

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

Item Number: **6**

SUBJECT: Deferral of Actuarial Experience Study

CONSENT: ____

ATTACHMENT(S): 0

ACTION: X

DATE OF MEETING: February 4, 2016 / 15 mins.

INFORMATION: ____

PRESENTER(S): Ed Derman, Rick Reed, and
David Lamoureux

PURPOSE

Request that the board direct the deferral of the 2014 actuarial investigation of experience to February 2017 and include 2015 data.

SUMMARY

Board policy requires that an actuarial investigation of experience be completed every four years for the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit and Medicare Premium Payment programs. The last investigation for these programs was presented in February of 2012 using data from June 30, 2007 through June 30, 2010, and the next actuarial investigation using data from June 30, 2011 through June 30, 2014 was scheduled to be presented at this meeting. Staff requests that the board authorize the investigation be moved to the February 2017 meeting and that future actuarial investigations be held every four-years thereafter. Deferring the actuarial experience study to 2017 will (1) provide the actuaries the opportunity to investigate implementing a new methodology for setting mortality assumptions, which result in a more robust reflection of future improvements in mortality and (2) enable the board to implement its authority to set the state contribution rate to the DB Program in 2017 with assumptions based on the most current information.

The new mortality methodology is expected to significantly improve the precision of the mortality assumptions and reduce the need to change mortality assumptions as a result of future actuarial investigations.

RECOMMENDATION

Staff recommends the board move the actuarial investigation of experience to February of 2017 and every four years thereafter. The 2017 investigation will include data from June 30, 2011 through June 30, 2015.