

**VERMONT STATE TEACHERS' RETIREMENT SYSTEM**  
Meeting of the Board of Trustees – Conference Call Only  
**September 24, 2020 – 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  
JUSTIN NORRIS, Vice-Chair, Active Member Representative, term expiring July 1, 2021  
ERIN CARTER, Active Member Representative, term expiring July 1, 2023  
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2024  
EMILY SIMMONS, representing Secretary of Agency of Education  
BETH PEARCE, VT State Treasurer  
DANIEL RADDOCK, Financial Regulation Representative

**Members absent:**

Vacant, Active Member Alternate Representative, term expiring July 1, 2021

**Also attending:**

Tim Duggan, Assistant Attorney General  
Erika Wolffing, Director Retirement Operations  
Lesley Campbell, Retirement Administrative Coordinator  
Eric Henry, Chief Investments Officer  
Tom Golonka, VPIC Chair  
Will Kriewald, Chief Financial Officer  
Jeff Fannon, Vermont NEA  
Kathy Riley, Segal Consulting  
Matthew Strom, Segal Consulting

The Chair, Jon Harris, called the Thursday, September 24, 2020 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 Mr. Raddock, seconded by Mr. Norris, the Board voted unanimously to approve the agenda.**

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

- September 10, 2020

**On a motion made by Mr. Raddock, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of September 10, 2020 as presented.**

**ITEM 3: VSTRS Experience Study 2020**

Mr. Strom presented the 2020 VSTRS Experience Study explaining that experience studies are typically conducted every 5 years. The last experience study was completed in 2016 and the current study is based on the five-year period between July 1, 2014 through June 30, 2019. Mr. Strom explained that the report sets forth recommendations for changes to both the economic and demographic assumptions and the Board may accept all, some or none of the recommendations.

Mr. Strom began by explaining the recommended changes to the economic assumptions including inflation, investment return, salary increase, payroll growth and COLA. Segal consulting recommended reducing the inflation assumption from 2.50% to 2.30% and reducing the investment return assumption from 7.50% to a value between 7.00% and 7.25%. The report further explained recommendations for minor increases to the salary scale, no change to payroll growth, and a COLA assumption of 2.40% for Group and 1.35% for Group C.

Mr. Strom presented the recommended changes to the demographic assumptions including mortality, retirement, termination and disability. Mr. Strom explained how adopting the assumptions in the report would impact the actuarial accrued liability and the FY21 actuarially determined contribution. If the Board adopted all demographic and economic assumptions and an investment return of 7.25%, the actuarially accrued liability would increase by \$219.4 million and the FY21 actuarially determined contribution would increase by \$40.8 million. If the Board adopted all demographic and economic assumptions and an investment return of 7.00%, the actuarially accrued liability would increase by \$326.2 million and the FY21 actuarially determined contribution would increase by \$50.8 million.

The Board discussed the recommended changes and the need to establish the investment return assumption jointly with VPIC, VSERS and VMERS.

**On a motion made by Mr. Norris, seconded by Mr. Raddock, the Board voted unanimously to accept the 2020 VSTRS Experience Study and to adopt all assumption contained in the report as presented by Segal Consulting with the exception of the investment rate of return.**

**ITEM 4: Discuss Investment Rate of Return Assumption**

The Board discussed the Joint meeting held on Tuesday, September 22, 2020 to establish the investment rate of return assumption. The motion to adopt 7.0% as the investment rate of return assumption failed on the vote of the VSTRS Board. The Board discussed the need for all 4 Boards to be in agreement. Members explained why they voted against the motion and stated they wanted more time to consider the report and recommendations from the actuaries.

**ITEM 4: Other Business**

None.

**ITEM 5: Adjournment**

**On a motion made by Mr. Raddock, seconded by Ms. Carter, the Board voted unanimously to adjourn at 4:45 p.m.**

**Next Meeting Date:**

The next VSTRS Board meeting is on October 8, 2020 at 3:30 p.m.

Respectfully submitted,

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

Erika Wolfing  
Director of Retirement Operations