

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
ACTUARIAL ASSUMPTIONS REVIEW COMMITTEE
MEETING OF AUGUST 26, 2024**

A meeting of the West Virginia Consolidated Public Retirement Board's Actuarial Assumptions Review Committee was held on Tuesday, August 26, 2024 at 601 57th Street SE, Charleston, WV 25304. Due notice had been published.

Call to Order

The meeting was called to order at 10:00 a.m. by Mike McKown, Chair.

Roll Call

Members present were:

Mike McKown, Chair

Garner Marks, *representing Governor Jim Justice (via Google meet)*

Lindsay Marchio, Esquire, *representing State Treasurer (via Google meet)*

Bill Barker(via Google meet)

Jeff Vallet

Committee Members absent:

None

A quorum was present.

Also present at the CPRB Office or participating via telephone were:

Jeffrey Fleck, Executive Director

Terasa Miller, Deputy Director

Kim Pauley, CPRB Executive Assistant

Kenneth Woodson, CPRB Actuary

David Arreaga, CPRB Actuarial Analyst

Craig Slaughter, WVIMB (via Google meet)

David Driscoll, Gallagher Consulting

Beth Wiley, Gallagher consulting

Item #1: Approval of October 4, 2022 Minutes

Chairman McKown stated that he would entertain a motion to approve the Actuarial Assumptions Committee meeting minutes of October 4, 2022.

Jeffrey Vallet made a motion to approve the October 4, 2022 meeting minutes. The motion was seconded by Lindsay Marchio. The motion was adopted.

Item #2: Annual interest rate review for all plans – Kenneth Woodson

Chairman McKown recognized Kenneth Woodson, CPRB Actuary. Mr. Woodson reminded the Committee of the last committee meeting in which he presented the actuarial valuation interest rate assumption is reviewed annually. This includes an experience review of the interest rate return for the PERS trust fund, expected returns based upon projections by investment professionals, and national public plan practices.

He also reviewed the 2024 PERS Experience Study Report summarizes the interest rate review results and the assumption recommendation effective with the July 1, 2024, actuarial valuations applicable to each of the nine defined benefit plans administer by the Board. Mr. Woodson informed the Board that all defined benefit plans' trust fund assets are invested similarly by the WVIMB. Therefore, a single interest rate is applied to all nine plans administered by the Board. Historical analysis focuses on the results for PERS as the "flagship" plan for West Virginia public employers. Mr. Woodson reviewed all the material for the committee, and he informed them that there are three motions that need Board action on. Mr. McKown stated that he would entertain a motion to adopt the recommendation of Mr. Woodson.

Item #3: 2024 PERS Experience Study – Kenneth Woodson Jr.

Chairman McKown recognized Kenneth Woodson, CPRB Actuary, to discuss the PERS Experience Study and Mr. Woodson gave an overview and summarized everything for the committee. He began by informing the committee that the summary is intended to provide a brief overview of the 2024 PERS Experience Study results.

Mr. Woodson stated that changes in actuarial assumptions based on the experience study are jointly recommended by the Board Actuary and David Driscoll, lead actuary with Gallagher Benefit Services, Inc (Gallagher). Mr. Woodson went on to explain that the development of the jointly recommended assumptions provides both a peer review of the study and its results as well as the ability for either actuary to certify the reasonableness of the PERS assumptions as recommended. He mentioned that details of the statistical results from the PERS Experience Study are available in the 2024 PERS Experience Study Report. He mentioned that a summary of the experience results and the recommended actuarial assumptions is contained in Appendix

A, with recommended changes highlighted in yellow. The assumptions submitted for Board adoption are briefly summarized as follows:

Interest Rate Assumption, Net of Expenses – No change from 7.25% per year return. **Inflation Rate Assumption** – No change from 2.75% per year.

Mr. Vallet made a motion to adopt the recommendation of the Board Actuary, Mr. Woodson to keep the interest rate of 7.25% regarding the Public Employees Retirement System and the Actuarial Equivalence for the Nine Defined Benefit Plans Administered by the CPRB effective with the July 1, 2024 actuarial valuations. Mr. Barker seconded the motion. The motion was adopted.

Mr. Barker made a motion to adopt the recommendation of the Actuary to keep the inflation rate of 2.75% regarding the Public Employees Retirement System for the Nine Defined Benefit Plans Administered by the CPRB effective with the July 1, 2024 actuarial valuations. Mr. Vallet seconded the motion. The motion was adopted.

Item #4: Actuarial Equivalence for PERS – Kenneth Woodson Jr.

Chairman McKown recognized Kenneth Woodson, CPRB Actuary, to discuss his overview of the PERS Actuarial equivalence review and began by explaining that actuarial assumptions for the daily administration of PERS impact individual benefit calculations upon member retirement. They define the actuarial factors that are required to determine the adjustment to the regular retirement benefit due to the early retirement of a member, or for optional payment forms that are available (for example, different Joint & Survivor options).

Actuarial reduction factors for early retirement and converting the normal form of payment (a life annuity for the member) into an optional form of payment requires an interest rate assumption, mortality assumption, an assumption regarding mortality improvements into the future.

The Board requires a review of the administrative factors following each experience study. As part

of the 2024 PERS Experience Study we have reviewed the PERS administrative factors by

comparing the potential PERS administrative factors, based on the proposed mortality and interest rate assumptions from the 2024 PERS Experience Study, to the current PERS administrative factors. Based on this comparison, the potential administrative factors are close to the current administrative factors, therefore, we do not recommend changing the administrative factors at this time.

Recommendation: Based on the review of the PERS administrative factors, the Board Actuary recommends continuing the current PERS administrative factors.

Chairman McKown stated that he would entertain a motion to adopt the recommendation of Mr. Woodson.

Mr. Barker made a motion to adopt the recommendation of the Actuary to adopt all the proposed Public Employees Retirement System (PERS) assumptions outlined in the 2024 PERS experience study report effective June 30, 2024 for the PERS financial disclosure purposes and effective July 1, 2024 for the PERS actuarial valuation for funding. Mr. Vallet seconded the motion. The motion was adopted.

Item #5: Old Business

Mr. McKown inquired as to old business. None was heard.

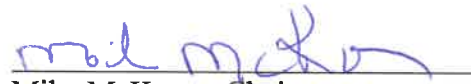
Item #6: New Business

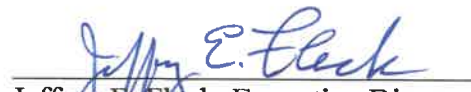
Mr. McKown inquired as to new business. None was heard.

Adjournment

Chairman McKown stated that with no further business to come before the Committee, the meeting was adjourned at 11:51 a.m.

Respectfully submitted,


Mike McKown, Chair


Jeffrey E. Fleck, Executive Director