



May 22, 2014

To: Members of the Actuarial Committee

From: George Wood, Chair

Subject: Summary of the May 22, 2014 Actuarial Committee Meeting

Actuarial Committee Chair George Wood called the May 22, 2014 Actuarial Committee Meeting to order at 10:03 a.m. Committee members present were George Wood, Chair, Dale Amaral, Ophelia Basgal and Liz Koppenhaver. The other Board members present were Annette Cain-Darnes and Elizabeth Rogers, and alternate member David Safer. Staff present were Vince Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Marguerite Malloy, Associate Counsel; Betty Tse, Chief Investment Officer; Latrena Walker, Project and Information Services Manager; Rose Kwong, Benefits Manager; and Harsh Jadhav, Internal Auditor.

#### **ACTION ITEM**

**1. Discussion and possible motion to adopt the Actuarial Valuation and Review as of December 31, 2013, including the employer and employee contribution rates**

Paul Angelo, Segal's Senior Vice President and Actuary, and Andy Yeung, Segal's Vice President and Associate Actuary, discussed the Actuarial Valuation and Review as of December 31, 2013. Vince Brown, CEO informed the Committee that the valuation will be discussed at the Participating Employers meeting on July 29, 2014.

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Actuarial Committee recommends to the Board of Retirement that the Board adopt the Actuarial Valuation and Review as of December 31, 2013, including the employer and employee contribution rates.

The motion carried 6 yes (*Amaral, Basgal, Cain-Darnes, Koppenhaver, Rogers, and Wood*), 0 no, 0 abstentions.

#### **INFORMATION ITEMS**

**1. Illustration of Contribution Rates under Alternative Economic Scenarios**

Paul Angelo, Segal's Senior Vice President and Actuary, and Andy Yeung, Segal's Vice President and Associate Actuary, discussed the illustrations of employer contribution rates encompassing a 15 year period under three market rate of return scenarios: 0.0%, 7.8% (ACERA's current assumed rate of return), and 15.6%. Mr. Angelo explained that this is only a sensitivity analysis. Vince Brown, CEO, stated that Segal will discuss these illustrations at the Participating Employer meeting on July 29, 2014.

**2. Review of the Interest Crediting Policy**

Paul Angelo, Segal's Senior Vice President and Actuary, and Andy Yeung, Segal's Vice President and Associate Actuary reviewed ACERA's current interest crediting procedure and discussed alternatives that should be considered before finalizing a new policy. Vince Brown, CEO, explained that staff will ask the Committee to consider two action items at the next meeting so that an Interest Crediting Policy can be formalized for the Committee's upcoming review and approval.

**RECOMMENDATION**

The Committee recommends, and I move, that the Board of Retirement adopt the Actuarial Valuation and Review as of December 31, 2013, including the employer and employee contribution rates.

**TRUSTEE/PUBLIC INPUT**

**ESTABLISHMENT OF NEXT MEETING DATE**

June 19, 2014 at a time to be determined.

**MEETING ADJOURNED**

The meeting adjourned at 12:01 p.m.