

Shelton Vance

From: Public Employees' Retirement System of MS (PERS) <communications@pers.ms.gov>
Sent: Wednesday, June 27, 2018 10:36 AM
To: Shelton Vance
Subject: PERS Board increases employer contribution rate, revises funding policy

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Board increases employer contribution rate, revises funding policy

Following months of educational sessions and deliberations and on the recommendation of its actuary, Cavanaugh Macdonald LLC, the Public Employees' Retirement System of Mississippi (PERS) Board of Trustees voted at its June 26 meeting to increase the employer contribution rate from 15.75 to 17.40 percent, effective July 1, 2019.

Along with this 1.65 percent increase, the Board revised its 2012 funding policy to provide that the Board, through the policy:

- Preserve the defined benefit structure for providing lifetime benefits to the PERS membership,
- Stabilize the contribution rate as a percentage of payroll,
- Maintain an increasing funded ratio over the projection period with an ultimate goal of being 100 percent funded,
- Require clear reporting and risk analysis of the metrics by the actuary using a Signal Light approach to assist the Board in determining whether increases or decreases are needed in the employer contribution rate, and
- Ensure benefit improvements are funded through increases in contribution requirements in accordance with Article 14, § 272A, of the Mississippi Constitution.

The metrics that will be measured using the new Signal Light approach are the funded ratio, cash flow as a percentage of assets, and the actuarially determined contribution. If any one of the metrics moves to the Red Signal

Light status in conjunction with the annual valuation report and projection report, the revised policy requires that the actuary recommend to the Board an employer contribution rate increase sufficient enough to move all three metrics back into the Green Signal Light status.

As a result of the 2019 increase in the employer contribution rate, PERS is projected to be at least 100 percent funded in 2047 and all metrics under the revised funding policy will be in the Green Signal Light status.

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