

Decisions on the Death Benefit Plans

Death Benefit Plan for Members of the Teachers and State Employees' Retirement System

[Any Board Action on this plan would be from the TSERS Board]

Issue: The actuarial valuation of the Death Benefit Plan for members of the Teachers' and State Employees' Retirement Systems as of December 31, 2015 shows that the Plan has liabilities of \$178,710,964. Against these liabilities, the Plan has present assets of \$37,849,655. Prospective contributions by the State based on a 0.16% contribution rate have a value of \$221,835,438. The present and prospective assets, which amount to \$259,685,093, exceed the liabilities of \$178,710,964 (a surplus of \$80,974,129).

Option One – Recommend no change to Current Contribution or Benefit Structure :

Recommend no change to the current contribution or benefit structure.

Death Benefit Plan for Members of the Local Governmental Employees' Retirement System

[Any Board Action on this plan would be from the LGERS Board]

Issue: The actuarial valuation of the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System as of December 31, 2015 shows that the Plan has total liabilities of \$57,934,741. Against these liabilities, the Plan has present assets of \$79,083,440. Prospective contributions by the participating employers have a value of \$40,235,118. The total present and prospective assets amount to \$119,318,558, which exceeds the liabilities of \$57,934,741 (a surplus of \$61,383,817).

Option One – Recommend no change to Current Contribution or Benefit Structure:

Recommend no change to the current contribution or benefit structure.

Separate Insurance Benefits Plan for Law Enforcement Officers

[Any Board Action on this plan would be from the Both Boards Acting Separately]

Issue: The actuarial valuation of the Separate Insurance Benefits Plan for Law Enforcement Officers as of December 31, 2015 shows that the Plan has liabilities of \$33,144,045. Against these liabilities, the Plan has present assets of \$52,545,589 (a surplus of \$19,401,544). Since current assets are more than adequate to support the benefits, the contributions to the Plan could continue to be suspended or benefits could be improved.

Option One – Recommend no change to Current Benefit Structure:

Recommend no change to the current benefit structure.



Prepared by Staff of the Retirement Systems Division,
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April 20, 2017

Retirees' Contributory Death Benefit Plan

[Any Board Action on this plan would be from the Both Boards Acting Separately]

Issue: The actuarial valuation of the Retirees' Contributory Death Benefit Plan as of December 31, 2015 shows that the Plan has liabilities of \$561,335,695. Against these liabilities the Plan has present assets of \$235,651,909. Prospective contributions have a value of \$250,879,368. The total present and prospective assets amount to \$486,531,277, which are less than the liabilities of \$561,335,695 (an unfunded amount of \$74,804,418). The current assets and contribution rates of the Retirees' Contributory Death Benefit Plan are not adequate to address the \$75 million gap between assets and liabilities. The plan contribution rates for new retirees and the interest rate for returned contributions were changed in April 2016 to partially address this projected shortfall. Staff of the Retirement Systems Division are evaluating additional policy options that would require intervention from the General Assembly.

Option One – Recommend no change to Current Contribution or Benefit Structure:

Recommend no change to the current contribution or benefit structure, but continue to review options to reduce the gap between assets and liabilities.

Death Benefit Plans Principal Results of December 31, 2015 Valuation

Plan	Liabilities	Current Assets	Present Value of Future Contributions	(Surplus)/ Deficit	Contribution Rate
Teachers' and State Employees' Retirement System	\$ 178,700,000	\$ 37,900,000	\$ 221,800,000	\$ (81,000,000)	0.16%
Local Governmental Employees' Retirement System	\$ 57,900,000	\$ 79,100,000	\$ 40,200,000	\$ (61,400,000)	Varies by Employer
Separate Insurance Benefits for Law Enforcement*	\$ 33,100,000	\$ 52,500,000	\$ 0	\$ (19,400,000)	None
Retirees' Contributory Death Plan**	\$ 561,300,000	\$ 235,600,000	\$ 250,900,000	\$ 74,800,000	Varies by Age

* Reflects two payments from the fund of about \$16.5 million in 2014 and 2015 for certain State Health Plan premiums as allowed by Section 35.17 of the 2013 Appropriations Act.

** Deficit as of December 31, 2013 was about \$35,200,000. Deficit as of December 31, 2014 was about \$30,700,000.