



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

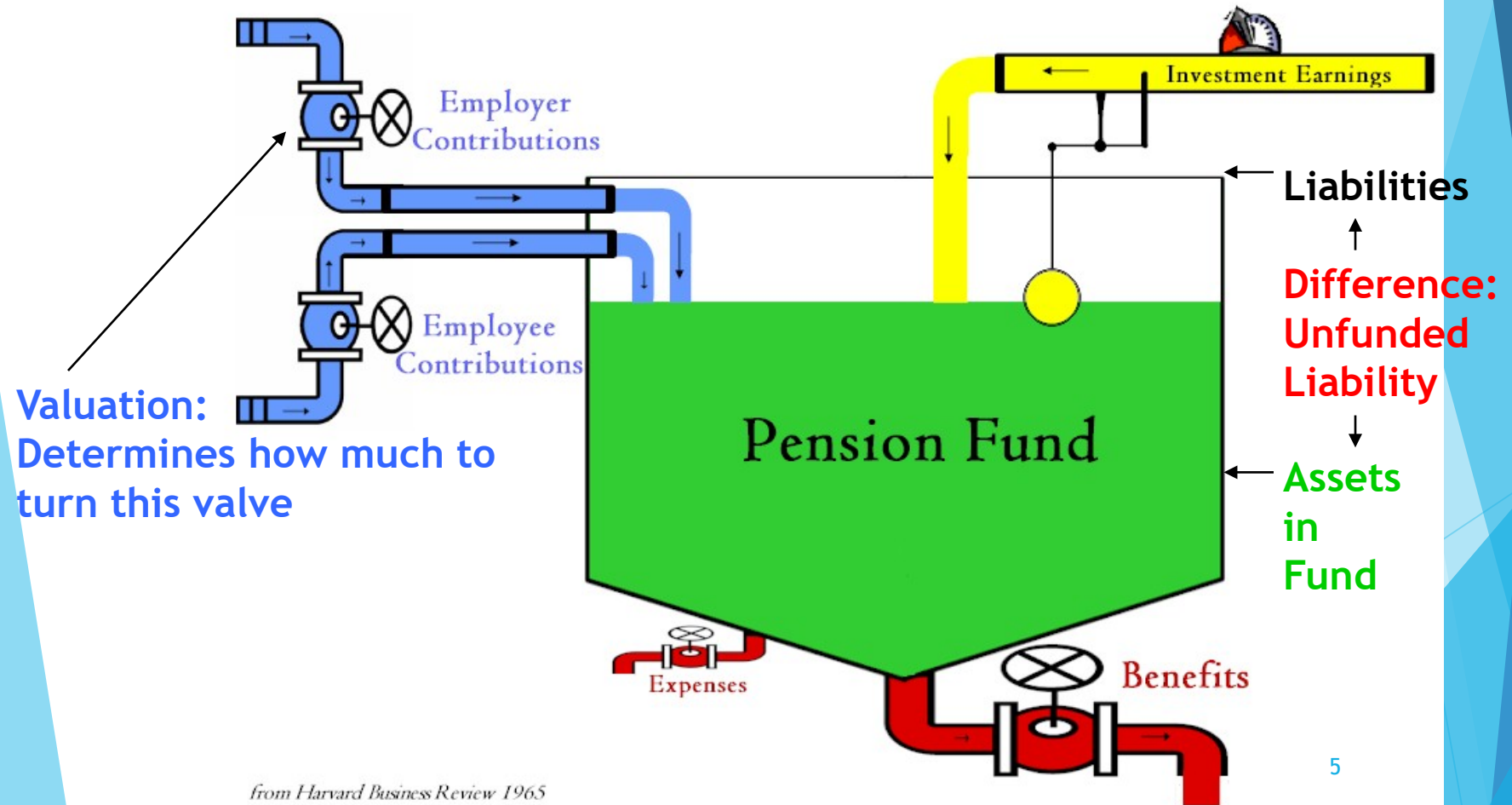
- ▶ Planning for the post-2028 full funding of the UAL, including potential public pension plan options that include social security
- ▶ Responding to the recent divestment legislation
- ▶ Expanding the availability of defined contribution plans to teachers, and
- ▶ Exploring mandatory long-term disability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



FY2021 Valuation



Actuarial Valuation & UAL



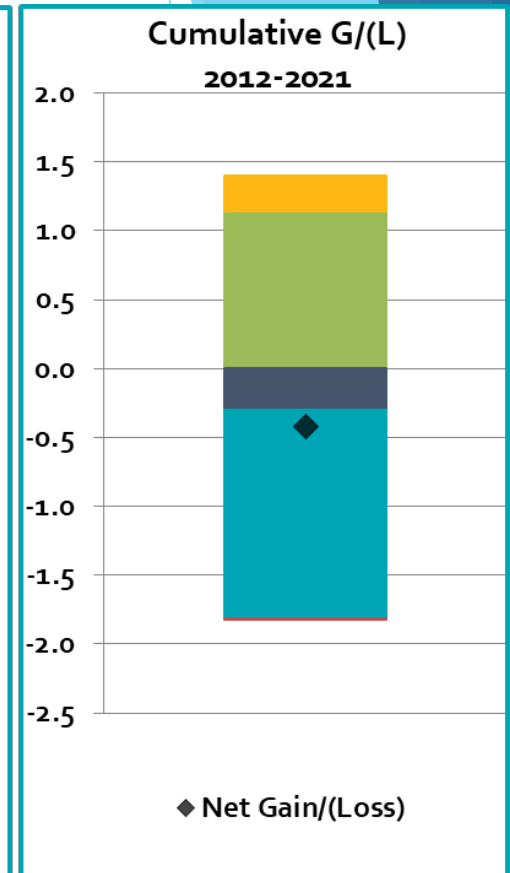
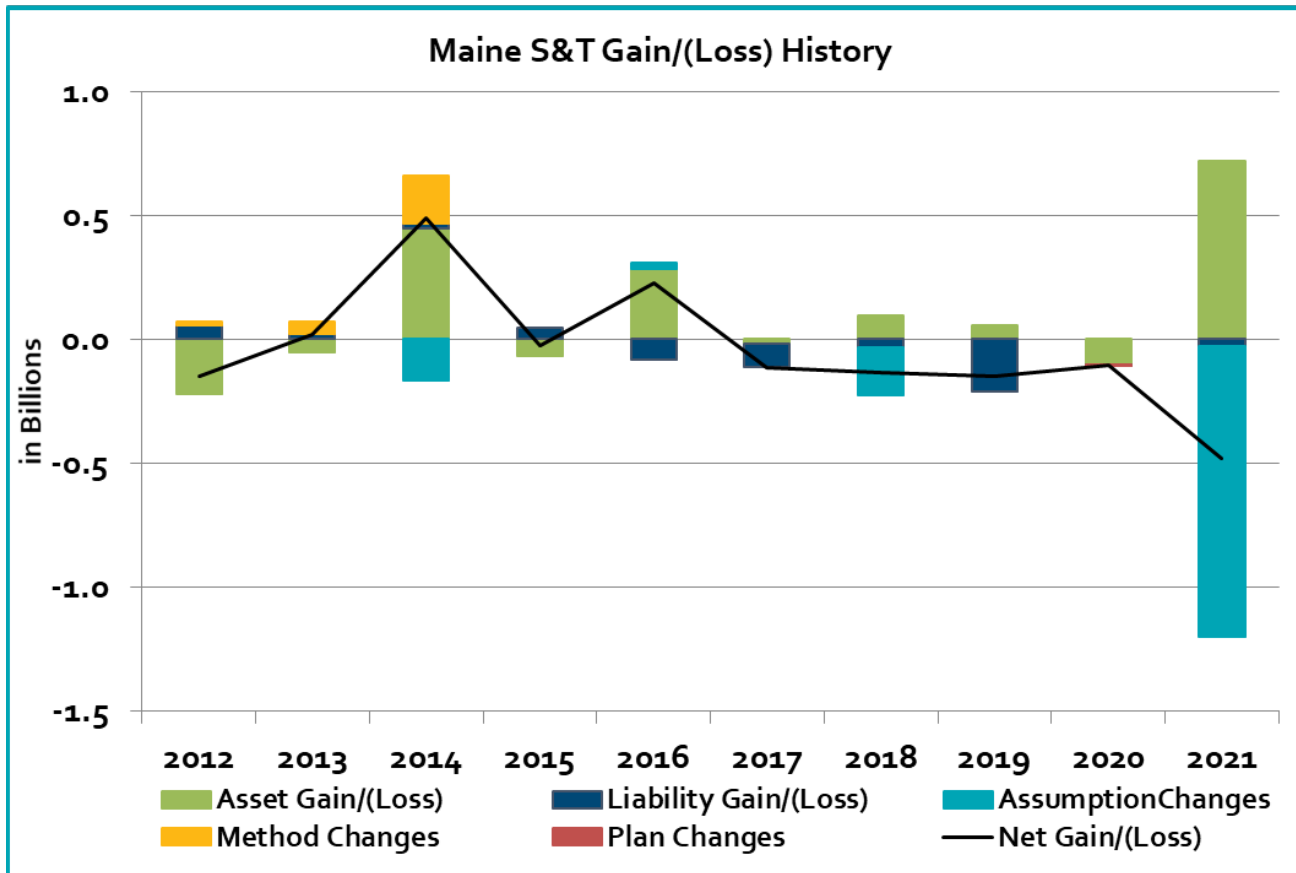
from Harvard Business Review 1965

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

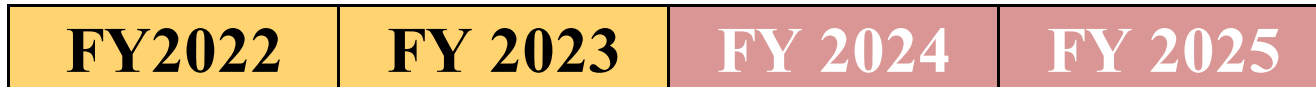


source: Cheiron 7

State/Teacher Rate Setting

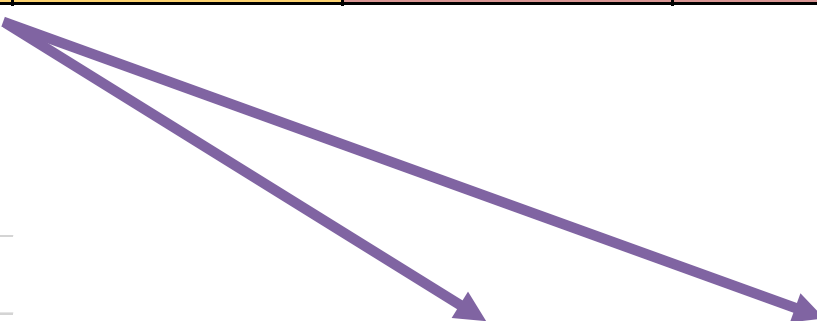
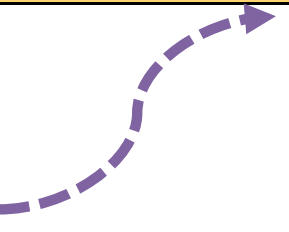
Prelim. Assets as of

June 30, 2022



Liabilities as of

June 30, 2021

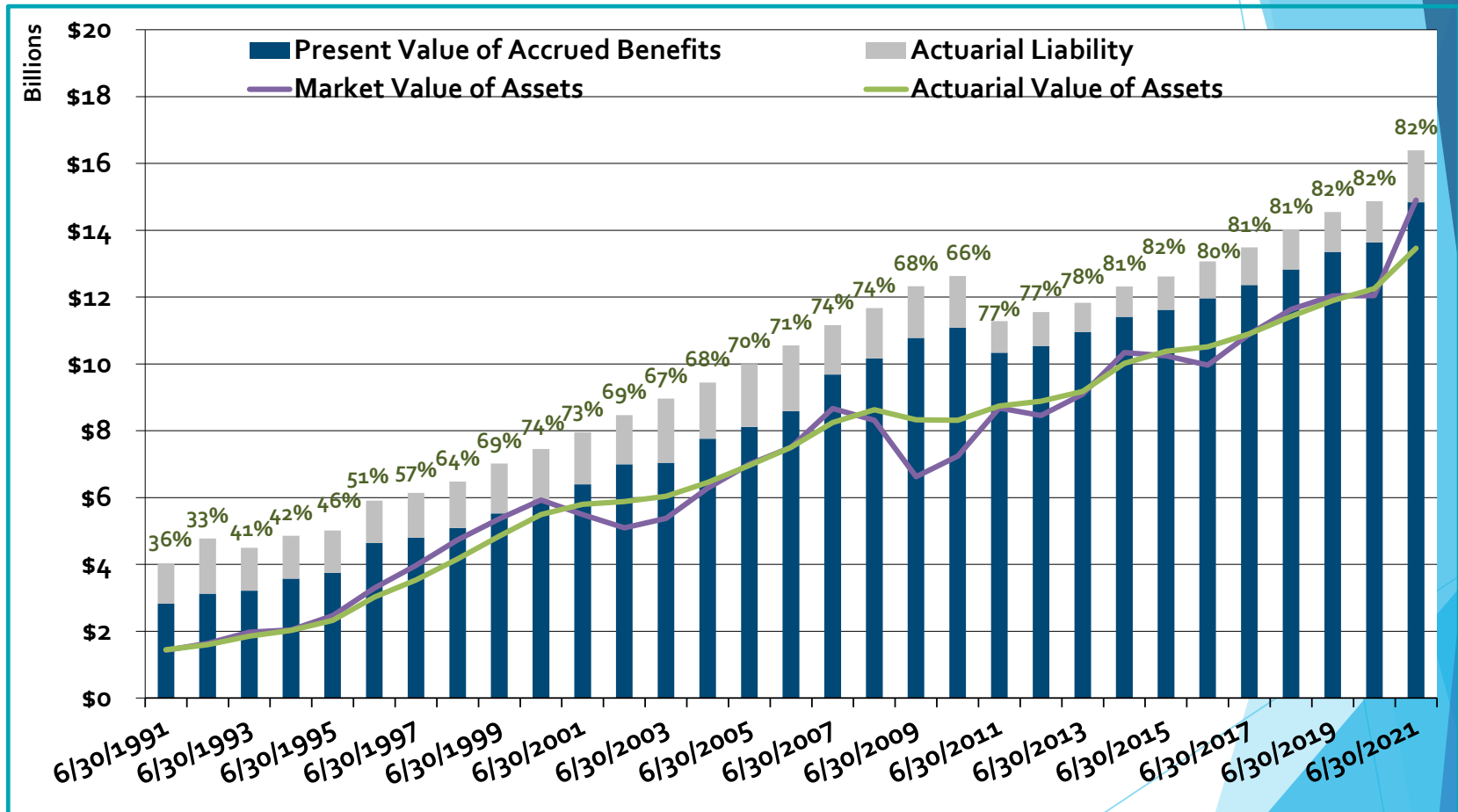


State Budget State Budget

Funding History



State/Teacher Funding History

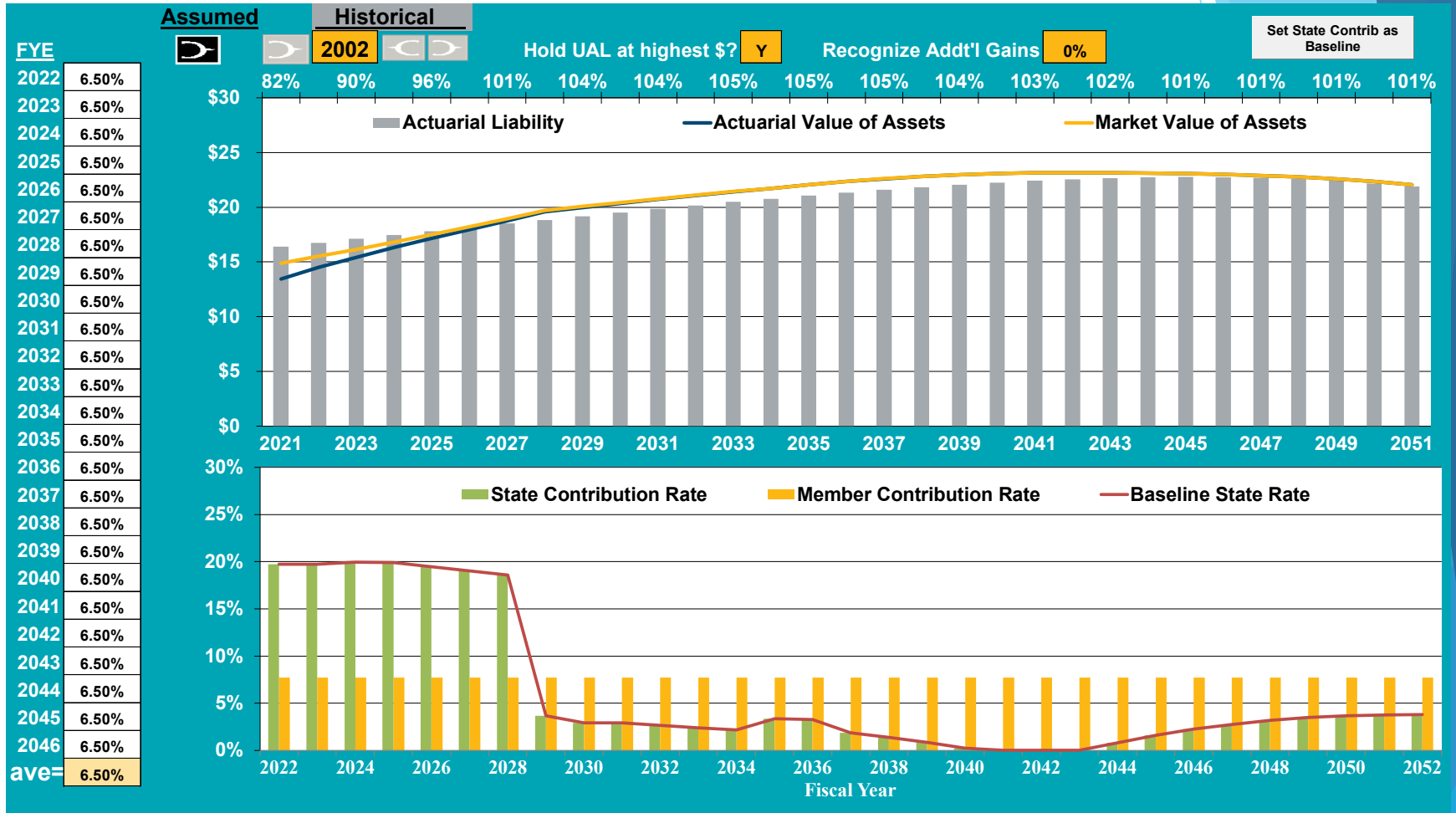


source: Cheiron 10

Funding Projection



State/Teacher - 6.5% return



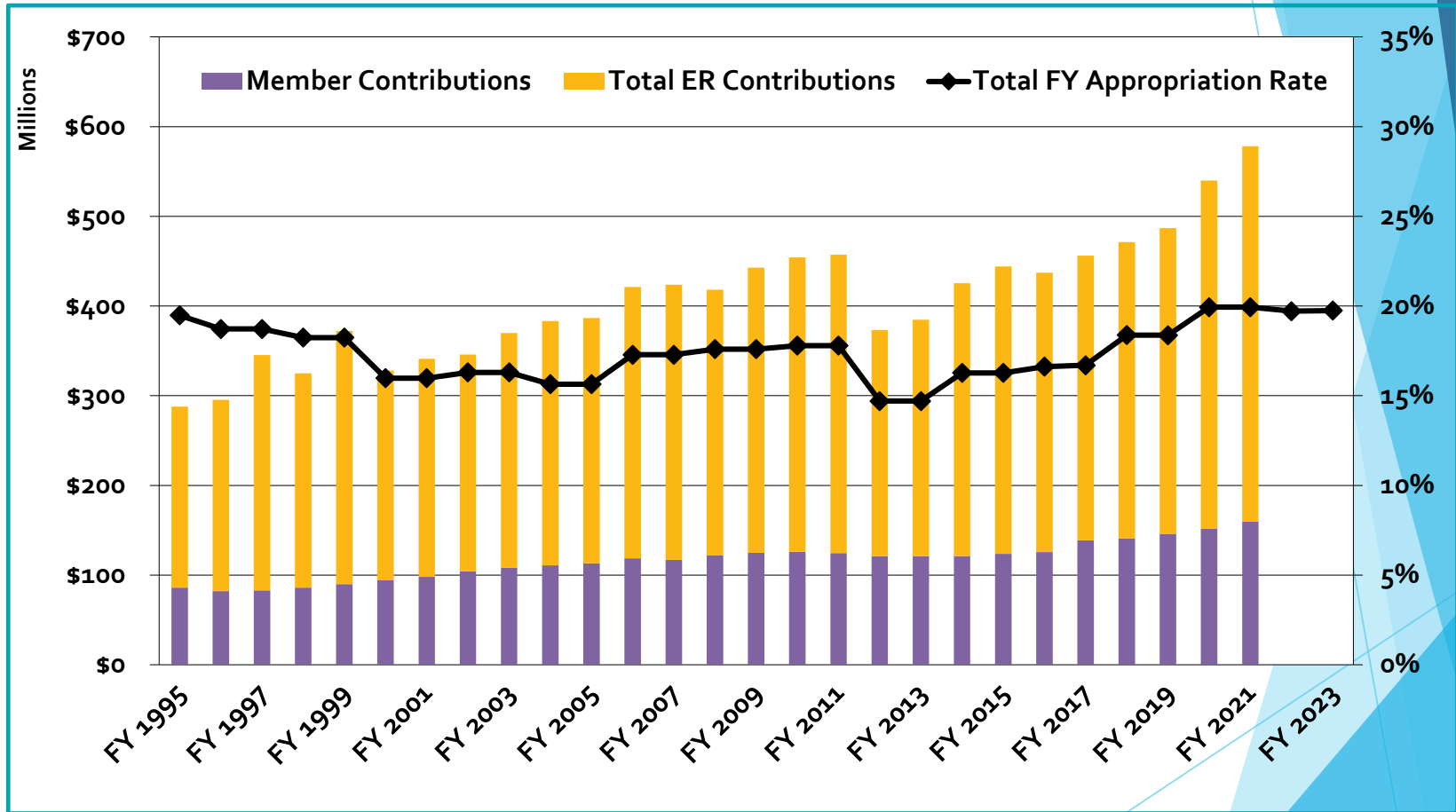
Appendix



Other Historical Views

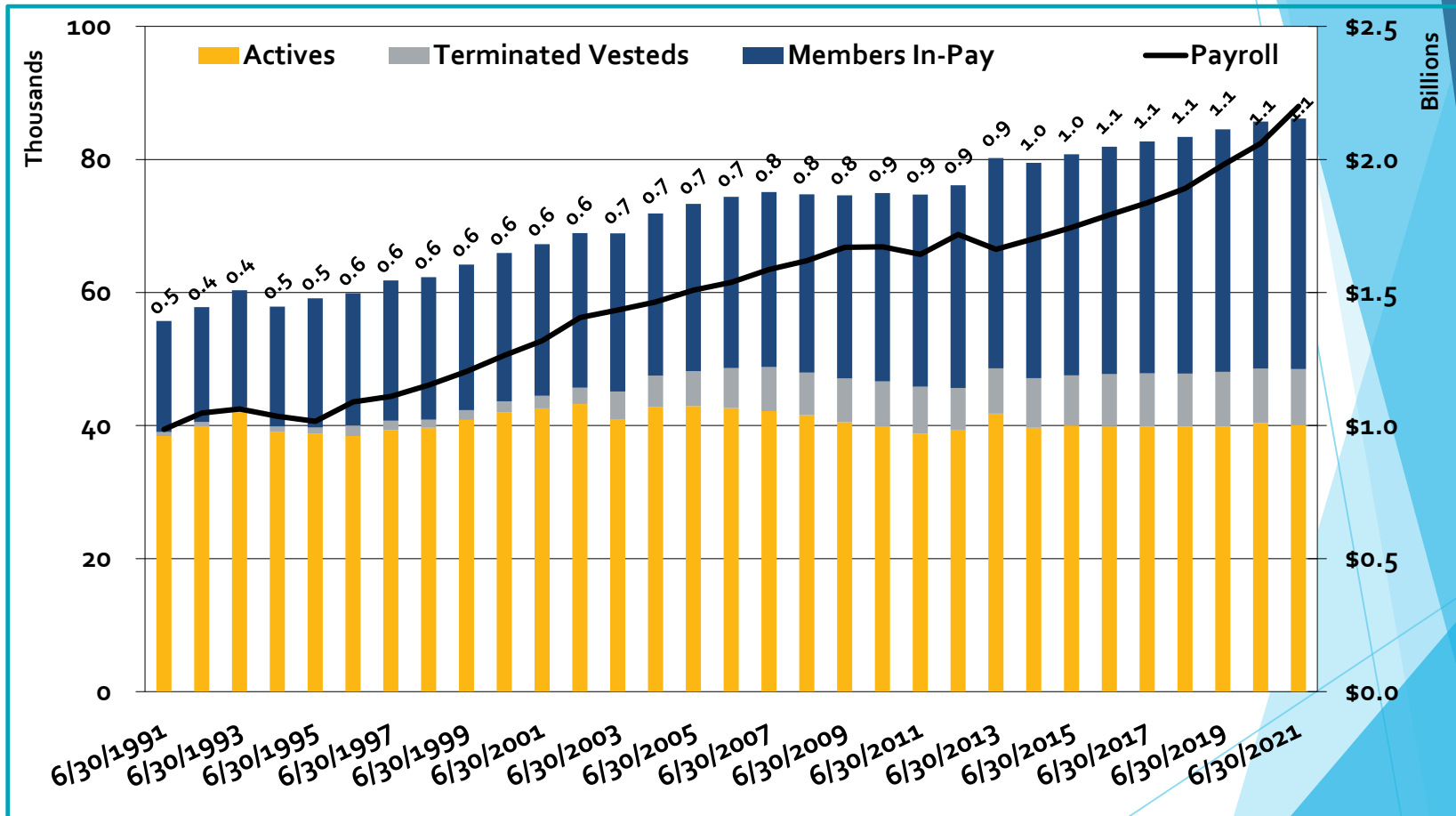


State/Teacher Contributions



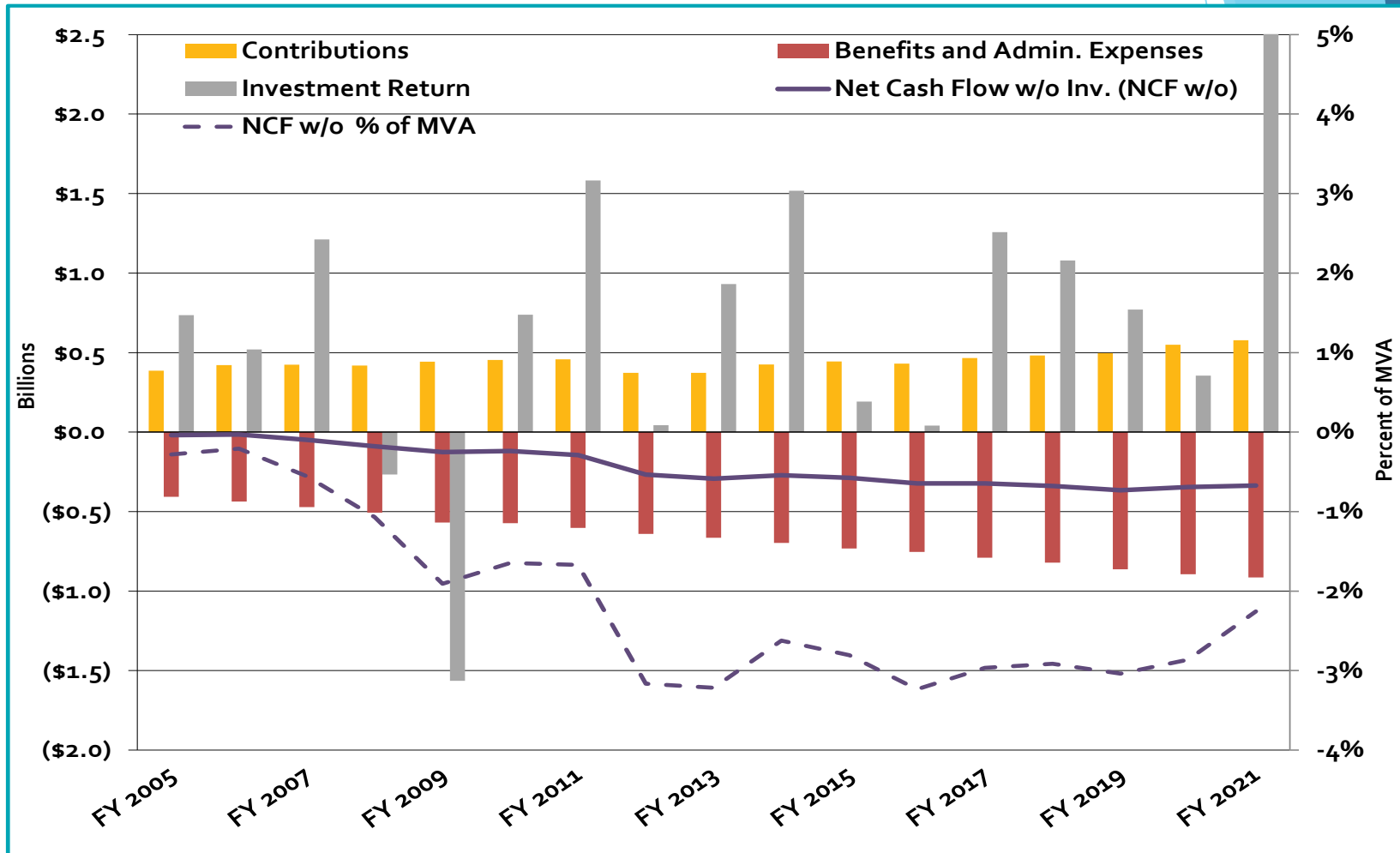
source: Cheiron 15

State/Teacher Membership



source: Cheiron 16

State/Teacher Cash Flows

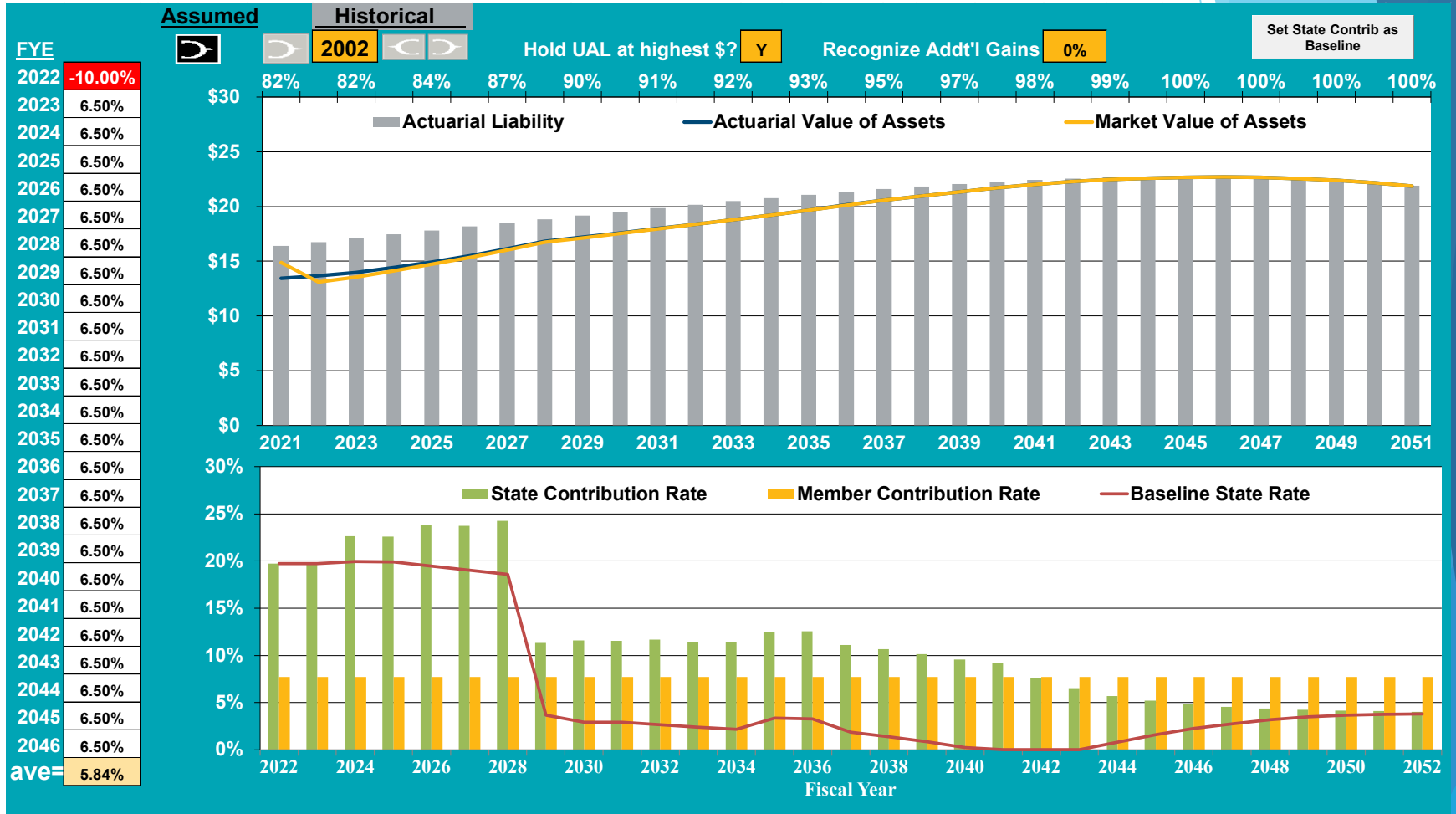


source: Cheiron 17

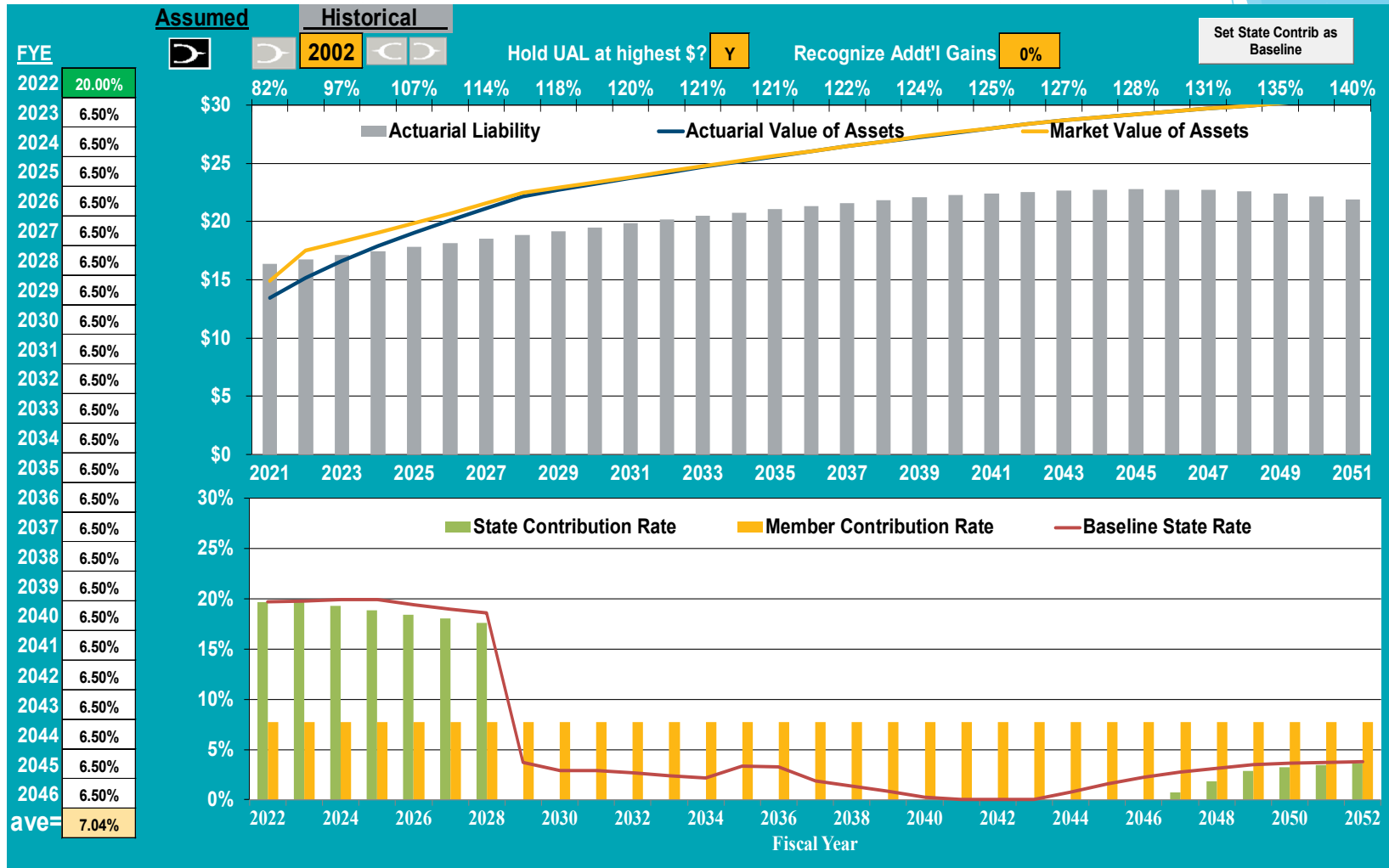
Other Projection Views



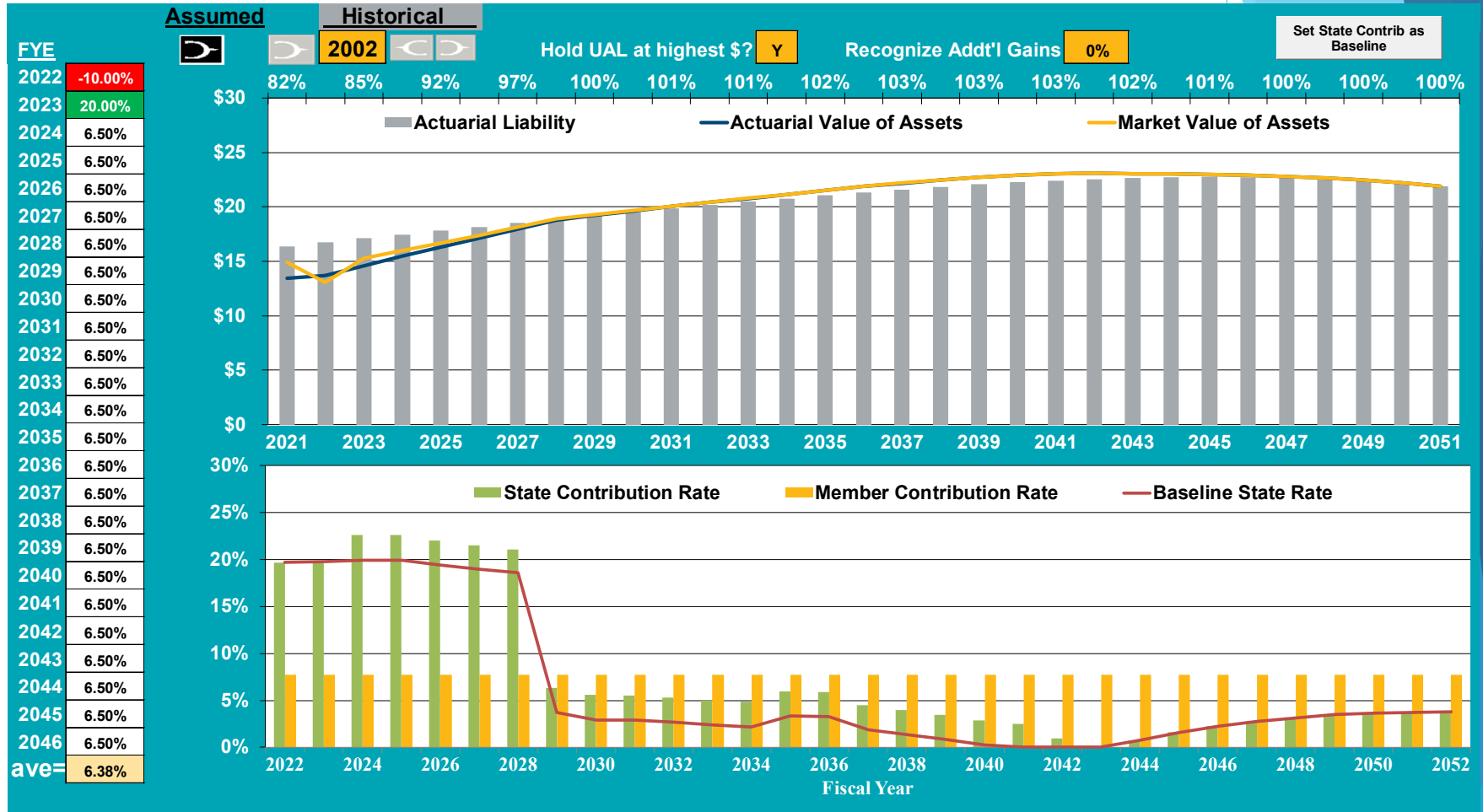
State/Teacher w/ loss



State/Teacher w/ gain



State/Teacher w/ loss then gain

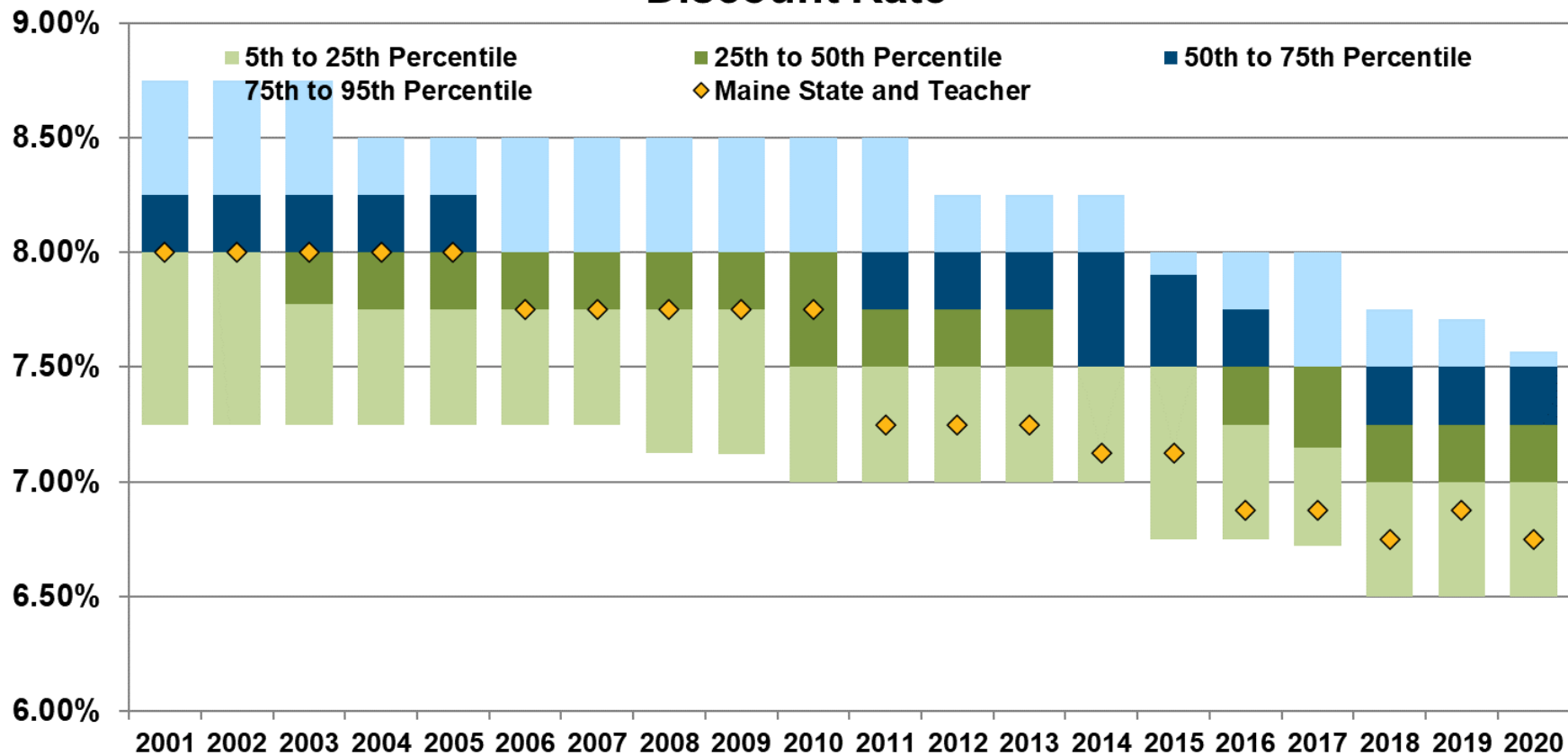


NASRA Peer Comparisons

National Association of State Retirement Administrators



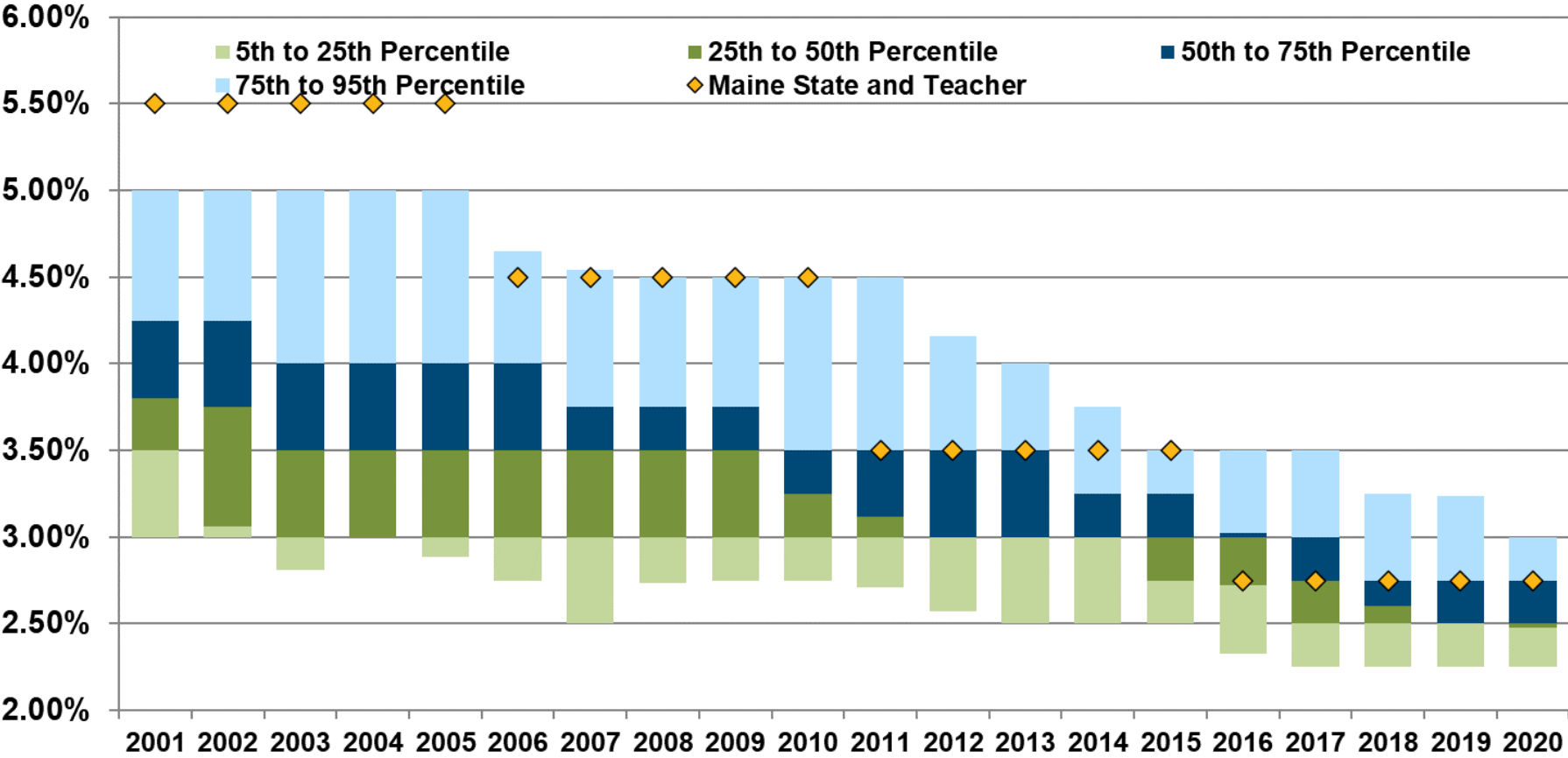
Discount Rate



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

State Employee and Teacher Only

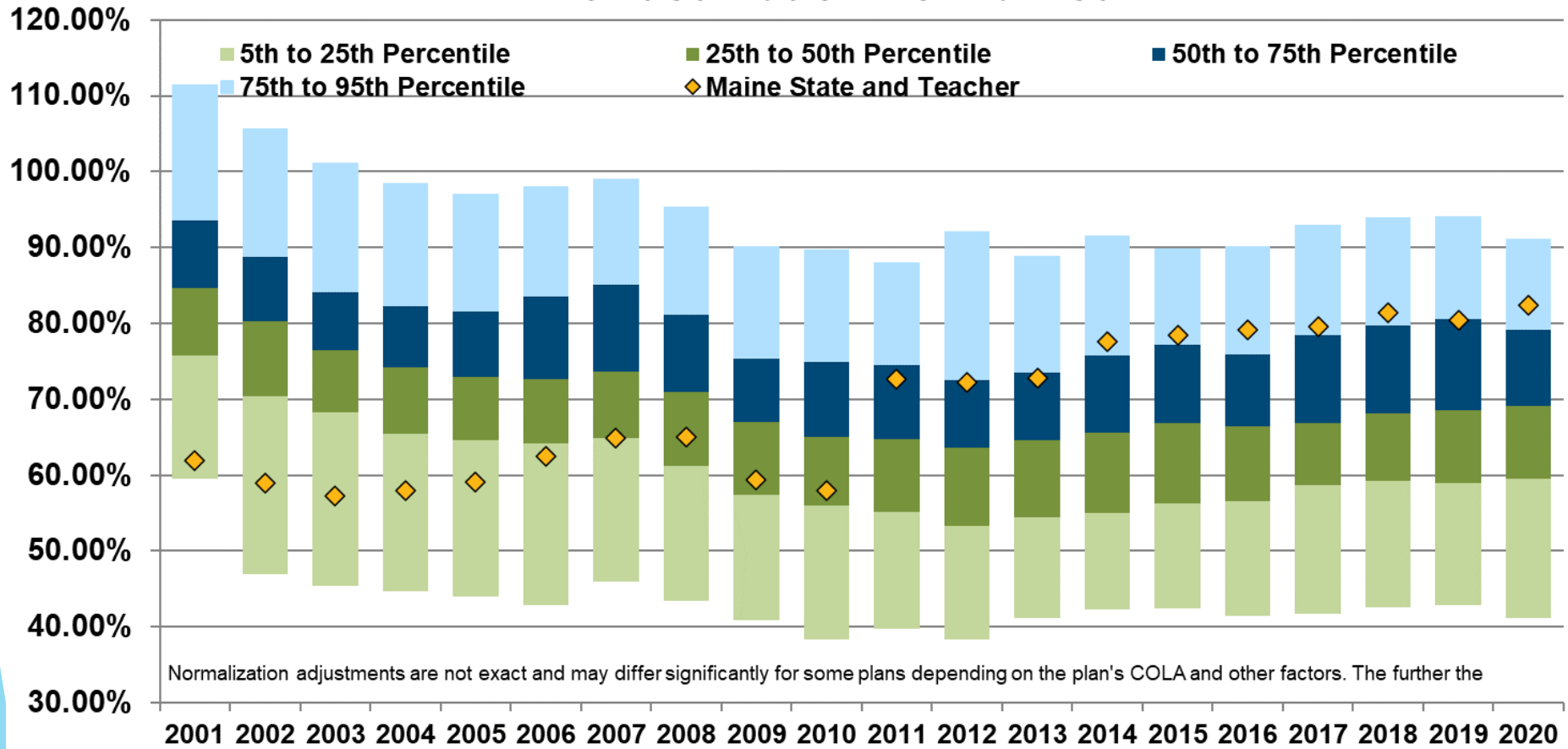
Inflation



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

State Employee and Teacher Only

AVA Funded Ratio - Normalized

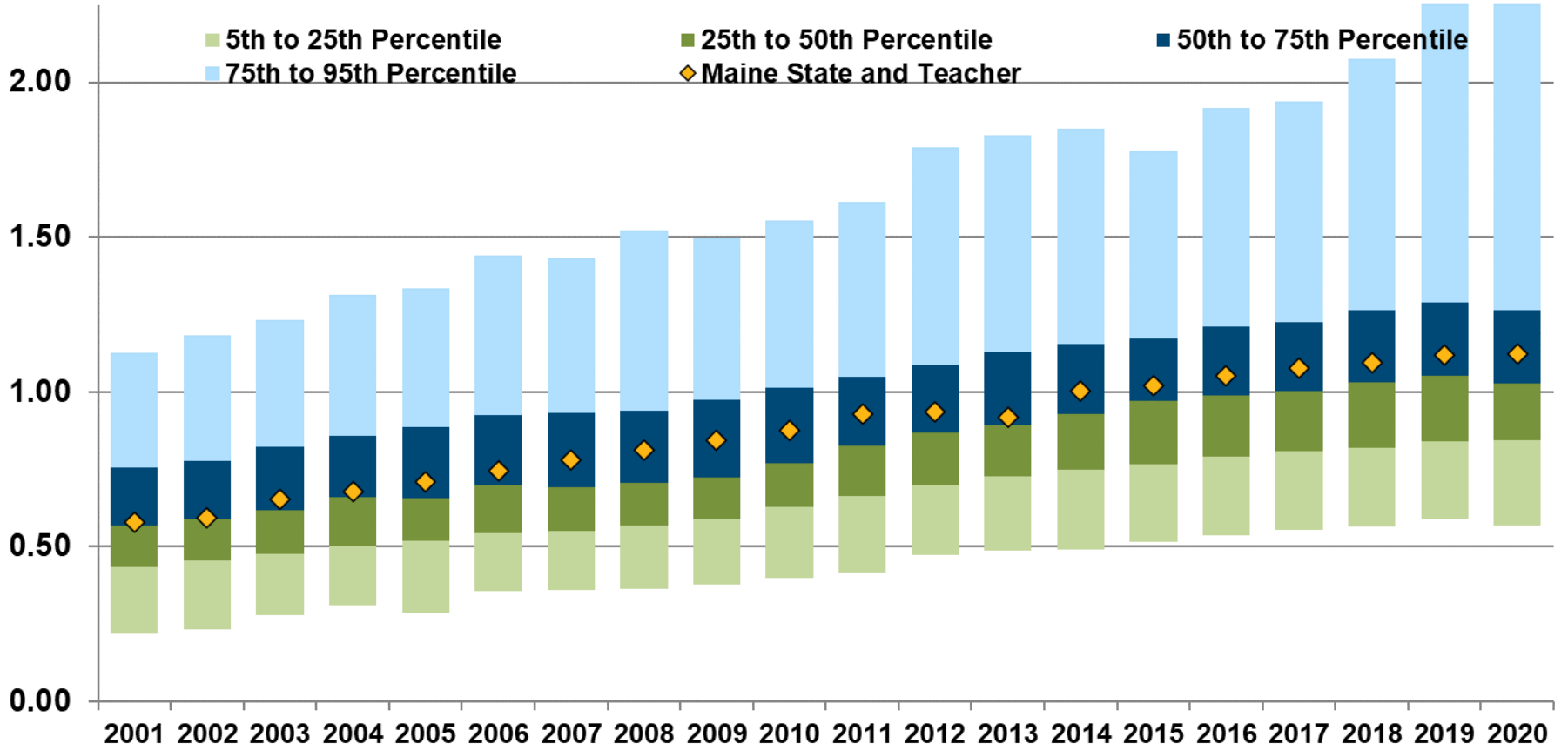


Normalization adjustments are not exact and may differ significantly for some plans depending on the plan's COLA and other factors. The further the

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

State Employee and Teacher Only

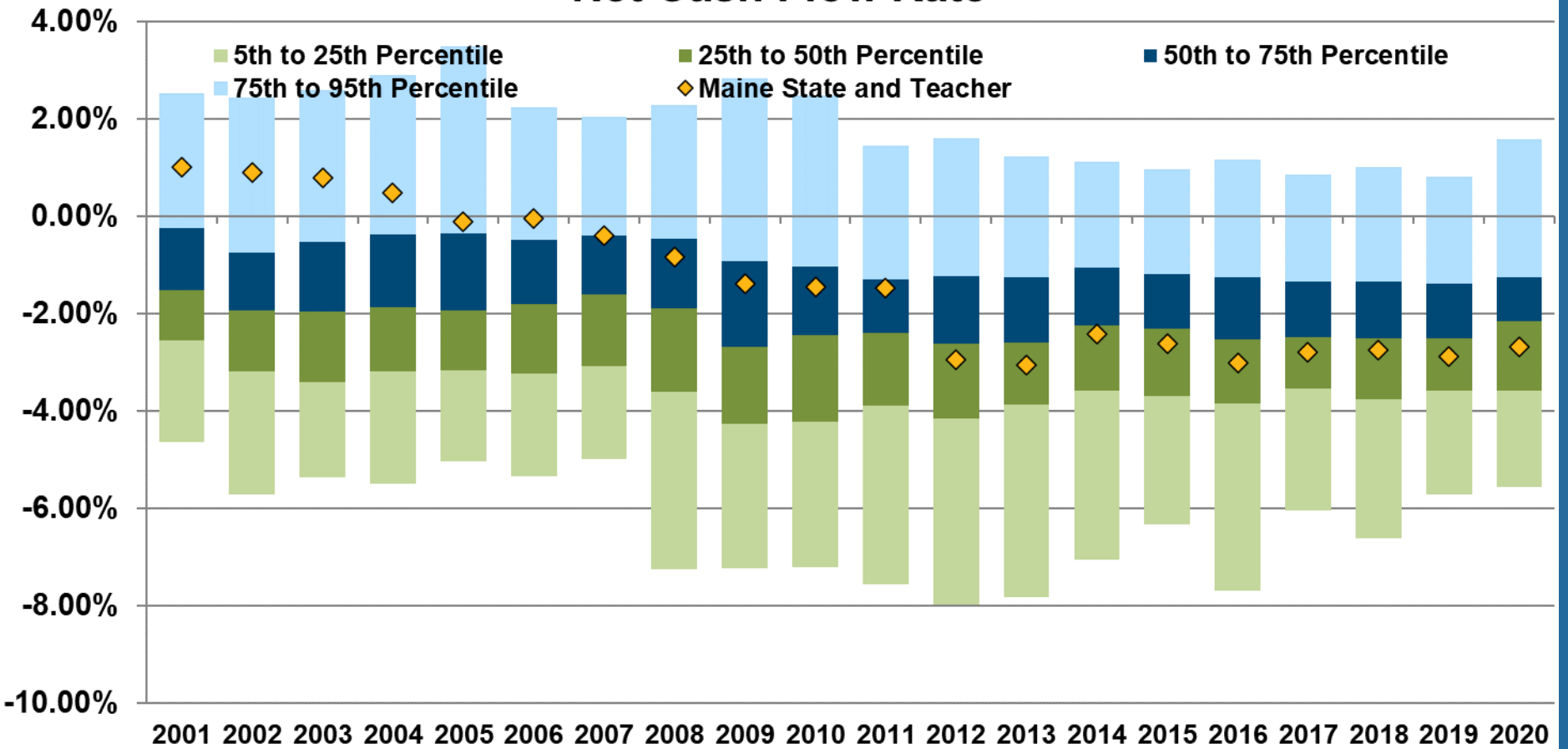
Support Ratio



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

source: Cheiron

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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%	
Assets and Liabilities				
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%		
Total Contribution				
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