

Funding Status

92.0% Funded (market value)

\$28.4 Billion Assets

\$30.8 Actuarial Accrued Liability

\$ 2.4 Billion Unfunded Liability

80.2% Funded (actuarial value)

\$24.7 Billion Assets

\$30.8 Actuarial Accrued Liability

\$ 6.1 Billion Unfunded Liability

Contribution Requirements

	Market Value	Actuarial Value
Employee Contribution	7.50%	
Employer Contribution	8.52%	
Direct Payments	0.63%	
Total Statutory Contributions	16.65%*	
Total Required Contributions	12.26%	16.33%
Contribution Sufficiency	4.39%	0.32%

*Contribution rates in FY23 and FY24 increase 0.66% in total: 0.41% for employers, 0.25% for employees.

TRA Board of Trustees – January 12, 2022

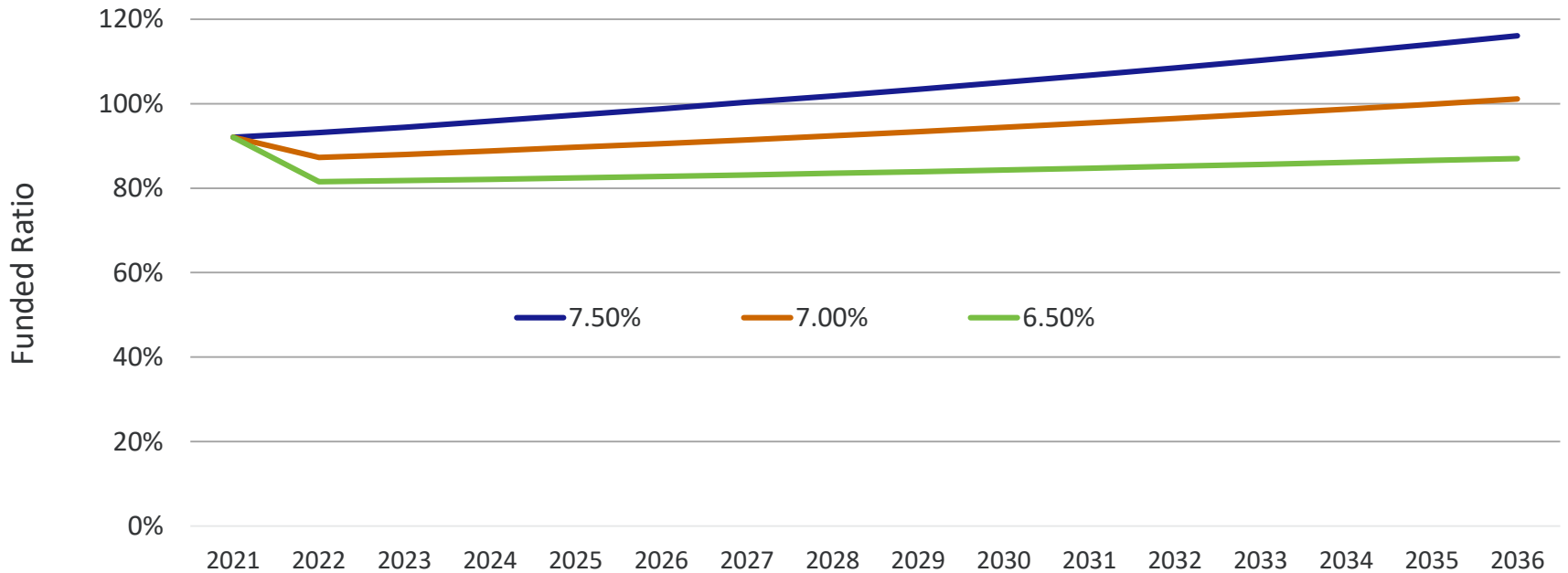
- Motion to lower the investment return assumption to 7.0% failed on a 4-4 vote
- Reasons for remaining at 7.5%:
 - TRA actuarial valuation report for 7/1/2021 does not contain a disclaimer or qualification from the TRA actuary Cavanaugh Macdonald
 - TRA actuary has advised the TRA Board that a return assumption in the range of 7.0% to 7.5% is reasonable.
 - After the end of this fiscal year TRA will have an experience study covering fiscal years 2019 to 2022. All assumptions will be evaluated.
 - Testimony of Mansco Perry, ED/CIO at SBI, at LCPR hearing on 1/5/2022, may have had an impact.

TRA Actuarial consultant: Cavanaugh Macdonald Consulting (CMC), Bellevue, NE

Letter dated October 27, 2021 from CMC to TRA:

“...for the July 1, 2021 funding valuation all calculations will be made using the statutory investment return assumption of 7.50% which we believe is still within the reasonableness range under actuarial standards...”

“For funding purposes, considering a lower assumption would help reduce the system’s investment risk by increasing the likelihood of meeting or exceeding the assumption and we are comfortable with such a change. While 7.00% to 7.50% is a reasonable range for the investment return assumption, selecting a lower rate such as 6.75% in order to reduce investment risk would certainly be acceptable.



Year of attaining full funding, if all assumptions are met (*statutory target date is 2048*):

- using a return assumption of 7.5% = 2027
- using a return assumption of 7.0% = 2036
- using a return assumption of 6.5% = more than 30 years