for life, including cost-effective disability and survivor benefits.
- Create a high performance workforce by providing a benefit that will attract and retain quality and highly trained public employees.
- Lower overall benefit costs by pooling the risk of outliving retirement benefits and of investment losses over the total number of participants.



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

NCTR supports public pension plans that are designed to (continued):

- Invest plan assets at a low cost in order to produce (1) predictable cash flow for payment of recipient benefits that contribute to state and local economies; (2) earnings that reduce future employer and employee contributions; and (3) a large pool of capital that provides entrepreneurial funding that would not otherwise be available to strengthen the economy.
- Provide flexibility that helps state and local governments maintain an effective workforce.

NCTR supports public policies that encourage increased retirement security by providing opportunities and incentives for employees to voluntarily participate in tax-deferred, supplemental savings plans.

NCTR urges all state and local governmental units to act in a manner that is consistent with preserving the fiscal stability of their retirement system(s); to fully fund their obligations to the pension plan; and to preserve and protect the guaranteed rights of plan participants to their promised benefit.

~~NCTR opposes any effort by asset management firms and/or other plan vendors that would be detrimental to the continuance of viable defined benefit pension programs in the public sector and urges all NCTR Associate Members to act accordingly.~~

NCTR encourages asset management firms and other plan vendors to support the continuance of viable defined benefit pension programs in the public sector and urges all NCTR associate members to act accordingly. In addition to advocating for defined benefit plans, asset management firms may support hybrid plans or defined contribution plans once enacted.

NCTR believes that retirement system trustees, administrators and other professional service providers must always act in a manner that demonstrates the highest ethical standards and must consistently act for the exclusive benefit of the retirement plan beneficiaries in complete accordance with their fiduciary responsibilities or other professional standards.

NCTR encourages all public plans to maintain the highest level of security for individual member data and prevent the unauthorized release of Social Security numbers and other personal information.

Federal Tax Policy

Principles:

Given the economic and social value of providing retirement security for all Americans, NCTR believes that the Federal government should enact tax laws and promulgate regulations that encourage the continuation of employer-sponsored pension plans while creating incentives for all employees to increase their personal savings through the utilization of supplemental tax-deferred retirement savings plans. Further, Federal tax policies should facilitate the portability of retirement savings by allowing the transfer of funds from one plan to another without penalty.



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

Positions

Investment income is a critical part of the funding plan of public pension plans that reduces the financial support required by state and local taxpayers as well as employees; therefore, NCTR supports the tax-exempt status of public pension plans and opposes any tax on plan assets and/or income that would erode the financial integrity of the plan and ultimately increase costs for plan members, sponsors and taxpayers.

NCTR believes that the Federal tax code should provide the maximum flexibility in plan design. Federal tax rules and regulations should be clear and simple, and measures should be enacted on a permanent basis, thereby promoting a stable planning environment for plan members, employers and administrators. Therefore, NCTR:

- Urges Congress to maintain adequate incentives for public employees to supplement their pension with contributions to tax-deferred retirement savings plans.
- Urges Congress to maintain tax provisions that allow public employees to enjoy the benefits of contributing to their primary retirement savings plans on a pre-tax basis comparable to those of private sector employees.
- Supports the ability of state and local governments to offer post-retirement increases and flexible benefit options that are designed and implemented in a manner that is consistent with the trustees' fiduciary obligations.

Social Security Administration and Solvency

Principles:

Since 1935, Social Security benefits have enabled millions of working men and women and their survivors to retire with dignity. NCTR believes that the President and the Congress of the United States of America have a solemn obligation to guarantee the solvency of the Social Security system and to preserve its benefits for future generations of Americans.

NCTR supports the historic right of State and local governmental employees to voluntarily participate in the Social Security system and believes that every public servant that contributes to the system should receive a benefit commensurate with his or her contributions.

Positions

NCTR believes that the President and Congress must guarantee the long-term solvency of the Social Security Trust Fund and its guaranteed inflation-adjusted benefits, and NCTR would oppose any Social Security reforms that undermine this solvency.

NCTR believes that the Congress should preserve the right of state and local governments and their employees to decide whether to affiliate with the Social Security system, thereby protecting the retirement security of millions of American public employees, saving state and local taxpayers unnecessary federally-mandated expenses, and



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

preventing costly and ill-conceived changes to financially secure and well-designed public retirement systems.

NCTR supports addressing those provisions of the Social Security law, such as the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP), that actually deprive certain public employees of Social Security benefits that they have rightfully earned and/or those that have been earned by their spouses, thereby breaking the promise of Social Security and further weakening the retirement security of a steadily increasing population of Americans.

Plan Governance and Independence

Principles:

NCTR is comprised of public retirement systems that successfully operate under a well-established body of state and local laws, rules and regulations, including statutory and common law trust principles, conflict of interest laws, codes of ethics and sunshine laws. These systems are governed by highly accountable boards of trustees and/or public officials that are broadly representative of the employees, retirees, elected officials and the general public. The trustees have an undisputed fiduciary obligation to act for the exclusive benefit of their plan and its participants.

While acknowledging an appropriate role for state and local governments in the governance and oversight of public pension plans, NCTR opposes any political or legislative intrusion that could cause trustees to act in a manner that would be inconsistent with their fiduciary duty. Further, NCTR opposes any Federal action that would compromise the independence of state and local retirement systems and/or that would result in any violation of trustees' fiduciary responsibility.

Positions

NCTR believes that public employee retirement systems should be governed by trustees that have a clear and unencumbered mandate to serve as fiduciaries for the beneficiaries of their system. Fiduciaries should be drawn from individuals who are broadly representative of the system's stakeholders, including members, retirees, plan sponsors and taxpayers.

NCTR believes that public fund trustees, administrators and professional service providers should be held accountable for acting in a manner that clearly demonstrates their commitment to the plan, its participants and beneficiaries, and to their individual fiduciary duties or other professional standards.

NCTR believes that each plan should maintain a high level of transparency to plan participants, beneficiaries, sponsors and the public, providing disclosure of the system's financial condition, funded status, investment objectives and assumptions, and benefit structure in order to preserve all interested parties' ability to fully exercise their rights and responsibilities.



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

Investment Authority and Corporate Governance

Principles:

All pension plan assets must be invested for the exclusive benefit of the plan beneficiaries and members. NCTR believes that this standard is clear and non-negotiable, and must serve as the guiding principle for the prudent and equitable administration of all public employee retirement systems. State and local retirement system trustees and administrators must be allowed to perform their fiduciary duties without political influence and should vigorously oppose any mandate that would require them to violate their duties and responsibilities.

As institutional investors and as shareowners, NCTR members should take an active role in protecting plan assets and should adopt corporate governance policies appropriate to each plan.

Positions

Public plan fiduciaries must maintain the authority to make investment decisions that serve the exclusive benefit of plan participants. NCTR therefore vigorously opposes any mandate that requires state and local pension plan administrators and trustees to make investment decisions that violate their fiduciary duties and responsibilities.

NCTR urges its members to act as responsible corporate investors by exercising their ownership rights and responsibilities in accordance with their established investment and corporate governance policies.

NCTR supports public policies that encourage corporate accountability, transparency and fiscal responsibility. NCTR understands and supports the significance of independent oversight through non-affiliated parties and the critical role played by independent auditors in the full and impartial disclosure of corporate conditions.

Healthcare Benefits

Principles:

NCTR believes that access to adequate healthcare benefits is an essential component of retirement security. Since unsustainable cost increases threaten the ability of public employers to maintain comprehensive healthcare benefits for active and retired employees and create a competition for funding that threatens both health and pension benefits, NCTR believes that the Federal government must exercise careful and appropriate oversight of the American healthcare system to help control costs, reduce the rate of growth in healthcare expenditures, increase availability of coverage, improve system administration and increase overall quality of care.

Positions

NCTR must encourage state and local officials to distinguish the challenges associated with health care funding from their long-term obligation to fund pension benefits.

NCTR believes that employer-provided healthcare should be encouraged and that healthcare plans that provide comprehensive benefits while controlling costs by pooling the risk and negotiating best pricing should be supported.



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

Medicare provides critical healthcare coverage for millions of Americans. NCTR supports efforts to preserve the financial solvency of the Medicare system.

NCTR urges Congress to take responsible actions to reduce unsustainable healthcare cost trends, improve healthcare quality, reduce costs for individual healthcare plan participants and recognize the unique characteristics of public healthcare providers.

Since retirees may be disproportionately affected by the steady increase in the cost of healthcare and since active employees are frequently allowed to pay for health benefits with pre-tax dollars, NCTR supports legislation that would treat both active and retired employees equitably by allowing retirees to fund health insurance premiums and other medical expenses on a pre-tax basis.

ADD:

Diversity, Equity and Inclusion (DEI)

Principle:

Diversity is our strength.

As an independent organization, whose members include long-term investors, dedicated to safeguarding the integrity of public retirement systems to which teachers belong, NCTR believes that diversity, equity, and inclusion are at our core and our commitment to these values is unwavering.

NCTR also believes that all our members' and associates' policies and actions should foster vibrant, pluralistic communities that value, promote, reflect, and celebrate the diversity of the individuals, cultures and communities we serve.

NCTR further believes that diversity of thought and identity enrich the culture of our schools, our workplaces, and our communities and that all individuals, regardless of their identity, have a right to succeed. Diverse identities, experiences, skills, and abilities bring value and benefit to society.

NCTR believes in the importance of observances, and programs that accurately portray and recognize the roles, contributions, cultures, history and the value of diverse groups and individuals.

NCTR also believes diversity, equity, and inclusion are integral to achieving good governance. In turn, good governance yields better overall business performance for NCTR member organizations including, but not limited to stronger investment returns, increased funding of research and development, talent recruitment and retention.



October 14 Business Meeting Notice to NCTR Membership

Item: Proposed Constitutional Amendments and Edits to Principles and Positions

Positions

Diversity: We support diversity on Boards, among staff, in our membership and in our associate/business membership. Diversity means empowering people by respecting and appreciating them as individuals. The power of diversity can only be unleashed and its benefits reaped when we recognize these differences and learn to respect, value and celebrate the rich dimensions of each individual.

Equity: We commit to ensuring equity, fairness and justice across all our efforts and interactions. We respond to and confront bias, harassment, and discrimination. We do not discriminate and are committed to a policy of equal opportunity for all persons .

Inclusion: We commit to pursuing deliberate efforts to ensure that NCTR welcomes different perspectives, and every individual feels a sense of belonging and inclusion. Inclusion provides the freedom to fully participate in our communities and offers equal access to opportunities and resources. We know that by building a critical mass of diverse trustees, staff and service providers and creating a climate of inclusiveness, we can more effectively leverage resources of skill, talent, and experiences to advance our mission.

NCTR encourages system members to promote procurement practices that foster meaningful and substantive inclusion of historically underrepresented businesses, including those owned by ethnic minorities, women, veterans, LGBT+ and/or persons with disabilities.

NCTR encourages system members to improve outreach and strengthen relationships among vendors and prime contractors, and to identify and work with these historically underrepresented businesses to achieve diverse pipelines for contracted services.

NCTR believes investors benefit from greater insight into the diversity characteristics of a company's current board, as well as its policies to promote more diverse boards.

NCTR believes companies should provide more complete disclosures regarding the composition of their boards of directors, nominees for director positions, and executive officers.

NCTR believes companies should also provide greater transparency in their nominating process for director and officer selection. Any policy, plan or strategy to promote racial, ethnic and gender diversity at a company, should be publicly available.

Submitted to the NCTR Executive Committee on June 1.

Endorsed by:

Georgia TRS
Maryland State Retirement and Pension System
New York STRS

Approved by NCTR Executive Committee on June 4, 2021, for membership for a vote at NCTR's Business Meeting October 14, 2021