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States Face \$2.73 Trillion Bill for Retiree Benefits, Study Finds

States have promised at least \$2.73 trillion in pension, health care and other retirement benefits for public employees over the next three decades, according to a report released Dec. 18 by The Pew Charitable Trusts' Center on the States.

"Promises with a Price: Public Sector Retirement Benefits," the first 50-state analysis of its kind, finds that states have saved enough to cover about 85% of their long-term pension costs, but only 3% of the funds needed for promised retiree health care and other non-pension benefits. All told, states already have set aside about \$2 trillion to meet their long-term obligations. But they still need to come up with about \$731 billion—a conservative figure that does not include all costs for teachers and local government employees, the report finds.

"Now we know the magnitude of this bill—and paying it will require an enormous investment of taxpayer dollars," said Susan Urahn, managing director of the Pew Center on the States. "For states that have dug themselves into a deep hole, there are no quick and easy solutions—but there are fiscally responsible steps all states can take. These will require time, attention and, above all, political will."

Nationally, state pension plans are in reasonably good shape. At the end of fiscal year (FY) 2006, states had set aside more than \$1.99 trillion of the \$2.35 trillion they had made in

pension promises—leaving about \$361 billion unfunded.

But the good news nationally masks important variations across the states:

- Over the past decade, only a third of the states have consistently set aside the amount their own actuaries said was necessary to cover the cost of promised benefits over the long term.
- Twenty states had funding levels of less than 80% at the end of FY 2006—below what most experts consider healthy.
- Several states have seen particularly troubling drops in their pension funding levels. Some of the biggest drops have occurred in Hawaii, Kentucky, New Jersey, Pennsylvania and Washington.

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For years, states have been required to publicly report their long-term pension liabilities. Until now, they have not had to disclose the price tag of non-pension benefits, such as health care, dental and life insurance. Because of a new rule by the Governmental Accounting Standards Board (GASB), many states will identify these costs in their FY 2008 financial reports, which are expected to come out between December 2008 and March 2009. The Pew Center on the States has released a preview of these numbers.

Pew found that states' long-term price tag for retiree health care and other non-pension benefits is about \$381 billion for state employees alone, excluding obligations for teachers and other local government workers. About 97% of that 30-year obligation was unfunded at the end of FY 2006. One key finding was that none of the five largest states—California, Texas, New York, Florida and Illinois—had put aside money for non-pension benefits as of FY 2006. The full 73 pp. report can be downloaded at: http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/State_policy/pension_report.pdf.

New Law OKs Divestment in Sudan for Pension Funds Nationwide

A new federal law that allows local governments to divest from companies with ties to Sudan will make it easier for pension funds to sell such investments.

In signing the legislation, President Bush said he shared the deep concern of Congress over the continued violence in Darfur that is being perpetrated by the Sudanese government and rebel groups.

"My administration will continue its efforts to bring about significant improvements in the conditions in Sudan through sanctions against the Government of Sudan and high level diplomatic engagement and by supporting the deployment of peacekeepers in Darfur," Bush said.

Investment in Sudan has increasingly been a focus for pension funds, with some announcing plans to divest from companies with links to the region. Texas is one of 22 states that have passed laws that require or allow pension funds to divest from companies that do business in Sudan. Texas' largest public pension, the Teacher Retirement System, might have to sell just \$77 million in holdings to satisfy this state law—a tiny fraction of its assets—and the Employees Retirement System, the pension fund for Texas state workers, looks like it will escape the Sudan divestment issue altogether, the Austin American-Statesman reported.

The Sudan Accountability and Divestment Act affects firms involved in four Sudanese business sectors, which include its large oil industry, mineral extraction, power production and the production of military equipment. It also makes federal government contractors certify that they are not involved in those four business sectors. Divestment activists have targeted companies like PetroChina Co., whose parent, China National Petroleum Corp, is helping Sudan drill for oil, Malaysia's state-owned Petronas and India's Oil and Natural Gas Corp (ONGC).

At the end of September, according to Reuters Company Views, Capital Research & Management, Lazard Asset Management and Blackstone Asia Advisors were among the top 10 largest institutional holders of ONGC shares. Also, according to the same database, Capital, Barclays Global Investors and Vanguard Group were among the top 10 investors in PetroChina.

Since the introduction of the Sudan Accountability and Divestment Act, nine companies—including La Mancha resources, CHC Helicopter, ABB, Siemens, Rolls Royce, ICSA of India, Weatherford International, Weir Group, and Schlumberger—have ceased operations in Sudan or significantly changed their behavior in the country.

SEC Publishes RAND Report on Investment Adviser, Broker-Dealer Industries

The Securities and Exchange Commission (SEC) has received and posted on its Web site the text of the RAND Corp.'s final report on practices in the investment adviser and broker-dealer industries.

"The Commission has been anxious to receive RAND's study of the investment adviser and broker-dealer industries, and the nature of their relationships with customers. The report will assist the Commission's efforts to update our regulations to improve investor protections in today's new marketplace," said SEC Chairman Christopher Cox. "Our staff is now studying the report and the potential regulatory implications of its findings."

RAND produced the report under contract with the SEC. The report is the product of more than a year of empirical study and analysis.

Following a March 2007 Court of Appeals decision that overturned a 2005 SEC rule permitting non-adviser broker-dealers to charge fees to investors based on account size, the SEC and RAND agreed that RAND would deliver its final, peer-reviewed report in pre-publication format on Dec. 31, 2007,

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Investors Worldwide Plan to Increase Portfolio Allocations to Alternatives

Pension funds, endowments and foundations across the globe are forecasting that over the next two years they will dedicate an even larger slice of their total investment portfolio to private equity, hedge funds and real estate, according to the eighth global report on alternative investing released in December by Russell Investments.

As a percentage of total fund assets, institutional investors in North America, Europe, Japan and Australia expect increases in all of these alternative investments, with the one exception being Australian institutional investors who plan to keep their mean strategic asset allocation to hedge funds steady.

Since 1992, Russell has surveyed large tax-exempt institutions (public and corporate pension funds, endowments and foundations generally with assets of \$1 billion or more) in North America, Europe, Japan and Australia to gauge their participation in and expectations for core alternative investing strategies. The results, based on responses from 326 organizations worldwide, are published in a detailed report, "2007-2008 Russell Investments Survey on Alternative Investing." The report presents data by region, investment category and type of institution and includes detailed analysis of use of investment strategies, investment types, geographic allocation and expected returns.

Among the findings:

- Institutional respondents around the globe predict that their strategic allocations to hedge funds will increase by 2009, except in Australia where the hedge-fund allocation is anticipated to remain steady at 4.1%. European respondents expect allocations to hedge funds to rise from 7.4% to 8.4% while Japanese respondents predict it will increase from 9.3% to 9.9%. The biggest jump is expected in North America, where allocations to hedge funds are forecast to rise from 7.5% to 8.9% over the next two years.
- Strategic allocations to private equity by respondents increased in Europe, Australia and Japan and fell slightly in North America. However, all geographic areas forecast allocation increases through 2009.
- Across the globe, respondents' return expectations are strongest for private equity, with expectations for hedge funds and real estate remaining steady. Mean return expectations for private equity worldwide vary between 8% and 13%, with North American and European respondents expressing the greatest optimism for performance of this asset class.

• The utilization of real estate as an investment strategy climbed worldwide over the past two years, particularly in Japan where utilization rose from only one in five survey respondents in 2005 to nearly 40% this year.

"Describing the use of private equity, hedge funds and real estate as 'alternative' is increasingly a misnomer in today's sophisticated investment environment. Russell's survey highlights systematic use of these strategies to enhance returns, reduce volatility and improve fund governance through diversification," said Jon Bailie, managing director of alternative investments.

"Fund of funds remain the preferred route to access both private equity and hedge funds, with limited in-house investment resources dedicated to these strategies by even the world's largest institutions. With outsourcing gaining traction across the globe, consultants continue to have an important role to play," he added.

Hedge fund allocations are expected to rise in nearly all regions. Hedge fund use among the survey respondents is most widespread in Japan—the percentage of respondents investing in hedge funds increased from 59% in 2005 to 71% in 2007. Hedge funds now make up more than 9% of the mean strategic allocation for institutional investors surveyed in Japan. Conversely, Japanese expect hedge funds to return only 4.6% on average through 2009, while institutional investors in United States, Europe and Australia all expect hedge funds to return about 9%.

"Worldwide, hedge funds have matured as an investment tool for diversifying portfolios and reducing risk," said Victor Leverett, director of hedge funds for Russell Investments. "As more and more players enter the hedge fund marketplace, institutional investors are turning to consultants to help them select hedge fund providers and better understand the esoteric strategies they often employ. Consultant use rose by 25 percentage points from the last survey in North America, 32 in Australia and 20 in Japan while remaining stable in Europe."

Leveraged buyouts remained the most popular private equity strategy across the world among survey respondents and increased in commitments across all regions, except for a slight decline in Europe. The strategy dominates in North America, representing 71% of private equity commitments in 2007 and a substantial increase from 57% in 2005. Worldwide, respondents continue to explore new strategies to add to the alternative investment mix

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beyond hedge funds, private equity and real estate. Among strategies currently being employed, currency overlay, absolute return and infrastructure were mentioned most frequently. Among strategies actively being considered, currency overlay, tactical asset allocation, portable alpha and infrastructure were most frequently mentioned.

In North America, the strategy most widely used—as well as the most widely considered—is portable alpha (currently used by 22% of survey respondents and under consideration by a further 45%). Currency overlays ranked highest in Europe, Japan and Australia with 41%, 38% and 53% respectively, of institutional respondents currently using this strategy.

For more information, go to: http://www.russell.com/Institutional/research_commentary/alternative_investments_survey.asp.

Proposed N.Y. Pension Fund Reforms Focus on Ethics and Transparency

New York Gov. Eliot Spitzer, State Comptroller Thomas DiNapoli and Insurance Superintendent Eric Dinallo in December proposed a new set of state pension fund regulations that would improve efficiency and help restore confidence in the governance of the fund.

The new regulations, jointly developed by DiNapoli and Dinallo, will improve oversight, codify high ethical standards, increase transparency and implement strong internal controls and governance of the \$154.5 billion New York State Common Retirement Fund. The new regulations would create a new audit committee, mandate an actuarial committee to review actuarial standards, establish clear standards for evaluating investment performance and risk, and strengthen the investment advisory committee.

These reforms dovetail with DiNapoli's ongoing efforts to develop, implement and publicly disclose management standards, practices and policies. These steps are designed to improve internal controls, increase transparency and set ethical standards and fiduciary responsibilities. Many of the new rules are already in place at the Comptroller's office.

"Recent events have illustrated the importance of protecting the integrity of the state pension fund. The new regulations, developed by Comptroller DiNapoli and Superintendent Dinallo will maximize protection for taxpayers, local governments

and beneficiaries," said Spitzer. "The new regulations increase reporting and transparency, create independent committees to oversee key areas, and strengthen supervision by the Insurance Department. To his credit, Comptroller DiNapoli has already championed and set in motion some of these new standards."

Comptroller DiNapoli said: "I understand that it's not enough to talk about performance. We need to set the bar for transparency and integrity, and we need to set that bar very high. My office has already taken significant steps toward increasing transparency and ensuring ethical management of the pension fund."

The proposed reforms would be the first major amendment to public pension fund regulations since they were first promulgated in 1978.

Since taking office in February 2007, DiNapoli has created the position of Inspector General and appointed a new Special Counsel for Ethics, and he has established clear guidance and disclosure rules on acceptable practices regarding investment managers, advisors and consultants. Many of DiNapoli's reforms, including his disclosure requirement regarding the use of placement agents and the use of the Inspector General to investigate charges of corruption, would be codified in the new regulations. DiNapoli also announced that he would be releasing a monthly report of pension fund activities, including information about placement fees and agents involved in Fund investments.

The proposed regulations also would:

- Establish conflict of interest disclosure and reporting standards for the Comptroller, members of all committees, and all outside consultants and investment managers;
- Establish an independent audit committee with members not affiliated with the Comptroller or the Fund to review and report to the Comptroller on the internal and external audits of the Fund;
- Post the Fund's investment policy statement on the Web, including investment objectives, guidelines, limits and standards for evaluating investment performance and risk;
- Develop transparent procurement rules;
- Establish an actuarial committee with unaffiliated members to review actuarial decisions and standards and the financial soundness of the retirement system; and
- Post all standards, policies and disclosures on a public Web site.

Ken Brynien, president of the Public Employ-

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ees Federation (PEF), said: "We applaud the efforts by State Comptroller Thomas DiNapoli and Superintendent of Insurance Eric Dinallo to strengthen the oversight and transparency of the state retirement system. PEF remains confident that the Comptroller will do everything in his power to maintain the viability of the system while also ensuring accountability."

Richard Iannuzzi, president of the New York State United Teachers (NYSUT), said: "Clear, high standards for how employee pension investments are made can only strengthen safeguards for workers' dollars and cents—that's good common sense. On behalf of the 90,000 NYSUT members who participate in the state Employees Retirement System, we look forward to working with Governor Spitzer, Comptroller DiNapoli and Superintendent Dinallo on this collaborative initiative dedicated to transparency and accountability."

Stanley Winter, president of the Retired Public Employees Association, said the proposed reform "bodes well for public retirees, all members of the system and the citizens of New York. Significantly and most importantly, the Comptroller's role as single fiduciary remains."

The New York State and Local Retirement System provides benefits to more than 1 million employees and retirees of New York State, most local governments and some public authorities. The State Comptroller is by law the administrative head of the retirement system and sole trustee of the Common Retirement Fund.

To view DiNapoli's remarks, go to: <http://www.osc.state.ny.us/press/releases/dec07/121207remarks.htm>.

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three months earlier than the contract had originally required. The text of the posted report is final and has been peer-reviewed. Neither the data nor the analysis on which it is based will change. The fully formatted, publication version of RAND's final report is due by March 25, 2008.

The 219 pp. report can be downloaded at: http://www.sec.gov/news/press/2008/2008-1_randi-abdreport.pdf.

GAO Analysis of DC Plans Finds They Provide Retirement Security for Better-Off Workers

Only 36% of workers participated in a defined contribution (DC) plan in 2004, but more recent regulatory and legislative changes and proposals could have positive effects on DC plan coverage, participation and savings, the Government Accountability Office (GAO) concludes in a new report.

GAO analyzed data from the Federal Reserve Board's 2004 Survey of Consumer Finances (SCF), the latest available, and utilized a computer simulation model to project DC plan balances at retirement. It also reviewed academic studies, and interviewed experts.

GAO was asked to study what percentage of workers participate in DC plans and how much they have saved in them; how much workers are likely to have saved in DC plans over their careers and to what degree key individual decisions and plan features affect plan saving; and what options have been recently proposed to increase DC plan coverage, participation and savings.

Over the last 25 years, pension coverage has shifted primarily from "traditional" defined benefit (DB) plans, in which workers accrue benefits based on years of service and earnings, toward DC plans, in which participants accumulate retirement balances in individual accounts. DC plans provide greater portability of benefits, but shift the responsibility of saving for retirement from employers to employees.

For all workers with a current or former DC plan, including rolled-over retirement funds, the total median account balance was \$22,800. Among workers aged 55 to 64, the median account balance was \$50,000, and those aged 60 to 64 had \$60,600. Low-income workers had less opportunity to participate in DC plans than the average worker, and when offered an opportunity to participate in a plan, they were less likely to do so. Modest balances might be expected, given the relatively recent prominence of 401(k) plans, GAO found.

Projections of DC plan savings over a career for workers born in 1990 indicate that DC plans could on average replace about 22% of annualized career earnings at retirement for all workers, but projected "replacement rates" vary widely across income groups and with changes in assumptions. GAO projections show almost 37% of workers reaching retirement with zero plan savings.

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“Unless we act now, too many workers just starting their careers today will unfortunately face a less secure retirement than did many of their parents,” said U.S. Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee. “Today’s workers will more likely struggle to make ends meet during retirement than previous generations. While Social Security faces long-term challenges that must be addressed, this GAO report makes it clear that the real retirement security crisis is the lack of savings in private retirement plans.”

Projections also show that workers in the lowest income quartile have probable replacement rates of 10.3% on average, with 63% of these workers having no plan savings at retirement, while highest-income workers have average replacement rates of 34%. Assuming that workers offered a plan always participate raises projected overall savings and reduces the number of workers with zero savings substantially, particularly among lower-income workers.

The GAO findings are “a clear indication that a large portion of Americans are heading toward retirement insecurity,” said U.S. Rep. Rob Andrews (D-N.J.), the chairman of the Health, Employment, Labor, and Pensions Subcommittee. “With projections showing almost 37% of workers reaching retirement with zero plan savings, the need for action is imperative.”

Recent regulatory and legislative changes and proposals could have positive effects on DC plan coverage, participation, and savings, some by facilitating the adoption of automatic enrollment and escalation features, GAO found. Some options focus on encouraging plan sponsorship, while others would create accounts for people not covered by an employer plan. GAO’s findings indicate that DC plans can provide a meaningful contribution to retirement security for some workers but may not ensure the retirement security of lower-income workers.

The report, “Private Pensions: Low Defined Contribution Plan Savings May Pose Challenges to Retirement Security, Especially for Low-Income Workers,” is available at <http://www.gao.gov/new.items/d088.pdf>.

Independent Money Management Firms Will Boost Market Share

Independent and quoted money management firms, both traditional and alternative, will capture 33% of all assets under management by 2012, up from 24% today, according to Putnam Lovell, a division of Jefferies & Company, Inc. These firms will be beneficiaries of a historic shift from the retirement mainstay upon which the global fund industry was built, focused on the asset management and financial technology industries.

Commercial banks, insurance companies and investment banks controlled the global money management business in its infancy. Increasingly, they will find it more lucrative to assemble unaffiliated products and play the role of professional buyers rather than fight a losing battle for market share with independent managers. Captive fund management operations of banks and insurers will move briskly for more autonomy and spinoffs will become more common, particularly in Europe and Japan, according to the report, “After the Belle Époque, the Future of Fund Management.”

Traditional active management, long-only stock and bond portfolios charging asset-based fees, will contribute less than half of total industry revenue by 2012, down from about 69% in 2006. More than 50% of revenue will come from performance fees, alternative investments rapidly becoming mainstream, and proliferating long-short extension strategies.

“The days of relying on tax advantages and government subsidies to spur retirement savings and growth in the fund industry are over,” says Ben Phillips, managing director and head of strategic analysis at Jefferies Putnam Lovell, and author of the new report. “Individual investors, Asia, and sovereign wealth funds will be major sources of new business in the next five years. Yield rather than asset accumulation will increasingly be the focus of investors, boosting demand for a new generation of products.”

More than ever in fund management, performance—not capital or brand—will separate the winners and losers. But investor inertia is fading and the price for adjusting slowly to this new environment will rise dramatically, according to the report.

Other forecasts in the report include:

- Exchange traded funds (ETFs) and other less-expensive products will increasingly endanger active managers offering closet index performance at higher fees.
- Hedge funds, now in more challenging markets, will be more easily distinguishable. Institutional-grade

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firms generating strong performance in all market conditions will gain further market share at the expense of lesser competitors. Roughly 20% of the current total, about 2,000 funds, will disappear in the next five years.

- Firms primarily reliant on long-only mutual funds will be under the most severe pressure to reinvent themselves or face dwindling prospects.

- Sub-advisors will capture increasing share, in particular in the U.S. mutual fund segment where they will control 20% of the market by 2012.

- Demand for performance fees and customized benchmarks are on the rise, from both institutional and individual investors willing only to pay for out-performance.

“Fund firms that anticipate and adjust to these new challenges will enjoy a bright future, growing their businesses at the expense of those unable to let go of a rich epoch that’s rapidly fading,” Phillips says.

The report may be downloaded at: <http://www.putnamlovell.com/services/strategic-research.html>.

SEC Unveils Web Tool With Instant Comparisons of Executive Pay

The Securities and Exchange Commission (SEC) Chairman has launched the first-ever online tool that enables investors to easily and instantly compare what 500 of the largest American companies are paying their top executives. The new database highlights the power of interactive data to transform financial disclosure.

The Executive Compensation Reader—available on the SEC’s Web site at <http://www.sec.gov/xbrl>—builds on the Commission’s new requirements that went into effect last year to dramatically enhance clarity and completeness of executive compensation disclosure.

“Gone are the complicated data expeditions that forced investors to hunt through financial statements, footnotes, proxy statements, and other disclosure documents to figure out how much a company pays its top executives,” Chairman Christopher Cox said. “Through its new rules and the power of interactive data, the SEC has transformed the landscape of compensation disclosure. The result is quicker and better analysis, and better-informed shareholders.”

By tagging the executive compensation figures in XBRL, the computer language of interactive data, the SEC has created a new online tool to help investors more efficiently view Summary

Compensation Tables and certain other data in the proxy statements of large companies. Investors can quickly glimpse the total annual pay as well as dollar amounts for salary, bonus, stock, options and company perks. They can instantly compare those executive compensation figures with other companies by sorting according to industry or size.

Selected comparisons can be depicted in both table and graph form, allowing shareholders to compare how executives are paid at companies according to industry, public market cap, or revenue. The data also can be downloaded into Microsoft Excel so that users can further devise their own programs and tables. The data is being provided for public use without restriction.

Teacher Retirement System of Texas Reaches \$61.6 Million Settlement with Qwest

The Teacher Retirement System of Texas (TRS) has reached a \$61.6 million settlement with Qwest Communications International, Inc., on allegations of securities fraud committed by that telecommunications company.

A class-action settlement with Qwest was announced in 2005. Under that settlement, TRS’ estimated recovery would have amounted to \$1.4 million. But TRS opted out of the class recovery to pursue legal proceedings against Qwest.

“We considered the high attorney fees and the insufficient recovery anticipated from the class action lawsuit and decided to seek damages from Qwest on our own,” said TRS Executive Director Ronnie Jung.

“We were confident that we could achieve a much greater recovery on behalf of our members and beneficiaries.”

Retirement systems from other states, including Alaska, Colorado, Florida, and New York also participated in the settlement.

New Legal Guidance on HELPS Implementation

The law firm of Klausner & Kaufman, PA is providing its clients with a memorandum of guidance on HELPS implementation and changes to IRS Form 1040. The memorandum is available for download at: <http://www.ncpers.org/News/PageText/documents/PPA845memo.pdf>.

NCPERS Files Amicus Brief in Kentucky Retirement System Case

The National Conference on Public Employee Retirement Systems (NCPERS), along with the National Association of State Retirement Administrators (NASRA) and the National Council on Teacher Retirement (NCTR), last month filed an Amicus brief in support of the Kentucky Retirement System's (KRS) Supreme Court challenge to a ruling in its case against the Equal Employment Opportunities Commission (EEOC).

A lower Court ruled last year that the EEOC established a prima facie violation of the Age Discrimination in Employment Act (ADEA), because the KRS plan is facially discriminatory on the basis of age.

KRS had argued that its disability retirement benefits are intended to provide disabled employees with a replacement for the normal retirement benefits that he or she can no longer earn, and that therefore denying those benefits to workers who are already old enough to qualify for normal retirement benefits does not constitute "arbitrary" age discrimination based on age-based stereotyping in violation of the ADEA.

KRS filed a writ of certiorari with the Supreme Court in the hope of having the Appeals Court decision overturned. The Supreme Court agreed to hear the case. Oral arguments before the Supreme Court were scheduled to be heard on Jan. 9, 2008.

To view the Amicus brief, go to: http://www.ncpers.org/News/PageText/documents/SupCt_Amicus_110907.pdf.

Guidelines for Proposed Accounting and Auditing Standards Available

The Government Finance Officers Association (GFOA) has released a set of formal guidelines on how to respond to proposed accounting standards, such as the exposure drafts and various other due-process documents issued from time to time by the Governmental Accounting Standards Board (GASB).

The Executive Board has also released a separate set of guidelines on how to respond to proposed changes in auditing standards, including amendments to the United States Governmental Accountability Office's Government Auditing Standards ("Yellow Book"). These are available at: <http://www.gfoa.org/downloads/GuidelinesforGAAPResponses.pdf>.

These guidelines should be especially helpful for individuals responsible for responding to proposed new guidance on behalf of their state association.

Meanwhile, concerns about the potential effect that recent changes in auditing standards have prompted GFOA to release the following materials:

- An overview of the potential impact of Statements on Auditing Standards (SAS) Nos. 103-112 specifically written for non-auditors, at: http://www.gfoa.org/downloads/Risk-Based_Audit_SuiteGFR_jun07.pdf.
- A detailed discussion of the potential impact of SAS No. 112, available at: <http://www.gfoa.org/downloads/NewTerminologyMay07GAAPReview.pdf>.
- GFOA's practical suggestions on how to mitigate the potential negative impact of SAS No. 112. Go to: <http://www.gfoa.org/downloads/SAS112.pdf>.

New Book Provides Fiduciaries with Instruction for Choosing Professional Advisors

Trustees and plan sponsors need advisors to help in the administration and maintenance of employee benefit plans. These professional advisors have a huge role in the decisions made for the fund and must be selected with the greatest of care. The new book, "Fiduciaries and Their Professional Advisors," explains what disciplines are needed, where they can be found and how trustees can make sure their advisors are doing a good job.

The book, published by the International Foundation of Employee Benefit Plans and edited by Donald A. Walters, was written by 17 experts in the field. Walters' career in employee benefits spanned more than 50 years from its origin as a group pension trainee and then manager with Connecticut General Life, to its culmination as founder and president of Benefits Corporation of America, a Connecticut-based employee benefits consulting firm.

It covers a variety of topics essential to a fiduciary's work, whether for a multi-employer fund or a single-employer fund.

"This book is a must-have for fiduciaries who want to ensure that they are acting in the best interest of their fund," said Dee Birschel, senior director of publications at the International Foundation. "It provides the essential information that fiduciaries need to select professional advisors and reminds trustees that there is no substitute for good judgment and common sense."

To purchase "Fiduciaries and Their Professional Advisors," visit www.ifebp.org/books.asp?6382, or contact the Publications Department at (888) 334-3327, option 4; or bookstore@ifebp.org.