

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
ACTUARIAL ASSUMPTIONS REVIEW COMMITTEE
MEETING OF SEPTEMBER 16, 2010**

A meeting of the West Virginia Consolidated Public Retirement Board's Actuarial Assumptions Review Committee was held in the Legal Conference Room located at 4101 MacCorkle Avenue, SE, Charleston, West Virginia, on Thursday, September 16, 2010, and was called to order at 10:00 a.m.

Donna Lipscomb, representing Secretary Ferguson, requested a silent roll call be taken. The following Committee Members present were:

Donna Lipscomb, *representing Secretary Robert W. Ferguson, as Chair*

Captain Michael Corsaro

Drema Evans

David Fletcher

Andrew Richardson

Others present were:

Erica M. Mani, *CPRB Executive Director*

Anita Brewster, *CPRB Executive Assistant*

Harry Mandel, *CPRB Actuary*

Melody Bailey, *CPRB Actuarial Analyst*

Lisa Trump, *CPRB PERS Manager*

A quorum was present and due notice had been published.

Item #1: Approval of August 2, 2010 Minutes

Mr. Richardson moved to accept the August 2, 2010, minutes and the motion was seconded by Captain Corsaro. The motion carried unanimously.

Item #2: Annual Valuation Interest Rate

Mr. Mandel reviewed the following with the Committee:

- a. Current year investment return average for PERS
- b. 15 year historical investment return average for PERS
- c. Future investment return projections by WVIMB and Buck Consultants
- d. Development of actuarial return assumption

7.5% interest rate assumption 2010

No recommendation to change.

There was discussion of the valuation interest rate. A motion was made by Captain Corsaro to maintain the valuation interest rate at 7.5% for all plans and was seconded by Mr. Fletcher. The motion passed unanimously.

Item #3: PERS Experience Study – Harry Mandel

Mr. Mandel reviewed with the Committee the Public Employees Retirement System (PERS) Experience Study and went over the following:

1. Mortality and charts
2. Disabled Mortality and charts
3. Salary scale and charts:
 - State experience - recommend move salary scale down about 20 basis points
 - Non-state experience – salary increases have been above our assumptions - recommend move salary scale up one-half percent.
4. Withdraw from service – termination rates have been low.
 - Increase recommended which will be a cost saving.
5. Disablement Rates - recommend moving both males and females.
6. Accrual of Future Service – unchanged.
7. Noncontributory Service – Military and Sick Leave Ratios:
 - State male military and sick leave ratios stay unchanged.
 - State female military service not enough to change.
 - State female sick leave ratio recommends change from 2.6 down to 2.4.
 - Non-state male military service not enough to change.

Non-state male sick leave ratio recommends moving down from 2.8 to 2.0.

Non-state females come in at 2.4.

Assumptions recognize long term trends and the Board recognizing the post 9-11-2001 military service. Military service is costing about 8% of liabilities.

8. Retirement experience:

Age 55 – increase from 15% to 25%

Age 62 – decrease from 35% to 30%

Age 65 – decrease from 30% to 25%

9. Summary of Costs:

Increase of \$142 million to the actuarial accrued unfunded liabilities. This will be an increase of 0.9% of gross payroll.

Mr. Fletcher, Ms. Evans and Mr. Richardson suggested having a training seminar for Non-State elected officials and various association officials to explain the process of setting the employer contribution rate.

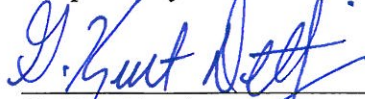
Captain Corsaro made a motion to accept the recommended changes to the PERS assumptions by the Actuary. The motion was seconded by Mr. Richardson. The motion passed unanimously.

Harry Mandel's report summarizing all proposed changes is behind Tab #3.

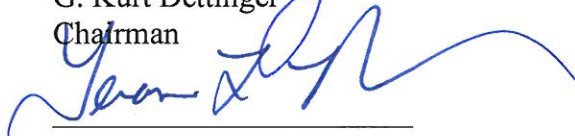
Item #4: Other Business

Ms. Lipscomb asked for any other business and with none being heard, Ms. Lipscomb adjourned the West Virginia Consolidated Public Retirement Board Actuarial Assumptions Review Committee at 11:15 a.m.

Respectfully submitted,



G. Kurt Dettinger
Chairman



Terasa L. Miller
Acting Executive Director