STATE OF CONNECTICUT

STATE EMPLOYEES RETIREMENT COMMISSION

ACTUARIAL SUBCOMMITTEE

JANUARY 18, 2023 MEETING
HELD VIA ZOOM
CONVENED AT 3:04 p.m.

Present:

Peter Adomeit, Chairman
Michael Bailey, Trustee
John Flores, General Counsel to the Treasurer's Office, Ex-Officio Member of the Retirement Commission
Karen Nolen, Trustee
Claude Poulin, Actuarial Trustee
Timothy Ryor, Actuarial Trustee
John Herrington, Retirement Services Division Director
Jean Reid, Retirement Services Division
John Garrett, Cavanaugh Macdonald
Ed Koebel, Cavanaugh Macdonald
Cindy Cieslak, Rose Kallor LLP

TRANSCRIPTIONIST: Karin A. Empson

(Proceedings commenced at 3:04 p.m.)

CHAIRMAN ADOMEIT: All right. Peter Adomeit here. This is the January 18th, 2023 meeting of the State Employee Retirement Commission Actuarial Subcommittee.

Cindy, do you have the attendance, please?

MS. CIESLAK: Good afternoon. This is Cindy Cieslak. Present today, we have Chairman Peter Adomeit, Actuarial Trustee Tim Ryor, Trustee Karen Nolen, Trustee Michael Bailey, Actuarial Trustee Claude Poulin, and General Counsel from the Office of the Treasurer and Ex Officio Member to the Retirement Commission, John Flores. From the Retirement Services Division, John Herrington and Jean Reid, and John Garrett and Ed Koebel from Cavanaugh Macdonald, and Cindy Cieslak from Rose Kallor, General Counsel.

CHAIRMAN ADOMEIT: Okay, thank you. The agenda, Item Number 1, CMERS Retirement System Report—

MR. KOEBEL: Cindy, can you—

CHAIRMAN ADOMEIT: --as of June 30th,

2022.

Go ahead.

MR. KOEBEL: Sorry, Mr. Chairman.

Cindy, can you give me control so I can share the reports? This is Eddie Koebel.

CHAIRMAN ADOMEIT: You can screenshare now using Zoom without having to be a cohost, I believe.

MR. KOEBEL: Oh, really? Okay.

CHAIRMAN ADOMEIT: Yeah.

MR. KOEBEL: That's great.

CHAIRMAN ADOMEIT: Give it a—

MS. CIESLAK: This is Cindy Cieslak. Yeah, the way I have the settings is I have to give permission. That way, you know—

CHAIRMAN ADOMEIT: Oh, I see, okay.

MS. CIESLAK: You should have permission now.

CHAIRMAN ADOMEIT: I can see why.

MR. GARRETT: We'll wait for that report.

CHAIRMAN ADOMEIT: Members of the public trying to screenshare.

MR. GARRETT: Wait, we're members of the public.

Well, Mr. Chairman, this is John Garrett.

It's a pleasure to be with you all today. We have a lot of reports. Sorry to dump on you, but it's typically that way in January. So the first one, of course, is the MERS valuation, which Ed has screenshared.

Ed, you might want to try and make that bigger, if you can. I know some of the fonts in here are ridiculously small anyway, but—

MR. KOEBEL: How's that?

MR. GARRETT: That looks pretty good, yeah.

MR. KOEBEL: Okay.

MR. GARRETT: So if we slip over to Page 1, which is the comparative summary of the valuation results this year to last year, this, of course, is just MERS in total. This year was a pretty rough year both asset-wise but also liability-wise. The market value of assets, you can see drop from 3.35 billion down to 3.0. Actuarial value, we have it going up a little bit from the 3.154 billion to 3.260. So that really was the market loss that - around pretty close to nine-percent market loss for 2022, and that's pretty similar to the results we see in all the other Connecticut plans as well.

Unfunded liability is up $200 million

from 924 up to 1,134. You see that in the middle of the page. We have a declining amount of that present value of remaining prior service amortization payments.

So just again to kind of point out the difference between what we'll see here and what we see in the GASB 67 reporting, here we carry the present value of the remaining payments, and in the GASB reporting, it's just the sum of the payments that are outstanding. So here we see a little bit less of a decline because, you know, there's still interest accumulating on it, and all the payments that were made were paying off a portion of that interest.

So we see a decline in the remaining service payments. And again, this number is pretty small compared to what it was back when Bridgeport had some significant prior service costs they were amortizing. So it's now just over seven million. So what we do with that is we subtract that from the unfunded liability we calculate purely from the valuation results, which is just liabilities minus actuarial value of assets. And we get a net unfunded accrued liability, which is then spread across the membership - the participating employers.

That cost is spread over 17 years, and, you know, we probably ought to think about, you know, just again, all the other systems, teachers, the State employees, those larger systems, we have implemented a layered approach. And that's something we might want to talk about here toward the end of this presentation about considering that just to kind of help spread some of this increased cost over a longer period of time.

The funded ratio, the plan dropped about 3.1 percent from 77.39 to 74.2. Again, that's driven by both the increased liability due to losses, but also the slower growth in the assets than what we would have expected.

These are the resulting rates. So, if you remember, after the last experience study, because of the increased costs, we implemented a five-year phase-in to the rates, the ultimate rates. And, of course, the worst experience that we could have, of course, is in that last year of phase-in, where there's no further spreading of cost increases, we have a loss year. So we see a pretty dramatic increase in the contribution rates for all the groups.

Social-security-covered general employees goes from 17.55 to 20.14. General employees without social security coverage, 21.6 roughly to 25.7. The police and fire rates with social security goes from 23.1 to 26.12, and without social security, 24.8 to

30.7, so significant increases. The losses really hit police and fire without social security, and actually the general employee plans really pretty significantly. Police and fire with social security is a pretty small group, and so we don't see quite as much impact there due to really the retirement experience.

So if we go on down to the market value, Ed, let's see, it's kind of toward the end. And if anybody has any questions along the way here - and Claude, I appreciate you calling earlier. Claude found a couple typos. You know, one thing we could bring up too, which, John, I tried to call you, but I think you were out of the office in a meeting, as you always are, but the plan - or the report shows that we have about four thousand - I think it's 4,065 terminated non-vested employees.

And Claude brought up the point that if, according to the statutes, that people remain in that status and don't apply for a refund, that after 10 years, that could be forfeited. We looked at the data we had. We don't have dates of turnover - or dates of termination for everyone, but we did have some people, a pretty small number - I think it was around 20.

Ed, is that right?

MR. KOEBEL: Just 20, yeah.

MR. GARRETT: There could be more and we don't have dates of termination on everyone. But - so, you know, that's something that is going to be - we'll put that on the list of items, John, that, you know, we're working on to clean up over time. I know you've asked for the listing of the vested terminated employees in SERS for that purpose too, and maybe we'll add this to the list of items and prioritize it how you desire.

MR. HERRINGTON: Yep.

MR. GARRETT: All right. So, yeah, if we go down to the market value pieces, so again, you know, we had a tough year. We see that the contributions were up, which - as expected as we were phasing into those higher rates. We see that the employer contributions have gone up significantly, remember, contributions to a lesser degree. We see the real difference here is the difference in the earnings. Twenty-one was a great year, of course. A 25, 26 percent kind of rate of return produced a lot of investment earnings this year. We missed what we expected to earn by about $300 million.

And so that flows over - let's move over to the actuarial value of assets, which I think is the page before, yep. So how that flows in here is, you know, we see a market total return there in the middle of Page 5(a). We missed it by, you know, about 300 million. We're going to assume that we're going to get the 219 that we expected, and then we, of course, move that preliminary actuarial value, 20 percent, toward market.

So that preliminary value is 3.3 billion, and we move that 20 percent of the difference between what we expect and what we got, which is $63 million. We move that towards the market value, which is lower, so we drop it down to 3.26 billion.

So that results this year in roughly a five-percent rate of return. We were expecting seven percent here. So that miss turns out to be the $63 million up in (7)(b), also defines the loss on the actuarial value for the year too. So this year's a miss of 63, but there's 252 million, 253 million of losses still out there that we haven't recognized yet. So yeah, we have a headwind in this plan that's likely to be picking up more losses from the investment experience.

So on Page 17 here, we're looking at really the reconciliation of the UAL and then the definition of what the gains and losses by sources are. And you can see that investment return, again that

$63.1-million loss. We had a slight gain on post-retirement mortality again. You know, when an actuary misses a plan this size by that amount, we're doing high-fives. So post-retirement mortality, although these gains are declining, I think, as a trend, we could say there's – it does show that this next experience study, we're probably going to be tightening up mortality a little bit.

Cost-of-living adjustments were pretty hard hit on all the plans, but MERS was no different. A $75.7-million loss due to, you know, the cost-of-living adjustments that are really defined as a percent of CPI change.

Salary increases, this is the second year in a row that we saw a pretty sizable increase, over five percent on average salaries of the active members. That represents a $16.3-million loss. All the other stuff, which is really retirement experience, and primarily this loss is defined by more retirements than expected, and then turnover to a lesser degree. And that results in a $67.4-million loss.

New entrants, which is not really a loss, this is people who came into the plan halfway or partway through the year between '21 and '22, and this represents their liability that accumulated in that fractional year since they entered the plan.

So that net result is a drop of $225 million, which adds that amount to the UAL. So we see up top there that we reconcile the UAL. We were expecting the UAL to drop down to 910. With that loss, it pushes it back up to 1.135. So that's kind of the story. A big loss year. Five-and-a-half percent of liability is a big loss, you know, a pretty significant part of that investment experience. But still the COLA on top of the demographic losses for the year, primarily retirements, that is a much larger loss than one would anticipate.

So that's kind of the story for the valuation. I think you all are probably getting numb from hearing bad news from the actuary.

MR. RYOR: This is Tim Ryor. Just - I don't know if you have any insight into the retirement. I mean, I know with SERS, it was kind of expected because there was this big wave, and we took a guess and it was expected to be some variants, but I guess I was a little surprised at the size of that. You know, we had all the other - you know, the COLA, we knew about. Well, pay raises, I think maybe we suspected. But the retirement being such a big number on top of all that other pain was a little bit of a surprise.

I don't know if you - do you have any insight into that and if that will like reverse itself over time and we just - anything you can offer would be (inaudible).

MR. GARRETT: Yeah, well - go ahead, Ed.

MR. KOEBEL: Well, I'll just charge on and you can fill in. But just looking at - here's a look at the number of retirees over the last two - you know, over - by year of retirement. So you can see in 2021, we had 534 retirements in that calendar year, almost more than a hundred of the prior year. And in the first six months of 2022, we had almost 250.

So just a lot more than what we kind of anticipated, what the assumptions anticipate happening. So—

MR. GARRETT: And—

MR. KOEBEL: What John said, it's a windfall of a bunch of things, but yeah—

MR. GARRETT: Yeah.

MR. KOEBEL: --there were just more retirements than what we had assumed.

MR. GARRETT: You know, and there's some compounding there too in that when there's more retirements, we've had two years of pay increases, so final average earnings are going up. So, you know, the size of the loss when people retire earlier getting larger benefits is kind of exaggerated.

But, Tim, to your point, it is somewhat self-correcting, right, because now, these people are not there eligible to retire. So, you know, the hope is that, you know, this slows down. I will say too, don't we have this by police and fire versus general employees, or is this just in total?

MR. KOEBEL: We just have this in total for now.

MR. GARRETT: Okay.

MR. KOEBEL: We have it by split; we just show it in total.

MR. GARRETT: When I was remembering the split, I think it was police and fire that were really – you know, had more of an impact than the general employees. So again, you know, the police and fire go out at 20 years unreduced. So that, you know, is a pretty significant number of police and fire that have at least 20 years of service. I think we have an aged service chart down below.

Police and fire with social security, let's see. No, you know, we only break that out by age; don't we?

MR. KOEBEL: Yeah.

MR. GARRETT: No, no, let me see. Here's police and fire without social security. So of the – this is without social security. So this is the biggest group of police and fire: 1,611 actives. Ed, this is on Page 37, yeah.

MR. KOEBEL: Yep (inaudible).

MR. GARRETT: So you see there, of the 1,611 actives, if we count up the columns that are over 20, so that's 216 plus that's 292. So, you know, we're talking about 348 members have over 20 years of service in this valuation, which, you know, that's pretty much a fifth of the population is - really over a fifth of the population is eligible to go again this upcoming year.

Now, you know, I mean, the reality is that not a lot of people can afford to retire after 20 years of service, but, you know, that's still kind of another source of a headwind that we're going to have is that we do have, you know, higher service, more people eligible to retire under that 20-and-out for police and fire.

And then I think that's probably the highest one. We look at – the one before, police and fire with social security, again, this is a pretty small group. There's, what, 65 – 77 out of the 485 have 20 or more years of service at the valuation date, so not quite as heavy. But, I mean, general employees without social security, of course, they can't go at 20 years of service. So, you know, we see that there's, what, 235 that are over 25 years of service, and general employees without social security, which is the smaller of the two groups of general employees, and general employees with social security - I'm sorry, with - yeah, with the social security, you know, again, about 130, looks like 239 - 339 out of 5,149. If I had my shoes off, I would have got that number right right away.

So it's a good point, Tim. We do have - so this year, later this year, we'll be presenting our experience study for MERS. These are all things that we're going to have to, you know, adjust for. I don't know if - you know, this is one of those things that if we're missing - I know last time we did the experience study, we tightened up retirement assumptions; we increased them. I think, on average, we probably have still missed them. You know, how much of that is COVID-related and how much of that is the craziness of the world, and how much of that do we want to reflect in the next set of assumptions is kind of going to be a part of a judgment call, which, you know, we are happy to use you and Claude as resources with that to help us kind of come up with that reasoning.

So, you know, as with the SERS experience study, our plan would be to get our preliminary information together, set up some discussions with interested parties, you and Claude in particular, and then, you know, use that to kind of look at some alternatives to assumption sets.

MR. RYOR: Are you seeing that same stuff in other plans, not necessarily state plans?

MR. GARRETT: Yeah, you know, these last couple years have been typically higher incidence of retirement and a lower incidence of turnover as what we typically see. So it has been different. Strength and weakness, typically when people are going out earlier for retirement, you know, there is some provisional (inaudible) like SERS, where, you know, COLA was going to change so people had incentive to kind of go out en masse.

But, you know, we're not seeing an en masse retirement. It's really about a 15-percent increase above what the trend has been. But, you know, when it occurs, and you have more people utilizing a 20-and-out, then, you know, it gets expensive. When they're first eligible for a 20-year retirement, police and fire, that is the most - you know, it pretty much is the most expensive benefit the plan is going to pay; right? If they wait a couple years, actually there's - you know, it's not increasing as fast as what it did when it got up to age - or 20 years of service.

So it kind of peaks its rate of increase right at first eligibility. And since these guys are so young typically when they're eligible - you know, they're typically in their 50's, early 50's, that the mortality rates for them waiting isn't really, you know, declining the present value of the benefit they're going to earn.

So the reduction in the benefit for somebody waiting from, you know, 52 years to 53 years, because they deferred that benefit they're going to get at 52, well, you know, rates of mortality at 52 are pretty minor nowadays. So we're not really seeing much offset in the present value of benefits by people deferring their retirement as much as what we would have years ago with higher rates of mortality.

MR. HERRINGTON: Yeah, so, John, I'm not certain if this is the right time for this, but what would happen—

CHAIRMAN ADOMEIT: It's John Herrington talking.

MR. HERRINGTON: Yep, sorry. Yeah. What would happen if we doubled or quadrupled the number of police and fire participants in the plan? And I say that because there is a bill that's been introduced that would require all towns and cities with police or fire departments to either offer a plan that offers benefits equivalent to MERS or join MERS.

MR. GARRETT: Yeah, well, that would be fantastic, especially if all those people are, you know, like junior high school crossing guards. The younger, the better.

MR. HERRINGTON: Right.

MR. GARRETT: So is this a reaction to the Trumbull news, that they're covered, you know, police and fire, in a defined contribution plan and it has fallen well short of needs?

MR. HERRINGTON: I think that that's one of the factors. I don't know all of the factors, but yes. So that's out there. And so there's another one that I think we'll discuss after the meeting—

MR. GARRETT: Yeah.

MR. HERRINGTON: --that I don't think impacts this. But I was just wondering what your thoughts would be on that.

MR. GARRETT: Well, and Ed pulled up a

pertinent table here. So, Ed, you want to say something about what you're seeing here with the, you know—

MR. KOEBEL: So this breaks down the number of employers that currently are in this plan. So there's 23, you know, municipalities covering police and fire with social security and then another 19 without. So, yeah, I mean, if you double this and get those contributions coming in, you know, that's pretty powerful in the funding aspect of things.

MR. GARRETT: Yeah, and this really - I mean, when you look at this age/service, those right two columns, so the total age and service for police and fire with social security, I mean, they're hired at 31 years of age on average, which, I mean, for me, experience nationally, I think that's a little bit higher than we would have expected. Typically late 20's is an age that police and fire go to work. And it's 29, 28 in police and fire without social security.

So, you know, I would say the most near-term threat or source of - you know, other than investment return, which, of course, is always going to be there, but what keeps us up with this plan is the richness of the COLAs. You know, it's a very, very nice COLA that these members get. You know, we're paying nearly a five-percent COLA last year – I think it was five-percent COLAs for the majority.

So, you know, yeah, I mean, CPI was, you know, seven, eight percent, but to get five percent from a pension plan, which, you know, our assumption is about two-and-a-half percent. So it was twice what our assumption was for the COLA for this year. That's, you know – that's going to be another thing that we're going to look at. And hopefully, you know, we'll have some information to determine whether or not, you know, this transient increase in CPI is a little less transient than what was thought of.

It's certainly coming down, but again, that's another source of a pretty material liability, you know, what we're holding for future COLAs that, you know, we would hate to zig when we should zag. So, you know, if we say, oh, well, CPI is now running over five percent; we increase that assumption; certainly it pumps up the liabilities hugely. But the reality is that, you know, maybe we do get back to that Fed-targeted two-and-a-half percent rate.

So, I mean, there certainly needs something. We're going to be spending COLA losses, you know, until we get back down to a CPI of – let's see, 60 percent, I think the CPI has to be around four percent for our - a little over four percent for our assumption to be right on the group that gets paid 60 percent of the CPI. So, I mean, there's certainly some room in there. You know, we don't have to have CPI down to two percent for the plan to start enjoying some gains due to COLA, but there is going to probably be another year, maybe longer, that CPI remains above four, and therefore, we're going to be getting some losses due to COLA.

CHAIRMAN ADOMEIT: Okay. Any further questions?

MR. POULIN: This is Claude. I have - I guess it's a question and a comment, in general. On Page 5, we show the average age at retirement. And what surprises me is that, in general, the trend toward earlier retirement - or earlier retirement has been reversed or is supposed to have been reversed in recent years. And I'm surprised that the average age for general employees, not police and fire, but for both with social security and without social security, it's under age 60 on average, and that social security is not available before age 62, of course, except for disability.

So I am surprised that if we look at both these numbers, all these categories, people are still retiring early. So that I thought that since there is - people say that, in general, in our society, people are afraid of not getting post-employment - I mean, post-retirement employment, and it's still under age 60. Is there any comment - do you have any comment on that or is it—

MR. GARRETT: Well, I mean, Claude—

MR. POULIN: --just Connecticut because of the richness, if you will, of the benefit, or is it a general phenomenon throughout the country?

MR. GARRETT: Well, I would say this is a plan design. In fact, general employees with social security - people retire before social security retirement age are actually getting a larger - right, they get covered for the period of time with a higher benefit until they start receiving their social security benefits. So, I think, the plan design is kind of almost in its - you know, for people to go ahead and leave prior to being eligible for social security instead of one that would, you know, be more of a disincentive for that action.

But police and fire, we're always going to see these kind of ages. I mean, it's shocking - you know, it's shocking to see, but again, remember that they're eligible at 20 years of service, so that kind of fits with what we see for a lot of people on average retirement. In fact, I would say most of these people are retiring with over 20 years of service.

The police and fire without social security, again, that's just – so that's the benefit you get in the general – I'm sorry. The two coverage plans with social security, right, they provide an increased benefit until you're eligible for social security, but that increased benefit is exactly what's being provided by the two coverage groups that have no social security. So, you know, there is an incentive. There's really no penalties significant. And, you know, to be honest with you, with COLA rates at the rate that they are, I mean, they're probably getting larger pay raises – larger compensation increases with COLA as a retiree than they are in many years as an active.

CHAIRMAN ADOMEIT: Okay. Any further questions from anyone? Okay, hearing none, let's move on. Number 2, GASB Number 67.

MR. GARRETT: This is the MERS GASB 67 report. So this really is the accounting. So 67 is the accounting requirements for the plan. And then those are then compiled into the county requirements for the employer and GASB 68. So for MERS, we don't do the GASB 68 because it's such a complex thing with all the participating employers. We usually get that to you out in April.

So - but this is the 67, which will be the basis for the work that we're going to do in 68. And it really is a parallel to the valuation, and we see that the total pension liability is exactly what we measure in the MERS valuations, 4.4 billion in liability. The fiduciary net position is slightly different.

CHAIRMAN ADOMEIT: Excuse me, John. May I interrupt?

MR. GARRETT: Yes, sir.

CHAIRMAN ADOMEIT: Are you on MERS or the—

MR. GARRETT: Yes, sir, we're on the MERS 67 report.

CHAIRMAN ADOMEIT: Okay, got it. Thank you.

MR. GARRETT: So the real difference here is the fiduciary net position. And it's simply - it's really a pretty minor difference in that we carry a receivable for those future payments on the initial liability. As plans come into MERS, they get to spread their past service costs over a 30-year period of time.

Those payments, we carry as a present value of those payments, which measures exactly what that remaining liability is in the valuation, so it's a nice match there. But in the accounting, they carried the receivable for those payments as just the sum of the future payments.

So it's a little bit higher. It's about 12 million instead of the seven million that we had in the valuation as the present value. The sum of the payments is about 12 million. So we're going to see that assets are a little bit larger than the market value that we measured in the valuation.

So the net pension liability, 1.3. As you know, in the – you know, that results in a funded ratio that takes it down a little bit below 70 percent, 68.7 percent. The pension – or let's see. The roll-forward of the TPL - and this is a point that also Claude mentioned to us, and we actually had to kind of standardize all our reporting. It's not shown in this one, but the final version is coming out later. We'll have it set this way.

So you see that, you know, we're kind of coming up with a couple different expected TPL's, Item (d) and Item (f). So what we're doing here is we're saying that, you know, the expected TPL in (d) - the gain/loss for the year is really a difference between the actual and the expected. So we're going to call (f) - Item (f) is going to be called the actual TPL. And then we add to that the measure of any changes and assumptions that year. And so we're going to call Item (h), instead of it also being called actual TPL, we're going to call that final TPL.

So that's going to be standard on all the reports. We actually had a different version in SERS; the Judges had it different too. So we standardized that terminology so that we go from Item (d) that's expected, Item (f) is actual, and Item (h) will be the final TPL. So that way, we can, you know, show how we roll forward from last year to the ending point of this year.

And so with that, once again, this is really a document that sets forth the measures that are then going to be used in GASB 68, which is probably, you know, the more serious work in that that's going to be the basis for all the participating employers' disclosures and their financial statements for yearend being 6/30/22.

So without questions on the GASB 68 report, we'll move on.

CHAIRMAN ADOMEIT: Okay.

MR. KOEBEL: Mr. Chairman, what is next on your list?

CHAIRMAN ADOMEIT: Well, I have GASB 67 for—

MR. KOEBEL: For SERS or Judges?

CHAIRMAN ADOMEIT: For SERS, the Connecticut State Employees Retirement System.

MR. KOEBEL: Okay, we've got - I'll bring that one up. Hold on.

MR. GARRETT: All right. And, Ed, jump in whenever you want to. I'm sure (inaudible).

MR. KOEBEL: You want to take a break, John?

MR. GARRETT: Sure, sure. I mean, you guys would probably appreciate a break from a southern accent for a little while; right?

MR. KOEBEL: Oh, stop. We love it.

All right, so this is the Connecticut State Employees Retirement System GASB 67. We went through the valuation report last month with you. So, again, as we did for MERS, this is just the accounting part of this. So it's very similar. Liability, I'll skip down to the headcount. So this is as of June 30th of 2022. We take the same data that we used for the funding valuation and we use the same liability. The accrued liability gets used for the accounting purpose. We call it the total pension liability. That's the $40.6 billion.

The fiduciary net position here is a little bit different again, and it counts the entire receivable that was contributed after the valuation date of the $3.2 billion that came in after, again, the valuation date. So that fiduciary net position, and this will be on the State's ACFR, is $18.6 billion. So that's what we compare to the liabilities. So we have a net pension liability of about $22 billion, and a funded ratio of about 45, almost 46 percent. So again, this is - that 40.6 matches the valuation that we prepared last month for you all.

The rest of this kind of, like John said, just goes through all of our assumptions and what we assume. We do a little bit of sensitivity around the numbers, plus and minus one percent around there, what would the net pension liability be there. And like John went through, this is where we'll finalize that language here, making sure we call this actual, and then making sure we call this down here final. But same process, same roll-forward process that we use for each of the plans.

So that is it for 67 for SERS.

CHAIRMAN ADOMEIT: Okay. Are there any questions? All right, hearing none, let's move on to 68, Number 3 on the agenda.

MR. KOEBEL: Okay. So this is, again, the State Employees Retirement System 68. So this is for all of the employers that are in this plan, and we use the measurement data of June 30th of 2022, but they actually have a reporting date of a year later. So this will go onto all of the employers that issue their own financial reports.

John Garrett, do you have a couple of those employers that do that?

MR. GARRETT: So it's like Connecticut Housing Finance Authority. There's the lottery. There's some airports. So there's about seven component units for which we provide GASB allocations to them as if they're in a cost-sharing plan, when actually, you know, we know that SERS is a single-employer plan, but their accountants want them to be treated as if they're in a cost-sharing plan. So we have to break out their allocations of the net pension liability, the differed inflows and outflows, and the pension expense. So we'll be doing that later this month.

MR. KOEBEL: Yeah, so all of this stuff

is kind of shown in aggregate, or in collective, we call it, the accounting side of things. But here's the pension expense. A lot of the same information that was in 67 is in this report as well.

But we have the pension expense and any differed outflows and inflows that we're kind of covering on an accounting basis over a number of years. We kind of defer them over the average future expected lifetime of members of this plan, which you'll see later on in the report, is - where is that - I think - here we go - is about five years. So a little bit less than the amortization period we use for funding, but on an accounting basis, we use about five years, which is the weighted average years of future service for all members of the plan.

So that's how we developed this. So if you love accounting numbers, this is the report for you. We've got a lot of tables here for actual experience. So you can see all of the experience losses that SERS has experienced over the years from our valuations. They're kind of amortized and recognized in the pension expense over that five years roughly. Each year is different, but that's basically what it is.

We've had some assumption changes over

the past few years as well. And then all of the investment experience that we see, and we've had losses; we've had some years of gains. Those are amortized or recognized over a five-year period.

So I think that's pretty much it. Again, the rest is just kind of different – same numbers in various looking tables.

CHAIRMAN ADOMEIT: Okay.

MR. KOEBEL: So if you love numbers, this is the report for you.

CHAIRMAN ADOMEIT: Thank you, Ed.

MR. KOEBEL: Yeah.

CHAIRMAN ADOMEIT: Any questions or comments? Okay, hearing none, we'll go on Item Number 4, GASB 67, Judges, Family Support Magistrates, and Compensation Commissioners.

MR. KOEBEL: All right. Just quickly, on the Judges 67, I'll just go to the Page 3 – or 2; again, we've presented this valuation last month. Total pension liability is about $503 million. This is a little bit better funded than SERS. We're at 55 percent, a fiduciary net position of $276 million. So our net pension liability is $226 million.

Again, we'll fix this language back here on the roll-forward.

CHAIRMAN ADOMEIT: Okay.

MR. KOEBEL: But basically the same liability as you saw in the valuation last month, just the accounting numbers.

CHAIRMAN ADOMEIT: Any questions or comments on 4, GASB 67? Okay, hearing none, let's go to Item Number 5, GASB 67, Judges, Family Support Magistrates, Compensation Commissioners, et cetera.

MR. KOEBEL: Okay, all right. Again, I'll just go to Page 2 - 3 here. This is the summary of all of the GASB numbers. Again, measurement data is 2022, but the reporting date for any employers, this plan, though it is a single-employer plan as well, is as of June 30th of 2023.

You know, one thing that we don't really talk about on the GASB side of things - I've kind of mentioned here - is we do a test at the beginning just to make sure that the long-term expected rate of return can be used for all of the years of service as we - when we value the liabilities. So we actually do a test. We call it the single equivalent interest rate or solvency test to make sure that the plan is not being depleted.

And if you see an N/A here in your GASB 68 reports, that's a good thing. That means that we don't - the fiduciary net position is not being depleted with future benefit payments. So we're able to use the long-term rate of return, the 6.9. So just a little bit of extra information there for you for this one. But basically, same numbers you saw in 67 with the pension expense, deferred outflows and inflows as well.

CHAIRMAN ADOMEIT: Okay. John and Ed, are you able to give us a final report so we can bring it to the Commission tomorrow?

MR. GARRETT: We will have all of these that you all accept in the Subcommittee, we'll have them all sent as finals before the end of the day.

CHAIRMAN ADOMEIT: All right.

MR. GARRETT: If I could, Mr. Chairman - this is John Garrett - I forgot to - you know, in the MERS valuation, Ed, you know, we were going to actually have a little bit of a conversation about that idea of the amortization methodology.

When we look at - if we look at the rates here, pretty significant increase in rates. So what we do in SERS' case, each year's gain or loss, so the difference between expected unfunded liabilities and the actual unfunded liabilities, is spread over its own 25-year base. So that has actually that layered approach; actually has some stability to it. It's comforting that you have one base that has 17 years left to pay off because you have a date-definite, right, that we expect that the UAL will be zero.

The problem with this, as we continue to march down the road, that amortization period gets smaller and smaller. And, you know, market values are going to expect to be higher. So therefore, market gains and losses are going to be much larger. And as those larger components fall into the UAL and we have shorter periods of time to fund them, we're going to see a lot of volatility in employer contribution rates.

So, you know, what we did in SERS' case was we went to that 25-year layered approach. We also did that in Connecticut teachers. This is the third-largest plan in the State. We were just saying that if we adopted that for this valuation, it would maybe soften some of these contribution increases due to recognizing the $225-million loss over 17 years. So, you know, we'd almost increase by a third - or by 50 percent the period of time we can amortize that loss.

So that doesn't mean we're just, you know, forgetting that loss; we're going to spread it over a longer period of time. I mean, that's mechanically what we're doing, but the idea is that we should have a base at some point in the future that has a gain to it, at which time, the actuaries, we can kind of manipulate those gain and loss bases to offset each other, and then eliminate them from the amortization schedule entirely, which kind of, you know - kind of makes things a little more stable over a longer period of time.

So again, I mean, we were hoping that we could have a discussion on whether or not the Subcommittee is considering any changes this year. Again, I will remind you that we have an experience study coming up. You know, the problem with waiting for the experience study is this $225-million loss being spread over 17 years has the impact that we're seeing here in these rates. And if we push it off and pick it up with the experience study, it's not - well, you know, I don't know if we could - we actually could if you want us to. We could retroactively apply that, if need be, in a future valuation.

So again, I just wanted to open that up for a conversation.

MR. KOEBEL: And, John, I'll add, just to kind of give some perspective around what this would do, and all four of these would be different. But, for instance, for the general with social security, if you took the loss for that group and amortized it, not over - the loss for this year and not amortized it over 17 years, but amortized it over a 25-year period, you're not reducing the 20.14 all that much. But you are reducing it somewhat. And on - they're all - again, they're all different, but you're looking at a 40 to 80 basis point lowering of all of these contribution requirements by doing that.

So it would help a little bit on some of these. And, John Herrington, I don't know if the pressure from some of the municipalities on these growing employer rates and how they've become over the past few years, but that might help them (inaudible) fiscal year.

MR. GARRETT: Ed, this is John Garrett. I bet if John hadn't heard from them by now, he's going to hear from them next year.

MR. HERRINGTON: Right.

MR. RYOR: This is Tim Ryor. So what you're proposing is not a fresh start of the entire amortization, but so the—

MR. KOEBEL: (Inaudible)

MR. GARRETT: So we still have—

MR. RYOR: So basically the unfunded that is not related to the current year loss stays at 17.

MR. KOEBEL: That's right.

MR. RYOR: And then going for – on a prospective basis, all new gains and losses. So this year, it will be a new 25-year base; next year, if there's gains, those gains will be over a 25-year.

MR. KOEBEL: Right.

MR. RYOR: But there will be a 25 – 24 year, there will be a trailing payment from—

MR. GARRETT: Right.

MR. RYOR: So over the next 25 years, you'll develop this schedule of payments.

MR. GARRETT: Which, again, is really another tool for the Commission to use. Because then - you know, again, the actuary can recommend - or actually, you know, you or Claude actually are actuaries that could recommend combining some of the bases that might exist at a future point in time just to eliminate – you know, they're kind of a net negative, or a net neutral to the system. But we eliminate that possible corner in, you know, a dip down and then a rise back up in rates or vice versa that might occur in the future when those pieces are being, you know, completely settled down the road.

But, yeah, that's exactly right. So there would be $910 million, which is what the expected

UAL was at the end of '22. There'd be $910 million being amortized over 17 years, and then the other $226 million would be spread over 25. And, again, as you said, next year, there'd be a new base for whatever occurs next year.

And, again, we're going to adopt probably new assumptions, from the look of it. I mean, there could be certainly some tidying of mortality, certainly tidying of retirements, and payroll growth might - or salary increases might also be another source of another increase in liability for these plans. So you're already going to have that methodology established to where whatever that impact of the experience study next year, that would be spread over its own 25-year base as well.

So just something to think about. I know there was always pushback about lengthening the amortization period in MERS because, you know, I think there was a real need to get this plan at a higher funded status. But, you know, I think the need for adding some stability in the contribution rates might actually outtrump that need to hurry up and get funded.

CHAIRMAN ADOMEIT: Okay.

MR. POULIN: When Ed mentioned - this is Claude. When Ed mentioned that if we were to go from

17 years to 25 years, the 20.14 percent, the with-social-security of June 30th, '24, would probably come down to 19.64, does this assume that the past bases would be combined or it would be individual?

MR. GARRETT: So there would be a new individual base. So, again, you know, for each plan, we have an original base that existed at June 30, 2022. And then we have the new experience that occurred as of June 30, 2022 in its own 25-year base. So, again, it would be a pretty minor portion of it, less probably around a quarter, and most of the UAL would be in the new 25-year base, and a majority of it would be in that original base moving to a 17-year amortization period.

CHAIRMAN ADOMEIT: Okay. Any further questions or comments?

MR. BAILEY: Just one. Michael Bailey here. Excuse me. But – so we've done this on the two larger plans; this is the third plan (inaudible)?

MR. GARRETT: So SERS in 2019, I think, with the last experience study, SERS adopted a 25-year layered approach for amortization, which is exactly what we're talking about here.

MR. BAILEY: Yeah.

MR. GARRETT: Teachers adopted it around the same time, 2018, 2019. So, yeah, that – and honestly, I mean, it's getting more and more prevalence around the country as well, the layered approach. You know, it's clean to have one base so you can see what day you're going to have the UAL expected to be paid off. But the problem is it gets more and more difficult to get to a hundred percent funded. The closer you get to that zero-year amortization period because the volatility of the assets cause really significant spikes up and down in the employer rates.

MR. BAILEY: Thanks.

MR. KOEBEL: This is Ed Koebel. I brought up the SERS valuation report that we went over last month. Can you all see that here?

MR. GARRETT: Yeah, so that shows the layers.

MR. KOEBEL: So this has the layered approach that we started back in 2018 for SERS.

MR. RYOR: For SERS, are they all level dollar though now?

MR. KOEBEL: They are.

MR. GARRETT: They all have the intent at level dollar for SERS, right.

MR. RYOR: Okay.

CHAIRMAN ADOMEIT: Okay. Anything further?

Claude, tomorrow at the Commission meeting, will you make a motion to accept these reports, please, to amend the agenda to accept the reports?

MR. KOEBEL: Mr. Chairman, this is Ed Koebel. I don't know if – I guess it wasn't on the agenda, but we did have one more report completed. If you guys have time, we could go through one more, the Police and Fire Survivors' Benefits Fund.

MR. POULIN: This is Claude. And also, I think we have the MERS GASB 67.

MR. KOEBEL: Well, we – this is Ed Koebel. We did that one earlier.

MR. POULIN: We did?

MR. KOEBEL: Yeah.

MR. POULIN: Okay. Because we – it's not on the agenda. We have seven reports and five items on the agenda. So I was wondering whether we should amend the agenda to add the additional two.

CHAIRMAN ADOMEIT: Yeah, which are you talking about, Claude?

MR. POULIN: Well, the Policemen and Firemen Survivors' Benefits Fund is one of them. And I thought that the MERS GASB 67 was not on the agenda.

MR. GARRETT: You're correct. I went

into it right after the MERS valuation, but the agenda item, I think, was for SERS GASB 67.

MR. POULIN: That's right. We have the SERS GASB 67, SERS GASB 68, but we also received MERS GASB 67, and the Survivor - Policemen and Firemen Survivors' Benefit Fund. So these are the two reports that are not on the agenda. Should the agenda be amended or—

CHAIRMAN ADOMEIT: Yes, why don't we have a motion to amend the agenda, please, Claude?

MR. POULIN: Okay. Mr. Chairman, I move to amend the agenda to add, after Item 6, the following Item 7: Discussion of the MERS GASB 67 Report Prepared June 30^{th}, 2022, and the following Item 8: Discussion of Policemen and Firemen Survivors' Benefit Fund Actuarial Valuation Report Prepared as of June 30^{th}, 2022.

CHAIRMAN ADOMEIT: Okay. Is there a second, please?

MR. BAILEY: Bailey, second.

CHAIRMAN ADOMEIT: Okay. All in favor, say aye or raise your hand.

UNIDENTIFIED SPEAKER: Aye.

UNIDENTIFIED SPEAKER: Aye.

CHAIRMAN ADOMEIT: It's unanimous. The ayes have it. Okay.

MR. KOEBEL: All right. Again, this is Ed Koebel. This is the Connecticut Policemen and Firemen Survivors' Benefit Fund. So this is a fund that is just for the – again, what is says, the survivors of deceased policemen and firemen that are in the municipal group. So the municipalities elect whether they wanted to be a part of this plan. Most of the employers that are in this plan are also in MERS, except for the town of Milford. They've covered their participants here, but not in MERS. So that's the only difference.

So it's a much smaller group of folks. But here on Page 1, we've got about 653 active members that are covered in here. And again, they can die in active service or retiree service - or status and their beneficiary will receive benefits. So in the middle of this table is the annuitant members. So these are the folks that are currently receiving a benefit from this plan. So it's about a little over 100 folks receiving about $1.5 million in allowances.

The bank account or the trust fund market value has about - almost about $45 million to pay those benefits. Liabilities are just over $60 million. So the funded ratio is about 72-and-a-half percent. So actually, this plan actually had an increase in their funded ratio. So it's nice to see at least one plan is heading in the right direction.

MR. GARRETT: Yep.

MR. KOEBEL: We do this valuation because it's - you know, it's a survivor benefit fund; it's—

MR. GARRETT: It's really an OPEB, yeah.

MR. KOEBEL: Yeah, it's more of an OPEB benefit. So we actually use a different cost method to do it. We use a frozen initial liability where we just calculate one normal - we call it the normal contribution rate. So we come up with one rate.

We don't have an unfunded to this plan, so we're calculating that contribution rate to be paid in this next fiscal year to be about 1.3 percent of payroll. You can see, last year, it was about 1.34 percent. Active members contribute about one percent. So it's almost an equal sharing of membership and what the employers are putting in as well.

Just to give you a little bit more background, here's the liabilities on Page 4, $63 million, again $45 million in assets. The members are contributing one percent in this, so this is how we develop that 1.3 percent of the future employer normal cost divided by the present value of future salaries. So again, different - a little bit different cost method than what we use for the other plans. But it comes out to a reasonable contribution.

These are the different municipalities that cover their employees in this plan. You can see from Derby all the way down to Seymour police, 653 active members. And this is an estimate of what their contributions would be for this plan.

So these folks also, just like MERS, they get a letter sent to them for their contributions for the next fiscal year that we do usually in February when we send the MERS letters out to all the municipalities. They get a separate letter showing these amounts as well.

MR. FLORES: Ed, this is John Flores.

MR. KOEBEL: Yeah.

MR. FLORES: Is the Middlefield police no longer participating, or just they don't have anyone that fell in that category?

MR. KOEBEL: That's a great question, John. They don't have anybody covered in this plan anymore, yet they do have two retirees. If you look back in the back here, they do have two retirees that are still eligible for benefits, so that's why we continue to show them in this plan.

MR. FLORES: Got it.

MR. KOEBEL: Yeah. But they don't have any annuitants, so I'm not sure the history of when they stopped being a part of this, but we've always kept their retirees in this plan.

MR. FLORES: Thank you.

MR. KOEBEL: Yeah, no problem.

CHAIRMAN ADOMEIT: Okay. Any further questions or comments on this one?

Okay, now, what is the other item we need to discuss besides the one in executive session? Have we done it yet?

MR. KOEBEL: Nothing from our end, Mr. Chairman. This is Ed.

CHAIRMAN ADOMEIT: Okay.

MR. RYOR: This is Tim Ryor. Do we need to resolve your recommendation to consider changing – either decide to table it, decide to do something, to decide to not do something?

MR. GARRETT: Well, Mr. Chairman, this is John Garrett. Tim, yeah, if you want to effect that change, I think it would make the most sense for us to incorporate it in the MERS valuation now. If you want to defer it until next valuation or with the experience study, we could add that to the methodologies that we're going to be looking at adopting with the experience study that'll be later this year to be adopted prior to us doing the '23 valuation.

So, you know, as you all like it. I think it would be more effective as far as it'll give some break to current employers on the increases that we're going to see due to the $225-million loss getting picked up. But, you know, it's not a night-and-day difference. It's an ugly valuation with or without the 25-year layered approach.

I think long-term though, you know, this is something that we're going to want to discuss even more. Let's fast-forward eight years and you have a nine-year amortization period, and say you suffered the same nine-percent loss in the market. That's going to be pretty unaffordable, you know, unless we've had a lot of gains between now and then. It's going to be a pretty big spike in costs at that point.

You know, a nine-percent loss in the market doesn't sound horrible, but when we're expecting to get seven, we're missing it by 16 percent of assets. So it's a large number. And, you know, the assets trend up, so those dollar amounts are going to get larger and larger and larger over time, and probably outpacing the growth in salaries for the participating employers.

So, yeah, I mean, my recommendation, if you want to think about doing it, I think this would be a good valuation to implement it in, and then it would give a little bit of relief to these employers. However, again, it’s going to be an ugly valuation, and it’s something that could be considered as a methodology change with the experience study in the next year.

MS. NOLEN: John, this is Karen Nolen. If we did decide to do this change, would we still be able to have the final valuation to vote on in front of the full committee tomorrow?

MR. GARRETT: Yeah, I don’t know. Ed, what do you think?

MR. KOEBEL: Can I answer that? No. This is Ed. No, Karen, we wouldn’t be able to get that done. And I wouldn’t - I would recommend us sharing these results with this committee before it goes to the Commission anyway. Like, I threw out numbers, 40 basis points to 80 basis points, but I’d rather - we’d rather show you these results first at the next month’s Commission meeting, if that would work, or we could have something in between.

MS. NOLEN: Okay. Well, the - Karen Nolen again. Then, I guess, my next question is for

John Herrington. If this does get delayed and say for next month, until next month, is that going to impact your timeframes?

MR. HERRINGTON: Yeah, right. So, I mean, I think it would impact the expectation of the towns when they receive the rates. They would tend to expect those in the beginning of February. So if we're going to delay it and give them slightly better news, that's good. If we're going to delay it and it's still going to be the same, yeah, no. I don't know.

My life is easier if we delay it a month and give them better news.

MR. GARRETT: And, Mr. Chairman, this is John Garrett. And, Karen, if memory serves me, I believe we have actually done the MERS valuation, there has been a year that it was a delayed into February, and we had a pretty compressed timeframe to produce those letters for the employers, which I know we produce them, but you guys give it a pretty thorough review before you send them out. So, I mean, yeah, something we can probably get done pretty quickly after the Commission has adopted one valuation or the other.

I'm saying that it probably would be late February at the best that those letters would be probably available to go out.

MR. KOEBEL: And, John, this is Ed Koebel. Karen, last year, we did do it in the February Commission meeting, and the letters went out March 6th last year. So we would, of course, aim to get them out earlier than that.

MS. NOLEN: Okay. Thank you.

MR. POULIN: This is Claude. Would this mean that next month's meeting, we would vote the new valuation for MERS and new GASB 67 and new GASB 68?

MR. GARRETT: That wouldn't – so the amortization of the valuation UAL does not affect GASB 67 or 68. It will affect a future expected contribution, but that's not – I mean, that's not included in the report yet. If it is, it would be – yeah, I don't really think it's going to change anything in 67 or 68.

MR. KOEBEL: That's right.

MR. POULIN: Okay.

CHAIRMAN ADOMEIT: So what's the gameplan then? Karen? Where do we come out on this now?

MS. NOLEN: I guess we need to take a vote.

CHAIRMAN ADOMEIT: Okay. Do you want to make the motion, please?

MS. NOLEN: Okay. I make a motion that

we - well, that we switch to a 25-year layered approach, amortization approach, for the MERS valuation.

MR. GARRETT: And, Mr. Chairman and Karen, I apologize to jump in, but I think all you need to do is defer the decision for the MERS report. When we revisit next month, we'll have the new version and the old version, and you can adopt whichever one you all prefer at that point, and then you go forward.

MS. NOLEN: Okay. So then we wouldn't need a vote right now?

MR. GARRETT: No, really you just need to not have the MERS valuation on the agenda for—

MS. NOLEN: To table it. Okay. I make a motion to table the MERS valuation until next month. Sorry. Take away my old—

CHAIRMAN ADOMEIT: Okay. Table MERS for next month.

MR. RYOR: Tim Ryor. I'll second that.

CHAIRMAN ADOMEIT: Okay. Any further discussion? And hearing none, all in favor, raise your hand or say aye. It's unanimous. The ayes have it.

MR. GARRETT: Well, we'll work that up. We'll send a draft out and that version with the 25-year layered approach. We're only going to see one new base. It's going to be one 25-year base, and the rest of it is going to be spread over 17 years.

CHAIRMAN ADOMEIT: Okay.

MR. GARRETT: So we'll have that out as soon as we can in advance of the next meeting.

CHAIRMAN ADOMEIT: All right. We have another item on the agenda for executive session.

MR. HERRINGTON: Right, and that would be the RSP's.

CHAIRMAN ADOMEIT: The RSP's.

MR. HERRINGTON: Right.

MR. KOEBEL: Okay, we are out.

MR. GARRETT: So thank you all very, very much.

MR. KOEBEL: Thank you, guys.

MR. KOEBEL: Take care.

CHAIRMAN ADOMEIT: Yeah, take care.

Okay.

MR. BAILEY: We need a motion.

CHAIRMAN ADOMEIT: We need a motion to go into executive session, please.

MR. BAILEY: Yes, so moved.

MS. NOLEN: Second.

CHAIRMAN ADOMEIT: Okay. All in favor, say aye or raise your hand. It's unanimous.

We are now in executive session.

MS. CIESLAK: Mr. Chairman, this is Cindy Cieslak. Mr. Chairman, are you inviting anyone in, such as John Herrington or myself?

CHAIRMAN ADOMEIT: Yes, of course.

MS. CIESLAK: Thank you. And we no longer - just for the record, we no longer have Jean Reid on the meeting.

(The Subcommittee was in executive session from 4:12 p.m. until 4:17 p.m.)

MS. CIESLAK: This is Cindy Cieslak. We're back in public session. I wanted to add that while we were in executive session, Jean Reid from the Retirement Services Division, was invited into executive session.

CHAIRMAN ADOMEIT: Okay. Thank you, Cindy.

Now, is there anything else standing between us and adjournment? Claude?

MR. POULIN: I do have a housekeeping section question. Usually, when we - at the Actuarial Subcommittee meetings, we do accept the recommendation of the actuary, and then the following morning, we submit it to the Commission. Now, we have not accepted the actuarial reports. Is that a big deal? We could -

or tomorrow morning will suffice to add the add-on to the agenda?

CHAIRMAN ADOMEIT: Well, it'd be easy to make a motion to accept, I suppose.

MR. POULIN: Now, would that be in one motion?

CHAIRMAN ADOMEIT: Do we have enough members of the committee here? Yeah, we do.

MR. POULIN: Yes.

CHAIRMAN ADOMEIT: Okay. So why don't you make that motion to accept the recommended—

MR. POULIN: So there will be seven – this is Claude. There will be seven different motions, or one motion encompassing everything?

MS. CIESLAK: Mr. Chairman, this is Cindy Cieslak. You can make the motion however you deem most appropriate. It's probably most efficient to have it all in one motion. My only question I have for the Subcommittee is, I believe the MERS reports were tabled. And so I think it would be all the reports that aren't MERS.

MR. POULIN: Okay. Mr. Chairman, I move to accept the SERS GASB 67 Report Prepared as of June 30th, 2022, and the SERS GASB 68 Report Prepared as of June 30th, '22, Measurement Date for June 30th, 2023

Reporting Date; the MERS Actuarial Valuation Report Prepared as of June 30th, 2022; the GASB 67 Report for the Judges, Family Support Magistrates, and Compensation Commissioners Retirement System Prepared as of June 30th, 2022; the GASB 68 Report for the Judges, Magistrates, and Compensation Commissioners Retirement System Prepared as of June 30th, 2022, Measurement Date for June 30th, 2023 Reporting Date; and the GASB - and the Policemen, Firemen Survivors' Benefits Fund Actuarial Valuation Report Prepared as of June 30th, 2022.

CHAIRMAN ADOMEIT: All right. Is there any further discussion - is there a second?

MS. NOLEN: Discussion. Didn't - I thought I heard Claude mention MERS, and I thought we were tabling all MERS until next month.

MR. POULIN: All MERS? I thought it was just the - oh, yep. Yep, you're right. So I amend the motion to remove the MERS Actuarial Valuation Report Prepared as of June 30th, 2022.

CHAIRMAN ADOMEIT: Thanks, Karen.

MR. BAILEY: Yes, I'll second that.

CHAIRMAN ADOMEIT: All right, now we have it.

MR. BAILEY: I'll second that.

CHAIRMAN ADOMEIT: Okay. Any further discussion? Hearing none, all in favor, say aye or raise your hand. Yeah, it’s unanimous.

MS. REID: Hi, this is Jean Reid. I’m wondering, is there any motion on the Retirement System for MERS valuation?

MS. NOLEN: You may have missed that. We are tabling MERS until next month.

MS. REID: Okay. Yeah, sorry, I was having some connection issues. So was there a motion to table it until next month?

MS. NOLEN: Yes.

MS. REID: Okay.

MS. CIESLAK: This is Cindy Cieslak. Jean, if you want to connect with me, I do have notes of like who made the motion and when it happened and everything.

MS. REID: Okay. Thank you.

CHAIRMAN ADOMEIT: Okay. Anything further? Now, is it appropriate to ask for an adjournment?

MR. BAILEY: So moved.

CHAIRMAN ADOMEIT: Okay. Mike Bailey moved.

MR. RYOR: Second.

CHAIRMAN ADOMEIT: Okay. All in favor, say aye or raise your hand. Opposed – no, it’s unanimous. Okay, we made it through. Congratulations. Tough assignment.

(Adjourned at 4:22 p.m.)

I, Karin A. Empson, do hereby certify that the preceding pages are an accurate transcription of the Connecticut State Employees Retirement Commission, Actuary Subcommittee meeting held electronically via Zoom, conducted at 3:04 p.m. on January 18, 2023.

Karin A. Empson

Karin A. Empson

02/17/2023

Date