Death Benefit Plans
Principal Results of Actuarial Valuation
as of December 31, 2013

Board of Trustees Meeting

Larry Langer and Mike Ribble

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Death Benefit Plans Principal Results of December 31, 2013 Valuation

	Liabilities	Current Assets	Future Contributions	(Surplus)/ Deficit	Contribution Rate
Teachers' and State Employees' Retirement System	$216,300,000	$ 31,400,000	$ 201,600,000	$ (16,700,000)	0.16%
Local Governmental Employees' Retirement System	$ 61,600,000	$ 78,500,000	$ 37,000,000	$ (53,900,000)	Vary by Employer*
Separate Insurance Benefits for Law Enforcement***	$ 23,300,000	$ 80,100,000	$ 0	$ (56,800,000)	None
Retirees' Contributory	$429,900,000	$ 213,400,000	$ 181,300,000	$ 35,200,000**	Varies by Age

* Beginning July 1, 2012, the Board of Trustees granted employers one, two or three year contribution holidays based on the number of years each employer has been contributing to the LGERS death benefit plan.

** Deficit as of December 31, 2011 was about $11,300,000. Deficit as of December 31, 2012 was about $12,500,000.

*** Does not reflect the liability for potential payments from the fund for certain State Health Plan premiums as allowed by Section 35.17 of the 2013 Appropriations Act. See next two slides for more discussion.

Separate Insurance Benefits Plan - Revisited

- Session Law 2013-360 mandates the diversion of funds from the Separate Insurance Benefits Plan for state and local enforcement officers to be used for other purposes
  - To reimburse employer paid State Health Plan premiums made on behalf of state law enforcement officers
  - To reimburse employer paid contribution rates for the State Health Plan based on the reported compensation of state law enforcement officers
  - Requires DST to ensure that the amounts described above are fully reimbursed by periodic transfers from the Separate Insurance Benefits Plan to the General Fund
  - Required for fiscal years ending June 30, 2014 and June 30, 2015

Separate Insurance Benefits Plan - Update

- In June 2014, about $16.5 million was transferred out of the Separate Insurance Benefits Plan
- December 31, 2013 valuation showed a decrease in the surplus of the plan prior to such transfer
  - Surplus decreased from about $61.5 million to about $56.8 million
  - Primarily due to asset losses during calendar year 2013 – negative return of about (4.1%) due to primarily fixed income portfolio
  - $16.5 million transfer effectively decreased the surplus to about $40 million
- If transfer amounts of $16.5 million continue beyond fiscal year ending June 30, 2015
  - The fund could be depleted in 2016
  - Depends on bond market returns subsequent to December 31, 2013

Certification

The results were prepared under the direction of Michael Ribble and Larry Langer who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. These results have been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions about them.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law.

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Questions?

THANK YOU