

**VERMONT STATE TEACHERS' RETIREMENT SYSTEM**  
Meeting of the Board of Trustees – Conference Call Only  
**October 28, 2021 – 2:00 p.m.**

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

**Members present:**

JON HARRIS, Chairperson, VRTA representative, term expiring July 1, 2024  
SANDRA MINGS-LAMAR, Active Member Representative, term expiring July 1, 2025  
ERIN CARTER, Active Member Representative, term expiring July 1, 2023  
EMILY SIMMONS, representing Secretary of Agency of Education  
DANIEL RADDOCK, Financial Regulation Representative  
BETH PEARCE, VT State Treasurer  
PERRY LESSING, VRTA Alternate Representative, term expiring July 1, 2024  
GENEVIEVE HAMBY, Active Member Alternate Representative, term expiring July 1, 2025

**Also attending:**

Tim Duggan, Assistant Attorney General  
Lesley Campbell, Retirement Administrative Coordinator  
Stephen Barry, Retirement Financial Administrator  
Ashlynn Doyon, Executive Assistant to the Treasurer  
Will Kriewald, Chief Financial Officer  
Scott Baker, Financial Director III  
Eric Henry, Chief Investments Officer  
Katie Green, Deputy Chief Investments Officer  
Kathy Riley, Segal Consulting  
Ptryk Tabernacki, Segal Consulting  
Austin Miller Segal Consulting  
Tom Golonka, VPIC Representative  
Lauren Wobby, VPIC Representative  
Mary Alice McKenzie, VPIC Representative  
Jim Salsgiver, VPIC Representative  
Joe Mackey, VPIC Representative

The Chair, Jon Harris, called the Wednesday October 28, 2021 Board meeting to order at 2:02 p.m., which was held by conference call only.

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

**On a motion made by Ms. Pearce, seconded by Ms. Simmons, the Board voted unanimously to approve the agenda.**

There were no announcements.

**ITEM 2:      **Approve the Minutes of:****

- October 14, 2021

**On a motion made by Mr. Carter, seconded by Ms. Simmons, the Board voted unanimously to approve the minutes of the October 14, 2021 as presented.**

**ITEM 3: VSTRS Actuarial Valuation 2021**

Ms. Riley presented the 2021 VSTRS Actuarial Valuation. Mr. Miller explained the member data as of June 30, 2021. There were 9,955 active members and 11,017 non-actives resulting in a ratio of non-active to actives of 1.11. Plans with a ratio higher than 1.00 indicates a more mature plan. The active members had an average age of 45.3 years, 12.3 average years of service, and average payroll of \$66,091. As of the end of the fiscal year, there were 2,915 inactive members (terminated within the past 6 years) and 911 deferred members. There were 9,573 retired members and 533 beneficiaries receiving total monthly benefits of \$18,591,034, with an average monthly retirement benefit of \$1,840.

Mr. Tabernacki explained the financial information for the plan. Benefits have exceeded employer and member contributions for the past few years. The actuarial valuation of assets as of June 30, 2021, was \$2,191,650,755. Mr. Tabernacki explained the derivation of the actuarial valuation of assets and that this method smooths out any gains and losses. The actuarial experience of the assumptions made resulted in a net gain from investments of \$57.8 million, and a loss from all other experience of \$45.7 million for a total gain of \$12.08 million. The investment rate of return assumption was 7%, the market value rate of return was 26.64%, and the actuarial value rate of return was 9.87%. The actual return for the year was more than the assumed rate of return, there was an actuarial gain for the system. Mr. Tabernacki explained the other experience assumptions, there was a loss of \$10.5 million from net turnover, a loss of \$16.9 million from retirement, a gain of \$1.8 million from mortality, a gain of \$9.5 million from salary increases, and a loss of \$22.6 million from COLA experience.

The unfunded liability as of the end of the year was \$1.950 billion. For measurement and reconciliations purposes, Mr. Tabernacki explained the calculation of the preliminary contribution including the employer normal cost of \$40,915,500 or 5.93% of payroll. Mr. Tabernacki presented the derivation of the actuarially determined employer contribution (ADEC) for FY23. The amortization payment on the unfunded liability is \$163,018,686 and the normal cost based on projected payroll (assumed to increase 3% each year) and 5.58% is \$42,142,965 yielding a FY23 ADEC of \$205,161,651.

Ms. Riley presented the history of the actuarial determined contributions and the actual contributions made; they have exceeded 100% in recent years. The funded ratio has been fairly flat over the past few years, and between 2020 and 2021 due to changes made to the assumptions the funded ratio has increased from 51.29% to 52.91% on an actuarial basis. Ms. Riley outlined the actuarial balance sheet and as of June 30, 2021 the total current and future assets was \$4.9 billion. Ms. Riley explained the risk sections of the report.

**On a motion made by Ms. Pearce, seconded by Ms. Carter, the Board voted unanimously to accept the 2021 VSTRS Actuarial Valuation Report as presented by Segal Consulting.**

**On a motion made by Ms. Simmons, seconded by Ms. Carter, the Board voted unanimously to recommend to the Governor and General Assembly that the FY22 actuarially determined employer contribution (ADEC) of \$205,161,651 be fully funded and appropriated in the next fiscal year in order to achieve and preserve the financial integrity of the fund.**

**On a motion made by Ms. Pearce, seconded by Mr. Harris, the Board voted unanimously to direct the Treasurer to convey to the Governor that the Board, as a matter of principle, believes that prefunding is a more prudent approach than pay-go for the funding of OPEB benefits.**

**ITEM 4: Other Business**

Ms. Pearce and Mr. Harris thanked the Treasurer's staff for their work with members and the Vermont Blue Advantage transition team.

**ITEM 5: Adjournment**

**On a motion made by Ms. Pearce, seconded by Ms. Simmons, the Board voted unanimously to adjourn at 3:42 p.m.**

**Next Meeting Date:**

The next VSTRS Board meeting is on November 9, 2020 at 9:00 a.m.

Respectfully submitted,



Lesley Campbell  
Administrative Services Coordinator IV