

Board Receives Annual Investment Review, Coincides with Regular Meeting



On January 31 to February 11 2011, the FSM Social Security Board of Trustees met the Program's money managers in Honolulu, Hawaii for the annual investment review of the CY 2010. The investment review was coincided with the board's first regular meeting of the year.

Present for these meetings were Acting Chairperson and Representative of Pohnpei State Rose Nakanaga, and Representative of Chuuk State Innocente Oneisom; Representative of Kosrae Jefferson Timothy, Administrator Alexander R. Narruhn as ex-officio on board, and Deputy Administrator Dernista Capelle. Absent were Representative of the National Government Nahoy Selifis, and Representative of Yap State who is still yet to be appointed since the passing of the late Charles L. Chieng.

Under the Annual Investment Review, board was presented with two poor performances by fixed core income managers and large core money managers. Due to this finding, board was resolved to adopt an anomalous application to rebalance the portfolio by diversifying the Asset Allocations and extending it out to the non-U.S. equity markets for consistency in increasing income returns. To make this work, board will divide up the current Large Cap Core from Atalanta Sosnoff and substantiate the new investment prospects in portions of 10% for Large Cap Value and another 10% for Large Cap Growth. In the end, after rebalancing and finding new money managers, the Asset Allocations will be in the following order: 35% Fixed Core, 10% Large Value, 20% Large Core, 10% Large Growth 10% Small Mid Cap Core, and 15% International. This is the outlook of the Program's investments inherent to the contemporary FSM Social Security.

Board then moved on to executing their first regular meeting of the year, initiating a positive outlook for the new year; Board adopted and passed the minutes of previous meeting, and Under Briefings, representative of Kosrae was proud to announce that his State has uplifted her mandatory retirement age to age 65. Moreover, Chuuk is also hopeful that the State Senate would pass theirs the same year. Pohnpei and Yap, on the other hand, are still in contemplation although the sooner they comply the better it will be for the individual in the Public Sector. Under Recent Communications, Tax Division is still trying to collect delinquencies through Spot Audits, a new procedure which the administration would like to uphold this year with the faith that it will "improve employers' compliance with audit recommendations, court orders, payment agreements and filing of current quarters." Board then moved on to reorganization. Rose Nakanaga was nominated for Chairman, seconded by Oneisom and moved to close, votes 3-0. Oneisom then nominated Jefferson Timothy of Kosrae State for Vice Chairman, Seconded by Chairman Nakanaga and close, votes 3-0. Board also entertained two appeal cases before adjourning at 11:45 AM., February 11, 2011.

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