



**Pension Subcommittee of the**

**Finance Committee**

**Information Item III-A.1**

**April 14, 2016**

## **WMATA Subcommittee Fiduciary Responsibilities**

## SUBCOMMITTEE RESPONSIBILITIES

The Pensions Subcommittee's responsibilities shall be:

1. Review the competencies that management-appointed trustees should possess.
2. Provide for continuing education requirements of management-appointed trustees.
3. Review the investment results of the various trusts to provide informed judgment on the effect of those results on the WMATA budget.
4. Process Plan amendments for ultimate adoption by the Board.
5. Receive annual report from WMATA staff and/or Boards of Trustees on plan performance including:
  - a. Asset allocation by class
  - b. Investment policies
  - c. Annual performance/investment return
  - d. Actuarial results and assumptions including a copy of the actuarial valuation
  - e. Financial controls and audit results including a copy of the financial audit report from each plan's CPA
  - f. Cost of vendors and how they are selected.
6. Receive such other reports as may be requested from staff.
7. Serve as a forum to discuss challenges involving multiple plans.

The Pensions Subcommittee shall be able to request information from the various Boards of Trustees, including Trust policies on ethics and conflicts of interest, consistent with the Board's role as Plan Sponsor.



## Pension

Pension Subcommittee

April 14, 2016



# Roles and Responsibilities

- WMATA as plan sponsor
  - Plans are governmental plans, because WMATA is a government agency
  - ERISA and *Taft-Hartley Act* not applicable
- Plan sponsor obligations
  - Plan creation, design or termination (Board)
    - » Union plans subject to terms of labor contracts
  - Plan funding (Board)
  - Appointment of management trustees (GM/CEO)



# Roles and Responsibilities

- Trustees responsible for:
  - Administration of plan
  - Investment of plan assets
  - Participant dispute resolution
- Staff responsible for:
  - Day-to-day operation of plan
  - Responsible to the trustees for proper performance
  - Authority employees



# Fiduciary Responsibility

- Based on Internal Revenue Code and common law of trusts
- Trustees
  - Must act exclusively for benefit of plan, participants and beneficiaries
  - Responsible for prudent management of assets
    - Not guarantor of market performance
    - Hold and use plan assets for the EXCLUSIVE purpose of paying benefits and reasonable expenses
  - Administration of plan according to its terms
  - Resolution of participant claims