

**AD HOC COMMITTEE ON ACTUARIAL ECONOMIC ASSUMPTIONS MEETING MINUTES
BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

August 30, 2021

The Ad Hoc Committee on Actuarial Economic Assumptions for the Maryland State Retirement and Pension System convened, via video/audio conference call beginning at 2:02 p.m.

The Committee members present included:

Eric Brotman, Chairman, Presiding	Douglas Prouty
Thomas Brandt, Vice Chairman	Michael Stafford, Jr.
David Brinkley	

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Melody Countess	Michael Golden	Ken Reott
Patricia Fitzhugh	Angie Jenkins	Janet Sirkis
Anne Gawthrop	Andrew Palmer	Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

Other attendees included: Trustee Linda Allen; Public Advisor Anne Shelton; and Brad Armstrong, Brian Murphy, and Amy Williams from GRS

Call Meeting to Order Mr. Brotman, Chair of the Committee having established that a quorum was present, called the meeting to order.

Minutes On a motion made by Mr. Stafford and seconded by Mr. Brandt, the Committee approved the July 15, 2021 open session Committee minutes.

Presentation by Gabriel Roeder Smith & Company The Committee was provided a copy of a presentation by Gabriel Roeder Smith & Company (GRS), which discussed the System's current amortization policy, several alternatives and the impact those alternatives would have on the System's unfunded liability and contribution rates.

Mr. Murphy provided background information to the Committee indicating that GRS performed a Comprehensive Maryland Specific Funding Policy Study in 2009 and the legislature implemented changes.

- State Plans
 - 25-year closed for State plans ending June 30, 2039
 - 18 years remaining as of June 30, 2020 actuarial valuation
 - Corridor funding method eliminated
- Municipal Plans
 - ECS Municipal is phasing down to 20-year closed (for the June 30, 2022 valuation) ending June 30, 2043
 - LEOPS Municipal 19-year closed ending June 30, 2040
 - CORS Municipal 26-year closed ending June 30, 2047
- 2011 Reforms in place
- Further change is recommended because gains and losses could introduce too much volatility when remaining period is short

Mr. Armstrong reported that at some point the amortization policy currently set forth in statute should be changed to prevent too much volatility, and that the Conference of Consulting Actuaries has provided some guidance on funding policies, which was published in the CCA White Paper in October 2014.

**AD HOC COMMITTEE ON ACTUARIAL ECONOMIC ASSUMPTIONS MEETING MINUTES
BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

August 30, 2021

Ms. Williams presented the following summary of amortization alternatives, all of which would require a statutory change:

	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Policy Change Point	Current period reaches 10-15 years	Current period reaches 15 years	Current period reaches 15 years	Current period reaches 15 years
Amortization of:				
Current UAAL	Continue closed schedule	Continue closed schedule	Continue closed schedule	15 years; <i>rolling</i>
Gains/Losses	15 years; closed	15 years; <i>rolling</i>	15 years; <i>rolling</i>	15 years; <i>rolling</i>
Assumption Changes	25 years; closed	25 years; closed	15 years; <i>rolling</i>	15 years; <i>rolling</i>
Plan Amendments	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed	10-15 years depending on group affected; closed ERP: 5 years; closed
Evaluation	Model practice	Acceptable with conditions	Acceptable with conditions	Acceptable with conditions

Mr. Armstrong reported that of the four alternatives provided, GRS recommends Alternative 2 over Alternative 3 as the assumption changes are over a 25-year period.

After further discussion by the Committee, on a motion made by Mr. Brandt and seconded by Mr. Stafford, the Committee voted to recommend that the Board of Trustees approve its support for Alternative 2.

Adjournment

There being no further business before the Committee, on a motion made by Mr. Prouty and seconded by Mr. Brandt, the meeting adjourned at 3:00 p.m.

Respectfully submitted,



Martin Noven
Secretary to the Board