

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees – In-House Meeting
October 25, 2017 – 2:00 p.m.

Members present:

JON HARRIS, Chairperson, Active Member Representative, term expiring– July 1, 2019
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2021
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2020
PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2021
DEBORA PRICE, representing Secretary of Agency of Education – via telephone
BETH PEARCE, VT State Treasurer

Members absent:

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020
DANIEL RADDOCK, Financial Regulation Representative

Also attending:

Michael Clasen, Deputy State Treasurer
Matt Considine – Director of Investments
Laurie Lanphear, Director of Retirement
Scott Baker, Director of Financial Reporting
Andy Cook, Investments Analyst
Tim Duggan, Assistant Attorney General
Erika Wolffing, Retirement Office
Steve Klein, Joint Fiscal Office
Catherine Benham, Joint Fiscal Office
Kathleen Riley, Segal Consulting

The Chairperson, Jon Harris called the Wednesday, October 25, 2017 meeting to order at 2:04 p.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:**

- October 12, 2017

On motion by Ms. Pearce, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of October 12, 2017 as submitted.

ITEM 2: **Review/Act on FY17 Actuarial Valuation**

Ms. Pearce introduced Ms. Riley to present the FY17 Actuarial Valuation of the Vermont State Teachers' Retirement System to the Board. Ms. Riley explained that the report is for year end June 30, 2017, calculating liabilities to be used in determining the future actuarially determined contribution. Ms. Riley explained the membership data, noting that the system had 10,028 active members a 1.1% increase over the prior valuation, 763 vested terminated members, 9,021 retired members and beneficiaries, 9,784 total non-actives, giving a ratio of non-actives to actives of

0.98. Active members had an average age of 45.8 years, average creditable service of 12.6 years, and average payroll of \$60,566.

Ms. Pearce explained that the active number might be a little higher than normal due to not including the August and September retirees in the active data as in past years. In addition, schools consolidating districts were showing teachers as inactive. Segal made the decision to include those individuals in the active data.

As of July 1, 2017, there were 8,581 retired members and 440 beneficiaries receiving total monthly benefits of \$14,923,544. The actuarial value of assets as of June 30, 2017 was \$1,779,592,227, 102.36% of the market value. The net loss for the year end was \$74,303,004 calculated by including gains/losses due to the investment assumption, turnover, retirements, the mortality assumption, disability retirements, salary increases, COLAs, and methodology differences. Ms. Riley explained the changes to the investment, COLA and mortality assumptions made at previous Board meetings and the impact these changes had on the valuation. The unfunded actuarial accrued liability was \$1,502,453,387.

Ms. Riley explained that the actuarial required/determined contribution (ARC/ADC) is equal to the employer normal cost and a payment on the unfunded actuarial accrued liability. On the basis of the June 30, 2017 valuation, the FY18 ARC/ADC payment was \$100,759,719. Ms. Riley explained the assumption changes that led to the difference in last year's ADC versus this valuation's calculation. A projection of the ARC/ADC for FY19 is \$105,640,777, and for FY20 is \$127,827,327.

Ms. Pearce explained that approximately \$5.7 - \$6.0 million of the ADC for FY19 will be paid through assessing local education federal grants. Ms. Pearce stated she would continue to work on the estimate of the amount that would be covered by these grants.

On motion by Ms. Pearce, seconded by Mr. Norris, the Board voted unanimously to recommend to the Governor and General Assembly a FY19 actuarially determined contribution of \$105,640,777 as presented by Segal Consulting.

On a motion by Ms. Pearce, seconded by Ms. Deliduka, the Board voted unanimously to accept the FY17 Actuarial report as presented by Segal Consulting with any technical or proofing changes needed.

ITEM 3: Any other business to come before the Board

None.

ITEM 4: Adjournment

On motion by Ms. Deliduka, seconded by Mr. Norris the Board voted unanimously to adjourn at 3:23 p.m.

Next Meeting Date:

The next scheduled VSTRS meeting is an In-House Meeting, November 16, 2017 at 3:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erika Wolffing". The signature is written in black ink and is positioned above the printed name.

Erika Wolffing
Retirement Office