

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Quarterly In-House Board Meeting
May 10, 2018 – 9:00 a.m.

VSERS Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2018)
THOMAS HANGO, Vice-Chair, VSEA Representative (term expiring September 30, 2018)
JEFF BRIGGS, VSEA Representative (term expiring September 30, 2018)
ERIC DAVIS, VSEA Representative (term expiring September 30, 2019)
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2018)
JEAN-PAUL ISABELLE, VSEA Alternate Representative (term expiring September 30, 2019)
JAY WISNER, Governor's Delegate position
BRAD FERLAND, Deputy Secretary Agency of Administration
BETH FASTIGGI, Commissioner of Department of Human Resources (ex-officio)
DAN POULIOT, Deputy Commissioner of Department of Human Resources
BETH PEARCE, Vermont State Treasurer

Members absent:

ADAM GRESHIN, Commissioner of Finance & Management (ex-officio)

Also attending:

Matt Considine, Director of Investments
Katie Green, Investments Manager
Tim Duggan, Assistant Attorney General
Tim Lueders-Dumont, Policy Director
Laurie Lanphear, Director of Retirement Operations
Erika Wolffing, Retirement Division
Rocco Attanasio, Director Retirement Counseling Team, Prudential Retirement
Brian Ficek, Prudential Retirement
Ronald "Chip" Sanville, Prudential Retirement
Christine McHugh, Prudential Retirement – via telephone
Bill Brennan, Prudential Retirement – via telephone

The Chair, Roger Dumas, called the Thursday, May 10, 2018, Quarterly In-House Board meeting to order at 9:02 a.m., which was held in the BGS-MTPL Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of:**

- April 12, 2018

On a motion by Mr. Wisner, seconded by Ms. Pearce, the Board voted to approve the minutes of April 12, 2018 as submitted, with Mr. Hango, Mr. Davis and Mr. Briggs abstaining.

ITEM 2: Prudential Quarterly Presentation

Mr. Attanasio presented the quarterly report for the 457 State and Municipal Deferred Compensation Plan. As of the end of the quarter, there were 7,247 total participants with total assets of \$478,772,329. Mr. Attanasio explained that future quarterly reports will contain comparisons to the prior quarter end, this report is truncated due to the transition falling between quarters.

Participation rate in Roth for the end of the quarter was 14.7% compared to an average of 7.6% across all of Prudential's plans. There were 138 new enrollees compared to 79 for the 1st quarter of 2017. Overall participation in the plan was at 76.1% compared to around 73% at the end of the prior quarter; with 19.9% of participants having assets in Stable Value versus 24.5% on average across all Prudential plans. Mr. Attanasio explained the GoalMaker tool and how it allows participants to diversify based on their investing style at no additional cost.

Mr. Attanasio explained the retirement income calculator available to participants. As of the end of the quarter, 914 participants had completed the calculator. Those participants completing the calculator on average have a higher balance than participants who do not complete the retirement income calculator. The calculator shows participants whether or not they have a gap in their retirement income based on their current savings rate.

There were 543 total withdrawals over the quarterly period amounting to \$5,048,902. There were 3,291 participants who signed up for online accounts through the Prudential website. Mr. Attanasio explained that Prudential is currently working on enhancing the phone app.

As of the end of the quarter, there were 3,056 participants with assets in 6 or more investment options. Mr. Attanasio explained that participants in target date funds are currently counted as having only one investment option. In future reports, Prudential will include those participants in target date funds under the count for those with 6 or more investment options.

Ms. Pearce updated the Board on the status of the mapping issue, stating that all participants had been made whole. Ms. McHugh explained that approximately 200 participants were impacted by the mapping error, and two communications were sent to those participants. Ms. Pearce reminded the Board that under the prior recordkeeper, fees for new enrollees in the 457 plan were waived for one year. Ms. Pearce suggested the Board discontinue this practice and intends to bring the issue forward at the next Board meeting for action.

Mr. Attanasio presented the quarterly report for the SDIA Plan. As of the end of the quarter there were 1,185 total participants with total balances of \$43,123,590. 95.7% of participants are over the age of 65, those participants under 65 are likely beneficiaries. There were 186 withdrawals amounting to \$1,017,266.

Representatives from Prudential, Mr. Considine, and Ms. Green left the meeting at 10:03 a.m.

ITEM 3: Tru-Up Report

Mr. Ferland presented the Tru-Up report for FY18. The required contribution was \$89,049,904 and total projected payroll was \$509,730,418 yielding a contribution rate of 17.47%. Mr. Ferland explained that as of April 26, 2018 payroll, the state expected to collect an over contribution of approximately \$6 million that can be applied to FY19. Ms. Pearce expressed concern about the sufficiency of 17.47% for FY19, but the administration committed to fully funding the actuarially determined employer contribution (ADEC) should the 17.47% not yield enough funding to cover the full cost of the ADEC.

Mr. Dumas inquired of Ms. Pearce how the ADEC is determined. Ms. Pearce explained the various GASB reporting requirements and methods for funding.

ITEM 4: Legislative Update

Ms. Pearce updated the Board on the Legislative session and proposed legislation impacting the VSERS pension. The budget includes additional funding for the VSTRS pension. The miscellaneous retirement bill passed both chambers. S. 273 includes a study of VSERS Group C to evaluate whether the members currently in the group are there appropriately and if there are other positions that should be included.

Ms. Pearce designated Mr. Lueders-Dumont as her representative on the Board. Ms. Pearce and Mr. Isabelle left the meeting at 10:32 a.m. Mr. Lueders-Dumont joined the meeting at 10:32 a.m.

ITEM 5: Disability Retirement Recommendations from the April 19, 2018 Meeting of the Medical Review Board for:

- Robert Bowen (Review)
- Kurt Wagenbach (Review)
- Dorothy Wilde (New Appeal)

On a motion made by Mr. Hango, seconded by Mr. Briggs, the Board voted unanimously to accept the recommendation of the MRB to allow continued disability retirement for Robert Bowen with an additional one-year review.

On a motion made by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to accept the recommendation of the MRB to allow continued disability retirement for Kurt Wagenbach with an additional one-year review.

On a motion made by Mr. Hango, seconded by Mr. Briggs, the Board voted unanimously to accept the recommendation of the MRB to allow disability retirement for Dorothy Wilde with a one-year review.

ITEM 6: Other Business

None.

ITEM 7: Adjournment

On a motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to adjourn at 10:38 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a Conference Call Meeting on Thursday, June 14, 2018 at 9:00 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erika Wolfing".

Erika Wolfing
Director Retirement Outreach & Policy