

Education Policy
of
the Commonwealth of Pennsylvania
Public School Employees' Retirement Board

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

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Public School Employees' Retirement Board Education Policy

Preface

WHEREAS, the Public School Employees' Retirement System (PSERS) provides pension and other benefits to public school employees in accordance with the Public School Employees' Retirement Code (Retirement Code);⁵⁹ and

WHEREAS, the Public School Employees' Retirement Board (PSERB) is empowered by the Retirement Code with the exclusive control and management of PSERS;⁶⁰ and the PSERB is the trustee of the Public School Employees' Retirement Fund ("Fund");⁶¹ 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;⁶² and

WHEREAS, as fiduciaries, the members of the PSERB have the duty to invest and manage the assets of the Fund for the exclusive benefit of the members of the PSERS;⁶³ and

WHEREAS, as fiduciaries, the members of the PSERB also have a duty to invest and manage the assets of the Fund with the care, skill and caution that a prudent investor would exercise under similar circumstances;⁶⁴ and

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;⁶⁵ and

WHEREAS, the Act of June 12, 2017, P.L. 11, No. 5 added Section 8501(f) to the Retirement Code (Section 8501(f)) that requires each member of the Board to obtain eight hours of mandatory training in investment strategies, actuarial cost analysis and retirement portfolio management on an annual basis; and

WHEREAS, PSERB Members have an obligation to comply with Section 8501(f) and to select such methods of learning as will best enable each of them to satisfy Section 8501(f) and 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

⁵⁹ 24 Pa.C.S. §8101 *et. seq.*

⁶⁰ 24 Pa.C.S. §8521(a).

⁶¹ *Id.*

⁶² 24 Pa.C.S. §8521(e).

⁶³ Rest. 3rd, Trusts (Duty of Loyalty) §170.

⁶⁴ 24 Pa.C.S. §8521(a). Rest. 3rd, Trusts (Prudent Investor Rule) §227.

⁶⁵ Rest. 3rd, Trusts (Prudent Investor Rule) §227. Comment d.

that selection, PSERB Members also have the responsibility to ensure that any educational expenses incurred are both reasonable and necessary; and

WHEREAS, PSERB Members are entitled to receive reimbursement from the Fund for the Costs, as defined below, subject to the terms and conditions of this Policy.⁶⁶

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

I. Definitions

- 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:
 - 1. Instructing the participants on topics which are directly related to the performance of their duties as trustees of governmental pension plans or;
 - 2. 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, e.g. 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).
- I. **PSERB:** The Public School Employees' Retirement Board.

⁶⁶ 24 PA.C.S. §8501(d)

- 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

- A. 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, and to facilitate a PSERB Member's compliance with Section 8501(f), the PSERB's education program for its Members and their Designees shall consist of the following:
 1. An orientation program for all new PSERB Members and their Designees.
 2. Education sessions and presentations throughout the year 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 from the Fund by PSERS in accordance with this Policy.
- 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 at Academic Courses, Educational Events, Industry Meetings, and/or International Meetings 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.
- F. All PSERB Members or their Designees who attend an Educational/Industry Meeting at PSERS expense will make available all educational materials received at the meeting 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, Commonwealth Travel Policy, as periodically amended and 535.3, Out Service Training, as periodically amended.
- 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

- J. Each new PSERB Member and Designee will attend, prior to his or her first PSERB meeting as a voting member, a PSERS' staff prepared PSERB Member orientation program.
- K.
- L. The PSERB Member orientation program will, at a minimum, include the following elements:
- M.
- N. A brief history and overview of PSERS, including the mission and vision of PSERS
- O. A description of the principal laws governing PSERS and PSERB
- P. A description of PSERB and the fiduciary duties of PSERB Members under the prudent investor rule
- Q. A review of the PSERB Committees and their purposes
- R. A review of the existing PSERB policies
- S. A review of the legislative process and PSERS' relation to it
- T. A review of the actuarial valuation process and funding of PSERS
- U. A briefing on current issues
- V. A briefing on the Investment Office functions

- W. A review of PSERS' pension benefits plan design
- X. A review of the School Employees' Defined Contribution Plan and the School Employees' Defined Contribution Trust
- Y. A review of PSERS' health care programs
- Z. A briefing on the administrative operations of PSERS, including its operating funds and financial management
- AA. A list of the names and addresses of all PSERB Members and Designees
- BB. The current schedule of PSERB and Committee meetings
- CC. A list of PSERS' key service providers
- DD. An optional tour of the PSERS' Headquarters
- EE. Instructions on how to access the PSERB's secure website
- FF. Any other relevant information or documents deemed appropriate by the Secretary of the PSERB
- GG.
- HH.

V. Annual Training Program

- A. In accordance with the provisions of Act 5 of 2017, all members of the PSERB are required to receive at least eight hours of training in investment strategies, actuarial cost analysis and retirement portfolio management. In addition, all members are required to receive one hour of ethics training annually. This nine hour total represents the Board's member's minimal annual training requirement. The Board could and should receive training in others areas related to their duties and responsibilities (e.g. health care, pension benefits, etc.), however, those areas will not count toward the eight hours of required training addressed in Act 5 of 2017 or the one hour of ethics.
- B. Both trustees and designees must each complete the 9 hours of training by December 31st of each year. If a designee fails to complete the training, then the designee cannot participate in Board deliberations or vote on behalf of the trustee at any Board or committee meeting beginning with the Board meeting following the determination of noncompliance. The designee may, however, attend Board and committee meetings on behalf of the trustee. If a trustee fails to complete the 9 hour training requirement, neither he/she or the designee(s) may participate in Board deliberations or voting beginning with the Board meeting following the determination of noncompliance. The trustee and/or designee may, however, attend Board and committee meetings. Once the training requirement is fully satisfied, full participation in Board deliberations and voting will be reinstated.
- C. A trustee or designee who is appointed to the Board mid –year will be required to complete the required training beginning the following calendar year.
- D. Annually, Board members will be given the opportunity to provide guidance to the staff for the development of the upcoming year's training program. Board members may, however, at any time during the year suggest potential training topics for inclusion in the current or upcoming year's training program. The annual training program will be formally adopted by the Board each year at the Board's final meeting in December. Once approved this program may be amended at any time, if the Board so desires, should the need arise to alter a topic or if additional presentations are needed as a result of changing priorities.

- E. The Annual Training Program will consist of presentations by PSERS staff or service providers, attendance at presentations approved by the State Employees' Retirement System ("SERS") as part of the training requirements of Act 5 of 2017, attendance at industry related conferences or workshops (e.g. the Pennsylvania Association of Public Employee's Retirement System (PAPERS), National Association of State Retirement Administrators (NASRA), National Council on Teachers Retirements (NCTR), etc.), and other educational events identified by Board members or staff. In addition, Board members may supplement the training sponsored or previously approved by PSERS with attendance at the members cost at other professional continuing education events. If the Board member desires to apply such supplemental training as credit towards the Act 5 requirement, suitable documentation of attendance must be provided to the Board Liaison. (See the sample at Exhibit C) Credit towards the Act 5 training requirement resulting from supplemental training is subject to review and approval by the Board Secretary.
- F. Up to four qualifying investment training hours earned in excess of the required 8 hours may be applied to the next calendar year. Up to one qualifying ethics training hour may be applied to the next calendar year.

VI. Academic Courses

- 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 from the Fund 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.

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.

VII. Educational/Industry Meetings

- 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 from the Fund 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 from the Fund 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. With the exception of the conferences sponsored by PAPERS and NCTR, 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).

VIII. International Meetings

- A. PSERB Members shall be entitled to reimbursement by PSERS from the Fund 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.

IX. Annual Reports

- 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.

Exhibit A

PSERB Academic Course Request

Requestor's Name:

Course Name: _____

Course Provider: _____

Location of Course: _____

Course Provider's Contact Information:

Course Description:

Estimated Cost of Course: _____

Timeframe for Course: _____

Date of Request: _____

Required Action:

Approved: _____

Disapproved: _____

Date of Action: _____

Exhibit B

PSERB International Meeting Request

Requestor's Name:

Meeting Name: _____

Meeting Provider: _____

Location of Meeting: _____

Meeting Provider's Contact Information:

Meeting Description:

Estimated Cost of Meeting: _____

Timeframe for Meeting: _____

Date of Request: _____

Required Action:

Approved: _____

Disapproved:

Date of Action: _____

Exhibit C

PSERB Certification of Training Attendance*

This is to certify the below named individual attended training which may be creditable towards the annual training requirements set forth in PSERS Education Policy.

Event (Conference/Workshop/etc): _____

Sponsor: _____

Date of Training Attendance: _____

Name of Course/Training: _____

Description/Total Time: _____

Facilitator/Instructor: _____

Signature:

*Represents a sample form. Other evidence of attendance may be used if provided by hosting agency.