

### **Introduction**

Trustees need information and best practices to invest and keep safe the funds in the trust, recruit and supervise management, administer the affairs of the System, and to fulfill their fiduciary duties and responsibilities. There is constant change in the field of defined benefit systems and in the applicable state and federal laws. Orientation and ongoing education is necessary on all matters affecting defined benefit systems to stay current and well informed. In addition, section 105.666, RSMo, mandates that each retirement system in Missouri establish a trustee education program.

### **Trustee Education Program, Generally**

Subject to the System's annual budget, the Executive Director may retain a consultant to assist in developing, maintaining and presenting the trustee education program, curriculum and education materials.

The trustee education program shall consist of an annual in-house program (workshop) that shall be presented at least once per year in conjunction with one or more board meetings. New trustees, including individuals who are returning to the Board after a break in service, shall complete a trustee orientation program within 90 days of becoming a board member. Trustees who have served one or more years are required to complete at least six hours of continuing education consistent with the trustee education program on an annual basis. For purposes of this policy a year is defined as a fiscal year, starting on July 1 and ending on June 30. Routine presentations to the Board do not count toward this requirement. The annual workshop shall include fiduciary education, ethics, and investment-related material that will update the trustees on issues affecting their service on the Board.

### **Curriculum and Materials**

As prescribed in section 105.666, RSMo, the orientation curriculum shall include the following topics:

1. Duties (including fiduciary duty) and responsibilities of trustees
2. Ethics
3. Pension plan design and administration of benefits
4. Investments including, but not limited to, the fiduciary duties as defined in section 105.688, RSMo, and investment policies, procedures, and compliance
5. Legal liability and risks associated with the administration of a plan
6. Sunshine Law requirements
7. Role of staff and consultants in investments and plan administration
8. Actuarial principles and methods related to plan administration

Additional educational curriculum may include, but is not limited to, the following topics:

1. History and purpose of the System
2. Board governance policies, processes, procedures, and good trusteeship
3. Asset liability modeling, asset allocation and rebalancing
4. Due diligence in manager selection and monitoring
5. Benchmarks and performance measurement
6. Auditing (internal and external)

7. Operating budget and compliance
8. Custodial bank responsibilities
9. Current hot topics in the industry
10. Backgrounds of staff and key service providers

The Executive Director, or a designee will update and refresh the curriculum and education materials annually and may add additional topics. The annual workshop need not cover every topic, except that fiduciary duty and related responsibilities must be covered each year. Trustees will also be provided a copy of The Trustee Code of Conduct for annual review. The annual program will rotate topics to avoid overly redundant programs. New member orientation shall always meet statutory requirements.

During the orientation session, a new trustee will receive access to the following documents/information:

- The Board Governance Manual and system statutes
- Names, addresses, and contact information for the trustees
- A System organizational chart and contact information for executive staff
- Minutes from the last year of board meetings
- Most recent CAFR
- Most recent actuarial valuation and experience study reports
- Most recent investment performance report
- Governance policy related to indemnification and fiduciary liability coverage
- Summary of pending litigation, if applicable
- Summary of plan benefits
- Overview of member services, including publications and brochures about benefits and services, as well as sample (redacted) member statements
- Operating budget for the System
- Investment dictionary
- Any other relevant information or documents deemed appropriate by the Board and/or Executive Director

The Executive Director, based on input from the Board, will maintain a resource list of recommended educational conference opportunities trustees may want to consider for individual continuing education.

In order to assess the value of external educational opportunities, the trustees will evaluate sessions after attending so the Board can assess whether the educational opportunities were meaningful and helpful. The evaluation will assist other trustees in deciding what future conferences or opportunities they would like to attend. See attached evaluation form.

The annual in-house program will include a fiduciary education session that will update the trustees on issues affecting their service on the Board. All trustees are expected to attend.

Trustees are encouraged to subscribe to periodicals that address pension and investment-related topics. The expense for the periodicals will be paid by the System.

Education costs and associated travel expenses will be prudently incurred consistent with the trustee's status as a fiduciary. The budget shall include adequate amounts for board training and attendance at conferences and workshops. The Board places great value on each trustee obtaining education on all aspects of system administration. The board administrator shall maintain a record for each board member's education including, but not limited to, date, time/length,

education material, and facilitator. These records will be signed and attested to by the Board Chair or the Executive Director. These records will be maintained for three years or until the end of the board member's term, whichever occurs first. Board members who are not in compliance with the necessary requirements shall be added to the agenda for the next meeting for discussion of disciplinary action or removal from the Board.