

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – In-House Actuarial Meeting
October 27, 2016 – 8:00 a.m.

VSERS Members present:

Roger Dumas, Chairperson, VRSEA Representative (term expiring October 31, 2018)
Thomas Hango, Vice-Chairperson, VSEA Representative (term expiring September 30, 2018) –
via telephone
Allen Blake, VRSEA Alternate Representative (term expiring October 31, 2018)
Judy Rosenstreich, VSEA Representative (term expiring September 1, 2017)
Jeff Briggs, VSEA Representative (term expiring September 30, 2018)
Thomas Cheney, Commissioner of Human Resources (ex-officio)
Jay Wisner, Governor's Delegate position
Elizabeth Pearce, VT State Treasurer

Members absent:

Andy Pallito, Commissioner of Finance & Management (ex-officio)
Jean-Paul Isabelle – VSEA Alternate Representative (term expiring September 1, 2017)

Also attending:

David Driscoll and Kevin Penderghest, Buck Consultants
Laurie Lanphear, Director of Retirement Operations
Joshua McCormick, Assistant to Nancy Dimick
David Driscoll and Kevin Penderghest, Buck Consultants
Scott Baker, Director of Financial Reporting

The Chairperson, Roger Dumas, called the October 27, 2016, In-House meeting to order at 8:05 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

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

- **October 13, 2016**

On motion by Mr. Wisner, seconded by Mr. Hango, the Board voted unanimously by roll call to approve the minutes of October 13, 2016 as submitted.

ITEM 2: **Review/Act on FY '16 Actuarial Valuation and Assumptions**

Mr. Driscoll reviewed with the Board members the Actuarial Valuation Report as of June 30, 2016. As of June 30, 2016, there are 10 less active employees than at June 30, 2015, and 338 more retiree's than at June 30, 2015. Average compensation was increased from, \$54,707 to \$55,864. The normal contribution rate is now 2.88%, slightly less from 2.93% last year. Mr. Driscoll reviewed with the board the breakdown of retiree member data, including number of members, members in each retirement group, and retirement allowances.

Mr. Driscoll reviewed and discussed with the board Assets, the unfunded liability, breakdown of gains and losses, contributions payable under the system of \$49,789,268. He also discussed with the board the experience and accounting information, valuation balance sheet of assets and liabilities, outline of actuarial assumptions and methods, and the summary of principal plan provisions.

On motion by Ms. Pearce, seconded by Mr. Wisner, the board voted unanimously by roll call to accept the Actuarial Assumptions and to forward to the Governor, and the chairs of the House and Senate, the contribution recommendation of \$52,065,397 for FY '18 based on the FY'16 Actuarial Valuation report as provided by the state independent actuary, Buck Consultants.

ITEM 3: Review 2015 OPEB update

Mr. Penderghest reviewed with the board the FY '16 OPEB report. He stated to the board that this valuation is to measure liability for post-retirement medical benefits, and is done each year to project the cost of medical benefits for retiree's remainder of life. Mr. Penderghest stated to the board that the unfunded accrued liability is \$1.134 billion. He also stated that the High Cost Premium Excise Tax (or "Cadillac Tax") effective date was pushed out and will not come into effect until 2020.

There was a discussion about the comparison of Pre-Funding Basis versus Pay-as-you-go Basis as well as an overview of retirees versus active members and age's pre-65 versus post-65.

Mr. Penderghest then reviewed with the board the actuarial assumptions and methods, actuarial accrued liability, membership data by age and group, premium bills, and the net OPEB obligation.

On motion by Ms. Rosenstreich, seconded by Mr. Wisner, the board voted unanimously by roll call to accept the OPEB report and encourage the General Assembly and the Governor to work with VSERS to identify alternatives to create a funding plan.

ITEM 5: Any other business to be brought before the board

Ms. Pearce gave an update to the board about the Actuary RFP process.

Ms. Rosenstreich expressed to the Board her interest in attending the NCPERS conference next year with Mr. Briggs. She will submit a formal request in writing.

ITEM 6: Adjournment

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously by roll call to adjourn at 10:05 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is an In-House meeting, November 10, 2016, at 9:00 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joshua McCormick". The signature is written in a cursive style with a large initial "J" and "M".

Joshua McCormick
Administrative Coordinator IV