

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
ACTUARIAL ASSUMPTIONS REVIEW COMMITTEE  
MEETING OF SEPTEMBER 18, 2013**

A meeting of the West Virginia Consolidated Public Retirement Board's Actuarial Assumptions Review Committee was held in the Legal Conference Room located at 4101 MacCorkle Avenue, SE, Charleston, West Virginia, on September 18, 2013. Chairman Garcia called the meeting to order at 1:11 p.m.

**Roll Call**

**Committee Members present were:**

Joseph Garcia, Chairman  
Joe Bunn, Esquire  
Captain Michael Corsaro

**Committee Members absent were:**

Todd Murray  
Sargent Tony Payne

**Others present were:**

Jeff Fleck, CPRB Executive Director  
Candi Moore, CPRB Executive Assistant  
Harry Mandel, CPRB Actuary  
Melody Bailey, CPRB Actuarial Analyst

**A quorum was present, and due notice had been published.**

**Item #1: Approval of September 6, 2012 Minutes**

Captain Corsaro made a motion to approve the September 6, 2012 minutes. The motion was seconded by Mr. Bunn. The motion carried unanimously.

**Item #2: Annual Actuarial Interest Rate Review – Harry Mandel**

Mr. Mandel, Board Actuary reviewed the 2013 Annual Actuarial Interest Rate Review with the Committee:

Mr. Mandel recommended that the interest return rate remain at 7.50% for July 1, 2013 valuations for all of the defined benefit plans administered by the CPRB.

Mr. Bunn made a motion to accept the recommendation of the Board Actuary and recommended to the full board the continuation of the 7.50% valuation interest return rate and discount assumptions for all of the defined benefit plans for the July 1, 2013 actuarial valuations and recommended the Board's approval. Captain Corsaro seconded the motion. The motion carried unanimously.

**Item #3: 2013 JRS, EMSRS and MPFRS Experience Review**

Mr. Mandel reviewed each of the July 1, 2013 Actuarial Assumptions for the following Plans: Judges Retirement System (JRS); Emergency Medical Services Retirement System (EMSRS); and the Municipal Police and Fire Retirement System (MPFRS) with the Committee.

Mr. Mandel began with the actuarial assumptions of the Judges Retirement System (JRS) and recommended the following:

**Summary of the Valuation Actuarial Assumptions:**

Recommended Assumptions – Recommended assumptions for completing the July 1, 2013 Actuarial Valuation for JRS.

**Interest Return and Discount Rate:**

Recommended Assumption – Continuation of the 7.5% interest and discount rate, compounded annually.

**Mortality – Healthy Lives Pre-retirement Mortality:**

Recommended Assumption – No Change. All active members are assumed to live until retirement.

**Mortality- Healthy Post Retirement Mortality:**

Recommended Assumption - Post retirement and beneficiary mortality of the RP2000 Healthy Annuitant Table projected to 2025 by Scale BB and applied on sex distinct rates. (Consistent with DSRS, EMSRS and MPFRS rate meeting actuarial standards.)

**Mortality- Disabled Lives Post Retirement Disabled Mortality:**

Recommended Assumption - The RP2000 Healthy Annuitants Table projected to 2025 by Scale BB, set forward 1 year and applied on sex distinct rates. (Consistent with DSRS, EMSRS and MPFRS rate meeting actuarial standards.)

**Salary Scale:**

Recommended Assumption - Due to economic conditions and limited legislated salary changes, reduction of the assumed annual increase rate by 25 basis points from 4.5% to 4.25%. Current Assumption Salary Scale methodology to continue unchanged except for replacing the current 4.5% rate with 4.25%.

**Total Payroll Growth:**

Due to the small and stable group eligible to participate in JRS, the Salary Growth Rate assumption is not applicable to JRS.

**Withdrawal from Employment:**

Recommended Assumption - No Change. Judges are subject to periodic election requirement to retain their bench past their current term. It is assumed that they will win such election.

**Disable Rates:**

Recommended Assumption - No change. Due to the unique aspects of serving on the bench, it is assumed that members remain physically and mentally qualified to sit on the bench until retirement eligibility age is attained.

**Family Composition:**

Recommended Assumption - No change. 100% are married with males being 5 years older than their female spouse.

**Accrual of Future Service:**

Recommended Assumption - No change. Members are expected to remain full time on their current bench of record. Judges deferring participation in JRS participate in PERS. Judges are assumed to transfer into JRS from PERS prior to retirement.

**Noncontributory Service Loadings:**

Recommended Assumption - No Change. (Note that service does not enter into benefit amount.)

**Retirement Rates:**

Recommended Assumption - No change. Judges eligible prior to age 65 have a 5% rate of retirement and 100% upon attaining age 65 or after.

**Plan Contributions:**

Recommended Assumption - No change. Interest amounts for contributions are calculated based on deposits being made half way through the year on the average.

Mr. Bunn made a motion to accept the recommendations of Mr. Mandel for the Judges Retirement System and to recommend to the full Board for their approval. Captain Corsaro seconded the motion. The motion carried unanimously.

Mr. Mandel then reviewed the actuarial assumptions of the Emergency Medical Services Retirement System with the Committee and made the following recommendations:

**Summary of the Valuation Actuarial Assumptions:**

Recommended Assumption - Recommended assumptions for completion of the July 1, 2013 actuarial valuations. Comparative assumptions are taken largely from latest DSRS and PERS actuarial assumptions.

**Interest Return and Discount rate:**

Recommended Assumption - Continuation of 7.5% interest return rate compounded annually. (Note- Interest rate assumption is subject to a separate annual experience review.)

**Healthy Life Mortality Rates:**

Recommended Assumption - Active mortality RP2000 Non-Annuitant Table projected to 2020 by Scale BB. Inactive mortality RP2000 Healthy Annuitant Table projected to 2025 by Scale BB. Both tables contain separate male and female mortality rates. (DSRS based tables.)

**Disability Retiree Mortality Rates:**

Recommended Assumption - The RP2000 Healthy Annuitants Table projected to 2025 by Scale BB with a set Forward of 1 year and applied as male and female rates. (DSRS based tables.)

**Salary Scale:**

Recommended Assumption - A reduction of 25 basis points at each age reflecting ongoing depressed economic conditions.

**Payroll Growth Rate:**

Recommended Assumption - No change. Rate remains at 3.0% annually for total payroll.

**Withdrawal Rates:**

Recommended Assumptions - (Rates generally exceed DSRS rates.) Adjustment is toward DSRS rates by reducing current assumption rates by .0100 at each age.

**Disability Rates:**

Recommended Assumption - EMSRS disability provisions are similar to those in PERS. PERS rates were adopted for the current assumption for EMSRS for legislative fiscal note analysis.

**Marriage Rate and Composition:**

Recommended Assumption - No changes. 80% married at death with males 3 years older than spouse.

**Cause of Death for Death Benefits:**

Recommended Assumption - No changes. Deaths from active employment are duty related 25% of the time.

**Accrual of Future Service:**

Recommended Assumption - No changes. All active members are assumed to work full time.

**Noncontributory Service Credits for Military Service and Unused Leave at Retirement:**

Recommended Assumption - No changes. Additional 7% contributory service for males and 1.75% for females. (There is no experience in EMSRS on which to base a change in assumptions.)

**Retirement Rates:**

Recommended Assumption - No changes. Assumption reflects the fact that health care premium coverage subsidies are not available to members retiring early providing an incentive to remain employed unless other medical coverage is available. It is assumed that 30% will retire in the year they first become eligible for unreduced benefits. In subsequent years, 20% are assumed to retire each year through age 64. At age 65 or after, 100% are assumed to retire during the year.

**Plan Contributions:**

Recommended Assumption - No changes. Contributions are assumed to be deposited on an average of halfway through the plan year.

Mr. Bunn made a motion to accept the recommendations of Mr. Mandel in the Emergency Medical Service Retirement System and to recommend to the full Board for their approval. Captain Corsaro seconded the motion. There was discussion on the motion. The motion carried unanimously.

Mr. Mandel then reviewed the actuarial assumptions of the Municipal Police and Fire Retirement System with the Committee and made the following recommendations:

**Summary of the Valuation Actuarial Assumptions:**

Recommended Assumption - Recommended assumptions for completing the July 1, 2013 actuarial valuation for MPFRS. Assumptions are based largely on DSRS Experience Study completed for July 1, 2012 DSRS Actuarial Valuation. This is due to similarities in type of employment. Assumptions are large plan based due to expected growth of the number of active members as county and city sponsors of existing local plans adopt future coverage for new hires. Plan must grow to 100 or more members by January 1, 2017 or be merged.

**Interest Return and Discount Rate:**

Recommended Assumption - Continuation of 7.5% interest return and discount rate, compounded annually. (Note- Interest and return rate assumption is subject to a separate annual experience review.)

**Healthy Life Mortality Rates:**

Recommended Assumption - Active mortality RP2000 Non-Annuitant Table projected to 2020 by Scale BB. Inactive mortality RP2000 Healthy Annuitant Table projected to 2025 by Scale BB. Both tables contain separate male and female rates. (DSRS based tables.)

**Disability Retirees Mortality Rates:**

Recommended Assumption - The RP2000 Healthy Annuitants Table projected to 2025 by Scale BB with a Set Forward of 1 year and applied as male and female rates. (DSRS based tables.)

**Salary Scale:**

Recommended Assumption - A reduction of 25 basis points at each age reflecting current dressed economic conditions.

**Payroll Growth Rate:**

Recommended Assumption - No change. Rate of 3.0% of annual payroll annually.

**Withdrawal Rates:**

Recommended Assumption - Current Assumption rates generally exceed new DSRS rates adopted in the 2012 Experience Study for DSRS. Rates are adjusted by a reduction of .0100 at each age to grade toward the DSRS assumption.

**Disability Rates:**

Recommended Assumption - Disability rates were changed to the DSRS 2012 Experience Study rates which are unisex rates.

**Marriage Rate and Composition:**

Recommended Assumption - Adjust the current assumption by increasing the married percentage to 90%. This is consistent with the DSRS 2012 Experience Study.

**Cause of Death for Death Benefits:**

Recommended Assumption - No change. It is assumed that 25% of active deaths are from duty related causes.

**Accrual of Future Service:**

Recommended Assumption - No change. All police and fire positions are assumed to be full time resulting in full time service credits.

**Noncontributory Service Credits for Military Service:**

Recommended Assumption - Military provisions vary significantly from DSRS and therefore the DSRS assumptions are not applicable to MPFRS. No change in current assumptions. Males are credited with an additional 2% of their contributory service credits while females are credited with an additional 0.5% of contributory service credits.

**Retirement Rates:**

Recommended Assumption - Adopted from the DSRS 2012 Experience Study. First year 30% rate is reduced to 20% with remaining provisions unchanged. Retirement rates of 20% each year from when first eligible through age 64. At age 65 or older, 100% expected to retire in the coming year.

**Plan Contributions:**

CPRB Initial - No change. All contributions are assumed to be deposited on an average of half way through the Plan year for interest purposes.

Captain Corsaro made a motion to accept the recommendations of Mr. Mandel in the Municipal Police and Fire Retirement System and to recommend to the full Board for their approval. Mr. Bunn Seconded the motion. The motion carried unanimously.

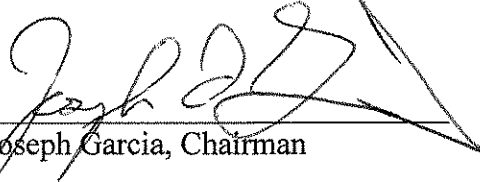
**Item #4: Other Business**

Chairman Garcia asked the Actuarial Assumptions Review Committee if there was any other business to bring before the Committee. None was heard.

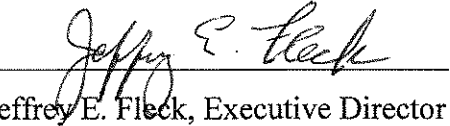
Mr. Bunn made a motion to adjourn the meeting of the Actuarial Assumptions Review Committee. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Chairman Garcia adjourned the West Virginia Consolidated Public Retirement Board's Actuarial Assumptions Review Committee meeting at 2:06 p.m.

Respectfully submitted,



Joseph Garcia, Chairman



Jeffrey E. Fleck, Executive Director