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BOARD SUMMARY

Supplemental Retirement Program for Employees of Chesterfield County Schools

EXPERIENCE STUDY



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Pension Plan Basics



1

Develop a program to provide benefits upon retirement



2

Commit to funding those benefits



3

Determine a way to systematically fund for those future obligations



Plan Assumptions



Intended to be reasonable and to provide for reasonable estimates of the future annual costs of the program



Recommended by actuary



Objectives of Experience Study



1

DOES: Measure recent experience



2

DOES: Review and recommend assumptions and methodology



3

DOES NOT: Address plan design



What was reviewed

Economic Assumptions

- Investment Return
- Investment Expenses
- Inflation
- Pay Increases

Demographic Assumptions

- Rates of Retirement
- Rates of Withdrawal
- Rates of Disability
- Rates of Mortality
- Election Period

Funding Methodology

- Cost Method
- Asset Method
- Amortization Method



Review and Recommendations

Economic Assumptions

<i>Assumption</i>	<i>Current</i>	<i>Recommendation</i>
Discount Rate	7.50%	Trend down to 7.00%
Expenses	None	No change
Inflation	None	No change
Pay increases	3.00%/year	Increased rates during first 15 years



Review and Recommendations

Demographic Assumptions

<i>Assumption</i>	<i>Current</i>	<i>Recommendation</i>
Retirement	Different rates for reduced vs. unreduced benefit eligibility	Unreduced retirement: no change Reduced retirement: double rates
Withdrawal	2003 SOA Turnover Study	No change
Disability	None	No change
Mortality	RP2000 projected to 2020	No change. Consider moving to updated table by 2020
Election Period	6 years	5 years



Review and Recommendations

Funding Methodology		
<i>Assumption</i>	<i>Current</i>	<i>Recommendation</i>
Funding Method	Entry Age	No change
Amortization Period	12 years *	No greater than 15 years

* Recommended contribution to fund currently set as greater of:

- a) Actuarially determined contribution, or
- b) Anticipated benefit payments

(NOTE: a 12-year amortization period makes the two results similar for 7/1/2016)



Questions?