

## VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees  
September 24, 2020 – 11:00 a.m.

Please note all members participated via telephone, video, or teleconference:

### **VMERS Members present:**

MAURA CARROLL, Chairperson, Employer Representative (term expiring July 1, 2022)  
KIMBERLY GLEASON, Vice-Chair, Employer Representative (term expiring July 1, 2020)  
BETH PEARCE, Vermont State Treasurer  
MORGAN DAYBELL, Employee Representative (term expiring July 1, 2024)  
CHRISTOPHER DUBE, Employee Representative (term expiring July 1, 2022)

### **Also attending:**

Erika Wolffing, Director of Retirement Operations  
Tim Duggan, Assistant Attorney General  
Lesley Campbell, Administrative Services Coordinator IV  
Eric Henry, Chief Investments Officer  
Katie Green, Deputy Chief Investments Officer  
Will Kriewald, Chief Financial Officer  
Kathy Riley, Segal Consulting  
Matthew Strom, Segal Consulting

Ms. Carroll called the Tuesday, September 24, 2020 Board Meeting to order at 11:00 a.m. which was held by conference call.

### **ITEM 1:      Agenda approval and announcements**

**On a motion made by Ms. Gleason, seconded by Mr. Dube, the Board voted unanimously to approve the agenda.**

### **ITEM 2:      Approve the minutes of:**

- August 18, 2020

**On a motion made by Mr. Daybell, seconded by Ms. Gleason, the Board voted unanimously to approve the minutes of August 18, 2020 as submitted.**

### **ITEM 3:      VMERS Experience Study 2020**

Mr. Strom presented the 2020 VMERS Experience study, explaining that experience studies are typically conducted every 5 years to evaluate the assumptions adopted by the Board and to make any changes to the assumptions. The last experience study was conducted in 2016 and the current study is based on the period between July 1, 2014 and June 30, 2019. Mr. Strom explained that the report contains recommendations for both the economic and demographic assumptions and that the Board may adopt some, all, or none of the recommendations.

Mr. Strom first explained the recommended changes to the economic assumptions including inflation, investment return, salary increase, payroll growth and COLA. Segal recommended lowering the inflation assumption from 2.5% to 2.30% and lowering the investment rate of return from 7.5% to a value between 7.00% and 7.25% resulting in an increase to the actuarially determined contribution. The report also contained a recommendation to adopt a salary scale with varying service based on rates from 0-10 years and then a single rate of 2.20% for all subsequent years. Segal also recommended establishing a payroll growth of 3.00% and a COLA assumption of 1.10% for Group A and 1.20% for Groups B, C, and D.

Mr. Strom explained the recommended changes to the demographic assumptions including mortality, retirement, termination, and disability. Mr. Strom then explained the impact these assumption changes would have on the actuarial accrued liability and the FY21 actuarially determined contribution. Adopting all economic and demographic assumptions recommended in the report and an investment rate of return between of 7.25% or 7.00% would result in an increase to the actuarial accrued liability between \$12.7 million and \$41.0 million and an increase to the FY 21 actuarially determined contribution between \$400,000 and \$4.4 million.

The Board discussed the recommended assumption changes and the need to establish the investment return assumption in coordination with VPIC, VSERS and VSTRS.

**On a motion made by Mr. Dube, seconded by Ms. Gleason, the Board voted unanimously to adopt all recommended assumption changes as presented by Segal Consulting with the exception of the investment rate of return assumption.**

**ITEM 4: Other Business**

None.


**ITEM 5: Adjournment**

**On a motion made by Ms. Pearce, seconded by Ms. Gleason, the Board voted unanimously to adjourn at 12:51 p.m.**

**Next Meeting Date:**

The next scheduled VMERS meeting is Tuesday, October 20, 2020 at 11:00 a.m.

Respectfully submitted,



Erika Wolfing  
Director Retirement Operations