UCRS Advisory Board

Meeting of June 23, 2023

AGENDA ITEM B

UCRP – Preliminary Results of Actuarial Experience Study

As previewed at the March 3, 2023 meeting, Segal, the Plan's consulting actuary, has completed a draft Actuary Experience Study (Study) for UCRP. The Study compared UCRP's current actuarial assumptions to the actual experience from July 1, 2018 through June 30, 2022. The comparisons helped Segal determine whether significant patterns or trends warranted adjustments to UCRP's assumptions in order to improve estimates of future liabilities.

Specifically, UCRP's actual, as compared to expected experience was analyzed with respect to the following actuarial assumptions:

- mortality, termination, disability and retirement rates;
- merit and promotional salary increases, adjusted for estimated wage inflation; and
- other valuation assumptions, including the percentage of UCRP members with eligible survivors, sick leave conversion, future rates of benefit accrual, Lump Sum Cashout (LSC) elections, deferred vested retirement ages and unknown member sex codes.

The Study also determined whether UCRP's current economic assumptions, including the assumed rate of return, were still appropriate.

Consulting Actuaries Paul Angelo and Emily Klare will be providing an overview of the results including potential recommendations for changes in actuarial assumptions that will be presented to the Regents for approval in July. Information regarding the estimated financial impact of the assumption changes on the Plan's funded status and total funding policy contributions will also be presented. John Monroe, Manager of Actuarial Services, will discuss projections of future contributions and funded status. Any recommended assumption changes approved by the Regents will be effective for the July 1, 2023 actuarial valuation.

Changes to UCRP's actuarial equivalence basis have also been recommended consistent with other recommended assumptions. This results in changes to annuity option factors and Lump Sum Cashout (LSC) factors which will be effective for retirements and LSC elections on July 1, 2024 and later.

Attachment