**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Minutes

PLD Advisory Committee
Regular Meeting
May 2, 2023

MainePERS
Board Conference Room
1:00 p.m.

*The PLD Advisory Committee met at 1:00 p.m. on Tuesday, May 2, 2023 at MainePERS.*

*Dr. Rebecca M. Wyke, Chief Executive Officer, presided. Members present: Deborah Roberts, Maine School Management Association; Rick Cailler, Professional Firefighters of Maine; Steve Butterfield, Governor's designee; Sophie Wilson, Maine Municipal Association (Remotely); Sylvia Hebert, AFSCME Counsel 93 (Remotely); Traci St. Clair, Teamsters (Remotely); Shelly Page, Maine Service Employees Association (Remotely); Brendan O'Connell, Maine Municipal Association (Remotely); Members absent: David Barrett, Maine Municipal Association; and Jim Hodgkin, Winthrop Schools. The Committee was joined by: Deanna Doyle, PLD Plan Administrator; Chip Gavin, Chief Services Officer; Sherry Vandrell, Chief Financial Officer; Michael Colleran, Chief Operating Officer and General Counsel; Mary Rodimon, Paralegal; and Elizabeth Stivers, Assistant Attorney General.*

## MINUTES

Dr. Wyke took roll call, and the Committee unanimously approved the minutes of the February 7, 2023 meeting.

## CEO UPDATE

### One-Time COLA for Retirees in State-sponsored Plans

Dr. Wyke reported the Legislature passed the State budget which included an additional one-time COLA payment for retirees in the State-sponsored plans. The COLA equals 1% of their yearly benefit for the period ending August 31, 2022, up to the maximum of the $24,186.25 COLA base. This one-time COLA payment will be processed with the April payroll. The supplement budget does not affect PLD retirees who already received a 1% cumulative COLA increase in February, which had been retroactive to September 2022.

### Temporary Adjustment to MainePERS Public Business Hours

Dr. Wyke reported that MainePERS has temporarily changed its business hours to Monday through Thursday from 8:00 a.m. to 4:00 p.m. for reaching Member Services Representatives by phone and for in person lobby services. This temporary change was necessary in order to address a significant backlog of member service requests due to a staffing shortage. Dr. Wyke noted e-mail remains an option through the MainePERS directory located on our website, including the option for sending a secure email via Zixmail for communications that include sensitive information. For those preferring to drop off instead of using the postal service, a secure drop box is available at the lobby entrance. To date the new hours have allowed staff to make significant progress in reducing the backlog of member service requests. Additionally, MainePERS implemented an employee retention program and is actively recruiting to fill vacant positions.

Member Portal

Dr. Wyke provided an update on the development of a member portal. Using the input received from members in a recent survey, MainePERS has designed a portal that will allow members to securely access their accounts on-line, update certain demographic information, and view their annual statements and beneficiary information. Retired members will be able to view monthly advices of deposit. Dr. Wyke noted that Chip Gavin and MainePERS Information Technology team are leading this effort. Chip reported that MainePERS completed Phase II testing recently and plans to launch the portal this fall.

Benefit Estimator

Dr. Wyke informed the Committee that MainePERS has a new Benefit Estimator tool on the MainePERS website. This tool was initially launched in January and then moved to the Home page for more visibility/easier access in February. The idea for a Benefit Estimator originated from the staff. Deanna Doyle provided a demonstration of the Benefit Estimator directly from the MainePERS website. She noted that the estimator is currently designed for regular plan members and a future update will provide for use by special plan members. Chip reported there have been 3500 views since the soft launch in January and that MainePERS had received good feedback on the new tool.

## LEGISLATIVE AND RULEMAKING UPDATES

Mike Colleran reported that the Legislature is in full swing and there are many public hearings and work sessions occurring. He discussed LD 426, which would expand the periods of military service that can be purchased at a subsidized rate. If the bill passes, the Committee may want to consider whether to adopt a similar provision for the PLD Consolidated Plan. Mike reported there will be a public hearing on May 3 on LD 1759, "An Act to Clarify the Disability Retirement Program of the Maine Public Employees Retirement System." He noted this bill was unlikely to impact the rules that were recently adopted. Deb Roberts asked about LD 1152 noting it was scheduled for carry-over. Mike concurred and noted the bill would be carried-over for when the Legislature reconvenes in second session.

## EMPLOYER AUDIT PROGRAM UPDATE

Sherry Vandrell reported that 86 reviews have been completed since inception of the program. She further noted the pace of the reviews had slowed due to staffing availability. Sherry noted that despite these challenges, staff continue to work diligently and to date approximately 82% of all findings have been resolved satisfactorily.

## ADMINISTRATIVE

Retiree Return to Work

Sherry reported that the number of retirees returned to work remains consistent with not much change since the last report.

Current PLD Activity Report

Deanna reported there are two new municipalities in the PLD plan: Town of Carmel and Town of Cornish, joining in April and May respectively. She noted that two other PLD employers added coverage for additional classifications of employees and that the Portland Water District has inquired about joining, which would be one of the larger employers in the Plan if they join. She further noted that there have not been any additional inquiries on withdrawals and that we continue to have a lot of interest in upgrading plans from employers.

Adjournment

There being no further business for discussion, the Committee voted unanimously to adjourn. The meeting adjourned at 1:25 p.m.

______________________________ Date Approved

______________________________ Dr. Rebecca M. Wyke, Chief Executive Officer

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Minutes

| | |
|---|---|
| PLD Advisory Committee | MainePERS |
| Regular Meeting | Fort Point Conference Room |
| August 1, 2023 | 1:00 p.m. |

*The PLD Advisory Committee met at 1:00 p.m. on Tuesday, August 1, 2023 at MainePERS.*

*Dr. Rebecca M. Wyke, Chief Executive Officer, presided. Members present: Rick Cailler, Professional Firefighters of Maine; David Barrett, Maine Municipal Association; Sophia Wilson, Maine Municipal Association; Steve Butterfield, Governor's designee; Brendan O'Connell, Maine Municipal Association (Remotely); Shelly Page, Maine Service Employees Association (Remotely); and Deborah Roberts, Maine School Management Association (Remotely). Members absent: Jim Hodgkin, Winthrop Schools; Traci St. Clair, Teamsters; and John Nuttall, AFSCME Counsel 93. The Committee was joined by: Fiona Liston and Bonnie Rightnour with Cheiron; Deanna Doyle, PLD Plan Administrator; Chip Gavin, Chief Services Officer; Val Scott, Director of Special Projects; Mara McGowen, Assistant Director of Member Services; Domna Giatis, Director of Communications; Sherry Vandrell, Chief Financial Officer; Kathy Morin, Director of Actuarial & Legislative Affairs; Michael Colleran, Chief Operating Officer and General Counsel; and Mary Rodimon, Paralegal.*

## MINUTES

Dr. Wyke began the meeting noting that since there is not a quorum, the Minutes of May 2, 2023 will be moved to the Committee's next meeting for approval. She also reported that Sylvia Hebert, representing AFSCME Counsel 93, retired and John Nuttal will replace her on the Committee.

## CEO UPDATE

### Employer Experience Study

Dr. Wyke reported that as part of our Strategic Plan we are working on understanding what our members, employers and our own employees need from us. She shared the results of the Employer Survey which was just completed. In general, the results were good although there were comments about the need to improve the functionality of the Employer Portal. We plan to address this when we transition to a new pension administration system and are exploring how we could engage some of the employers who participated in the survey to help design the Employer Portal so it will work better for them. We recognize that this is still several years away. Sherry discussed the training modules we are putting together for employers and payroll companies to assist in the short term and that we have made progress with cleaning up backlogs and reconciling accounts.

Member Portal Preview

Dr. Wyke reported we are preparing to launch our Member Portal which is currently in the final stages of testing. We plan to roll out the portal this fall to a few thousand members/retirees at a time to ensure we have the capacity to assist those that want to register. Chip Gavin was introduced and gave an overview of the member portal project noting it is in support of Goal IV of the Strategic Plan, cultivating a member-centric organization. Chip then introduced Val Scott, Director of Special Projects and Mara McGowen, Assistant Director of Member Services, both who presented further on the Member Portal. Val noted that we have completed 4 Phases of testing with MainePERS staff and a few external stakeholders (MAR and MEA-Retired), and that Phase 5 is scheduled to start August 9, 2023. PLD Advisory Committee members with accounts will be invited to participate and share feedback. Mara briefly discussed security and the setting or resetting of passwords

**2023 COLA**

Dr. Wyke reminded the committee that COLA is tied to the Consumer Price Index (CPI-U) as of the end of the twelve month period ending June 30, 2023, which was 3.0%. The PLD Consolidated Plan allows for the awarding of COLA up to a 2.5% cap, and the Board of Trustees is expected to vote on August 10, 2023 to grant the 2023 COLA as provided under the Plan of 2.5%. Dr. Wyke pointed out that because the actuarial assumption we use for projecting COLA is 1.91%, we will be recognizing an actuarial loss of $11.6 million in awarding the 2.5%. Dr. Wyke then discussed two scenarios for an additional COLA for PLD retirees, a one-time “ad hoc” payment and an additional cumulative COLA, and the projected impact to plan funding for each scenario. Dr. Wyke then emphasized any additional cost of living adjustment to PLD retirees would require amendment to Rule Chapter 803. Absent a quorum, no action could be taken by the Committee. David Barrett made the request to have further discussion regarding this at the November meeting when they would have a better sense of the path of inflation since the CPI-U establishing COLA was released.

**UPCOMING VALUATION/RATE SETTING**

Dr. Wyke introduced Fiona Liston and Bonnie Rightnour with Cheiron who gave a presentation to the committee on the upcoming valuation and rate setting. Discussion regarding PLD headcounts by plan followed. David Barrett flagged that employee recruiting issues continue to be a driving force and whether or not in light of that we should keep those plans with the lowest headcounts or should we be encouraging those participating in the less popular plans to move to the more popular/better plans so we can eliminate some of the plan choices. Deanna Doyle stated that if the contribution rates for the better plans continue to be within reach, it attracts employers to adopt them as it allows them to offer a better retirement plan in the current job market without costing too much more. Kathy noted that as of June 30, 2023, we had no employers or active members contributing to Special Plan 4N and could consider closing it. This will be discussed further at the November meeting.

**LEGISLATIVE AND RULEMAKING UPDATES**

Kathy reported that there was only one bill enacted that impacted the Plan in a very minimal way involving former employees of a PLD employer who had rejoined the PLD Plan. This bill allows those former employees to purchase credit for service with that employer like employees of that PLD were allowed to by similar legislation a few years ago. This legislation did not have any impact to the PLD employer or the Plan. She then mentioned two bills that were carried over to the next session, one that would expand the periods of military service that can be purchased at the subsidized rate, and the other regarding MainePERS offering long term disability insurance.

## EMPLOYER AUDIT PROGRAM UPDATE

Sherry Vandrell gave an update on the Employer Audit Program. Sherry reported the number we are working on currently is slightly higher than in the past as we are focusing on small PLDs some of which have recently made plan changes and that we are making sure their plan changes have been implemented properly. She noted we are still at the same pace with closing out findings as we have in the past. Rick Cailler asked for clarification of who is responsible for contributions when compensation is not reported. Sherry indicated that it could be the employee, employer, or both, depending upon the situation.

## ADMINISTRATIVE

### Current PLD Activity Report

Deanna Doyle reported PLD activity remains high, especially with movement to Special Plan 3C for public safety workers. There has also been additional interest in making all service plan changes which essentially upgrades their plan from whatever it was fully to the new plan. We haven’t seen this much interest and activity in making these types of changes in a long time. We continue to experience a greater number of inquiries from employers for joining/rejoining and making plan upgrades than we have historically. The continuing tough job market that employers are experiencing, especially for public safety workers, is driving this activity.

### Adjournment

There being no further business for discussion and not enough members for a quorum to vote on a motion, the meeting adjourned at 2:30 p.m.

______________________________ ____________________________________

Date Approved — Dr. Rebecca M. Wyke, Chief Executive Officer

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# MEMORANDUM

**Date**: October 30, 2023

**To**: PLD Advisory Committee Members

**From**: Kathy Morin, Director of Actuarial and Legislative Affairs

**Re**: 2023 Actuarial Valuation/Fiscal Year 2025 Rate-Setting

Fiona Liston and Bonnie Rightnour from Cheiron will join the meeting to discuss the results of the 2023 Valuation, FY 2025 rate setting and cost-of-living adjustments.

## 2023 Valuation Results

The System's actuary, Cheiron, has completed the June 30, 2023 valuation, and the full report is included with this memo. At its meeting on October 12, the Board of Trustees accepted the valuation report. Cheiron will review the key results of this year's valuation at the meeting. A copy of the actuarial presentation for the November 7 meeting is also included with this memo.

## FY 2025 Rate Setting

Employer and member rates for fiscal year 2025 will be determined based on the results of the June 30, 2023 valuation work. Cheiron will model fiscal year 2025 rates under various scenarios that support the goals of: 1) allocating costs 58% to employers and 42% to employees, and 2) paying the aggregate rate that is produced by the annual valuation. In order to provide employers with fiscal year 2025 rates in a timely manner, the Committee will need to take an action to recommend rates at the November 7 meeting.

## Cost-of-Living Adjustments

At the August 1, 2023 meeting, we provided information regarding the plan funding and rate impacts of providing an additional cost-of-living adjustment to eligible retirees, beyond the 2.5% maximum adjustment currently provided under the rule. A copy of the August COLA memo is included for reference. At that meeting, the Committee requested that this topic be included on the November 7 meeting agenda for further discussion. Any additional cost-of-living adjustment to PLD retirees would require amendment to Chapter 803.

Classic Values, Innovative Advice

# Maine Public Employees Retirement System

# Consolidated Plan for Participating Local Districts

## Actuarial Valuation Report as of June 30, 2023

**Produced by Cheiron**
**October 2023**

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October 12, 2023

Board of Trustees
Maine Public Employees Retirement System
PO Box 349
Augusta, Maine 04332-0349

Dear Members of the Board:

We are pleased to submit the June 30, 2023 Actuarial Valuation Report for the Consolidated Plan for Participating Local Districts (Plan) of the Maine Public Employees Retirement System (MainePERS or System).

The purpose of this report is to present the annual actuarial valuation of the Participating Local Districts (Plan) of the Maine Public Employees Retirement System. This report contains information on assets, liabilities, and contributions of the Plan, as well as required accounting statement disclosures under the Governmental Accounting Standards Board (GASB) Statement No. 67.

In preparing our report, we relied on information, some oral and some written, supplied by the System's staff. This information includes, but is not limited to, the Plan provisions, employee data, and financial information as of the valuation date. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future results may differ significantly from the current results presented in this report due to such factors as the following: Plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in Plan provisions or applicable law.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial report was prepared exclusively for MainePERS for the purposes described herein and for the use by the Plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

This report does not contain any adjustments for the potential impact of COVID-19 on either economic or demographic assumptions. We anticipate that the pandemic may have implications in both the short and long term, but the net impact of these is not determinable at this time.

Sincerely,
Cheiron


| | | |
|---|---|---|
| Gene Kalwarski, FSA, EA | Fiona E. Liston, FSA, EA | Bonnie Rightnour, FSA, EA |
| Principal Consulting Actuary | Principal Consulting Actuary | Principal Consulting Actuary |

# FOREWORD

Cheiron has completed the Actuarial Valuation Report for the Consolidated Plan for Participating Local Districts (Plan) of the Maine Public Employees Retirement System (MainePERS or System) as of June 30, 2023. The purpose of this report is to:

1) Measure and disclose, as of the valuation date, the financial condition of the Plan,
2) Examine trends, both historical and prospective, in the condition of the Plan,
3) Assess and disclose actuarial risks of the Plan,
4) Report on the contribution rates developed in this valuation for informational purposes for the Participating Local Districts (PLDs) and members for fiscal year (FY) 2025 in aggregate (Note: the actual contributions to be paid by PLDs and members specific to each Regular and Special Plan within the Plan for FY 2025 will be developed consistent with the ratemaking policy of the MainePERS Board of Trustees and provided under separate cover), and
5) Provide specific information required for MainePERS's financial disclosures.

An actuarial valuation establishes and analyzes assets and liabilities on a consistent basis and tracks the progress of both from one year to the next. It includes measurement of investment performance as well as an analysis of actuarial liability gains and losses.

**Section I** presents a summary containing our key findings, disclosing important Plan trends in recent years, and providing analysis relating to the future status of the Plan.

**Section II** assesses and discloses various actuarial risk measures of the Plan.

**Section III** contains details on various asset measures, together with pertinent performance measurements.

**Section IV** shows similar information on liability measures for various purposes, including analysis of key changes in the measures.

**Section V** develops informational PLD and member contribution rates for the Plan in aggregate for FY 2025. (The actual rates paid for each specific Regular and Special Plan within the Plan are developed consistent with the risk-sharing framework of the MainePERS Board of Trustees and provided under separate cover.)

**Section VI** includes financial disclosure information.

Finally, we present appendices containing the following summaries:

- Plan elections that have been made by the participating local districts (PLDs) at the valuation date (Appendix A),
- Plan membership information at the valuation date (Appendix B),
- Major benefit provisions of the Plan and the various Regular and Special Plans included in the Plan (Appendix C),
- Actuarial assumptions and methods used in the current valuation (Appendix D), and
- Terminology used in the Governmental Accounting Standards Board (GASB) disclosures (Appendix E).

**SECTION I – BOARD SUMMARY**

## General Comments

Most of the participating local districts in the State of Maine participate in this Consolidated Plan for the Participating Local Districts (Plan). The Plan offers a number of Plan options from which each Participating Local District (PLD) can choose, with each option having its own specific contribution rates to be paid by both the member and their associated PLD. Both the member contributions and the PLD contributions are paid as distinct rates that are set by the risk-sharing framework adopted by the MainePERS Board of Trustees and are applicable to payroll. Prior to the 2018 valuation, the member rates were static and set by the Board, while the PLD rates were established using the previous corridor method.

The results of this June 30, 2023 valuation will be used to develop the specific rates for both PLDs and members of each Regular and Special Plan within the Plan for FY 2025. This report develops the Actuarially Determined Plan Total Rate and the Plan-Specific Normal Cost Rates that are the basis of this process to develop the specific rates. The results of this June 30, 2023 valuation will also be used for accounting disclosures.

## Experience from July 1, 2022 through June 30, 2023 (FY 2023)

With respect to investment experience, measured on a market value of asset (MVA) basis, MainePERS experienced an investment return of positive 6.05% for the fiscal year ending June 30, 2023. This is less than the assumed rate of return of 6.50%. However, given the three-year asset smoothing method in place, only one-third of that loss is recognized in this valuation on an actuarial value of assets (AVA) basis. Furthermore, the asset smoothing also resulted in recognizing one-third of prior deferred asset gains of $81 million during FY 2023 for this Plan. As a result, the investment return measured on a smoothed, actuarial valuation of assets basis was 7.15%. This is greater than the 6.50% assumed rate of return in effect for FY 2023, resulting in a gain on investments for the year of $23.5 million in addition to the expected increase of $179.4 million had the assumed 6.50% been exactly achieved on an AVA basis.

With respect to liability experience, the Plan's liabilities grew by $55.1 million more than the expected growth of $146.4 million (a 1.4% growth in total liabilities beyond expected growth). Of this increase, approximately $12.2 million was attributable to the payment of the 2.5% capped cost-of-living adjustments (COLA) exceeding the 1.91% assumption, with the $42.9 million balance of the liability loss primarily attributable to salaries being greater than expected. The Plan's liabilities increased $20.7 million for a Plan change to provide an extra 1% of COLA to eligible retirees.

Combining the investment and liability experience, the Actuarially Determined Plan Total Rate produced by the June 30, 2022 valuation reflecting all Plans within the Consolidated Plan for Participating Local Districts was 18.7%. The equivalent rate produced in this June 30, 2023 valuation is 18.6%. The Plan-Specific rates for each PLD and members of each Regular and Special Plan for each fiscal year are developed annually in letters provided under separate cover. The rates for FY 2023, were developed in a letter dated December 13, 2021, and the rates for

FY 2024 were developed in a letter dated November 9, 2022. The Plan-Specific Rates for both the PLD and members for each Regular and Special Plan for FY 2025 based on this June 30, 2023 valuation will be provided under similar separate cover.

Note that this Total Rate differs from that tracked for the other MainePERS Programs as it reflects contributions from both members and the employers, the PLDs in the case of this Plan. In the other Programs, the employer-only portion of the contribution is reported in the equivalent experience sections. The reason for this difference is that in this Plan, the contributions from members change with experience similar to the contributions from employers, so it makes sense to track the progress of the Total Rate.

Finally, as of the June 30, 2023 valuation, the Plan has an unfunded actuarial liability (UAL) of $366.1 million based on the actuarial value of assets (AVA). This represents an increase of $19.3 million from the $346.8 million AVA UAL measured as of June 30, 2022. This compares to an expected decrease in the UAL of $33.0 million. The specific factors contributing to this change are presented in Table I-1 that follows. This table has separate columns showing the components of the changes in liabilities and investments during FY 2023 as well as their combined effect on the UAL.

**Table I-1**
**(Amounts in Millions)**

| | Liabilities | Assets* | UAL |
|---|---|---|---|
| Value as of June 30, 2022 | $ 3,943.6 | $ 3,596.8 | $ 346.8 |
| Expected Change | 146.4 | 179.4 | (33.0) |
| Impact of Plan Changes | 20.7 | 0.0 | 20.7 |
| Impact of Assumption Changes | 0.0 | 0.0 | 0.0 |
| Recognized Investment Gain | 0.0 | 23.5 | (23.5) |
| Recognized Liability Loss | 55.1 | 0.0 | 55.1 |
| Value as of June 30, 2023 | $ 4,165.8 | $ 3,799.7 | $ 366.1 |

* This table uses actuarial value of assets. Results would be different if the market value were used.

The remainder of this Board Summary section summarizes the Plan's historical trends, provides baseline projections of the Plan's future status, and summarizes the principal results of the valuation. These principal results compare key results between this and last years' valuations for member counts, assets and liabilities, and total contribution rates.

## Trends

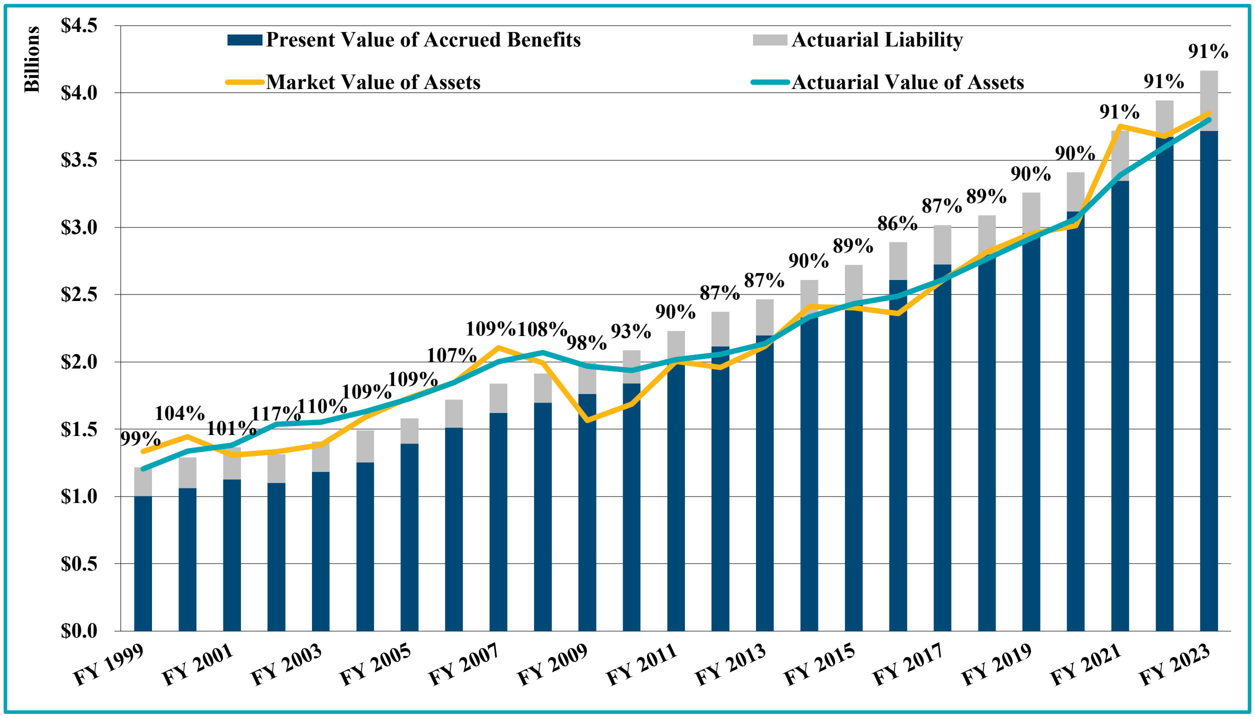
It is important to take a step back from the latest results and view them in the context of the Plan's history. On the next few pages, we present a series of graphs that display key historical trends relating to the Plan's condition. In addition to considering the past, examining future possible trajectories of the Plan is also vital to understanding the current results. Baseline projections are provided in this Board Summary, and the potential variability of these results is explored further in the risk section of this report.

## SECTION I – BOARD SUMMARY

<u>Assets and Liabilities</u>

The following graph illustrates the progress of assets and liabilities for the Plan as well as the Plan's funded ratio on an actuarial value of assets (AVA) basis since June 30, 1999.

Liability measures are shown as bars as of June 30 of the indicated years. The actuarial liability (AL), the liability measure used for the Plan's funding purposes, is represented by the top of the grey bars. The blue bars represent the present value of accrued benefits (PVAB). These liability measures are discussed further in Section IV. Measures of the assets are shown as lines. The AVA is shown with a teal line, while the market value of assets (MVA) is shown as a yellow line. The AVA divided by the AL is the AVA funded ratio that is often used in evaluating the Plan's funded status. The value of this metric at each valuation date is shown as the percentages in the graph labels.

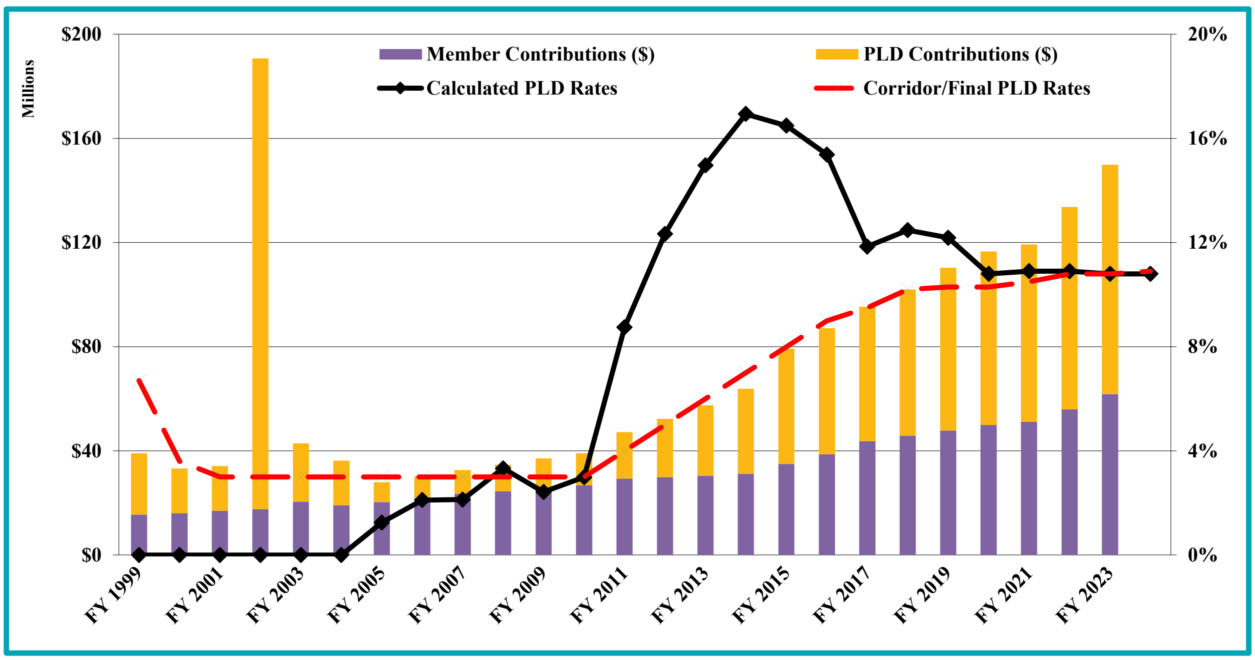



This graph shows that the Plan had its highest AVA funded ratio (117%) over the period shown as of June 30, 2002, which was just after several PLDs paid off their Initial Unpooled Unfunded Actuarial Liabilities (IUUALs). After that, the funded ratio was relatively stable around 107-110% until the financial market events of 2008-2009 resulted in the ratio dropping below 100%. Following that drop, the ratio stabilized again beginning June 30, 2011 and has stayed in the range of 86-91% since that time. Measured on an MVA basis, the funded ratio is 92.3%, a slight decrease over last year's 93.3% MVA funded ratio.

## SECTION I – BOARD SUMMARY

Contributions

The next graph shows the history of contributions to the Plan, both as dollar amounts and as percentages of payroll. The bars in this graph show the contributions made by both the PLDs and the members in dollar terms for each fiscal year (FY) as indicated by the horizontal axis since 1999. These bars are read using the left-hand axis. Through FY 2019, the black line shows the actuarially calculated total pooled PLD contribution rate as a percentage of payroll for the fiscal year indicated. Beginning with FY 2020, the amount shown by the black line is the Actuarially Determined Plan PLD Rate under the risk-sharing framework. Similarly, the red dotted line in this graph shows the aggregate corridor contribution rate actually in effect for each year through FY 2019 and then shows the Aggregate Final PLD Rate, which reflects all adjustments from the risk-sharing framework, beginning with FY 2020. For both of these rates, which are read using the right-hand axis, we are showing the rates through FY 2023, the latest year for which the Aggregate Final PLD rate, which corresponds with the rates that will actually be paid, has been developed. Note that both the red and black lines represent the rates that apply to the PLDs and do not include the member rate.




The significant increase in the total calculated rate from FY 2010 to FY 2014 was due primarily to investment losses sustained in the 2008-09 market events. The increases in the aggregate corridor rate during this period combined with benefit changes made progress to close the gap between these two rates through FY 2019, the last year that the method used to determine the actual contributions paid by the PLDs was the corridor method. Beginning with FY 2020, the calculated rate has been determined with the risk-sharing framework. Initially, this calculated rate, the Actuarially Determined Plan PLD Rate shown by the black line, was slightly above the actual final rates being paid, the Aggregate Final PLD Rate shown as the red line, as the risk-sharing

## SECTION I – BOARD SUMMARY

framework was phased in, but beginning with the Final Rates developed based on the June 30, 2021 valuation, these two rates have converged. Note, however, that while the total rates have converged, the allocation of the rate between PLDs and members is still being phased in, but we anticipate these will also converge as the risk-sharing framework is fully phased in.

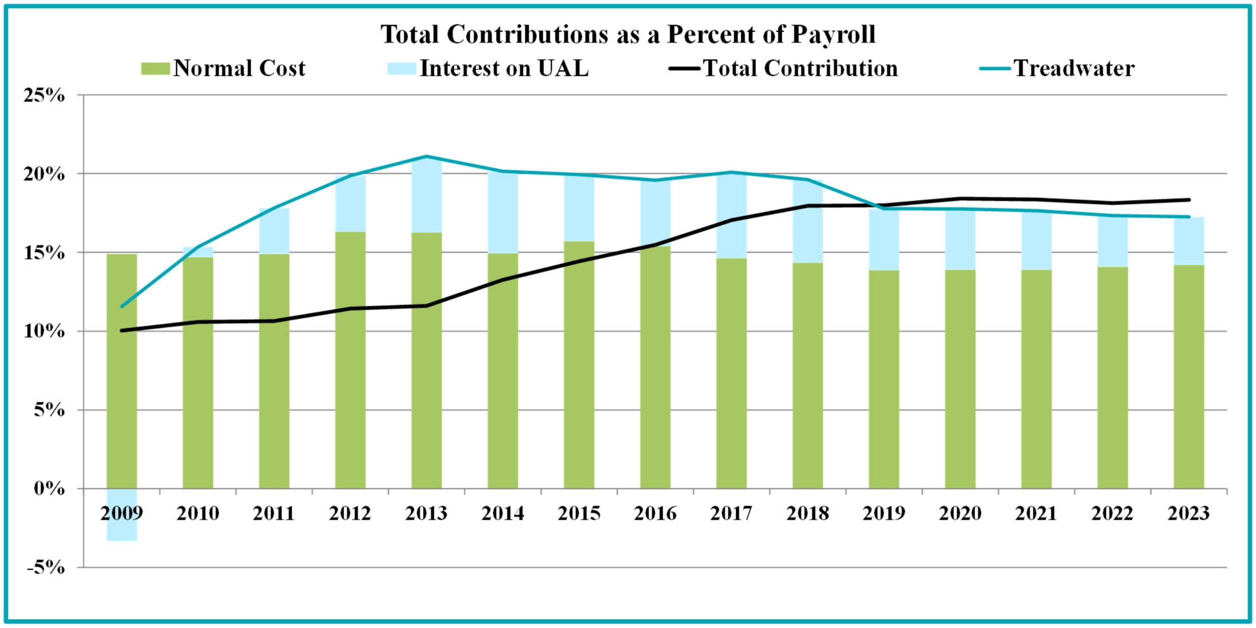
The majority of the actual PLD contribution dollars shown are based on the rates determined by the funding methodology in effect for the period, but some PLDs also pay an additional IUUAL contribution to amortize the liability specific to their members as well as contributions related to purchases of service by members. Note that the large dollar amount contributed in FY 2002 by the PLDs in the previous graph was due to several PLDs paying off their IUUAL amounts as IUUAL contributions are included in the PLD contributions shown in the yellow bars.

Through FY 2019, the member contribution rates were fixed values, ranging from 4.5% to 9.5%, as set by statute and the Board, specific to the Regular or Special Plan in which each member participates. Beginning with FY 2020, the member contribution rates are determined under the risk-sharing framework adopted by the Board as described in the General Comments section of this Board Summary. The Aggregate Final PLD Member Rate in effect for FY 2024 is 7.8%.

Note that in addition to the member contribution rates varying by the specific Plan each member is in, for those participating in Regular Plans, members with an Age 65 normal retirement age (NRA) contribute at a lower rate than those in the NRA 60 plans. See the description of these items in Section V for additional information. The specific rates by Plan for FY 2024, the most recent year currently developed, range from a low of 3.35% for the Age 65 Plan Member Rate under Plan BC to a high of 9.7% for members in Plans 1C and 3C.

The next chart compares the total contribution rate to a rate we refer to as the tread water rate. The tread water rate is that rate of payroll which, if contributed, would result in the UAL remaining the same in the following year if all experience exactly matched the assumptions. The tread water rate is the full normal cost plus interest on the UAL.

As can be seen in the following chart, the total contribution rate has exceeded the tread water rate since 2019.




## Baseline Projections

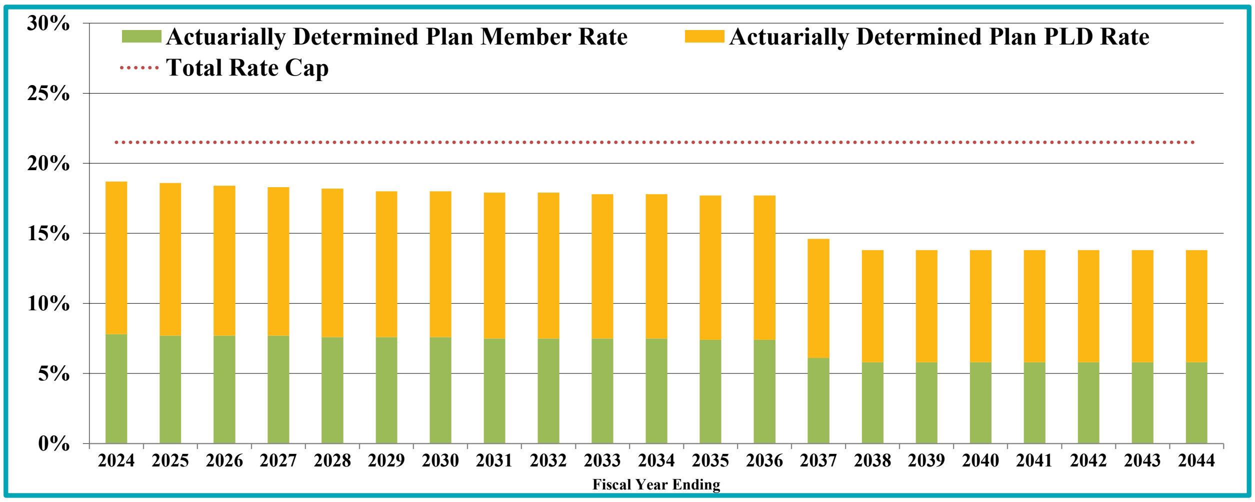
Our analysis of the projected financial trends for the Plan is an important part of this valuation. In this section, we project future valuation results, focusing on the previously referenced AVA funded ratio (AVA over AL), the expected Actuarially Determined Plan PLD Rate, and the expected Actuarially Determined Plan Member Rate. Here we present a baseline projection of these metrics based on all actuarial assumptions being exactly met during the projection period, including the assumed 6.50% investment return being achieved each year. In the risk section of the report, we demonstrate the sensitivity of future valuation results to deviations in actual returns from the assumed investment returns by presenting similar projections based on investments earning an average return similar to the assumed return but deviating from the assumed rate in the individual years over the 20-year projection period.

Note that in these projections, we have assumed that the PLD and member contributions received by the Plan are the actuarially determined amounts developed as of the valuation date one year prior to the beginning of each fiscal year rather than the Plan-Specific contributions developed under the risk-sharing framework. If the actual contributions received are different from this assumption, the results will vary. However, as the risk-sharing framework has been largely phased in at this point, with the actuarially determined and final aggregate rates having fully converged and the only differences between the actual and calculated contributions being in the allocations between the PLDs and the members, no significant variation is anticipated as a result of this assumption.

In addition, in these baseline projections, as well as the varying return projection scenarios in the next section, we have assumed that the Aggregate Final Total Rate is subject to a minimum equal to 100% of the total normal cost at that time, allocated 58% to the PLDs and 42% to the members.

## SECTION I – BOARD SUMMARY

For example, based on the 14.3% total normal cost produced in this June 30, 2023 valuation, this currently results in a minimum contribution of 8.3% for the PLDs and 6.0% for the members. In developing these projections, we have also reflected the anticipated decline in the total normal cost over time as members under the newer tier, which provides lower benefits and hence a lower normal cost, replace current members in the older tier. Actual minimums under the risk-sharing framework have not yet been adopted by the Board, but it is our understanding that the Board's intent is to have a minimum similar to this. If the actual rules differ such that the otherwise determined contributions would go below this assumed minimum contribution level, the resulting projections would vary.

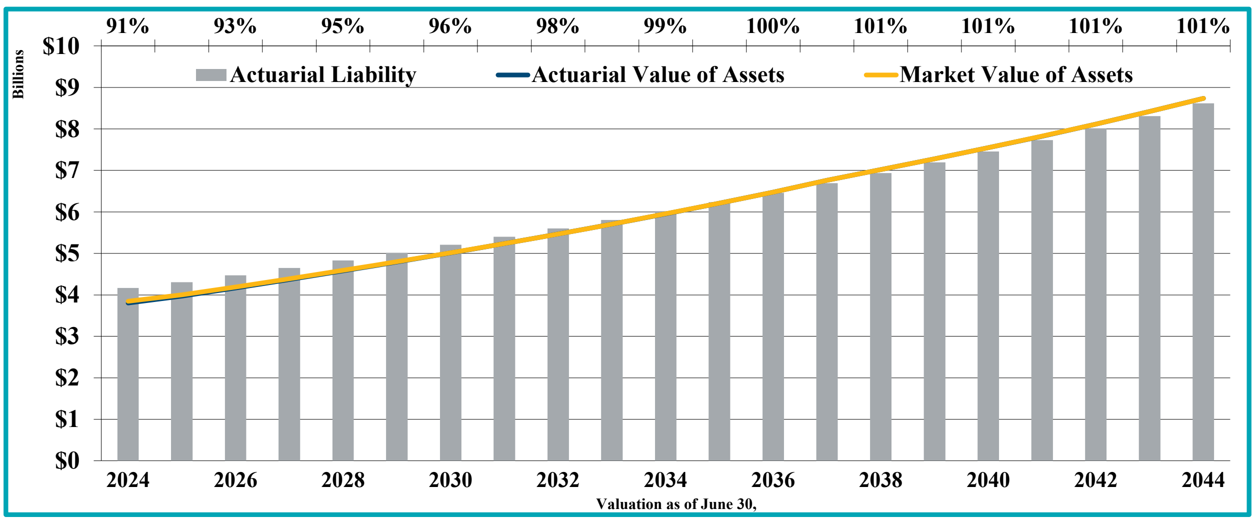



The graph above shows the expected progress of the Actuarially Determined Plan Member Rate and Actuarially Determined Plan PLD Rate over the next 20 years assuming that the Plan's assets earn 6.50% on their *market value* as well as all other current assumptions being exactly met in each year of the 20-year projection period. In addition, these projected contribution rates also reflect any prior years' actual investment gains or losses that have not been fully recognized in this valuation. The green bars represent the Actuarially Determined Plan Member Rate, while the yellow bars represent the Actuarially Determined Plan PLD Rate. The combined bars thus represent the Actuarially Determined Plan Total Rate. Note that these rates represent the rates expected to be calculated for the Plan, as a whole, as opposed to the Plan-Specific rates developed under the risk-sharing framework. However, as previously noted, these rates have now converged when considered in total with only the allocation between the members and PLDs continuing to be phased in.

Assuming all assumptions are exactly met, it is projected that the contributions will generally decline through FY 2036 when the existing UAL will be paid off and then generally hover around the Plan's total normal cost rate. However, in reality, there will be gains and losses each and every year resulting in new amortization layers (negative or positive) as well as possible additional layers reflecting changes such as assumption or benefit changes. This concept is explored further in the risk section of this report.

This graph also includes a dashed red line showing the 21.5% Total Rate Cap for the Program, which is composed of 12% PLD Contribution Rate Cap and a 9.5% Member Contribution Rate Cap. In this baseline projection, this Total Rate Cap is not hit in any of the years of the projection. In years that the contributions are limited by these caps, temporary reductions in the COLA are implemented under the provisions of this Plan to make up the difference in the actuarially determined contributions and the actual contributions limited by these caps. Since the Total Rate Cap is not hit in any of the years of this baseline projection, no temporary COLA reductions are required and thus the percentage of the COLA to be paid each year of the projection is 100%.

The graph below shows the projected AVA funded ratio (AVA divided by AL) over the next 20 years in this baseline scenario. It shows that the Plan's AVA funded ratio is projected to improve from the starting level of 91% as of FY 2024 to 101% in FY 2044. The amounts shown are as of June 30 of the year identified in the horizontal axis. The Plan's funded ratio exceeds 100% due to the lag in the development of contributions and when they are paid as well as the assumed minimum contributions to the Plan. Note that if these ratios used market value of assets (MVA), the funded ratios would be different.




## Principal Results Summary

The last section of this Board Summary presents a summary of the principal results of the valuation, comparing key results between this and last years' valuations for member counts, assets and liabilities, and contribution rates. These summary results are shown for the total Consolidated Plan as well as the division into the Regular Plans subgroup and the Special Plans subgroup.

## SECTION I – BOARD SUMMARY

**Table I-2**
**Summary of Principal Results**
**PLD Consolidated Retirement Plan**
**Total**

| | Valuation as of June 30, 2022 | Valuation as of June 30, 2023 | % Change |
|---|---|---|---|
| **Member Counts** | | | |
| Active Members | 12,362 | 13,122 | 6.1% |
| Retired Members | 7,711 | 7,905 | 2.5% |
| Beneficiaries of Retired Members | 2,113 | 2,128 | 0.7% |
| Survivors of Deceased Members | 178 | 179 | 0.6% |
| Disabled Members | 398 | 403 | 1.3% |
| Terminated Vested Members | 2,724 | 2,865 | 5.2% |
| Inactives Due Refunds | 10,080 | 10,467 | 3.8% |
| Total Membership | 35,566 | 37,069 | 4.2% |
| Annual Payroll of Active Members | $ 738,066,809 | $ 831,914,971 | 12.7% |
| Annual Payments to Benefit Recipients | $ 189,527,729 | $ 203,377,930 | 7.3% |
| **Assets and Liabilities** | | | |
| Actuarial Liability (AL) | $ 3,943,572,890 | $ 4,165,812,801 | 5.6% |
| Actuarial Value of Assets (AVA) | 3,596,808,593 | 3,799,744,503 | 5.6% |
| Unfunded Actuarial Liability (UAL) | $ 346,764,297 | $ 366,068,298 | 5.6% |
| Individual Portion (IUUAL) | NA | NA | |
| Pooled Portion (PUAL) | $ 346,764,297 | $ 366,068,298 | 5.6% |
| AVA Funded Ratio (AVA/AL) | 91.2% | 91.2% | |
| MVA Funded Ratio (MVA/AL) | 93.3% | 92.3% | |
| Accrued Benefit Liability (PVAB) | $ 3,674,431,892 | $ 3,717,080,285 | 1.2% |
| Market Value of Assets (MVA) | 3,677,737,551 | 3,846,717,708 | 4.6% |
| Unfunded PVAB | $ (3,305,659) | $ (129,637,423) | (3,821.7%) |
| MVA Accrued Benefit Funded Ratio | 100.1% | 103.5% | |
| **Plan Total Contribution Rates*** | **FY 2024** | **FY 2025** | |
| Actuarially Determined Plan Normal Cost Rate | 14.2% | 14.3% | |
| Actuarially Determined Plan UAL Amortization Rate | 4.5% | 4.3% | |
| Actuarially Determined Plan Total Rate | 18.7% | 18.6% | |

* These are actuarially determined amounts from which the Plan-Specific member and PLD rates are determined based on the risk-sharing framework. As such, these values are informational rates developed based on the entire Plan rather than applied to any specific Plan.

## SECTION I – BOARD SUMMARY

**Table I-3**
**Summary of Principal Results**
**PLD Consolidated Retirement Plan**
**Regular Plans: AC, AN & BC**

| | Valuation as of June 30, 2022 | Valuation as of June 30, 2023 | % Change |
|---|---|---|---|
| **Member Counts** | | | |
| Active Members | 8,799 | 9,197 | 4.5% |
| Retired Members | 6,062 | 6,229 | 2.8% |
| Beneficiaries of Retired Members | 1,441 | 1,460 | 1.3% |
| Survivors of Deceased Members | 157 | 162 | 3.2% |
| Disabled Members | 288 | 285 | (1.0%) |
| Terminated Vested Members | 2,296 | 2,402 | 4.6% |
| Inactives Due Refunds | 9,383 | 9,631 | 2.6% |
| Total Membership | 28,426 | 29,366 | 3.3% |
| Annual Payroll of Active Members | $ 483,624,129 | $ 532,065,996 | 10.0% |
| Annual Payments to Benefit Recipients | $ 117,118,144 | $ 125,559,611 | 7.2% |
| **Assets and Liabilities** | | | |
| Actuarial Liability (AL) | $ 2,289,737,706 | $ 2,352,772,112 | 2.8% |
| Actuarial Value of Assets (AVA) | 2,080,497,529 | 2,140,389,483 | 2.9% |
| Unfunded Actuarial Liability (UAL) | $ 209,240,177 | $ 212,382,629 | 1.5% |
| Individual Portion (IUUAL) | NA | NA | |
| Pooled Portion (PUAL) | $ 209,240,177 | $ 212,382,629 | 1.5% |
| AVA Funded Ratio (AVA/AL) | 90.9% | 91.0% | |
| MVA Funded Ratio (MVA/AL) | 92.9% | 92.1% | |
| Accrued Benefit Liability (PVAB) | $ 2,082,210,795 | $ 2,140,672,264 | 2.8% |
| Market Value of Assets (MVA) | 2,127,309,167 | 2,166,849,408 | 1.9% |
| Unfunded PVAB | $ (45,098,372) | $ (26,177,144) | 42.0% |
| MVA Accrued Benefit Funded Ratio | 102.2% | 101.2% | |
| **Regular Plan Total Contribution Rates*** | **FY 2024** | **FY 2025** | |
| Actuarially Determined Regular Plans Normal Cost Rate | 13.1% | 12.9% | |
| Actuarially Determined Regular Plans UAL Amortization Rate | 4.2% | 3.9% | |
| Actuarially Determined Regular Plans Total Rate | 17.3% | 16.8% | |

* These are actuarially determined amounts that are solely for informational purposes. They are developed based on all the Regular Plans in the Plan rather than applied to any specific Plan.

## SECTION I – BOARD SUMMARY

**Table I-4**
**Summary of Principal Results**
**PLD Consolidated Retirement Plan**
**Special Plans: 1C-4C & 1N-4N**

| | Valuation as of June 30, 2022 | Valuation as of June 30, 2023 | % Change |
|---|---|---|---|
| **Member Counts** | | | |
| Active Members | 3,563 | 3,925 | 10.2% |
| Retired Members | 1,649 | 1,676 | 1.6% |
| Beneficiaries of Retired Members | 672 | 668 | (0.6%) |
| Survivors of Deceased Members | 21 | 17 | (19.0%) |
| Disabled Members | 110 | 118 | 7.3% |
| Terminated Vested Members | 428 | 463 | 8.2% |
| Inactives Due Refunds | 697 | 836 | 19.9% |
| Total Membership | 7,140 | 7,703 | 7.9% |
| Annual Payroll of Active Members | $ 254,442,680 | $ 299,848,975 | 17.8% |
| Annual Payments to Benefit Recipients | $ 72,409,585 | $ 77,818,319 | 7.5% |
| **Assets and Liabilities** | | | |
| Actuarial Liability (AL) | $ 1,653,835,184 | $ 1,813,040,689 | 9.6% |
| Actuarial Value of Assets (AVA) | 1,516,311,064 | 1,659,355,020 | 9.4% |
| Unfunded Actuarial Liability (UAL) | $ 137,524,120 | $ 153,685,669 | 11.8% |
| Individual Portion (IUUAL) | NA | NA | |
| Pooled Portion (PUAL) | $ 137,524,120 | $ 153,685,669 | 11.8% |
| AVA Funded Ratio (AVA/AL) | 91.7% | 91.5% | |
| MVA Funded Ratio (MVA/AL) | 93.7% | 92.7% | |
| Accrued Benefit Liability (PVAB) | $ 1,592,221,097 | $ 1,576,408,021 | (1.0%) |
| MVA Market Value of Assets (MVA) | 1,550,428,384 | 1,679,868,300 | 8.3% |
| Unfunded PVAB | $ 41,792,713 | $ (103,460,279) | N/A |
| Accrued Benefit Funded Ratio | 97.4% | 106.6% | |
| **Special Plan Total Contribution Rates*** | **FY 2024** | **FY 2025** | |
| Actuarially Determined Special Plans Normal Cost Rate | 16.3% | 16.6% | |
| Actuarially Determined Special Plans UAL Amortization Rate | 5.1% | 5.0% | |
| Actuarially Determined Special Plans Total Rate | 21.4% | 21.6% | |

* These are actuarially determined amounts that are solely for informational purposes. They are developed based on all the Special Plans in the Plan rather than applied to any specific Plan.

SECTION II – RISK ASSESSMENT AND DISCLOSURE

## Introduction

The Plan's actuarial valuation results are dependent on assumptions about future economic and demographic experience. Based on actuarial standards of practice, these assumptions represent a reasonable estimate for future experience. However, actual future experience will never conform exactly to these assumptions and may differ significantly from the assumptions. This deviation is a risk that pension plan sponsors bear in relying on a pension plan's actuarial valuation results.

This section of this report is intended to identify the primary drivers of these risks, provide background information and assessments about these identified risks, and communicate the significance of these risks to this Plan.

## Identification of Risks

For this Plan, the three primary valuation results that can significantly differ from those expected are the assets, the liabilities, and the annually determined PLD and member contributions. While there are several factors that could lead to these results being different, we believe the primary risks for this Plan are:

- Investment risk,
- Longevity and other demographic risks,
- Plan change risk, and
- Assumption change risk

Other risks that we have not identified may also turn out to be significant.

## SECTION II – RISK ASSESSMENT AND DISCLOSURE

*Investment Risk* is the potential for investment returns to deviate from what is expected. When actual investment returns are lower than the investment assumption used in the actuarial valuation, the unfunded liability will increase from what was expected and will require higher contributions than otherwise anticipated. But when actual returns exceed those assumed, the resulting unfunded liability measurements and actuarially determined contributions will be lower than anticipated. As seen in the historical section that follows, this has been a significant driver of deviations in the actual measurements for this Plan from those expected by the prior valuations.

*Longevity and Other Demographic Risk* is the potential for mortality or other demographic experience to be different than expected. Generally, longevity and other demographic risks emerge slowly over time as the actual experience deviates from expectations. In addition, the extensive number of assumptions related to longevity and other demographic experience often result in offsetting deviations contributing to the Plan's overall liability experience. As such, these risks are often dwarfed by other risks, particularly those due to the investment returns. The historical section that follows shows that this has been true for this Plan in many individual years, with the magnitude of the gains and losses from investment experience often significantly larger than the gains and losses from liability experience. In addition, during the past 10 years, the offsetting effects of the longevity and other demographic risk gains and losses have been such that the cumulative net effect of this longevity and other demographic risk as seen in the liability gains and losses has only been about 25% of the cumulative net investment gains and losses and a similar percentage of net assumption change deviations over this same period.

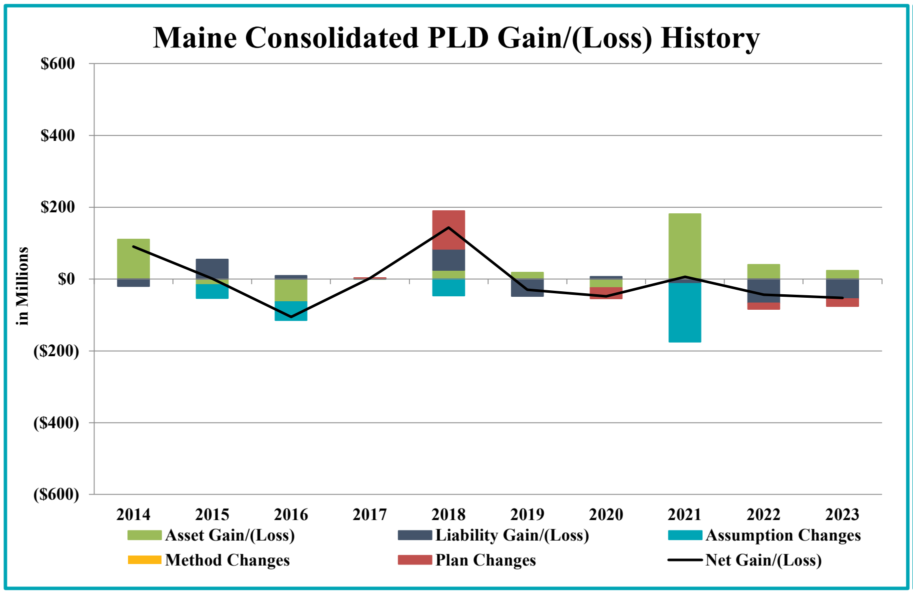
*Plan Change Risk* is the potential for the provisions of the Plan to be changed such that the funding or benefits are changed materially. In addition to the actual payments to and from the Plan being changed, future valuation measurements can also be impacted, with Plan changes leading to deviations between actual future measurements and those expected by prior valuations. The historical review section will show that plan change risk has been a driver of deviations in the actual measurements for this Plan from those expected by the valuations over the 10-year period shown with varying significance in individual years.

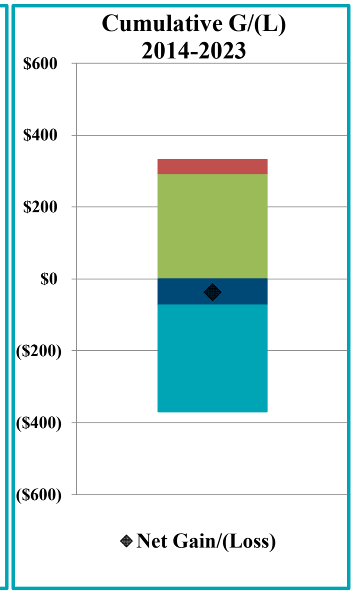
*Assumption Change Risk* is the potential for the environment to change such that future valuation assumptions are adjusted to be different than the current assumptions. For example, changes in interest rates over time may result in a change in the assumed rates of return used in the valuation. A healthier workforce may result in changes in employee behavior such that retirement rates are adjusted to reflect employees working longer. Assumption change risk is an extension of the risks previously identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in the environment resulting in the current assumption no longer being reasonable. The historical review section will show that assumption change risk has been a very significant risk for this Plan. In addition to changes in individual assumptions, changes to the methods used in valuing the Plan can have a significant impact on the valuation results as can be seen based on the method change items in the Plan's historical experience. Over the period shown, method changes have also been a contributor to deviations in the Plan's actual status from that expected by prior valuations.

**SECTION II – RISK ASSESSMENT AND DISCLOSURE**

## Historical Experience Deviations

In understanding the impact of some of these risks, it is useful to look at past experience deviations. These deviations are commonly referred to as actuarial gains and losses. The following graph shows the gains/(losses) at each valuation date between the actual and expected experience broken down by cause for the last 10 years.




As described previously and is evident in this graph, assumption changes and asset gains/(losses) have been the most significant risks for the Plan over this 10-year period. In order of significance to experience deviations over this period, the remaining causes are: liability gains/(losses), plan changes, and method changes. Finally, we note again that while the cumulative effect of the liability gains and losses have been largely offsetting for the last 10 years, they have been significant in individual years, which we expect to remain true for future years.

## Plan Maturity Measures

As pension plans become more mature, the primary risks of adverse investments, demographic deviations, plan changes, and assumption/method changes become of more significant concern as the resulting impacts on the Plan’s condition are more pronounced. As a result, it has become increasingly important to examine measures that indicate a pension plan’s maturity level. With shrinking workforces, aging Baby Boomers, and retirees living longer, plans pay out more in benefits than they receive in contributions – leading to negative cash flows, excluding investment income, making it harder for a plan to recover from losses since contributions are generally made based on active payroll.

## SECTION II – RISK ASSESSMENT AND DISCLOSURE

One of the main reasons risks are more amplified with a mature plan is that when plans with negative cash flows suffer investment losses, they need to liquidate enough assets to pay for benefits in excess of contributions. That means these plans will need to earn higher returns to rebuild their assets to the previous levels. Plans with negative cash flows exceeding five percent of assets are especially vulnerable to asset losses.

The balance of this section discloses and examines three maturity measures: the asset leverage ratio, the support ratio, and the net cash flow ratio.

<u>Asset Leverage Ratio</u>

One important plan maturity measure is the asset leverage ratio, the market value of assets divided by the plan's payroll, which represents the percentage of payroll that would need to be contributed to make up a given change in the plan's assets. As a plan matures, its assets increase, and a greater proportion of the assets are paid out in benefit payments to members. The greater the plan's assets are relative to payroll, the more vulnerable the plan is to investment volatility in terms of the resulting contribution requirement changes.

As an example, here are two plans that both experience a 10% investment loss equaling $500 million on their existing assets of five billion dollars. Plan A's asset leverage ratio is 10 and Plan B's ratio is five. This means that Plan A has to spread, or amortize, that loss over a payroll that is half as large as Plan B's. As seen in the chart below, this results in the percentage of payroll that Plan A would need to contribute to make up the loss being double what would be required for Plan B.

| | ($ in millions) | |
|---|---|---|
| | **Plan A** | **Plan B** |
| **Plan Assets** | **$ 5,000** | **$ 5,000** |
| **Payroll** | **$ 500** | **$ 1,000** |
| **Asset Leverage Ratio** | **10.0** | **5.0** |
| **10% Loss** | **$ 500** | **$ 500** |
| **10% Loss as % of Payroll** | **100%** | **50%** |

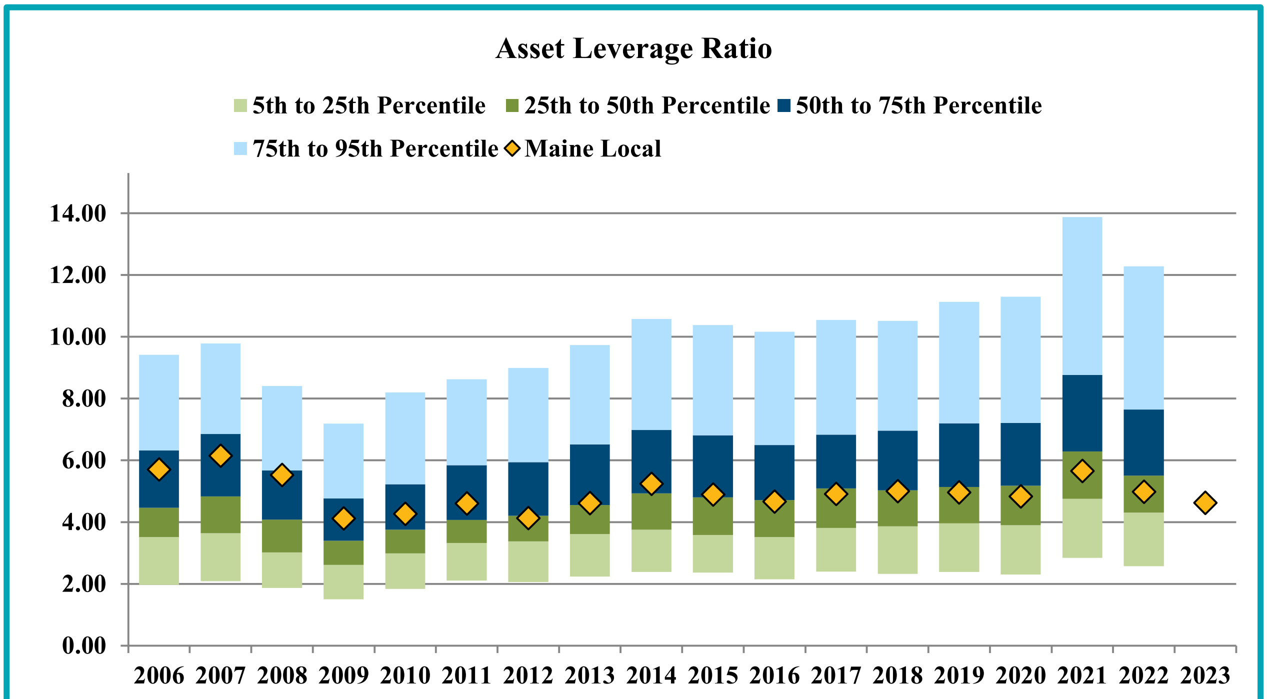
The Government Finance Officers Association (GFOA), MissionSquare Research Institute, the National Association of State Retirement Administrators (NASRA), and the Center for Retirement Research at Boston College maintain the Public Plans Data database that contains almost all state plans as well as many large municipal plans, covering over 95% of the membership in public plans as well as over 95% of the assets held by public pension plans.

The chart that follows shows the asset leverage ratios for the Plan and the plans in this database since 2005. The colored bars represent the central 90% of the asset leverage ratios of the plans in the database for each year. The Maine Consolidated Plan for Participating Local Districts is represented by the gold diamonds. This chart shows that the Plan's asset leverage ratio has varied over this period but had remained steady at or just under five times salary from 2013 to 2020 before

## SECTION II – RISK ASSESSMENT AND DISCLOSURE

increasing to 565%, or 5.65 times salary, in FY 2021 with the significant increase in market values that year. Due to the market loss in FY 2022, the rate is now back within the previous range at 462%, or 4.62 times salary.

Note that the charts showing the Plan versus this universe of public plans in this section show one more year for the Plan than the universe as the 2023 numbers are not yet available for the database.



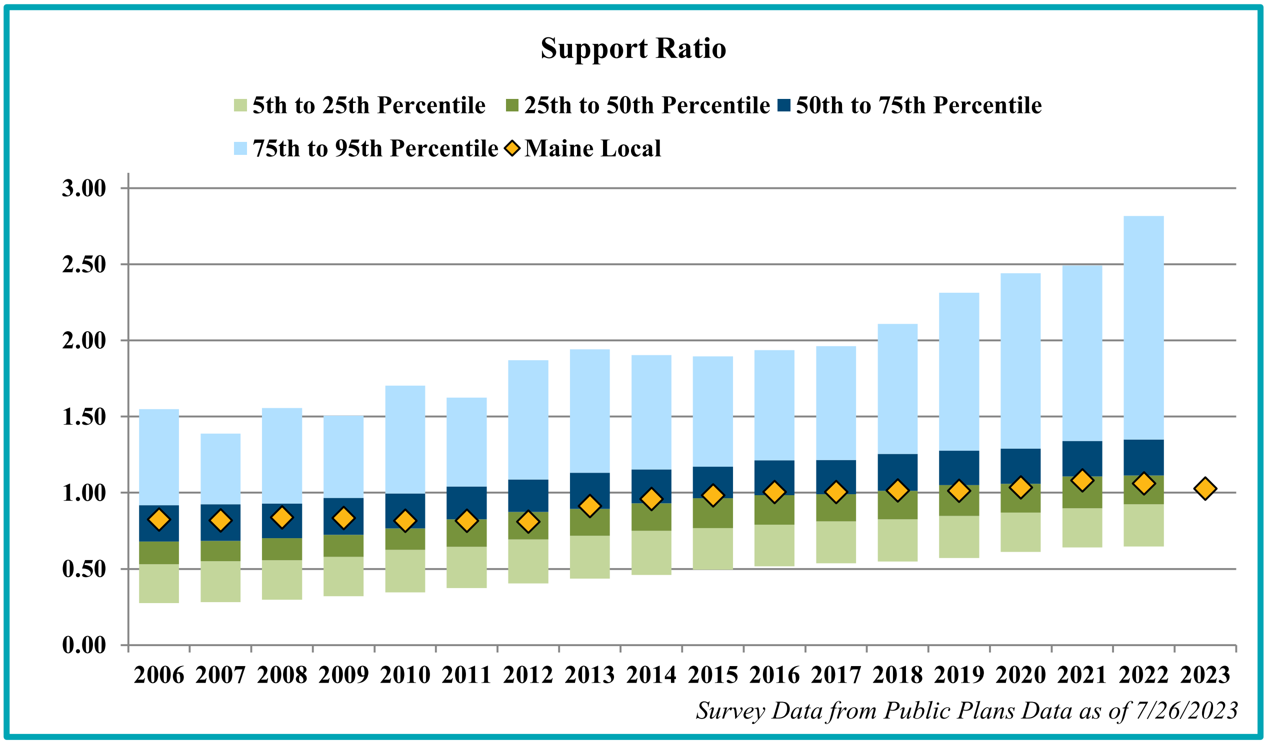
*Survey Data from Public Plans Data as of 7/26/2023*

## SECTION II – RISK ASSESSMENT AND DISCLOSURE

Support Ratios

Another commonly used measure of plan maturity is the support ratio, the ratio of in-pay and inactive members, or those receiving benefits or entitled to a deferred benefit, to the number of active members, or those currently accruing benefits in the plan. The greater this ratio, the more mature a plan is considered, with the proportion of the plan's liability represented by actives generally declining.

The chart that follows shows the support ratio over time for the Plan compared to the Public Plans Data database.



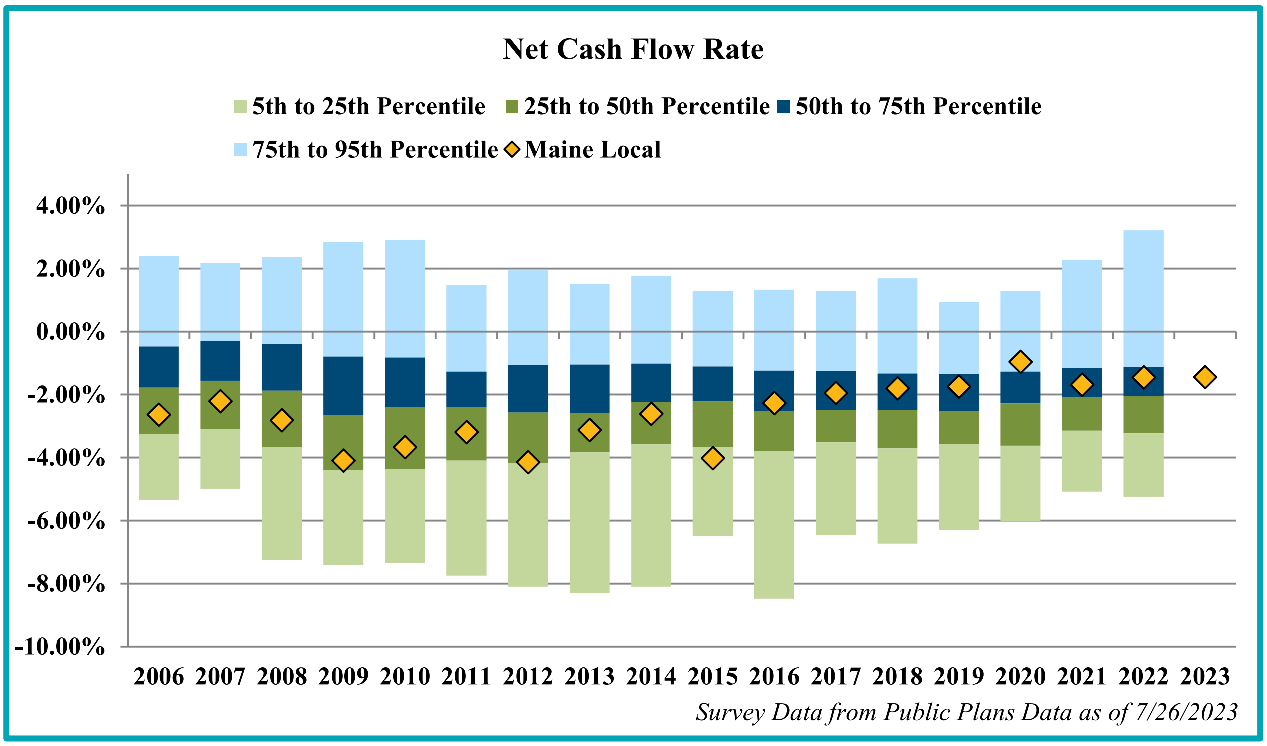

The gold diamonds in this chart show that the Plan's support ratio was relatively stable from 2006 through 2012 at just over 0.80 and has since been generally increasing, with the current ratio as of FY 2023 being approximately 1.03. However, relative to the universe of public plans, the Plan's support ratio has dropped from around the 66th percentile in 2006 to approximately the 45th percentile in 2022. Given that this Plan has moved down relative to the universe of plans indicates that the Plan's rate of maturity has been a little slower than the universe of public plans as a whole.

## SECTION II – RISK ASSESSMENT AND DISCLOSURE

Net Cash Flow Ratio

Another measure of plan maturity is the ratio of the net cash flow (excluding investment returns) for a plan – contributions less benefits and expenses – divided by the market value of plan assets. When this ratio is significantly negative, a plan is very vulnerable to market declines. This vulnerability increases as this ratio becomes more negative.

The chart that follows shows that the Plan's net cash flow ratio has varied over this period but has generally trended gradually towards less negative rates in recent years, with the exception of a one-year jump in 2020. However, note that 2020 was an unusual year for contributions to the Plan with a number of PLDs entering the Consolidated Plan paying additional contributions resulting in the unusually low value for that year on this metric. In the latter half of this period, the Plan's net cash flow has transitioned from being more negative than the median plan in this universe of public plans to less negative than the median plan. This measure thus provides some indication that this Plan may be maturing at a pace slower than the typical public plan.



## Assessing Future Risk

Assessing the future risk that the expected measurements produced by the actuarial valuations will deviate from the actual values over time is complex and can never be exactly known. However, to try to assist the Board in its utilization of this report, we have attempted to develop some basic assessments of this risk in the remainder of this section focusing on risks related to investment returns.

Pages 5-7 have additional detail on the baseline projection produced from this valuation. It is important to note that baseline projections, while valid, **are not going to occur** as experience never conforms exactly to assumptions every year. As discussed in the plan maturity section, as plans become more mature, it typically becomes more difficult for them to recover from market declines even when the average investment return over an extended period is equal to the expected return. As a demonstration of this, on the following pages we show two scenarios that are based on assuming varying returns in the future. For both of these scenarios, we based these varying return scenarios on assuming the returns for the next 20 years would equal what a portfolio invested 75% in the SP-500 index and 25% in the Bloomberg Aggregate bond index would have earned for these historical 20-year periods as a rough proxy for the Plan's asset allocation.

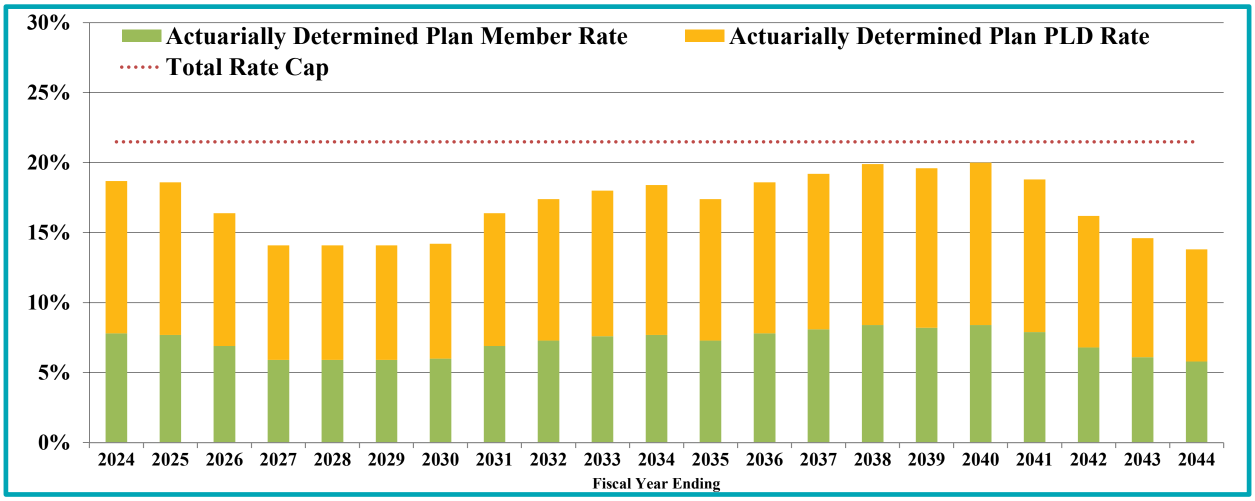
Note that these scenarios reflect illustrative examples and are not intended to reflect future expectations regarding the volatility of the returns. They are instead provided to demonstrate the magnitude and range of possible volatility in returns and funded ratios as a result of volatility in investment returns.

The first of these two scenarios is based on the 20-year period July 1, 1998 through June 30, 2018. The rates assumed for each year of this scenario are shown below.

| FY | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return | 25.3% | 17.9% | 6.6% | -8.3% | -11.3% | 2.8% | 14.4% | 6.4% | 6.3% | 17.0% |
| FY | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
| Return | -8.1% | -18.1% | 13.2% | 24.0% | 6.0% | 15.3% | 19.6% | 6.0% | 4.5% | 13.3% |

With varying annual earnings, it can be seen in the following chart that the volatility in the contributions is greater than in the baseline scenario.

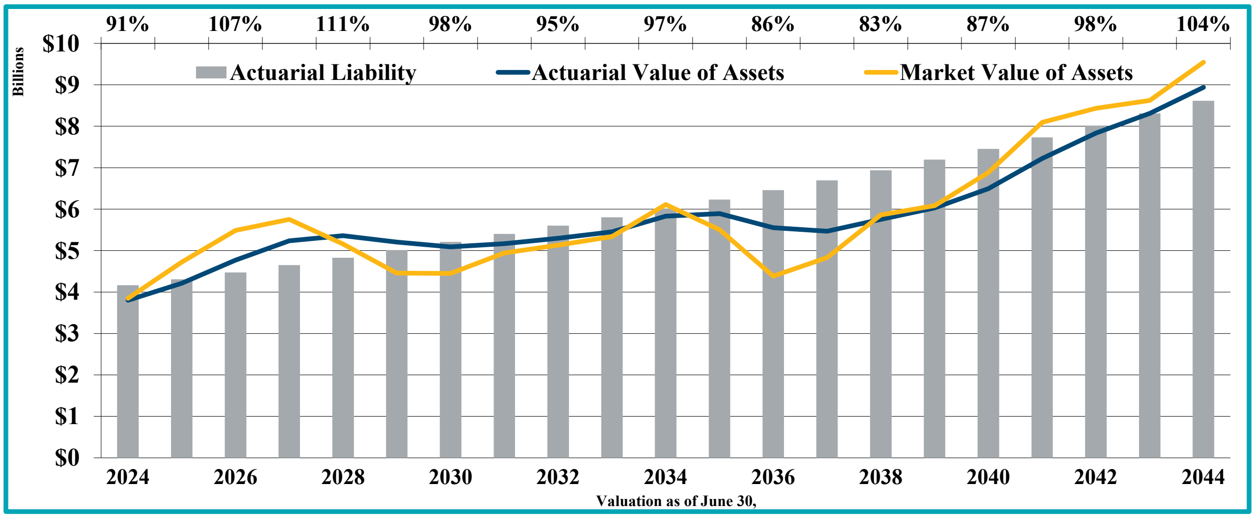
## SECTION II – RISK ASSESSMENT AND DISCLOSURE




Under this scenario the total contributions are never projected to equal the Total Rate Cap and so at no time are temporary COLA reductions required. As such, in this scenario it is projected that 100% of the full COLA will be paid each year, the same as in the baseline scenario. Note that in this scenario, the assumed minimum contributions based on 100% of the normal cost result in higher contributions for FY 2027 through FY 2030 as well as the last year of the projection whereas in the baseline projection these minimums only came into effect during the last six years of the projection.

The funded ratio of the Plan is also more volatile in this scenario than in the baseline, as seen in the following graph based on this first illustrative varying returns scenario. Also note that while the average returns and the average contributions in this scenario are slightly greater than in the baseline, on average the Plan has a slightly lower funded ratio over the projection period under this scenario than in the baseline. This is due to the negative cash flows of the Plan previously discussed in this section. Note also that timing of contribution development and payment, as well as the combination of the amortization layers and the assumed minimum contributions, result in the Plan being funded over 100% at times, similar to what is seen in the baseline projection. These funded ratios are based on the actuarial values of assets and would vary were they based on the market values of assets.

## SECTION II – RISK ASSESSMENT AND DISCLOSURE

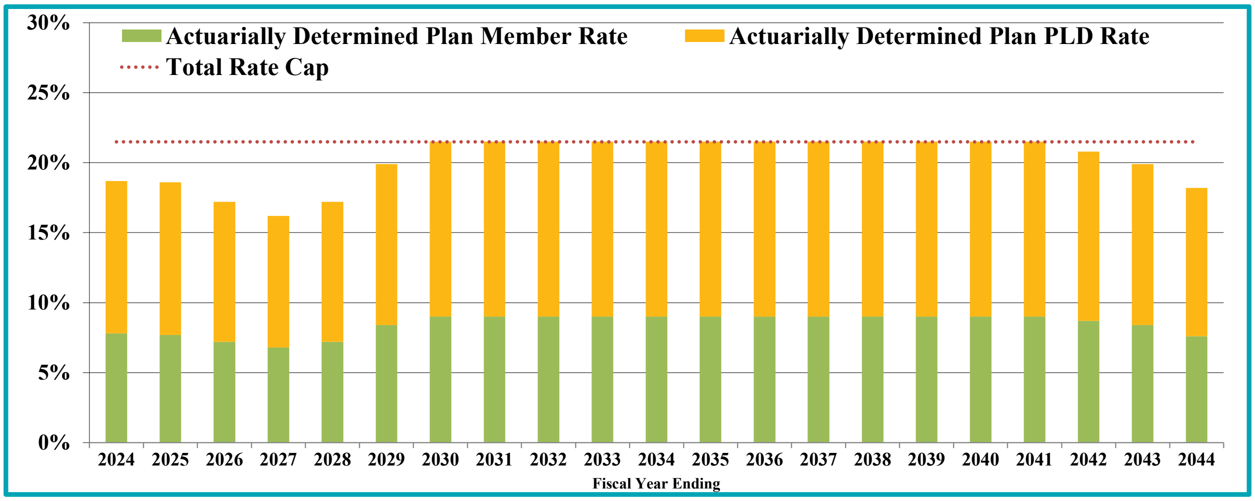



The second of these two scenarios is based on the 20-year period July 1, 1999 through June 30, 2019. The rates assumed for each year of this scenario are shown below.

| FY | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return | 17.9% | 6.6% | -8.3% | -11.3% | 2.8% | 14.4% | 6.4% | 6.3% | 17.0% | -8.1% |
| FY | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
| Return | -18.1% | 13.2% | 24.0% | 6.0% | 15.3% | 19.6% | 6.0% | 4.5% | 13.3% | 10.7% |

This second varying returns scenario produces a significantly higher average total contribution for the projection period than the other two scenarios, with an average total rate of 20.2% compared to an average 17.1% rate in the last scenario and 16.5% in the baseline scenario. In addition, this scenario results in 12 years in this forecast in which the projected final total contribution equals the Total Rate Cap. This is in contrast to no years in both the baseline and the prior scenarios. Also, in this scenario the assumed minimum contributions based on the total normal cost are below the otherwise calculated contributions in all years of the projection.

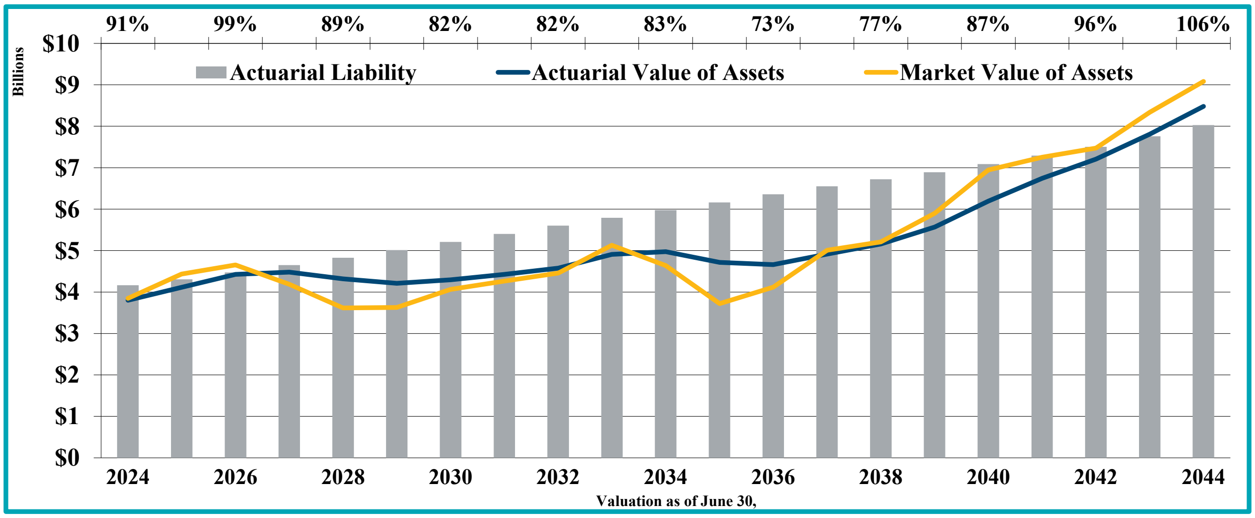
## SECTION II – RISK ASSESSMENT AND DISCLOSURE




This scenario also differs from the prior two as it projects that under the provisions of this Plan, temporary reductions in the COLA will be required to ensure the adequate funding of the Plan. Under this scenario, there are 11 years in the projection period where the COLA would be reduced or eliminated under the provisions of this Plan, including one year in which no COLA would be paid at all. The average percentage of the full COLA projected to be paid in this scenario is 72% in contrast to 100% in both of the prior projections. However, under this scenario it is projected that COLAs would resume again at the end of the projection period, demonstrating the success of the risk-sharing provisions of this Plan in ensuring its financial soundness.

The funded ratio of the Plan is also more volatile in this second scenario than in the baseline, as seen in the following graph based on this second illustrative varying returns scenario. Similar to what is seen in the previous two projections, this scenario results in the Plan being funded up to 100% at times due to the timing of contribution development and payment as well as the combination of the amortization layers and the COLA cuts that are projected to occur. These funded ratios are based on the actuarial values of assets and would vary were they based on the market values of assets.

## SECTION II – RISK ASSESSMENT AND DISCLOSURE




In addition to demonstrating the volatility of these key valuation results of actuarially determined contributions and funded ratios, these varying return scenarios also illustrate that the magnitude of these results can also vary depending on the pattern of returns.

## SECTION III – ASSETS

Pension plan assets play a key role in the financial operation of plans and in the decisions that Trustees make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect benefit levels, PLD and member contribution rates, and the ultimate security of members' benefits.

The assets for all Defined Benefit (DB) Programs administered by MainePERS are invested together. These Programs are the State Employee and Teacher Retirement Program, the Judicial Retirement Program, the Legislative Retirement Program, and the Participating Local District (PLD) Retirement Program, including both the Consolidated Plan that is the subject of this valuation and the several Nonconsolidated PLDs. The assets of these Programs are entirely commingled for investment purposes, so the actuarial value of assets (AVA) for each of these Programs is developed by first developing it for the entire asset pool and then subsequently allocating that total AVA to each of the specific Programs.

In this section, we present detailed information on the Plan's assets including:

- Disclosure of total MainePERS DB assets at June 30, 2022 and June 30, 2023,
- Statement of changes in total MainePERS DB market values during the year,
- Development of the total MainePERS DB actuarial value of assets,
- Allocation of the total actuarial value to MainePERS DB Programs,
- Assessment of the total MainePERS DB investment performance, and
- Projection of expected cash flows for the Plan for the next 10 years.

## Disclosure

The market value of assets (MVA) represents a "snap-shot" or "cash-out" value, which provides the principal basis for measuring financial performance from one year to the next. However, market values can fluctuate widely with corresponding swings in the marketplace, resulting in volatility in the resulting contributions if the unadjusted market value is used in the valuation process that develops the contributions. Therefore, a smoothed actuarial value of assets is developed for use in the valuation process and for evaluating the Plan's ongoing ability to meet its obligations. The actuarial value of the Plan's assets is developed by allocating the actuarial value of the total MainePERS DB assets to each Program. This section discloses the market and actuarial values of the MainePERS DB assets both in total and for each Program.

## SECTION III – ASSETS

Table III-1 that follows develops the change in the market value of assets for the total MainePERS DB assets during FY 2023.

**Table III-1**
**Changes in Market Value of Total MainePERS Defined Benefit (DB) Assets**

| | | |
|---|---|---|
| **Market Value of Total MainePERS DB Assets – June 30, 2022** | | **$ 18,357,298,853** |
| **Additions** | | |
| Contributions: | | |
| Employer Contributions | $ 558,234,714 | |
| Member Contributions | 238,543,081 | |
| Transfers | (249,956) | |
| Total Contributions | $ 796,527,839 | |
| Investment Income: | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | $ 1,255,864,120 | |
| Interest on Bank Balances | 2,837,912 | |
| Total Investment Income | $ 1,258,702,032 | |
| Investment Activity Expenses: | | |
| Management Fees | $ (139,763,371) | |
| Investment Related Expense | (5,727,189) | |
| Banking Fees | (34,855) | |
| Total Investment Activity Expenses | $ (145,525,415) | |
| Net Income from Investing Activities | $ 1,113,176,617 | |
| Total Additions | | $ 1,909,704,456 |
| **Deductions** | | |
| Retirement Benefits | $ (1,136,706,647) | |
| Disability Benefits | (27,348,917) | |
| Survivor Benefits | (27,703,181) | |
| Refunds | (27,668,683) | |
| Administrative Expenses | (15,075,412) | |
| Total Deductions | | $ (1,234,502,840) |
| **Total** | | |
| Net Increase (Decrease) | | $ 675,201,616 |
| **Market Value of Total MainePERS DB Assets – June 30, 2023** | | **$ 19,032,500,469** |

**SECTION III – ASSETS**

## Actuarial Value of Total MainePERS DB Assets

Table III-2 that follows develops the actuarial value of assets for the total MainePERS DB assets as of June 30, 2023 using the adopted actuarial valuation methodology.

**Table III-2**
**Development of Actuarial Value of Total MainePERS Defined Benefit (DB) Assets as of June 30, 2023**

| | | |
|---|---|---|
| 1. | Actuarial Value of Total MainePERS DB Assets at June 30, 2022 | $ 17,953,344,777 |
| 2. | Amount in (1) with Interest to June 30, 2023 | 19,120,312,188 |
| 3. | Employer and Member Contributions for FY 2023 | 796,527,839 |
| 4. | Interest on Contributions in (3), Assuming Received Uniformly throughout FY 2023 | 25,479,629 |
| 5. | Total Disbursements without Administrative Expenses for FY 2023 | (1,219,427,428) |
| 6. | Interest on Disbursements in (5), Assuming Payments made Uniformly throughout FY 2023 | (39,007,498) |
| 7. | Expected Value of Total MainePERS DB Assets at June 30, 2023 = (2) + (3) + (4) + (5) + (6) | $ 18,683,884,730 |
| 8. | Actual Market Value of Total MainePERS DB Assets at June 30, 2023 | 19,032,500,469 |
| 9. | Excess of (8) Over (7) | 348,615,739 |
| 10. | Actuarial Value of Total MainePERS DB Assets at June 30, 2023 = (7) + [33⅓% of (9)] | $ 18,800,089,976 |

As discussed in the disclosure portion of this section, the actuarial value of assets for the Plan represents a “smoothed” value developed by the actuary to reduce, or eliminate, volatility in valuation results, particularly contribution rates, that could develop from short-term fluctuations in the market value of assets. Current actuarial methods employed in this Plan use an allocated portion of the total actuarial value of assets for the total MainePERS DB assets based on the Plan’s market value of assets to develop the actuarial value of assets for the Plan. The methodology for the total MainePERS DB assets sets the actuarial value of assets equal to the expected value of the actuarial value of assets plus one-third of the difference between the actual market value of assets and the expected actuarial value of assets. The expected value of the actuarial value of assets takes the prior year’s actuarial value of assets and adjusts it for contributions, disbursements, and expected interest earnings at the investment return assumption that was in effect for the previous year, 6.50% for this valuation. The previous table, Table III-2, illustrates the calculation of the actuarial value of assets for the total MainePERS DB assets as of June 30, 2023.

## Allocation of Actuarial Value of Assets to the Plan

The assets for the defined benefit (DB) Programs administered by MainePERS are commingled for investment purposes with the actuarial value of assets for the total assets allocated to the individual Programs on the basis of the market value of assets for each Program. An asset ratio (total MainePERS DB actuarial value of assets divided by total MainePERS DB market value of assets) is applied to the market value of assets attributable to each of the Programs to determine its actuarial value of assets as of the valuation date. The asset ratio derived in this June 30, 2023 valuation, as shown in Table III-2 above, is 0.987789 ($18,800,089,976 ÷ $19,032,500,469 ). The allocation of actuarial value of the total MainePERS DB assets to each of the MainePERS DB Programs based on this asset ratio is shown in the following chart.

**Table III-3**
**Allocation of Actuarial Value of Total MainePERS DB Assets**
**as of June 30, 2023**

| Program | Market Value | Actuarial Value |
|---|---|---|
| Teachers | $ 9,990,754,493 | $ 9,868,754,960 |
| State (Regular & Special) | 5,082,393,972 | 5,020,331,623 |
| Judicial | 87,423,240 | 86,355,694 |
| Legislative | 16,681,900 | 16,478,192 |
| Participating Local Districts (Consolidated & Non-Consolidated) | 3,855,246,864 | 3,808,169,507 |
| Total | $19,032,500,469 | $ 18,800,089,976 |

## Investment Performance

The market value of assets for the total MainePERS DB assets returned a positive 6.05% during FY 2023. This is lower than the assumed return of 6.50% for FY 2023. The equivalent market value returns for the total MainePERS DB assets for FY 2022 and FY 2021 were negative 0.62% and positive 26.76%, respectively.

On an actuarial value of assets basis, the return for FY 2023 was a positive 7.15% for the total MainePERS DB assets. This return is greater than both the return on a market value basis and the 6.50% assumption in effect for FY 2023. Therefore, this return gave rise to an investment gain on the total MainePERS DB assets this year.

**SECTION III – ASSETS**

## Cash Flow Projections

**Table III-4**
**Projection of Consolidated Plan**
**Benefit Payments and Contributions**

| FY Ending June 30, | Expected Benefit Payments | Total Expected Contributions |
|---|---|---|
| 2024 | $ 249,906,000 | $ 157,693,000 |
| 2025 | 228,993,000 | 161,163,000 |
| 2026 | 238,314,000 | 163,814,000 |
| 2027 | 247,287,000 | 167,404,000 |
| 2028 | 256,376,000 | 171,068,000 |
| 2029 | 266,965,000 | 173,840,000 |
| 2030 | 278,303,000 | 178,621,000 |
| 2031 | 290,020,000 | 182,514,000 |
| 2032 | 301,549,000 | 187,533,000 |
| 2033 | 312,421,000 | 191,614,000 |

In Table III-4 above, we provide a projection of expected cash flows in and out of the Plan for the next 10 years for informational purposes. The Board may share these projections with its investment advisor for consideration of the gap shown between the cash expected to come into the Plan through PLD and member contributions and the cash expected to be paid out of the Plan to provide benefit payments.

The expected benefit payments in Table III-4 were developed using the data currently included in this valuation and on the assumption that the actuarial assumptions disclosed in Appendix D will be exactly met. Actual benefit payments will vary if members retire sooner or later than assumed, if salary increases and actual future post-retirement COLAs differ from those assumed, or if other assumptions differ from the actual experience seen. These benefit projections exclude any assumption about new Plan participants, whose experience will eventually lead to increased benefit payments. However, we do not feel this exclusion will materially impact the projections for the period shown.

For the purposes of this table of cash flows, as well as for all other liability calculations within this report, we have assumed that the member contribution rates for each Regular and Special Plan within the Plan will be developed and paid at the actuarially determined rates. In addition, these cash flows, with the exception of the FY 2024 rates, where we have assumed the rates adopted through the risk-sharing framework will be paid, again along with all other liability calculations within this report, are based on the assumption that the contributions made to the Plan will be the actuarially determined rates. In addition to these additional assumptions regarding the contributions that the Plan will receive, these cash flows are also developed based on the

## SECTION III – ASSETS

assumption that all valuation assumptions are exactly met, including an assumed 2.75% per year increase in covered payroll.

Note that we expect the contribution rates that will actually be paid for FY 2025 and beyond will be those developed under the risk-sharing contribution methodology, which are modified versions of the actuarially determined rates rather than the actuarially determined rates themselves. We will continue to reflect the known adopted rates as they are developed, but at this time the unmodified actuarially determined contribution rates that are the basis of the risk-sharing contribution rates are the most reasonable to assume will be paid.

## SECTION IV – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- Disclosure of the Plan's liabilities as of June 30, 2022 and June 30, 2023, and
- Statement of changes in these liabilities during the year.

## Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the purpose for which the figures are ultimately used.

- Present Value of Future Benefits (PVB): Used for analyzing the overall financial obligations of the Plan, this represents the amount of money needed today to fully fund all future benefits of the Plan, assuming no new members, that active members continue to earn salary increases and accrue benefits under their current Plan provisions, and that all actuarial assumptions are exactly met, including the 6.50% per year investment return.

- Actuarial Liability (AL): Used for funding calculations and GASB disclosures, this liability is calculated by taking the PVB above and subtracting the value of accruals that are assigned to future years on a person-by-person basis. This offset is equal to the present value of future member contributions and future PLD normal cost contributions under an acceptable actuarial cost method. For this Plan and the other MainePERS DB Programs, the method used is referred to as the entry age normal (EAN) cost method, which is the only permitted actuarial cost method for GASB disclosures.

- Present Value of Accrued Benefits (PVAB): Used for communicating the liabilities for benefits accrued as of the valuation date.

Table IV-1 that follows discloses each of these liabilities for the current and prior years' valuations. With respect to the actuarial liability and the present value of accrued benefits, a subtraction of the appropriate value of the Plan's assets yields, for each respective type, a net surplus or an unfunded liability. For the PVB measure, it is compared to the market value of assets plus the expected future value of contributions to the Plan.

We note that none of the liabilities presented in this report is an appropriate measure of a settlement liability.

## SECTION IV – LIABILITIES

The liability measures are compared to appropriate measures of assets, along with the expected future value of member and PLD contributions where appropriate. The difference between the liability measure and the anticipated resources indicates either an expected shortfall or an expected surplus related to that liability measure. The surplus or shortfall on the present value of benefits (PVB) measure is zero due to the Plan's risk-sharing framework where all costs are paid 58% by the PLD and 42% by the Member.

**Table IV-1**
**Disclosure of Liabilities**

| | June 30, 2022 | June 30, 2023 |
|---|---|---|
| **Present Value of Benefits (PVB)** | | |
| Active Member Benefits | $ 2,308,604,215 | $ 2,540,507,510 |
| Retired, Disabled, Survivor, and Beneficiary Benefits | 2,214,696,636 | 2,292,892,614 |
| Terminated Vested Benefits | 161,041,206 | 176,594,216 |
| Terminated Nonvested Benefits | 28,468,573 | 30,282,025 |
| **Total PVB** | **$ 4,712,810,630** | **$ 5,040,276,365** |
| | | |
| Market Value of Assets (MVA) | $ 3,677,737,551 | $ 3,846,717,708 |
| Future Member and PLD Contributions* | 1,035,073,079 | 1,193,558,657 |
| Projected (Surplus)/Shortfall | 0 | 0 |
| **Total Resources** | **$ 4,712,810,630** | **$ 5,040,276,365** |
| | | |
| **Actuarial Liability (AL)** | | |
| Present Value of Benefits (PVB) | $ 4,712,810,630 | $ 5,040,276,365 |
| Present Value of Future Normal Costs (PVFNC) | 769,237,740 | 874,463,564 |
| **Actuarial Liability (AL = PVB – PVFNC)** | **$ 3,943,572,890** | **$ 4,165,812,801** |
| Actuarial Value of Assets (AVA) | 3,596,808,593 | 3,799,744,503 |
| **Net (Surplus)/Unfunded (AL – AVA)** | **$ 346,764,297** | **$ 366,068,298** |
| | | |
| **Present Value of Accrued Benefits** | | |
| Present Value of Benefits (PVB) | $ 4,712,810,630 | $ 5,040,276,365 |
| Present Value of Future Benefit Accruals (PVFBA) | 1,038,378,738 | 1,323,196,080 |
| **Accrued Liability (PVAB = PVB – PVFBA)** | **$ 3,674,431,892** | **$ 3,717,080,285** |
| Market Value of Assets (MVA) | 3,677,737,551 | 3,846,717,708 |
| **Net (Surplus)/Unfunded (PVAB – MVA)** | **$ (3,305,659)** | **$ (129,637,423)** |

* Determined to be the amount to fully fund the PVB.

## Low-Default-Risk Obligation Measure (LDROM)

The System invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. The lowest risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the System. Such a portfolio, however, would have a lower expected rate of return than the diversified portfolio. The LDROM represents what the funding liability would be if the System invested its assets in such a portfolio. As of June 30, 2023, we estimate that a portfolio composed only of US Treasury securities would have an expected return of 3.91% compared to the System's discount rate of 6.50%, and the LDROM would be $6.0 billion compared to the Actuarial Liability of $4.2 billion. The $1.8 billion difference represents the expected taxpayer savings from bearing the risk of investing in the diversified portfolio. Alternatively, it also represents the cost of eliminating the investment risk.

If the System were to invest in the LDROM portfolio, the reported funded status would decrease and contribution requirements would increase. Benefit security for members of the Plan relies on a combination of the assets in the System, the investment returns generated on those assets, and the promise of future contributions. If the System were to invest in the LDROM portfolio, it would not change the amount of assets currently in the System, but it would reduce expected future investment returns and increase expected future contributions. However, the range of future investment returns and future contributions needed would narrow significantly.

## Changes in Liabilities

Each of the liabilities disclosed in Table IV-1 is expected to change at each subsequent valuation. The components of these changes, depending upon which liability is analyzed, can include:

- New Plan members since the last valuation
- Benefits accrued since the last valuation
- Plan amendments changing benefits since the last valuation
- Passage of time, which adds interest to the prior liability
- Benefits paid to members since the last valuation
- Members retiring, terminating, or dying at rates different than expected since the last valuation
- Salaries changing at rates different than expected since the last valuation
- A change in actuarial assumptions since the last valuation
- A change in the actuarial cost method since the last valuation

Unfunded liability measurements will change because of all of the above, as well as due to changes in the Plan's asset measurements resulting from:

- PLD or member contributions being different than expected (including actual contributions developed under the risk-sharing framework deviating in aggregate from the actuarially determined contributions)

## SECTION IV – LIABILITIES

- Investment earnings being different than expected
- A change in the method used to measure the Plan's assets in developing the unfunded liability measure since the last valuation

In each valuation, we report on those elements of change in the Plan's liability measures that are of particular significance, potentially affecting the long-term financial outlook of the Plan. In Table IV-2 that follows, we present key changes in the Plan's liability measures since the last valuation.

**Table IV-2**

| | Present Value of Future Benefits | Actuarial Liability | Present Value of Accrued Benefits |
|---|---|---|---|
| Liability Measurement – June 30, 2022 | $ 4,712,810,630 | $ 3,943,572,890 | $ 3,674,431,892 |
| Liability Measurement – June 30, 2023 | 5,040,276,365 | 4,165,812,801 | 3,717,080,285 |
| Liability Measurement Increase/ (Decrease) Due to: | $ 327,465,735 | $ 222,239,911 | $ 42,648,393 |
| Plan Amendment | $ 20,744,234 | $ 20,744,234 | $ 20,744,234 |
| Assumption Change | 0 | 0 | 0 |
| Actuarial (Gain)/Loss | N/C | $ 55,133,042 | N/C |
| Benefits Accumulated and Other Sources | $ 306,721,501 | $ 146,362,635 | $ 21,904,159 |

N/C = Not calculated

# SECTION V – CONTRIBUTIONS

In this section, we present detailed information on PLD and member contribution rates as developed in this June 30, 2023 valuation for the Plan, including:

- Development of Actuarially Determined Plan Total Rate for the Plan as a whole, including the Actuarially Determined Plan Normal Cost Rate and the Actuarially Determined Plan UAL Amortization Rate,
- Summary of the Plan-Specific Normal Cost Rates by each Regular and Special Plan, and
- Description of risk-sharing framework and how resulting contribution rates are developed.

Note that the actual rates that will be paid in FY 2025 based on this June 30, 2023 valuation are specific to each Regular and Special Plan and include a PLD rate for each Plan as well as a single member rate for each Special Plan and two member rates for each Regular Plan, where the Regular Plan member rates vary based on the applicable normal retirement age. These actual rates are developed in the risk-sharing framework process and are not contained within this report, but a general outline of this process is included as the last element of this section of this report for informational purposes.

In addition, any PLDs that have Initial Unpooled Unfunded Actuarial Liability (IUUAL) balances also make additional contributions to repay these balances in addition to their PLD contribution rates.

## Description of Rate Components

The rate components described here are the Actuarially Determined Plan Rates, based on the aggregation of all of the Regular and Special Plans in the Plan, and the Plan-Specific Normal Cost Rates that are anticipated to be the basis from which the risk-sharing contribution rates that will actually be paid by the PLDs and members in FY 2025 will be determined.

<u>Actuarially Determined Plan Total Rate</u>

The Actuarially Determined Plan Total Rate is developed based on the entirety of the Consolidated Plan and consists of two elements: the Actuarially Determined Plan Normal Cost Rate and the Actuarially Determined Plan UAL Amortization Rate.

For each of the Regular and Special Plans in the Consolidated Plan, an individual entry age normal cost rate is determined for each active member. The normal cost is determined by the following steps. First, an individual normal cost rate is determined by taking the value, as of entry age into a Plan, of each active member's projected future benefits. Second, this value is then divided by the value, also at entry age, of the member's expected future salary. These rates are then multiplied by each member's salary as of the valuation date to get the total normal cost dollars as of the valuation date for that Plan. These individual amounts for each Regular and Special Plan are then added to get the total normal cost dollars for the Plan and then divided by the total payroll for the Plan to get the Actuarially Determined Plan Normal Cost Rate.

## SECTION V – CONTRIBUTIONS

The pooled UAL under the entry age normal cost method equals the present value, at the time of valuation, of the future benefit payments less the present value of future contributions plus current assets. Under the Consolidated Plan, the Actuarially Determined Plan UAL Amortization Rate is calculated for the Consolidated Plan in total based on the pooled UAL being amortized over a 20-year period commencing with the June 30, 2015 valuation date and any layers of pooled UAL arising after that date being amortized over individual 20-year periods. These amortizations use a level percentage of pay method with payroll assumed to increase at 2.75% per year. The amortization payment thus derived for the valuation year is then divided by the total payroll to develop the Actuarially Determined Plan UAL Amortization Rate.

As a reminder, these rates are not paid by any PLD or member and instead determine the level of the contributions in aggregate that needs to be paid into the Plan. The risk-sharing framework allocates this cost level, with some adjustments, based on the relative rates of the Plan-Specific Normal Cost Rates and determines the rates that will be paid by every PLD and member in the Consolidated Plan based on each member's specific Plan.

Plan-Specific Normal Cost Rates

Following the procedure outlined above to develop the total normal cost dollars for each specific Regular and Special Plan, these Plan-Specific values are then divided by the total payroll for each specific Plan to get the Plan-Specific Normal Cost Rate for that Plan. This procedure is followed for each Regular and Special Plan in the Consolidated Plan.

IUUAL Payments

PLDs that either enter the Consolidated Plan with liabilities in excess of their assets or make Plan changes resulting in individual liability amounts are required to make additional contributions. They make payments on their Individual Unpooled Unfunded Actuarial Liability (IUUAL) until their IUUAL is fully paid off. IUUAL payments are made as specific dollar amounts on a schedule rather than as a rate applied to payroll. The System now treats future IUUAL payments as receivable contributions that are already included in the asset values provided and so are not separately identified in the Section I summary tables.

## Contribution Calculations

Table V-1 below presents and compares the Actuarially Determined Plan Total Rate for the Plan in aggregate, as well as its two components, as developed in this and last years' valuations.

**Table V-1**
**Actuarially Determined Plan Total Rates**

| **Valuation Date** | **June 30, 2022** | **June 30, 2023** |
|---|---|---|
| Actuarially Determined Plan Normal Cost Rate | 14.2% | 14.3% |
| Actuarially Determined Plan UAL Amortization Rate | 4.5% | 4.3% |
| Actuarially Determined Plan Total Rate | 18.7% | 18.6% |

## SECTION V – CONTRIBUTIONS

The remainder of this section details the calculation of the above rates, including developing the Actuarially Determined Plan UAL Amortization Rate from its components and developing the Plan-Specific Normal Cost Rates for each Regular and Special Plan in the Consolidated Plan as well as the Actuarially Determined Plan Normal Cost Rate for the Plan in aggregate.

Table V-2 shows the development of the Plan-Specific Normal Cost Rates for each Regular and Special Plan as well as the Actuarially Determined Plan Normal Cost Rate. As of June 30, 2023, there are no remaining actives in the Special 4N Plan.

**Table V-2**
**Development of Plan-Specific Normal Cost Rates and Actuarially Determined Plan Normal Cost Rate**

| | Plan-Specific | | | | |
|---|---|---|---|---|---|
| Specific Plan | Initial Normal Cost Dollars | Valuation Salary | Normal Cost Rate | Total Salary | Total Normal Cost Dollars |
| **Regular AC** | $ 58,570,272 | $ 446,480,532 | **13.1%** | $ 487,255,869 | $ 63,830,519 |
| **Regular AN** | 4,474,181 | 38,473,064 | **11.6%** | 41,782,375 | 4,846,756 |
| **Regular BC** | 188,072 | 2,783,684 | **6.8%** | 3,027,752 | 205,887 |
| **Special 1C** | 4,676,704 | 25,254,188 | **18.5%** | 26,864,954 | 4,970,016 |
| **Special 2C** | 11,674,695 | 74,963,734 | **15.6%** | 79,895,277 | 12,463,663 |
| **Special 3C** | 27,702,004 | 164,379,240 | **16.9%** | 173,867,909 | 29,383,677 |
| **Special 4C** | 1,305,232 | 7,607,166 | **17.2%** | 8,103,730 | 1,393,842 |
| **Special 1N** | 123,151 | 775,145 | **15.9%** | 875,109 | 139,142 |
| **Special 2N** | 187,244 | 1,284,272 | **14.6%** | 1,358,085 | 198,280 |
| **Special 3N** | 1,227,667 | 8,394,136 | **14.6%** | 8,883,911 | 1,297,051 |
| | | | | | |
| Total for Plan in Aggregate | | | | $ 831,914,971 | $ 118,728,833 |
| **Actuarially Determined Plan Normal Cost Rate** | | | | | **14.3%** |

## SECTION V – CONTRIBUTIONS

Table V-3 below provides the development of the 4.3% UAL Amortization Rate as of June 30, 2023 that was shown in Table V-1 for the Consolidated Plan in aggregate.

**Table V-3**
**Derivation of Actuarially Determined Plan UAL Amortization Rate**

| | | |
|---|---|---|
| 1. Actuarial Liability (AL) | $ | 4,165,812,801 |
| 2. Actuarial Value of Assets (AVA) | | 3,799,744,503 |
| 3. Unfunded Actuarial Liability (UAL) | $ | 366,068,298 |
| 4. Remaining Balances of Prior Amortization Bases | | |
| a. Original UAL Amount | $ | 243,774,257 |
| b. 2016 (Gain)/Loss Base | | 103,309,895 |
| c. 2017 (Gain)/Loss Base | | 9,095,477 |
| d. 2018 (Gain)/Loss Base | | (71,751,377) |
| e. 2019 (Gain)/Loss Base | | 19,869,321 |
| f. 2020 (Gain)/Loss Base | | 12,201,994 |
| g. 2021 (Gain)/Loss Base | | (7,391,521) |
| h. 2022 (Gain)/Loss Base | | 26,082,237 |
| i. 2023 (Gain)/Loss Base | | 30,878,015 |
| j. Sum of the Bases | $ | 366,068,298 |
| 5. UAL Amortizations | | |
| a. Original UAL Amount 12 Years | $ | 25,338,699 |
| b. 2016 (Gain)/Loss Base 13 Years | | 10,078,150 |
| c. 2017 (Gain)/Loss Base 14 Years | | 837,603 |
| d. 2018 (Gain)/Loss Base 15 Years | | (6,268,915) |
| e. 2019 (Gain)/Loss Base 16 Years | | 1,654,182 |
| f. 2020 (Gain)/Loss Base 17 Years | | 971,680 |
| g. 2021 (Gain)/Loss Base 18 Years | | (564,908) |
| h. 2022 (Gain)/Loss Base 19 Years | | 1,918,835 |
| i. 2023 (Gain)/Loss Base 20 Years | | 2,192,553 |
| j. Sum of the Amortization Payments | $ | 36,157,879 |
| 6. Covered Payroll | $ | 831,914,971 |
| 7. UAL Amortization Rate | | |
| a. Original UAL Amount 12 Years | | 3.1% |
| b. 2016 (Gain)/Loss Base 13 Years | | 1.2% |
| c. 2017 (Gain)/Loss Base 14 Years | | 0.1% |
| d. 2018 (Gain)/Loss Base 15 Years | | (0.8%) |
| e. 2019 (Gain)/Loss Base 16 Years | | 0.2% |
| f. 2020 (Gain)/Loss Base 17 Years | | 0.1% |
| g. 2021 (Gain)/Loss Base 18 Years | | (0.1%) |
| h. 2022 (Gain)/Loss Base 19 Years | | 0.2% |
| i. 2023 (Gain)/Loss Base 20 Years | | 0.3% |
| **j. Sum of the UAL Amortization Rates** | | **4.3%** |

**SECTION V – CONTRIBUTIONS**

The Actuarially Determined Plan Normal Cost Rate developed in Table V-2 is combined with the Actuarially Determined Plan UAL Amortization Rate developed in Table V-3 to determine the Actuarially Determined Plan Total Rate. This Actuarially Determined Plan Total Rate, along with the Plan-Specific Normal Cost Rates, will be used in the risk-sharing framework to develop the risk-sharing contribution rates that will actually be paid by the PLDs and members in FY 2025. Since they are developed in that process outside of the actuarial valuations, these actual rates are not included in this report, but for informational purposes, this section is concluded with a general outline of this methodology.

## Risk-Sharing Contribution Methodology

As mentioned previously, the actual FY 2025 rates will be developed based on the results of this June 30, 2023 valuation, reflecting application of the risk-sharing contribution methodology. Details of the application of this methodology are determined by the Board, but we have provided a general description of this methodology to communicate how it operates. This basic information is thus useful for informational purposes as it can be provided in advance of the full rates that will be developed and provided under separate cover after the specifics of the methodology for this year are finalized and adopted by the Board.

Note that while this section provides a summary of the principles of the risk-sharing contribution methodology adopted by the Board, the specific details of the methodology to be used in developing the FY 2025 rates from the results of this June 30, 2023 actuarial valuation have not yet been finalized, and thus, any or all details of the methodology as outlined here may change prior to finalization and adoption.

Most of the participating local districts in the State of Maine participate in this Consolidated Plan for PLDs. The Plan offers a number of specific Plan options from which each PLD can choose, with each option having its own specific contributions associated with it to be paid by both the member and the PLD. Under the risk-sharing contribution methodology, both the member contributions and the PLD contributions will be paid as rates that are set annually based on the actuarial valuation process. The June 30, 2018 valuation setting the Fiscal Year 2020 contribution rates was the first valuation used to develop member and PLD contribution rates based on this risk-sharing methodology. Prior to the 2018 valuation, the member rates were static and set by the Board, while the PLD rates were established using the corridor funding methodology. This June 30, 2023 valuation will be used as the basis to determine the Fiscal Year 2025 contribution rates for members and PLDs that will be paid.

Under the Plan's risk-sharing contribution methodology, PLD and member rates are developed for each Regular and Special Plan within the Plan. First, Plan-Specific Normal Cost Rates are developed for each Plan and then combined to develop the Actuarially Determined Plan Normal Cost Rate, which is the aggregate normal cost rate for the Plan as a whole. These rates represent the cost of providing the next year's benefits. The Actuarially Determined Plan UAL Amortization Rate is also developed based on the amortization of the aggregated UAL. The Actuarially Determined Plan Total Rate is then determined as the sum of the Actuarially Determined Plan

## SECTION V – CONTRIBUTIONS

Normal Cost Rate and the Actuarially Determined Plan UAL Amortization Rate. This Actuarially Determined Plan Total Rate is then allocated to each Regular and Special Plan relative to their Plan-Specific Normal Cost Rates. The resulting rate for each individual Regular and Special Plan is then allocated between the rate to be paid by the PLD and the rate to be paid by the members. In the case of the three Regular Plans, the process further develops distinct Plan-Specific member rates based on whether a member is covered by the provisions with an age 60 normal retirement age or an age 65 normal retirement age.

The implementation of the risk-sharing framework to develop the contribution rates to be paid based on each valuation includes further refinements based on details adopted by the Board for implementation in that specific year, which include maximum rates and phasing-in of changes in rates from prior years. The Board considers factors specific to the Plan in aggregate as well as the resulting Plan-Specific rates in determining the refinements of the implementation for each year.

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

This section contains financial disclosure information regarding the Plan developed under a number of accounting standards and guidance.

First, for informational purposes, we show the Plan's funded status under the Financial Accounting Standards Board (FASB) ASC Topic 960, which discloses how the market value of assets would compare to accrued liabilities if contributions were to stop and accrued benefit claims had to be satisfied as of the valuation date. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if all provisions of the Consolidated Plan were to terminate. We have prepared the following exhibit in this section based on FASB ASC Topic 960:

- Table VI-1: Accrued Benefits information

The Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 establish standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in financial statements, notes to financial statements, and supplementary information. We have prepared the following exhibits reflecting provisions of GASB Statement Nos. 67 and 68:

- Table VI-2: Schedule of Changes in Net Pension Liability and Related Ratios
- Table VI-3: Sensitivity of Net Pension Liability to Changes in Discount Rate
- Table VI-4: Schedule of Employer Contributions
- Table VI-5: Average Expected Remaining Service Lives

A summary of the terminology used in GASB Statement Nos. 67 and 68 is provided in Appendix E of this report. Note that while much of the information provided in this report under GASB No. 67 is also utilized in GASB No. 68, Table VI-5 included in this section is only applicable to GASB No. 68.

Finally, we have also developed disclosure information in this section based on additional guidance relating to the Annual Comprehensive Financial Reports (ACFR) of PERS provided by the Government Finance Officers Association (GFOA) in their publication, *Governmental Accounting, Auditing, and Financial Reporting* (GAAFR). We have prepared the following exhibits reflecting guidance in the GAAFR:

- Table VI-6: Analysis of Financial Experience
- Table VI-7: Schedule of Funded Liabilities by Type

The present value of accrued benefits, the total pension liability (GASB 67/68), and the actuarial liability (GAAFR) disclosures in this section are all determined assuming that the Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities as of June 30, 2023 are discounted at the assumed valuation interest rate of 6.50% per annum in all of these disclosures.

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-1 below includes the relevant amounts as of June 30, 2022 and June 30, 2023 as well as a reconciliation between the two dates under FASB ASC Topic 960.

**Table VI-1**
**Accrued Benefits Information**

| | June 30, 2022 | June 30, 2023 |
|---|---|---|
| **FASB ASC Topic 960 Basis** | | |
| 1. Present Value of Benefits Accrued to Date (PVAB) | | |
| a. Members Currently Receiving Payments | $ 2,214,696,636 | $ 2,292,892,614 |
| b. Terminated Vested Members | 161,041,206 | 176,594,216 |
| c. Terminated Nonvested Members | 28,468,573 | 30,282,025 |
| d. Active Members | 1,270,225,477 | 1,217,311,430 |
| e. Total PVAB | $ 3,674,431,892 | $ 3,717,080,285 |
| 2. Assets at Market Value (MVA) | 3,677,737,551 | 3,846,717,708 |
| 3. Unfunded Present Value of Accrued Benefits, But Not Less Than Zero | $ 0 | $ 0 |
| 4. Ratio of MVA to PVAB (2)/(1)(d) | 100.1% | 103.5% |
| **Change in Present Value of Benefits Accrued to Date during FY 2023** | | |
| Increase/(Decrease) during Year Attributable to: | | |
| Passage of Time | | $ 232,083,901 |
| Benefits Paid | | (211,144,592) |
| Assumption Changes | | 0 |
| Plan Changes | | 20,744,234 |
| Benefits Accrued, Other Gains/Losses | | 964,850 |
| Net Increase/(Decrease) | | $ 42,648,393 |

Table VI-2 that follows shows the changes in the total pension liability (TPL), the Plan's fiduciary net position (FNP) (i.e., fair value of the Plan's net assets), and the net pension liability (NPL) during the measurement year ending June 30, 2023, as well as related ratios calculated under the provisions of GASB Statement No. 67 for the Plan.

As of the June 30, 2023 valuation, the fiduciary net position for this Plan was projected to be available to make all projected future benefit payments for current Plan members. As such, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments in determining the total pension liability under GASB Nos. 67 and 68. The projection of cash flows used to determine the discount rate assumed that the member and PLD contribution rates will be at the actuarially determined rates in aggregate.

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

| Table VI-2<br>Schedule of Changes in Net Pension Liability and Related Ratios<br>FY 2023 | |
|---|---|
| **Total Pension Liability (TPL)** | |
| Service Cost (SC) | $ 104,583,699 |
| Interest (includes Interest on SC) | 252,923,528 |
| Changes of Benefit Terms | 20,744,234 |
| Differences Between Actual and Expected Experience | 55,133,042 |
| Changes of Assumptions | 0 |
| Benefit Payments, including Refunds of Member Contributions | (211,144,592) |
| **Net Change in TPL** | **222,239,911** |
| **Beginning of Year (BOY) TPL** | **3,943,572,890** |
| **End of Year (EOY) TPL** | **$ 4,165,812,801** |
| **Plan Fiduciary Net Position (FNP)** | |
| PLD (Employer) Contributions | $ 92,595,758 |
| Member Contributions | 65,716,199 |
| Transfers | 147,934 |
| Net Investment Income | 224,685,095 |
| Benefit Payments, including Refunds of Member Contributions | (211,144,592) |
| Administrative Expenses | (3,020,237) |
| Net Change in FNP | $ 168,980,157 |
| **BOY FNP** | **3,677,737,551** |
| **EOY FNP** | **$ 3,846,717,708** |
| **EOY Net Pension Liability (NPL)** | **$ 319,095,093** |
| FNP as a Percentage of TPL | 92.3% |
| Covered Payroll (Payroll)* | $ 857,368,130 |
| NPL as a Percentage of Payroll | 37.2% |

* For FY 2023

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

None

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

A 10-year schedule of changes in NPL and related ratios is to be included within the ACFR for PERS. However, based on GASB guidance, this 10-year history can be built one year at a time following implementation. We have shown only the current year of this *Schedule of Changes in Net Pension Liability and Related Ratios* above and believe that you can accumulate the individual years in the MainePERS ACFRs to show the full 10-year schedule. Notes to this schedule should be included for any factors significantly impacting the trends reported within the period shown in this schedule at that time. As of June 30, 2023, we have not included suggested information for such a note in the *Notes to Schedule of Changes in Net Pension Liability and Related Ratios* above. However, it is our expectation that the System's staff will make the final determination regarding any notes needed for this schedule, and we are available to provide any information they may need for this purpose.

Table VI-3 below illustrates the sensitivity of the net pension liability (NPL) to the discount rate. Changes in the discount rate affect the measurement of the total pension liability (TPL) for the Plan. Lower discount rates produce a higher TPL, and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Liability (NPL) can be very significant for relatively small changes in the discount rate.

**Table VI-3**
**Sensitivity of Net Pension Liability to Changes in Discount Rate**
**FY 2023**

| | 1% Decrease 5.50% | Discount Rate 6.50% | 1% Increase 7.50% |
|---|---|---|---|
| Total Pension Liability (TPL) | $ 4,721,061,443 | $ 4,165,812,801 | $ 3,707,777,788 |
| Plan Fiduciary Net Position (FNP) | 3,846,717,708 | 3,846,717,708 | 3,846,717,708 |
| Net Pension Liability (NPL) | $ 874,343,735 | $ 319,095,093 | $ (138,939,920) |
| FNP as a Percentage of TPL | 81.5% | 92.3% | 103.7% |

A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the NPL by approximately 174%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 144%.

Table VI-4 that follows provides information relating to the employer contributions for the Plan. Under GASB Statement No. 67, if an actuarially determined contribution (ADC) or a contractually or statutorily required contribution (CRC) is developed for a single employer or cost-sharing plan, the following schedule is required. For purposes of this schedule, an ADC is a contribution amount determined in accordance with Actuarial Standards of Practice, and a CRC is based on statutory or contractual requirements. Both should exclude any amounts to finance specific liabilities of individual employers of the Plan. If an ADC is available, the schedule of employer contributions should be developed on that basis. If there is no ADC, but there is a CRC, the schedule should be developed on that basis. Only if neither an ADC nor a CRC is developed can this schedule be omitted from the PERS's ACFR.

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

The Consolidated Plan's risk-sharing contribution rates, which are the basis on which the FY 2023 contribution rates were determined, meet the definition of an ADC, so for this Plan, an additional year should be added to the schedule reflecting FY 2023 on that risk-sharing rate basis. Based on GASB guidance, a full 10 years of information should be shown in this schedule. We have shown only the current year of this *Schedule of Employer Contributions* below and believe that you can accumulate these in the MainePERS ACFR to show the full 10-year schedule.

Only the current year of the *Notes to Schedule of Employer Contributions* below needs to be included in the notes to this schedule. However, any factors that significantly affect trends in the *Schedule of Employer Contributions* at any point in the 10-year period should also be included in the notes to this schedule. As of June 30, 2023, we have not included such a note in the *Notes to Schedule of Employer Contributions* below. However, it is our expectation that the System's staff will make the final determination regarding any notes needed for this schedule, and we are available to provide any additional information that they may need for this purpose.

**Table VI-4**
**Schedule of Employer Contributions**
**FY 2023**

| | |
|---|---|
| Actuarially Determined Contribution (ADC) | $ 92,595,758 |
| Contributions in Relation to the ADC | 92,595,758 |
| Contribution Deficiency/(Excess) | $ 0 |
| Covered Payroll (Payroll)* | $ 857,368,130 |
| Contributions as a Percentage of Payroll | 10.8% |

* For FY 2023

Notes to Schedule of Employer Contributions

Valuation Date: June 30, 2021

Timing: June 30, 2023 rates based on the risk-sharing methodology calculated based on the 2021 actuarial valuation.

Key Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry age normal

Asset Valuation Method: Three-year smoothed market

Amortization Method: Level percentage of payroll, closed periods. Cumulative UAL from prior to 2016 amortized over a 20-year period commencing with the June 30, 2015 valuation date. Subsequent layers of pooled UAL amortized over individual 20-year periods.

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

| | |
|---|---|
| Discount Rate: | 6.50% |
| Amortization Growth Rate: | 2.75% |
| Price Inflation: | 2.75% |
| Salary Increases: | 2.75% plus merit component based on employee's years of service |
| Mortality: | 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Annuitant Mortality Table, respectively, for males and females, using the 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females, for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2010 base rates using MP_2020 model with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. |

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2023 can be found in the June 30, 2021 Actuarial Valuation Report.

<u>Other Information</u>

None

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-5 that follows is provided in this report at the request of MainePERS staff, showing the development of the average remaining service life for the Plan. GASB No. 68 requires some items be recognized by employers into pension expense over a period "equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period." For the current measurement year ending on June 30, 2023, these values are thus developed as of June 30, 2022. Note that the decision was made to use these averages based on rounding to the nearest whole year, so the values are thus shown as such.

**Table VI-5**
**Average Expected Remaining Service Lives**
**For Measurement Year Ending June 30, 2023**

| Status | Total Expected Future Service | Count | Average Remaining Service Lives |
|---|---|---|---|
| Active Members | 121,951 | 12,362 | 10 |
| In-Pay Members | 0 | 10,400 | 0 |
| Terminated Vested Members | 0 | 2,724 | 0 |
| Inactives Due Refunds | 0 | 10,080 | 0 |
| Total Membership | 121,951 | 35,566 | 3 |

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-6 below is a gain/loss analysis of the changes in the actuarial liability over the past six years, reflecting variances between actual experience and assumed experience for different kinds of risk as specified in the GFOA GAAFR.

**Table VI-6**
**Analysis of Financial Experience**
**Gain and Loss in Actuarial Liability During Fiscal Years Ended June 30**
**Resulting from Differences Between Assumed Experience and Actual Experience**

| Type of Activity | Gain (or Loss) For Fiscal Year Ended June 30, 2018 | Gain (or Loss) For Fiscal Year Ended June 30, 2019 | Gain (or Loss) For Fiscal Year Ended June 30, 2020 | Gain (or Loss) For Fiscal Year Ended June 30, 2021 | Gain (or Loss) For Fiscal Year Ended June 30, 2022 | Gain (or Loss) For Fiscal Year Ended June 30, 2023 |
|---|---|---|---|---|---|---|
| Investment Income | $ 25,142,719 | $ 17,765,627 | $ (24,747,551) | $ 181,079,340 | $ 39,956,349 | $ 23,513,351 |
| Combined Liability Experience | (1,285,304) | (47,684,163) | 6,552,650 | (13,300,796) | (67,455,268) | (55,133,042) |
| Gain (or Loss) during Year from Financial Experience | $ 23,857,415 | $_ (29,918,536) | $ (18,194,901) | $ 167,778,544 | $ (27,498,919) | $ (31,619,691) |
| Non-Recurring Items | 59,683,826 | 0 | (2,936,139) | (161,866,111) | (16,214,107) | (20,744,234) |
| Composite Gain (or Loss) During Year | **$ 83,541,241** | **$ (29,918,536)** | **$ (21,131,040)** | **$ 5,912,433** | **$ (43,713,026)** | **$ (52,363,925)** |

## SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-7 below compares the Plan's assets as of each valuation date shown to the Plan's actuarial liability divided into three separate groups: liabilities for contributions on deposit for current active members, liabilities for future benefits for inactive members, and employer-financed liabilities for current active members. This Schedule of Funded Liabilities by Type is used to assess funding progress based on what percentage of the liabilities for each of these groups the Plan's assets are sufficient to cover. Per GFOA guidance, this schedule is to include this assessment for the 10 most recent years, and notes to this schedule should be provided to explain any factors that affect the comparability of the data. We do not believe such a note is needed for the measurement year ending June 30, 2023, but it is our expectation that the System's staff will make the final determination regarding any notes needed for this schedule.

**Table VI-7**
**Schedule of Funded Liabilities by Type**

| Valuation Date June 30, | Aggregate Actuarial Liabilities for: (1) Active Member Contributions | (2) Retirees Vested Terms, Beneficiaries | (3) Active Members (Employer Financed Portion) | Reported Assets* | Portion of Actuarial Liabilities Covered by Reported Assets (1) | (2) | (3) |
|---|---|---|---|---|---|---|---|
| 2023 | $ 639,673,576 | $ 2,499,768,855 | $ 1,026,370,370 | $ 3,799,744,503 | 100% | 100% | 64% |
| 2022 | 599,258,078 | 2,404,206,415 | 940,108,397 | 3,596,808,593 | 100 | 100 | 63 |
| 2021 | 561,690,222 | 2,230,697,428 | 926,628,764 | 3,388,697,748 | 100 | 100 | 64 |
| 2020 | 556,727,111 | 2,036,858,811 | 816,155,445 | 3,063,710,040 | 100 | 100 | 58 |
| 2019 | 521,610,261 | 1,927,683,260 | 809,526,084 | 2,918,585,814 | 100 | 100 | 58 |
| 2018 | 494,411,535 | 1,818,566,082 | 776,879,603 | 2,764,807,391 | 100 | 100 | 58 |
| 2017 | 472,362,260 | 1,721,058,286 | 823,240,175 | 2,609,806,231 | 100 | 100 | 51 |
| 2016 | 452,446,198 | 1,654,981,662 | 782,312,774 | 2,489,157,281 | 100 | 100 | 49 |
| 2015 | 438,925,747 | 1,543,532,803 | 738,477,459 | 2,433,186,149 | 100 | 100 | 61 |
| 2014 | 423,097,001 | 1,462,031,828 | 724,529,016 | 2,379,733,634 | 100 | 100 | 68 |

* Reported assets are measured at actuarial value. Results would be different if the market value of assets were used. Despite the name of this exhibit, the liabilities presented in this schedule are not an appropriate measurement of the settlement liability of the Plan.

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

**Notes to Appendix A:**

**PLD Name**: Name of the Participating Local District

**PLD #**: MainePERS Participating Local District Number

**Regular Plan**: Identifies the Regular Plan currently adopted by the PLD.

| Plan | Accrual Rate |
|---|---|
| A: | 2% |
| B: | 1% |

**Special Plans:** Identifies the Special Plans, if any, currently adopted by the PLD

| Plan | Eligibility |
|---|---|
| 1: | 20 year, no age plan. |
| 2 | 25 year, no age plan. |
| 3: | 25 year, no age plan. |
| 4: | Age 55with 25 years of service. |

**COLA**: Current COLA adopted by the PLD:

- No = No COLA adopted for any current members
- Yes = COLA adopted for all service of all current members
- FO = COLA adopted for Future Service only for all current members, that is, the COLA is applicable only to the benefits attributable to service rendered after the Future Service COLA Date
- FO-Limited = COLA adopted for Future Service only for only a subset of the PLD's current members

**Entry Date**: Date the PLD entered the Consolidated Plan for Participating Local Districts

**FO COLA Date:** The Future Service COLA Date, the date as of which COLA is applicable for members of the PLD covered by the FO COLA

Varied = There are multiple Future Service COLA Dates applicable to different groups of the PLD's current members

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Acton, Town of | 0361 | A | 2 | No | 7/1/2016 | |
| Alfred, Town of | 0369 | A | | Yes | 1/1/2019 | |
| Androscoggin County | 0067 | A | 1,2 | Yes | 7/1/1994 | |
| Androscoggin Valley Council of Governments | 0231 | A | | Yes | 7/1/1996 | |
| Anson-Madison Sanitary District | 0365 | A | | Yes | 7/1/2017 | |
| Anson-Madison-Starks Ambulance Emergency Service | 0389 | A | 3 | Yes | 11/1/2022 | |
| Aroostook County | 0106 | A | 3,4 | Yes | 7/1/1994 | |
| Aroostook Waste Solutions | 0267 | A | | Yes | 7/1/1996 | |
| Ashland, Town of | 0418 | A | | No | 7/1/2022 | |
| Auburn Housing Authority | 0145 | A | | Yes | 7/1/1994 | |
| Auburn Lewiston Airport | 0256 | A | | Yes | 7/1/1996 | |
| Auburn Public Library | 0043 | A | | FO | 7/1/1996 | 7/1/2001 |
| Auburn Water and Sewer District | 0052 | A | | Yes | 7/1/1994 | |
| Auburn, City of | 0027 | A | 2,3 | Yes | 7/1/1994 | |
| Augusta Housing Authority | 0351 | A | | Yes | 4/1/2014 | |
| Augusta, City of | 0023 | A | 2,3 | Yes | 7/1/1994 | |
| Baileyville, Town of | 0069 | A | 3 | Yes | 7/1/1996 | |
| Bangor Housing Authority | 0288 | A | | Yes | 7/1/1994 | |
| Bangor Public Library | 0022 | A | | Yes | 7/1/1996 | |
| Bangor Water District | 0059 | B | | Yes | 7/1/1996 | |
| Bangor, City of | 0020 | A | 2,3 | Yes | 7/1/1996 | |
| Bar Harbor, Town of | 0015 | A | 3,4 | Yes | 7/1/1995 | |
| Bath Water District | 0019 | A | | Yes | 7/1/1994 | |
| Bath, City of | 0073 | A | 2,3 | Yes | 7/1/1996 | |
| Baxter Academy of Technology And Sciences | 0348 | A | | Yes | 7/1/2013 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Belfast Water District | 0132 | A | | Yes | 7/1/1995 | |
| Belfast, City of | 0035 | A | 3 | Yes | 7/1/1996 | |
| Belgrade, Town of | 0383 | A | 3 | Yes | 7/1/2022 | |
| Berwick Sewer District | 0207 | A | | Yes | 7/1/1994 | |
| Berwick, Town of | 0108 | A | 1 | FO | 7/1/1996 | 7/1/2008 |
| Bethel, Town of | 0246 | A | | Yes | 7/1/1996 | |
| Biddeford Housing Authority | 0310 | A | | Yes | 7/1/2007 | |
| Biddeford, City of | 0158 | A | 3 | FO | 7/1/2010 | 7/1/2010 |
| Boothbay Harbor Sewer District | 0363 | A | | Yes | 1/1/2017 | |
| Boothbay Harbor, Town of | 0146 | A | 2 | Yes | 7/1/1996 | |
| Boothbay Region Water District | 0298 | A | 2 | Yes | 1/1/2002 | |
| Bowdoinham Water District | 0319 | A | | Yes | 1/1/2009 | |
| Brewer Housing Authority | 0248 | A | | Yes | 7/1/1994 | |
| Brewer, City of | 0063 | A | 2,3 | Yes | 7/1/1996 | |
| Bridgton, Town of | 0176 | A | 3 | Yes | 1/1/2020 | |
| Brownville, Town of | 0177 | A | | No | 7/1/2010 | |
| Brunswick Fire & Police | 0292 | A | 1,3 | FO | 7/1/1997 | 7/1/1997 |
| Brunswick Public Library Association | 0273 | A | | FO | 7/1/1995 | 7/1/1995 |
| Brunswick Sewer District | 0072 | A | | Yes | 7/1/1996 | |
| Brunswick, Town of | 0042 | A | | FO | 7/1/1995 | 7/1/2000 |
| Buckfield, Town of | 0344 | A | | No | 1/1/2013 | |
| Bucksport, Town of | 0130 | A | 1,3,4 | FO-Limited | 7/1/1995 | 8/1/2022 |
| Buxton, Town of | 0370 | A | 2 | Yes | 9/1/2020 | |
| Calais, City of | 0036 | A | | FO | 7/1/1996 | 7/1/1996 |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Camden, Town of | 0008 | A | 2 | Yes | 7/1/1994 | |
| Cape Elizabeth Police | 0317 | A | 3 | Yes | 7/1/2008 | |
| Caribou Fire & Police | 0208 | A | 3 | FO-Limited | 7/1/1996 | 4/1/2022 |
| Carmel, Town of | 0390 | A | | Yes | 4/1/2023 | |
| Carrabassett Valley, Town of | 0277 | A | | FO | 7/1/1994 | 7/1/1994 |
| China, Town of | 0235 | A | | FO | 7/1/1996 | 7/1/2008 |
| Clinton, Town of | 0385 | A | 3 | Yes | 7/1/2022 | |
| Coastal Counties Workforce | 0301 | A | | Yes | 7/1/2003 | |
| Community School Dist. #912 | 0252 | A | | Yes | 7/1/1996 | |
| Corinth, Town of | 0377 | A | | Yes | 1/1/2022 | |
| Cornish, Town of | 0393 | A | | No | 5/1/2023 | |
| Cornville Regional Charter School | 0345 | A | | Yes | 7/1/2013 | |
| Cumberland County | 0005 | A | 2 | Yes | 7/1/1996 | |
| Cumberland, Town of | 0216 | A | 2,3 | Yes | 7/1/1995 | |
| Damariscotta, Town of | 0191 | A | | Yes | 7/1/2011 | |
| Danforth, Town of | 0367 | A | | Yes | 7/1/2017 | |
| Dayton, Town of | 0355 | A | 2 | Yes | 7/1/2014 | |
| Dedham, Town of | 0378 | A | 3 | Yes | 4/1/2022 | |
| Dexter, Town of | 0097 | A | | Yes | 7/1/1996 | |
| Dover-Foxcroft Water District | 0137 | A | | Yes | 7/1/1994 | |
| Dover-Foxcroft, Town of | 0167 | A | | No | 7/1/1995 | |
| Durham, Town of | 0234 | A | | No | 7/1/1996 | |
| Eagle Lake Water & Sewer District | 0274 | A | | Yes | 7/1/1996 | |
| East Millinocket, Town of | 0054 | A | 2 | Yes | 7/1/1996 | |
| Easton, Town of | 0240 | A | | Yes | 7/1/1994 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Eastport, City of | 0007 | A | | Yes | 7/1/2020 | |
| Ecology Learning Center | 0025 | A | | Yes | 7/1/2020 | |
| Eddington, Town of | 0372 | A | 3 | Yes | 10/1/2020 | |
| Eliot, Town of | 0180 | A | 1 | Yes | 7/1/1994 | |
| Ellsworth, City of | 0013 | A | 2,4 | Yes | 7/1/1995 | |
| Enfield, Town of | 0001 | A | | Yes | 1/1/2020 | |
| Erskine Academy | 0249 | A | | No | 7/1/1994 | |
| Fairfield, Town of | 0260 | A | 3 | Yes | 7/1/1995 | |
| Falmouth Memorial Library | 0058 | A | | Yes | 7/1/1996 | |
| Falmouth, Town of | 0087 | A | 3 | Yes | 7/1/1996 | |
| Farmington Village Corporation | 0118 | A | | No | 7/1/1994 | |
| Farmington, Town of | 0100 | A | 1 | Yes | 7/1/1995 | |
| Fort Fairfield Housing Authority | 0275 | A | | FO | 7/1/2002 | 7/1/1994 |
| Fort Fairfield Utilities District | 0131 | A | | Yes | 7/1/1996 | |
| Fort Fairfield, Town of | 0017 | A | 3 | Yes | 7/1/2000 | |
| Fort Kent, Town of | 0091 | A | 1,2 | FO | 7/1/2019 | 7/1/2021 |
| Franklin County | 0102 | A | 2,3 | Yes | 7/1/2006 | |
| Freeport, Town of | 0142 | A | 2,3 | FO | 7/1/2003 | 7/1/2003 |
| Frenchville, Town of | 0098 | A | | No | 7/1/1996 | |
| Fryeburg, Town of | 0149 | A | 1 | No | 1/1/2011 | |
| Gardiner Water District | 0221 | A | | No | 7/1/1994 | |
| Gardiner, City of | 0024 | A | 3 | FO | 7/1/1996 | 7/1/2009 |
| Glenburn, Town of | 0174 | A | | Yes | 7/1/1994 | |
| Good Will Home Association | 0347 | A | | Yes | 7/1/2013 | |
| Gorham Fire and Police | 0334 | A | 3 | Yes | 7/1/2009 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Gorham, Town of | 0133 | A | | Yes | 7/1/1996 | |
| Gould Academy | 0205 | A | | No | 7/1/1996 | |
| Grand Isle, Town of | 0312 | B | | Yes | 7/1/2008 | |
| Greater Augusta Utility District | 0311 | A | | Yes | 1/1/2008 | |
| Greenville, Town of | 0112 | A | | Yes | 7/1/1996 | |
| Hallowell, City of | 0160 | A | 2 | Yes | 7/1/1996 | |
| Hampden Water District | 0183 | A | | Yes | 7/1/1996 | |
| Hampden, Town of | 0151 | A | 1,3 | FO | 7/1/1996 | 7/1/2009 |
| Hancock County | 0056 | A | 2 | Yes | 7/1/1994 | |
| Hancock, Town of | 0353 | A | | Yes | 7/1/2014 | |
| Harpswell Coastal Academy | 0350 | A | | Yes | 1/1/2022 | |
| Harpswell, Town of | 0270 | A | | Yes | 7/1/1994 | |
| Harrison, Town of | 0280 | B | | Yes | 7/1/1994 | |
| Hartland, Town of | 0360 | A | | Yes | 1/1/2016 | |
| Hermon, Town of | 0150 | A | 3 | FO-Limited | 7/1/1996 | 5/1/2023 |
| Hodgdon, Town of | 0215 | A | | FO | 7/1/1996 | 7/1/2007 |
| Holden, Town of | 0338 | A | 3,4 | Yes | 7/1/2011 | |
| Hollis, Town of | 0386 | A | 3 | Yes | 9/1/2022 | |
| Houlton Water Company | 0026 | A | | Yes | 7/1/1995 | |
| Houlton, Town of | 0010 | A | 2,3,4 | Yes | 7/1/1996 | |
| Jackman Utility District | 0294 | A | | Yes | 7/1/1996 | |
| Jay, Town of | 0045 | A | 2 | Yes | 7/1/1994 | |
| Kennebec County | 0047 | A | 2 | Yes | 7/1/1995 | |
| Kennebec Sanitary Treatment District | 0220 | A | | FO | 7/1/1995 | 7/1/1995 |
| Kennebec Valley Council of Governments | 0391 | A | | Yes | 2/1/2023 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Kennebec Water District | 0031 | A | | Yes | 7/1/1996 | |
| Kennebunk Light & Power District | 0062 | A | | Yes | 7/1/1994 | |
| Kennebunk Sewer District | 0201 | A | | FO | 7/1/1994 | 7/1/2000 |
| Kennebunk, Kennebunkport & Wells Water District | 0255 | A | | FO | 7/1/1996 | 7/1/1999 |
| Kennebunk, Town of | 0084 | A | 1 | Yes | 7/1/1996 | |
| Kennebunkport, Town of | 0188 | A | 1 | FO | 7/1/1996 | 7/1/2006 |
| Kittery Water District | 0012 | A | | Yes | 7/1/1994 | |
| Kittery, Town of | 0014 | A | 1 | Yes | 7/1/1995 | |
| Knox County Sheriffs and Corrections | 0359 | A | 3 | No | 1/1/2016 | |
| Lebanon, Town of | 0181 | A | | Yes | 7/1/1996 | |
| Levant, Town of | 0339 | A | | Yes | 7/1/2011 | |
| Lewiston Housing Authority | 0154 | A | | Yes | 7/1/1994 | |
| Lewiston, City of | 0048 | A | 3 | Yes | 7/1/1996 | |
| Lewiston/Auburn 9-1-1 | 0291 | A | | Yes | 7/1/1994 | |
| Lewiston-Auburn Water Pollution Control Authority | 0163 | A | | FO | 7/1/1996 | 7/1/1996 |
| Limerick, Town of | 0375 | A | 3 | No | 10/1/2021 | |
| Limestone Water & Sewer District | 0029 | A | | Yes | 7/1/2022 | |
| Limestone, Town of | 0245 | A | | Yes | 7/1/2006 | |
| Limington, Town of | 0388 | A | 2 | Yes | 9/1/2022 | |
| Lincoln & Sagadahoc Multi-County Jail Authority | 0304 | A | 2 | Yes | 7/1/2004 | |
| Lincoln Academy | 0134 | A | | Yes | 7/1/1994 | |
| Lincoln County | 0095 | A | 2 | Yes | 7/1/2004 | |
| Lincoln County Sheriff's Office | 0302 | A | 3 | Yes | 7/1/2003 | |
| Lincoln Sanitary District | 0219 | A | | Yes | 7/1/1994 | |
| Lincoln Water District | 0092 | A | | Yes | 7/1/1994 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Lincoln, Town of | 0076 | A | 3 | No | 7/1/1996 | |
| Linneus, Town of | 0214 | A | | No | 7/1/1996 | |
| Lisbon Water Department | 0243 | A | | FO | 7/1/1996 | 7/1/2007 |
| Lisbon, Town of | 0103 | A | 3 | Yes | 7/1/1996 | |
| Livermore Falls Water District | 0032 | A | | Yes | 7/1/1994 | |
| Livermore Falls, Town of | 0109 | A | 2 | FO-Limited | 7/1/1996 | 7/1/2021 |
| Livermore, Town of | 0392 | A | | No | 2/1/2023 | |
| Lovell, Town of | 0276 | A | | Yes | 7/1/1996 | |
| Lubec Water District | 0088 | A | | Yes | 7/1/1996 | |
| Lubec, Town of | 0228 | A | | No | 7/1/1996 | |
| Lyman, Town of | 0373 | A | | Yes | 12/1/2020 | |
| M.A.D.S.E.C. | 0297 | A | | Yes | 7/1/1999 | |
| Madawaska Water District | 0236 | A | | Yes | 7/1/1994 | |
| Madawaska, Town of | 0082 | A | 3 | Yes | 7/1/1996 | |
| Maine Academy of Natural Sciences | 0346 | A | | Yes | 7/1/2013 | |
| Maine County Commissioners Association | 0225 | A | | No | 7/1/1996 | |
| Maine Maritime Academy | 0038 | A | | Yes | 7/1/1996 | |
| Maine Municipal Association | 0055 | A | | Yes | 7/1/2009 | |
| Maine Municipal Bond Bank | 0093 | A | | Yes | 7/1/1995 | |
| Maine Principals' Association | 0105 | A | | Yes | 7/1/1994 | |
| Maine Public Employees Retirement System | 0290 | A | | Yes | 7/1/1994 | |
| Maine School Management Association | 0239 | A | | Yes | 7/1/1994 | |
| Maine School of Science and Mathematics | 0352 | A | | Yes | 7/1/2014 | |
| Maine State Housing Authority | 0169 | A | | Yes | 7/1/2005 | |
| Maine Turnpike Authority | 0049 | A | | Yes | 7/1/1994 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Maine Veterans' Home | 0271 | A | | Yes | 7/1/1994 | |
| Maine Virtual Academy | 0357 | A | | Yes | 7/1/2015 | |
| Mapleton, Castle Hill, & Chapman, Town of | 0265 | A | | Yes | 7/1/1996 | |
| Mars Hill Utility District | 0283 | A | | Yes | 7/1/1994 | |
| Mars Hill, Town of | 0227 | A | | Yes | 7/1/1996 | |
| Mechanic Falls Sanitary District | 0282 | A | | FO | 7/1/1994 | 7/1/2002 |
| Mechanic Falls, Town of | 0114 | A | 2 | Yes | 7/1/1994 | |
| Medway, Town of | 0194 | A | | Yes | 7/1/1996 | |
| Mexico, Town of | 0074 | A | 2 | Yes | 7/1/1996 | |
| Midcoast Council of Governments | 0343 | A | | Yes | 7/1/2012 | |
| Milford, Town of | 0186 | A | | No | 7/1/1996 | |
| Millinocket, Town of | 0003 | A | 3,4 | Yes | 7/1/1996 | |
| Milo Water District | 0238 | A | | No | 7/1/1996 | |
| Monmouth, Town of | 0316 | A | 3 | Yes | 7/1/2008 | |
| Monson, Town of | 0184 | A | | No | 7/1/1996 | |
| Mount Desert Island Regional School District | 0120 | A | | Yes | 7/1/1996 | |
| Mount Desert Water District | 0300 | A | | Yes | 7/1/2003 | |
| Mount Desert, Town of | 0016 | A | 2 | Yes | 7/1/1996 | |
| New Gloucester, Town of | 0210 | A | 3 | FO | 7/1/1995 | 7/1/2007 |
| Newport Water District | 0313 | A | | Yes | 7/1/2008 | |
| Newport, Town of | 0314 | A | 2 | Yes | 7/1/2008 | |
| Newry, Town of | 0387 | A | | Yes | 7/1/2022 | |
| North Berwick Water District | 0308 | A | | Yes | 7/1/2006 | |
| North Berwick, Town of | 0254 | A | 3 | No | 7/1/1996 | |
| Northern Aroostook Regional Airport Authority | 0374 | A | 2 | Yes | 7/1/2021 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Northern Oxford Regional Solid Waste Board | 0354 | A | | Yes | 7/1/2014 | |
| Norway Water District | 0136 | A | | FO | 7/1/1995 | 7/1/2000 |
| Norway, Town of | 0125 | A | 2 | FO | 7/1/1996 | 7/1/2000 |
| Oakland, Town of | 0376 | A | 3 | Yes | 10/1/2021 | |
| Ogunquit, Town of | 0303 | A | 1 | Yes | 7/1/2004 | |
| Old Orchard Beach, Town of | 0140 | A | 1,2,3 | Yes | 7/1/2003 | |
| Old Town Housing Authority | 0262 | A | | FO | 7/1/1994 | 7/1/1994 |
| Old Town Water District | 0079 | A | | FO | 7/1/1994 | 1/1/2022 |
| Old Town, City of | 0111 | A | 2,3 | No | 7/1/1995 | |
| Orland, Town of | 0166 | A | | No | 7/1/1996 | |
| Orono, Town of | 0061 | A | 2,3 | FO | 7/1/1996 | 7/1/2002 |
| Orrington, Town of | 0209 | A | 3 | No | 7/1/1995 | |
| Otis, Town of | 0364 | A | | Yes | 7/1/2017 | |
| Otisfield, Town of | 0193 | A | | FO | 7/1/1996 | 7/1/1996 |
| Oxford County | 0057 | A | 2,4 | Yes | 7/1/1994 | |
| Oxford, Town of | 0200 | A | 1 | No | 7/1/1996 | |
| Paris Utility District | 0159 | A | | Yes | 7/1/1995 | |
| Paris, Town of | 0127 | A | 2 | Yes | 7/1/1996 | |
| Penobscot County | 0011 | A | 2 | Yes | 7/1/1994 | |
| Penquis | 0237 | A | | No | 7/1/1995 | |
| Phippsburg, Town of | 0202 | A | 3 | Yes | 7/1/1996 | |
| Piscataquis County | 0121 | A | 4 | Yes | 7/1/1994 | |
| Pittsfield, Town of | 0110 | A | | No | 7/1/1996 | |
| Pleasant Point Passamaquoddy Reservation Housing Authority | 0165 | A | | Yes | 7/1/1996 | |
| Poland, Town of | 0336 | A | 1 | FO | 7/1/2010 | Varied |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Portland Housing Authority | 0185 | A | | Yes | 7/1/1994 | |
| Portland Public Library | 0041 | A | | Yes | 7/1/1995 | |
| Portland, City of | 0002 | A | 2,3 | Yes | 7/1/1995 | |
| Presque Isle, City of | 0004 | A | 3 | Yes | 1/1/2020 | |
| Princeton, Town of | 0258 | A | | No | 7/1/1996 | |
| Rangeley, Town of | 0382 | A | 2 | Yes | 7/1/2022 | |
| Regional School Unit #01 | 0315 | A | 2 | Yes | 7/1/2008 | |
| Regional School Unit #02 | 0323 | A | | FO | 7/1/2009 | 7/1/2009 |
| Regional School Unit #04 | 0324 | A | | Yes | 7/1/2009 | |
| Regional School Unit #05 | 0325 | A | | Yes | 7/1/2009 | |
| Regional School Unit #09 | 0119 | A | | Yes | 7/1/1995 | |
| Regional School Unit #10 | 0326 | A | | Yes | 7/1/2009 | |
| Regional School Unit #20 | 0328 | A | | Yes | 7/1/2009 | |
| Regional School Unit #21 | 0322 | A | | FO | 7/1/2009 | 7/1/2009 |
| Regional School Unit #23 | 0329 | A | | Yes | 7/1/2009 | |
| Regional School Unit #25 | 0321 | A | | No | 7/1/2009 | |
| Regional School Unit #26 | 0330 | A | | Yes | 7/1/2009 | |
| Regional School Unit #29 | 0168 | A | | Yes | 7/1/1996 | |
| Regional School Unit #34 | 0331 | A | | No | 7/1/2009 | |
| Regional School Unit #49 | 0189 | A | | No | 7/1/1995 | |
| Regional School Unit #51 | 0198 | A | | No | 7/1/1996 | |
| Regional School Unit #52 | 0461 | A | | Yes | 11/1/2021 | |
| Regional School Unit #54 | 0115 | A | | Yes | 7/1/1996 | |
| Regional School Unit #56 | 0366 | A | | Yes | 7/1/2017 | |
| Regional School Unit #60 | 0187 | A | | No | 7/1/1994 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Regional School Unit #67 | 0126 | A | | Yes | 7/1/2016 | |
| Regional School Unit #73 | 0340 | A | | Yes | 7/1/2011 | |
| Regional School Unit #75 | 0380 | A | | Yes | 5/1/2022 | |
| Richmond Utilities District | 0242 | A | | FO-Limited | 7/1/1994 | 1/1/2023 |
| Richmond, Town of | 0213 | A | | Yes | 7/1/2007 | |
| Rockland, City of | 0018 | A | 3 | Yes | 7/1/1995 | |
| Rockport, Town of | 0161 | A | 2 | FO-Limited | 7/1/1996 | 1/1/2021 |
| RSU #35 - MSAD #35 | 0396 | A | | Yes | 7/1/2023 | |
| Rumford Fire & Police | 0060 | A | 2,4 | Yes | 7/1/1995 | |
| Rumford Mexico Sewerage District | 0247 | A | | Yes | 7/1/1996 | |
| Rumford Water District | 0065 | A | | Yes | 7/1/1995 | |
| Rumford, Town of | 0090 | A | | Yes | 7/1/1995 | |
| Sabattus, Town of | 0175 | A | 1,3 | FO | 7/1/1996 | 7/1/2006 |
| Saco, City of | 0192 | A | 2,3 | FO-Limited | 7/1/1995 | Varied |
| Sagadahoc County | 0096 | A | 2,3 | Yes | 7/1/2002 | |
| Sanford Housing Authority | 0152 | A | | Yes | 7/1/1996 | |
| Sanford Sewerage District | 0089 | A | | No | 7/1/1994 | |
| Sanford Water District | 0170 | A | | FO | 7/1/1996 | 7/1/2009 |
| Sanford, City of | 0083 | A | 1,3 | FO | 7/1/1995 | 7/1/2002 |
| Scarborough, Town of | 0147 | A | 1,3 | Yes | 7/1/1996 | |
| School Administrative District No. 13 Bingham | 0223 | A | | Yes | 7/1/1996 | |
| School Administrative District No. 31 Howland | 0050 | A | | FO | 7/1/1994 | 7/1/1994 |
| School Administrative District No. 41 Milo | 0143 | A | | Yes | 7/1/1996 | |
| School Administrative District No. 53 Pittsfield | 0129 | A | | No | 7/1/1996 | |
| Searsport Water District | 0124 | A | | No | 7/1/1996 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Searsport, Town of | 0117 | A | 3 | No | 7/1/1996 | |
| Shapleigh, Town of | 0381 | A | | No | 7/1/2022 | |
| Skowhegan, Town of | 0080 | A | 3 | Yes | 7/1/1996 | |
| Somerset County | 0101 | A | 2,3 | Yes | 7/1/2005 | |
| South Berwick Sewer District | 0299 | A | | Yes | 7/1/2003 | |
| South Berwick Water District | 0171 | A | 2 | Yes | 7/1/1996 | |
| South Berwick, Town of | 0141 | A | 1 | FO | 7/1/1996 | 7/1/1996 |
| South Portland Housing Authority | 0206 | A | | Yes | 7/1/1996 | |
| South Portland, City of | 0009 | A | 3 | Yes | 7/1/1995 | |
| Southern Aroostook Emergency Medical Services | 0384 | A | 3 | Yes | 9/1/2022 | |
| Southwest Harbor, Town of | 0368 | A | 2 | Yes | 7/1/2018 | |
| St. Agatha, Town of | 0030 | A | | Yes | 7/1/1996 | |
| Standish, Town of | 0371 | A | 2 | No | 1/1/2021 | |
| Thomaston, Town of | 0164 | A | 3 | Yes | 1/1/2010 | |
| Thompson Free Library | 0318 | A | | Yes | 1/1/2009 | |
| Topsham Sewer District | 0307 | A | | Yes | 7/1/2005 | |
| Topsham, Town of | 0081 | A | 2,3 | Yes | 7/1/1996 | |
| Trenton, Town of | 0341 | A | | Yes | 7/1/2011 | |
| Union, Town of | 0342 | A | | No | 7/1/2012 | |
| United Technologies Center, Region 4, S Penobscot | 0269 | A | | FO | 7/1/1996 | 7/1/2009 |
| University of Maine System | 0379 | A | 2 | Yes | 7/1/2022 | |
| Van Buren Housing Authority | 0229 | A | | Yes | 7/1/1994 | |
| Van Buren, Town of | 0182 | A | 3 | Yes | 7/1/1995 | |
| Vassalboro, Town of | 0153 | A | | Yes | 7/1/1996 | |
| Veazie Fire & Police | 0305 | A | 3 | Yes | 7/1/2004 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| Waldo County | 0046 | A | 2,3 | Yes | 7/1/1994 | |
| Waldo County Technical Center | 0224 | A | | No | 7/1/1996 | |
| Waldoboro, Town of | 0195 | A | 3 | Yes | 7/1/1995 | |
| Washburn Water and Sewer District | 0335 | A | | No | 7/1/2009 | |
| Washburn, Town of | 0230 | A | | No | 7/1/1994 | |
| Washington County | 0040 | A | 3,4 | Yes | 7/1/1996 | |
| Waterboro, Town of | 0356 | A | 3 | No | 1/1/2015 | |
| Waterville Sewerage District | 0222 | A | | Yes | 7/1/1994 | |
| Waterville, City of | 0066 | A | 3 | FO-Limited | 7/1/1996 | Varied |
| Wells Fire and Police | 0349 | A | 2 | Yes | 7/1/2013 | |
| Wells Ogunquit Community School District #918 | 0266 | A | | FO | 7/1/1995 | 7/1/1995 |
| Wells, Town of | 0107 | A | 2 | FO-Limited | 1/1/2018 | 7/1/2020 |
| West Bath, Town of | 0333 | A | 3 | Yes | 7/1/2009 | |
| Westbrook Fire & Police | 0070 | A | 1,3 | Yes | 7/1/2006 | |
| Westbrook, City of | 0122 | A | 3 | Yes | 7/1/2006 | |
| Wilton, Town of | 0086 | A | 2,3 | FO | 1/1/2009 | 1/1/2009 |
| Windham, Town of | 0309 | A | 3 | Yes | 7/1/2006 | |
| Winslow, Town of | 0362 | A | 2,3 | Yes | 1/1/2017 | |
| Winter Harbor Utility District | 0250 | A | | Yes | 7/1/1994 | |
| Winthrop Utilities District | 0337 | A | | Yes | 1/1/2011 | |
| Winthrop, Town of | 0179 | A | 2 | FO | 7/1/1994 | 7/1/2003 |
| Wiscasset, Town of | 0417 | A | 2 | FO-Limited | 1/1/2012 | 7/1/2020 |
| Yarmouth Water District | 0278 | A | | Yes | 7/1/1994 | |
| Yarmouth, Town of | 0116 | A | 1 | Yes | 7/1/1996 | |
| York County | 0037 | A | 1,2,3 | Yes | 7/1/1996 | |

## APPENDIX A – PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

| PLD Name | PLD # | Regular Plan | Special Plans | COLA | Entry Date | FO COLA Date |
|---|---|---|---|---|---|---|
| York Sewer District | 0139 | A | | FO | 7/1/1994 | 7/1/2006 |
| York Water District | 0039 | A | | Yes | 7/1/1996 | |
| York, Town of | 0028 | A | 2,3 | Yes | 7/1/1994 | |

## APPENDIX B – MEMBERSHIP INFORMATION

| Active Member Data as of June 30, 2023 | |
|---|---|
| **Regular Plan Members** | |
| Count | 9,197 |
| Average Current Age | 47.3 |
| Average Benefit Service | 7.4 |
| Average Vesting Service | 7.8 |
| Average Valuation Pay | $ 57,852 |
| **Special Plan Members** | |
| Count | 3,925 |
| Average Current Age | 39.4 |
| Average Benefit Service | 9.1 |
| Average Vesting Service | 9.8 |
| Average Valuation Pay | $ 76,395 |
| **All Plan Members** | |
| Count | 13,122 |
| Average Current Age | 44.9 |
| Average Benefit Service | 7.9 |
| Average Vesting Service | 8.4 |
| Average Valuation Pay | $ 63,398 |

**Participating Local Districts of the Maine Public Employees Retirement System**
**Inactive Member Data as of June 30, 2023**
**Regular Plans**

| | Count | Average Age | Total Annual Benefit | Average Annual Benefit |
|---|---|---|---|---|
| Retired | 6,229 | 73.4 | $ 104,033,733 | $ 16,702 |
| Retired - Concurrent Beneficiary | 381 | 72.5 | 1,573,555 | 4,130 |
| Disability - Section 1122 | 19 | 78.3 | 253,235 | 13,328 |
| Disability – Sections 3 and 3A | 266 | 67.6 | 6,260,181 | 23,535 |
| Beneficiary of Above | 1,079 | 73.5 | 12,324,635 | 11,422 |
| Pre-Retirement Death Beneficiary | 162 | 68.8 | 1,114,272 | 6,878 |
| Terminated Vested | 2,402 | 52.5 | 14,699,908 | 6,120 |
| Inactive Due Refund | 9,631 | NA | NA | NA |

There are no actives in Special 4N Plan, so all remaining inactive participants were transferred to the Regular Plan.

## APPENDIX B – MEMBERSHIP INFORMATION

| Participating Local Districts of the Maine Public Employees Retirement System<br>Inactive Member Data as of June 30, 2023<br>Special Plans | | | | |
|---|---|---|---|---|
| | **Count** | **Average Age** | **Total Annual Benefit** | **Average Annual Benefit** |
| Retired | 1,676 | 68.0 | $ 64,533,242 | $ 38,504 |
| Retired - Concurrent Beneficiary | 361 | 68.7 | 2,653,772 | 7,351 |
| Disability - Section 1122 | 15 | 76.3 | 365,708 | 24,381 |
| Disability – Sections 3 and 3A | 103 | 61.8 | 3,460,624 | 33,598 |
| Beneficiary of Above | 307 | 73.7 | 6,668,282 | 21,721 |
| Pre-Retirement Death Beneficiary | 17 | 62.5 | 136,691 | 8,041 |
| Terminated Vested | 463 | 46.4 | 5,455,217 | 11,782 |
| Inactive Due Refund | 836 | NA | NA | NA |

There are no actives in Special 4N Plan, so all remaining inactive participants were transferred to the Regular Plan.

In preparing this report, we relied on data provided by MainePERS as modified following the procedures outlined in the State of Maine Data Processing Notebook. Adjustments to the data are made based on this processing notebook. Accuracy of the results is dependent on the completeness of the underlying information. The plan sponsor is responsible for the validity and completeness of the information provided. We believe the data provided as modified as documented in the Processing Notebook is sufficient for the actuarial analysis performed.

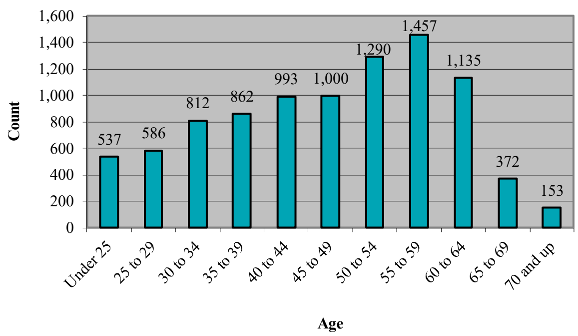
# APPENDIX B – MEMBERSHIP INFORMATION

**Distribution of Active Members**
**As of June 30, 2023**

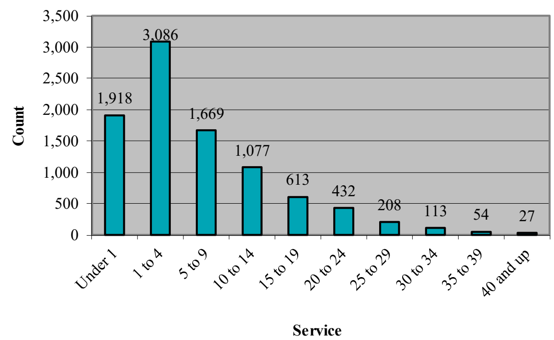
**Regular Plan Participants**

| | Years of Service | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Under 1 | 1 to 4 | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 and up | Totals |
| Under 25 | 349 | 186 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 537 |
| 25 to 29 | 202 | 316 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 586 |
| 30 to 34 | 223 | 366 | 182 | 39 | 2 | 0 | 0 | 0 | 0 | 0 | 812 |
| 35 to 39 | 226 | 349 | 193 | 75 | 19 | 0 | 0 | 0 | 0 | 0 | 862 |
| 40 to 44 | 218 | 344 | 216 | 131 | 64 | 20 | 0 | 0 | 0 | 0 | 993 |
| 45 to 49 | 171 | 361 | 205 | 132 | 63 | 59 | 9 | 0 | 0 | 0 | 1,000 |
| 50 to 54 | 191 | 394 | 261 | 189 | 114 | 86 | 40 | 14 | 1 | 0 | 1,290 |
| 55 to 59 | 183 | 396 | 252 | 210 | 163 | 118 | 73 | 38 | 21 | 3 | 1,457 |
| 60 to 64 | 93 | 268 | 205 | 206 | 133 | 103 | 54 | 37 | 24 | 12 | 1,135 |
| 65 to 69 | 38 | 74 | 66 | 61 | 41 | 34 | 24 | 20 | 8 | 6 | 372 |
| 70 and up | 24 | 32 | 19 | 34 | 14 | 12 | 8 | 4 | 0 | 6 | 153 |
| Total | 1,918 | 3,086 | 1,669 | 1,077 | 613 | 432 | 208 | 113 | 54 | 27 | 9,197 |

**Age Distribution**




**Service Distribution**



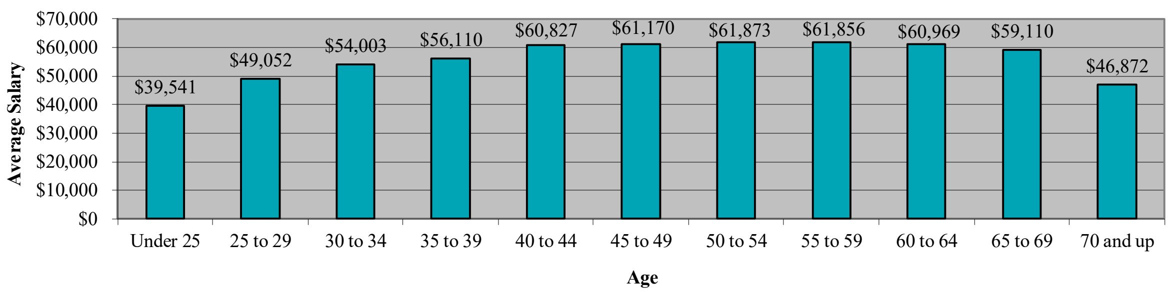
# APPENDIX B – MEMBERSHIP INFORMATION

**Distribution of Active Members**
**As of June 30, 2023**

**Regular Plan Participants**

| | Average Salary Years of Service | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Under 1 | 1 to 4 | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 and up | Average |
| Under 25 | $ 36,605 | $ 44,950 | $ 48,778 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 39,541 |
| 25 to 29 | 43,814 | 50,609 | 57,372 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 49,052 |
| 30 to 34 | 46,096 | 53,309 | 62,016 | 68,052 | 59,449 | 0 | 0 | 0 | 0 | 0 | 54,003 |
| 35 to 39 | 46,805 | 55,896 | 60,880 | 70,466 | 65,599 | 0 | 0 | 0 | 0 | 0 | 56,110 |
| 40 to 44 | 48,585 | 57,047 | 66,645 | 72,635 | 76,485 | 68,981 | 0 | 0 | 0 | 0 | 60,827 |
| 45 to 49 | 47,198 | 56,056 | 63,168 | 77,112 | 71,939 | 76,196 | 78,546 | 0 | 0 | 0 | 61,170 |
| 50 to 54 | 50,658 | 56,008 | 61,811 | 70,858 | 71,153 | 74,277 | 73,292 | 76,604 | 44,985 | 0 | 61,873 |
| 55 to 59 | 47,623 | 56,584 | 63,056 | 63,874 | 69,332 | 65,019 | 81,307 | 72,434 | 90,274 | 47,159 | 61,856 |
| 60 to 64 | 46,431 | 55,463 | 55,679 | 69,131 | 64,289 | 64,676 | 72,003 | 74,022 | 71,872 | 66,527 | 60,969 |
| 65 to 69 | 45,285 | 49,221 | 58,825 | 66,869 | 60,707 | 60,976 | 66,237 | 76,276 | 62,553 | 81,071 | 59,110 |
| 70 and up | 30,706 | 39,250 | 40,782 | 58,308 | 51,958 | 57,877 | 53,463 | 46,433 | 0 | 64,290 | 46,872 |
| Average | $ 45,001 | $ 54,267 | $ 61,399 | $ 69,397 | $ 68,470 | $ 67,974 | $ 74,421 | $ 73,230 | $ 77,150 | $ 67,110 | $ 57,852 |

**Average Salary Distribution**



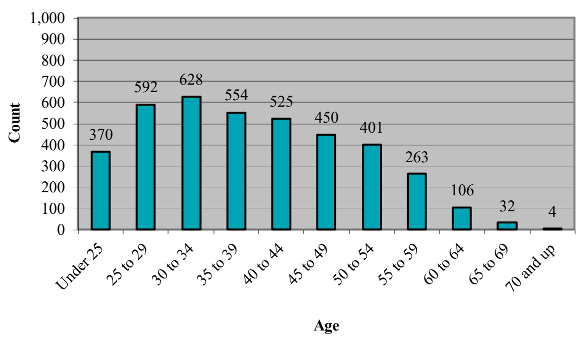
# APPENDIX B – MEMBERSHIP INFORMATION

**Distribution of Active Members**
**As of June 30, 2023**

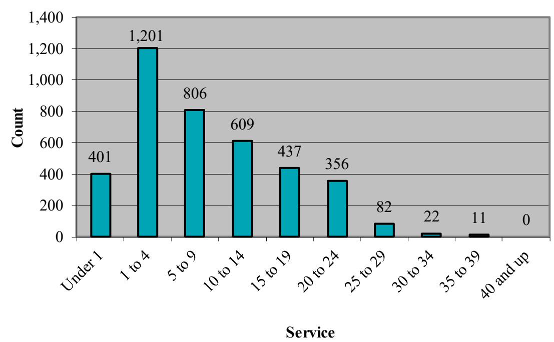
**Special Plan Participants**

| | Years of Service | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Under 1 | 1 to 4 | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 and up | Totals |
| Under 25 | 125 | 241 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 370 |
| 25 to 29 | 76 | 349 | 167 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 592 |
| 30 to 34 | 80 | 206 | 254 | 87 | 1 | 0 | 0 | 0 | 0 | 0 | 628 |
| 35 to 39 | 44 | 146 | 140 | 151 | 70 | 3 | 0 | 0 | 0 | 0 | 554 |
| 40 to 44 | 30 | 85 | 107 | 129 | 128 | 45 | 1 | 0 | 0 | 0 | 525 |
| 45 to 49 | 25 | 63 | 49 | 96 | 87 | 118 | 11 | 1 | 0 | 0 | 450 |
| 50 to 54 | 12 | 62 | 32 | 77 | 77 | 98 | 38 | 4 | 1 | 0 | 401 |
| 55 to 59 | 6 | 29 | 32 | 42 | 50 | 72 | 20 | 8 | 4 | 0 | 263 |
| 60 to 64 | 2 | 17 | 13 | 18 | 21 | 13 | 12 | 5 | 5 | 0 | 106 |
| 65 to 69 | 0 | 3 | 6 | 9 | 3 | 7 | 0 | 3 | 1 | 0 | 32 |
| 70 and up | 1 | 0 | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 4 |
| Total | 401 | 1,201 | 806 | 609 | 437 | 356 | 82 | 22 | 11 | 0 | 3,925 |

**Age Distribution**




**Service Distribution**



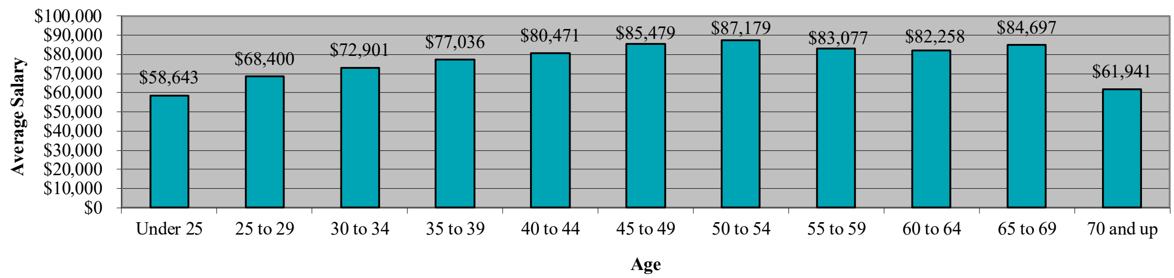
# APPENDIX B – MEMBERSHIP INFORMATION

**Distribution of Active Members**
**As of June 30, 2023**

**Special Plan Participants**

| | Average Salary Years of Service | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Under 1 | 1 to 4 | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 and up | Average |
| Under 25 | $ 48,368 | $ 63,877 | $ 64,378 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 58,643 |
| 25 to 29 | 49,704 | 68,498 | 76,705 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 68,400 |
| 30 to 34 | 52,251 | 68,689 | 78,709 | 84,488 | 109,209 | 0 | 0 | 0 | 0 | 0 | 72,901 |
| 35 to 39 | 49,818 | 66,909 | 76,777 | 86,649 | 95,013 | 77,857 | 0 | 0 | 0 | 0 | 77,036 |
| 40 to 44 | 57,368 | 69,534 | 74,011 | 84,034 | 88,264 | 99,142 | 97,226 | 0 | 0 | 0 | 80,471 |
| 45 to 49 | 55,553 | 68,764 | 82,435 | 89,115 | 89,507 | 94,920 | 99,841 | 64,505 | 0 | 0 | 85,479 |
| 50 to 54 | 56,807 | 73,226 | 82,456 | 85,966 | 89,952 | 93,281 | 101,672 | 116,214 | 82,842 | 0 | 87,179 |
| 55 to 59 | 51,350 | 68,744 | 65,756 | 83,496 | 85,969 | 91,446 | 93,868 | 101,402 | 91,348 | 0 | 83,077 |
| 60 to 64 | 82,926 | 73,457 | 66,491 | 75,658 | 93,915 | 89,715 | 83,572 | 106,228 | 81,194 | 0 | 82,258 |
| 65 to 69 | 0 | 83,839 | 71,784 | 82,579 | 89,955 | 86,964 | 0 | 96,371 | 117,154 | 0 | 84,697 |
| 70 and up | 58,112 | 0 | 56,588 | 0 | 0 | 0 | 0 | 76,476 | 0 | 0 | 61,941 |
| Average | $ 51,170 | $ 67,856 | $ 76,821 | $ 85,486 | $ 89,959 | $ 93,810 | $ 96,820 | $ 101,696 | $ 88,305 | $ - | $ 76,395 |

**Average Salary Distribution**

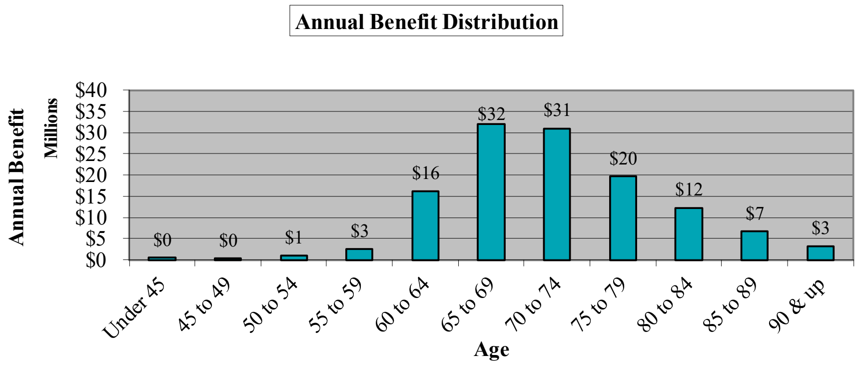


# APPENDIX B – MEMBERSHIP INFORMATION

**Distribution of Retirees, Disabled Members, Beneficiaries, and Survivors As of June 30, 2023**

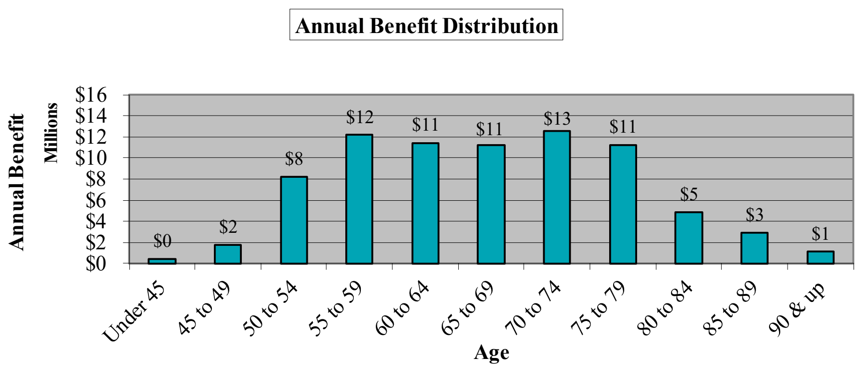
**Regular Plan Participants**

| Age | Count | Annual Benefit |
|---|---|---|
| Under 45 | 74 | $ 493,452 |
| 45 to 49 | 30 | 281,776 |
| 50 to 54 | 68 | 1,004,845 |
| 55 to 59 | 159 | 2,588,602 |
| 60 to 64 | 865 | 16,239,861 |
| 65 to 69 | 1,927 | 31,918,165 |
| 70 to 74 | 1,925 | 31,014,844 |
| 75 to 79 | 1,340 | 19,690,331 |
| 80 to 84 | 898 | 12,334,018 |
| 85 to 89 | 525 | 6,681,661 |
| 90 & up | 325 | 3,312,056 |
| Total | 8,136 | $ 125,559,611 |




**Special Plan Participants**

| Age | Count | Annual Benefit |
|---|---|---|
| Under 45 | 18 | $ 420,772 |
| 45 to 49 | 46 | 1,729,286 |
| 50 to 54 | 229 | 8,200,375 |
| 55 to 59 | 333 | 12,167,160 |
| 60 to 64 | 350 | 11,440,308 |
| 65 to 69 | 333 | 11,216,634 |
| 70 to 74 | 415 | 12,567,953 |
| 75 to 79 | 381 | 11,258,730 |
| 80 to 84 | 194 | 4,847,981 |
| 85 to 89 | 127 | 2,860,751 |
| 90 & up | 53 | 1,108,369 |
| Total | 2,479 | $ 77,818,319 |




There are no actives in Special 4N Plan, so all remaining inactive participants were transferred to the Regular Plan.

# APPENDIX B – MEMBERSHIP INFORMATION

| | Active Members | Retired Members | Beneficiaries of Retired Members | Survivors of Deceased Members | Disabled Members[1] | Terminated Vested Members[2] |
|---|---|---|---|---|---|---|
| **As of June 30, 2022** | **12,362** | **7,711** | **2,113** | **178** | **398** | **2,724** |
| New hires | 2,201 | | | | | |
| Rehires | 199 | | | | | (60) |
| New PLDs | 152 | | | | | |
| Movement between plans | - | - | - | | | - |
| New retirees | (287) | 446 | | | | (159) |
| New disabled retirees | (10) | | | | 24 | (14) |
| New beneficiaries due to retirements | | | 40 | | | |
| New deferred vested members | (415) | | | | | 478 |
| Non-vested terminations | (822) | | | | | |
| Refunds | (250) | | | | | (80) |
| Deaths, no future benefits | (3) | (195) | (87) | (5) | (15) | (6) |
| Deaths with a survivor or beneficiary | (2) | (57) | 62 | 9 | (4) | (9) |
| Benefits expired | | | | (4) | | |
| Benefits restarted | | | | 1 | | |
| Records combined / split | | | | | | |
| Data correction | (3) | - | - | - | - | (9) |
| **As of June 30, 2023** | **13,122** | **7,905** | **2,128** | **179** | **403** | **2,865** |

1. Former disabled retirees who have changed to service retirement as mandated by the Plan are still included as disabled members.
2. Deferred vested members includes those indicated to us in the data who have terminated and are eligible for a future annuity.

# APPENDIX C – SUMMARY OF PLAN PROVISIONS

## 1. Member Contributions

Beginning with FY 2020, the contribution rates for members are determined annually based on the risk-sharing framework adopted by the Board of Trustees. The rates for members of Regular Plans (AC, AN, and BC) also vary based on whether the member joined the Plan prior to July 1, 2014 and thus has a normal retirement age of 60 or joined on or after this date and has a normal retirement age of 65. See the Annual PLD Contribution Rate letter for further details.

Member contributions earn annual interest at the rate adopted by the Board of Trustees each February.

## 2. Average Final Compensation

For purposes of determining benefits payable, average final compensation is the average annual rate of earnable compensation for the three years of creditable service (not necessarily consecutive) that produce the highest such average.

## 3. Creditable Service

Creditable service includes service while a member, certain service prior to the establishment of the Plan, purchased service credit of which there are several types, and service while receiving disability benefits under the Plan.

Effective August 1, 2019, the ability to use accrued, unused vacation and sick leave towards retirement benefits is available only to those who have 20 or more years of creditable service under the Plan at retirement.

## 4. Service Retirement Benefits

***Regular Plan AC***

Normal Retirement Age:

Plan members prior to July 1, 2014: 60
New members to the Plan on or after July 1, 2014: 65

Eligibility for Members in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement and at least normal retirement age.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

Eligibility for Members not in Active Service at Retirement and not in Active Service on or after October 1, 1999: At least 10 years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement but in Active Service on or after October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/50 of average final compensation multiplied by years of membership service under Consolidated Plan AC reduced by:

| | |
|---|---|
| Plan members prior to July 1, 2014: | approximately 2¼% for each year that a member is younger than age 60 at retirement. |
| New members to the Plan on or after July 1, 2014: | 6% for each year that a member is younger than age 65 at retirement. |

Beginning July 1, 2019, the age reduction factors are a set of approximately actuarially equivalent rates rather than the above rates for members with less than 20 years of creditable service under the PLD Consolidated Plan on July 1, 2019. The above 2¼% and 6% rates remain in effect for those members with 20 or more years of creditable service under the PLD Consolidated Plan on July 1, 2019.

Form of Payment: Life annuity ("full benefit") unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 11.

***Regular Plan AN***

This benefit plan is the same as Regular Benefit Plan AC, except that there is no provision for cost-of-living adjustments.

***Regular Plan BC***

Normal Retirement Age:

Plan members prior to July 1, 2014: 60
New members to the Plan on or after July 1, 2014: 65

Eligibility for Members in Active Service and Inactive Members: 25 years of creditable service.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement and not in Active Service on or after October 1, 1999: At least 10 years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement but in Active Service on or after October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/100 of average final compensation multiplied by years of membership service under Consolidated Plan BC reduced by:

| | |
|---|---|
| Plan members prior to July 1, 2014: | approximately 2¼% for each year that a member is younger than age 60 at retirement. |
| New members to the Plan on or after July 1, 2014: | 6% for each year that a member is younger than age 65 at retirement. |

Beginning July 1, 2019, the age reduction factors are a set of approximately actuarially equivalent rates rather than the above rates for members with less than 20 years of creditable service under the PLD Consolidated Plan on July 1, 2019. The above 2¼% and 6% rates remain in effect for those members with 20 or more years of creditable service under the PLD Consolidated Plan on July 1, 2019.

Form of Payment: Life annuity ("full benefit") unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 11.

***Regular Plan Notes***

1. Under certain circumstances, Regular Plan service can count on a pro-rata basis specific to the applicable Special Plan toward meeting Special Plan benefit eligibility requirements.

2. The actual benefit for service earned prior to coverage under the Consolidated Plan may be based on a variable percentage of average final compensation multiplied by years of service under any previous plan(s) (the percentage depends on the previous plan(s)).

***Special Plan 1C***

Eligibility: 20 years of creditable service in named positions.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

Benefit: One-half of average final compensation plus 2% for each year of service in excess of 20 years of service.

Form of Payment: Life annuity ("full benefit") unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 11.

***Special Plan 1N***

This benefit plan is identical to Special Benefit Plan 1C, except that there is no provision for cost-of-living adjustments.

***Special Plan 2C***

Eligibility: 25 years of creditable service in named positions.

Benefit: One-half average final compensation plus 2% for each year of service in excess of 25 years of service.

Form of Payment: Life annuity ("full benefit") unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 11.

***Special Plan 2N***

This benefit plan is identical to Special Benefit Plan 2C, except that there is no provision for cost-of-living adjustments.

***Special Plan 3C***

Eligibility: 25 years of creditable service in named positions.

Benefit: Two-thirds of average final compensation plus 2% for each year of service in excess of 25 years of service.

Form of Payment: Life annuity ("full benefit") unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 11.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

***Special Plan 3N***

This benefit is identical to Regular Benefit Plan 3C, except that there is no provision for cost-of-living adjustments.

***Special Plan 4C***

Eligibility: Age 55 with 25 years of creditable service in named positions.

Benefit: 1/50 of average final compensation multiplied by years of membership service under Consolidated Plan 4C reduced by:

| | |
|---|---|
| Plan members prior to July 1, 2014: | approximately 2¼% for each year that a member is younger than age 55 at retirement. |
| New members to the Plan on or after July 1, 2014: | 6% for each year that a member is younger than age 55 at retirement. |

Beginning July 1, 2019, the age reduction factors are a set of approximately actuarially equivalent rates rather than the above rates for members with less than 20 years of creditable service under the PLD Consolidated Plan on July 1, 2019. The above 2¼% and 6% rates remain in effect for those members with 20 or more years of creditable service under the PLD Consolidated Plan on July 1, 2019.

Form of Payment: Life annuity ("full benefit") unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 11.

***Special Plan 4N***

This benefit plan is identical to Special Benefit Plan 4C, except that there is no provision for cost-of-living adjustments.

***Special Plan Notes***

1. If a Special Plan member fails to meet the Special Plan eligibility criteria, their service retirement benefit is that provided by the applicable underlying Regular Plan; Special Plan service credits are used toward Regular Plan eligibility requirements.

2. Service in all Special Plans counts, on a percentage basis, toward meeting the benefit eligibility requirements of any Special Plan.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

3. The actual benefit for service earned prior to coverage under the Consolidated Plan may be based on a variable percentage of average final compensation multiplied by years of service under any previous Plan(s) (the percentage depends on the previous Plan(s)).

### 5. Disability Retirement Benefits Other Than No-Age Benefits (See Item 6)

Eligibility: Disabled as defined in the MainePERS statutes prior to applicable normal retirement age, employed prior to October 16, 1992, and did not elect the No-Age Disability Benefits, and either disabled in the line-of-duty or disabled with at least five years of creditable service.

Benefit: 66⅔% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit in combination with Workers' Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins upon the termination of service and ceases on cessation of disability or after five years unless the member is unable to engage in any substantially gainful activity, in which case payments cease on the earlier of 10 years following normal retirement age or the date that the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, service is credited and average final compensation is increased at the same rate as any cost-of-living adjustments for which the member is eligible (see item 11). On the date when service benefits reach a level of 66⅔% of average final compensation or 10 years after the normal retirement date if earlier, the disability converts to a service retirement benefit based on service and average final compensation at that time.

### 6. No-Age Disability Retirement Benefits

Eligibility: Disabled as defined in the MainePERS statutes, employed on or after October 16, 1992 or employed prior to October 16, 1992 and elected the provisions of No-Age Disability, and either disabled in the line-of-duty or disabled with at least five years of creditable service.

Benefit: 59% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Workers' Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins upon the termination of service and ceases on cessation of disability or after five years, unless the member is unable to engage in any substantially gainful activity, in which case payments cease on the date the service retirement benefit equals or exceeds the disability benefit.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

Conversion to Service Retirement: During the period of disability, service is credited and average final compensation is increased at the same rate as any cost-of-living adjustments for which the member is eligible (see item 11). On the date when service benefits reach a level of 59% of average final compensation, the disability benefit converts to a service retirement benefit based on service and average final compensation at that time.

### 7. Pre-Retirement Ordinary Death Benefits

Eligibility: Death while active, inactive eligible to retire, or disabled not resulting from an injury received in the line-of-duty.

Benefit: Designated beneficiary, spouse, children, or parents entitled to benefit calculated as if the deceased member had retired under Option 2 (see item 12); however, the beneficiary may elect survivor benefits payable to a surviving spouse, dependent children, parent, or other designated beneficiaries in monthly amounts varying by the status of beneficiary and number of eligible survivors. Otherwise, accumulated contributions with interest are payable to the designated beneficiary, spouse, children, older parents, or estate.

### 8. Pre-Retirement Accidental Death Benefits

Eligibility: Death while active or disabled resulting from an injury received in the line of duty.

Benefit:

- If the member leaves no dependent children, two-thirds of the member's average final compensation to the surviving spouse until death.

- If the member is survived by a spouse who has the care of dependent children of the member, the surviving spouse shall receive an annual sum equal to the member's average final compensation while having the care of dependent children. When there are no longer any dependent children, the surviving spouse shall receive two-thirds of the member's average final compensation until death.

- If the member is survived by a spouse who does not have the care of the member's dependent children, the surviving spouse and dependent children shall share equally an annual sum equal to the member's average final compensation. When there are no longer any dependent children, the surviving spouse shall receive two-thirds of the member's average final compensation until death.

- If the member leaves no spouse, the dependent children shall share an annual amount equal to the member's average final compensation. Benefits will cease when the last dependent child no longer meets the definition of "dependent child."

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

### 9. Termination Benefit

Eligibility: Termination of service other than by retirement or death with at least five years of creditable service.

Benefit: The member's choice of a refund of the accumulated contributions with interest or a retirement benefit using creditable service and average final compensation as of the date of termination, deferred to normal retirement age.

### 10. Refund of Contributions

Eligibility: Termination of service other than by retirement or death with less than five years of creditable service.

Benefit: Refund of member's accumulated contributions with interest.

### 11. Cost-of-Living Adjustments (COLA)

All service and disability retirement and survivor benefits payable to (or in relation to) benefit recipients who were employed by a PLD that elected a Plan that provides for a COLA are adjusted each year that there is a percentage change in the Consumer Price Index, based on the Index. If the percentage change is negative, then no adjustment is made in that year. In subsequent years, the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full value of negative changes in the Index.

Cost-of-living adjustments (COLA) are effective September 1 of each year and are applied to all benefits in a Plan that provides for a COLA that have been in payment for six months for retirees who retire prior to September 1, 2015, 12 months for retirees who retired on or after September 1, 2015, and 24 months for those who retire on or after September 1, 2019.

The maximum annual increase is 2.5%, applicable to COLAs issued in September 2018 and later (prior to this, 3% for the 2014 through 2017 COLAs and 4% prior to the 2014 COLA).

Possible downward adjustments to future COLAs may occur if severe market losses result in contribution rates under the risk-sharing contribution methodology that exceed the contribution caps for PLD and member rates under this methodology. In this eventuality, a reduced COLA may be paid to retirees.

An extra 1.0% COLA was granted to eligible retirees at September 1, 2022.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

### 12. Methods of Payment of Service Retirement Benefits

At retirement, a member who retires with a benefit must choose from the following methods of payment:

Full Benefit: Unadjusted benefit paid for the life of the member-only.

Option 1: Cash refund equal to the remaining member contribution balance, if any, at the date of death (where the member contribution balance has been reduced each month by the portion of the monthly benefit deemed to be provided by member contributions).

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Joint and survivor annuity at any percentage other than those available under Option 2 and Option 3.

Option 5: Designated percentage of the benefit (not less than 51%) payable to the member, with the remaining percentage (the two to equal 100%) payable to a beneficiary (may only be a sole beneficiary) while both are alive. At the death of either, the higher of the two percentages is paid to the survivor for the survivor's life, and the lower-percentage benefit ceases to be paid.

Option 6: 100% joint and survivor annuity (Option 2) with pop-up*.

Option 7: 50% joint and survivor annuity (Option 3) with pop-up*.

Option 8: Option 4 with pop-up*.

* The "pop-up" feature attached to a given Option means that in the case of a beneficiary predeceasing the member, the member's benefit will be revised prospectively to the amount that the benefit would have been had the member selected Full Benefit payment upon retirement.

### 13. Plan Changes Since Prior Valuation

The Cost-of-Living Adjustment as of September 1, 2022 included an additional one percent in excess of the 2.5% maximum.

This Appendix C is intended to be a brief summary of provisions. In the event of a dispute, applicable statutes and administrative policy supersede this report description.

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

# A. Actuarial Assumptions

### 1. Annual Rate of Investment Return

| | |
|---|---|
| PLDs | 6.50% |

Rate is net of both administrative and investment expense.

### 2. LDROM Discount Rate

| | |
|---|---|
| PLDs | 3.91% |

### 3. Cost-of-Living Adjustment (COLA) Assumed Rate

| | |
|---|---|
| PLDs | 1.91% |

### 4. Sample Rates of Individual Salary Increases (% at Selected Years of Service)

| Years of Service | PLD |
|---|---|
| 0 | 11.48% |
| 1 | 8.66 |
| 2 | 4.81 |
| 3 | 4.29 |
| 4 | 4.03 |
| 5 | 3.78 |
| 10 | 3.26 |
| 15 | 3.26 |
| 20 | 3.01 |
| 25 | 2.75 |
| 30 | 2.75 |

The above rates include a 2.75% across-the-board increase at each year of service.

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

**5. Sample Rates of Termination (% at Selected Years of Service)**

| Service | Regular | Special |
|---|---|---|
| 0 | 28.0% | 17.9% |
| 1 | 21.0 | 14.4 |
| 2 | 15.0 | 10.5 |
| 3 | 12.0 | 9.5 |
| 4 | 10.0 | 7.8 |
| 5 | 9.0 | 7.9 |
| 10 | 5.0 | 4.5 |
| 15 | 3.5 | 2.9 |
| 20 | 3.5 | 2.7 |
| 25 | 3.0 | 0.0 |

Non-vested members are assumed to take a refund of contributions with interest. Once vested, the member is assumed to elect the greater of the deferred vested benefit or a refund of member contributions with interest based on present value at the time of termination.

**6. Sample Rates of Mortality for Healthy Annuitant Lives at Selected Ages (number of deaths per 10,000 members)**

| | (Showing values in 2023) | |
|---|---|---|
| Age | Male | Female |
| 50 | 31 | 24 |
| 55 | 46 | 34 |
| 60 | 71 | 48 |
| 65 | 103 | 69 |
| 70 | 158 | 111 |
| 75 | 267 | 198 |
| 80 | 482 | 367 |
| 85 | 889 | 699 |
| 90 | 1,552 | 1,312 |
| 95 | 2,424 | 2,144 |

Rates are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

**7. Sample Rates of Mortality for Active Lives at Selected Ages (number of deaths per 10,000 members)***

| | (Showing values in 2023) | |
|---|---|---|
| Age | Male | Female |
| 20 | 3 | 1 |
| 25 | 3 | 1 |
| 30 | 4 | 2 |
| 35 | 6 | 3 |
| 40 | 7 | 4 |
| 45 | 9 | 5 |
| 50 | 12 | 7 |
| 55 | 18 | 11 |
| 60 | 27 | 17 |
| 65 | 39 | 25 |

* For Regular Plans, 5% of deaths assumed to arise out of and in the course of employment, while for Special Plans, 20% of deaths are assumed to arise out of and in the course of employment.

Rates are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

**8. Sample Rates of Mortality for Disabled Annuitant Lives at Selected Ages (number of deaths per 10,000 members)**

| | (Showing values in 2023) | |
|---|---|---|
| Age | Male | Female |
| 25 | 36 | 21 |
| 30 | 54 | 37 |
| 35 | 74 | 58 |
| 40 | 91 | 76 |
| 45 | 113 | 99 |
| 50 | 160 | 142 |
| 55 | 218 | 183 |
| 60 | 277 | 211 |
| 65 | 328 | 221 |
| 70 | 386 | 260 |

Rates for are based on 107.3% and 103.2% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

**9. Sample Rates of Retirement at Selected Ages (number retiring per 1,000 members)**

*Regular Plans*

| | Regular Plans | |
|---|---|---|
| Age | NRA 60 | NRA 65 |
| 45 | N/A | N/A |
| 50 | N/A | N/A |
| 55 | N/A | N/A |
| 60 | 120 | 60 |
| 65 | 250 | 200 |
| 70 | 1,000 | 250 |
| 75 | 1,000 | 1,000 |

In the case of PLD employees, NRA 60 refers to those who were members prior to July 1, 2014, and NRA 65 refers to those who became members on or after July 1, 2014.

*Special Plans*

| Special Plans | |
|---|---|
| Service | Assumption |
| 20 | 350 |
| 21 | 300 |
| 22 | 280 |
| 23 | 250 |
| 24 | 200 |
| 25 | 350 |
| 26 | 250 |
| 27 | 230 |
| 28 | 250 |
| 29 | 400 |
| 30 | 250 |
| 31-33 | 250 |
| 34 | 330 |
| 35+ | 1,000 |

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

Note that all retirement rates are only applied once the member is eligible to retire, so those in 25-year Plans are not assumed to retire at 20 years of service. For Special Plan retirements with less than 20 years of service, we assume 250 retirements per 1,000 members.

**10. Sample Rates of Disability at Selected Ages (number becoming disabled per 10,000 members)***

| Age | Regular | Special |
|---|---|---|
| 25 | 0.9 | 2.3 |
| 30 | 1.2 | 3.0 |
| 35 | 1.8 | 4.5 |
| 40 | 4.2 | 10.5 |
| 45 | 8.7 | 21.8 |
| 50 | 16.5 | 41.3 |
| 55 | 28.5 | 70.0 |
| 60 | 30.0 | 70.0 |

* 10% assumed to receive Workers Compensation benefits offsetting disability benefit.

**11. Family Composition Assumptions**

80% of active members are assumed to be married and have two children born when the member is 24 and 28; children are assumed dependent until age 18; a female spouse is assumed to be three years younger than a male spouse; member is assumed to have no dependent parents; unmarried members are assumed to have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

**12. Technical and Miscellaneous Assumptions**

Decrement Timing: Middle of the valuation year.

Pay Increase Timing: Salary provided is treated as the rate of pay as of the valuation date. Annual increases are applied as of the beginning of each subsequent valuation.

Member Contribution Interest Rate: Reflects actual historical member contribution interest rates from 1970 through the valuation; future contribution interest assumed to equal the inflation assumption of 2.75%.

COLA Timing: September 1.

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

Member Contribution Rates: For purposes of developing liability amounts, the member contribution rates developed based on the prior year's valuation are assumed to continue for all periods in the future.

### 13. Rationale for Assumptions

The demographic assumptions were adopted by the Board of Trustees at their May 13, 2021 meeting. The discount rate was adopted by the Board of Trustees at their August 12, 2021 meeting. The demographic assumptions adopted are based on an experience study covering the period from July 1, 2015 through June 30, 2020, and the economic assumptions are based on this experience study along with advice of the MainePERS investment consultants. In our professional judgment, the combined effect of the assumptions has no significant bias.

The LDROM discount rate is the single equivalent rate determined by matching Plan cashflows to US Treasury Securities yields as of the measurement date as published by the Federal Reserve.

### 14. Changes Since Last Valuation

None

### 15. Rationale for Change in Actuarial Assumptions

N/A

### 16. Disclosure for Reasonable Actuarially Determined Contribution Method

The rates developed in the ratemaking process in Table I-2 meet the requirements on a Total Plan basis of a reasonable ADC as defined by the actuarial standards of practice. The actuarial methods used to determine the reasonable actuarially determined contribution have been selected to balance benefit security, intergenerational equity, and stability of contributions. The selection of the actuarial methods has taken into account the demographics of plan members, the funding goals and objectives of the Board, and the need to accumulate assets to make benefit payments when due.

### 17. Disclosure of Models Used

***ProVal:*** Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

***Projection Model:*** This report includes projections of future contributions, assets, liabilities, and funded status for the purpose of assisting the Board of Trustees with the management of the Fund. We have used Cheiron's P-Scan and R-Scan models to develop these projections. The model is also used to stress test the impact of volatile asset returns over the projection period.

The P-Scan projection uses projected benefit payments for current members but does not include projected benefit payments for new members. This limitation is not material for the next 20 years, but longer projection periods should be viewed with caution. The P-Scan projection uses standard roll-forward techniques that implicitly assume a stable active population. Changes in the demographic characteristics of the active population will lead to different results.

The stochastic projections of investment returns assume that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods of time. The standard deviation used in the stochastic projection of investment returns was provided by the investment consultant.

***Mortality Improvement Model***: Cheiron utilized the RPEC_2014_v2020 Model Implementation Tool for the purposes of developing the customized version of MP-2020 used in this report. This tool is updated and published annually by the Society of Actuaries and their Retirement Plans Experience Committee and allows actuaries to develop customized versions of mortality improvement scales based on the parameters and data underlying the published MP-2020 scale but allowing practitioners to vary parameters from those used in the published MP-2020 scale.

We have reviewed this model and believe it is appropriate to our intended use in developing a customized mortality improvement scale for the Programs. Further, we are aware of no material inconsistencies that would limit our ability to use this model for its intended purpose.

# B. Actuarial Methods

### 1. Funding and LDROM Cost Method

The entry age normal actuarial cost method is used to determine costs and the actuarially determined contributions needed to fund the Plan. The actuarially determined contributions are then used to develop the specific rates for both members and PLDs for each specific Regular and Special Plan within the Plan. Under this cost method, the Actuarially Determined Plan Total Rate consists of two elements: the Actuarially Determined Plan Normal Cost Rate and the Actuarially Determined Plan UAL Amortization Rate.

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

For each of the Regular and Special Plans in the Consolidated Plan, an individual entry age normal cost rate is determined for each active member. The normal cost is determined by the following steps. First, an individual normal cost rate is determined by taking the value, as of entry age into a Plan, of each active member's projected future benefits. Second, this value is then divided by the value, also at entry age, of the member's expected future salary. These rates are then multiplied by each member's salary as of the valuation date to get the total normal cost dollars as of the valuation date for that Plan. These individual amounts for each Regular and Special Plan are then added to get the total normal cost dollars for the Plan and then divided by the total payroll for the Plan to get the Actuarially Determined Plan Normal Cost Rate.

The unfunded actuarial liability under the entry age normal cost method equals the present value, at the time of valuation, of the future benefit payments less the present value of future normal costs, future member contributions, future IUUAL payments, and current assets. Under the Consolidated Plan, the Actuarially Determined Plan UAL Amortization Rate is calculated for the Consolidated Plan in total based on the pooled UAL being amortized over a 20-year period commencing with the June 30, 2015 valuation date and any layers of pooled UAL arising after that date amortized over individual 20-year periods. This amortization uses a level percentage of pay method with payroll assumed to increase at 2.75% per year. The amortization payment thus derived for the valuation year is then divided by the total payroll to develop the Actuarially Determined Plan UAL Amortization Rate. Amortization payments are assumed to be made each pay period.

The risk-sharing framework adopted by the Board of Trustees is then used to develop individual PLD and member rates for each Regular and Special Plan within the Plan based on the Actuarially Determined Plan Total Rate. The allocation to each specific Plan from the Total Rate is based on the normal cost rate for each specific Plan relative to the Plan in total. For the three Regular Plans, member rates are developed separately for members under the provisions with an age 60 normal retirement age and members under the provisions with an age 65 normal retirement age.

In addition to the development of rates for each Plan, the actual contribution for a given PLD will include an Individual Unpooled Unfunded Actuarial Liability (IUUAL) payment as well, unless the PLD came into the Plan without an IUUAL or has paid off its IUUAL. The Initial Unpooled Unfunded Actuarial Liability (IUUAL) was calculated at entry into the Consolidated Plan for each PLD that entered with liabilities in excess of their assets and is paid off through payment of a specific dollar amount until paid off.

### 2. Asset Valuation Method

For purposes of determining member and PLD contributions to the Plan and the Plan's funded status, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions.

## APPENDIX D – ACTUARIAL ASSUMPTIONS AND METHODS

Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

In determining the actuarial value of assets, we calculate an expected actuarial value based on the cash flows for the year and imputed returns at the actuarial assumption. This expected value is compared to the actual market value at the valuation date and one-third of the difference is added to the preliminary actuarial value to arrive at the final actuarial value.

**3. FASB ASC Topic 960 Cost Method:**

The cost method for valuation of liabilities for FASB ASC Topic 960 purposes is the Unit Credit Cost method. This is one of a family of valuation methods known as accrued benefits methods. The chief characteristic of accrued benefits methods is that the funding pattern follows the pattern of benefit accrual. The accrued liability, which is determined for each Participant as of each valuation date, represents the actuarial present value of each Participant's benefit earned prior to the valuation date.

**4. Changes Since Last Valuation**

None

**5. Rationale for Change**

N/A

## APPENDIX E – GLOSSARY OF GASB TERMS

1. **Actuarially Determined Contribution**

   A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. **Actuarial Valuation Date**

   The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. **Deferred Inflow of Resources**

   An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

4. **Deferred Outflow of Resources**

   A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

5. **Entry Age Actuarial Cost Method**

   The actuarial cost method required for GASB Nos. 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual, included in an actuarial valuation, is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

6. **Measurement Date**

   The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the Plan.

## APPENDIX E – GLOSSARY OF GASB TERMS

**7. Net Pension Liability**

The liability of employers and non-employer contributing entities for employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position.

**8. Plan Fiduciary Net Position**

The fair or market value of assets.

**9. Reporting Date**

The last day of the Plan or employer's fiscal year.

**10. Service Cost**

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB Nos. 67 and 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

**11. Total Pension Liability**

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Nos. 67 and 68. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method.

Maine Public Employees Retirement System

CHEIRON
Classic Values, Innovative Advice

# PLD Consolidated Plan Advisory Committee Meeting

November 7, 2023

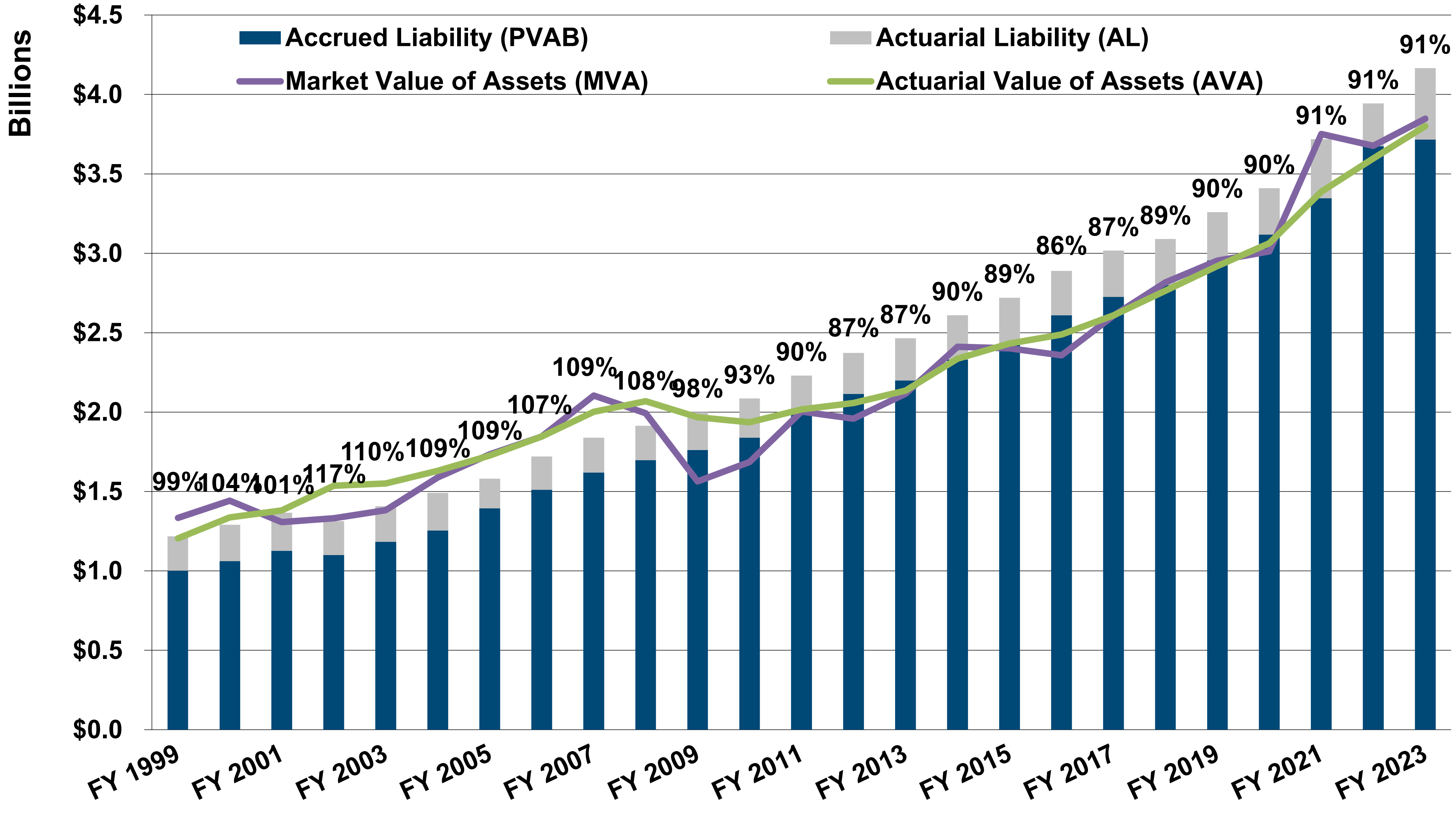
Fiona E. Liston, FSA, EA, MAAA
Bonnie Rightnour, FSA, EA, MAAA

# AGENDA

- June 30, 2023 Valuation Results
- FY 2025 Rate Development
- Projections
- COLA Discussion

# Historical Review

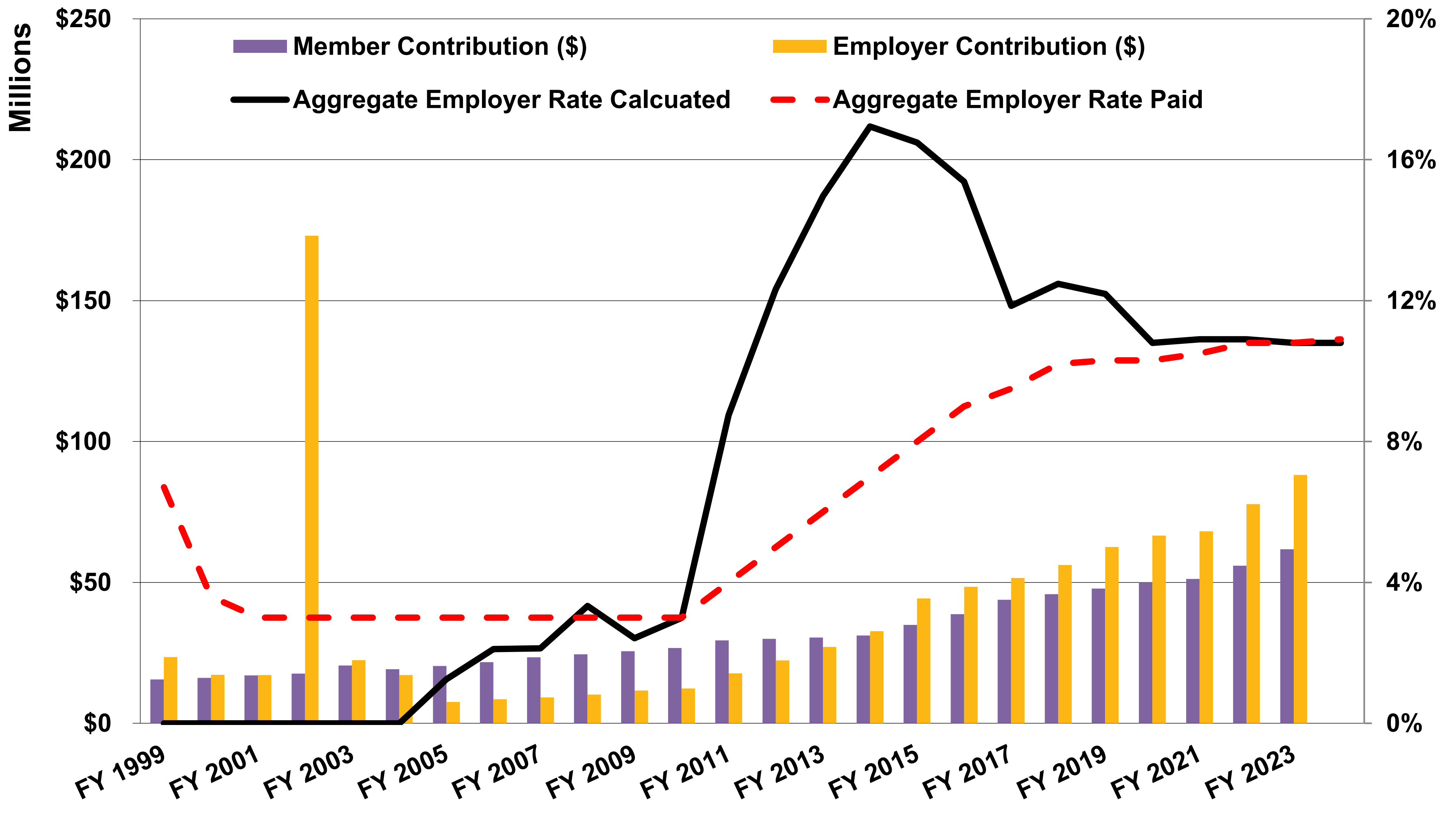
# Historical Review – Assets & Liabilities




Percentages shown are AVA funded ratios.

**Consolidated Plans Only**

# Historical Review – Contributions

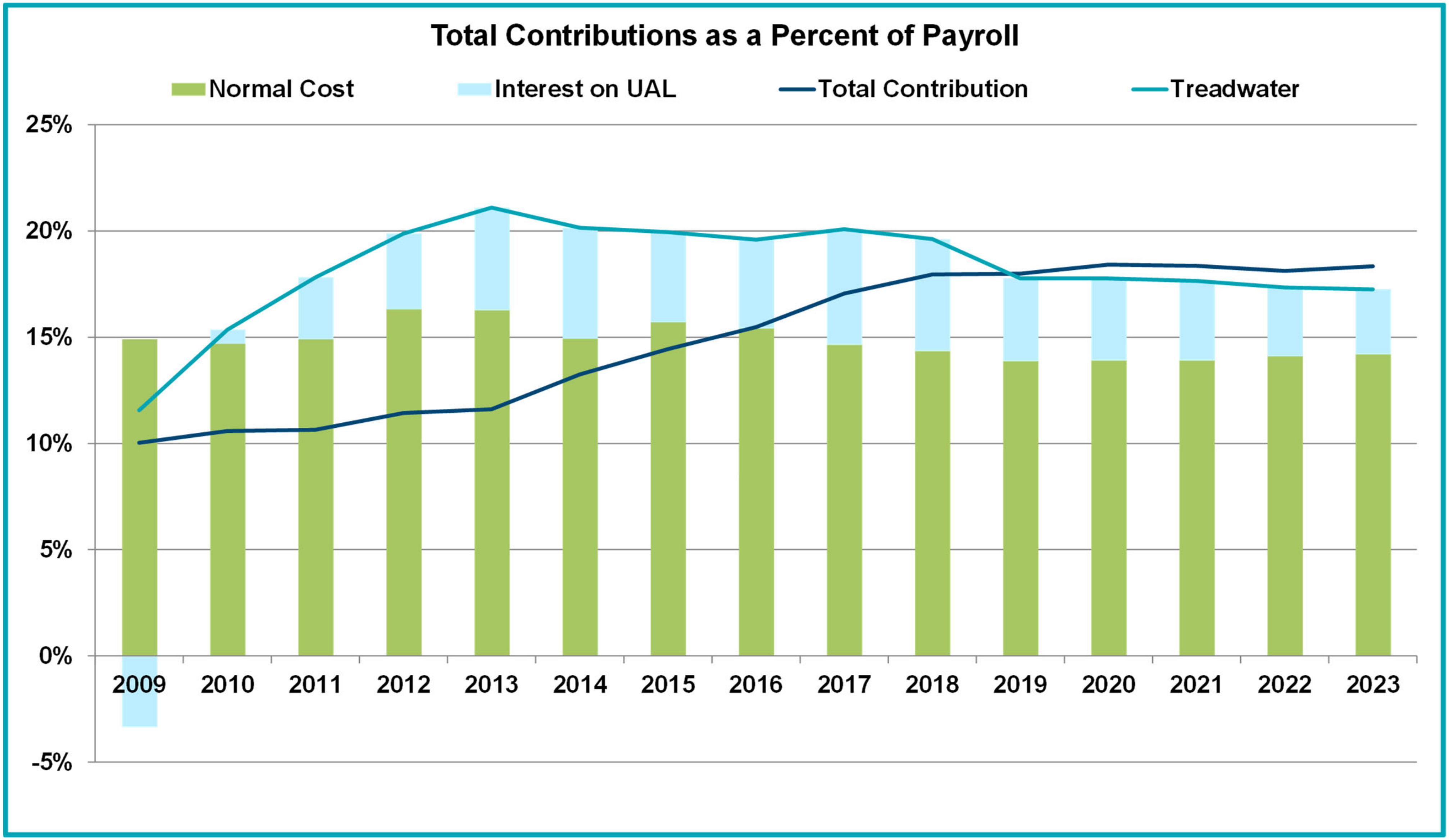



Consolidated Plans Only

# "Treadwater" Analysis

- This metric is increasing in importance for Public Penson Funds
- Definition
  - Treadwater = Normal Cost + Interest on the UAL
  - Analogous to paying for purchases and the finance charge on a credit card
- If Contributions > Treadwater, Funded Status is expected to improve
- If Contributions < Treadwater, Funded Status is expected to decline

# Consol. PLDs, Historical Treadwater




Consolidated Plans Only

*November 7, 2023*

# Change in ASOP to Disclose LDROM

- Actuarial Standards of Practice require an actuary to calculate and disclose a Low-Default-Risk Obligation Measure (LDROM) when performing a funding valuation
- MainePERS Board met to discuss options on
  – Using the Entry Age Normal funding method
  – Using a discount rate derived from US Treasury yields (3.91%)
- Produces a disclosure consistent with the funding liability
  – Comparison to actual funding liability demonstrates value of diversified investments, which allow for funding on a 6.5% discount rate

# Consol. PLDs – Key FY 2023 Results

| | June 30, 2022 | June 30, 2023 | 2022 to 2023 |
|---|---|---|---|
| **Membership** | **Valuation** | **Valuation** | **% change** |
| Actives | 12,362 | 13,122 | 6.1% |
| Payroll ($millions) | $ 738 | $ 832 | 12.7% |
| Average Salary | $ 59,704 | $ 63,398 | 6.2% |
| In Pay Status | 10,400 | 10,615 | 2.1% |
| Total Annual Benefits ($millions) | $ 190 | $ 203 | 7.3% |
| Average Benefit | $ 18,224 | $ 19,159 | 5.1% |
| **Assets and Liabilities ($millions)** | | | |
| Actuarial Liability | $ 3,944 | $ 4,166 | 5.6% |
| Actuarial Value of Assets (AVA) | $ 3,597 | $ 3,800 | 5.6% |
| Unfunded Actuarial Liability (UAL) | $ 347 | $ 366 | 5.6% |
| AVA Funded Ratio | 91.2% | 91.2% | |
| Market Value of Assets (MVA) | $ 3,678 | $ 3,847 | 4.6% |
| MVA Funded Ratio | 93.3% | 92.3% | |
| Accrued Liabilities | $ 3,674 | $ 3,717 | 1.2% |
| Unfunded Accrued (using MVA) | $ (3) | $ (130) | 3821.7% |
| Accrued MVA Funded Ratio | 100.1% | 103.5% | |
| LDROM Liabilities | N/A | $ 5,877 | |
| **Composite Contribution Rate** | **for FY 2023** | **for FY 2024** | |
| Total Normal Cost Rate | 14.2% | 14.3% | |
| UAL Rate | 4.5% | 4.3% | |
| Total Calculated Rate | 18.7% | 18.6% | |
| Final Aggregate Employer Paid | 10.9% | TBD | |
| Final Aggregate Member Paid | 7.8% | TBD | |

# Consolidated PLDs FY 2023 Experience

- Consolidated PLD smoothed asset gain of $23.5 million
- Consolidated PLD liabilities grew by $75.8 million more than expected
  - $20.7 million increase due to Program changes (COLA)
  - $12.2 million increase due to COLA of 2.5% vs. assumed 1.91%
  - $42.9 million increase due to other liability experience, generally payroll growth in excess of assumption
- Net Impact
  - UAL increased by $19.3 million to $366.1 million
  - Calculated Total Contribution Rate decreased by 0.1%

# Plan Level Results

- Even though the Composite Contribution for the plan as a whole moved by 0.1% there were bigger changes to the individual rates

- Individual rates are based on the normal cost calculation for each plan
  - Demographic movements from year to year do have an impact on these normal costs

- The amount by which the PLD/member contribution split is not in alignment with the desired 58%/42% split can mean additional movement from the FY 2024 rate

# PLD Head Counts by Plan

Active Head Counts as of 6/30/2023

| | Age 60 | Age 65 | Total | Payroll* | % of Total |
|---|---|---|---|---|---|
| Regular AC | 2,934 | 5,470 | 8,404 | $487.2 | 58.5% |
| Regular BC | 17 | 29 | 46 | 3.0 | 0.4 |
| Special 1C | | | 334 | 26.9 | 3.2 |
| Special 2C | | | 1,093 | 79.9 | 9.6 |
| Special 3C | | | 2,217 | 173.8 | 20.9 |
| Special 4C | | | 134 | 8.1 | 1.0 |
| Regular AN | 250 | 497 | 747 | 41.8 | 5.0 |
| Special 1N | | | 12 | 0.9 | 0.1 |
| Special 2N | | | 19 | 1.4 | 0.2 |
| Special 3N | | | 116 | 8.9 | 1.1 |
| Special 4N | | | 0 | 0.0 | 0.0 |
| TOTAL PLAN | | | 13,122 | $831.9 | 100.0% |

* Payroll figures are in millions

# PLD Rate Setting Methodology

PLD employer and member rates for FY 2020 and beyond are based on a risk-sharing framework

- 58% PLD, 42% member
- Contribution capped 12.5% employer, 9% member
- Caps apply to the aggregate rates in both cases

- Plan-specific PLD rates for each of the three Regular Plans and eight Special Plans

- PLD member rates for each of the Regular Plans are now split into two distinct rates. A single distinct member rate continues for each Special Plan.
  - Age 60 Plan
  - Age 65 Plan

# History and Remaining Concerns

- During the period FY10-FY19 there were significant increases in the aggregate contribution rate due to the difficulty of growing from 3% to the calculated cost
  - This issue is largely in the past

- Goal of having PLD pay 58% of the cost and member pay 42% has not yet been met
  - Original fixed member rates varied by the plan but did not change by year
  - Goal of 58/42 called for significant movement in some of the plans
  - All member rates aligned as of last rate setting

# PLD Contribution Rates

- Last year, the individual rates were restricted to not move up or down by more than 1.0%
- The next slide shows resulting FY 24 rates as compared to what they would have been without restriction
- Biggest remaining disparities after that exercise were in Plans 4C, 2N and 4N
  - In 2022 these plans covered 1.46% of total payroll
  - If rates move 1.0% per year for both the PLD and member these rates will eventually reach their unrestricted amounts

# Remaining Discrepancy in FY 2024

| | Full Adjustment | | | As Adopted | | | Remaining | | |
|---|---|---|---|---|---|---|---|---|---|
| | PLD | Member* | Total | PLD | Member* | Total | PLD | Member* | Total |
| Regular AC | 10.1% | 7.3% | 17.4% | 10.2% | 7.2% | 17.4% | (0.1%) | 0.0% | (0.1%) |
| Regular BC | 5.3 | 3.8 | 9.1 | 5.3 | 3.8 | 9.1 | 0.0 | 0.0 | 0.0 |
| Special 1C | 14.8 | 10.7 | 25.5 | 14.8 | 10.7 | 25.5 | 0.0 | 0.0 | 0.0 |
| Special 2C | 11.6 | 8.4 | 20.0 | 11.6 | 8.4 | 20.0 | 0.0 | 0.0 | 0.0 |
| Special 3C | 12.8 | 9.3 | 22.1 | 12.8 | 9.3 | 22.1 | 0.0 | 0.0 | 0.0 |
| Special 4C | 12.2 | 8.9 | 21.1 | 11.3 | 8.9 | 20.2 | 0.9 | 0.0 | 0.9 |
| Regular AN | 8.9 | 6.5 | 15.4 | 8.9 | 6.5 | 15.4 | 0.0 | 0.0 | 0.0 |
| Special 1N | 12.4 | 8.9 | 21.3 | 12.4 | 8.9 | 21.3 | 0.0 | 0.0 | 0.0 |
| Special 2N | 10.4 | 7.5 | 17.9 | 8.4 | 7.5 | 15.9 | 2.0 | 0.0 | 2.0 |
| Special 3N | 11.1 | 8.1 | 19.2 | 10.5 | 8.1 | 18.6 | 0.6 | 0.0 | 0.6 |
| Special 4N | 9.1 | 6.6 | 15.7 | 7.0 | 6.6 | 13.6 | 2.1 | 0.0 | 2.1 |
| Aggregate | 10.9% | 7.8% | 18.7% | 10.9% | 7.8% | 18.7% | 0.0% | 0.0% | 0.0% |

* Aggregate member rate shown. Actual rates are 0.75% lower for age 65 regular plans than age 60.

# PLD Contribution Rates

- The next slide shows the FY 24 rates as compared to those developed in this year's valuation for FY 25
- The comparison has no restriction on the FY 25 rates
- Regular plan rates are dropping as more of the group is covered under the Age 65 retirement plans
- Significant demographic shifts have changed the normal cost of several special plans
- There are no active members in Special Plan 4N, the rest of the changes are less than 1%

# PLD Contribution Rates – FY 25 Full Amts

| | FY 2024 Rates* | | | FY 2025 Rates | | | DIFFERENCE | | |
|---|---|---|---|---|---|---|---|---|---|
| | PLD | Member | Total | PLD | Member | Total | PLD | Member | Total |
| Regular AC** | 10.2% | 7.2% | 17.4% | 9.9% | 7.1% | 17.0% | (0.3%) | (0.1%) | (0.4%) |
| Regular BC** | 5.3 | 3.8 | 9.1 | 5.1 | 3.7 | 8.8 | (0.2) | (0.1) | (0.3) |
| Special 1C | 14.8 | 10.7 | 25.5 | 14.0 | 10.1 | 24.1 | (0.8) | (0.6) | (1.4) |
| Special 2C | 11.6 | 8.4 | 20.0 | 11.8 | 8.5 | 20.3 | 0.2 | 0.1 | 0.3 |
| Special 3C | 12.8 | 9.3 | 22.1 | 12.8 | 9.2 | 22.0 | 0.0 | (0.1) | (0.1) |
| Special 4C | 11.3 | 8.9 | 20.2 | 13.0 | 9.4 | 22.4 | 1.7 | 0.5 | 2.2 |
| Regular AN** | 8.9 | 6.5 | 15.4 | 8.8 | 6.3 | 15.1 | (0.1) | (0.2) | (0.3) |
| Special 1N | 12.4 | 8.9 | 21.3 | 12.0 | 8.7 | 20.7 | (0.4) | (0.2) | (0.6) |
| Special 2N | 8.4 | 7.5 | 15.9 | 11.0 | 8.0 | 19.0 | 2.6 | 0.5 | 3.1 |
| Special 3N | 10.5 | 8.1 | 18.6 | 11.0 | 8.0 | 19.0 | 0.5 | 0.1 | 0.6 |
| Special 4N | 7.0 | 6.6 | 13.6 | N/A | N/A | N/A | N/A | N/A | N/A |
| Aggregate | 10.9% | 7.8% | 18.7% | 10.8% | 7.8% | 18.6% | (0.1) | 0.0 | (0.1) |

* FY2024 Rates based on no movement greater than 1.0% of payroll.

** Aggregate member rate shown. Actual rates are 0.75% lower for age 65 regular plans than age 60

# Discussion for FY 2025 rates

- Concern about moving individual rates for PLD or member by too much at any one time
  - Makes budgeting difficult
  - Rates could move in the opposite direction in future years

- Use the same restriction as was applied to FY 2024 rates?
  - restrict the one-year movement of either PLD or member rate to be no more than 1.0% of payroll?
  - Soften decline in regular plan rates again to only 0.1% for PLD and member?

- Disparity would still remain in PLD rates for 4C and 2N

# PLD Contribution Rates – 1.0% Restriction

| | FY 2024 Rates* | | | FY 2025 Rates** | | | DIFFERENCE | | |
|---|---|---|---|---|---|---|---|---|---|
| | PLD | Member | Total | PLD | Member* | Total | PLD | Member* | Total |
| Regular AC** | 10.2% | 7.2% | 17.4% | 10.1% | 7.1% | 17.2% | (0.1%) | (0.1)% | (0.2)% |
| Regular BC** | 5.3 | 3.8 | 9.1 | 5.2 | 3.7 | 8.9 | (0.1) | (0.1) | (0.2) |
| Special 1C | 14.8 | 10.7 | 25.5 | 14.0 | 10.1 | 24.1 | (0.8) | (0.6) | (1.4) |
| Special 2C | 11.6 | 8.4 | 20.0 | 11.8 | 8.5 | 20.3 | 0.2 | 0.1 | 0.3 |
| Special 3C | 12.8 | 9.3 | 22.1 | 12.8 | 9.2 | 22.0 | 0.0 | (0.1) | (0.1) |
| Special 4C | 11.3 | 8.9 | 20.2 | 12.3 | 9.4 | 21.7 | 1.0 | 0.5 | 1.5 |
| Regular AN** | 8.9 | 6.5 | 15.4 | 8.8 | 6.4 | 15.2 | (0.1) | (0.1) | (0.2) |
| Special 1N | 12.4 | 8.9 | 21.3 | 12.0 | 8.7 | 20.7 | (0.4) | (0.3) | (0.7) |
| Special 2N | 8.4 | 7.5 | 15.9 | 9.4 | 8.0 | 17.1 | 1.0 | 0.5 | 1.5 |
| Special 3N | 10.5 | 8.1 | 18.6 | 11.0 | 8.0 | 19.0 | 1.0 | (0.1) | 0.9 |
| Special 4N | 7.0 | 6.6 | 13.6 | N/A | N/A | N/A | N/A | N/A | N/A |
| Aggregate | 10.9% | 7.8% | 18.7% | 10.9% | 7.8% | 18.7% | 0.0% | 0.0% | 0.0% |

* FY 2024 Rates based on no movement greater than 1.0% of payroll for Special Plans and 0.1% for Regular Plans

** Aggregate member rate shown. Actual rates are 0.75% lower for age 65 regular plan than age 60.

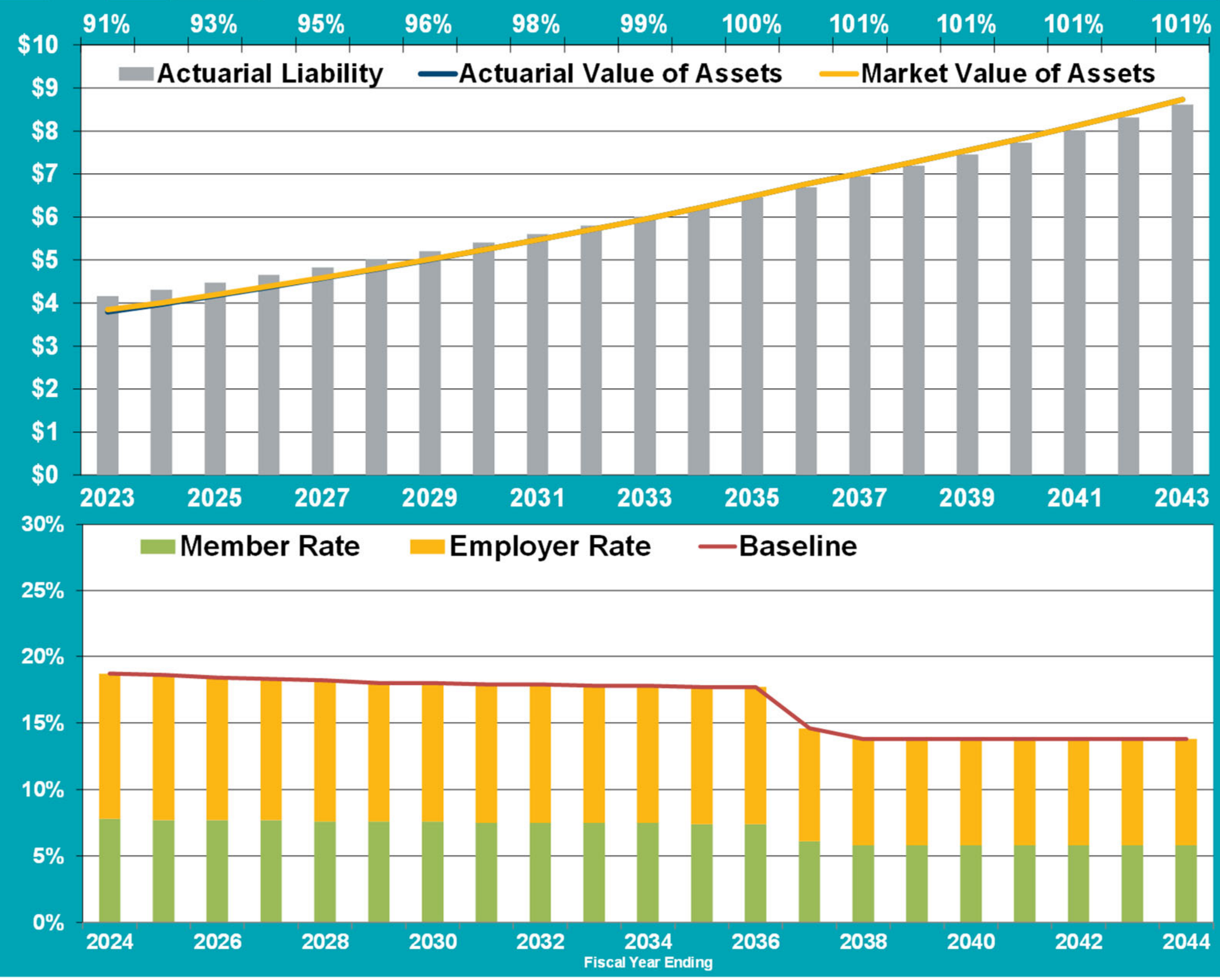
# CP PLDs Baseline Projection

P-SCAN

Assumed | Historical | 1999

Total Cap 21.50%
Employer % 58.00%

| FYE | | Cola Adj |
|---|---|---|
| 2024 | 6.500% | 0% |
| 2025 | 6.500% | 0% |
| 2026 | 6.500% | 0% |
| 2027 | 6.500% | 0% |
| 2028 | 6.500% | 0% |
| 2029 | 6.500% | 0% |
| 2030 | 6.500% | 0% |
| 2031 | 6.500% | 0% |
| 2032 | 6.500% | 0% |
| 2033 | 6.500% | 0% |
| 2034 | 6.500% | 0% |
| 2035 | 6.500% | 0% |
| 2036 | 6.500% | 0% |
| 2037 | 6.500% | 0% |
| 2038 | 6.500% | 0% |
| 2039 | 6.500% | 0% |
| 2040 | 6.500% | 0% |
| 2041 | 6.500% | 0% |
| 2042 | 6.500% | 0% |
| 2043 | 6.500% | 0% |
| ave= | 6.500% | |




Consolidated Plans Only

# Cost-Sharing Provision

- If the aggregate contribution rate developed in a given valuation exceeds the maximum level of 21.5% of payroll there may be a reduction in the COLA granted to retirees in an amount designed to close that gap

- For example – if the aggregate rate is calculated to be 23% of payroll
  - This is 1.5% in excess of the cap
  - If payroll is $750 million then the contribution shortfall would be $11.25 million
  - The amount of COLA otherwise payable to retirees would be reduced by an amount sufficient to recoup this shortfall

- This provision has not been triggered since it was instituted as part of the 2018 plan/funding changes

# CP PLDs w/ Loss

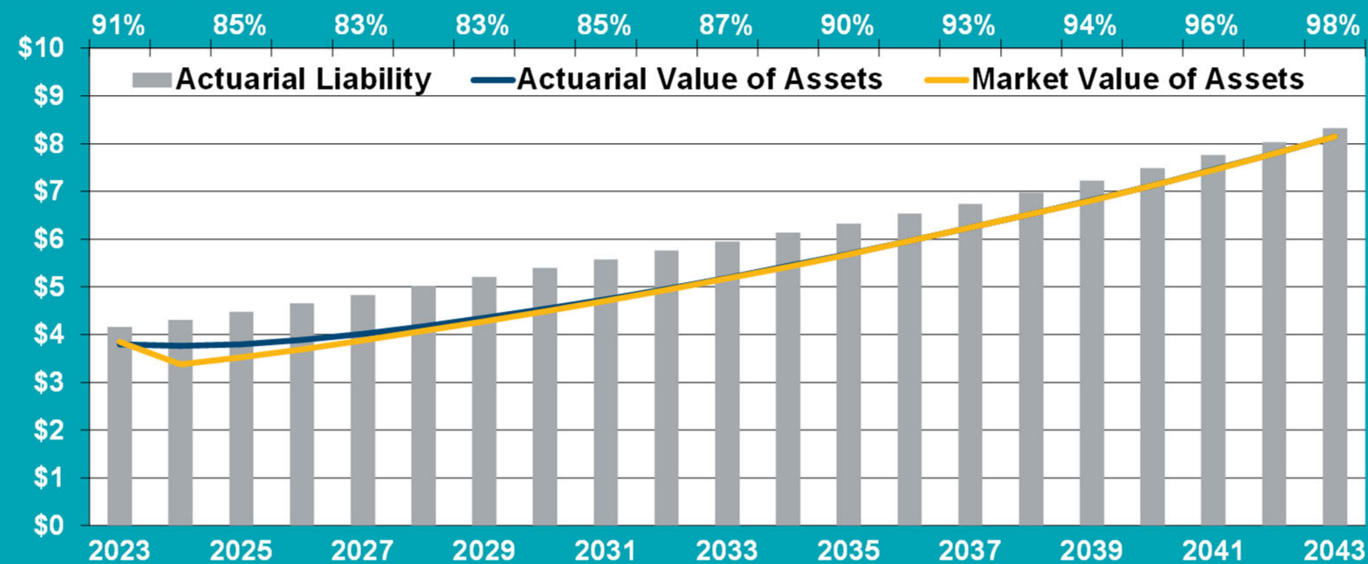
P-SCAN

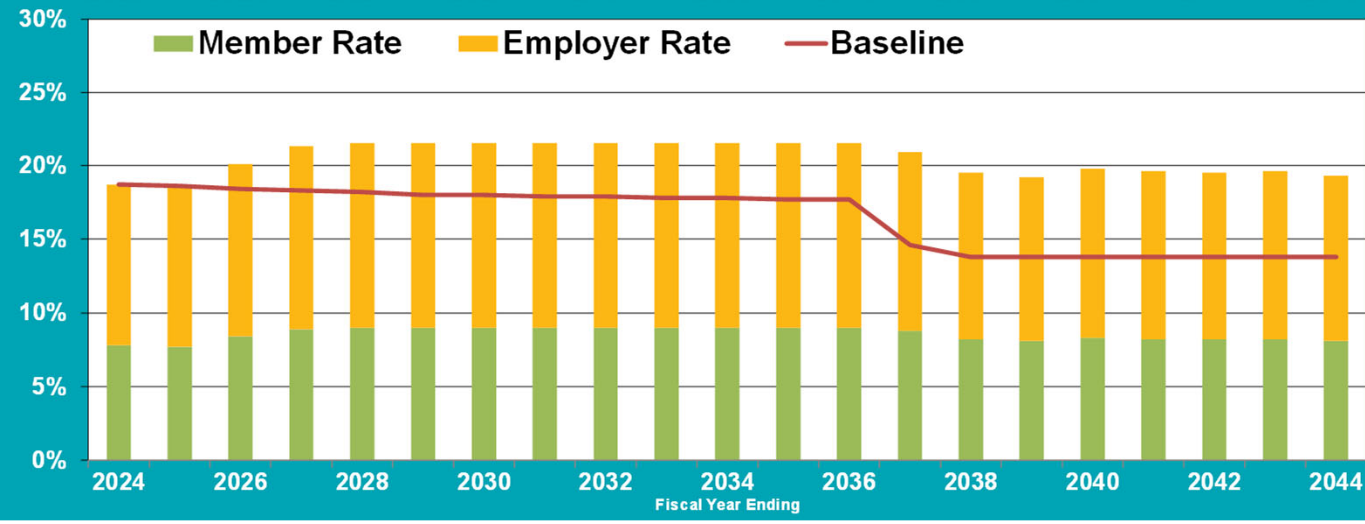
Assumed | Historical | 1999

Total Cap 21.50%

Employer % 58.00%

| FYE | | Cola Adj |
|---|---|---|
| 2024 | -10.000% | 0% |
| 2025 | 6.500% | 0% |
| 2026 | 6.500% | 0% |
| 2027 | 6.500% | 0% |
| 2028 | 6.500% | 0% |
| 2029 | 6.500% | 0% |
| 2030 | 6.500% | -19% |
| 2031 | 6.500% | -26% |
| 2032 | 6.500% | -31% |
| 2033 | 6.500% | -35% |
| 2034 | 6.500% | -37% |
| 2035 | 6.500% | -38% |
| 2036 | 6.500% | -39% |
| 2037 | 6.500% | -39% |
| 2038 | 6.500% | 0% |
| 2039 | 6.500% | 0% |
| 2040 | 6.500% | 0% |
| 2041 | 6.500% | 0% |
| 2042 | 6.500% | 0% |
| 2043 | 6.500% | 0% |
| ave= | 5.675% | |




Consolidated Plans Only

# CP PLDs w/ Loss then Gain

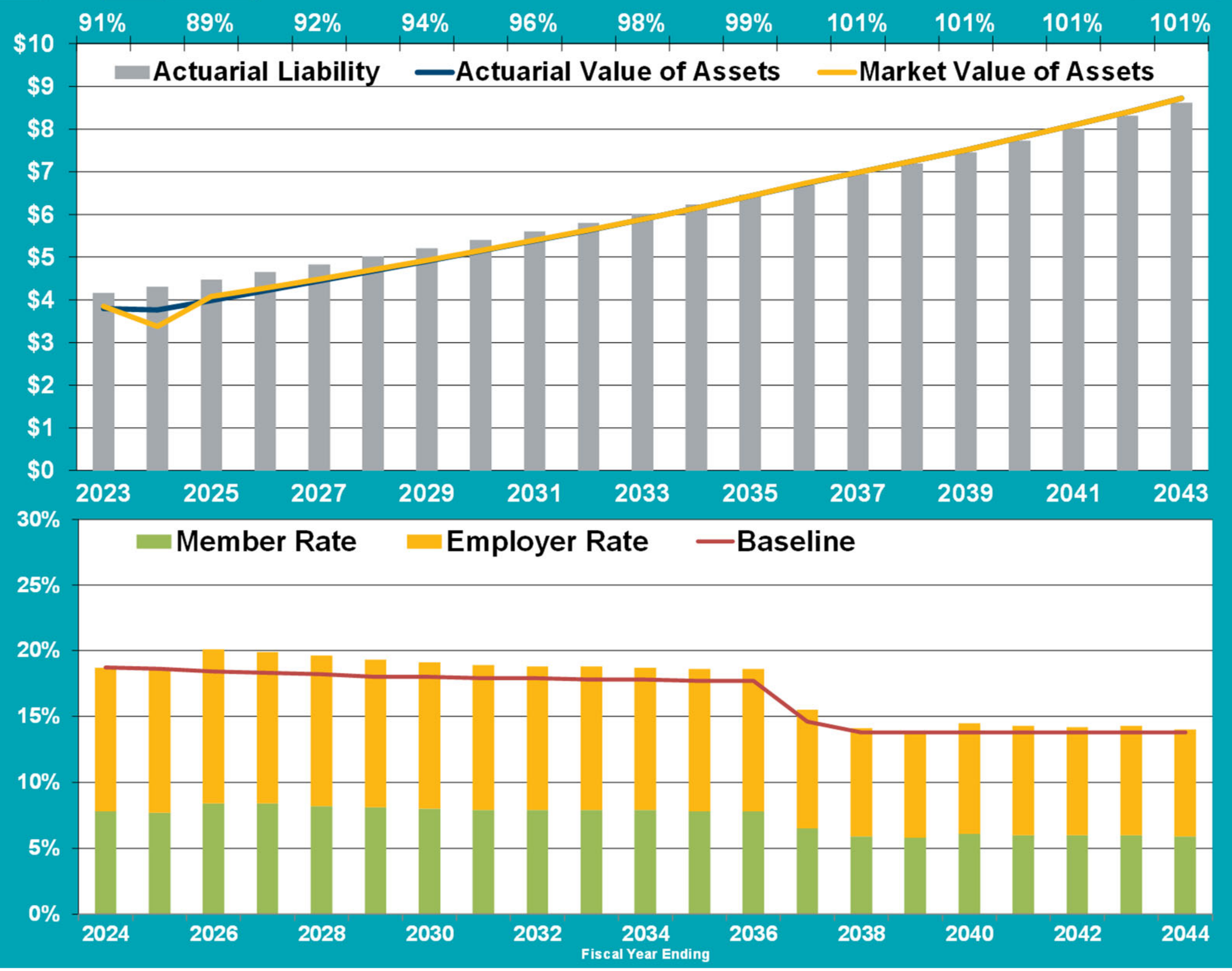
P-SCAN

Assumed | Historical | 1999

Total Cap 21.50%

Employer % 58.00%

| FYE | | Cola Adj |
|---|---|---|
| 2024 | -10.000% | 0% |
| 2025 | 23.000% | 0% |
| 2026 | 6.500% | 0% |
| 2027 | 6.500% | 0% |
| 2028 | 6.500% | 0% |
| 2029 | 6.500% | 0% |
| 2030 | 6.500% | 0% |
| 2031 | 6.500% | 0% |
| 2032 | 6.500% | 0% |
| 2033 | 6.500% | 0% |
| 2034 | 6.500% | 0% |
| 2035 | 6.500% | 0% |
| 2036 | 6.500% | 0% |
| 2037 | 6.500% | 0% |
| 2038 | 6.500% | 0% |
| 2039 | 6.500% | 0% |
| 2040 | 6.500% | 0% |
| 2041 | 6.500% | 0% |
| 2042 | 6.500% | 0% |
| 2043 | 6.500% | 0% |
| ave= | 6.500% | |




Consolidated Plans Only

# COLA Discussion

# Ad Hoc COLAs

- COLAs are based on the increase in CPI, capped at 2.5%
- In recent years, inflation has run higher than 2.5% and consideration has been given to offering an additional increase in retiree benefits to reduce erosion of their purchasing power
- An additional 1% COLA was granted effective 9/1/2021 and again on 9/1/2022
- The costs of providing the additional COLAs are amortized over a 20-year period and become an element of the Plan's overall rate
- Rate increases are shared between PLD and member and also between COLA and non-COLA plans
  - Rates allocated by normal cost so non-COLA plans have a smaller share of the cost
  - For the 9/1/2022 ad hoc COLA, we estimated 0.1% increase in the aggregate rate, which did not materialize

# PLD COLA Scenarios

- We were requested to provide the actuarial cost for COLAs in excess of the 2.5% maximum on both an ad hoc and cumulative basis
  - Actual change in CPI was 3.0%
  - 9/1/23 COLA is capped at 2.5%
- Cost of providing additional COLA will be amortized over a 20-year period and become an element of the Plan's overall rate
- We estimate that providing an additional 0.5% COLA effective 9/1/2023 would result in the FY26 aggregate rate (to be calculated in the 2024 valuation work) to be higher by 0.1% of payoll

# Required Disclosures

In preparing this presentation, we relied on information supplied by the Maine Public Employees Retirement System. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The actuarial assumptions, models used, data and methods are those used in the preparation of the latest actuarial valuation reports prepared for these programs as of June 30, 2023.

The results of this presentation rely on future plan experience conforming to the underlying assumptions and methods outlined in the reports. Future results may differ significantly from the current results presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Cheiron's presentation was prepared solely for the Maine Public Employees Retirement System for the purposes described therein, except that the plan auditor may rely on the report solely for the purpose of completing an audit related to the matters herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.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Principal Consulting Actuary

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# MEMORANDUM

**Date**: July 26, 2023

**To**: PLD Advisory Committee Members

**From**: Kathy Morin, Director of Actuarial and Legislative Affairs

**Re**: Cost-of-Living for PLD Retirees

As we did last year, we are providing preliminary information about inflation and retiree cost-of-living adjustments (COLA). This information is based on the 2022 valuation data and may change slightly once the 2023 valuation work has been completed.

**<u>Cost-of-Living for PLD Plan Retirees</u>**

The Board of Trustees is mandated by rule to award a cost-of-living adjustment (COLA) on retirement benefits each September based on the increase in the Consumer Price Index for All Urban Consumers (CPI-U) as of June 30th. The CPI-U for the year ending June 30, 2023 was 3.0%.

The increase for the PLD Consolidated Plan is paid to eligible retirees on the total benefit up to a cap of 2.5%. The Board is expected to vote at its August 10, 2023 meeting to grant the 2023 COLA as provided under the Plan.

While the plan provides for a 2.5% COLA, the actuarial assumption used for funding purposes is 1.91%. This assumption is based on the COLA experience of the plan, and recognizes that the CPI-U is often lower than the 2.5% permitted under the plan. In years in which the CPI-U is less than the 1.91% assumption, the plan has an experience "gain," which can decrease overall plan liabilities. In years in which the CPI-U is higher than the 1.91% assumption, as it has been for the past three years, the plan has an experience "loss," which can increase the overall plan liabilities.

The following table provides the experience loss information for the 2.5% COLA for 2023.

| | **COLA Assumption (1.91%)** | **Capped COLA (2.5%)** | **Experience Loss** |
|---|---|---|---|
| **Increase in UAL (in millions)** | $37.6 | $49.2 | $11.6 |
| **Increase in Aggregate Contribution Rate** | 0.4% | 0.5% | 0.1% |

Taken in isolation, the 2023 COLA would increase the aggregate plan rate by 0.1%. However, other plan experience (i.e., gains and losses) will be combined with the COLA experience to determine actual plan funding requirements.

**Cost-of-Living for Other Retirees**

The COLA provisions for retirees from the State-sponsored plans, including State employees, teachers, legislators and judges, are different from those that apply to PLD Plan retirees. Specifically, the cap for these plans is 3%, and it is payable on a maximum level of benefits (i.e., "COLA base"), which for 2023 is $24,911.84. In contrast, the cap for the PLD Plan is 2.5%, and the COLA applies to the entire benefit.

**Information about recent COLA History**

Actions have been taken to provide additional COLAs to retirees for the past two years of extraordinarily high inflation as follows:

| Year | CPI-U | State-Sponsored Plans | PLD Plan |
|---|---|---|---|
| 2021 | 5.4% | • Additional 1% cumulative COLA<br>• 2022 COLA Base increased by full 5.4% | Additional 1% cumulative COLA |
| 2022 | 9.1% | • 1% One-time COLA payment approved in February 2023<br>• 3% One-time COLA payment approved in July 2023 | Additional 1% cumulative COLA |

**Information for Additional COLA to PLD Retirees**

To assist the Committee in its discussion, we worked with the System's actuary to determine what the impacts would be if an additional COLA is paid to retirees from the PLD Plan.

We requested the actuary to provide us with the increase to the unfunded actuarial liability (UAL) and the total aggregate contribution rate under two scenarios, as follows:

1. Pay a one-time "ad hoc" COLA of 0.5%, which is the difference between the CPI-U of 3.0% and the COLA cap under the Plan of 2.5%. This would be a one-time payment to retirees, which would not add to the benefit amount subject to COLA in future years.

| | **Percentage of One-Time COLA** |
|---|---|
| | **0.5%** |
| **Increase in UAL (in millions)** | $0.9 |
| **Increase in Aggregate Contribution Rate*** | 0.0%* |

*There is an increase in the cost for the 0.5% one-time COLA, but the increase is not enough to impact the contribution rate when considered separately.

2. Pay an additional cumulative COLA, which would add to the benefit amount subject to COLA in future years.

| | **Percentage of Additional Cumulative COLA** |
|---|---|
| | **0.5%** |
| **Increase in UAL (in millions)** | $9.8 |
| **Increase in Aggregate Contribution Rate*** | 0.1% |

*Costs for these scenarios would be part of FY 2026 rates. Plan experience for FYs 2023 and 2024 also would impact rates for FY 2026.

**<u>Next Steps</u>**

Any additional cost-of-living adjustment to PLD retirees would require amendment to Rule Chapter 803.

**<u>Recommendation</u>**

The System does not have a recommendation.

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# MEMORANDUM

**Date**: October 30, 2023

**To**: PLD Advisory Committee Members

**From**: Kathy Morin, Director, Actuarial and Legislative Affairs

**Re**: Rulemaking Update

We are recommending an amendment to Chapter 803, the rule that governs the Participating Local District (PLD) Consolidated Plan to eliminate Special Plan 4N.

## Background

When the Consolidated Plan was established, it included eleven sub-plans, including three regular and eight special plan options. The sub-plans consisted of the plans under which most PLDs were participating at that time. Since the establishment of the Plan, PLD employers have made various plan elections within those eleven available plans. While some plans have had increasing participation, other plans, including Special Plans 1N, 2N and 4N have had decreasing participation. As of the June 30, 2023 valuation, Special Plan 4N has no active members.

## Recommendation

We recommend eliminating Plan 4N from the plans available for adoption by PLD employers. This no COLA plan provides for retirement after 25 years of service, with a normal retirement age of 55. There currently are no PLDs with active members in this plan, and the plan does not appear to be an attractive option to PLD employers and employees. We think that reducing the number of plans available helps to eliminate complexities, and the plan having no active participants provides a good opportunity to make this change.

## Timing

We anticipate noticing the rule for public hearing at the December 14 Board meeting. Comments from the public would be accepted for ten days after the hearing and depending on comments received, the rule would likely be before the Board for adoption in January. The amended rule would then be sent for final regulatory review and would likely go into effect in late January or early February.

**MAINEPERS**

**PLD ADVISORY COMMITTEE MEMORANDUM**

**TO:** PLD ADVISORY COMMITTEE

**FROM:** DR. REBECCA M. WYKE, CEO

**SUBJECT:** CEO UPDATE

**DATE:** OCTOBER 20, 2023

---

**5-Year Strategic Plan Update**

Following the Board's adoption of the 5-Year Strategic Plan in August 2022, much work has been done to implement and operationalize the Plan.

This work advanced each of the six goals under the plan:

I. Preservation of the Trust Fund
II. Stability of the Contribution Rates
III. Security and Integrity of our Information System
IV. Cultivation of a Member-centric Organization
V. Development of Stakeholder Relations
VI. Foster an Engaged Workforce that Advances the Organization's Mission

Additionally, the four legislatively directed objectives in the Strategic Plan have been substantially completed, including: a study on potential public plan options that include social security (Resolves 2021, c. 66 & 72), responding to the divestment legislation (PL 2021, c. 231 & 234), expanding the availability of defined contribution plans to teachers (PL 2021, c. 548), and exploring mandatory long-term disability insurance coverage (PL 2021, c. 277).

Attached is a copy of the October 4th Memorandum to the Board of Trustees outlining the progress in the first year of the strategic plan. Also attached are the updated key performance and risk measures.

**Member Satisfaction Survey**

MainePERS conducted a member satisfaction survey August 15 – 31, 2023. A random selection of 5000 members from the State Sponsored and Participating Local District Plans were identified to receive the survey. A copy of the October presentation to the Board of Trustees is attached.

Active Members Survey

MainePERS has approximately 53,000 active members currently employed by a participating employer. In the summer of 2023, 2,500 active members were randomly selected to receive the survey. Those selected had a mailing and email address on file, received a pension contribution from their employer within the last 60 days, and had no disbursement of contributions. One hundred and seventy-two (172) active members responded to the survey, an 8% response rate of those delivered. The confidence level of the survey is between 80% and 85%, with a margin of error = 7.3%

Of those responding, 46.52% rate their overall satisfaction with MainePERS as “satisfied” or “very satisfied”, 40.7% “neutral” or “no opinion”, and 12.79% “dissatisfied” or “very dissatisfied”. More than half of respondents, 53.49%, stated they “agree” or “strongly agree” that MainePERS acts with integrity, 43.61% “neutral” or “no opinion”, and 2.91% “disagree” or “strongly disagree”. And, 42.11% “agree” or “strongly agree” that MainePERS staff are knowledgeable, 53.21% “neutral” or “no opinion”, and 4.68% “disagree” or “strongly disagree”.

Responses to the survey questions suggest some desire for more frequent communication, information that is easier to understand, and more timely responses to questions raised. Responses also indicated an interest in pre-retirement informational meetings, retirement security planning seminars, and participation in defined contribution plans. In their comments, active members expressed appreciation for the new services available: the member portal, the benefit estimator, and the annual member account statements.

Compared to the 2022 survey results for active members, there were fewer respondents (172 v 236) and a lower response rate (8% v 11%). Respondents generally had more neutral responses, a larger percentage had not vested (25.14% v 11.96%), and fewer had contact with MainePERS within the twelve months preceding the survey (37.21% v 56.6%).

Retired Members Survey

MainePERS has approximately 49,000 retired members. In the summer of 2023, 2,500 retired members were randomly selected to receive the survey. Those selected had a mailing and email address on file and were service retirees who had received a benefit payment within the last 60 days. Five hundred and eighty-five (585) retired members responded to the survey, a 26% response rate of those delivered. The confidence level of the survey is 98%, with a margin of error = 3.9%

Of those responding, 91.8% rate their overall satisfaction with MainePERS as “satisfied” or “very satisfied”, 6.51% “neutral” or “no opinion”, and 1.7% “dissatisfied” or “very dissatisfied”. Over ninety percent, 91.78%, stated they “agree” or “strongly agree” that MainePERS acts with integrity, 7.36% “neutral” or “no opinion”, and 0.85% “disagree” or “strongly disagree”. And, 79.04% “agree” or “strongly agree” that MainePERS staff are knowledgeable, 19.9% “neutral” or “no opinion”, and 1.03% “disagree” or “strongly disagree”.

Responses to the survey suggest retired members are generally satisfied with frequency of communication, clarity of information, and timeliness of responses to questions raised. Responses also indicated an interest in cybersecurity awareness and preventing identity fraud.

In their comments, retired members expressed concerns about the Social Security Windfall Elimination Provision and the Government Pension Offset, as well as the insufficiency of the annual cost-of-living-adjustments to keep up with inflation. Many retired members also expressed appreciation for the work of MainePERS and its staff.

Compared to the 2022 survey results for retired members, there were more respondents (585 v 415) and a higher response rate (26% v 14%). Respondents were generally consistent with the prior year in the percentage of favorable comments. A smaller percentage of respondents had retired within the past five years (36.48% v 44.44%), and fewer had contact with MainePERS within the twelve months preceding the survey (39.69% v 43.38%).

**Member Portal**

The Member Portal is a key strategic objective under the Strategic Plan *Goal IV: Cultivation of a Member-centric Organization*. Respondents to the 2023 Member Satisfaction Survey indicated significant support for a secure online portal with 88% of active and 68% of retired members saying they will use the member portal when available. I am pleased to announce that the phased launch of the portal began on October 2, 2023. Additionally, five member portal information sessions have been scheduled before the end of the calendar year to orient interested members to the features of the portal. Rolling out the member portal is truly a milestone for MainePERS and I am grateful to the many staff who have and are contributing to the rollout of this new service.

**Introduction to the PLD Plan Webinar for New and Mid-Career Members**

In response to requests for more information and education on the defined benefit plan from new and mid-career members, MainePERS has launched three introductory webinars for state employees, teachers, and PLD employees. Deanna Doyle will provide an overview of the webinar at the November PLD Advisory Committee meeting.

# MAINEPERS

# BOARD OF TRUSTEES MEMORANDUM

**TO:** BOARD MEMBERS

**FROM:** DR. REBECCA M. WYKE, CEO

**SUBJECT:** 5-YEAR STRATEGIC PLAN UPDATE

**DATE:** OCTOBER 4, 2023

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**POLICY REFERENCE**

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communications and Support to the Board

Following the Board's adoption of the 5-Year Strategic Plan in August 2022, much work has been done to implement and operationalize the Plan.

This work advanced each of the six goals under the plan:

I. Preservation of the Trust Fund
II. Stability of the Contribution Rates
III. Security and Integrity of our Information System
IV. Cultivation of a Member-centric Organization
V. Development of Stakeholder Relations
VI. Foster an Engaged Workforce that Advances the Organization's Mission

Additionally, the four legislatively directed objectives in the Strategic Plan have been substantially completed, including: a study on potential public plan options that include social security (Resolves 2021, c. 66 & 72), responding to the divestment legislation (PL 2021, c. 231 & 234), expanding the availability of defined contribution plans to teachers (PL 2021, c. 548), and exploring mandatory long-term disability insurance coverage (PL 2021, c. 277).

In relation to ***Goal I. Preservation of the Trust Fund***, a Board Work Plan for 2023 was adopted by the Board in October 2022. The Plan maps the Board's responsibilities as outlined in Maine Law and Board Policy to the monthly meeting agenda and includes a frequency schedule to guide the annual update of the Plan. Additionally a Trustee Charter was adopted by the Board in March 2023. The Charter sets forth the Board's principles, duties, and oversight responsibilities for the Governance of MainePERS and its programs. The Board also transitioned to an electronic board management system, Govenda, in February 2023 to better manage current and archived Board information.

The Board conducted its annual self-evaluation in September 2022. As part of this process an assessment of good governance practices was conducted, as well as annual education on those practices. Following receipt of the Board's input on educational needs, an Education Plan was developed for the Board. The Plan includes educational presentations during Board Meetings, conferences conducted by national associations, and materials for self-study. As part of this plan, fiduciary education was offered to the Board in November 2022 outlining the legal grounding of the Trustee's fiduciary duties. In April 2023, the governance consultant joined the Board to provide additional fiduciary education focusing on two case studies. Quarterly investment and annual actuarial practices education continued, education on diversity, equity and inclusion was held for the first time, and "mission moments" -- introducing the Board to various programs under MainePERS -- were instituted. Additionally, onboarding for the Trustee-elect from MEA was undertaken. The orientation was delivered by senior management over several meetings, and the topics covered include the governance framework, fiduciary duties, actuarial valuation, rate-setting, cost-of-living increases, finances, investments, member services and employer services. The Trustee-elect participated in the annual education on best practices in Board governance and is regularly attending Board meetings to observe.

To address key risk areas identified in the Strategic Plan, a Succession Plan for key staff was developed and presented to the Board in April 2023 and an Enterprise Risk Management (ERM) Plan was developed and presented to the Board in July 2023. Next steps call for amending Board Policy to require an annual review of the ERM by the Finance and Audit Committee.

After a year in development, the first annual Divestment Report to the Legislature was reviewed with Trustees in advance of filing as were key components of the report, notably the NEPC analysis of the impact of divestment and the legal advice provided by the Attorney General's Office. Staff proposed and the Board adopted an amendment to the Investment Policy Statement (Policy 2.1) to acknowledge the divestment laws, provide for disclosure of certain investments, and require annual reporting on the progress of divestment.

With assistance from the Board's general investment consultant, Cambridge Associates, staff reviewed the strategic asset allocation and the Board adopted minor adjustments to prepare for the post-2028 full funding of the 1996 unfunded actuarial liability (UAL). Additionally, available MaineSTART options were reviewed and modified. MainePERS also worked closely with the State Treasurer and State Controller on funding the Retiree Health Insurance Post-Employment Benefits Investment Trust for teachers, an agreement was signed in September 2022 and the trust received initial funding in June 2023.

Through its Finance and Audit Committee the Board reviewed the 2022 Annual Comprehensive Financial Report prior to its acceptance by the Board, with MainePERS receiving a "clean" audit for the year from its external auditor, Berry Dunn. For the eighteenth year in a row MainePERS was awarded a certificate of achievement for excellence in reporting from the Government Finance Officers Association.

The Finance and Audit Committee also reviewed the FY 2024 Annual Administration Operations and Investment Operations Budgets prior to their adoption by the Board. The budgets were developed to support ongoing operational needs as well as the 5-Year Strategic Plan. FY 2023 ended within budgets as approved by the Board. Additionally, the Committee oversaw a new outsourced internal audit program, which included the development of a risk assessment and 5-year internal audit plan. Audits of the disability retirement services program and investment controls were completed over the past year. An audit is currently in process for cash receipts and disbursements and an audit of facilities operations is scheduled to begin this month.

From an investment perspective, FY 2023 ended on a strong note as stock and bond markets reacted positively to the economy's resilience and the increased likelihood of a soft landing. Fund returns reported by the System's custodian for the 1, 5, and 10-year periods ending 6/30/23 were 4.7%, 8.4%, and 8.3%. The preliminary trust fund balance is $18.7 billion.

Efforts to improve the transparency of Board operations were put in place to post all public meeting materials on the MainePERS website in advance of meetings, in addition to agendas and minutes. These materials are now archived on the website so members of the public may easily review prior meeting materials. MainePERS also now posts materials for the Finance and Audit Committee and the PLD Advisory Committee online, as well as materials for ad hoc meeting groups, such as the Disability Working Group and the stakeholder meetings related to consensus-based rulemaking. Additionally, all Board and Committee meetings are now available live, and also recorded, via an online webinar platform.

Under ***Goal II – Stability of the Contribution Rates***, the Board reviewed and approved the FY 2022 actuarial valuations. On an actuarial basis for FY 2022, the State Employee and Teacher Plan had an investment return of 7.7% (market value of assets, -0.62%) and is 83.9% funded. The calculated employer contribution rate was stable at 20.65%. And, for the fifteenth consecutive year the System was awarded the Public Pension Coordinating Council's Recognition Award for Funding. The Board also adopted the FY 2024 and FY 2025 composite employer contribution rates at 19.87% and 19.89%, respectively. To support stabilization of the contribution rates over the biennium, the process of rate-setting included an acceleration of the amortization of the 2014 experience gain by six years, from 2034 to 2028, to coincide with the payoff of the 1996 UAL. The Legislative and Judicial Plans remain fully funded at 143.8% and 108.4%, respectively.

MainePERS also administered the award of three cost-of-living adjustments for the State-sponsored Plans. The Consumer Price Index-Urban (CPI-U) for the twelve months ended June 30, 2022 was 9.1%. Pursuant to Maine law, the Board of Trustees awarded an annual cumulative COLA of 3% in September 2022. The Legislature then authorized the awarding of a 1% one-time COLA, which was processed in April 2023 and a 3% one-time COLA, which will be processed in November 2023.

The Participating Local District (PLD) Advisory Committee reviewed the actuarial valuation approved by the Board for the PLD Consolidated Plan. On an actuarial basis for FY 2022, the Plan is 91.2% funded. The calculated contribution rate was stable at 18.7%. Additionally, the employer/employee rates for the Participating Local District Consolidated Plan were recommended by the PLD Advisory Committee and established pursuant to the authority granted by the Board to the Chief Executive Officer. The aggregate rate for the PLD Consolidated Plan remains stable at 18.6%.

MainePERS also administered the award of two COLA adjustments for the PLD Consolidated Plan. Pursuant to Maine law and rule, the Board of Trustees awarded an annual cumulative COLA of 2.5% in September 2022. The PLD Advisory Committee recommended and the Board of Trustees authorized the awarding of an additional 1% cumulative COLA, which was processed in February 2023.

For ***Goal III – Security and Integrity of our Information System***, staff worked with the current pension administration (line-of-business) system vendor, Vitech, to make some critical updates to the System and work began on the planning for a new pension administration system (PAS). An oversight team was chartered in fall 2022, which issued a Request for Information to potential PAS providers to better understand the vendor landscape. The team also hired a consultant to help develop the Request for Proposal to procure the new PAS and this work is currently underway.

We successfully completed an audit by CBIZ of our compliance with the National Institute of Standards and Technology (NIST) cybersecurity framework and several security tests and assessments conducted by Tyler Technologies. We explored a self-insured model for cybersecurity risk with the assistance of Monarch Information Security Consulting, but chose to renew our cyber-insurance policy when the insurer offered to reduce premiums and expand coverage.

An AirGap system was implemented to retain a full backup of our computing environment vaulted from any access and replicated hourly. We also implemented Manage Engine Endpoint Central to enhance our desktop patching program to ensure all security patches for all software are successfully deployed and tracked.

Our Information Technology staff upgraded the wireless infrastructure in the Augusta and Portland offices and replaced the uninterrupted power supplies in both locations. Planning has also begun to transition from an on-premises environment to a more secure cloud-based environment beginning in 2025.

Development of a comprehensive member education, communications, and service model that supports planning for retirement security is a key strategic objective under ***Goal IV – Cultivation of a Member-centric Organization***. To this end, staff implemented an annual Member Account Statement for active members that proactively communicates key retirement information including the member's service credit, contributions, and interest earned to date. MainePERS developed educational videos and unveiled an online Benefit Estimator, which are published on our website to support members in actively planning for their retirement. Additionally, we added an online workshop for new and mid-career members to better understand their retirement benefit and associated retirement services. MainePERS expanded the availability of its defined contribution program, MaineSTART, to teachers and to date two school districts have elected to join the program. MaineSTART ended FY 2023 with a 7.3% increase in participation and 12.5% increase in total assets invested.

MainePERS conducted the first annual member survey for active and retired members in August 2022. Ninety-two percent (92%) of retirees and 69% of active members indicated they were "satisfied" or "very satisfied" with MainePERS. Over 91%, of retirees and more than three quarters of active members, 76%, stated they "agree" or "strongly agree" that MainePERS acts with integrity. And, 83% of retirees and 66% of active members "agree" or "strongly agree" that MainePERS staff are knowledgeable.

To better understand and address chronic backlogs of member requests for services, staff developed and refined tracking tools for key metrics and now monitor workflow on a weekly basis. Focus Friday's were introduced in April 2023 as a temporary measure to prevent the backlogs from worsening. The queue of service retirement estimates, necessary for placing a member on the payroll with a preliminary benefit upon retirement, were reduced from 1,011 at the end of March 2023 to 264 at the end of July. Backlogs in requests for benefit verification, beneficiary elections, and member account statements were eliminated. As additional attention was needed to reduce the backlog in moving retired members from a preliminary to a final benefit, staff recommended continuation of the Focus Fridays for an additional six months with a report back to the Board at that time.

MainePERS conducted an extensive review of the disability retirement program following the implementation of Public Law 2021, c. 277. The review included a program audit to ensure the law had been fully implemented, an evaluation of the medical review service provider, a member experience survey, and the engagement of stakeholders in consensus-based rulemaking to update the rules for compliance with the law. The program and rules are compliant with the law and 92% of members who applied for disability retirement under the new law were “satisfied” or “very satisfied” the process was fair.

Perhaps one of the most significant achievements in the past year is the development and implementation of a member portal for which a phased rollout begins in fall 2023. To date the program has undergone rigorous user and cybersecurity testing to ensure it is both easy to use and secure. In advance of the rollout, members are receiving information about the portal including a form to update their contact information in preparation for the multi-factor authentication security feature of the portal. We also dedicated our July member newsletter to educating members on the portal’s features.

Under ***Goal V – Development of Stakeholder Relations***, MainePERS staff focused on improving stakeholder relations with our 600 plus employers. With the support of the Board, employer reporting staff was increased to address demand and provide employers with a single point of contact. Staff developed tools for key metrics to monitor workflow and made significant improvement in addressing a backlog of account reconciliations bringing the percentage of reconciled accounts up to 73% as of July, from 51% a year earlier. Staff have also been working with employers and payroll providers to educate and improve reporting compliance. Additionally, staff recommended and the Board adopted policy assigning the oversight of employer reporting to the Finance and Audit Committee following news stories on two employers that were out of compliance with reporting requirements. Finally, an employer satisfaction survey was conducted in July 2023. Seventy-nine percent (79%) of employers were “satisfied” or “very satisfied” with MainePERS.

A Disability Working Group made up of employer and employee representatives was convened to develop a long-term disability insurance option for public employees and to review the reforms to the disability retirement program following the implementation of Public Law 2021, c. 277. The work and observations of the working group were included in the Disability Retirement Report and the Long-term Disability Insurance Report filed with the Legislature.

MainePERS worked closely with the members of the Participating Local District Advisory Committee sharing information on the PLD Consolidated Plan, developing contribution rates, and implementing two cost-of-living increases. Additionally, we provided an onboarding orientation for two new members of the Committee.

Presentations were made by staff to the Joint Standing Committees of the Legislature on Labor and Housing and Appropriations and Financial Affairs on the FY 2022 Valuation and funding trends, as well as the 5-Year Strategic Plan. MainePERS also worked closely and collaboratively with the Labor and Housing Committee and other stakeholders on legislation impacting MainePERS members. Senior leaders met with stakeholders on request to discuss issues related to services, legislation and investments. Stakeholders were also kept informed via email on important issues.

A sixth Goal was recommended by staff and adopted by the Board of Trustees for the Strategic Plan, ***Goal VI – Foster an Engaged Workforce that Advances the Organization’s Mission***.

The Organizational Values Steering Committee was chartered in fall 2022 to guide the work of institutionalizing the organizational values developed by the staff as part of the strategic planning process. The Steering Committee is staff-led and is organizing to promote interdepartmental communication and collaboration as we work to bring all MainePERS staff into one cohesive team. A staff-led Events Committee was also established to plan social engagements and employee recognition events. Additionally, the senior management team organized and staffed the second annual All Staff Cookout as a thank you to our employees for their work on behalf of our members.

Strategic performance management was implemented in fall 2022 for all confidential staff, including an annual self-evaluation, performance review, and performance compensation program. Prior to this, there was no formal process in place for confidential staff. Diversity, equity and inclusion (DEI) training was held for all staff, including an expanded program for senior management. Four of our staff are pursuing a DEI certification, including two from Human Resources. With the support of the Board, two training positions were added for Member Services and Employer Services to improve the quality of training for staff, and accelerate staff productivity and advancement. Emerging leaders were offered a cohort leadership educational experience to support advancement. Additionally, senior leaders and the investment team participated in fiduciary training led by the Board's governance consultant and the General Counsel.

Also with the support of the Board of Trustees, staffing for member services was increased and MainePERS implemented retention payments to address an attrition rate of 36% in calendar 2022. Turnover declined in the first half of 2023, down 30% from the prior calendar year. An employee satisfaction survey was conducted in February 2023. The survey's response rate was 72%, of those responding 74% stated they "agree" or "strongly agree" they are satisfied with their job. Responses to the survey suggest some optimism that the work culture and environment are moving in a positive direction, but also acknowledge there is more work to do and that transformation takes time. Employees noted that interdepartmental relationships need attention and that the work backlogs were burdensome. Additionally, employees expressed concerns that the compensation structure did not value seasoned employees and that entry-level compensation was too low. Subsequent to the employee survey, MainePERS completed a market compensation study and position review in spring 2023, leading to agreement with the employee union on a third-year wage reopener which was approved by the Board of Trustees.

In August 2023 we revamped the onboarding program for new staff to include education on the MainePERS mission and strategic plan by senior managers. Members of the Organizational Values Steering Committee also participate by discussing the organizational values. And soon, new employees will receive cross-departmental introductions as part of their onboarding to promote communication and collaboration among departments.

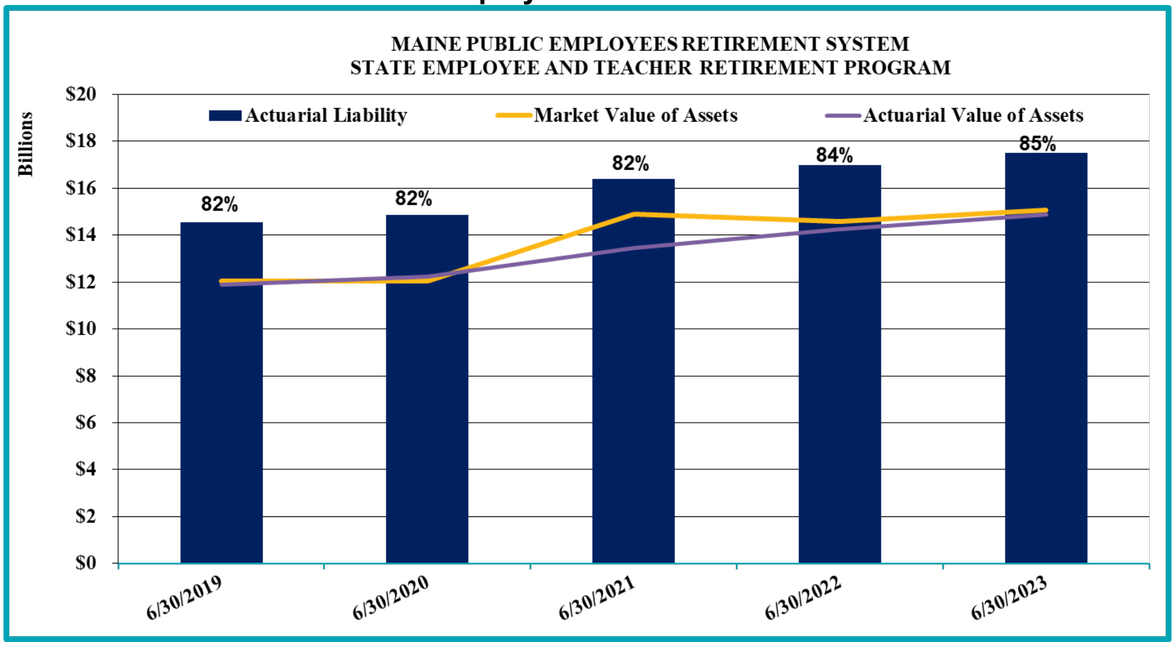
**Conclusion**

Much has been accomplished to move the 5-Year Strategic Plan adopted by the Trustees forward and the momentum is accelerating. On behalf of the staff at MainePERS, I am pleased to offer this update on the progress of the Plan and look forward to accomplishing even more in the year to come.

# Key Performance and Risk Measures

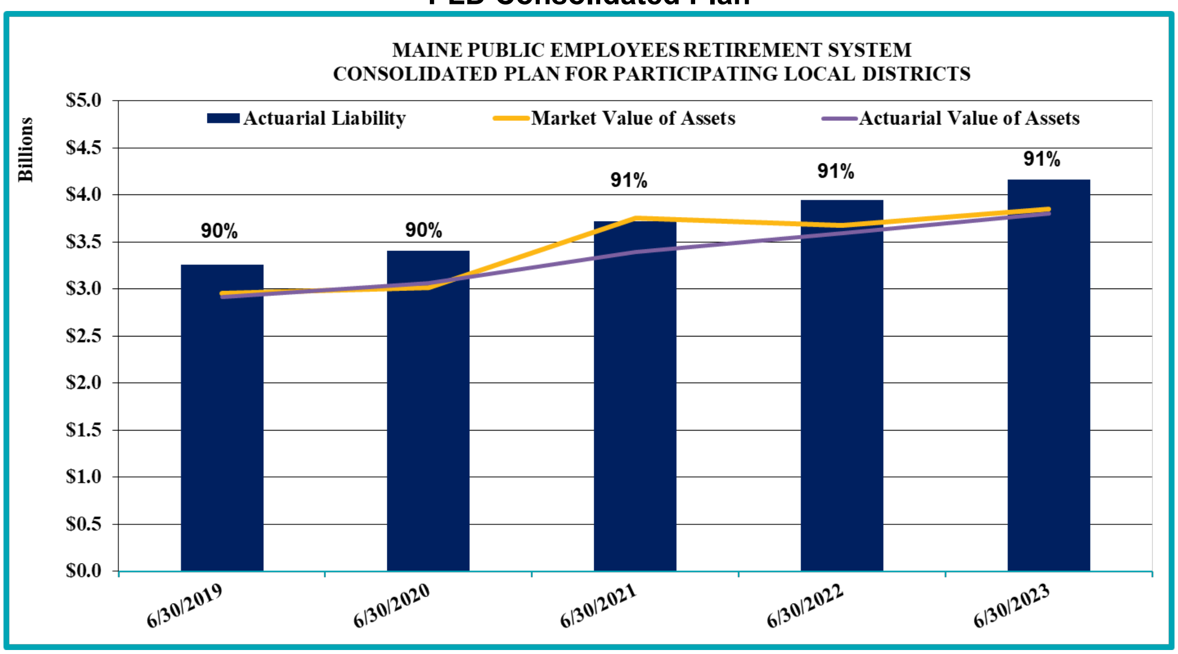
## Funding Ratio, Actuarial Liability, and Market Value of Assets

### State Employee and Teacher Plan




*Fiduciary Net Position, reported here as market value of assets (total assets minus liabilities other than actuarial liabilities), on 6/30/2023 is $15.1 billion. The funded ratio is based on the actuarial value of assets.*

### PLD Consolidated Plan



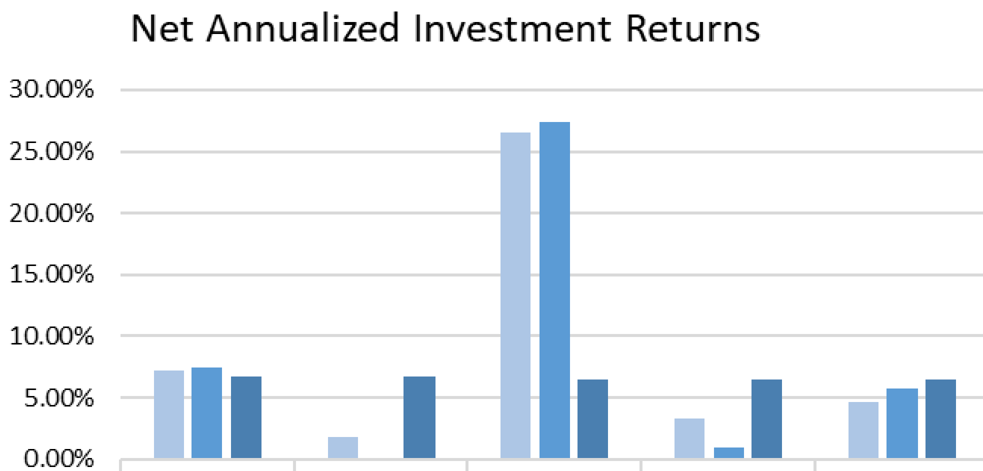

*Fiduciary Net Position, reported here as market value of assets (total assets minus liabilities other than actuarial liabilities), on 6/30/23 is $3.85 billion. The funded ratio is based on the actuarial value of assets.*

***Legislative Plan**: funded status is 144% and Fiduciary Net Position is $17 million on 6/30/23.*
***Judicial Plan**: funded status is 110% and Fiduciary Net Position is $87 million on 6/30/23.*

*The two charts on this page cover key performance and risk measures I., V. and VI. under the Strategic Plan.*

# Key Performance and Risk Measures

## Net Annualized Investment Returns




| | FYE19 | FYE20 | FYE21 | FYE22 | FYE23 |
|---|---|---|---|---|---|
| MainePERS | 7.25% | 1.78% | 26.54% | 3.32% | 4.68% |
| Policy Index | 7.46% | -0.05% | 27.44% | 0.98% | 5.75% |
| Assumption | 6.75% | 6.75% | 6.50% | 6.50% | 6.50% |

*This chart covers key performance and risk measure II. under the Strategic Plan.*

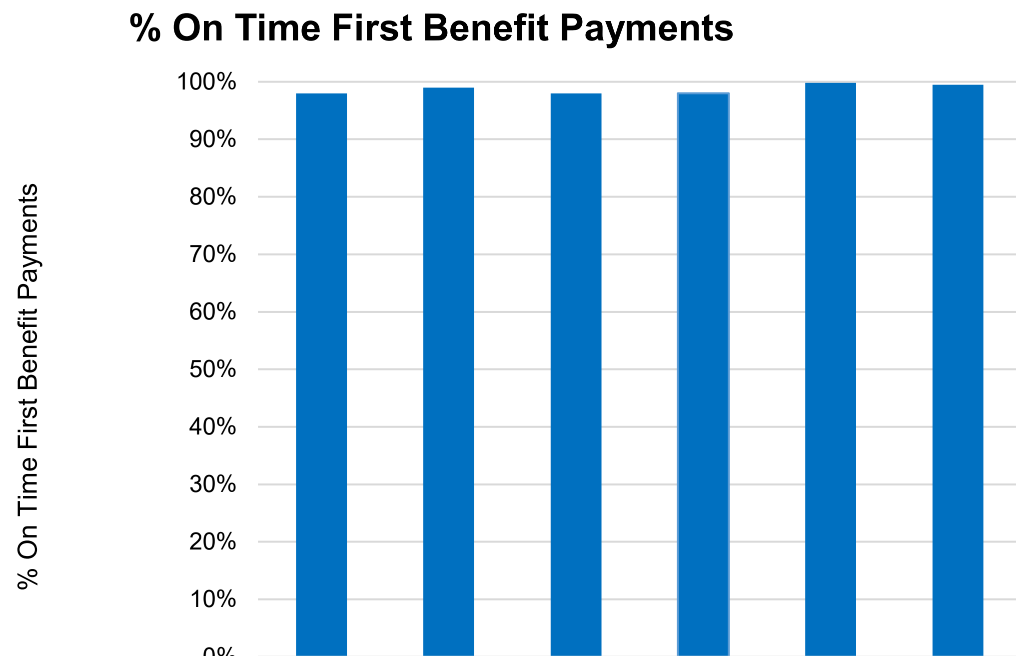
## Overall Member Satisfaction


| | Member FY22 | Member FY23 | Retiree FY22 | Retiree FY23 |
|---|---|---|---|---|
| Very Satisfied/Satisfied | 68.67% | 46.52% | 91.78% | 91.80% |
| Very Dissatisfied/ Dissatisfied | 4.72% | 12.79% | 2.17% | 1.70% |
| Neutral/No Opinion | 26.61% | 40.70% | 6.04% | 6.51% |

*This chart covers key performance and risk measure IV. under the Strategic Plan.*

# Key Performance and Risk Measures

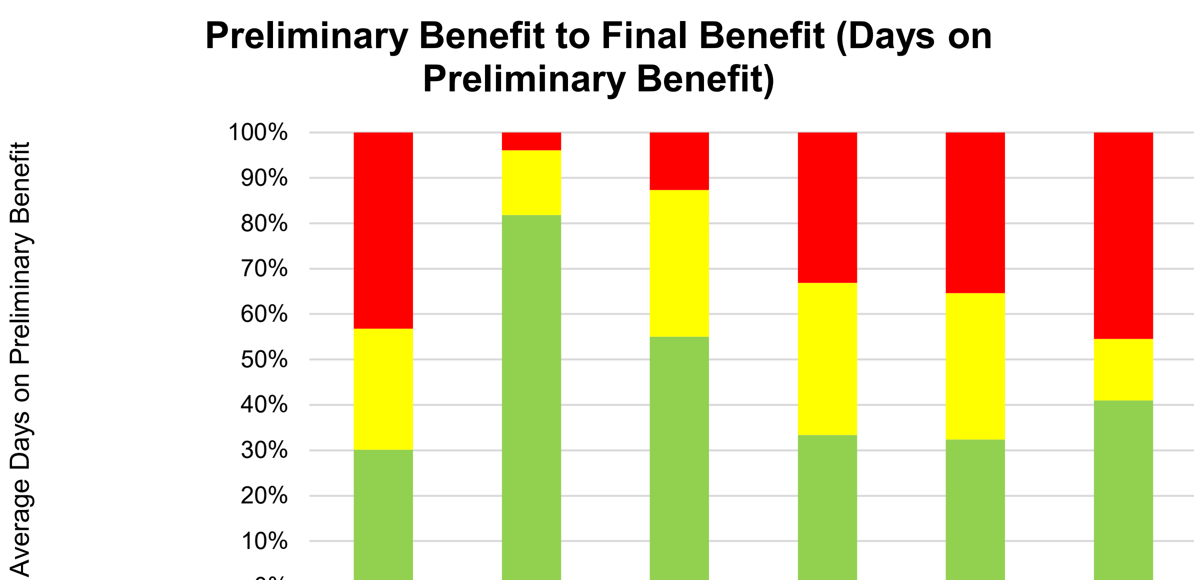
## Benefit Initiation




| | Total FY19 | Total FY20 | Total FY21 | Total FY22 | Total FY23 | FY24 YTD |
|---|---|---|---|---|---|---|
| % On Time First Benefit Payments | 98% | 99% | 98% | 98% | 100% | 99% |

*See Data Notes 1 & 2.*

## Preliminary Benefit to Final Benefit




| | PRW-O FY20* | PRW-O FY21 | PRW-O FY22 | PRW-O FY23 | PB to Final FY23 | PB to Final FY24 YTD |
|---|---|---|---|---|---|---|
| > 6 Months | 43.2% | 3.9% | 12.7% | 33.1% | 35.4% | 45.5% |
| > 90 Days to < 6 Months | 26.7% | 14.3% | 32.3% | 33.5% | 32.2% | 13.5% |
| 0 to < 90 Days | 30.1% | 81.8% | 55.0% | 33.4% | 32.4% | 41.0% |

**PRW-O FY20 is based on the last 6 months of the FY; back data not available. See Data Notes 3 & 4.*
*These two charts on this page cover key performance and risk measure III. under the Strategic Plan*

# Key Performance and Risk Measures

## Data Notes

### Benefit Initiation

**NOTE 1:** MainePERS issues a first retirement benefit payment disbursement the payroll following the date a retirement application is found to be complete (if complete after the payroll cut-off that first disbursement is made the following month and deemed to be on time). This metric is manually calculated.

**NOTE 2:** The percent of late first benefits includes all first payments falling outside the on-time timeline. These include instances with extenuating circumstances including but not limited to: returned first payment (member changed banks or gave incorrect routing/account information); deceased prior to first payment; members first payment date is retroactive due to disability process; member applied to receive payment after they were eligible and collected a retroactive payment; or open applications where the application was withdrawn, member remained on the employer payroll so benefit could not begin, retirement date was deferred, first payment date changed, and/or the application was refiled after initial submission.

### Preliminary Benefit to Final Benefit

**NOTE 3:** MainePERS members upon retirement are initially and rapidly paid a preliminary estimated benefit that is an estimate of the person's final benefit. The final benefit requires significant diligence to be completed under current MainePERS laws, rules, processes and tools. The graph above includes two measures of the timeliness of moving retirees from their Preliminary Benefit (PB) to their Final Benefit. Each metric essentially shows an annualized snapshot of how long individuals received preliminary benefits before beginning to receive their final benefit. The two measures are looking at essentially the same data but each metric has a slightly different starting point and/or a slightly different ending point for measuring the time period, depending on precisely what information is desired. In general, they paint the same overall picture. MainePERS seeks to have retirees on their final benefit by their 3rd benefit payment and seeks to avoid that transition from requiring longer than 6 months. In the future we expect to transition this graph to show only the "PB to FINAL" metric but have also included the Pension Retirement Workflow-Open (PRW-O) metric at this time because of the availability of historic data.

**NOTE 4:** In detail, the metrics above are: 1) PRW-O measures from the point at which MainePERS opens a Pension Retirement Workflow to the point when it is closed (when the Final service retirement benefit amount was established); and, 2) the PB to Final metric shows the number of days since the first preliminary benefit was paid and for which preliminary benefits still are being paid. That last metric is one of several ways to measure Preliminary to Final benefit processing time.

# 2023 Member Satisfaction Survey

PLD Advisory Committee
November 7, 2023

Dr. Rebecca Wyke, CEO

# Member Satisfaction Survey

## August 15 - 31, 2023

### Actives

- Approx. 53,000
- Random selection of 2500 members
- 172 respondents
- 8% response rate
- 80% confidence level

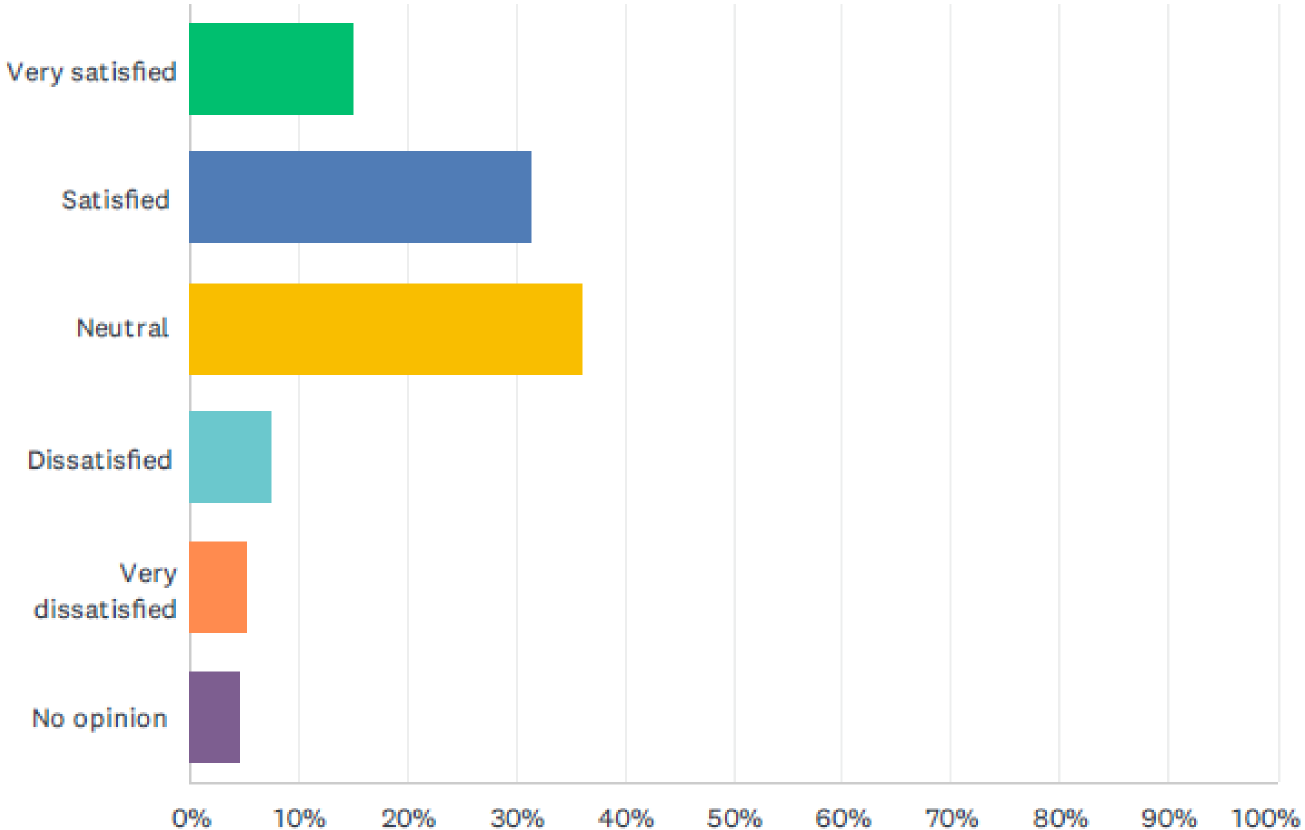
### Retirees

- Approx. 49,000
- Random selection of 2500 members
- 585 respondents
- 26% response rate
- 98% confidence level

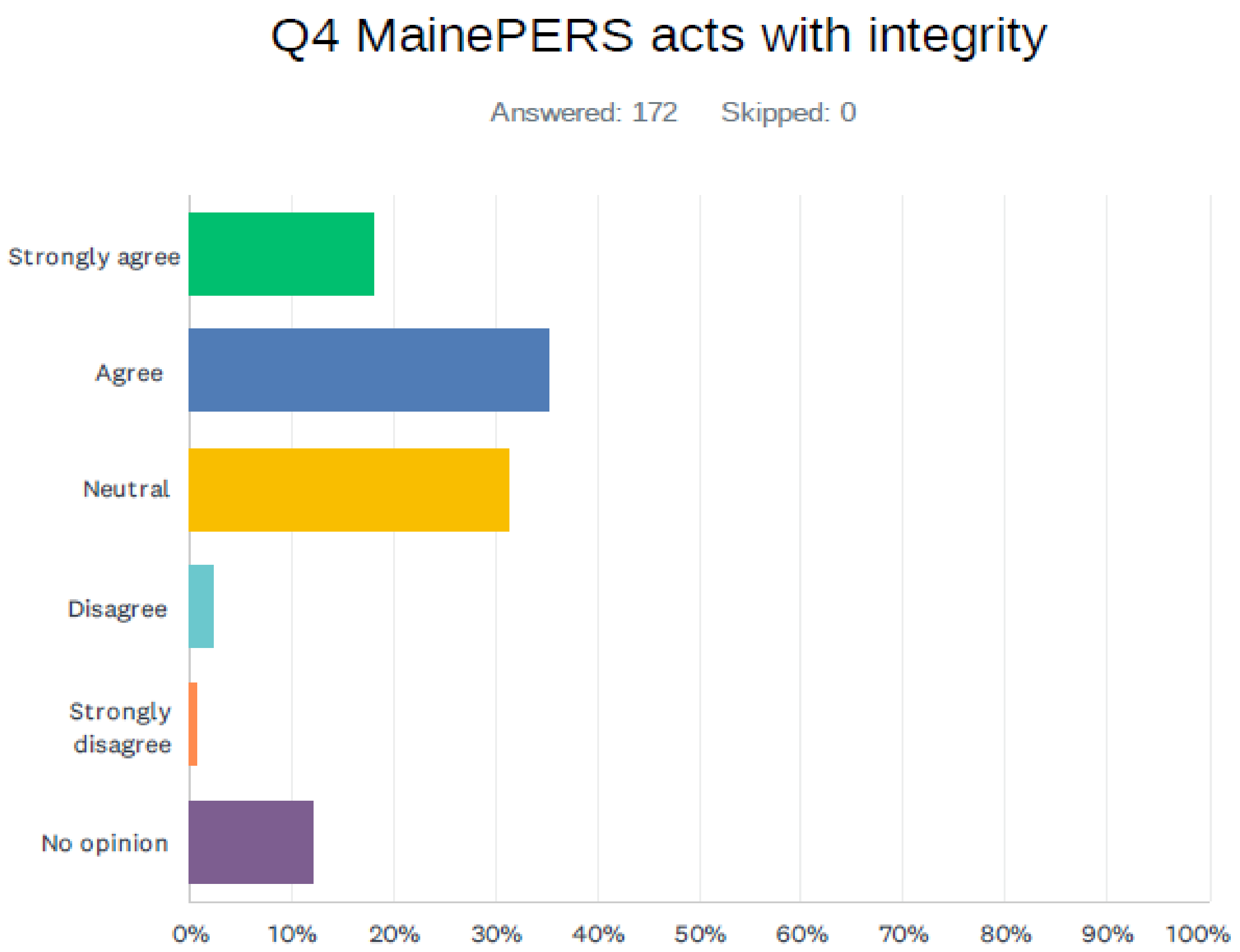
# Active Member Survey

## Q1 Please rate your overall satisfaction with MainePERS

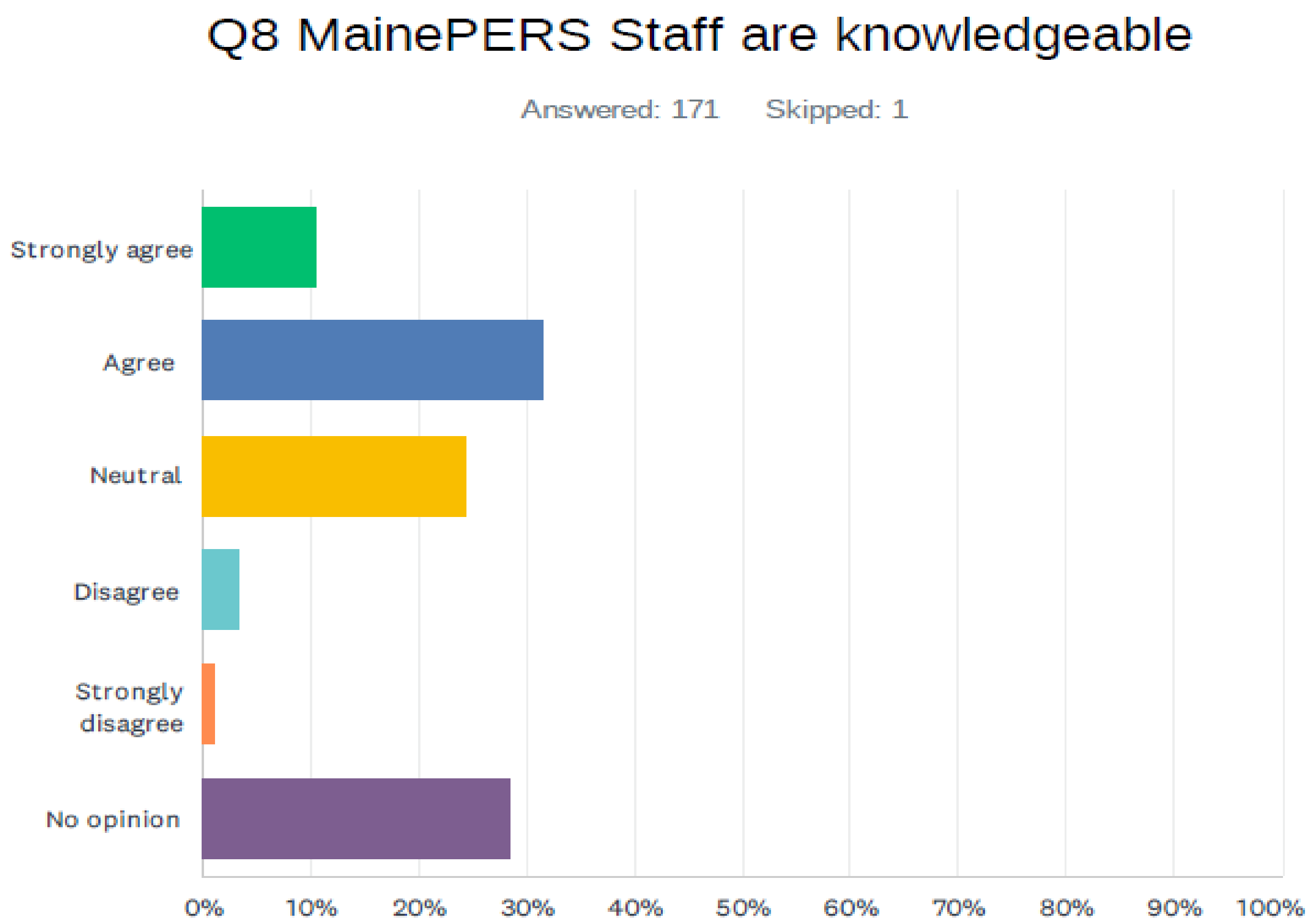
Answered: 172    Skipped: 0



# Active Member Survey



# Active Member Survey



# Active Member Survey

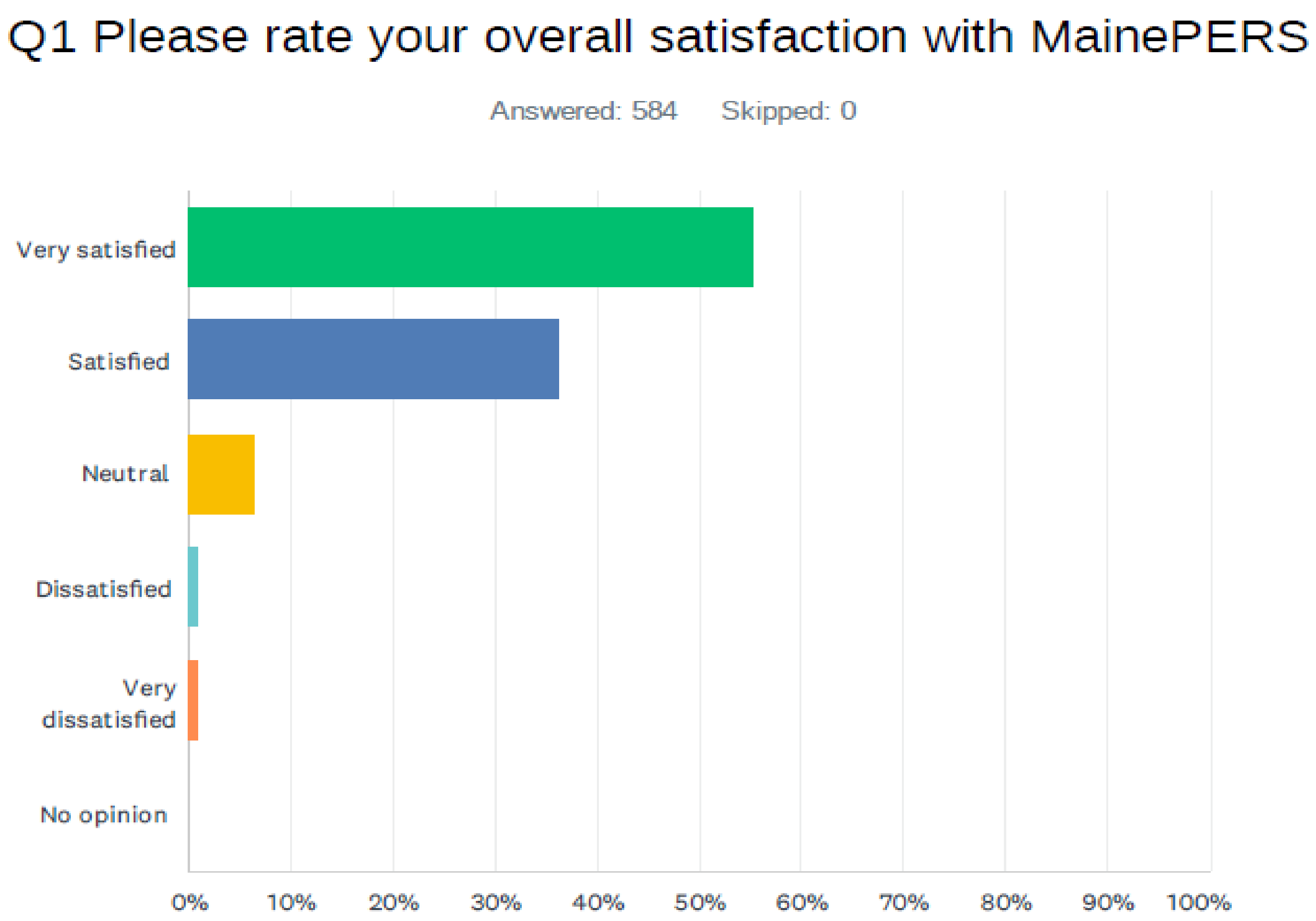
- More frequent communications
- Information that is easier to understand
- More timely responses to requests
- Interest in pre-retirement meetings
- Retirement security planning seminars
- Information on defined contribution plans
- Appreciation for new services:
  - Member Portal
  - Benefit Estimator
  - Annual Member Account Statements

# Active Member Survey

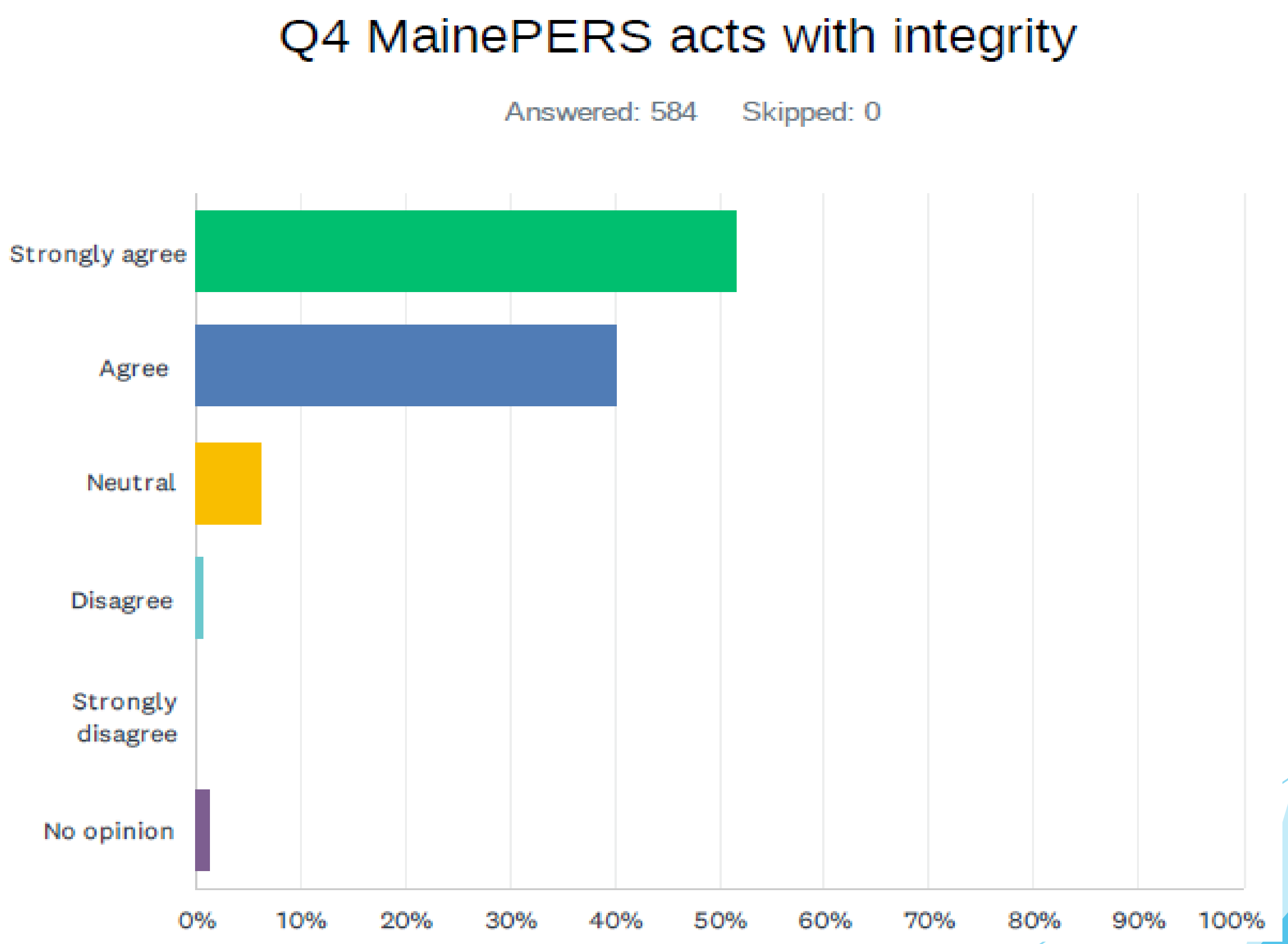
Compared to the 2022 Survey:

- Fewer respondents, 172 v 236
- Lower response rate, 8% v 11%
- Generally more neutral responses
- Larger percentage not vested, 25.14% v 11.96%
- Fewer had contacted us within a year of survey, 37.21% v 56.6%

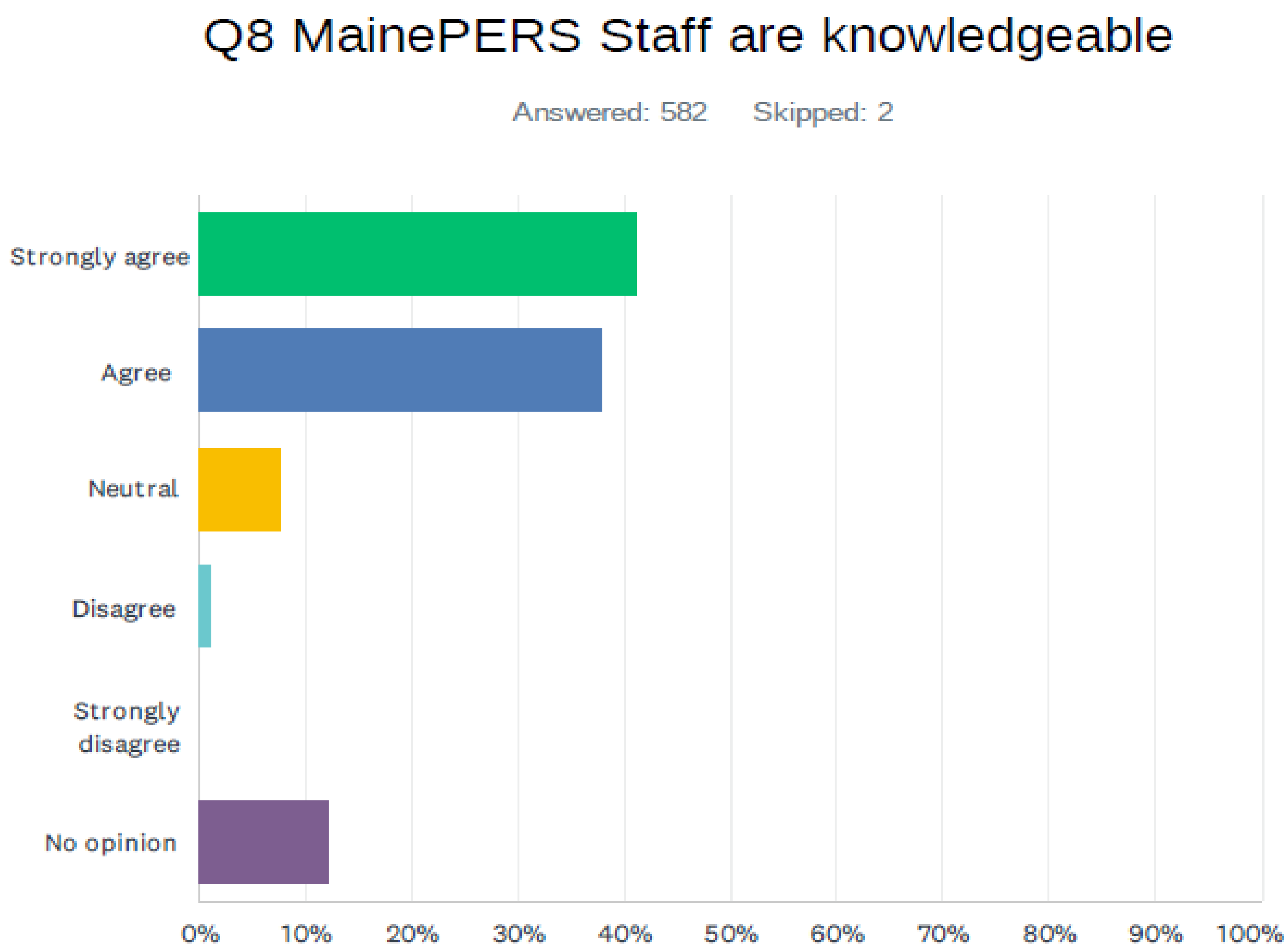
# Retired Member Survey



# Retired Member Survey



# Retired Member Survey



# Retired Member Survey

- Generally satisfied with frequency of communication, clarity of information, & timeliness of responses
- Interested in information on cybersecurity awareness & preventing identity fraud
- Concerns beyond MainePERS control:
  - Impact of WEP & GPO
  - COLA not keeping pace with inflation
  - Issues with health & dental insurance
- Many retired members expressed appreciation for MainePERS and its staff

# Retired Member Survey

Compared to the 2022 Survey:

- More respondents, 585 v 415
- Higher response rate, 26% v 14%
- Generally consistent responses
- Fewer retired less than 5 years, 36.48% v 44.44%
- Fewer had contacted us within a year of survey, 39.69% v 43.38%

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

- **Member education is an objective of the Strategic Plan**
  - Goal IV: Cultivation of a Member Centric Organization.
  - Objective A: Develops comprehensive member education, communications, and service model that supports planning for retirement security.

- **Intro to MainePERS and Ready to Retire webinars for PLD launched Fall 2023**
  - Key audience for Intro to PLD webinar is new and mid-career members
  - Now active for PLD, Teacher and State Plans
  - A total of 47 PLD members attended the first 2 webinars
  - Ready to Retire webinars that are specifically for Special Plan vs. Regular Plan members are in the works for 2024
  - The current plan is to offer each type of webinar quarterly starting in 2024

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

- **24x7 online registration being offered for the first time**
  - Online registration expanded to not only these education sessions but also to the already existing “Getting Ready to Retire” member sessions.

## 2023 Retirement Planning Sessions

| DAY | DATE | TIME | SUBJECT | STATUS | REGISTER |
|---|---|---|---|---|---|
| Tuesday | 9/26/2023 | 3:00 p.m. | INTRO TO PLD PLAN | ONLINE | REGISTER |
| Thursday | 10/26/2023 | 2:00 p.m. | READY TO RETIRE | ONLINE | REGISTER |
| Tuesday | 11/28/2023 | 2:00 p.m. | READY TO RETIRE | ONLINE | REGISTER |

- **Member feedback being solicited after each session**
  - Soliciting member feedback is also called for in the Strategic Plan

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# Introduction to MainePERS PLD Plan

# Presentation Overview

- **Each section introduced by a title page such as this:**

Defined Benefit vs.
Defined Contribution

- **What is MainePERS?** (slides 6–8)

- **Defined Benefit vs. Defined Contribution** (slides 9–12)

# Presentation Overview

- **Service Retirement** (slides 13–21)

- **Additional MainePERS member benefits** (slides 22–25)

- **Employment Changes** (slides 26–30)

- **Additional retirement planning information and resources** (slides 31–39)

# What is MainePERS?

# MainePERS is…

- State Instrumentality
- 18 Billion in Assets*
- 52,717 Active Members
- 49,166 Retirees
- PLD plan members may or may not also contribute to Social Security- dependent on specific employer
- Governed by State and Federal Law to provide benefits for Public Employees

*This figure changes with markets and other factors and was approximate as of May 2023

# MainePERS Benefits

1. Defined Benefit Retirement Plan
2. Survivor Benefits
3. Disability Retirement
4. Group Life Insurance
5. Maine Start Defined Contribution

***Since 1942 MainePERS has helped public employees prepare for retirement***

# Defined Benefit vs. Defined Contribution

# Defined Benefit vs. Defined Contribution

## Defined Benefit Plan

Provides a lifetime monthly benefit where the amount is defined by:

- length of service
- final average salary

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## Defined Contribution Plan

The value of your account is defined by the amount you contribute and your investment returns. (401(k), 401(a),403(b), 457, etc)

MAINE START

# Funding Sources DB vs. DC

## Defined Benefit Plan

- Employer Contributions
- Employee Contribution rate
  - Regular plan varies
  - Special plans varies
  - May be partial or entirely employer paid
- System Investment Returns

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## Defined Contribution Plan

- Employee Contribution at rate you set
- Employer may choose to contribute or not
- Individual Investment Returns

MAINE START

# DB Plan Funding – Refund vs. Retire

## Refunding

**One time lump sum disbursement to you**

- **Only your member contribution and interest**
- **No employer funding or investment**

## Retiring

**Drawing a lifetime monthly benefit**

- **Employer and investment returns are only utilized for funding lifetime benefits.**

# Service Retirement

# Qualifying for Service Retirement

**Qualify to begin receiving benefits by either:**

- **Accruing 25 years of creditable service**

  **or**

- **Reaching your Normal Retirement Age as a vested member**

  **or**

- **Meeting your Special Plan**

# MainePERS Terms

## Normal Retirement Age (NRA)

- 60 or 65 for MainePERS PLD plan members
- Special Plan
- Earliest you can retire without a benefit reduction

## Vesting

- Amount of service credit needed to qualify for a service retirement benefit at NRA
- Five years of creditable service

# MainePERS Terms

## Creditable Service

- A factor in the calculation of service retirement benefit
- Service rendered
- Service granted
- Service purchased

## Average Final Compensation (AFC)

- A factor in the calculation of retirement benefit
- Average of three highest years of earnable compensation

# Benefit Calculation Example

**EXAMPLE:**

**At Normal Retirement Age**

**Regular Plan**

**Accrual Rate: 2%***

**Average Final Compensation (AFC): $47,250**

**Creditable Service: 25 Years of Service**

| | |
|---|---|
| **AFC** | **$47,250.00** |
| | **x 2%** |
| | **$ 945.00** |
| **Years** | **x 25** |
| **Annual Full Benefit** | **$23,625.00** |

*Accrual rate may vary based on the plan offered at the time of service. For additional information regarding your specific plans contact MainePERS.

# Early Retirement Age Reduction

- **If you draw benefits before NRA your benefit is reduced for early retirement.**
  - **Amount of reduction depends on your NRA and**
  - **whether you choose to defer COLA**

- **If you have 25 years or more of creditable service MainePERS rounds your age to determine the reduction percentage applied.**
  - **Can retire six months prior to NRA without a reduction**

- **If you have fewer than 25 years of creditable service the earliest you can retire is the first of the month following NRA. Rounding does not apply.**

# Cost of Living Adjustments

- **Increase to your benefit amount in retirement**
- **Dependent on whether the plan you were covered by included COLA**
- **Granted in September once eligible**
- **Eligibility:**

  **After 24 months unless you retired younger than NRA and chose to defer COLA.**
- **Based on CPI up to 2.5% max per year**

# Will I be able to live on my DB?

It is commonly accepted that a replacement rate of roughly 70 % is adequate for retirement income from all sources, per SSA. You may find other sources with variations on that estimate.

Retiring at NRA with 25 years of service credit, with a 2% accrual rate, Full Benefit Option would be 50% of your AFC.

## Ways to Supplement:

- Accrue service credit in excess of 25 years
- Social Security or other Federal Pension Benefits
- Personal Retirement Savings Accounts – like MaineStart!

# Financial Planning/Retirement Savings

In addition to the MainePERS Benefit Estimator, the following websites may provide useful information to MainePERS active and retired members:

MaineSTART

America Saves

American Savings Education Council

My Money

360 Degrees of Financial Literacy

National Endownment for Financial Education

Newport Group Retirement Calculator

Vanguard Retirement Calculator

mainepers.org/forms-resources/financial-planning-retirement-savings/

# Other MainePERS Benefits

# Pre-Retirement Death Benefits

## Pre Retirement Death Benefits

- Separate from Group Life Insurance Benefits

## Benefit available depends on:

- Death Type job related or not
- Beneficiary(ies) relationship to you
- Your status as a member at the time of death

Please contact Survivor Services at MainePERS with any benefit or beneficiary questions.

**Keep your beneficiaries up to date with any life events!**

# Disability Retirement Benefits

**MainePERS Disability is a Retirement Program**

- **Disability is expected to be permanent**
- **Not a short term or long term insurance policy**
- **Different than other government programs such as Social Security or VA**
- **For more information please contact a MainePERS Disability Specialist at 800-451-9800 or 207-512-3170**

# Group Life Insurance Program

**For those who participate in the MainePERS Group Life Insurance Program, Eligibility for <u>no cost basic coverage</u> in retirement is as follows:**

- **10 years of coverage (does not have to be continuous)**
- **Coverage is in effect and the final premium paid at termination**
- **The retirement effective date and completed retirement application must be received by MainePERS within 31 days of termination of employment.**

# Employment Changes

## New job?
## New employer?
## Part time?

Leaving your PLD Plan position and going to a:

- Teacher plan covered position
- State plan covered position
- PLD Plan covered position
- Non-covered position
  - Ineligible position
  - Private Sector
  - Federal

| Retirement Program | Subsidiary Plans |
|---|---|
| State | 6 |
| PLD | 14 |
| Teacher | 1 |
| Judicial | 1 |
| Legislative | 1 |

### Considerations

- Vesting
- Normal Retirement Age
- Contribution rate
- Accrual rate
- Special Plan
- Plan provisions – AFC Caps, VSL, COLA
- SS coverage

# Leaving Covered Employment

## Refund

One time lump sum disbursement to you
or rolled over to a qualified retirement account

## Retire

Begin drawing a lifetime monthly benefit
if you are qualified

## Inactive

Delay collecting your benefit

- Not yet qualified- waiting for age
- Qualified, but age reduction applies
- Planning on returning to plan
- Until Required Minimum Distribution

# Can I get a refund or a loan from my contributions?

**Refund? Yes.**

If you have terminated all MainePERS-covered employment, you may apply for a full refund.

**Loan? No.**

You cannot borrow from or against contributions made to your MainePERS defined benefit plan.

# Thank you for attending today's session!

If you have additional questions, please contact us.

Telephone: 207-512-3100
Toll free: 800-451-9800
Maine Relay: 711
www.mainepers.org

MainePERS, P.O. Box 349, Augusta, ME 04332-0349

# Additional Retirement Information and Resources

# What happens to my Social Security?

If you are eligible to receive Social Security retirement benefits, the amount of your Social Security benefit **may** or **may not** be affected by receiving a MainePERS retirement benefit.

**Contact your local Social Security Administration office:**

| | | | |
|---|---|---|---|
| **Auburn** | **1-866-627-6996** | **Rockland** | **1-855-269-9179** |
| **Augusta** | **1-866-882-5422** | **Saco** | **1-877-253-4715** |
| **Bangor** | **1-877-405-1448** | **Waterville** | **1-866-931-9169** |
| **Portland** | **1-877-319-3076** | **Portsmouth NH** | **1-888-397-9796** |
| **Presque Isle** | **1-866-837-2719** | | |

# COLA Reduction Tables Age 60 Plan

For those with fewer than 20 years of service credit as of July 1, 2019.

- COLA Deferred

| Retiring at Age | Reduction |
|---|---|
| 60 | 0% |
| 59 | 0% |
| 58 | 0% |
| 57 | 15.4% |
| 56 | 19.4% |
| 55 | 23.4% |
| 54 | 26.9% |

- COLA not deferred

| Retiring at Age | Reduction |
|---|---|
| 60 | 0% |
| 59 | 5.7% |
| 58 | 11.4% |
| 57 | 17.1% |
| 56 | 22.8% |
| 55 | 28.5% |
| 54 | 32.4% |

For earlier age reduction factors please contact Retirement Services.

# COLA Reduction Tables Age 65 Plan

For those with fewer than 20 years of service credit as of July 1, 2019.

- COLA Deferred

| Retiring at Age | Reduction |
|---|---|
| 65 | 0% |
| 64 | 0% |
| 63 | 0% |
| 62 | 17.4% |
| 61 | 22.4% |
| 60 | 27.4% |
| 59 | 30.9% |

- COLA not deferred

| Retiring at Age | Reduction |
|---|---|
| 65 | 0% |
| 64 | 6.2% |
| 63 | 12.4% |
| 62 | 18.6% |
| 61 | 24.8% |
| 60 | 31% |
| 59 | 34.9% |

For earlier age reduction factors please contact Retirement Services.

# State/Teacher Plan vs PLD Plans

## State/Teacher Plan

- Employee contribution rate 7.65%
- NRA of 60 – 10 years of coverage by 6/30/1993
- NRA of 62 – Fewer than 10 years by 6/30/1993, but at least 5 years by 6/30/2011
- NRA of 65 Fewer than 5 years by 6/30/2011
- Vacation/Sick Leave payout up to 30 days at retirement can be used in calculation of AFC for Age 60 plan members only.

## PLD Plan

- Employee contribution rate varies by plan and subject to change every July 1
- NRA 60 if first contributed to PLD Consolidated plan before 7/1/2014
- NRA of 65 if first contributed to PLD Consolidated Plan on or after 7/1/2014
- Vacation/Sick Leave payout up to 30 days at retirement can be used in calculation of AFC for Age 60 and 65 plan, but member must have at least 20 years in the PLD Consolidated Plan

# MainePERS - Resources

## Benefit Estimator:

### MainePERS Benefit Estimator

What is your Normal Retirement Age?*

- 60
- 62
- 65

*If you are unsure please use 65*

Current salary or 3-year average*

$50,000.00

*Enter your current salary or 3-year average*

Years of service*

25

*Enter your anticipated years of service at retirement*

Date of Birth*

Birth Month*: January

Birth Year*: 1962

Effective date of retirement for basis of this calculation*

Retirement Month*: January

Retirement Year*: 2024

*Service retirements are generally effective the first of the month after you leave covered employment, or after your NRA birthday, depending on eligibility*

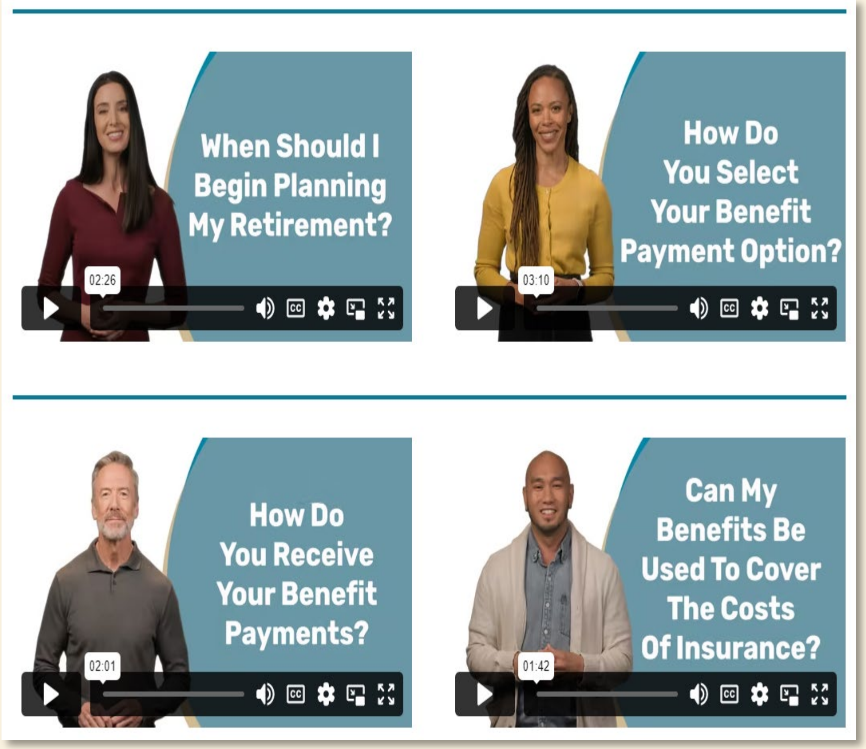
### Full Benefit Option

*(does not reflect COLA deferral option available to some PLD regular plan members)*

Annual Benefit: $25,000.00

Monthly Benefit: $2,083.33

## On-demand videos:



# MainePERS - Resources

## Annual Statements:

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
139 Capitol Street, Augusta, ME 04332-0349
207-512-3100/800-451-9800

**ANNUAL STATEMENT OF ACCOUNT**
**December 2022**

December 6, 2022

This annual statement provides key details regarding your MainePERS retirement account. MainePERS provides this annual update to help you plan for your future retirement.

Your Plan

| Plan Name | Normal Retirement Age | Years of Service Credit |
|---|---|---|
| Teacher Plan | 62 | 23.90 |

Your Account

| Contributions Paid by You | | Interest Earned to Date | | Total |
|---|---|---|---|---|
| $126,216.04 | + | $60,550.33 | = | $186,766.37 |

## Legislative Updates:

Current Legislation - MainePERS

mainepers.org/laws-rules/current-legislation/

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HOME INVESTMENTS LAWS & RULES

## Ready to Retire Sessions:

2023 Retirement Planning Sessions

| DAY | DATE | TIME | SUBJECT | STATUS |
|---|---|---|---|---|
| Wednesday | 2/22/2023 | 2:30 p.m. | READY TO RETIRE | ONLINE |
| Thursday | 2/23/2023 | 9:00 a.m. | READY TO RETIRE | ONLINE |
| Thursday | 3/23/2023 | 2:30 p.m. | READY TO RETIRE | ONLINE |
| Wednesday | 4/19/2023 | 2:30 p.m. | READY TO RETIRE | ONLINE |
| Thursday | 4/20/2023 | 9:00 a.m. | INTRO TO TEACHER PLAN | ONLINE |
| Thursday | 5/25/2023 | 2:30 p.m. | READY TO RETIRE | ONLINE |
| Thursday | 6/8/2023 | 2:30 p.m. | READY TO RETIRE | ONLINE |

# Retirement Organization Websites

- MaineRetirees.org - Maine Association Retirees
- SSA.gov - Social Security Administration
- MaineFOP.com - Maine Fraternal Order of Police
- maineassociationofpolice.com - Maine Association of Police
- mseaseiu.org - Maine State Employees Association
- mslea.org - Maine State Law Enforcement Association
- pffmaine.org - Professional Firefighters of Maine
- Teamsterslocal340.org - Teamsters Local Union No. 340
- afscme93.org - American Federation of State County and Municipal Employees

## Non-MainePERS Benefits

**Health Insurance**

**For questions regarding health insurance contact your employer of health insurance provider directly.**

**Social Security**

**Government Pension Offset**

https://www.ssa.gov/benefits/retirement/planner/gpo-calc.html

**Windfall Elimination Provision**

https://www.ssa.gov/benefits/retirement/planner/wep.html

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# MEMORANDUM

**Date**: October 24, 2023

**To**: PLD Advisory Committee

**From**: Sherry Vandrell, Chief Financial Officer

**Subject**: Employer Auditing Update

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Since our last report, thirteen additional reviews of PLD employers have been completed, for a total of 119 since the inception of the program. Three reviews are currently in process. Staff continue to focus on smaller employers and employers who might have recently joined the plan or who have made plan changes.

Of the 119 PLD reviews completed to date, 113 have resulted in findings related to contributions and/or missing paperwork. These findings include both reporting contributions on compensation that is not considered earnable for the Plan resulting in the need for a refund, as well as not reporting contributions for compensation that is considered earnable, resulting in the need to collect additional contributions. Other findings include missing membership applications for declining members, missing termination dates, and other paperwork related issues. To date, approximately 97% of all findings identified have been resolved satisfactorily.

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# PLD Plan Activity Memo

Date: November 7, 2023
To: PLD Advisory Committee Members
From: Deanna Doyle, PLD Plan Administrator

| New or Rejoining PLD Employers (5) | | | | |
|---|---|---|---|---|
| **Employer** | **Plan** | **Effective** | **# of Members or Potential Members** | **Comments** |
| Gray, Town of | 3C | 10/1/2023 | 7 | Town of Gray joined effective **10/1/2023** and adopted 3C for firefighters. Town of Gray then adopted Limited Period Open Enrollment Provision effective **11/1/2023** and will begin participating in annual open enrollment starting in |
| Machias, Town of (P0397) | 2C | 9/1/2023 | 3 | Town of Machias joined effective **9/1/2023** and adopted 2C for police officers |
| Northern Oxford Regional Ambulance Service dba Med-Care Ambulance (P0403) | 3C, AC | 1/1/2024 | 16, 1 | NORAS dba Med-Care Ambulance will join effective **1/1/2024** and adopt 3C for emergency medical services employees and AC for general gov't employees. |
| Raymond, Town of (P0394) | 3C | 9/1/2023 | 12 | Town of Raymond joined effective **9/1/2023** and adtoped 3C for firefighters and emergency medical services employees |
| RSU #87 - MSAD #23 | AC | 10/1/2023 | 3 | RSU #87 - MSAD #23 joined effective **10/1/2023** and adopted AC for non-Teacher plan covered team administrators |

| Withdrawals/Partial Withdrawals (1) | | | | |
|---|---|---|---|---|
| **Employer** | **Plan** | **Effective** | **# of Members or Potential Members** | **Comments** |
| Community Regional Charter School (P0345) | AC | 11/30/2023 | 0 | Voted to partially withdraw by excluding certain classifications of employees that were previously covered. New employees hired into these position on/after **11/30/2023** are excluded from participating in MainePERS: Ed Tech Level 1, finance staff, administrative assistants, custodians. Employees in these positions that are members will continue to be covered. School will pay a partial withdrawal liability, estimated to be $2,818 |

| Employer Plan Changes (8) | | | | |
|---|---|---|---|---|
| **Employer** | **New Plan** | **Old Plan** | **# of Members** | **Comments** |
| Brunswick, Town of (P0042) | 2C | AC | 8 | Town of Brunswick adopted 2C for dispatchers for future service only effective **10/1/2023** |
| Harrison, Town of (P0280) | N/A | N/A | ? | Town of Harrison adopted Limited Period Open Enrollment Provision effective **9/1/2023** and is participating in 2023 annual open enrollment |
| Newport, Town of (P0314) | 3C | 2C | 7 | Town of Newport adopted 3C for future service only for police, firefighters and EMS employees effective **9/1/2023** |
| Regional School Unit No. 25 (P0321) | AC | AC | 1 | Regional School Unit No. 25 added coverage for additional job classification, maintenance director, under AC effective **9/1/2023** |

## Employer Plan Changes (Continued)

| Employer | New Plan | Old Plan | # of Members | Comments |
|---|---|---|---|---|
| RSU #75 - MSAD #75 Topsham (P0380) | AC | AC | 1 | RSU #75 -MSAD #75 added coverage for additional classification, Bookkeeper/Accountant under AC effective **11/1/2023** |
| Sagadahoc County (P0096) | N/A | N/A | ? | Sagadahoc County adopted Limited Period Open Enrollment Provision effective **9/1/2023** and is participating in 2023 annual open enrollment |
| South Portland Housing Authority (P0206) | N/A | N/A | ? | South Portland Housing Authority dopted Limited Period Open Enrollment Provision effective **10/1/2023** and is participating in 2023 annual open enrollment |
| Standish, Town of (P0371) | 2C | 2N | 15 | Town of Standish adopted 2C for all covered employees for future service only effective **9/1/2023** |

## Pending Plan Change Inquiries (29)

| Employer Plan | New Plan | Old Plan | # of Members | Comments |
|---|---|---|---|---|
| Bangor, City of (P0020) | 1C or 3C | 2C | 63 | Adopt 1C or 3C for police officers future service only |
| Bangor, City of (P0020) | 1C | 3C | 87 | Adopt 1C from 3C for firefighters future service only - if make change existing firefighters will make an election ot remain in 3C or move to 1C. |
| Belgrade, Town of (P0383) | AC | N/A | ? | Add coverage under AC for general gov't employees |
| Boothbay Harbor, Town of (P0146) | AC/3C | 2C | 7 | Adopt 3C for public safety (2) and adopt AC for general gov't employee new hires - existing general gov't employees remain under 2C |
| Cumberland County (P0005) | 3C | 2C | 57 | Adopt 3C future service only for law enforcement officers |
| East Millinocket, Town of (P0054) | 2C | AC | 3 | Adopt 2C for future service only for firefighters effective 12/1/2023 |
| Falmouth, Town of (P0087, P0087a) | N/A | N/A | ? | Adopting limited period open enrollment |
| Glenburn, Town of (P0174) | 2C | N/A | 1 | Adopt 2C for new job classificaiton Code Enforcement Officer/Emergency Management Officer |
| Kittery, Town of (P0014) | 1C, 2C, 3C or 4C | AC | 8 | Adopt special plan for firefighters |
| Limington, Town of (P0388) | 3C | 2C | 4 | Adopt 3C for firefighters/EMS employees for future service only 1/1/2024 |
| Mexico, Town of (P0074) | 3C | 2C | 4 | Adopt 3C for future service only for police - heard from labor but not from Town on this |
| Old Town, City of (P0111) | 3C | 3N | 25 | Adopt 3C for firefighters for future service only |
| Orrington, Town of (P0209, P0209A) | AC | AN | 15 | Adopt COLA for all serivce or future service only |
| Oxford, Town of (P0200) | ? | AN | 1 | Adopt special plan for firefighters |
| Penobscot County (P0011) | 3C | 2C,AC | 45,26 | Adopt 3C for law enforcement officers and/or dispatchers future service only |
| Pittsfield, Town of (P0110) | AC, 2C, 3C | AN | ? | Adopt better plan for some or all classifications of employees |
| Presque Isle, City of (P0004) | 2C | AC | ? | Adopt 2C for public works employees future service only |
| Regional School Unit No. 4 (P0324) | AC | AC | ? | Add coverage for additional classifications of school support employees under AC |
| Richmond, Town of (P0213) | 1C,2C,3C,4C | AC | 1 | Adopt special plan for police future service only |
| Rockland, City of (P0018) | 1C | 3C | 13 | Adopt 1C from 3C for police officers who elect to move to new plan future service only |
| Rockport, Town of (P0161) | 1C,2C,3C,4C | AC | ? | Adopt a special plan for firefighters in newly established Fire Department. |
| RSU #29 - MSAD #29 Houlton (P0168) | AC | AC | ? | Add coverage for additional classifications of school support employees under AC |

## Pending Plan Change Inquiries (Continued)

| Employer Plan | New Plan | Old Plan | # of Members | Comments |
|---|---|---|---|---|
| University of Maine System (P0379) | 2C | 2C | ? | Take action to allow employees who were employed before 7/1/2022 to purchase credit for prior service to UMS at the employees' expense |
| Waldo County (P0046) | 3C | AC | 17 | Adopt 3C for dispatchers future service only 1/1/2024 |
| Waterboro, Town of (P0356) | AN, 3N | N/A | ? | Add coverage for part-time employees who work less than 32 hrs/wk but more than 20 hrs/wk and/or for elected/appointed officials under existing applicable plan AN or 3N |
| Wells Fire and Police (P0349) | 1C | 2C | 19 | Adopt 1C for police future service only or all service |
| Wells, Town of (P0107) | AC | AN | 40 | Adopt AC future service only or all service for general gov't employees and dispatchers with service before 7/1/2020 |
| Winthrop, Town of (P0179) | 3C | AC | 13 | Adopt 3C future service only for emergency medical services employees |
| Wiscasset, Town of (P0417) | 2C, 3C | AN | 4 | Adopt Special Plan 2C or 3C for emergency medical services employees |

## Pending New or Rejoining PLD Employer Inquiries (21)

| Employer | In Addition to SS? | Effective | # of Potential Members | Comments |
|---|---|---|---|---|
| Arundel, Town of | Yes | 2022 | ? | New - Join for fire/EMS |
| Bristol, Town of | Yes | 2023 | ? | New |
| Charleston, Town of | No | 2023 | ? | New |
| CSD #13 Deer Isle - Stonington | No | 2023 | 1 | New School Support PLD joining to cover Technology Director |
| Cushing, Town of | No | 2024 | ? | New |
| Gouldsboro, Town of | Yes | 2023 | ? | New - Join for police & harbor masters |
| Howland, Town of | Yes | 2023 | ? | Rejoin 7/1/2023 under Consolidated Plan for public safety employees under 3C |
| Kenduskeag, Town of | Yes | 2023 | 2 | New PLD - join for new fire chief, firefighter |
| Municipal Review Committee, Inc. | Yes* | 2024 | 1 or 2 | New PLD - join for full-time employees likely under AC and is working to adopt Section 218 so it is effective when District joins potentially on 1/1/2024. Also picking up MaineStart plan. |
| Norridgewock, Town of | Yes | 2023 | 2 | New - Join for Firefighters under 3C effective 12/1/2023, also plan to add AC for general gov't in 2024 |
| Norway-Paris Solid Waste Incorporated | No | 2024 | ? | Rejoin under Consolidated Plan for employees under AC and may adopt 218 Agreement so MainePERS membership is optional for employees |
| Palmyra, Town of | Yes | 2023 | ? | New |
| Parsonsfield, Town of | Yes | 2024 | 3 | New |
| Penobscot Nation Warden Service | ? | 2024 | ? | Need to determine if qualifies as Local District and/or if under Indian Tribal Government |
| Peru, Town of | Yes | 2023 | ? | New PLD - also wants 457 Plan with MaineStart |
| Portland Water District | Yes | 2023 | 180 | New PLD - join under AC or 2C |
| Region 9 Technical Center | No | 2023 | ? | New |
| RSU #74 - MSAD #74 (P0460) | Yes | 2023 | ? | New School Support PLD (currently GLI only) |
| Searsmont, Town of | No | 2024 | ? | New PLD |
| Vinalhaven, Town of | Yes | 2023 | ? | New |
| Windsor, Town of | Yes | 2023 | ? | New |

| Active Withdrawal /Partial Withdrawal Inquiries (2) | | | | |
|---|---|---|---|---|
| **Employer** | **In Addition to SS?** | **Effective** | **# of Potential Members** | **Comments** |
| Midcoast Council of Governments (P0343) | No | TBD | ? | Wants to make full withdrawal, have not be administering plan appropriately for several years so need to resolve membership issues first |
| Milford, Town of & Milford School Dept (P0186, P0186A) | Yes | 7/31/2024 | ? | Considering excluding school support staff going forward - currently 0 school support staff participating |