STATE OF CONNECTICUT

STATE EMPLOYEES RETIREMENT COMMISSION

ACTUARIAL SUBCOMMITTEE

FEBRUARY 16, 2022 MEETING
HELD VIA ZOOM
CONVENED AT 3:05 p.m.

Trustees Participating:

Claude Poulin
Tim Ryor
Michael Bailey
Karen Nolen

Other Participants:

Peter Adomeit, Chairman, Retirement Commission
John Herrington, Director, Retirement Services Division
Jean Reid, Accounting Specialist, Retirement Services Division
John Flores, State Treasurer’s Office, Ex Officio Member
John Garrett, Cavanaugh Macdonald, Consulting LLC
Ed Koebel, Cavanaugh Macdonald, Consulting LLC
Vicky Pilon, Rose Kallor- General Counsel to the Commission
Chris Neary, Rose Kallor- General Counsel to the Commission

TRANSCRIPTIONIST: Karin A. Empson

(Proceedings commenced at 3:05 p.m.)

CHAIRPERSON ADOMEIT: All right. So we are at the call to order. This is a meeting of the Actuarial Subcommittee for the State Employees Retirement Commission being held remotely using Zoom technology on February 16th, 2022. And we have in attendance myself, Peter Adomeit, Chair; John Flores; Ed Koebel; Karen Nolen; Michael Bailey; Tim Ryor; Claude Poulin; John Garrett; Chris Neary, who is assisting with the technology; Jean Reid. I believe that's all.

First item on the agenda, Valuation of CMERS prepared as of June 30th, 2021. So take it away.

MR. GARRETT: Thank you, Mr. Chairman. And Ed, I appreciate you sharing your screen and putting the reports up. So we have quite a lot to get through, so we'll try and make this pretty quick. We hopefully have given you enough time to spend some time looking at these reports, so we'll just kind of hit the highlights and then handle any questions that you might have.

So the valuation of MERS June 30, 2021 is complete. It was a pretty good-news year certainly, driven by investment returns, had some offsetting losses primarily here again due to cost-of-living adjustments. Funded ratio went from 76.4 up to 77.3. The amortization period in MERS is down to 18 years. We do amortize this unlike SERS where we have a layered approach to the amortization where every year's valuation, the unexpected change in the unfunded liability gets amortized over its own 25-year layer. Here it's one UAL that has a marching to zero, and right now the period of time that we're determining the contributions are based on 18 years.

So with this valuation, we anticipate that the employer contributions to increase beginning July 1, 2022, and the rates below show general employees with social security to go from 1,644 last year to 1,755. The general employees without social security from 19.02 to 21.6. Police and fire with goes from 22.45 to 23.11, and without social security for the police and fire, 23.59 to 24.82.

Now these are the rates that reflect smoothing. So as you know, when we adopted the new experience study, the increased costs were spread over really a five-year period of time of increases. So we still have a couple more years of those increases.

We do have a projection, and Ed, I guess, if we can go onto the page that we show the smoothed. So these are the rates. The right column is the rates that we're using for smoothing. Then the column, the next one before that, the 1,825 for general employees with social security at the top, and the 2,378, those are the rates if we were to determine the full cost of the plan today. That's what the rates would be based on the '21 valuation. But the smoothing, we're reflecting that we're going to increase to those ultimate rates.

UNIDENTIFIED SPEAKER: (Inaudible) the application process (inaudible) disability.

MR. GARRETT: But it's going to take a little while. But you can see that we're closing the gap between what we're actually - we're recommending as the fiscal year '23 contribution to what that ultimate rate is. And as Ed was going down on the table below, we just show the three-year period of time we actually expect that the end of rate smoothing will be fiscal year '24, which is going to be developed in the 2022 valuation.

So next year, we show the current year's recommendation, what we expect the growth to be next year. And then we show in '25, because we're also - at the same period of time, the employee contribution rate is increasing by 50 basis points per year. So we wanted to reflect that really, you know, the high point is 2024, and then we have another step-down following that due to the employee contributions increasing drops the employer share of the normal cost, and so we're seeing that reflected in the 2025 rates.

Going down to the experience of the plan—

MR. POULIN: Hey, John?

MR. GARRETT: Yes.

MR. POULIN: This is Claude Poulin. Could we go back to Page 1? Because I do have a comment on Page 1. And then there will be a question on Page 8 related to this comment. And my comment is related to the fact that even though the market value of assets increased by nearly 23 percent during the year, and the actuarial value, of course, because of smoothing increased by 6.8 percent, I expected the UAL to come down somewhat, you know, and it did not. And because, in fact, it increased by 1.55 percent, the actual value, as I said, increased by merely 7 percent.

Now, my question related to this on Page 8 is that when it's broken down by category, then when it comes to the general employees with social security, it did go down. The general employees without social security, it went up. And it went down with the police and fire with social security, and it went up police and fire without social security. So why is there such a difference between employees or police and fire without social security and with social security, and why is it going up with those without social security?

MR. GARRETT: So what I would say is that there's going to be a couple pieces there. But as far as what's driving - one of the biggest sources of losses this year was cost-of-living adjustments. So, you know, because the benefits without social security, more benefits paid earlier than with social security; right? So with social security, there's a reduced amount of benefit payments until the person becomes social-security eligible.

So COLA's are going to hurt worse in those plans without social security than plans with. Just the majority of the members are receiving larger benefits at earlier ages than the plans without social security. Maybe if we hit the gain/loss piece, and I think - well, let's see. We don't actually have a split here; do we; in the gain/loss, Ed?

MR. POULIN: I think you answered - John, I think you answered the question.

MR. GARRETT: Oh, okay.

MR. POULIN: It's that the people without social security have a lesser cost-of-living increase.

MR. GARRETT: The effect of the COLA is going to impact plans without social security more just because, you know, the way that benefit is paid, they're getting a larger dollar amount once the social security benefits kick in from - you know, because the plans with social security offset that benefit. So there's a little bit of a reduction in the benefit amounts payable to those plans with social security. So, yes—

CHAIRPERSON ADOMEIT: Okay. Go ahead. I'm sorry. I thought you were through.

MR. GARRETT: The cost-of-living adjustments impact worse the plans without social security than with.

CHAIRPERSON ADOMEIT: Okay, Peter Adomeit here. Any further questions? All right. Any further comments on this one, John Garrett?

MR. GARRETT: Well, just to go through that experience here, in the total plan combined, and again, you know, we saw the cost-of-living adjustments here at the bottom of the page is the primary source of the loss. The loss in total was 16.8 million, but when we look at it in pieces, the cost-of-living adjustments were about 30 by themselves. The investment return offset $50 million on the good side. New interest, not really a loss, but just, you know, the liability that's associated with people who were not in the plan last year who are in the plan this year was about 23.2 million.

So once again, you know, that is the plan in total. It did allocate more towards social security - or without social security coverages than with, particularly that COLA loss.

CHAIRPERSON ADOMEIT: All right. Okay. Are we all ready to move on to Number 2, Police and Fire Survivor's Benefit Fund?

MR. GARRETT: This is the plan that covers - about nine employers have participants in this plan. It provides a benefit in the event of the death of the retiree or active member. So it pays benefits to the spouse and family of those recipients.

And we are going through the survivor benefit fund valuation, Ed, I think? I think we have the GASB. Are you trying to pull it up? Still, the plan is—

MR. KOEBEL: We'll have that up on the screen here in a minute, I'm sure.

CHAIRPERSON ADOMEIT: There we go.

MR. GARRETT: So the Connecticut Policemen and Firemen Survivor Benefit Fund, this plan is – again, it covers a very few number of people. It's really nine employers participate in it. The members contribute one percent of pay and the employers pick up the rest. This plan had another good year as far as market returns, like all the other plans in '21. We do see about a $4.6 million spread between what we're using in the actuarial value of 43.2 million. The market value is actually 47.8 million, so that spread is deferred gains, which will be picked up in future years.

Pretty stable as far as valuations go in both population and results. The employer contribution rate, we determined. Here we don't use an entry as normal. We use an aggregate method of funding, so it's really spread over the future working lifetime of the active members. We see a decrease from 1.43 percent of pay contribution rate for the employers down to 1.34 percent. So some of those gains are being reflected in this result.

Pretty stable plan. Once again, nothing we saw this year was remarkable. What we would think, and maybe we can sum this up at the end of some notes that – of things we'd consider as far as potential changes to funding methodologies. Here, for this plan, it's –

this is just an add-on rate. Those employers who participate will be notified of the change in their contribution rate effective 7/1/2022.

So any questions on this plan?

CHAIRPERSON ADOMEIT: I guess, hearing none, we can move on to Number 3, GASB 67 CMERS.

MR. GARRETT: Claude?

MR. POULIN: John, I don't have a question on the previous one, but on the MERS valuations, I just have a comment and a question at around Page 3, on the comparative schedule and the summary of principal results.

MR. GARRETT: Yes, sir.

MR. POULIN: The active members, the percentage increase from the previous year. Now, in 2019, there was no - well, an insignificant increase or decrease. But in 2020, it says that the increase in the average salary was 1.4 percent, but - and 3.8 percent in 2021. But I think that the numbers are more like 2.8 percent for 2020 and 4.7 percent for 2021.

MR. KOEBEL: I believe those are the percent of the increase in the average salary, Claude.

MR. POULIN: That's right, yeah, the increase in the average salary.

MR. KOEBEL: Oh, yeah, you're right. Okay.

All right, we'll look - we'll fix that. Yeah, that (inaudible).

MR. GARRETT: I'm wondering if it's—

MR. POULIN: Because when I did the calculation, then I thought that perhaps it was in the number of inactive members or the payroll, but it is - if you look at the previous columns—

And by the way, in 2018, it's not 1.5 percent. It's 3 percent.

MR. GARRETT: We must have something off in where that's going.

MR. KOEBEL: Yeah.

MR. GARRETT: So we'll doublecheck that and we'll make sure the formulas behind that when it gets pulled into these tables are corrected. But, yeah, clearly that's not a 3.8 percent increase.

MR. KOEBEL: Yep.

MR. GARRETT: It's more like 4.7 in average salary. And I believe that is supposed to show the average increase in salary for the year. You know, and—

MR. POULIN: Yeah, that's what - yeah, it's right for the other ones.

MR. GARRETT: Thank you.

MR. POULIN: You're welcome.

CHAIRPERSON ADOMEIT: Okay, Adomeit here. Any further questions or comments on this one? You're going to review that now, John and Ed?

MR. GARRETT: Yes, sir. It'll be in the final version we'll send after the meeting.

CHAIRPERSON ADOMEIT: Okay. Okay, thank you. We're on Item Number 4, GASB 67 for the Judges, Family Support Magistrates and Compensation Commissioners Retirement System.

MR. GARRETT: I think we skipped over the GASB 67 for CMERS. We were just starting—

CHAIRPERSON ADOMEIT: Oh, we didn't. We didn't. I did. Thank you.

MR. GARRETT: Thank you, Mr. Chairman.

CHAIRPERSON ADOMEIT: Yeah.

MR. GARRETT: So again, the GASB reporting in all these reports is really, you know, the necessary evil that produces the end result of a GASB 68 report, which are then shown in the employers financial statements. Here, for MERS, we really do the 67 early, but it takes us a while to work up the 68 allocations for all of the participating employers in the plan. So unlike SERS, where that's one participating employer, MERS has many, and it takes a little while to get all those allocations to reconcile out.

And so that's usually going to be a project that we try to finish up by the end of April, maybe presented to the Subcommittee in May and shared with your external auditors, for them to end up with the end report that is then provided to the individual employers, or accessible by the individual employers, to include in their financial statements for the year ending June 30th, 2022.

So what we'll see here is that, you know, GASB 68 provided that the plan's expectation is to be – remain solvent so that, you know, the contributions and the expected growth in assets are sufficient to cover the expected payments of benefits forevermore. Then the plan can continue to use a long-term investment rate of return. Here we use a percent from MERS. Therefore, since it's the same basis as the valuation because it proves to be solvent, then the measures are going to be similar.

So what we'll see from the valuation of a $4-billion – four billion, seventy-eight million TPL, the total pension liability, that's going to get right beside what we produce in the valuation as the actual accrued liability, same number because it's done on the same basis and the same data.

The fiduciary net position here is different.

A couple of reasons. One is that GASB requires the use of market value in determining this, so we don’t smooth the assets. Here, the fiduciary net position represents the market value with the caveat that, for GASB purposes, the auditor of public accounts has determined to use the receivable contributions for those payments on the initial liability as plans come into MERS.

They have a 30-year schedule of payments to make to pay off any liability that they granted for past service when they implemented the plan. Those payments are carried as a receivable in dollar amounts, so no discounting of those amounts. So it’s just really the sum of the future payments as a receivable for GASB purposes. Different from the pension plan, we really offset the unfunded liability by that present value of those payments to determine what the - in determining the market value and the actuarial value of assets for the valuation.

So a little bit of difference there. It’s going to be pretty slight nowadays now that some of those big - the Bridgeport Police and Fire plans paid off their unfunded pieces, were the largest by far. Really that amount now is like $13 million in expected payments, just the sum of the payments, versus liability; we carry around seven to eight million. So the difference is pretty small nowadays, where it was hundreds of millions of dollars different.

So what this results in is a net pension liability of 710 and a funded ratio that is improved well up into the 80-percent range. So this again is just the plan's determination of these measurements, the net pension liability predominantly, that is then going to be moved into the work we're going to do for GASB 68 that produces a pension expense and the share of the net pension liability for all the employers to report. And so that work again will be in the months ahead.

So any questions on the GASB report? And again, this should match up - you know, a lot of the liability calculations should match precisely with what we see in the valuation.

CHAIRPERSON ADOMEIT: Peter Adomeit here. Just making clear, we're talking about GASB 67.

MR. GARRETT: Yes, sir, for the Municipal Employees Retirement.

CHAIRPERSON ADOMEIT: Right. Your introduction, I think, said GASB 78 but—

MR. GARRETT: Oh.

CHAIRPERSON ADOMEIT: I wanted to make sure that the record is correct, that that's what—

MR. GARRETT: Thank you, sir.

CHAIRPERSON ADOMEIT: Yeah. Okay. No further questions or comments? I guess we can move on.

MR. GARRETT: Next up, I guess, is—

MR. KOEBEL: Claude, you're muted again.

MR. POULIN: I do have a question. If we compare the funded ratio of CMERS, the valuation, and the ratio of the GASB, there seems to be a lag year-after-year of about two percent between the two numbers. We see that in the 30-year projection for SERS and, compared to GASB, is the same thing.

Is it that - is there something to it, or is it just a fluke that it happened this time around?

MR. GARRETT: Just purely driven by the use of the market value of assets compared to the actuarial smoothed value of assets. So whenever the - you know, right now, we're smoothing gains, which means that we're going to have an actuarial value of assets in the valuation that's less than the market value. Then GASB is going to produce a better funded ratio. In years that we're smoothing more losses than gains in the valuation, then the GASB reporting is going to provide a worse funded ratio.

So we're going to see that flip back and forth depending on whether or not we're smoothing gains or losses in the actuarial smoothing technique for the assets in the valuation. But, yeah, it's purely because of—

MR. POULIN: (Inaudible)

MR. GARRETT: --the market value.

MR. RYOR: This is Tim Ryor. And the other piece is the difference you just disclosed about the—

MR. GARRETT: Very tiny.

MR. RYOR: --the contributions. It's like—

MR. KOEBEL: Seventeen million or something.

MR. GARRETT: It's like - I think the sum of the payments is 13—

MR. KOEBEL: Thirteen. Do you see the number here, 3,367,803 versus if we go to the val, 3,354,417?

MR. RYOR: Right.

MR. KOEBEL: That's a difference of about 13 million dollars.

MR. GARRETT: Yeah. And that again is just the sum of the outstanding payments for those initial liabilities as this plan has entered MERS. The valuation then, you know, it doesn't add it to the assets, but the actuarial valuation takes the present value of those remaining liabilities, and it nets them out against the UAL when it determines a net unfunded liability in the valuation. So a little bit of difference there.

MR. RYOR: Got it.

MR. GARRETT: Yeah, and there's the number, 13.4 million is the receivables. And again, it's an accounting thing. I mean, you know, Tim, us actuaries, we want to present-value everything, but the accountants, I guess it's a cleaner way for them to deal with it is to just call the receivable, a sum of the payments.

So eventually, once it's all paid off, they're both going to be zero either way; right?

CHAIRPERSON ADOMEIT: Okay. Any further questions or comments? Peter Adomeit here. Okay, hearing none, let's move on to the next one.

MR. GARRETT: I'm thinking the next one—

MR. KOEBEL: I don't have the agenda in front of me. Which—

CHAIRPERSON ADOMEIT: Oh, I'm sorry. It's GASB 67 for the Support Magistrates, et cetera. Is that the one we're on?

MR. KOEBEL: Yep, okay. I got the right report.

CHAIRPERSON ADOMEIT: Right.

MR. GARRETT: Ed, you want to take this one?

MR. KOEBEL: Yeah, I'll go through this one quick. Again, this is very similar to the municipal report. This is for the Connecticut Judges, Family Support Magistrates and Compensation Commissioners. It's very comparable to the valuation that we went over last month. The total pension liability, the $490-million number was exactly - as John said for MERS, is the exact same accrued liability because this plan is solvent and it's projected to remain solvent. So we can use the 6.9-percent discount rate on an accounting basis.

So same liability. We use the market value of assets here to compare and we come up with a net pension liability of $189 million. Their ratio here is a little over 60 percent. If you remember last month, on the Judges' plan, they were just under 60 percent. So that's that three- or four-percent difference in funded ratio, as Claude alluded to for the MERS plan.

So this plan, again, nothing major here. We did have an experience gain that was very comparable to the valuation, the funding results of a $9.2-million gain. And then we had an assumption change due to the decremental changes that we made during the experience study for this year (inaudible) gains for this plan of just over a million dollars.

So that’s how we kind of roll forward into our actual total pension liability as of June 30^{th} of 2021. And I’ll just give you a little bit of history here. Where the ratio has been, you know, it’s been hovering around that 40 to 50 percent range. So this was, you know, really driven – this increase was really driven by the increase in the assets for this year.

I’ll open it up for any questions.

CHAIRPERSON ADOMEIT: Okay. Hearing no questions or comments, moving on, we are now up to GASB 68.

MR. KOEBEL: This is Ed Koebel. We take those 67 results and we calculate a couple of additional requirements under the GASB disclosures of the pension expense and deferred outflows and inflows where we’re kind of keeping track of the accounting of all of the changes in the liability from year-to-year, where we’re kind of recognizing those over a certain number of years. So there’s a lot more tables that go into this report.

But here is your pension expense numbers that need to go onto, you know, the employers’ books as a pension expense. I’ll slide down and show you how we developed a lot of these numbers. But like I said, here's where we looked at the investment earnings where we had that huge gain for the year of $43 million, of which we recognized a fifth of that for this purpose. That gets straight into the pension expense numbers. I'll skip to the pension expense here. So we've got that 8.65 that we're recognizing, but we're also recognizing the gains from the actual experience and the assumption changes. Those million-dollar change for assumptions is recognized over, you know, a certain number of years. This looks like about three to four years there.

So – but we had normal costs interest. So this is kind of comparable to your ADEC, but it can fluctuate from year to year because we're using a lot smaller amortization periods, and we're using a market value of assets. So it's very volatile from year to year, whereas an actuarially determined contribution is more stable. The nature of smoothing the assets allows for that. So this number is very volatile from year to year.

So here is just a lot of tables that go into the accounting feature of disclosing all of the actual experience over the last five or six years, and how they're allocated each year. Like I said, it's typically between three and four years of we're recognizing each of these changes. So of the $9-

million experience gain, we're recognizing 2.9 in this number, the pension expense, this year. We have another $6.3 million to recognize in the next two to three accounting disclosure reports.

So again, if you want to dig in further in these numbers, I'll kind of leave it at that. But a lot of this just goes into the disclosure reports.

CHAIRPERSON ADOMEIT: Okay, thank you. Any further questions or comments? All right, hearing none, let's move on to GASB 67 SERS, Item 6.

MR. GARRETT: Okay, I'll jump in. So SERS, this, again, accounting standard, you should see a lot of similarity to the actuarial valuation. You know, because of the agreement that the Connecticut State Employees Retirement System will be fully funded by the employer's ADEC's in future years, then the plan actually proves to be sustainable. Even though it might not be the most - you know, the highest funded plan, it is a fully sustainable plan.

So total pension liability measure matches again exactly again because the basis is the same, 6.9 percent discount rate; all the assumptions are the same as produced in the actuarial valuation. So we come up with the same measurement as the actuarial accrued liability in the pension plan under the normal cost method. The entry age normal cost method is the same as here produced as a total pension liability.

Here again, we use the fiduciary net position, is the market value of assets, so we're going to see a much larger number. There is a little bit of difference in that the receivables that we're picking up, in this year, there was actually a $61-million deposit made subsequent to the prior year that was not included as a receivable, so that's in these numbers. And also then we had that $714 million that we're treating as a receivable this year. So those combine to be - both those are going to be - you know, cause some difference between what we actually show in the market value of assets as compared to the valuation.

Leaves a net pension liability, which is again, similar to the measure of the unfunded liability in the valuation, 21.2, 21.3 million - billion dollars, a funded ratio of 44.6.

Going down to the measures for the experience here, I believe the spread period here for SERS is a little bit longer than the Judges' plan. It's five to six years typically. We see that the pieces that we recognize - we know that SERS had a loss. A lot of the different - like cost-of-living adjustments, salary increases, and retirement rates, much of that loss gets flown into here, $778 million in total is the experience loss recognized in the accounting standards.

Some of that is offset by the assumption change for the year, 48 million. And then of course, we had the investment gain this year too that produced 279, I believe; it might be more than that.

So, you know, all that goes into the deferral periods. The investment gain/loss is spread over five years. The other sources of change due to assumption changes or experience gain/loss is spread over the remaining future working lifetime measurement, which, you know, is determined based on all the actives' future working lifetimes divided by all the actives, the headcount of all of the actives and all the retirees. So it's a number, 5.33 in this case. That weighted average of expectation is much shorter, of course, than the period of time that we're funding the pension plan over, which is more like 25, 26 years.

So again, that's why, as Ed pointed out with pension expense on the Judges' plan, pension expense on SERS' plans is even going to be even more volatile because that difference between the cost impact of spreading gains and losses and funding them over a longer period of time in the valuations compared to these short amortization periods for accounting.

So, in here, we're picking up more of these items. So we had the projected earnings on plan investments. That's 907. That's on the market value basis, which, you know, is going to get spread in on the SERS piece in roughly five years. Then we have the – you know, the pieces that are picked up from the experience loss and the change in the assumptions.

So with that, we get a pension expense for GASB 68 in SERS of about 1.8 million. This is a couple hundred million dollars less than the ADEC that we show. I think, right now, the ADEC is around – Ed, correct me – 1.9 billion, I think, is the ADEC.

MR. KOEBEL: Two-point-one. Two-point-one, John.

MR. GARRETT: Two-point-one. I'm sorry, 1.9 is the amortization cost.

MR. KOEBEL: One-point-nine is the UAL, right.

MR. GARRETT: Yeah. So, you know, this – and this difference is going to fluctuate. It's going to be, you know – it's going to go to the high side in times where we have losses because, again, those actuarial losses are on investments, especially because that's the most volatile piece. They're going to be recognized over a shorter period of time and impact pension expense much faster, five years instead of how it impacts the unfunded liability in the pension plan.

So again, you know, the idea is let's never confuse pension expense to a cost of actually funding the plans to actuarial soundness.

Anything else on the GASB 67, 68 for SERS, MERS, SERS?

CHAIRPERSON ADOMEIT: Peter Adomeit here. Hearing none, we can move on to the items, GASB 68 SERS.

MR. GARRETT: And I'm sorry. We kind of melded both of them because my discussion took us into talking about gains and losses, which are no part of GASB 67. So again, GASB 67 for SERS is just a quick measure of getting to the net pension liability, which is, again, pretty close to what the actuarial value - or similar to the actuarial valuation's determination of the unfunded liability. Once that's done, then everything moves to GASB 68, where we determine those gains, losses, amortize them over the specific periods of times, and then determine that pension expense.

So really we kind of touched on both of them as we were discussing them. And Ed was flipping to both too. We hope we didn't confuse you. That was me. Ed was trying to follow me. I led us down the wrong path, so my apologies.

CHAIRPERSON ADOMEIT: All right. Okay, gentlemen and ladies, which of these reports are ready for being brought out as a final report and presented for acceptance by the Commission? John Koebel – or John – Ed Koebel or John Garrett?

MR. GARRETT: Yeah, so I think as we stand right now, we do have a revision to make to that historical percent change in average salaries for the MERS plan. And with that - we'll have those changes done - we can remove the draft watermark on all these if this is the pleasure of the Subcommittee is to present these to the Commission tomorrow.

CHAIRPERSON ADOMEIT: I'll defer to the committee. Claude?

MR. POULIN: Well, if we receive it before the Commission meeting, I think that we could accept all seven reports.

CHAIRPERSON ADOMEIT: All right, very good. There seems to be a consensus.

MS. NOLEN: I have a question. This is Karen Nolen. Do the GASB reports go in front of the full commission, or is it just the valuations?

MR. GARRETT: And, Mr. Chairman, John Garrett. Karen, you know, a lot of plans handle this differently. A lot of plans, you know, the acceptance of a report is the valuation report. These accounting reports, some boards like to adopt them or accept them; some boards just – you know, they receive them, but they don't actually go into an acceptance-type of motion. I think historically, your retirement commission has actually presented them and accepted them into the Commission during their meeting.

MS. NOLEN: Okay.

CHAIRPERSON ADOMEIT: Yeah, that's my recollection of the practice.

MS. NOLEN: All right.

CHAIRPERSON ADOMEIT: In which case, we will – I'll ask Mr. Poulin if he'd be so kind as to make all the motions at the next meeting tomorrow.

MR. POULIN: Okay. This is Claude Poulin. I move to accept the Actuarial Valuation Report for the Connecticut Municipal Employees Retirement System prepared as of June 30th, 2021.

CHAIRPERSON ADOMEIT: Any discussion? All in favor, say aye, or raise your hand.

UNIDENTIFIED SPEAKERS: Aye.

CHAIRPERSON ADOMEIT: Opposed, nay, or raise your hand. The ayes have it.

John, could you stop screensharing, please?

MR. GARRETT: Oh, yeah.
CHAIRPERSON ADOMEIT: Yeah, there we go. Now I can see everybody. Thank you.
All right. Mr. Poulin?
MR. POULIN: I move to accept the Actuarial Valuation Report for the Connecticut Policemen and Firemen Survivors' Benefit Fund prepared as of June 30th, 2021.
CHAIRPERSON ADOMEIT: Any further discussion? Hearing none, all in favor, say aye, or raise your hand.
UNIDENTIFIED SPEAKERS: Aye.
CHAIRPERSON ADOMEIT: Opposed, nay, or raise your hand. The ayes have it.
MR. POULIN: I move to accept the GASB 67 Report for the Connecticut Municipal Employees Retirement System prepared as of June 30th, 2021.
CHAIRPERSON ADOMEIT: Any further discussion? Hearing none, all in favor, say aye, or raise your hand.
UNIDENTIFIED SPEAKERS: Aye.
CHAIRPERSON ADOMEIT: No opposition. It's unanimous. Go ahead. Next motion.
MR. POULIN: I move to accept the GASB 67 Report for the Connecticut Judges, Family Support

Magistrates and Compensation Commissioners Retirement System prepared as of June 30th, 2021.

CHAIRPERSON ADOMEIT: We need a second.

MR. BAILEY: I’ll second that.

CHAIRPERSON ADOMEIT: Bailey.

MR. BAILEY: Bailey, second.

CHAIRPERSON ADOMEIT: Any further discussion? Hearing none, all in favor, say aye, or raise your hand.

UNIDENTIFIED SPEAKERS: Aye.

CHAIRPERSON ADOMEIT: It’s unanimous. The ayes have it.

MR. POULIN: I move to accept the GASB 68 Report for the Connecticut Judges, Family Support Magistrates and Compensation Commissioners Retirement System prepared as of June 30th, 2021.

CHAIRPERSON ADOMEIT: Any further discussion? Oh, we need a second. I’m sorry.

MR. BAILEY: Bailey. I’ll second that.

CHAIRPERSON ADOMEIT: Thank you. Any further discussion? Hearing none, all in favor, say aye, or raise your hand.

UNIDENTIFIED SPEAKERS: Aye.

CHAIRPERSON ADOMEIT: It’s unanimous. The ayes have it.

MR. POULIN: I move to accept the GASB 67 Report for the Connecticut State Employees Retirement System prepared as of June 30th, 2021.

MR. BAILEY: Bailey, second.

CHAIRPERSON ADOMEIT: Any further discussion? Hearing none, all in favor, say aye, or raise your hand.

UNIDENTIFIED SPEAKERS: Aye.

CHAIRPERSON ADOMEIT: It's unanimous. The ayes have it.

MR. POULIN: And finally, I move to accept the GASB 68 Report for the Connecticut State Employees Retirement System prepared as of June 30th, 2021.

MR. BAILEY: Bailey, second.

CHAIRPERSON ADOMEIT: Any further discussion? Hearing none, all in favor, say aye, or raise your hand.

UNIDENTIFIED SPEAKERS: Aye.

CHAIRPERSON ADOMEIT: Unanimous. The ayes have it.

All right. That ends the agenda. I guess the final item on the agenda is adjournment.

You're – Claude, you're muted.

MR. POULIN: This is Claude Poulin. I assume that tomorrow morning, we will amend the agenda to incorporate these seven items; correct?

CHAIRPERSON ADOMEIT: Yes, and I will ask you, if you don't mind, to make those motions tomorrow.

MR. POULIN: Sure, I will. Thank you.

CHAIRPERSON ADOMEIT: John Garrett—

MR. POULIN: I would like to congratulate John and Ed, you know, for providing these seven reports in such a short period of time.

CHAIRPERSON ADOMEIT: John, you're muted. John Garrett.

MR. GARRETT: Thank you, Mr. Chairman. John Garrett. And thank you, Mr. Poulin. Yeah, that was – we pedaled the bike as fast as we could, but it all somehow managed to get done.

I would like to point out that we do have the latest actuarial projections. They're really projections of a deterministic model of the State Employees Retirement System. These are projections that we typically would provide. You know, I don't know if it usually actually goes through the Commission to be approved, but we can discuss them with the Subcommittee. If you want to just remind them tomorrow, you know, that's an item too. But it's the latest 30-year projection of the results of projected valuations.

And, Ed, if we share a screen, we can bring that up and—

MR. KOEBEL: (Inaudible) discuss it.

MR. GARRETT: --or—

CHAIRPERSON ADOMEIT: It's really not on the agenda right now.

MR. GARRETT: It's not on the agenda. That's right.

CHAIRPERSON ADOMEIT: No, no.

MR. KOEBEL: That's why I'm hesitant to bring it up.

CHAIRPERSON ADOMEIT: Yeah, we can't discuss it.

MR. KOEBEL: Okay.

MR. GARRETT: Well, we will share these with John. And then I think - I know OPM has an interest in those as well. I think, you know, it's projections based on our valuations. So, you know, they're probably pertinent for the planning, the budgeting and all that. So, you know, as far as if it's something that that needs to be wait until the Subcommittee and the Commission weigh in on it or accept it, and then, you know, that might be something that John Herrington will have to deal with.

CHAIRPERSON ADOMEIT: All right. Okay, so we're at adjournment then.

MS. NOLEN: Did we get a motion?

CHAIRPERSON ADOMEIT: No. I'm waiting.

MR. POULIN: I move to adjourn. This is Claude Poulin.

CHAIRPERSON ADOMEIT: Okay.

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

CHAIRPERSON ADOMEIT: Tim Ryor. Okay. All in favor, say aye, or raise your hand.

UNIDENTIFIED SPEAKERS: Aye.

CHAIRPERSON ADOMEIT: Unanimous. The ayes have it.

Hey, thank you all very much.

(Adjourned at 3:48 p.m.)

I, Karin A. Empson, do hereby certify that the preceding pages are an accurate transcription of the Connecticut State Employees Retirement Commission, Actuarial Subcommittee meeting held electronically via Zoom, conducted at 3:05 p.m. on February 16, 2022.

Karin A. Empson

Karin A. Empson

05/07/2022

Date