



# MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Joint Standing Committee on  
Appropriations & Financial Affairs**

## **FY2021 State/Teacher Plan Valuation Results and Update on MainePERS**

**January 12, 2022**

**Dr. Rebecca Wyke, CEO**

**Michael Colleran, COO/General Counsel**

**Kathy Morin, Manager of Actuarial and Legislative Affairs**

# MainePERS Update



# Goals & Objectives *~adopted by BOT November 2021*

## ▶ Goals

- ▶ Preservation of the Trust Fund
- ▶ Stability of the contribution rates
- ▶ Security and integrity of our information systems
- ▶ Cultivation of a “member-centric” organization, and
- ▶ Development of stakeholder relations

## ▶ Objectives

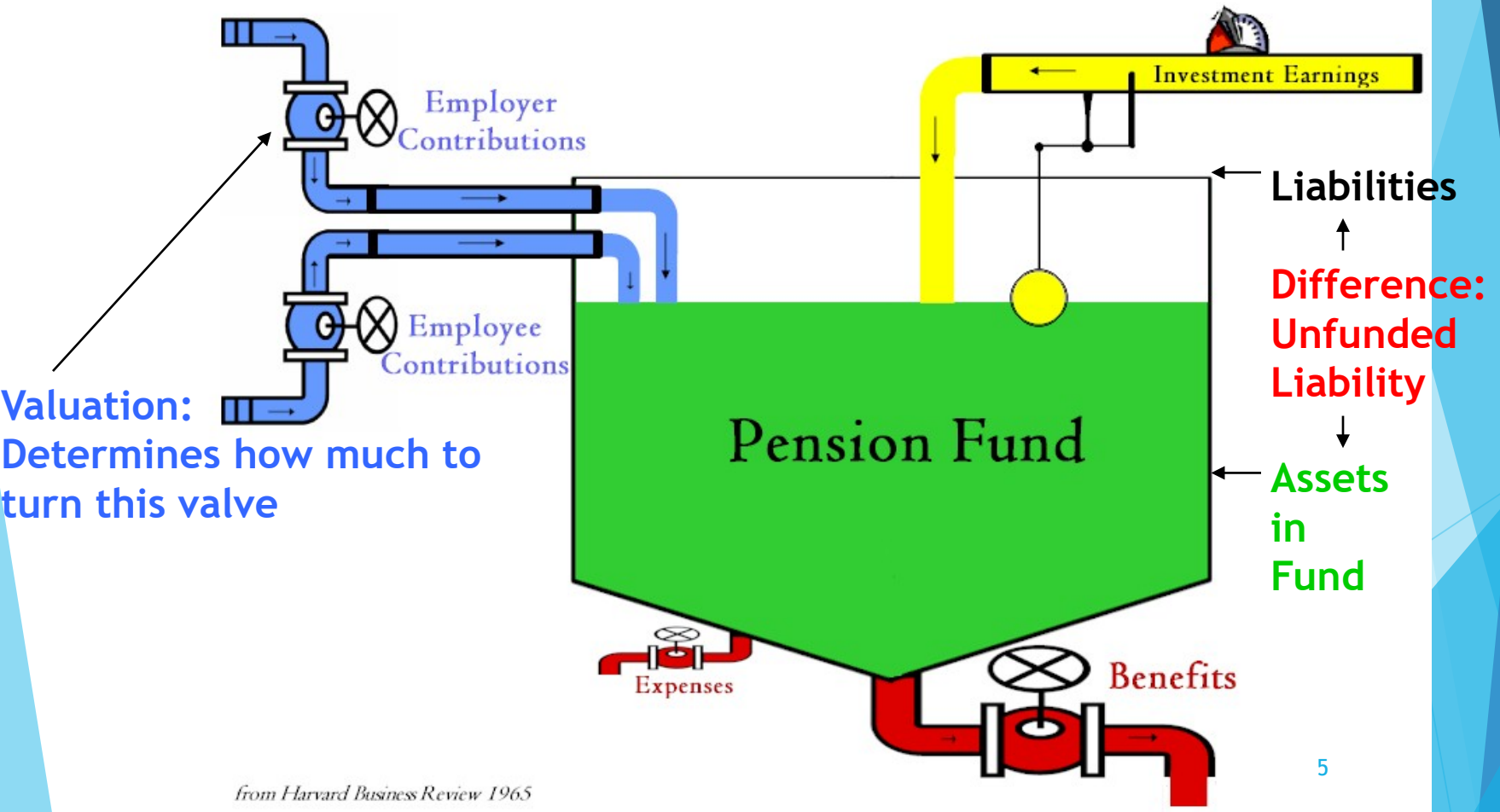
- ▶ Planning for the post-2028 full funding of the UAL, including potential public pension plan options that include social security
- ▶ Responding to the recent divestment legislation
- ▶ Expanding the availability of defined contribution plans to teachers, and
- ▶ Exploring mandatory long-term disability insurance coverage



# FY2021 Valuation



# Actuarial Valuation & UAL



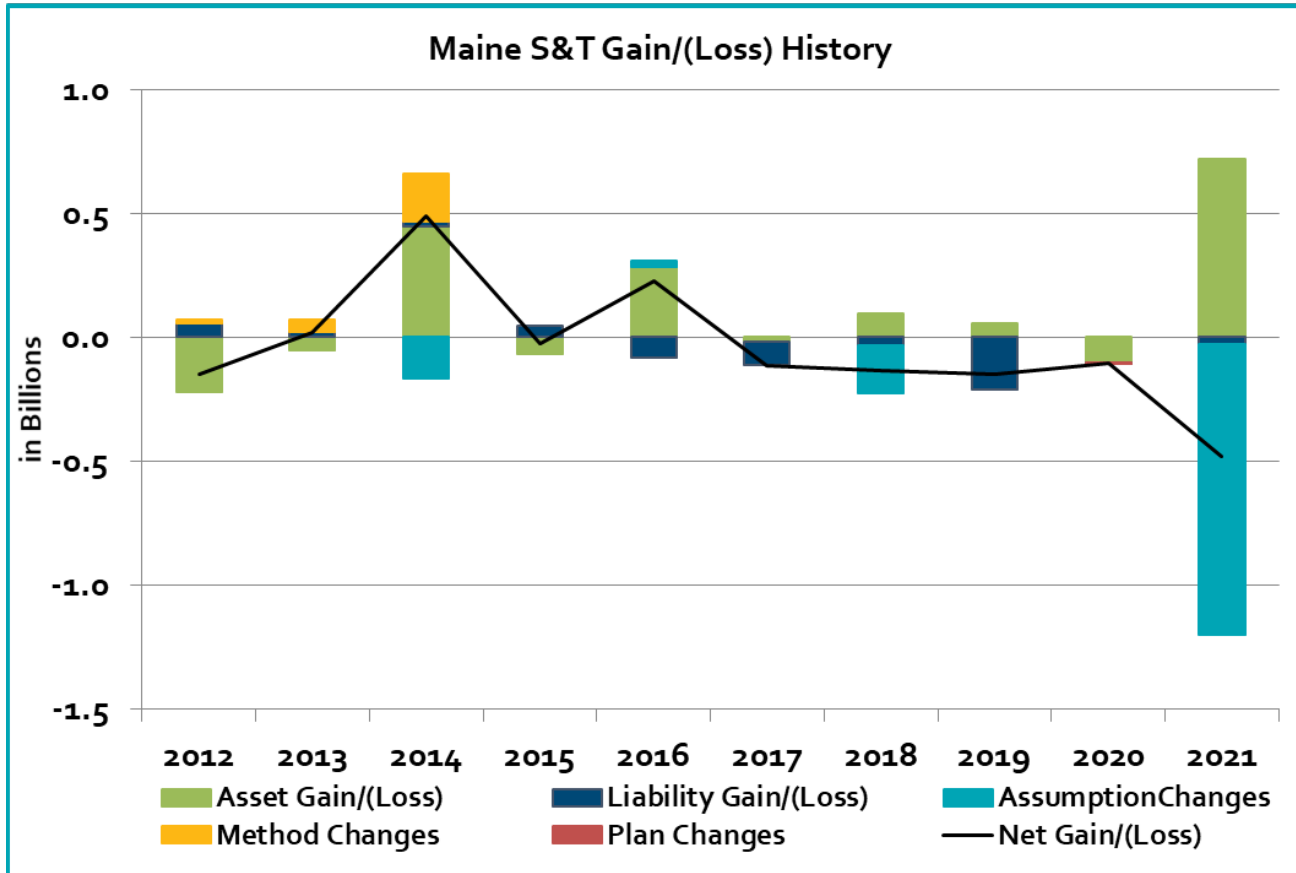
from Harvard Business Review 1965

# Valuation Results: S/T Plan

<i>(all dollars are in millions)</i>		June 30,		
		<u>2020</u>	<u>2021</u>	<u>2020 to 2021</u>
<u>Membership</u>	<u>Valuation</u>	<u>Valuation</u>	<u>% change</u>	
Actives	40,395	40,099		-0.7%
Payroll	\$ 2,061	\$ 2,199		6.7%
Average Salary	\$ 51,012	\$ 54,851		7.5%
In Pay Status	37,151	37,690		1.5%
Total Annual Benefits	\$ 860	\$ 884		2.8%
Average Benefit	\$ 23,143	\$ 23,456		1.4%
<u>Assets and Liabilities</u>				
Actuarial Liability	\$ 14,865	\$ 16,392		10.3%
Actuarial Value of Assets	\$ 12,250	\$ 13,461		9.9%
Unfunded Actuarial Liability (UAL)	\$ 2,615	\$ 2,931		12.1%
Actuarial Funded Ratio	82.4%	82.1%		
Market Value of Assets (MVA)	\$ 12,045	\$ 14,901		23.7%
MVA Funded Ratio	81.0%	90.9%		
Accrued Liabilities	\$ 13,638	\$ 14,841		8.8%
Unfunded Accrued (using MVA)	\$ 1,593	\$ (60)		-103.8%
Accrued Funded Ratio	88.3%	100.4%		
<u>Total Contribution</u>				
Normal Cost Rate	3.88%	4.64%		
UAL Rate	16.27%	17.08%		
Total Calculated Rate	20.15%	21.72%		

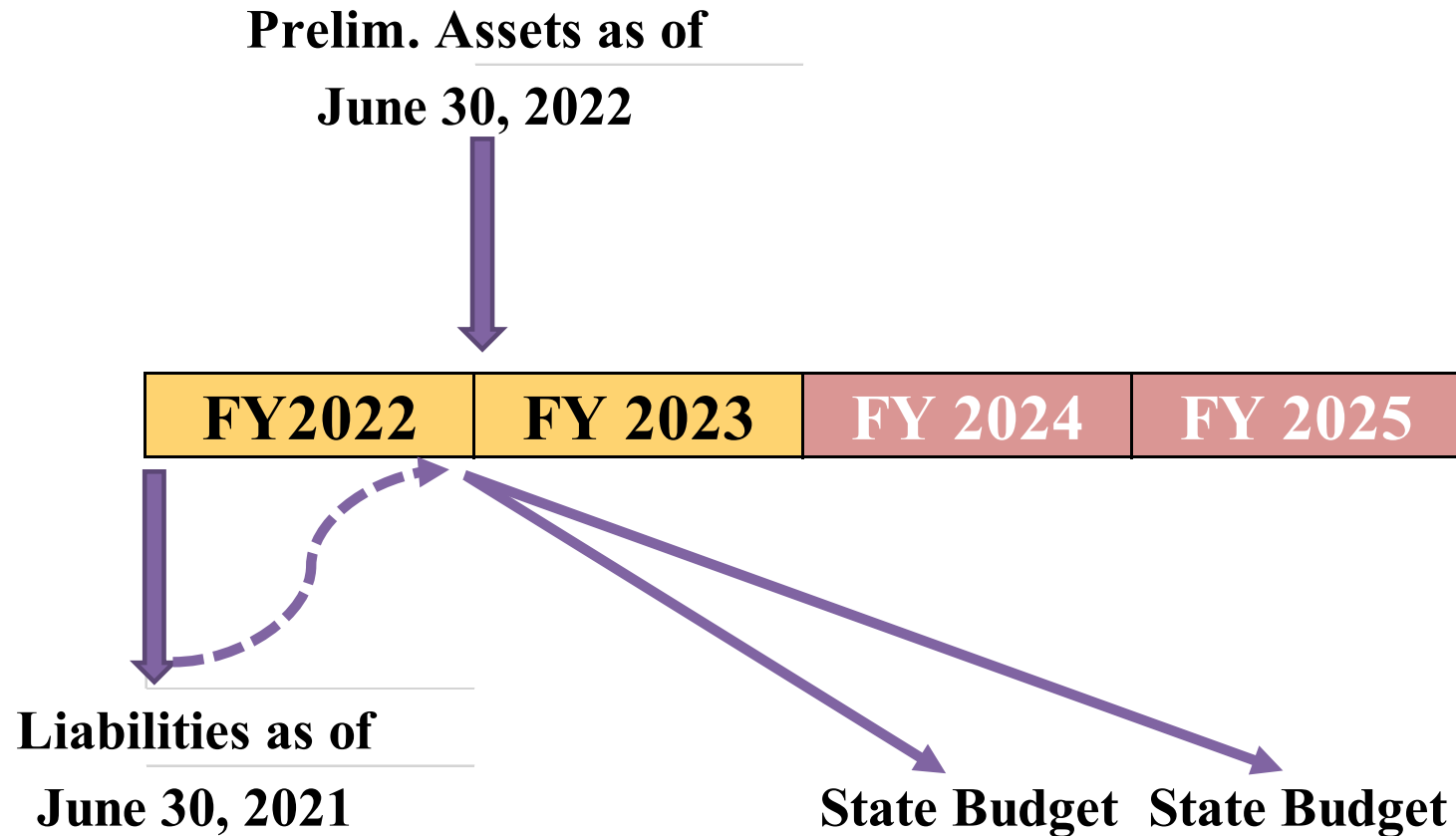
source: Cheiron 6

# State/Teacher Gains & Losses



source: Cheiron 7

# State/Teacher Rate Setting



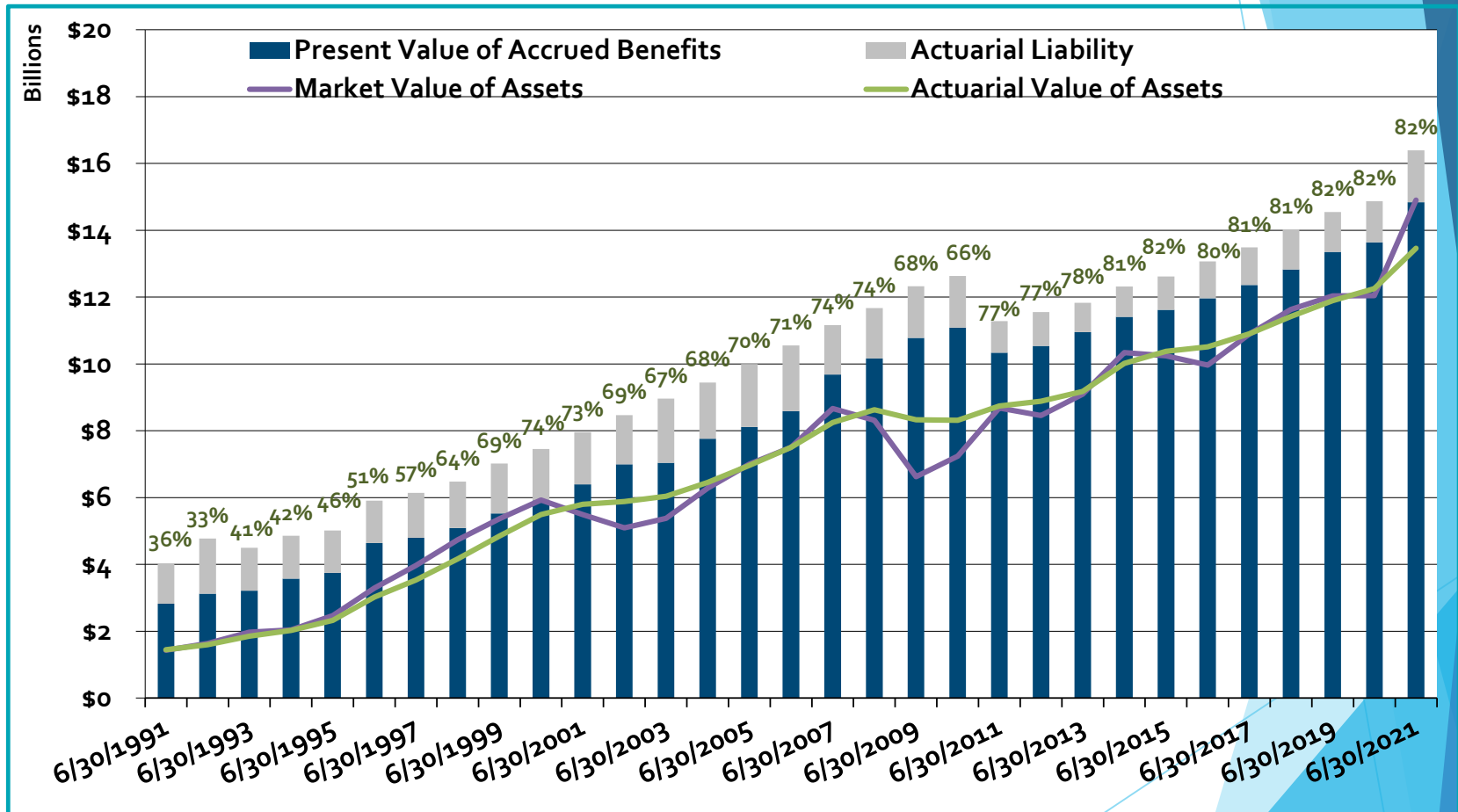
source: Cheiron 8



# Funding History



# State/Teacher Funding History

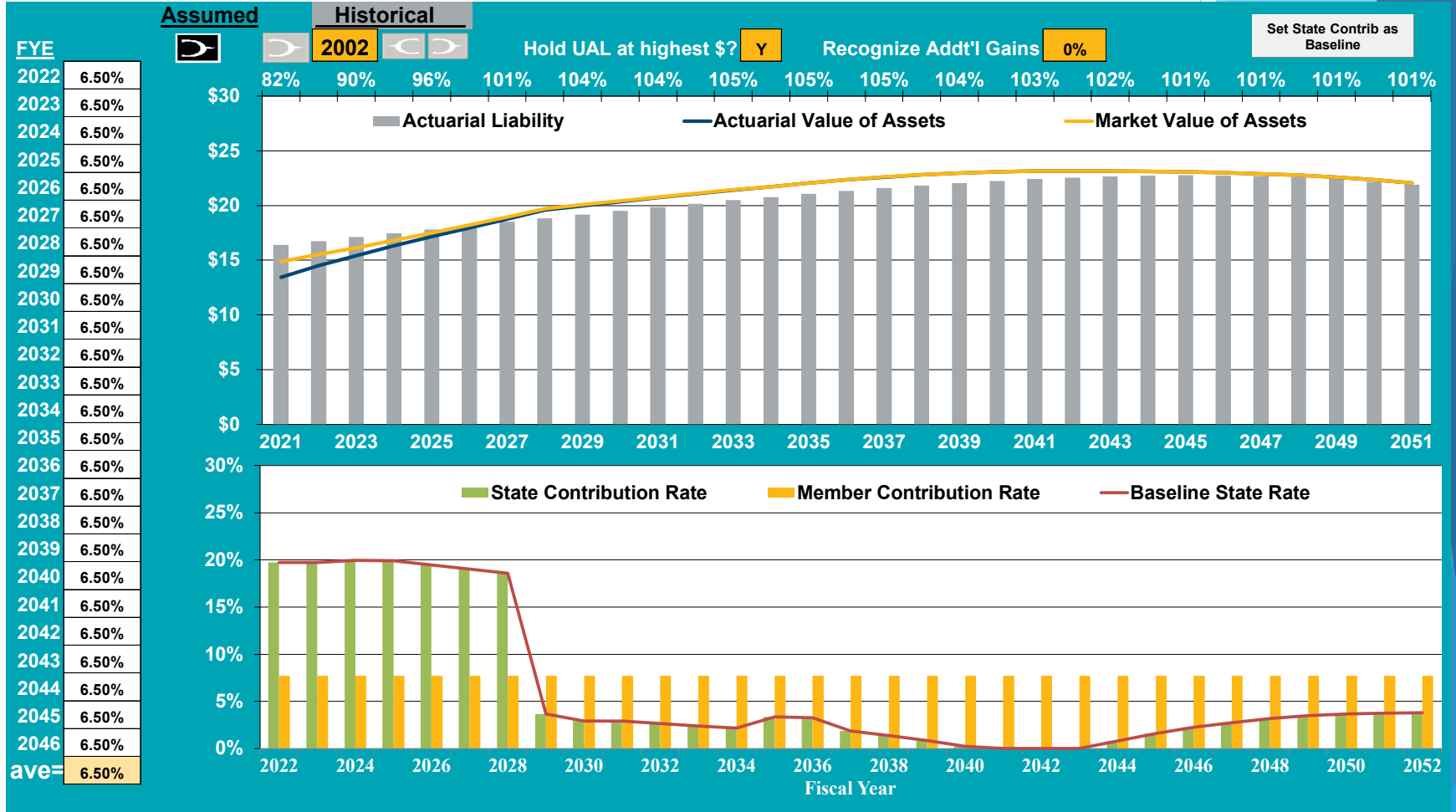


source: Cheiron 10

# Funding Projection



# State/Teacher - 6.5% return



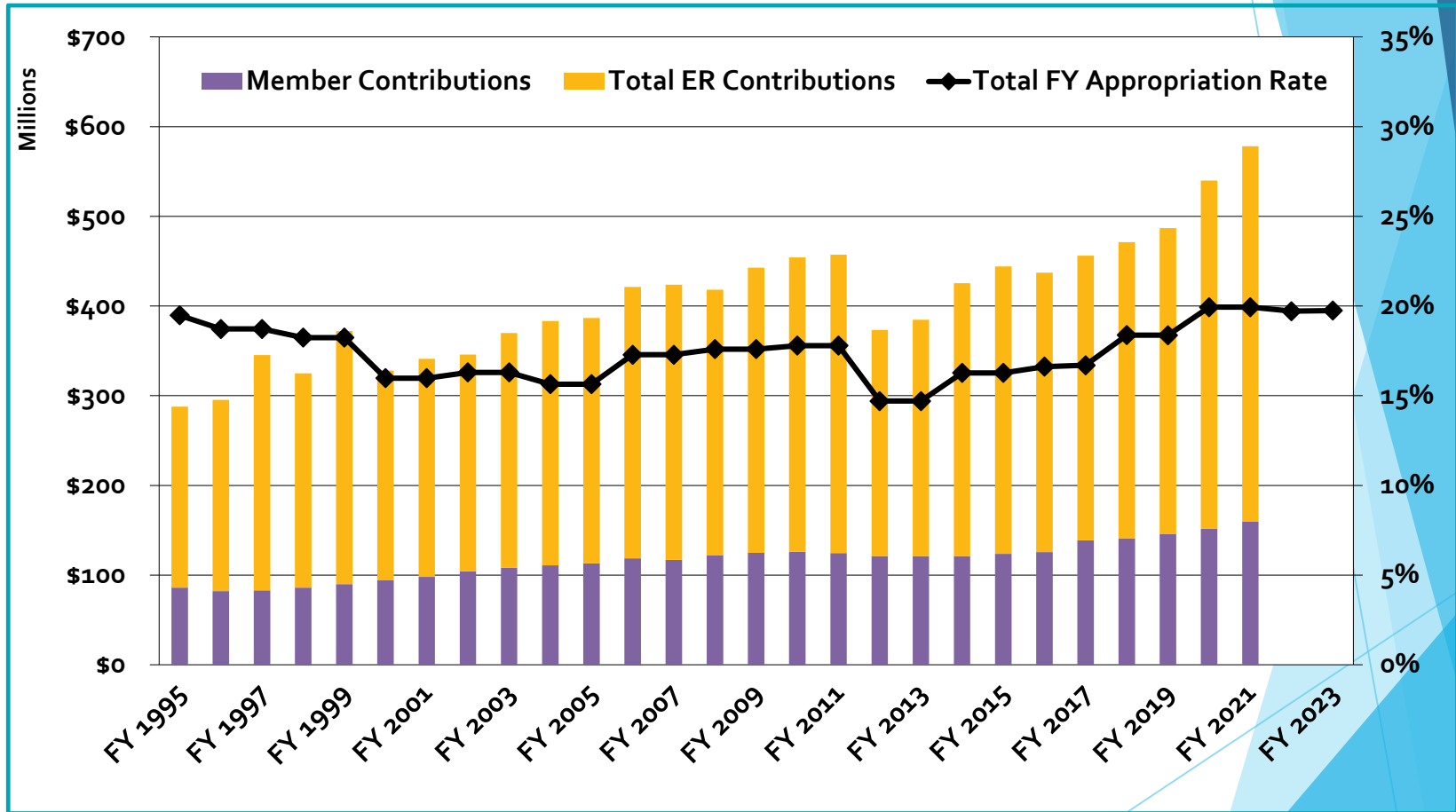
# Appendix



# Other Historical Views

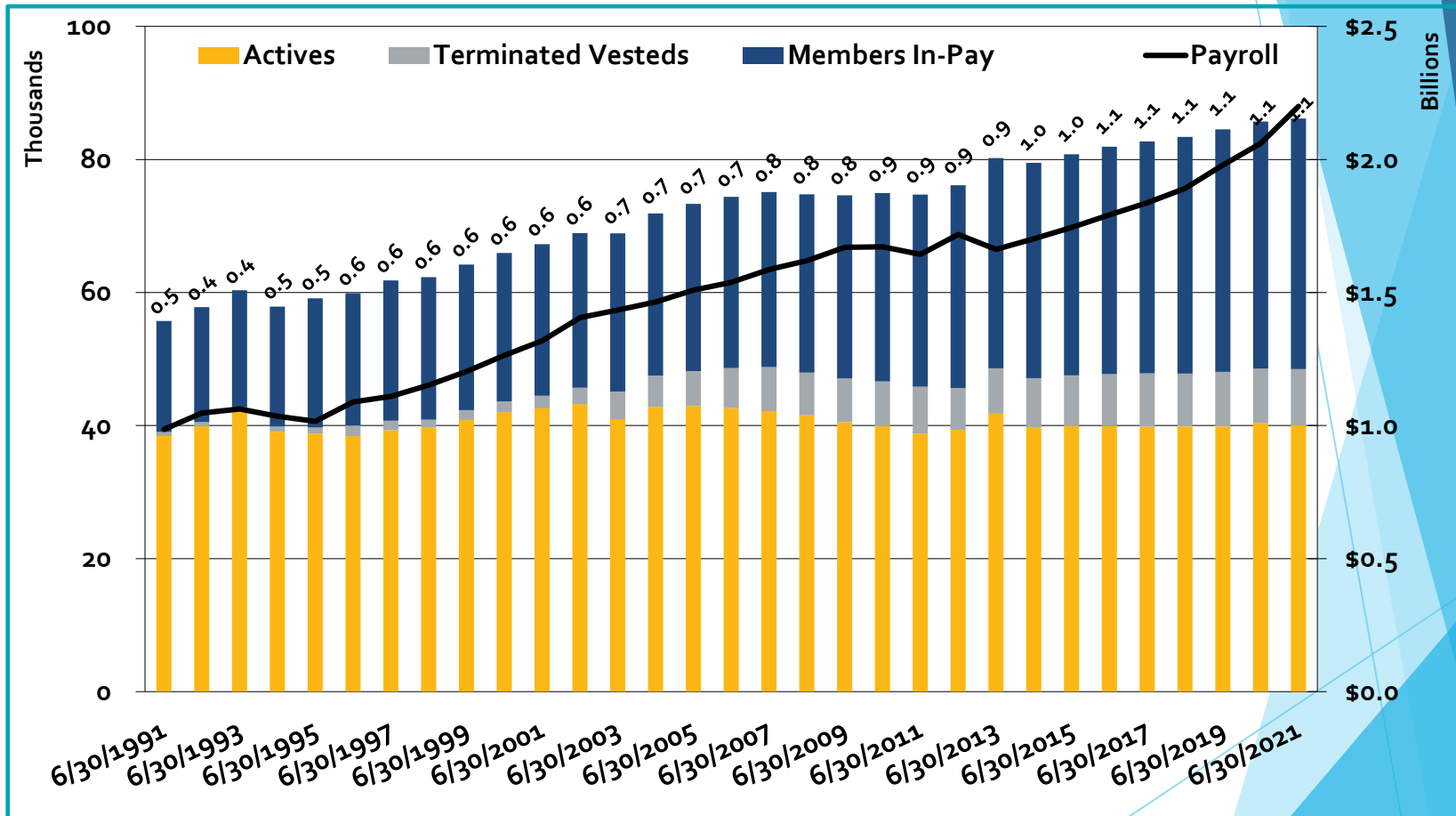


# State/Teacher Contributions



source: Cheiron 15

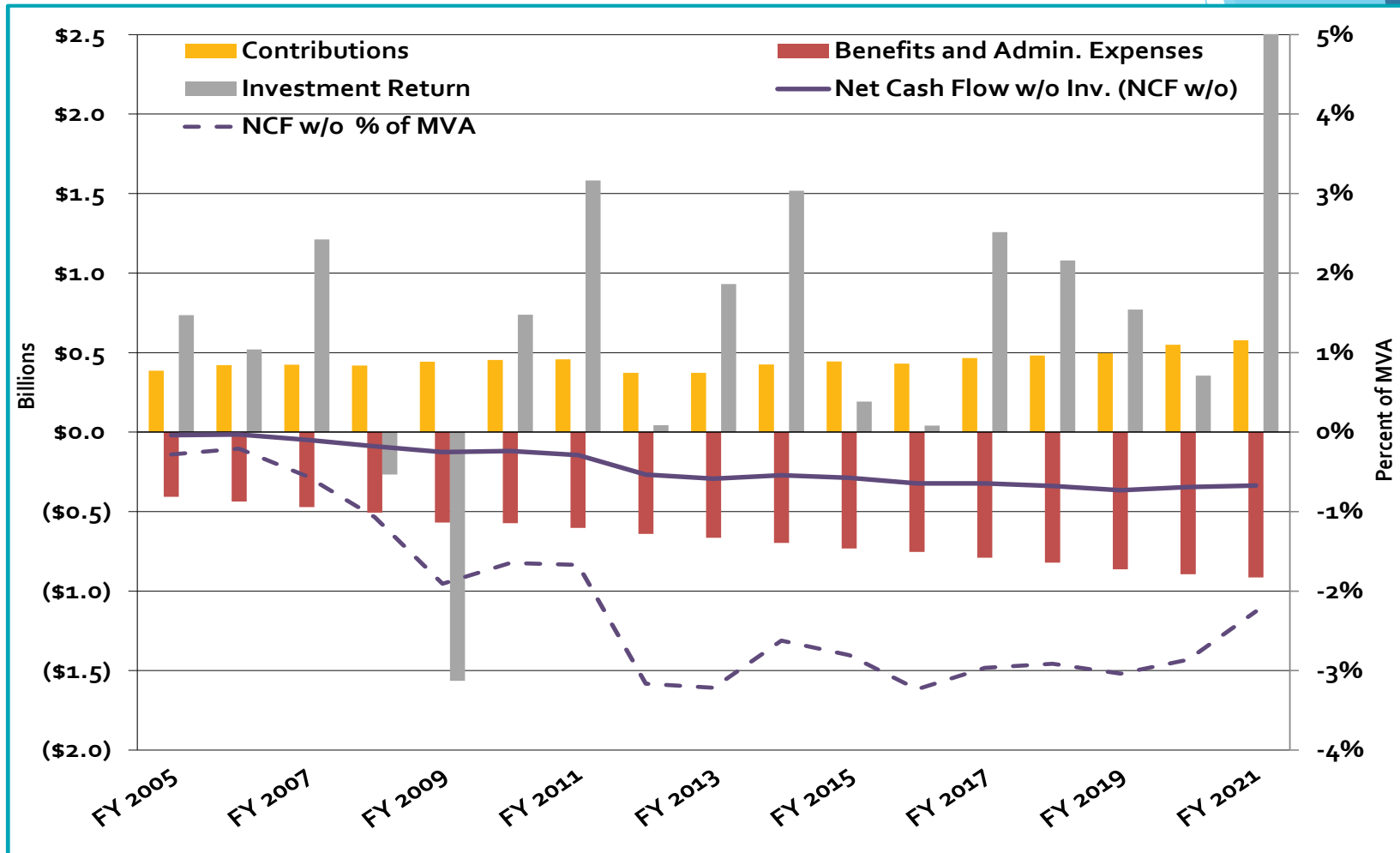
# State/Teacher Membership



source: Cheiron 16



# State/Teacher Cash Flows

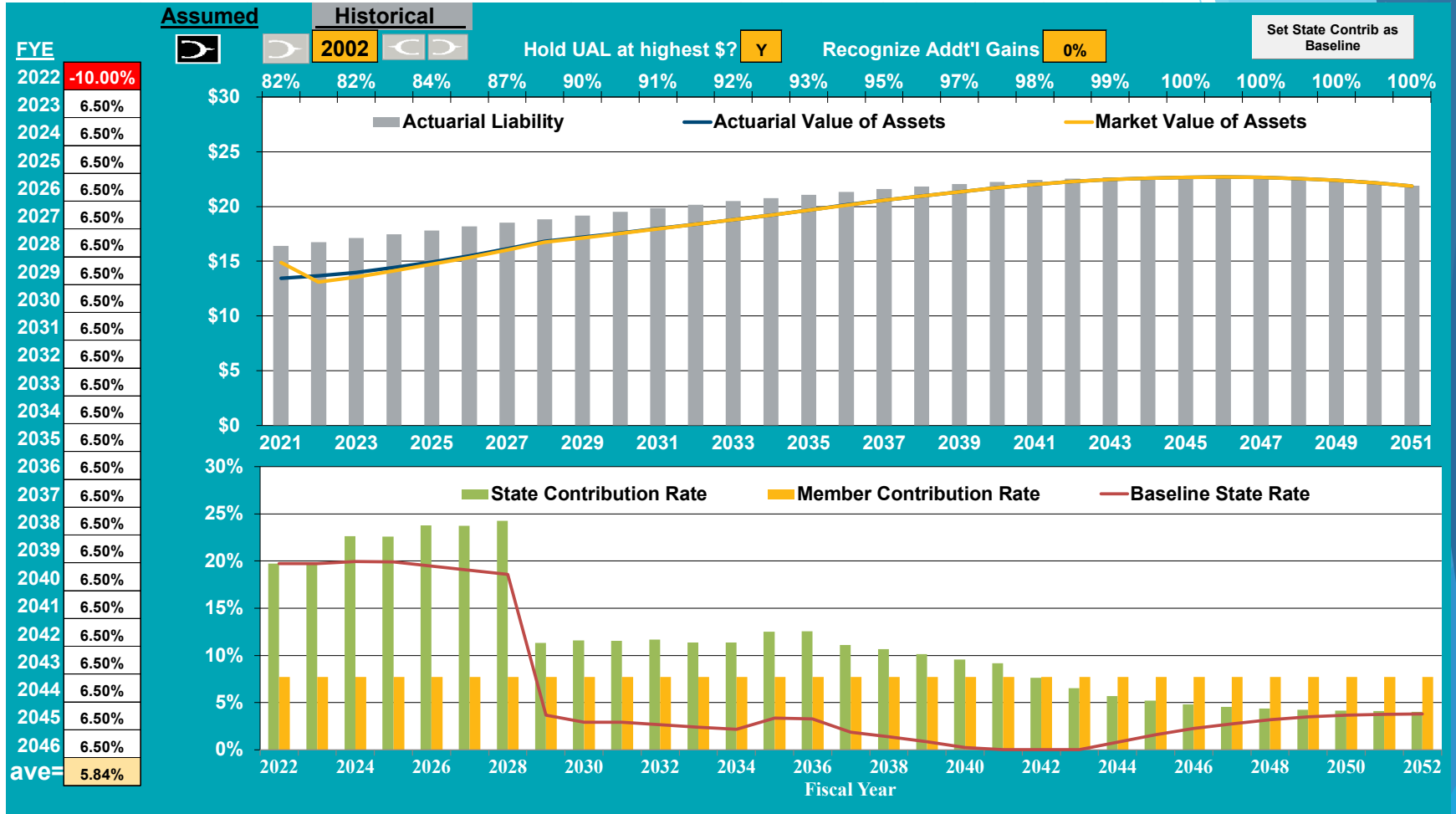


source: Cheiron 17

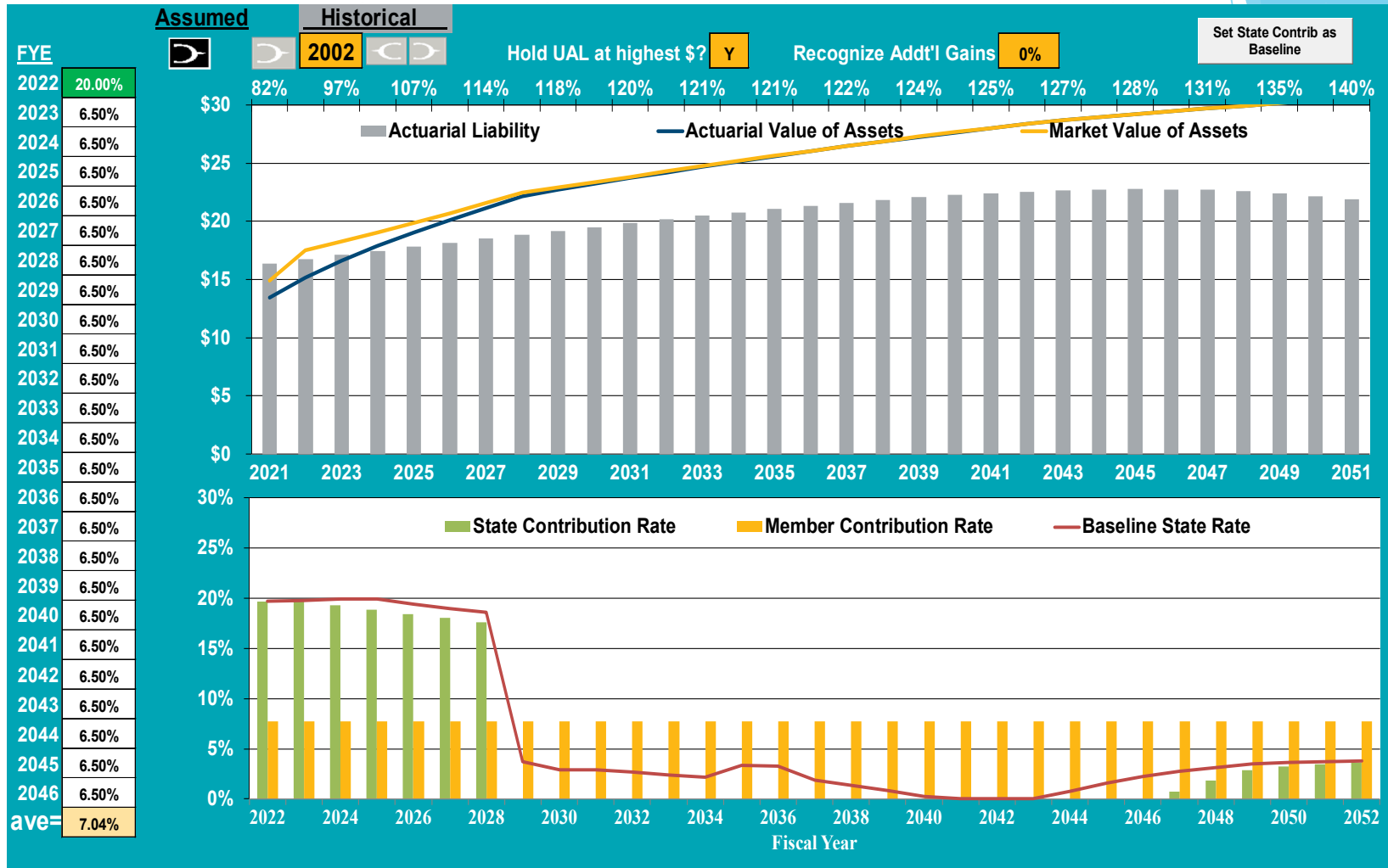
# Other Projection Views



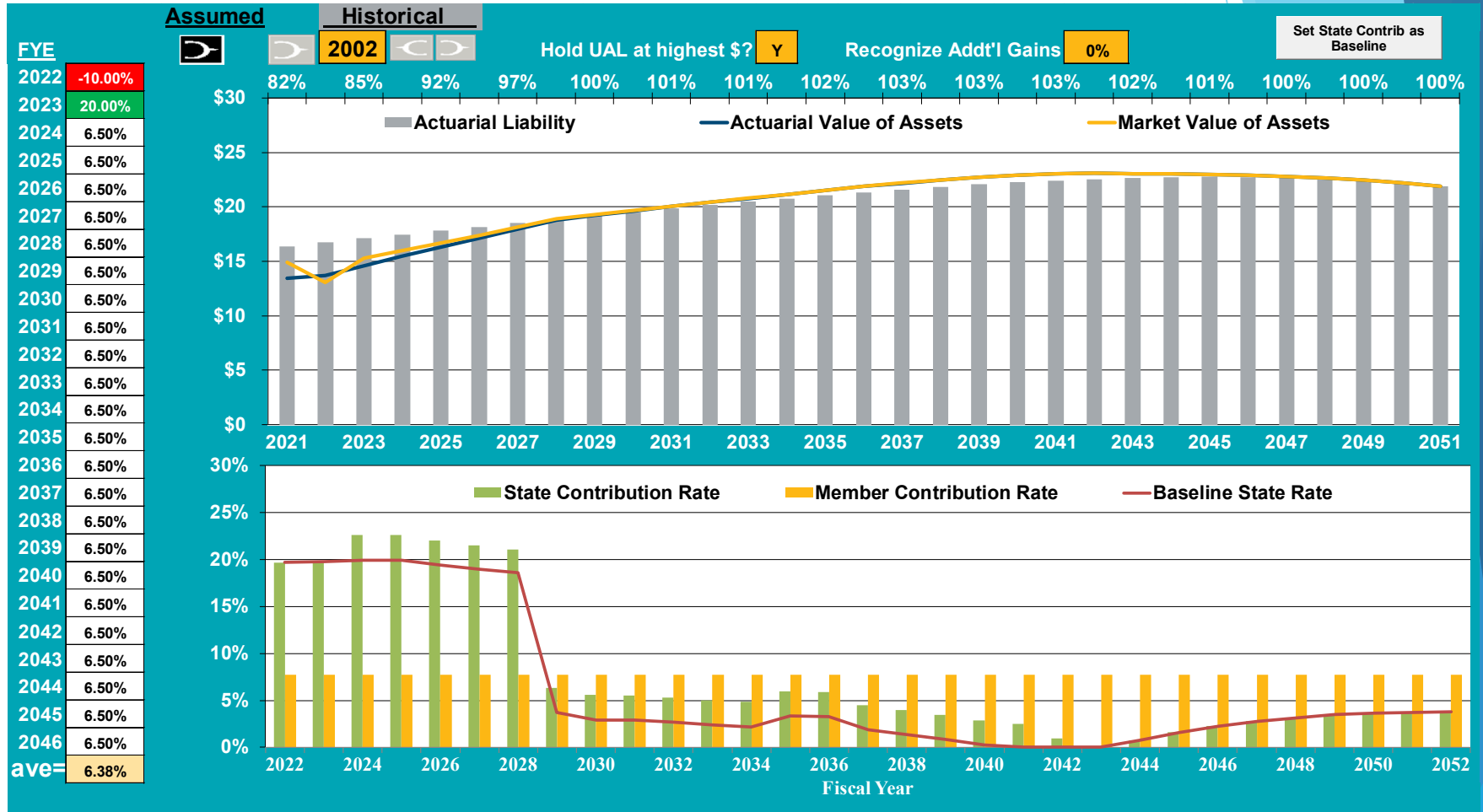
# State/Teacher w/ loss



# State/Teacher w/ gain



# State/Teacher w/ loss then gain

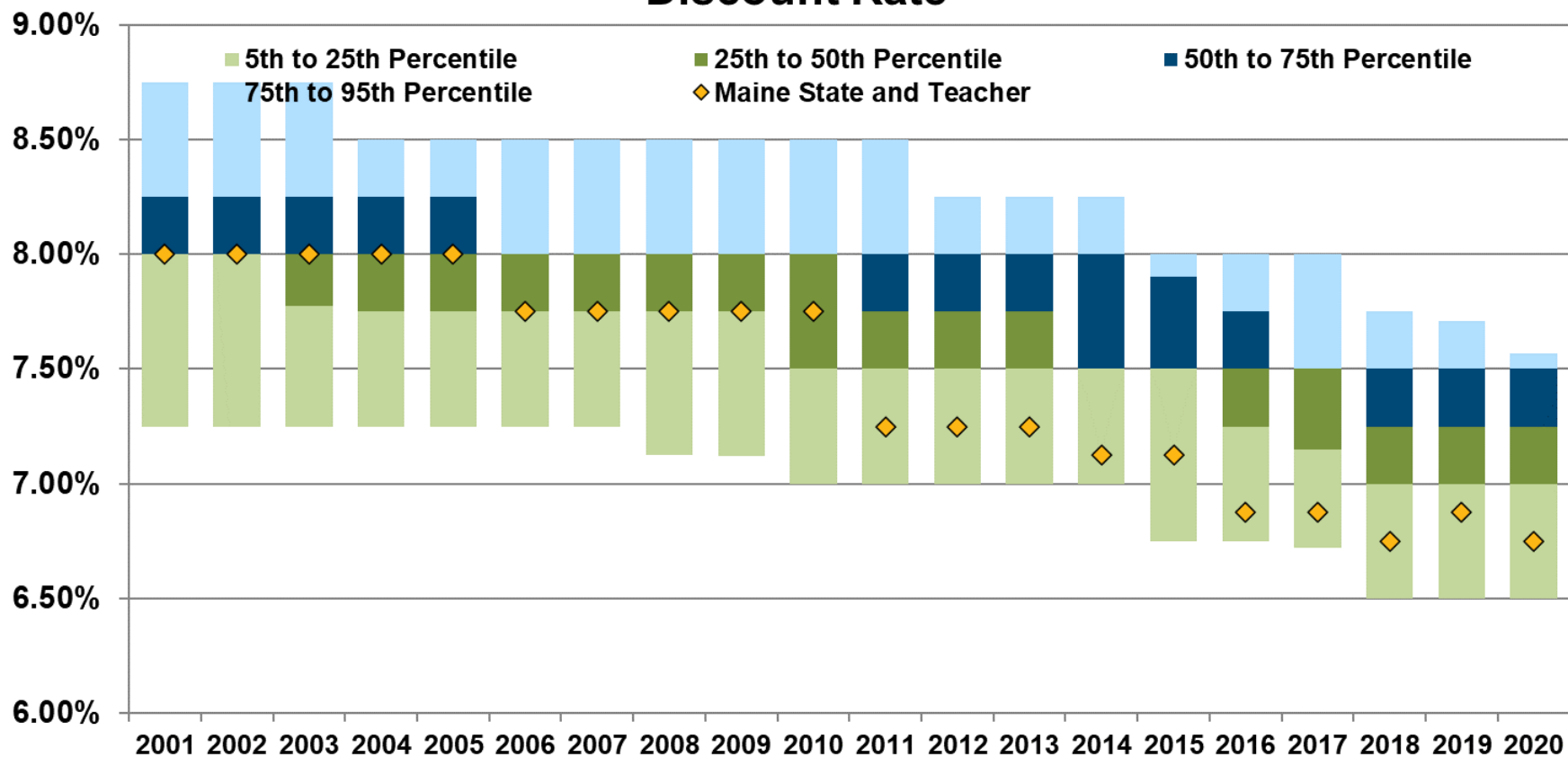


# NASRA Peer Comparisons

National Association of State Retirement Administrators



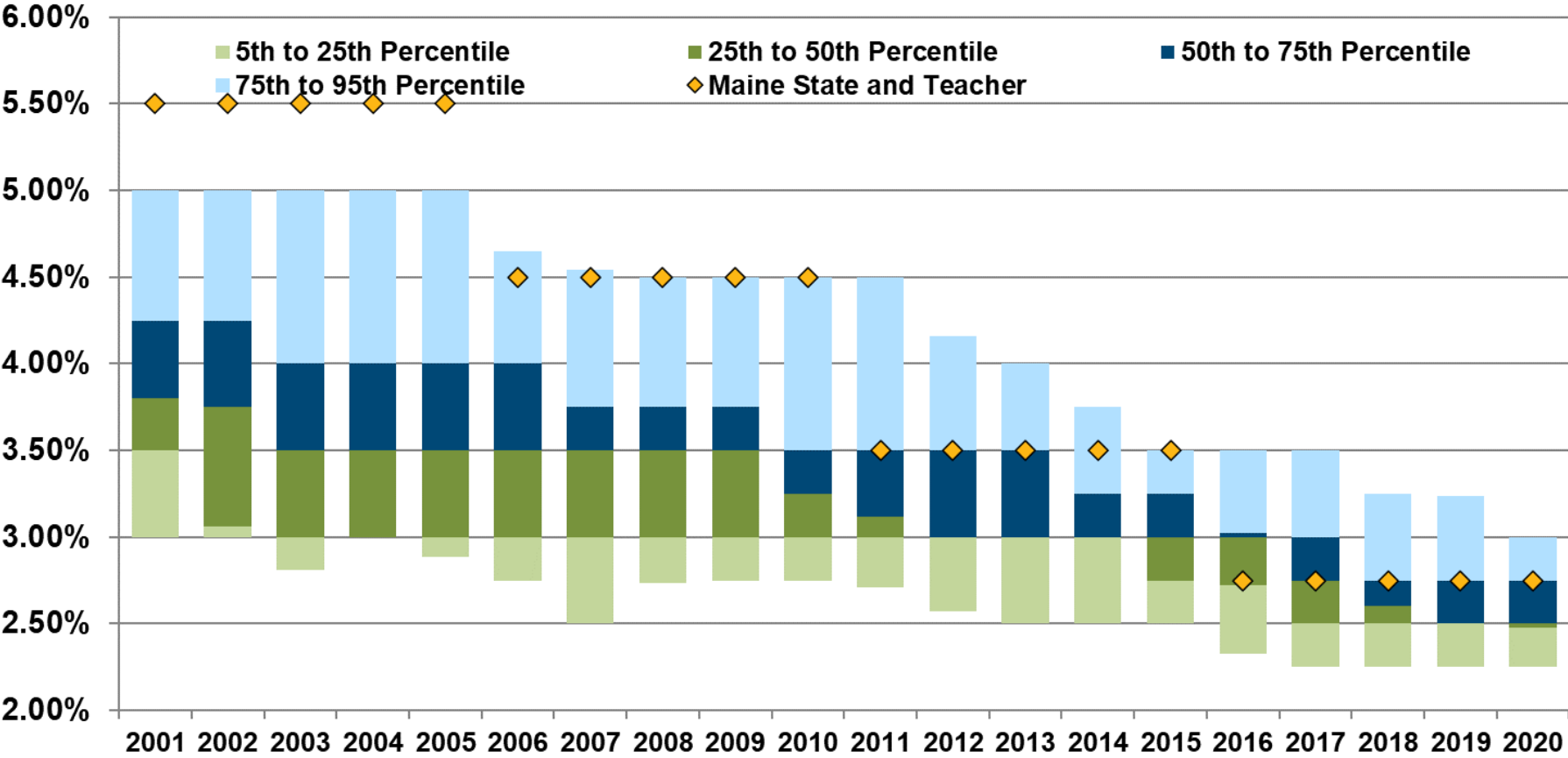
# Discount Rate



Survey Data from Public Plans Database as of 6/28/2021

State Employee and Teacher Only

# Inflation

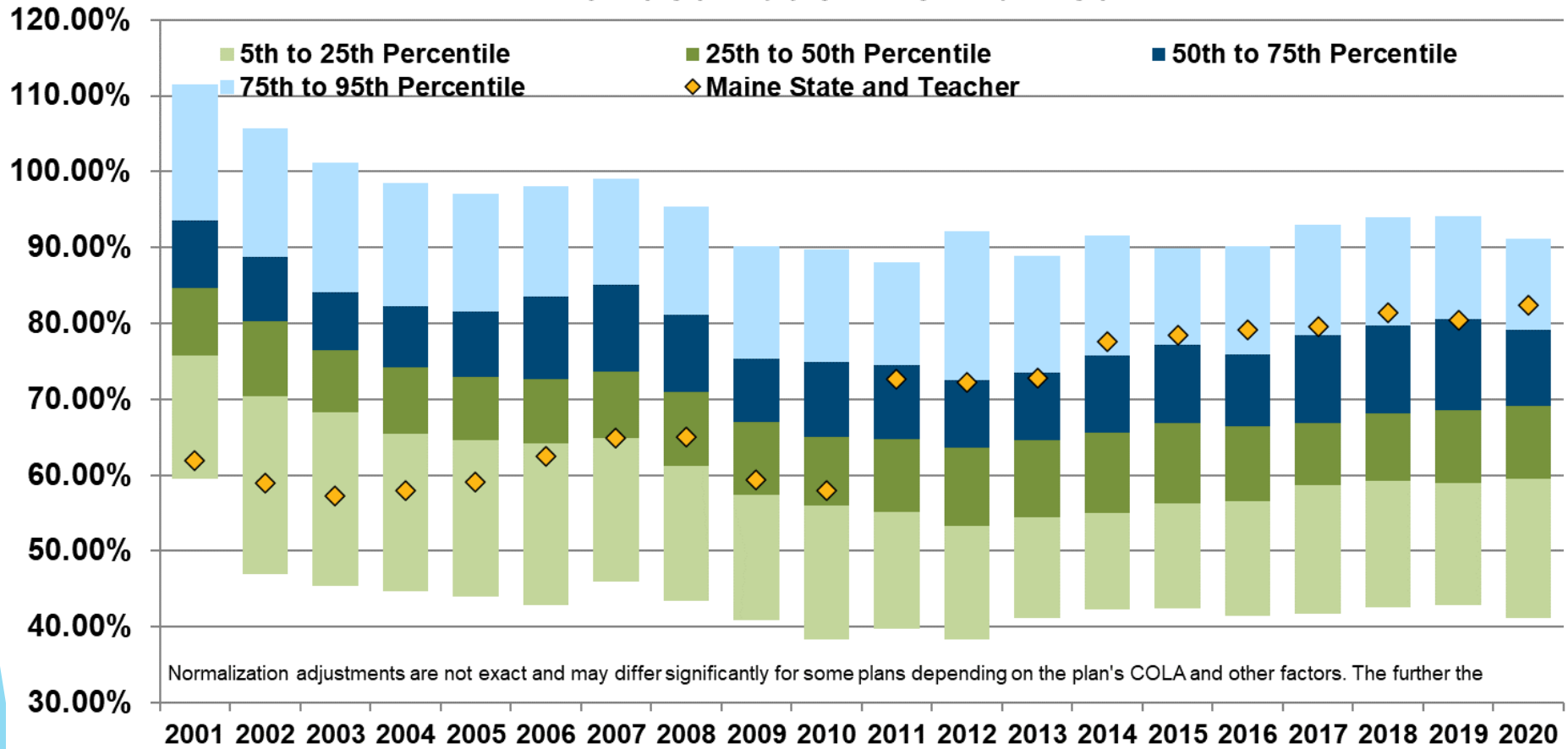


Survey Data from Public Plans Database as of 6/28/2021

State Employee and Teacher Only



# AVA Funded Ratio - Normalized

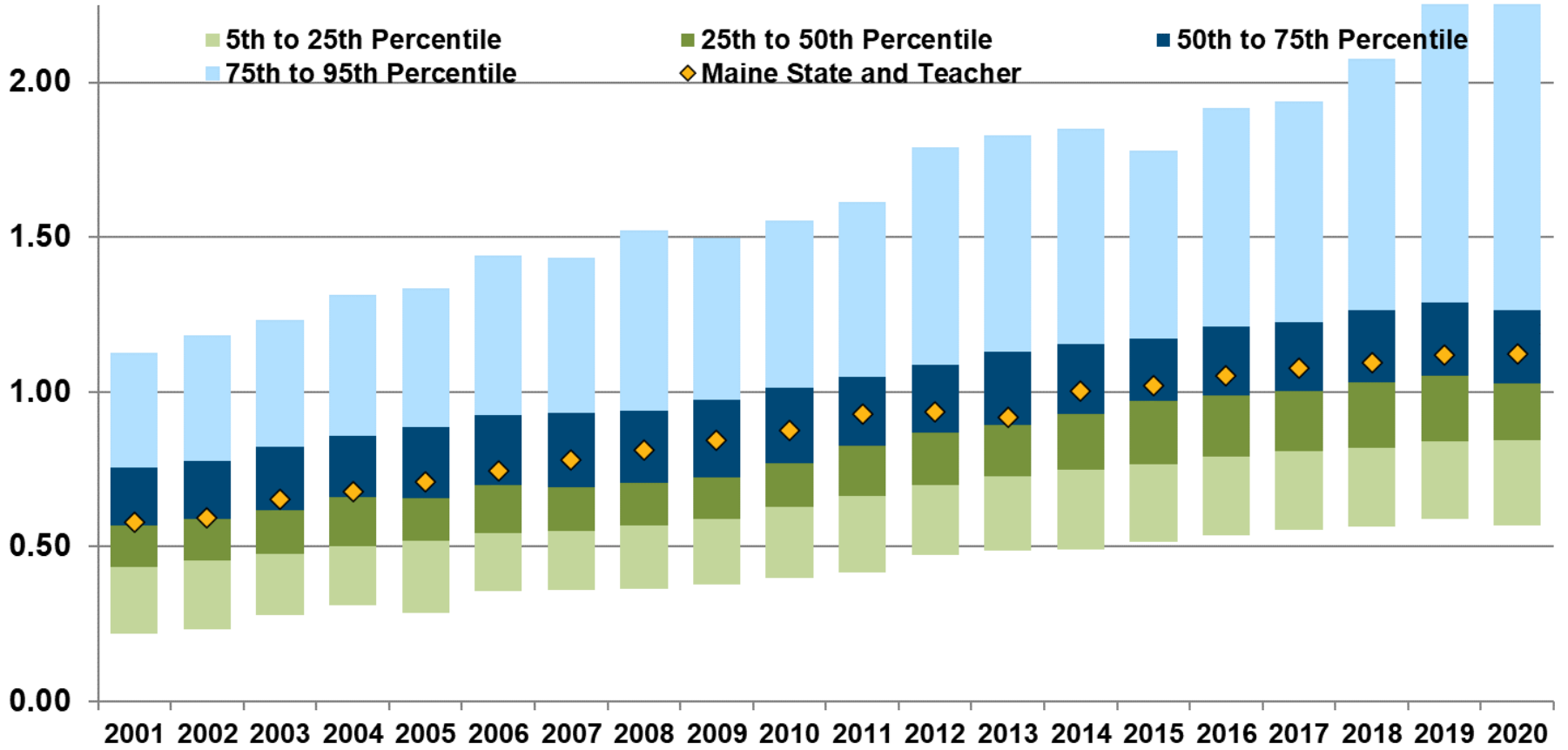


Normalization adjustments are not exact and may differ significantly for some plans depending on the plan's COLA and other factors. The further the

Survey Data from Public Plans Database as of 6/28/2021

State Employee and Teacher Only

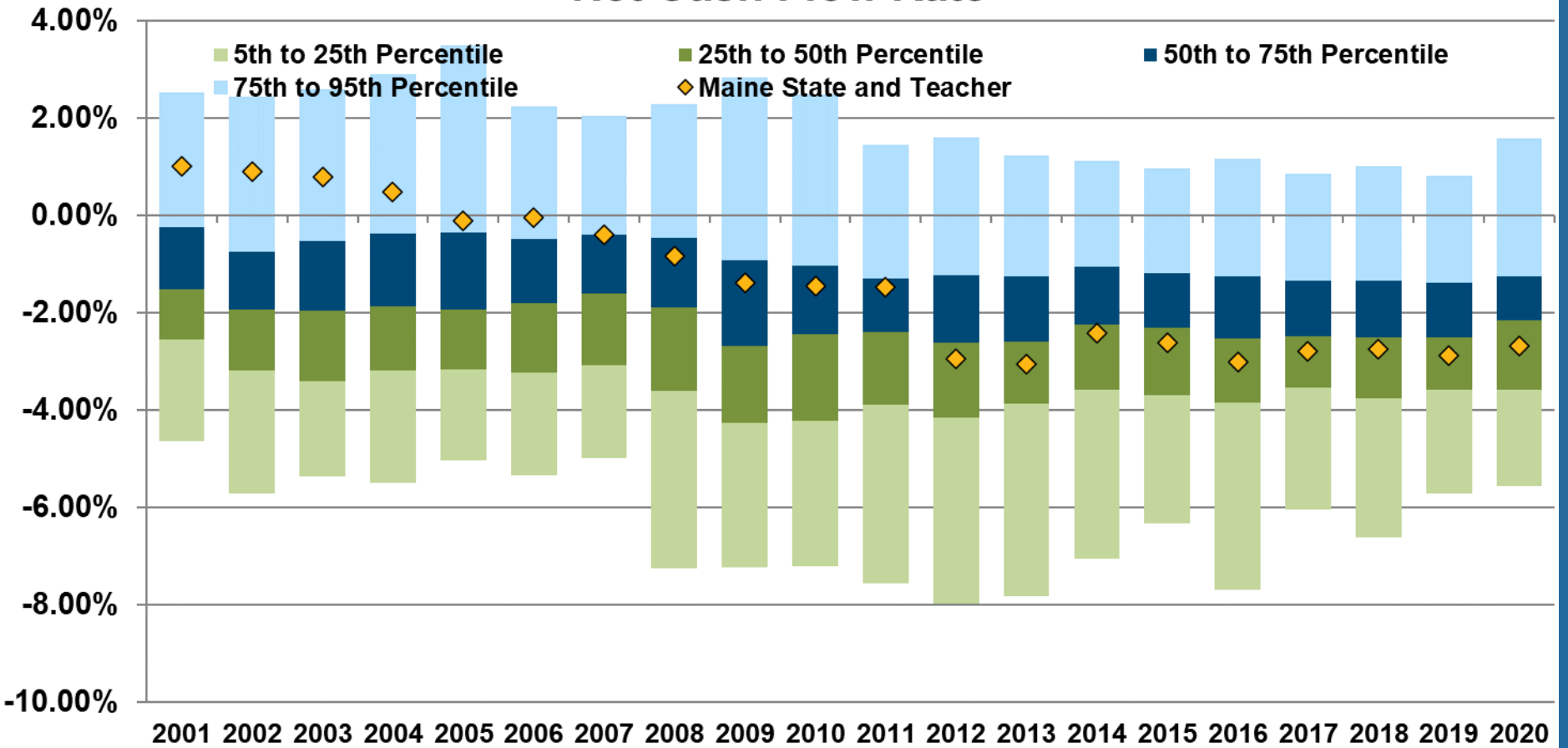
# Support Ratio



Survey Data from Public Plans Database as of 6/28/2021

State Employee and Teacher Only

# Net Cash Flow Rate



Survey Data from Public Plans Database as of 6/28/2021

State Employee and Teacher Only

# Valuation Results

Judicial, Legislative and Consolidated PLD Plans



# Valuation Results: Judicial

<i>(all dollars are in thousands)</i>			
June 30,			
	<u>2020</u>	<u>2021</u>	<u>2020 to 2021</u>
<u>Membership</u>	<u>Valuation</u>	<u>Valuation</u>	<u>% change</u>
Actives	58	60	3.4%
Payroll	\$ 7,804	\$ 8,745	12.1%
Average Salary	\$ 134,547	\$ 145,752	8.3%
In Pay Status	83	85	2.4%
Total Annual Benefits	\$ 4,602	\$ 4,730	2.8%
Average Benefit	\$ 55,450	\$ 55,647	0.4%
<u>Assets and Liabilities</u>			
Actuarial Liability	\$ 72,197	\$ 75,788	5.0%
Actuarial Value of Assets	\$ 74,766	\$ 81,208	8.6%
Unfunded Actuarial Liability (UAL)	\$ (2,569)	\$ (5,420)	111.0%
Actuarial Funded Ratio	103.6%	107.2%	
Market Value of Assets (MVA)	\$ 73,515	\$ 89,894	22.3%
MVA Funded Ratio	101.8%	118.6%	
Accrued Liabilities	\$ 68,947	\$ 71,860	4.2%
Unfunded Accrued (using MVA)	\$ (4,568)	\$ (18,034)	294.8%
Accrued Funded Ratio	106.6%	125.1%	
<u>Total Contribution</u>			
Normal Cost Rate	12.17%	12.17%	
UAL Rate	-4.02%	-7.48%	
Total Calculated Rate	8.15%	4.69%	

source: Cheiron 29

# Valuation Results: Legislative

<i>(all dollars are in thousands)</i>		June 30,		
		<u>2020</u>	<u>2021</u>	<u>2020 to 2021</u>
<u>Membership</u>	<u>Valuation</u>	<u>Valuation</u>	<u>% change</u>	
Actives	179	178	-0.6%	
Payroll	\$ 2,814 *	\$ 2,802	-0.4%	
Average Salary	\$ 15,721	\$ 15,742	0.1%	
In Pay Status	206	222	7.8%	
Total Annual Benefits	\$ 462	\$ 502	8.7%	
Average Benefit	\$ 2,241	\$ 2,261	0.9%	
<u>Assets and Liabilities</u>				
Actuarial Liability	\$ 9,729	\$ 10,678	9.8%	
Actuarial Value of Assets	\$ 13,679	\$ 15,049	10.0%	
Unfunded Actuarial Liability (UAL)	\$ (3,950)	\$ (4,371)	10.6%	
Actuarial Funded Ratio	140.6%	140.9%		
Market Value of Assets (MVA)	\$ 13,450	\$ 16,659	23.9%	
MVA Funded Ratio	138.3%	156.0%		
Accrued Liabilities	\$ 9,539	\$ 10,309	8.1%	
Unfunded Accrued (using MVA)	\$ (3,911)	\$ (6,350)	62.3%	
Accrued Funded Ratio	141.0%	161.6%		
<u>Total Contribution</u>				
Normal Cost Rate	2.53%	5.74%		
UAL Rate	-2.53%	-5.74%		
Total Calculated Rate	0.00%	0.00%		

\* Annualized to approximate long-session rate of pay.

source: Cheiron 30

# Valuation Results: Consol. PLD

<i>(all dollars are in millions)</i>		June 30,			
	2020	2021	2020 to 2021		
<u>Membership</u>	<u>Valuation</u>	<u>Valuation</u>	<u>% change</u>		
Actives	11,838	11,704	-1.1%		
Payroll	\$ 624	\$ 664	6.4%		
Average Salary	\$ 52,677	\$ 56,713	7.7%		
In Pay Status	9,860	10,093	2.4%		
Total Annual Benefits	\$ 170	\$ 178	4.9%		
Average Benefit	\$ 17,192	\$ 17,615	2.5%		
<u>Assets and Liabilities</u>					
Actuarial Liability	\$ 3,410	\$ 3,719	9.1%		
Actuarial Value of Assets	\$ 3,064	\$ 3,389	10.6%		
Unfunded Actuarial Liability (UAL)	\$ 346	\$ 330	-4.5%		
Actuarial Funded Ratio	89.9%	91.1%			
Market Value of Assets (MVA)	\$ 3,012	\$ 3,751	24.5%		
MVA Funded Ratio	88.3%	100.9%			
Accrued Liabilities	\$ 3,118	\$ 3,347	7.4%		
Unfunded Accrued (using MVA)	\$ 106	\$ (404)	-482.3%		
Accrued Funded Ratio	96.6%	112.1%			
<u>Composite Contribution</u>		<u>for FY 2021</u>	<u>for FY 2022</u>		
Total Normal Cost Rate		13.9%	14.1%		
UAL Rate		4.9%	4.6%		
Total Calculated Rate		18.8%	18.7%		
Final Aggregate Employer Paid		10.8%	TBD		
Final Aggregate Member Paid		8.0%	TBD		

source: Cheiron 31