

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Meeting

August 13, 2015 – 9:00 a.m.

VSERS Members present:

Roger Dumas, Chairperson, VRSEA Representative (term expiring September 1, 2016)
Paul White, Jr., VSEA Representative (term expiring September 1, 2015) – via telephone
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2016)
Maribeth Spellman, Commissioner of Human Resources (ex-officio) – via telephone
James Reardon, Commissioner of Finance & Management (ex-officio)
Jay Wisner, Governor's Delegate position
Elizabeth Pearce, VT State Treasurer

Members absent:

Thomas Hango, Vice-Chairperson, VSEA Representative (term expiring September 1, 2016)
Jeff Briggs, VSEA Representative (term expiring September 1, 2016)
VACANT – VSEA Alternate Representative

Also attending:

Stephen Wisloski, Deputy Treasurer
Laurie Lanphear, Director of Retirement Operations – via telephone
Joshua McCormick, Assistant to Nancy Dimick
Nick Foss, Investment Analyst
Karl Kroner, Empower Retirement
Chip Sanville, Empower Retirement
Valerie Baker, Empower Retirement – via telephone
John Piper – Nationwide Insurance
Brendan Morrison – Nationwide Insurance
Taylor Cook, 350 Vermont

The Chairperson, Roger Dumas, called the August 13, 2015, conference call meeting to order at 9:03 a.m., which was held in the basement auditorium, Fourth Floor, 109 State Street, Montpelier, VT.

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

- **July 27, 2015**
- **July 28, 2015**

On motion by Ms. Pearce, seconded by Mr. Reardon, the Board voted by roll call to approve the minutes of July 27, 2015 as amended.

On motion by Mr. Wisner, seconded by Mr. Reardon, the Board voted by roll call to approve the minutes of July 28, 2015 as submitted.

On motion by Ms. Pearce, seconded by Mr. Reardon, the board voted unanimously to recognize the important work of all Teachers', State Employees, and Municipal Employees who put their personal safety in jeopardy in the service of all Vermonters. Furthermore, the board recognizes the work of all public employees and teachers, especially at this time, the Vermont Department of Children and Families; who employ admirable, hard-working, and courageous individuals who serve all Vermonters in pursuit of protecting those in our communities who are the most vulnerable. Specifically, the Vermont State Employees Retirement Board of Trustees moves to recognize the life and work of the Vermont Department of Children and Families employee' Lara Sobel for her years of dedicated and expert service to the state and on behalf of all Vermonters. The Vermont State Employees Retirement Board of Trustees offers its deepest condolences to the family of Lara Sobel.

Item 4 was moved up to Item 2

ITEM 2: Excise Tax

Mr. Wisloski gave a brief overview of the possible Excise tax that would be implemented on employer provided health care plans effective January 1st, 2018. This tax would impose a 40% tax on the value of total health care benefits on health savings plans, etc, above a certain threshold. The threshold only increases at the consumer price index (CPI). Mr. Wisloski stated that since health care cost typically increase much more rapidly than the CPI, the Excise tax liability is expected to grow rapidly. The purpose of this tax is designed to finance the Affordable Care Act. Right now there are multiple study groups and committees trying to come up with other solutions.

Mr. Wisloski left the meeting at this time

ITEM 3: Empower Retirement Presentation

Mr. Kroner presented to the board the latest quarterly results for the VSERS 457 Retirement plan (4/1/15 – 6/30/15). Total Assets are just over \$400 million, which is a 3.8% gain from a year ago. There are currently 6,908 participants with an average account balance of \$58,154. Pax World Global now has over 400 participants. Mr. Kroner then discussed findings for Average Participants by Age Group, Age Breakdown of participants invested 100% in the Stable Value Fund, Participants and Contributions of Roth vs Regular, Contribution History, Percentage of Contributions by Asset Class, Benefit Payment Distribution, Managed Accounts Service, and Current Ratings. Mr. Kroner answered any questions the board had.

Mr. Sanville went over the field activity for the last quarter. There were 14 group meetings held, 529 appointments, 78 new enrollments, 29 deferred changes, and received \$260K in roll-ins.

Mr. Sanville went over the field activity for the last quarter for the 403B plan for VSTRS. There were 9 group meetings held, 326 appointments, 108 new enrollments, 94 people have increased their contributions, and received \$260K in roll-ins. Additionally, once Colchester School district joined the 403B plan, that added \$4.5 million in roll-ins.

Ms. Baker then went over with the board the fund performance review. Most plans are passing with the exception of one, PAX World Balanced. Most plans have gotten zero "below" scores over the last 3 years. Ms. Baker did state that currently, PAX World Balanced is not receiving a below rating now. The board will keep an eye on this plan's performance. Mr. Kroner will work up a comparative analysis for the board.

Ms. Baker left the meeting at this time

Mr. Sanville gave an overview of the SDIA plan. The plan has reduced 7.4 percent in the last year. There are still 1,478 participants in the plan. There are no participants under the age of 49, and 1,090 of the participants are over the age of 65.

ITEM 4: VPIC Attendance Report

The annual VPIC attendance report was presented to the board. Ms. Pearce stated that VSERS VPIC reps are doing a great job of representing at the VPIC meetings.

ITEM 5: Treasurer's Update

Ms. Pearce stated to the board that over 200 state employees have applied for the retirement incentive. The deadline is August 31. If there are over 300 applicants, there will be a lottery done to choose the 300.

Ms. Pearce stated to the board that the findings/concerns on the experience study are still being worked on. The actuaries have currently been busy with the GASB 67/68 program for VSTRS and VMERS.

On September 4, 2015, there will be a Pension Funding Informational Session at the statehouse beginning at 10:00 am, in Room 11. Topics will include pension benefits, actuarial concepts, pension funding, VPIC and ESG policies.

There are two study groups, a Retirement Security study group and a Financial Literacy study group. The Treasurer will provide information on these initiatives on its web site and invites VSERS members/public to provide input.

ITEM 6: Public Comment

Taylor Cook gave public comment on behalf of 350 Vermont.

ITEM 7: Any other business to be brought before the board

Mr. Reardon asked the board to consider sending agenda packets and other information electronically. The board discussed this and decided that the board will start to send more information to members electronically, except for confidential information until a secure process is developed.

Mr. Dumas complimented the Treasurer's office on the latest retirement newsletter that was mailed to members. He stated that he believes this information helps the retired state employees greatly.

ITEM 8: Adjournment

On motion by Mr. Wisner, seconded by Mr. Reardon, the Board unanimously voted by roll call to adjourn at 11:01 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is an In-House meeting, September 16th, 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board