

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
ACTUARIAL ASSUMPTIONS REVIEW COMMITTEE  
MEETING OF SEPTEMBER 6, 2012**

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 Thursday, September 6, 2012. Chairman Shawver called the meeting to order at 10:17 a.m.

**Roll Call**

**Committee Members present were:**

Jeffrey Shawver, Chairman

Joe Bunn, Esquire

Captain Michael Corsaro

**Committee Members absent were:**

Todd Murray

Sargent Tony Payne

**Others present were:**

Terasa L. Miller, Deputy Director

Harry Mandel, CPRB Actuary

Melody Bailey, CPRB Actuarial Analyst

Brittany Smith, TRS Membership

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

**Item #1: Approval of September 23, 2011 Minutes**

Captain Corsaro made a motion to approve the September 23, 2011 minutes. The motion was seconded by Mr. Bunn. The motion carried unanimously.

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

Mr. Mandel reviewed the Interest Rate Analysis and Recommended Assumption of the Actuarial Valuations with the Committee:

Mr. Mandel recommended that the interest return rate remain at 7.50% for July 1, 2012 valuations for all of the defined benefit plans administered by the CPRB.

Captain Corsaro made a motion to accept the recommendation from Mr. Mandel and approve the continuation of the 7.50% interest return rate and discount assumptions for all of the defined benefit plans for the July 1, 2012 actuarial and recommend to the full Board for approval. Mr. Bunn seconded the motion. The motion carried unanimously.

**Item #3: 2012 DSRS, Plan A and Plan B Experience Study – Harry Mandel**

Mr. Mandel reviewed the 2012 TRS, Plan A and Plan B Experience Study with the Committee; he made the following recommendations:

**Healthy Life Mortality:**

**Plan A, Plan B and DSRS Recommended Assumption:**

**Active Healthy Life Mortality:** RP-2000 Non-Annuitant Mortality projected to 2020 by Scale BB. The projection is limited to recognize increased mortality risk exposure due to law enforcement active employment.

**Retired Healthy Life Mortality:** RP-2000 Healthy Annuitant Mortality projected to 2025 by Scale BB.

**Disabled Retired Life Mortality:**

**Plan A, Plan B and DSRS Recommended Assumption:** RP-2000 Healthy Annuitant Mortality projected to 2025 by Scale BB with a Set Forward of 1 year.

**Salary Scales:**

**Recommended Assumptions:**

Years of Employment	<u>Plan A &amp; B</u>		<u>DSRS</u>	
	Old	New	Old	New
First 2 years -	6.50%	5.00%	6.50%	5.00%
Years 3 to 5 -	6.00%	4.50%	6.00%	4.50%
Years 6 to 10 -	5.50%	4.00%	5.50%	4.00%
Years over 10 -	4.75%	3.25%	5.00%	3.50%

**Payroll Growth Rate:** Both Plan A and Plan B are funded in level dollar amortization payments so only DSRS requires the development of this assumption.

**DSRS:** Recommended to maintain the current growth rate assumption of 5.0% annually. The assumption can be broken down into 3.5% for salary growth plus 1.5% for total active membership growth.

**Withdrawal Rates (prior to retirement):** This includes deferred retirements.

**Plan A:** Recommended reduction of Withdrawal Rates to 33% of current assumption at all ages.

**Plan B:** Recommended reduction to 95% of current rates for ages under 35; to 70% of current rates for ages 35 through 49 and no changes to age 50 and over.

**DSRS:** Recommended increase to 110% of current rates at all ages.

**Disability Rates:** Recommended that the current Disability Rates for each plan continue unchanged.

**Type of Disability:**

**Plan A and Plan B:** Recommended change as follows;

Disability Type	Prior Assumption	Recommended Assumption
Duty Full	25%	25%
Duty Partial	50%	60%
Non Duty	25%	15%

**DSRS:** Recommended change as follows:

Disability Type	Prior Assumption	Recommended Assumption
Duty Full	25%	50%
Duty Partial	50%	25%
Non Duty Full	20%	20%
Non Duty Partial	5%	5%

**Marriage Rate and Family Composition:** No change is being recommended from the current assumption of 90% married at death with male spouse 3 years older than female spouse.

**Accrual of Future Service:** No change recommended from current assumption that each active member is full time and will accrue one year of service in each future year.

**Noncontributory Service Credits:**

**Plan A and Plan B:** Recommended additional benefit service increased to 14.5% of contributory service at retirement. Breakdown is 3.50% for military service and 11.0% for sick leave service.

**DSRS:** Recommended service increase to 2.75 years of service at retirement. Breakdown is 1.25 years of military service and 1.5 years of sick leave service.

**Retirement Rates:**

**Plan A and Plan B:** No change is recommended.

**DSRS:** Recommended that the usage in the first year of eligibility for unreduced retirement be reduced to 20%. Maintain other usage rates of 20% in each year after the first year with 100% retiring at age 65 or older.

Mr. Mandel recommended the Actuarial Assumption Review Committee approve the recommended assumptions as presented and to recommend adoption of the recommended assumptions to the full Board.

Mr. Bunn made a motion to adopt the actuarial assumptions made to Plan A, Plan B and DSRS as recommended by the Board Actuary, Harry Mandel and recommend to the full Board. The motion was seconded by Captain Corsaro. The motion carried unanimously.

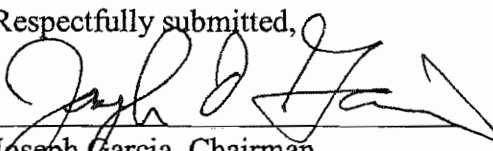
**Item #4: Other Business**

Chairman Shawver asked the Actuary Review Committee if there was any other business to bring before the Committee. None was heard.

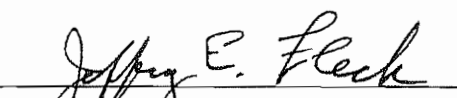
Captain Corsaro made a motion to adjourn the meeting of the Actuarial Assumptions Review Committee. The motion was seconded by Mr. Bunn. The motion carried unanimously.

Chairman Shawver adjourned the West Virginia Consolidated Public Retirement Board's Actuarial Assumptions Review Committee meeting at 11:35 a.m.

Respectfully submitted,



Joseph Garcia, Chairman



Jeffrey E. Fleck, Executive Director