

Board Education Policy

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Purpose

The Directors serving on the Board must oversee the administration of the Retirement System in a prudent manner. Education is essential to ensuring that Directors have the knowledge necessary to meet their obligations and to comply with the Rules and Regulations governing TVARS. It is the Board's policy that all Directors have an appropriate understanding of the issues facing TVARS so that they may properly oversee the administration of the Retirement System.

Policy Objectives

The Objectives of the Policy are to ensure that:

1. Orientation procedures are documented;
2. Parameters regarding on-going education are established and understood; and
3. Directors are empowered to seek out and gain the education they need to effectively serve in their role.

Policy Requirements:

This Policy should be read in conjunction with the TVARS Rules and Regulations and other TVARS approved policies. In the event of a conflict between this Policy and the Rules and Regulations, the latter will control. In the event of a conflict between this Policy and other policies, the more specific policy language, as determined by the Board, will control. With this Policy, the Board has adopted the following guidelines related to orientation and on-going education:

1. Each new Director will attend an orientation session as soon as reasonably practicable following the Director's appointment, election, or selection to the Board.
2. The TVARS staff, with input from the Board, will design the orientation curriculum that will ordinarily include the following:
 - a. History and purpose of TVARS
 - b. An overview of the TVARS enabling authority
 - c. Fiduciary duties and responsibilities of Directors
 - d. Board governance principles, policies, processes, procedures, and good trusteeship, including the role of the Directors and the role of management (TVARS and TVA)
 - e. Ethics
 - f. Retirement plan design and administration of benefits
 - g. Investments including, but not limited to, investment policies, procedures, and compliance
 - h. Asset liability modeling, asset allocation, and rebalancing
 - i. Due diligence in manager selection and monitoring
 - j. Benchmarks and performance measurement
 - k. Custodian bank and recordkeeper responsibilities
 - l. Auditing (internal and external)
 - m. Legal liability and risks associated with the administration of a plan

- n. Role of staff and consultants in investments and plan administration
 - o. Actuarial principles and methods related to plan administration
 - p. Operating budget and compliance
 - q. Current hot topics in the industry
 - r. Backgrounds of staff and key service providers
3. During the orientation session(s), the new Directors will receive a Director's Reference Manual. The Manual will ordinarily contain the following documents:
- a. TVARS Rules and Regulations and by-laws
 - b. Copies of all governance policies
 - c. Names, addresses, and contact information for the Directors
 - d. A System organizational chart and contact information for Executive staff
 - e. Minutes from the last year of Board meetings
 - f. A list of the key service providers to the Board
 - g. TVARS annual report with audited financials of the System and the TVA Savings and Deferral Retirement Plan
 - h. Most recent actuarial valuation and experience study reports
 - i. Most recent investment performance report
 - j. Fiduciary liability insurance policy or summary of it
 - k. Summary of any pending litigation, if applicable
 - l. Summary of plan benefits
 - m. Overview of member services; including publications and brochures about benefits and services and sample (anonymous) member statements
 - n. Operating budget for the System
 - o. Investment dictionary
 - p. Selected industry periodicals
 - q. Any other relevant information or documents deemed appropriate by the Board and/or Executive Secretary

The Director's Reference Manual will be periodically updated by the TVARS staff, as needed and appropriate, and the most current version of the Manual will be available on a shared electronic site available to all current Directors. The Executive Secretary will provide periodic reminders to the Directors on how to access the Reference Manual.

- 4. The Executive Secretary will typically coordinate and lead the orientation session. Others inside or outside the organization may also participate, if determined to be appropriate by the Executive Secretary or the Board Chair.
- 5. The staff will follow-up with new Directors periodically after the orientation session during the Director's first

year on the Board to address any questions or provide any additional information requested.

6. At a minimum, in the first year of a Director's service on the Board, absent extenuating circumstances, the Director will attend educational sessions sufficient to create a general understanding of the following:
 - a. The role of Director and the role of management
 - b. The duties and role of a fiduciary and the importance of the duty of loyalty and duty of prudence
 - c. Explanation of settlor responsibilities
 - d. Governance principles
 - e. Applicable legal requirements
 - f. Investment and asset allocation strategies
 - g. Actuarial principles
 - h. Retirement plan design and other benefits programs

Attendance at a Board-approved orientation session, external educational opportunities that focus on the responsibilities and duties of a retirement system board or trustee member (for example, educational conferences or training provided by TVARS consultants, service providers, or managers), or other educational sessions or conferences recommended by TVARS staff may be used to satisfy these requirements.

7. After the first year of service, each Director is encouraged to evaluate the areas in which the Director needs additional education and training and to share these needs as a part of the annual Board Self Evaluation.
8. TVARS supports Directors' attendance at or participation in educational opportunities that will assist them in carrying out their responsibilities. As such, Directors are encouraged to attend relevant conferences and meetings to enhance their education. The Executive Secretary will maintain and provide to the Directors a list of recommended educational conferences, meetings, and webinars Directors may want to consider in their education.
9. In order to adequately assess the value of certain external educational opportunities that are attended by several Directors, Directors will evaluate the sessions they have attended by completing an evaluation form, included as Attachment A to this Policy. An oral report may be given at a Board meeting based on the Director feedback from the evaluation forms. The evaluation and oral report will assist the Directors in deciding what future conferences or opportunities they would like to attend.
10. Periodically (normally every two years) the Executive Secretary will arrange for an in-house fiduciary education and ethics session that will update the Directors on issues affecting their service on the Board. All Directors are expected to attend. The education session may be provided by an internal or external party.
11. Directors are encouraged to subscribe to periodicals that address pension and investment-related topics. Many periodicals are free; the Board may decide to also cover subscription dues for others that have a cost associated with them.

12. TVARS recognizes that costs are often involved in obtaining education. The Board believes prudent expenditures on education will support the development and maintenance of well-educated Directors, which is in the best interest of TVARS.
13. Directors are authorized to travel for educational purposes but must abide by the Board's Travel Policy and Ethics Policy. Directors will notify the Board through the Executive Secretary before scheduling travel. A record of all trips taken for educational purposes by Directors will be maintained. The record shall be made available to any Director upon request.
14. Education is expected to be obtained within the continental U.S. Travel outside of the contiguous U.S. must be approved by the Board.
15. Based on the education needs of Directors, the Executive Secretary will arrange for staff or outside consultants, service providers, or managers of TVARS to conduct educational sessions throughout the year at regularly scheduled Board meetings or at special meetings called by the Board.

Policy Review

The TVARS Board will review this Policy at least every three years to ensure it remains appropriate. The Board may amend or terminate this Policy at any time. Notwithstanding the foregoing or any other terms of this Policy, this Policy does not confer any rights, benefits, or privileges upon the Executive Secretary, Members, Retirees, Beneficiaries, or any other third-parties.

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Attachment A:

Conference / Educational Session Evaluation Form

Director Name: _____

Conference/Seminar Title: _____

Location / Date(s): _____

Sponsoring Organization: _____

Please help us evaluate the quality of this program and its relevance to you as a Director. Please respond to each question by placing an X near the appropriate rating.

	No	Some	Very Much
Did the session increase your understanding of the topics?			
Did the session offer new insights on the topics?			
Would you recommend this conference/seminar to others?			
General Comments:			

	Below Average	Average	Above Average	Excellent
How effective were the presentations?				
How would you rate the overall value of the program?				
Were the presenters knowledgeable about the topics?				
Was the program well organized?				
General Comments:				

How did this conference/seminar contribute to your own goals and education?

Policy Review Record

Originally Adopted	12/2/2011
Reviewed	6/3/2020
Amended	9/10/2020