

NCPERS 2024 Public Retirement Systems Study:

Trends in Fiscal, Operational, and Business Practices



National Conference on Public Employee Retirement Systems
The Voice for Public Pensions

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This study reviews funds' current fiscal condition and the steps they are taking to ensure fiscal and operational integrity.

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Overview

From September to December 2023, the National Conference on Public Employee Retirement Systems (NCPERS) conducted its Annual Public Retirement Systems Study to explore the retirement practices of the public sector. Now in its 13th year, NCPERS has partnered with Cobalt Community Research to collect and analyze the most current data available on funds' fiscal condition and steps they are taking to ensure fiscal and operational integrity.

NCPERS 2024 Public Retirement Systems Study includes responses from 157 state and local government pension funds with more than 13.8 million active and retired members and assets exceeding \$2.3 trillion. About 52 percent are local funds while 48 percent are statewide funds.

The full results of the study are exclusively available to NCPERS members via an interactive dashboard, where they can filter data by total number of participants, type of employee/beneficiary, and more for peer-to-peer benchmarking. To access the dashboard and previous editions of this report, please visit <https://www.ncpers.org/public-retirement-systems-study>

Questions? Please contact Lizzy Lees, Director of Communications, at lizzy@ncpers.org.

“NCPERS has conducted this study annually for the past 13 years because public pensions are long-term investors who operate in complex environments, so it’s crucial to regularly benchmark fiscal and operational performance.” - Hank Kim, Executive Director, NCPERS

About NCPERS

NCPERS is the largest trade association for public pensions, representing approximately 500 plans, plan sponsors, and other stakeholders throughout the United States and Canada. Organized as a 501(c)(3) non-profit, the membership is a unique network of trustees, administrators, public officials, and investment professionals who collectively oversee approximately \$4 trillion in retirement funds managed on behalf of seven million retirees and nearly 15 million active public servants — including firefighters, law enforcement officers, teachers, and other public servants.

Founded in 1941, NCPERS is the principal trade association working to promote and protect pensions by focusing on advocacy, research, and education for the benefit of public-sector pension stakeholders.

About Cobalt Community Research

Cobalt Community Research is a national 501(c)(3) nonprofit, nonpartisan coalition that helps local governments, schools, and membership organizations affordably engage their communities through high-quality data, benchmarking, geofencing, and community engagement. Cobalt is headquartered in Charlotte, Michigan.

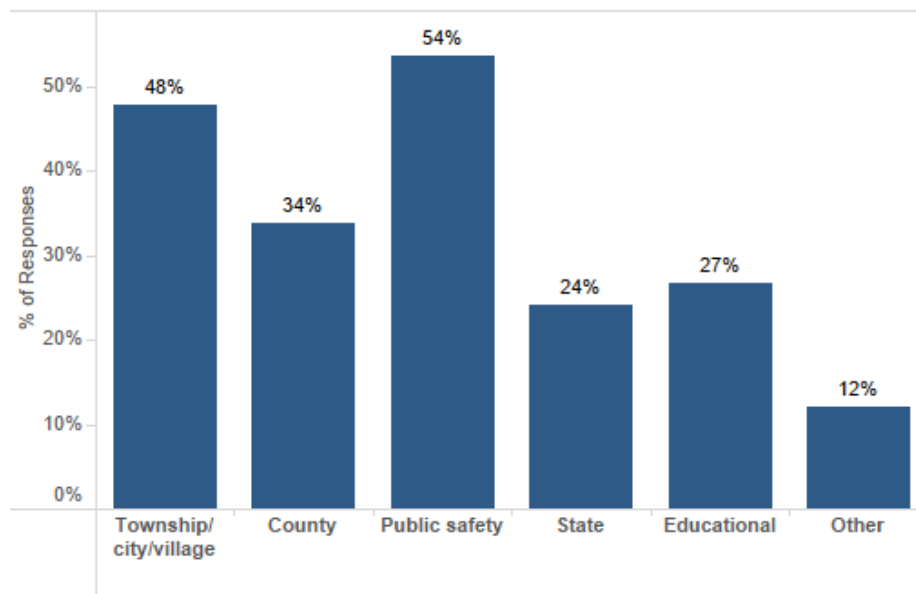
Who Responded?

Overall, 157 public retirement funds participated in the NCPERS 2024 Public Retirement Systems Study. Of these survey respondents, 115 also participated in the previous year's study.

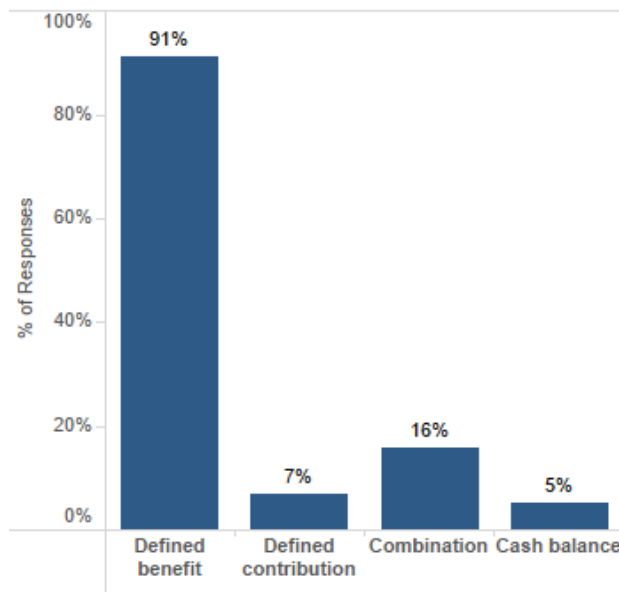
About 48 percent of all responding funds serve township, city, and village employees and beneficiaries, down from 52 percent in the prior year. About 54 percent of the responding funds serve public safety employees (i.e. firefighters or law enforcement officers) up from 45 percent in the prior year. The graph below shows the distribution of employee types served by the funds. The bottom graphs show response by type of plan provided and response by the year of the ACFR/CAFR used. Totals on plan type may exceed 100 percent because of multiple responses.

The overall distribution of the groups served by responding funds is similar to prior years; however, public safety funds were a larger proportion of the responses compared with last year.

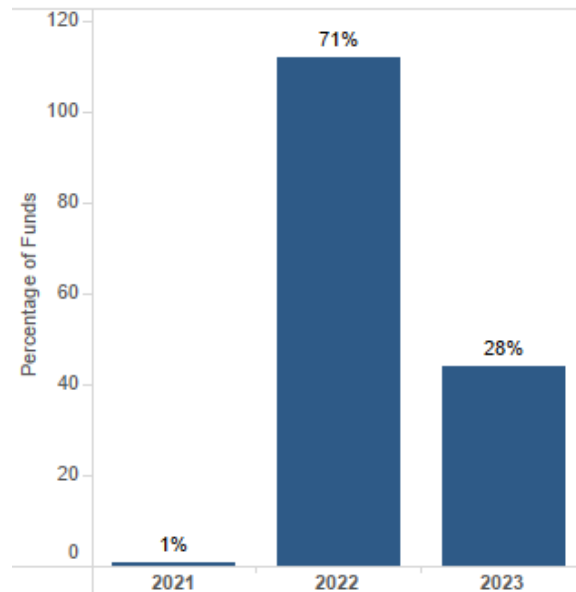
Employee/Retiree Type



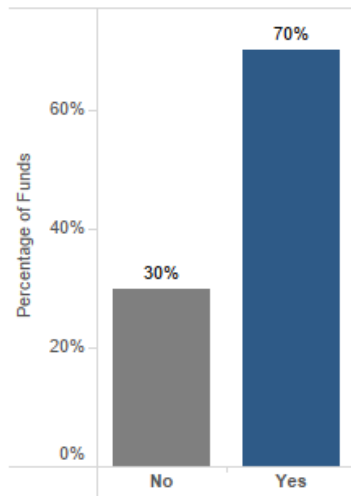
Plan Type



Fiscal Year of ACFR



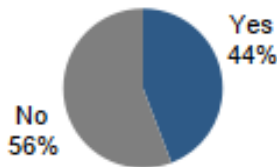
Members' Social Security Eligibility



About 70 percent of responding funds have members who are eligible for Social Security, and 30 percent have members who are not eligible. In this report, breakdowns are presented for funds whose members are or are not eligible for Social Security.

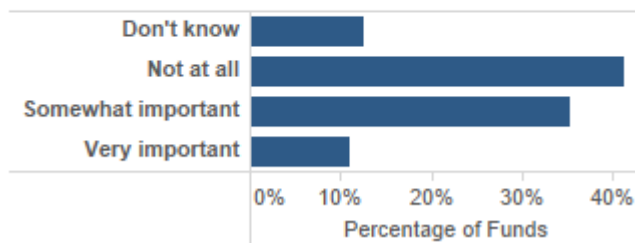
Funds whose members are not eligible for Social Security tend to offer higher levels of benefits to make up for the loss of income typically supplemented by Social Security.

Inclusion of Overtime in Benefit Calculation



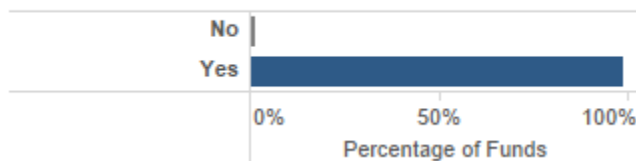
Inclusion of overtime in the calculation of a retirement benefit has been an area of interest to public funds. Fifty-six percent of respondent funds exclude overtime in the benefit calculation, which is 7 percentage points more than last year.

How important are ESG (environmental, social, and governance) factors in your fund's investment decisions?



Funds were asked about the role of environmental, social, and governance (ESG) factors in their investment decisions. About 46 percent of respondents said they are somewhat or very important in their investment decisions, down from 54 percent last year.

Eligible for Medicare



New this year, funds were asked if members were eligible for Medicare. About 99 percent said yes.

Key Takeaways

1. Reporting funds saw, on average, one-year returns of around -1.9 percent. The five-year, 10-year, and 20-year averages were lower than last year, but the 10-year and 20-year averages were above the assumed rate of return. Those funds that also participated in last year's study show similar patterns, although this cohort saw, on average, one-year returns around -1.2 percent.
2. The average funded level is 75.4 percent, down from 77.8 percent last year. Funds reporting both years saw funded levels decrease to 75.3 from 77.0 percent.
3. The average investment assumed rate of return for responding funds is 6.91 percent, compared with 6.86 percent the year prior. Plans that responded both years saw similar assumptions.
4. The average investment-smoothing period for respondents increased from 5.2 to 5.7 years, and it rose from 5.2 to 5.6 among funds that responded to both survey years. For funds with Social Security-eligible members, the smoothing period was 5.9 years. Funds with members who are not Social Security eligible have an average smoothing period of 5.0 years.
5. The overall average expense for all respondents to administer the funds and to pay investment management fees is 56 basis points (100 basis points equals 1 percentage point). This is below the 64 basis points in the prior year. Investment expenses were lower than in the prior year. According to the *2023 Investment Company Fact Book*, the average expense of hybrid funds is 59 basis points.
6. The aggregated average cost-of-living adjustments (COLAs) offered to members was 2.2 percent, which is slightly higher than 2.0 percent last year. Many responding funds did not offer a COLA in the most recent fiscal year. Funds with members who are not eligible for Social Security tend to offer higher COLAs (2.7 percent) than those with members who are eligible for Social Security (1.9 percent). Funds with populations smaller than 10,000 participants have an average COLA that is 0.25 percent higher than larger funds.
7. Amortization continues to tighten. For responding funds, amortization averages 20.4 years, down from 20.8 years. Funds that also participated in the survey the year before saw a reduction in the period of time by about 0.4 years. Overall, the percentage of closed/fixed funds increased from 70 percent to 75 percent.
8. Surveyed funds were asked, "How satisfied are you with your readiness to address retirement trends and issues over the next two years?" Respondents provided an overall "confidence" rating of 8.0 on a 10-point scale (very satisfied = 10). This is slightly higher than 7.8 last year. Funds responding in both 2022 and 2023 were slightly more confident in their ability to adapt to and address issues in the volatile environment surrounding public pensions. Overall, their average confidence increased to 8.2 from 7.9.
9. Funds were asked about the role of environmental, social, and governance (ESG) factors in their investment decisions. About 46 percent of respondents said they are somewhat or very important in their investment decisions, down from 54 percent last year.

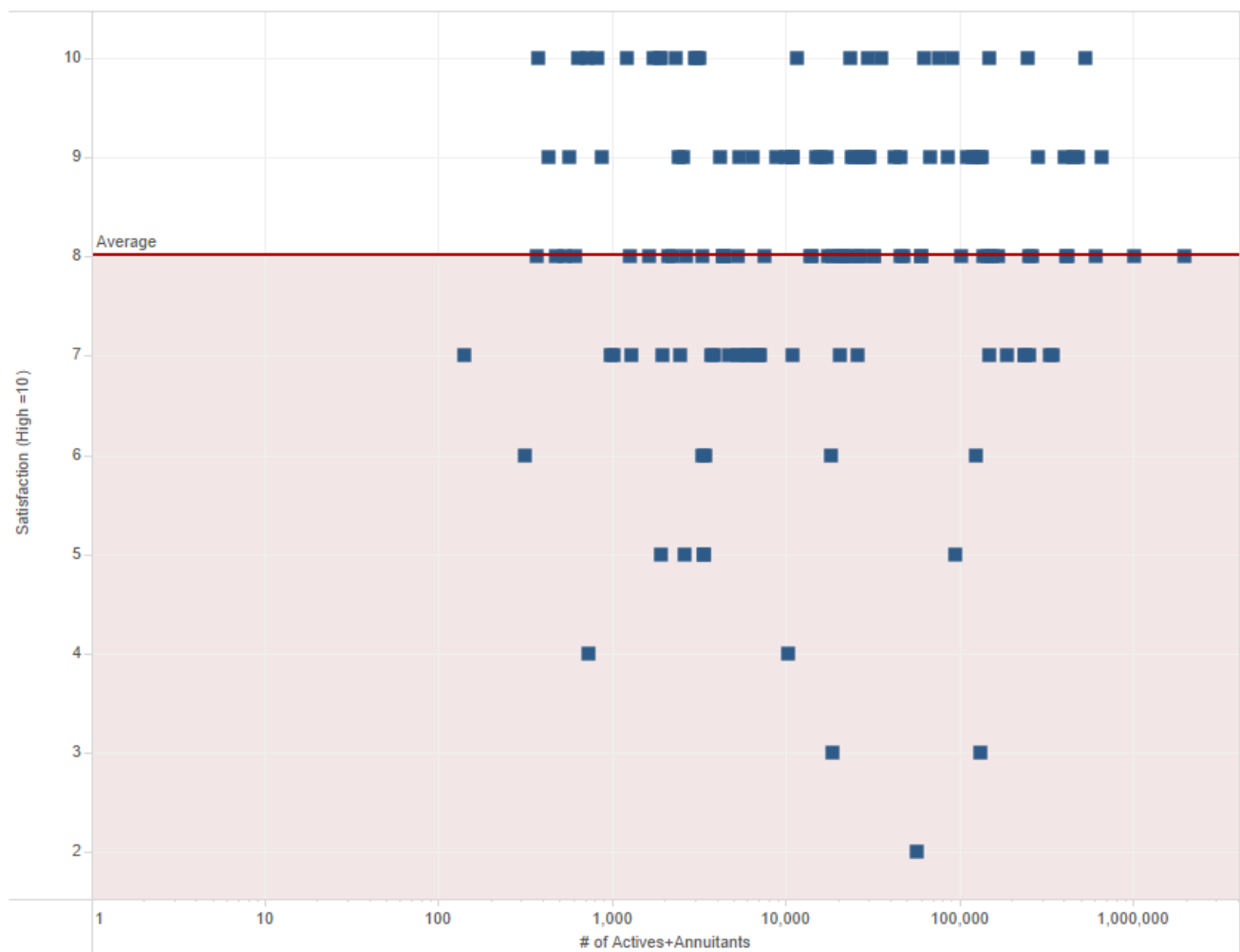
Fund Confidence

Surveyed funds were asked, “How satisfied are you with your readiness to address retirement trends and issues over the next two years?” Respondents provided an overall “confidence” rating of 8.0 on a 10-point scale (very satisfied = 10). This is slightly higher than 7.8 last year.

Funds responding both years were slightly more confident in their ability to adapt to and address issues in the volatile environment surrounding public pensions. Overall, average confidence increased to from 8.2 from 7.9.

Funds with members eligible and members ineligible for Social Security responded with a rating of 7.9 and 8.2, respectively.

Fund Confidence



Expenses

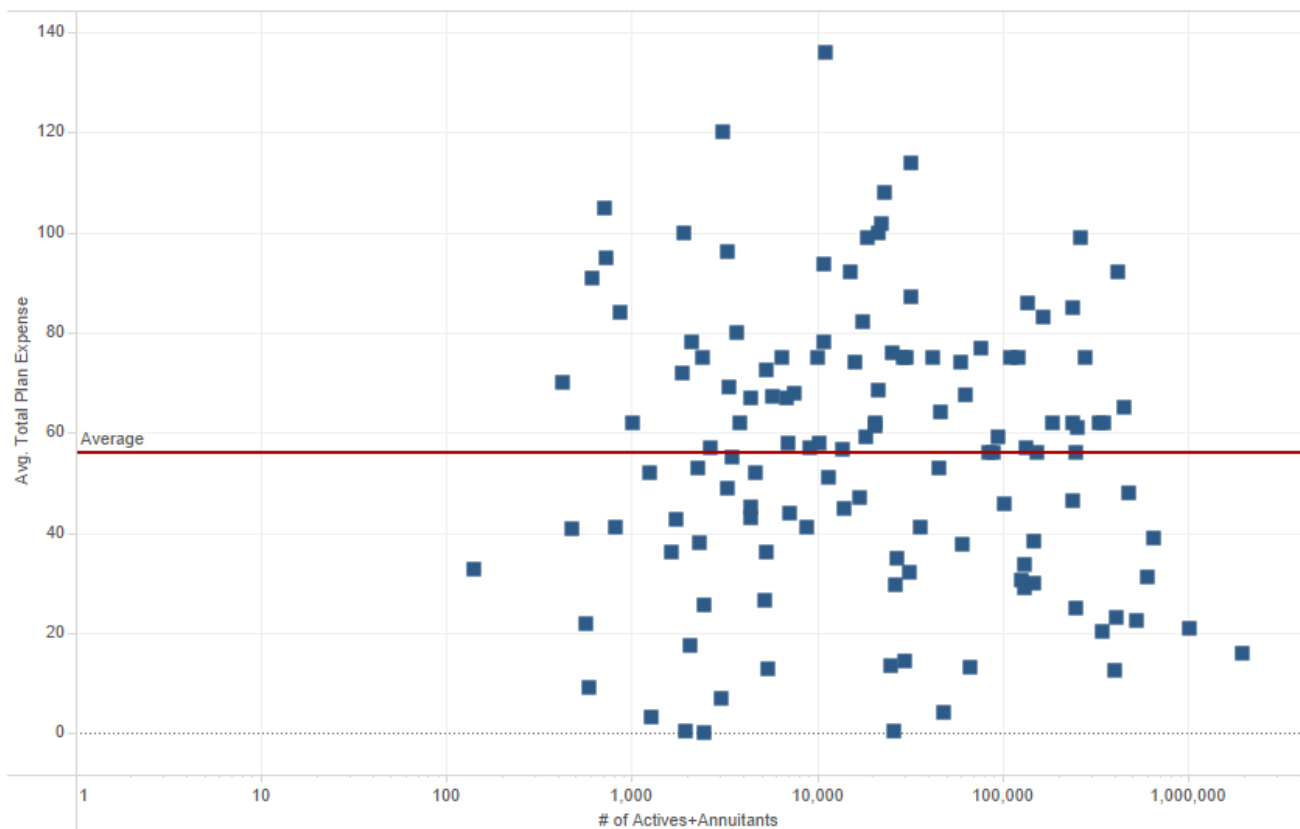
The average total expense for all respondents to administer their funds and to pay investment management fees is 56 basis points (100 basis points equals 1 percentage point). This is below the 64 basis points in the prior year. According to the *2023 Investment Company Fact Book*, the average expense of hybrid funds is 59 basis points.

Investment manager expenses were significantly lower than in the prior year, decreasing from an average of 49 basis points to 39 basis points. Administrative expenses remained steady year over year.

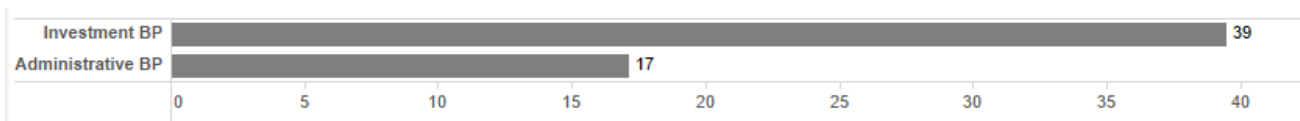
The top graph on this page shows the distribution of total expenses (in basis points) on the vertical axis and the size of the fund (by total participants) on the horizontal. The red line represents the average expense.

The bottom graph shows the average administrative and investment expenses. Note: The averages in the bottom graph do not total the average expenses in the top graph because not all funds reported both investment and administrative numbers.

Total Expenses by Size of Fund

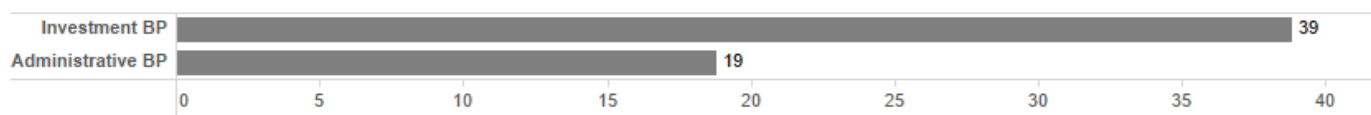


Average Fund Expenses (Basis Points)

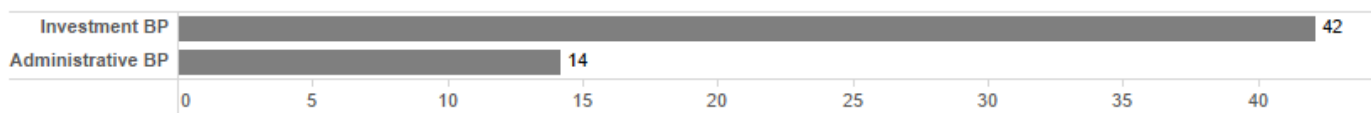


The below graphs show average expenses broken out by funds whose members are and are not eligible for Social Security. Total expenses are 58 and 56, respectively. Note: The averages below do not total the average expenses because not all funds reported both investment and administrative numbers.

Average Fund Expenses: Social Security Eligible (Basis Points)

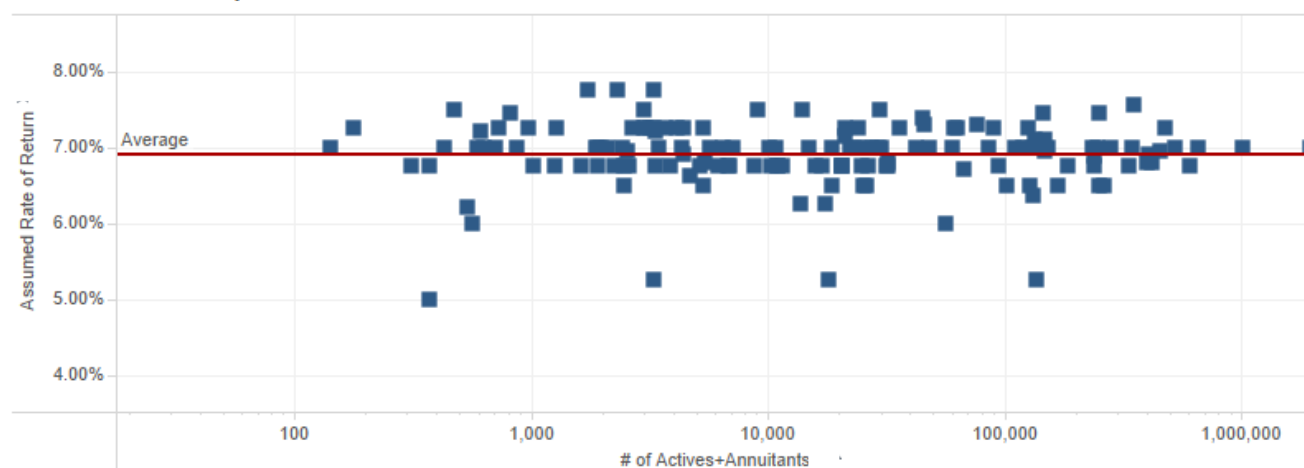


Average Fund Expenses: Not Social Security Eligible (Basis Points)



Actuarial Assumptions

Investment Assumption



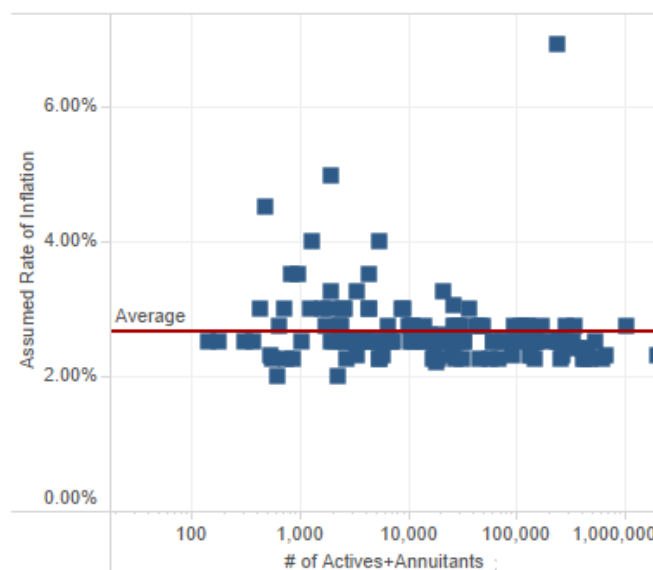
Retirement funds employ a long-term planning horizon to ensure that liabilities are fully funded at the time they are due to be paid. To set contribution rates and measure progress toward meeting their financial obligations, funds make actuarial assumptions to estimate the likely investment and demographic trends over that time horizon.

Such assumptions have powerful effects on the funded level of a plan and on required contributions to pay for future benefits. Overly optimistic assumptions (high market returns, lower-than-expected retirement rates) tend to increase a plan's funded level and reduce the contribution rates an employer is obligated to pay today. Conversely, overly pessimistic assumptions reduce the funded level and increase short-term contribution rates.

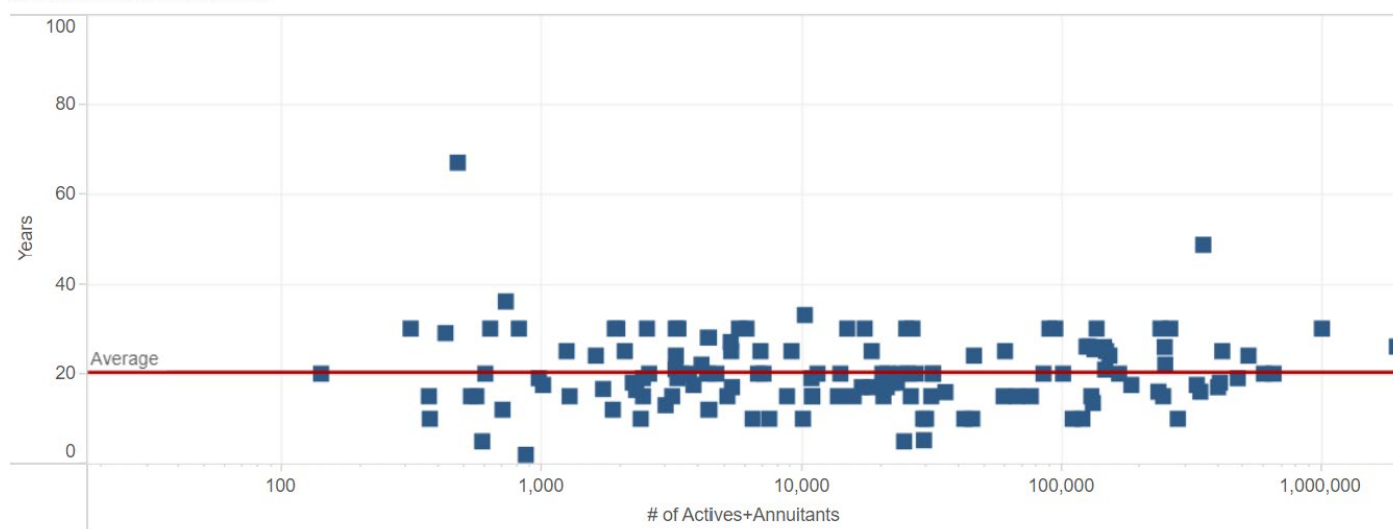
The average investment assumed rate of return for responding funds is 6.91 percent, compared with 6.86 percent the year prior. Plans that responded both years saw similar assumptions.

Inflation Assumption

The aggregated assumed rate of inflation is 2.7 percent, rising from 2.6 percent in the prior year.



Amortization Period



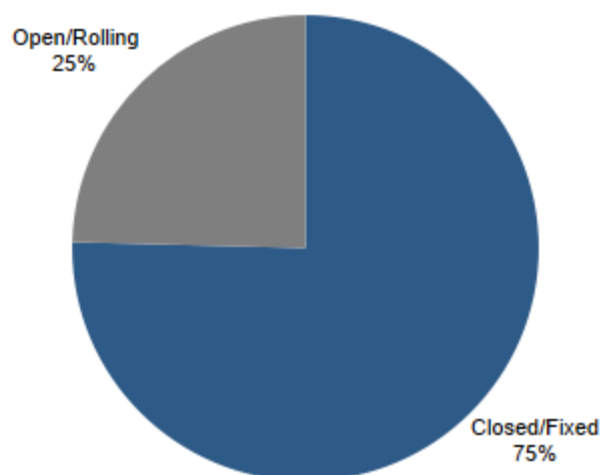
Pension funds are designed to fund liabilities over a period of time, or amortization period, which ensures long-term stability and makes annual budgeting easier through more predictable contribution levels.

For responding funds, that period of time averages 20.4 years, down from 20.8 years. Funds that also participated in the survey the year before saw a reduction in their average amortization period by about 0.4 years.

Groups can tighten their amortization period by adjusting the period in years or using a fixed (or closed) method that pays all liabilities in a fixed time frame.

Open (or rolling) amortization periods are used to determine the actuarially required payment, but they are recalculated each year, for example, 30 years is used in determining the payment each year. Overall, the percentage of closed/fixed funds increased from 70 percent to 75 percent.

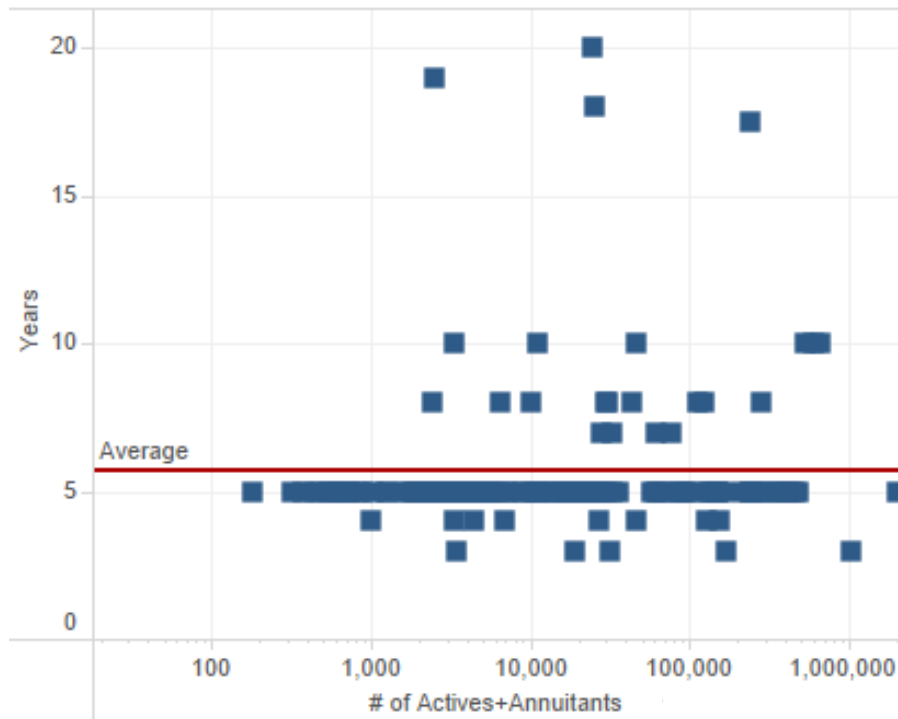
Type of Amortization Period



The investment-smoothing period is a key factor in calculating the assets currently held by the fund and the contribution levels required to continue moving toward full funding over the amortization period. By smoothing investments, funds dampen sharp changes in short-term investment returns. This helps stabilize contribution levels over time without undermining the long-term integrity of the funding mechanism.

The average investment-smoothing period for respondents increased from 5.2 to 5.7 years compared to the year prior. The distribution of responding funds on the graph below shows that the majority have smoothing periods of five years or shorter. For funds with Social Security-eligible members, the smoothing period was 5.9 years. Funds with members who are not Social Security eligible have an average smoothing period of 5.0 years.

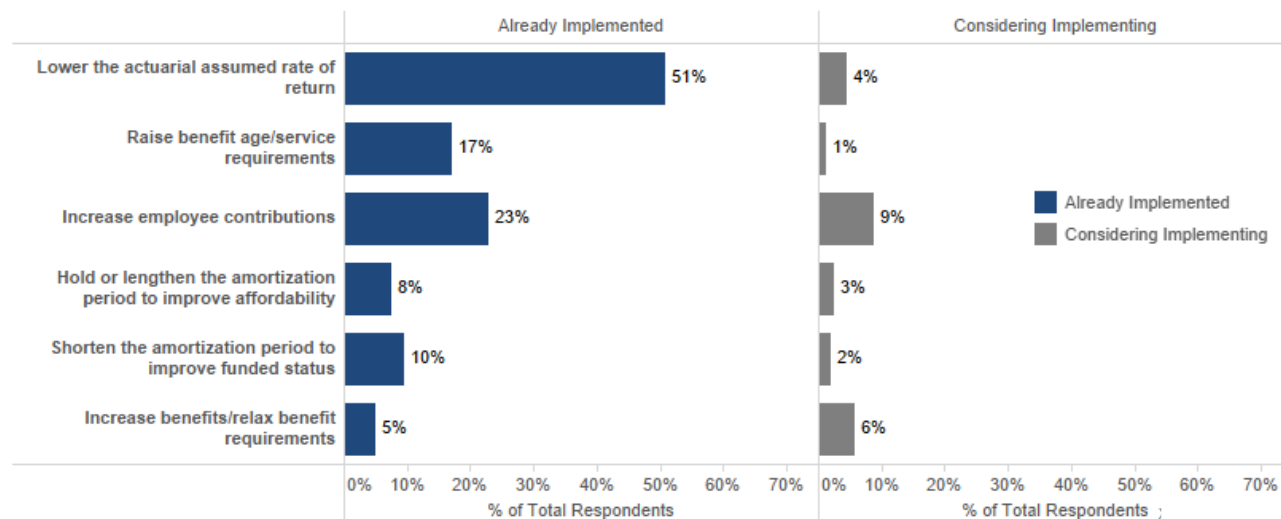
Investment Smoothing



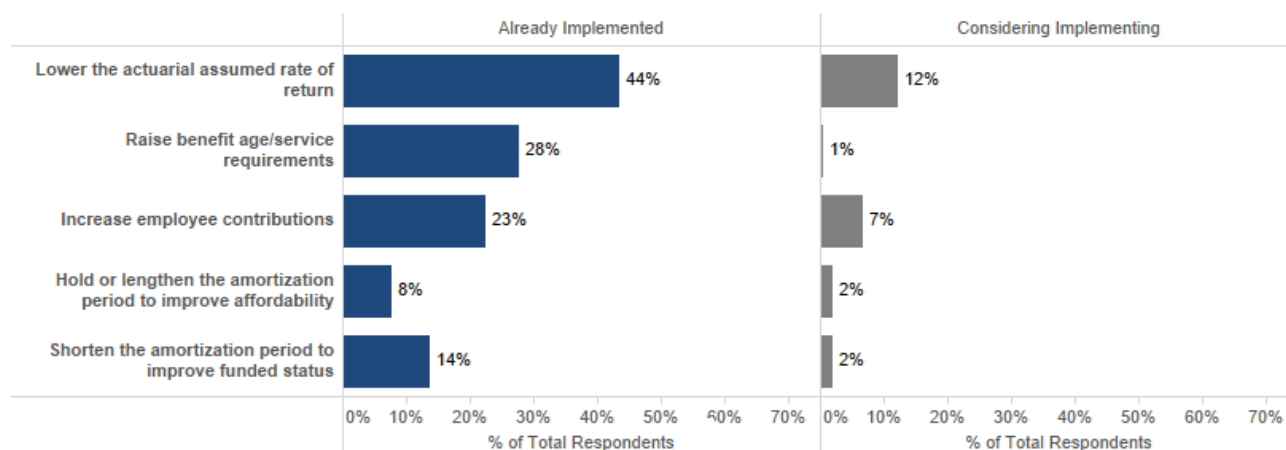
Trends in Plan Changes

As changes emerge in the political, economic, and demographic landscape, funds adapt their design and assumptions to respond and to remain sustainable. Surveyed funds were asked about the retirement plan changes that have been implemented in the past three years or are being considered by the plan or plan sponsors. The charts below look at the year-over-year plan changes based on data collected over the past two years.

2023 Retirement Plan Changes



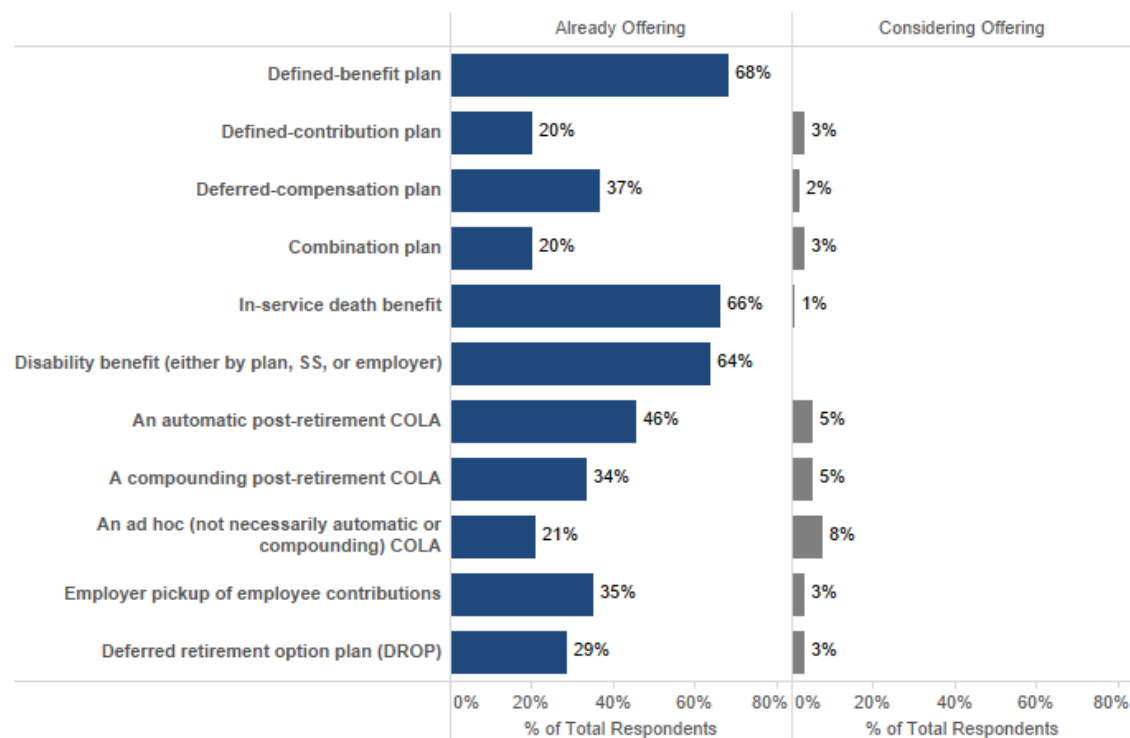
2022 Retirement Plan Changes



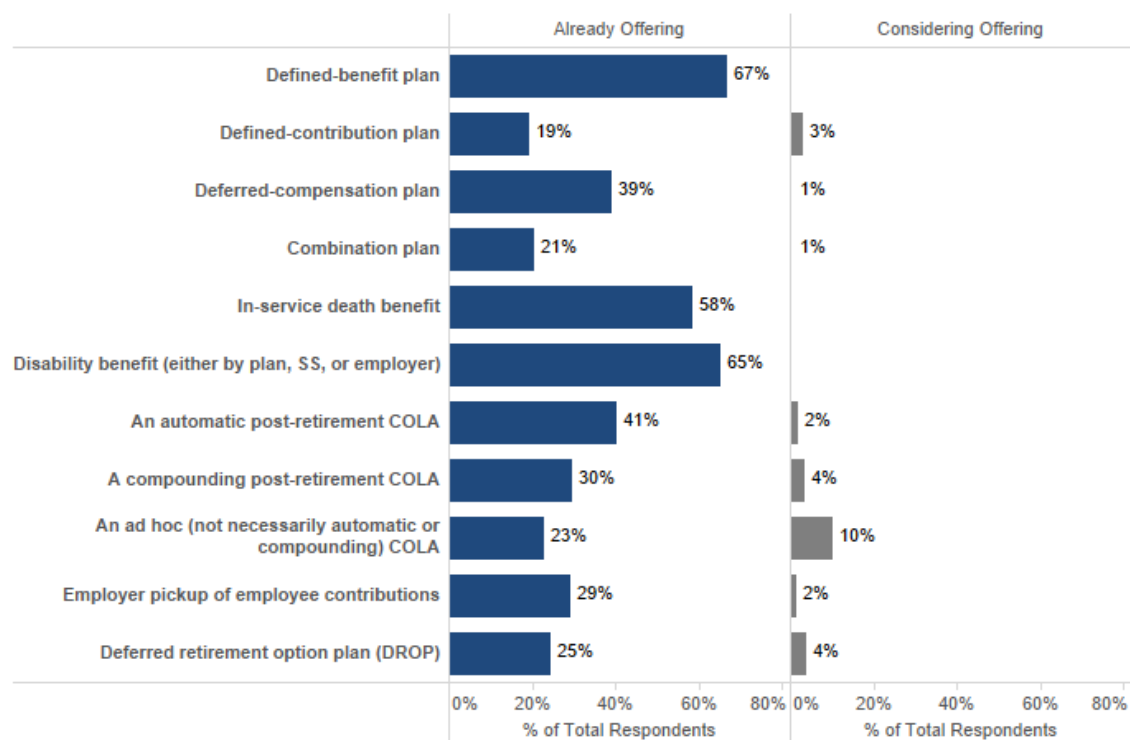
Trends in Retirement Benefits

More responding plans are offering in-service death benefits, an automatic post-retirement cost of living adjustment (COLA), a compounding post-retirement COLA, employer pick-up of employee contributions, and deferred retirement option plans (DROP). There is growing interest in consideration of various COLA changes. The charts below compare year-over-year data.

2023 Retirement Benefits



2022 Retirement Benefits

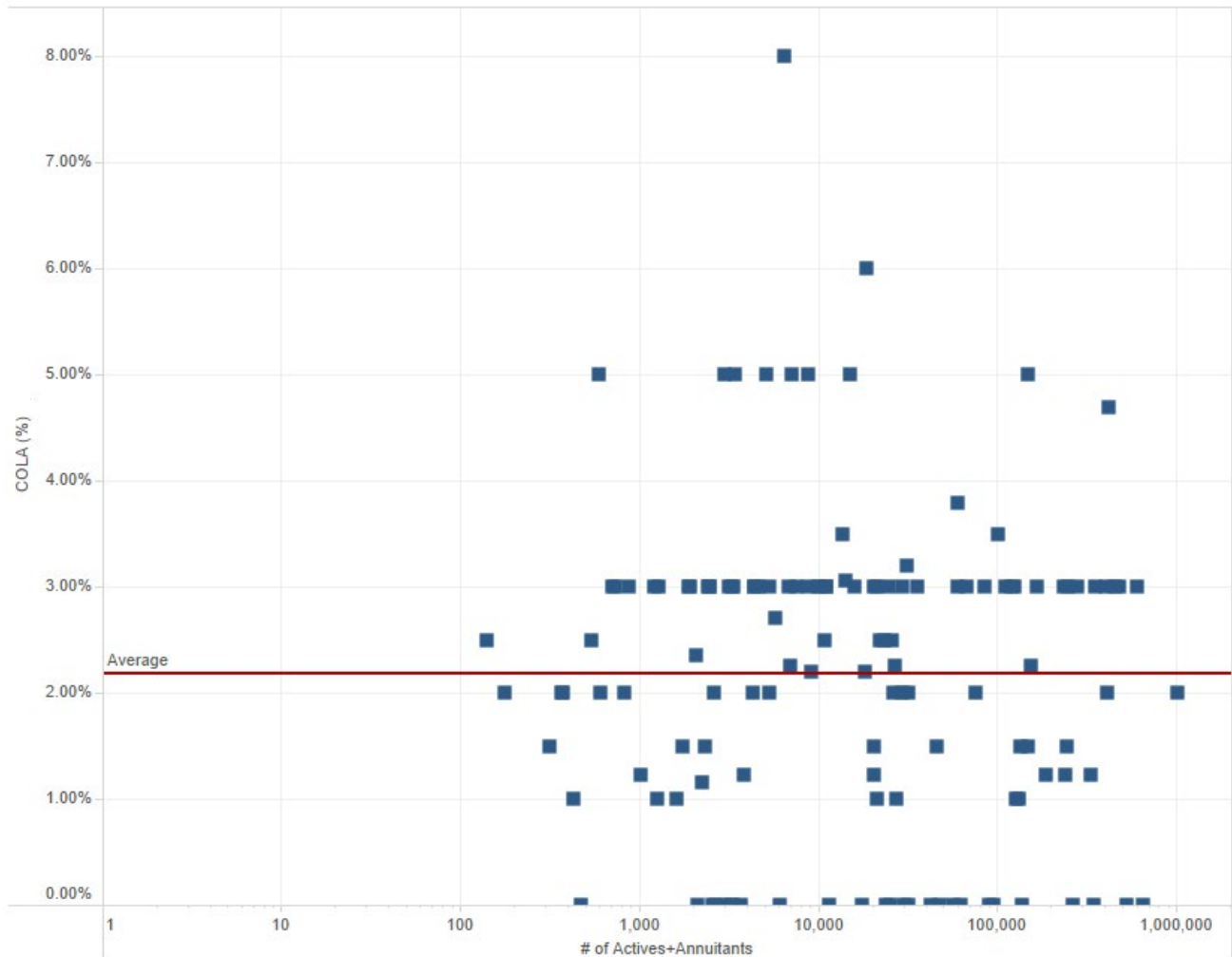


Cost-of-Living Adjustments

The chart below shows the distribution of funds offering various percentages of cost-of-living adjustments (COLAs). The aggregated average COLA offered to members was 2.2 percent, which is slightly higher than 2.0 percent last year. Many responding funds did not offer a COLA in the most recent fiscal year.

Funds with members who are not eligible for Social Security tend to offer higher COLAs (2.7 percent) than those with members who are eligible for Social Security (1.9 percent). Funds with populations smaller than 10,000 participants have an average COLA that is 0.25 percent higher than larger funds

Overall Cost-of-Living Adjustment Offerings

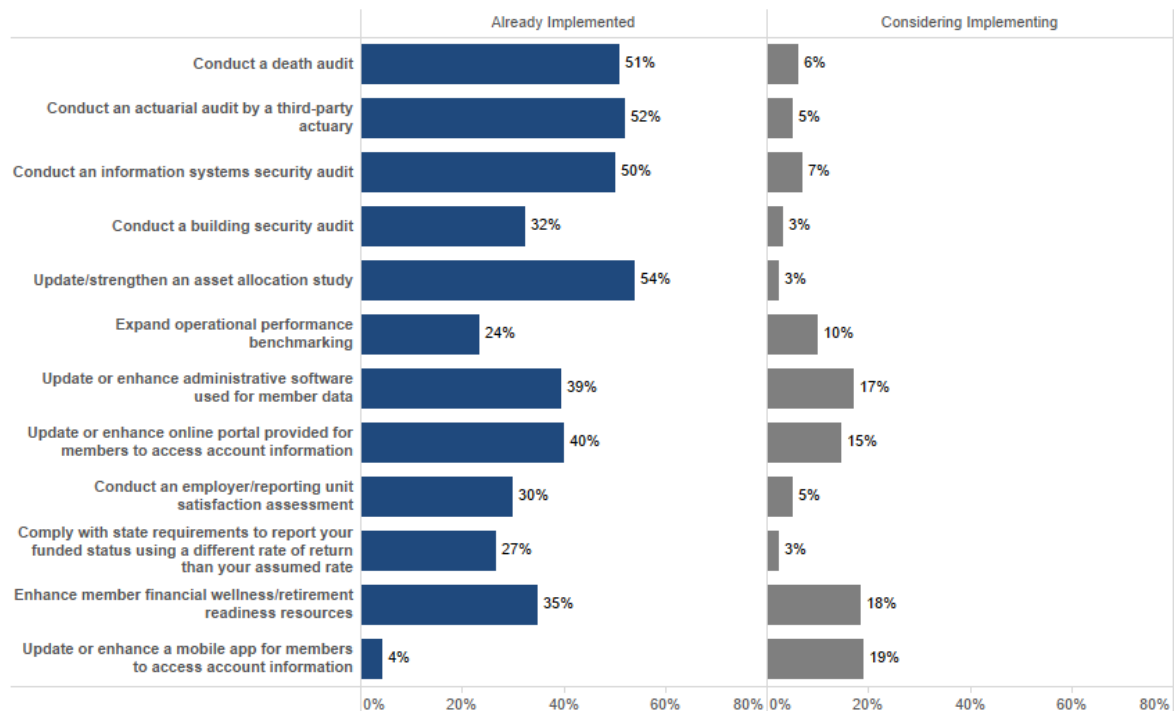


Trends in Business Practices

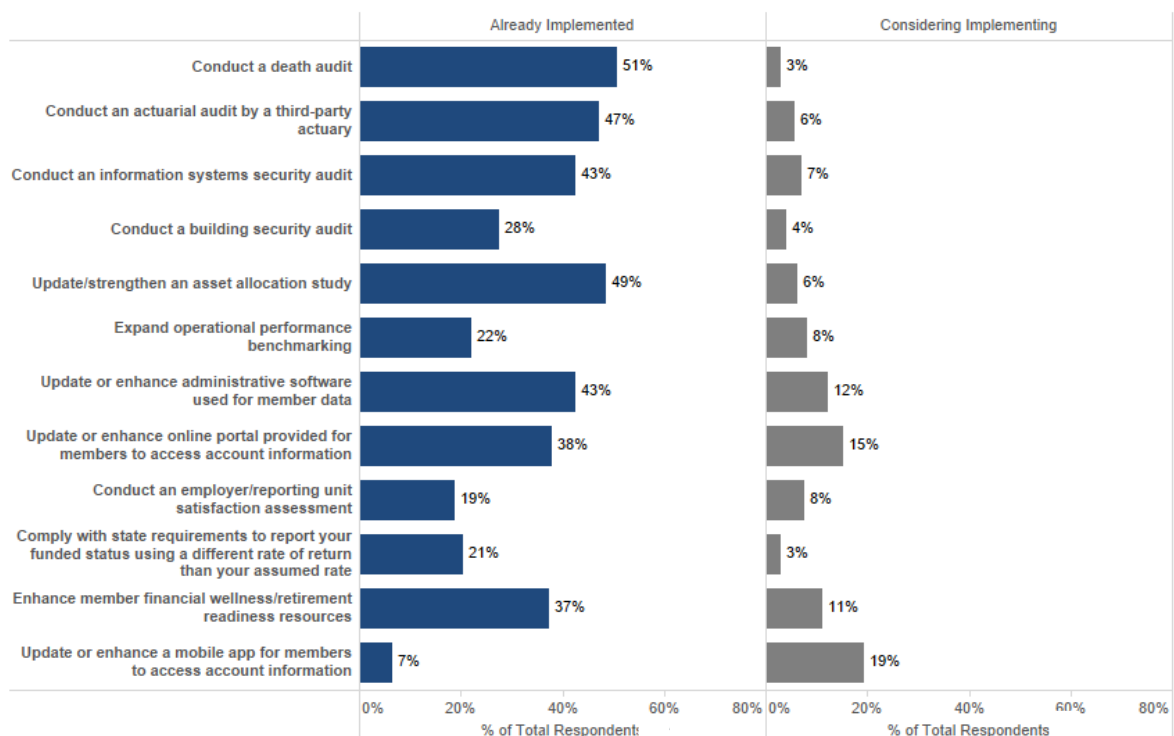
Funds were asked about the business practices they have implemented in the last three years or are currently being considered by the plan or plan sponsors. The charts below look at the year-over-year plan changes based on data collected over the past two years.

Funds saw a small increase in the implementation of actuarial audits, information systems audits, building security audits, asset allocation studies, employer/reporting unit satisfaction assessments, and complying with new state reporting requirements. The data also suggests greater consideration of enhanced administrative hardware and enhancing member financial wellness/retirement readiness.

2023 Business Practices



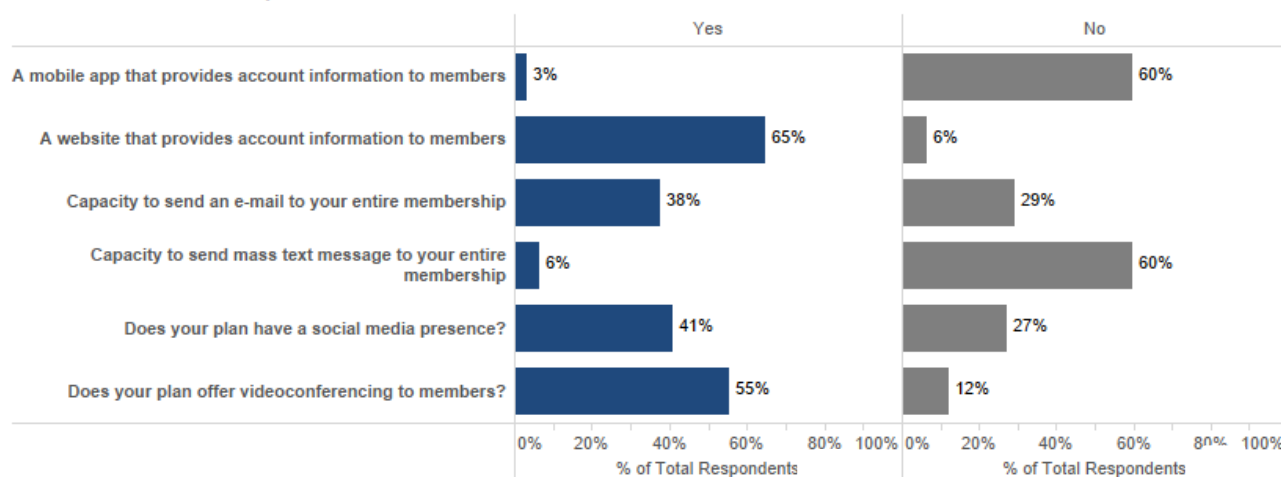
2022 Business Practices



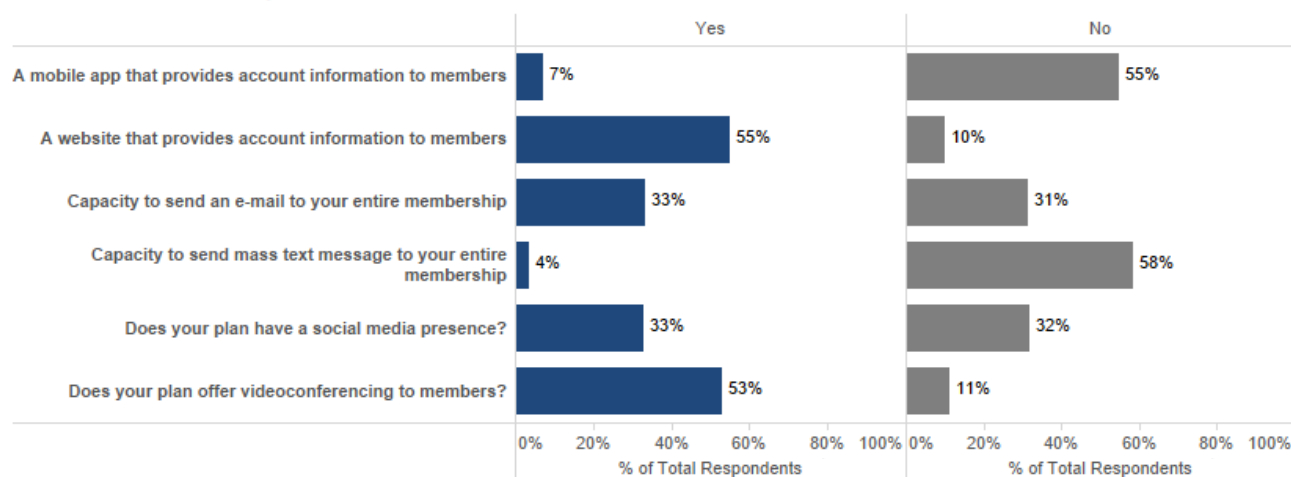
Trends in Communication Capabilities

Looking at communication capabilities, there was a year-over-year increase in pension funds that have a social media presence, as well as funds with websites that provide account information to members and have the ability to send an e-mail to their entire membership.

2023 Communication Capabilities



2022 Communication Capabilities



Outbound Communication

The primary communication modes used by respondents to communicate with members include direct mail, e-mail, and the website. Secondary modes include e-mail, social media, website.

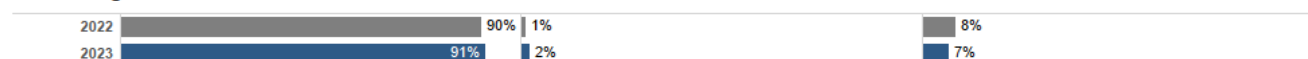
Direct Mail



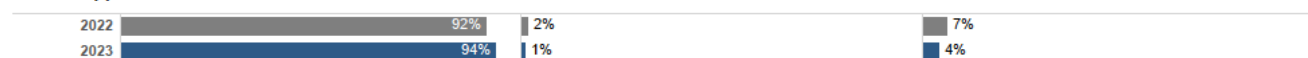
E-mail



Text Message



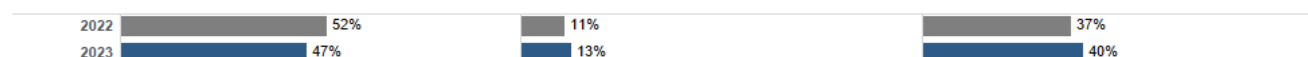
Mobile App



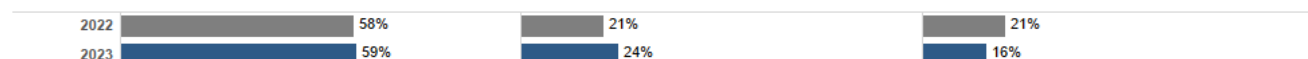
Website



Social Media



Other



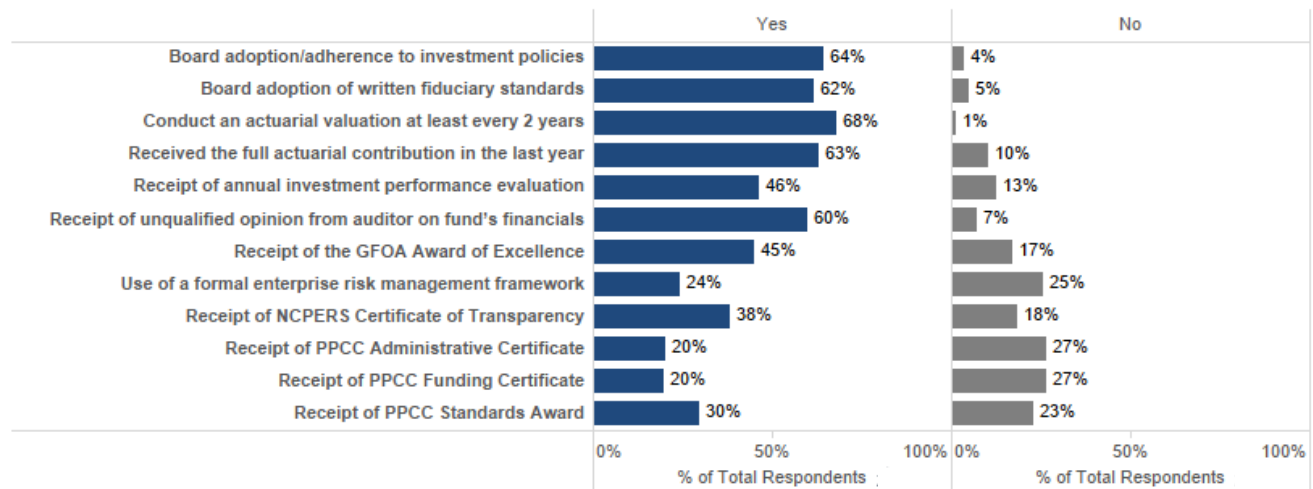
Other communications

| |
|--|
| Biannual Newsletter to membership |
| Direct phone calls |
| Group Educational On-line Programs |
| In-person (retirement meetings, NEO, REO, and open enrollment) |
| Messaging within secure website |
| Member portal for self-service |
| Newsletter |
| Newsletters |
| Paycheck flyers-primary/newsletters-secondary |
| Phone |
| Phone Calls |
| Posters in the office building |
| Personal phone calls to reminder members of account issues. |
| Quarterly Newsletter |
| Self-Service Internal Messaging Center |
| Telepathy (limited use) |
| Telephone |

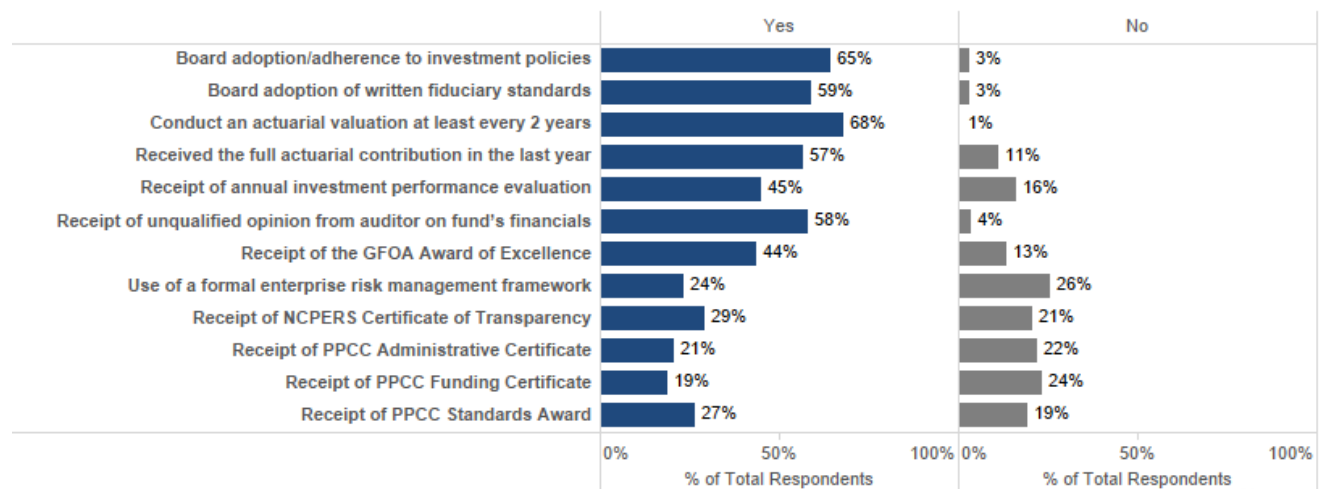
Trends in Oversight Practices

Overall, responding funds showed similar oversight practices compared to prior year. Approximately two-thirds conduct an actuarial valuation at least every two years and have boards that have adopted investment policies and/or written fiduciary standards. Sixty-three percent of funds reported receiving the full actuarial contribution in the last year, up from 57 percent.

2023 Oversight Practices



2022 Oversight Practices



Note: GFOA = Government Finance Officers Association; PPCC = Public Pension Coordinating Council.

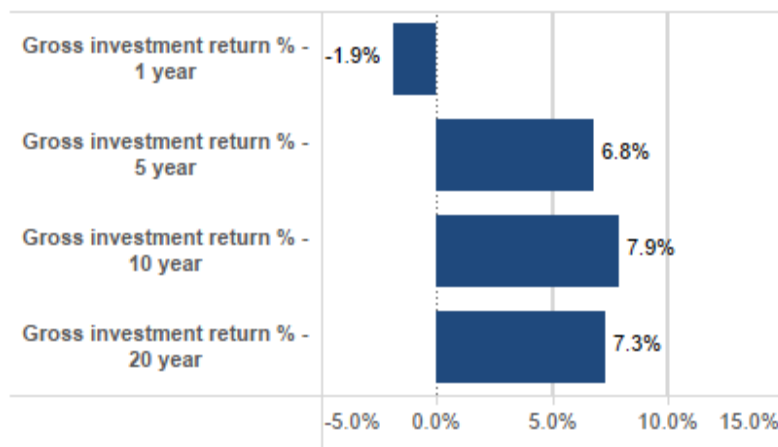
Investment Returns

Reporting funds saw, on average, one-year returns of around -1.9 percent. The five-year, 10-year, and 20-year averages were lower than last year, but the 10-year and 20-year averages were above the assumed rate of return. Those funds that also participated in last year's study show similar patterns, although this cohort saw, on average, one-year returns around -1.2 percent.

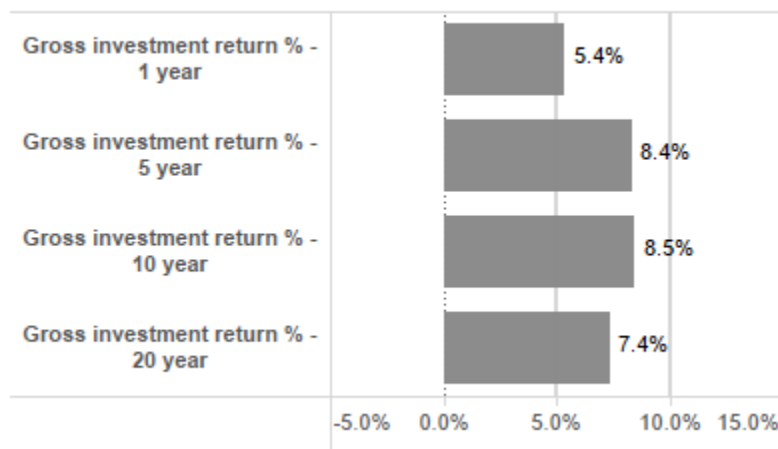
It is important to note that not all responding funds have the same fiscal year-end date. The varied timing of responding funds' fiscal year-ends accounts for a significant share of the difference in investment experience between funds. Funds that have a December fiscal year-end date saw one-year returns of -9.9 percent, and those that have a June fiscal year-end date saw one-year returns of 3.5 percent.

The charts below compare investment returns based on data collected over the last two years.

2023 Investment Returns



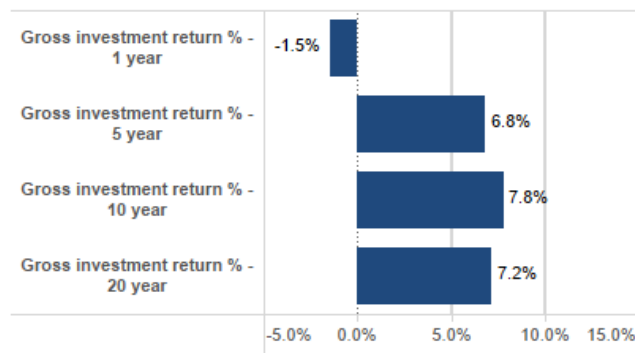
2022 Investment Returns



Funds with members who are Social Security eligible reported higher one-year returns than funds with members who are not Social Security eligible.

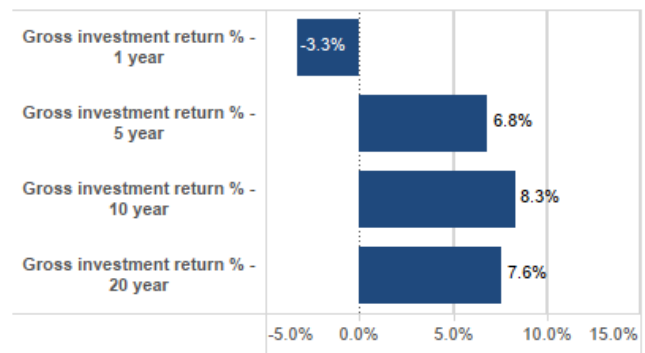
Social Security Eligible

2023 Investment Returns



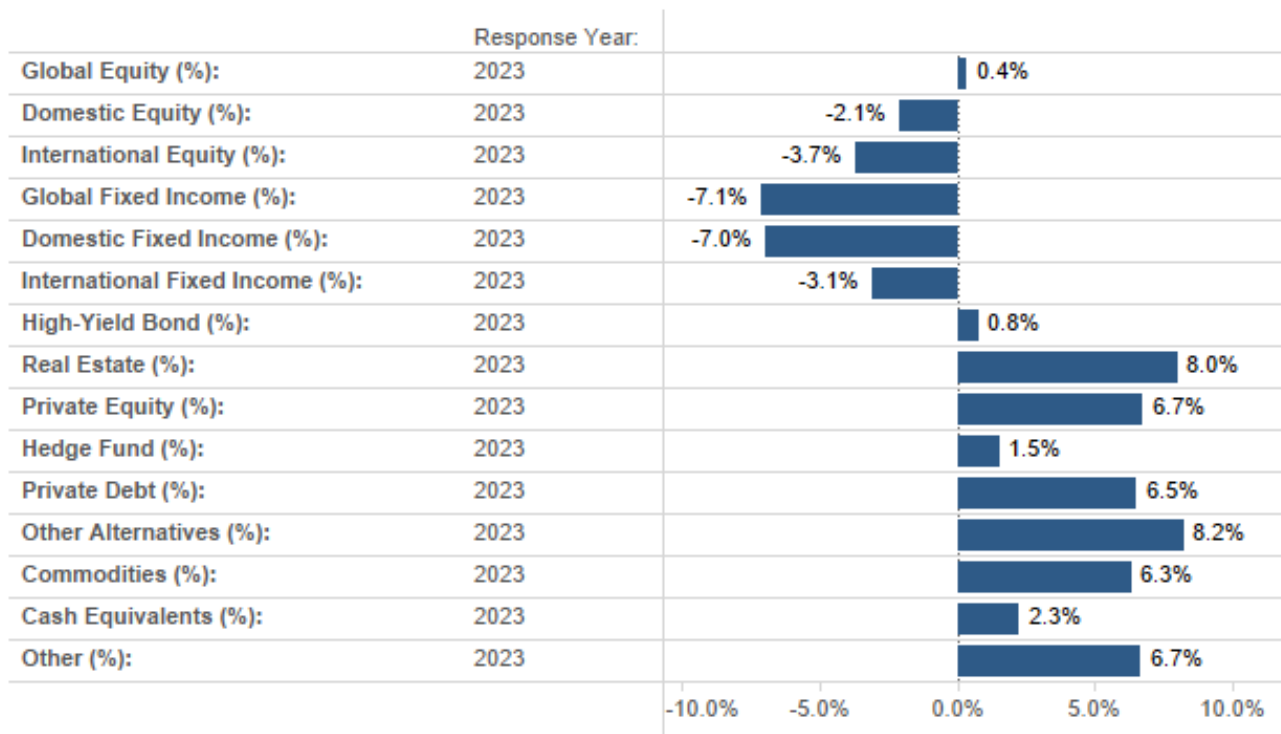
Not Social Security Eligible

2023 Investment Returns



The graph below shows the one-year investment returns based on the various asset classes in which responding funds are invested. Real estate and private equity saw the largest returns.

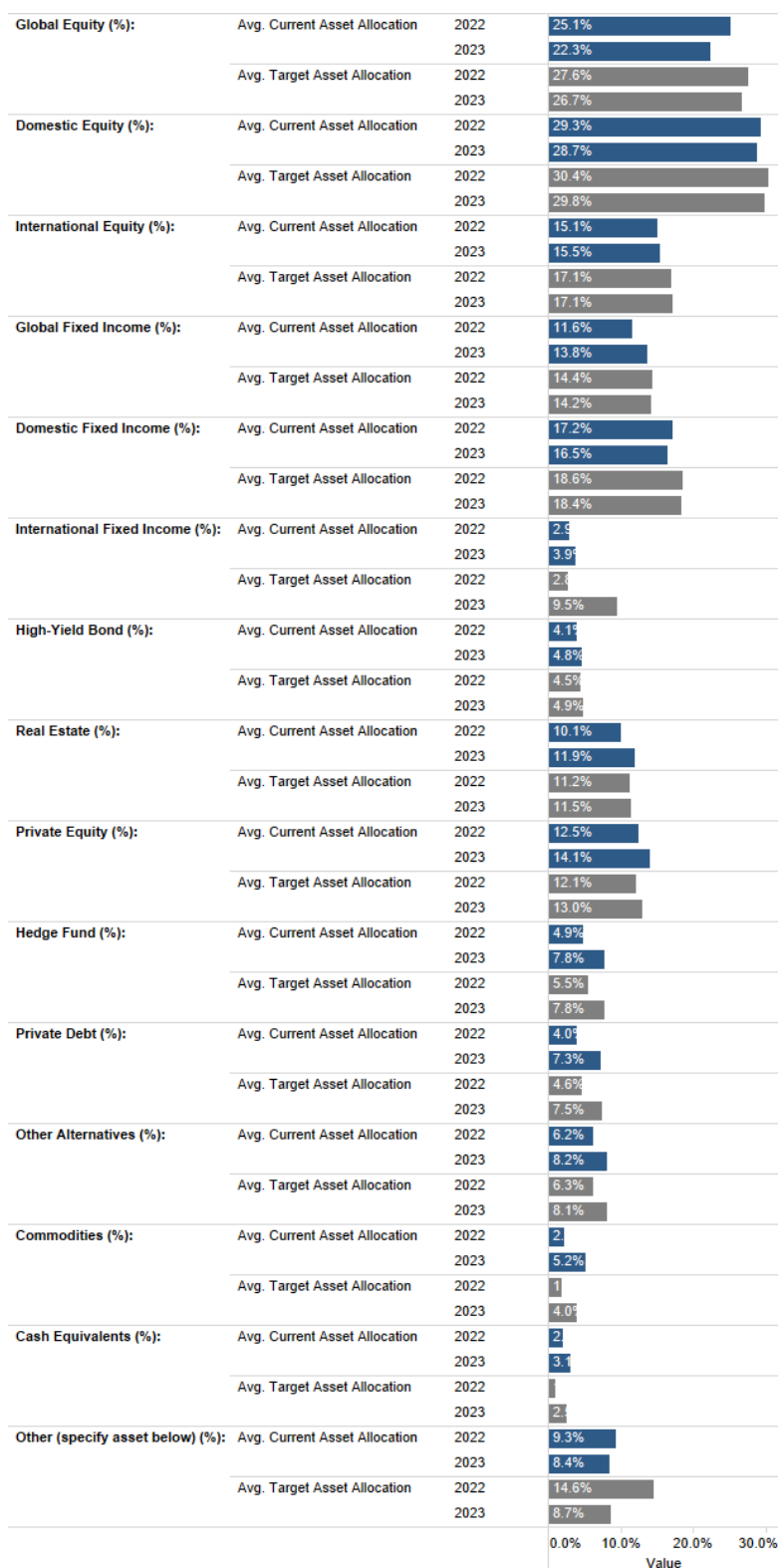
Current-Year Investment Return % (1 year)



Investment Asset Allocation

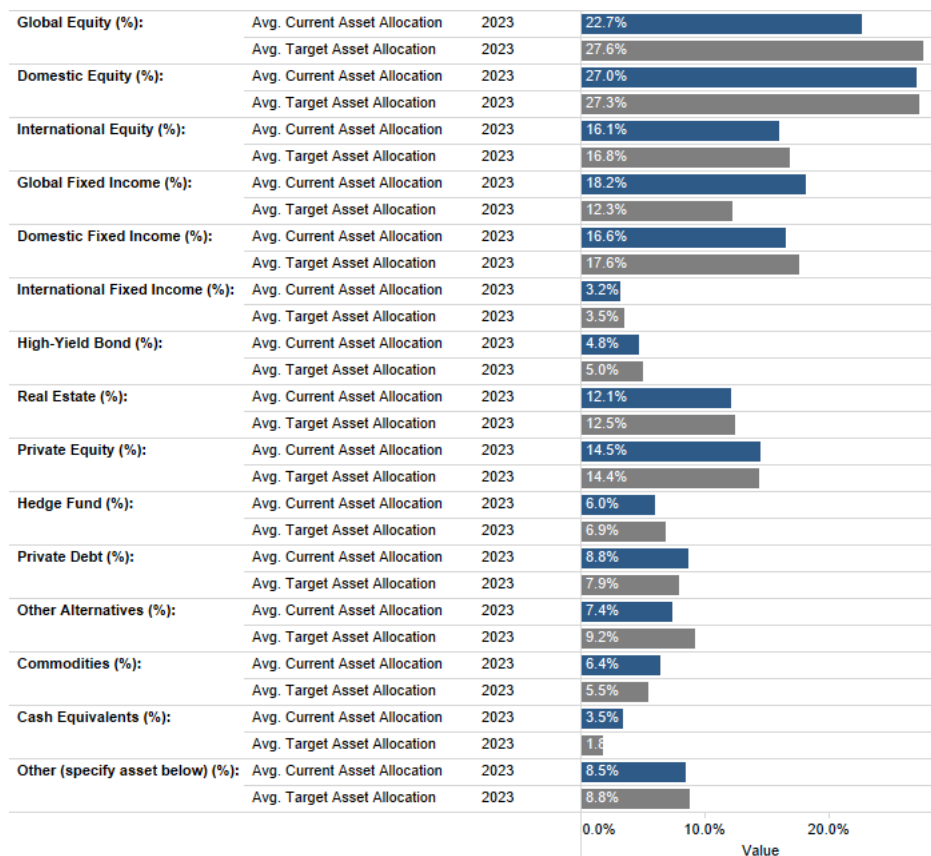
Responding funds had similar allocations to asset classes as they did in the prior year.

Note: Average allocations in each asset class do not total to 100 percent because of how individual allocations were reported.

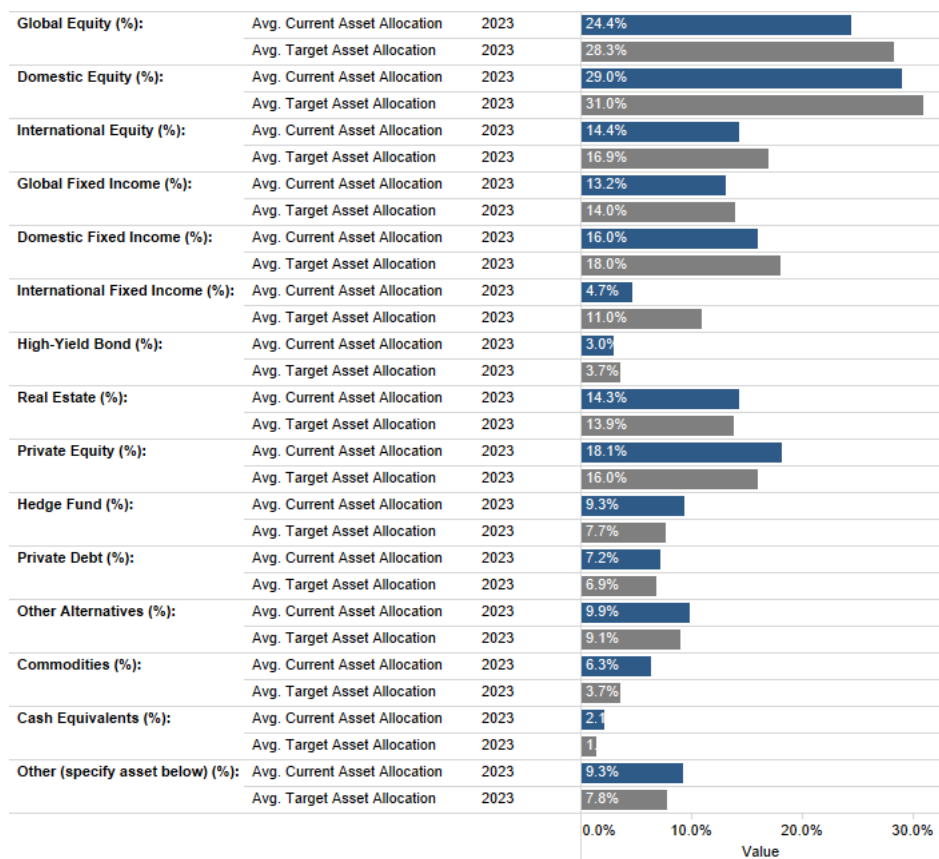


Below are two graphs that show the asset allocations for those funds that reported higher-than-average one-year and 10-year investment returns, respectively.

Above Average One-Year Return



Above Average 10-Year Return

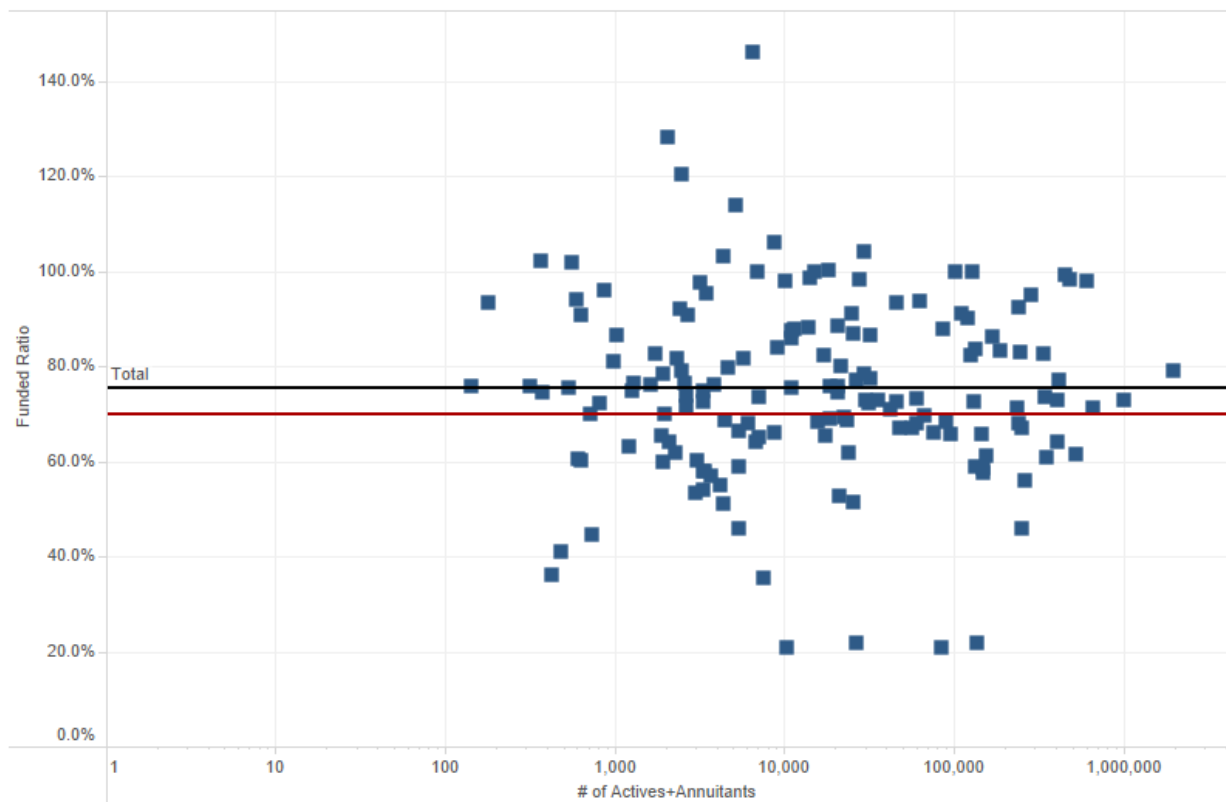


Funding Levels

The average funded level for responding funds is 75.4 percent, down from 77.8 percent last year. Funds reporting both years saw funded levels decrease to 75.3 from 77.0 percent.

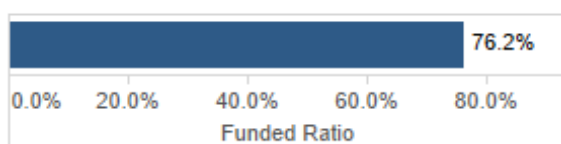
The graph below shows the distribution of funded levels and fund size. The vertical axis shows the level of funding, and the horizontal axis shows the size of the fund by total active and retired participants. The black center line denotes the average of 75.4 percent, and the red center line denotes the 70 percent funding target that Fitch Ratings considers to be adequate.

Funded Level Distribution

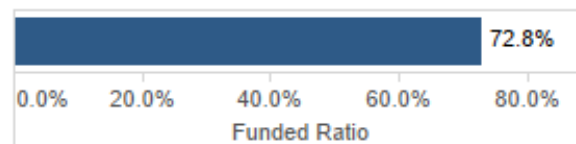


Many funds include members who are not eligible to receive Social Security at the time of retirement. Such funds often have higher benefit levels to offset the loss of this source of retirement income. Those funds that include such members report an average funded level of 72.8 percent, which is above the 71.3 percent reported in the most recent study. Similarly, funds with members who are eligible for Social Security saw funding levels fall from 80.0 percent to 76.2 percent year-over-year.

**Social Security Eligible
Funded Levels**

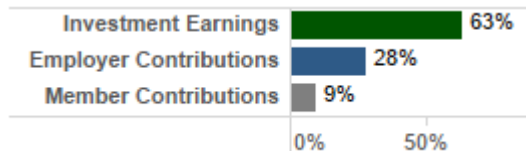


**Not Social Security Eligible
Funded Levels**



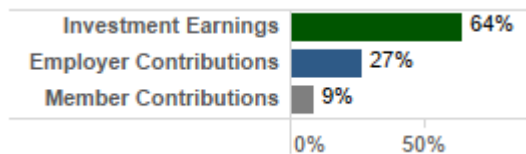
Sources of Funding

All Responses



Income used to fund pension programs generally comes from three sources: member contributions, employer contributions, and investment returns. The chart to the left shows the proportion of funding provided by each of these sources based on reported data.

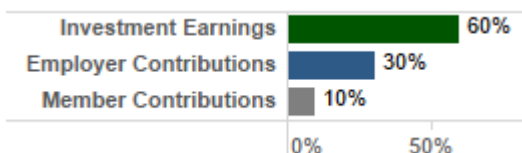
Social Security Eligible



Investment returns are by far the most significant source of revenue (63 percent). Employer contributions rose by 4 percentage points compared with last year, and member contributions remained the same.

The graphs to the left also show revenue sources for funds whose members are and are not eligible for Social Security.

Not Social Security Eligible



Funds whose members are eligible for Social Security show income sourced from employer contributions rose by 6 percentage points and member contributions rose by 1 percentage point. Funds whose members are not eligible for Social Security showed a decrease in income sourced by employer contributions by 1 percentage point, while member contributions remained the same.

Contribution Rates as a Percentage of Payroll – All Respondents

Percentage of Payroll

| | 2022 | 2023 |
|------------------------|------|------|
| Member Contributions | 9% | 9% |
| Employer Contributions | 24% | 28% |
| All Contributions | 32% | 37% |

The tables to the left show contribution rates as a percentage of payroll. The top table shows contribution rates for all survey responses, while the bottom table shows responses for those who participated in the past two years. Contribution rates were higher for the current year.

Contribution Rates – Respondents in Both Years

Percentage of Payroll

| | 2022 | 2023 |
|------------------------|------|------|
| Member Contributions | 8% | 9% |
| Employer Contributions | 25% | 26% |
| All Contributions | 33% | 35% |

Reducing Liability

Respondents were asked to share strategies they have put in place to reduce accrued actuarial liabilities beyond traditional amortization. Below is a word cloud showing the words that appear most often in respondents' comments. Larger words appear more often. The themes relating to these words are listed to the left, and the verbatim comments are provided below.

Investment and Risk Management Example:

- Utilize risk mitigation and investment strategies.

Contribution and Funding Approaches

Examples:

- Increase employer and member contributions.
- Advocate for legislative support, additional funding, and employer prepayment/buydown programs.

Policy and Legislative Measures Examples:

- Adopt new retirement tiers and benefits.
- Implement funding policies and legislative changes.



Strategies for unfunded accrued actuarial liability

| |
|---|
| Adopted new retirement tier & reduced benefits/Increased Contributions |
| Amortization Payment Floor where the UAL payment by plan sponsor cannot be less than the amount paid in the benchmark year. This was implemented as the plan sponsor UAL payment was scheduled to decrease significantly years prior to the plan reaching 100% funding, as such, the Floor accelerates reaching 100% funding. |
| Ask for increased funding in the form of additional County contributions, leaving plan participants rate unchanged. |
| Board is looking at ways to prepay on unfunded liability working with the legislature. |
| Closed amortization |
| Continue to follow investment strategies and best practices for public employee pension plans. |
| Contribution rates have increased steadily to help alleviate the unfunded liability. |
| Current 20-year amortization to be revisited prior the 15 years remaining. |
| Current laws provide for a portion of state surplus funds to be applied to UAL |
| Employer units are invited to make extra payments toward their unfunded liability. |
| Every five years, ERS's actuary performs an experience study to assess the appropriateness of the current set of actuarial assumptions and methods. The most recent study was performed in 2022 and was put into effect with the 1/1/2023 valuation. The experience study made several changes to the demographic assumptions and amortization schedules to better reflect the plan's experience and also to better address future changes to the UAAL arising from actual experience that is different than assumed. |
| Expected future returns that are somewhat higher than the actuarial discount rate. 2. Implementation of a Contribution Prepayment Program which may increase employers' ability to pay in the future. |
| For retirees that return to work, employers pay the equivalency of the member contributions to the plan and those contributions go directly against the UAL. \$60m in 2022 |

Verbatim Comments, continued

| |
|---|
| Full ARC/ADEC funding plus extra contributions by the state. |
| Having the employer agree to not reduce employer contributions until we reach full funding |
| Implemented a new funding policy |
| Implemented a new tier of benefits for new members after January 1, 2022. TRS 4 is a hybrid benefit with the ability for the system to adjust provisions to manage future liabilities. |
| In 2017 the board adopted a dedicated gains policy that capitalizes on years of high investment return to reduce the AROR without increasing the UAAL. |
| In 2018 our largest plan sponsor issued a POB |
| Increased diversification of investments, increased member and employer contributions |
| Increased employee and employer contribution rates; expanded employees subject to contribution requirements; minor adjustments to benefits |
| increased member contributions |
| increased member contributions |
| Increasing employer contribution rate |
| Requires the exhaustion of the largest portion of the UAL by 2028. |
| We offer a variety of plan design and funding strategies to address UAL. Please see attached. |
| N/A close to fully funded |
| No new legislation since House Bill 8 (2021) |
| None |
| Not applicable; funded on the aggregate method. |
| Ongoing asset allocation monitoring and adjustments |
| Our funding policy is to continue to make contributions to our plan not less than our ADEC for that Plan Year. Our plans are to not decrease this until we are 120% funded. |
| Pension Liability Surtax |
| Plan sponsors and members pay additional contributions to reduce UAAL |
| Full actuarially determined contribution (ADC) funding in the Commonwealth's annual fiscal year budget. To date, the plan has received the full ADC for the past eight fiscal years (FY2017-18 - FY2023-24). |
| Educating employers about pension finances, particularly debt and the related costs added through unfunded accrued liability contributions. Offer employers use of and training for an employer-specific actuarial modeling tool that can project future costs based on real or hypothetical changes assumption or experiences. |
| Recommendation to the employer to institute UAAL buydown program or policy, effectively to make contributions greater than actuarially required. |
| Reduce amortization period and increase contribution rates. |
| Reduce benefits, increase contributions on both employee and employer, re-structure investments, increase education for trustees |
| Review assumptions every year and ensure ADC is paid on an annual basis. |
| State is making full contributions. |
| The Board voted to increase the minimum employer contribution rated from 16.97% of pay to 28.75% of pay for FY25, 30.25% for FY26, and 32% of pay thereafter. The minimum contribution rate will expire once the System reaches a funded ratio of 80%. |
| A joint commitment set forth in statute to achieve full funding by 2046. |
| The city makes an additional fixed contribution to eliminate the unfunded liability in 2 years. |
| The city made a one-time contribution of five million dollars to the plan |
| State legislature has approved additional employer contributions totaling \$1.125 billion in 2022. In the past the Legislature has approved the sale of pension funding bonds to increase the assets in the Trust Fund. The funding plan has received bond proceeds totaling \$440 million in 2004, \$1.0 billion in 2015, and \$500 million in 2021. |

Verbatim Comments, continued

| |
|--|
| The costs will go down over time as will the rates. The primary sponsor eliminated employees and its last open tiers. (Benefit Reductions) |
| Our Board of Trustees has adopted a pension policy that requires a request of state funds when the UAAL grows. We continue to implement Legislative mandated contribution increases that were authorized in 2019 and are anticipated to lower the UAAL. We have also worked to educate stakeholders on the UAAL and how additional liabilities are detrimental to the health of the fund. In 2023 and with additional state funding, we were able to provide one-time stipends for beneficiaries over 75 of \$7,500 and, if over 70, \$2,400. In November, the public will vote to authorize state funding of a 2/4/6% cost of living adjustment for certain beneficiaries. Even with these much-needed benefits, the Trust Fund remains statutorily sound. |
| This falls under the purview of the state's general assembly. |
| We employ various strategies which allows for the accumulation of assets for future benefits payments, in a systemic and strategic manner. These strategies are reviewed and approved by the Office of the Actuary and the Board of Trustees, as well as a bi-annual audit oversight. |
| Two of our employers have and/or are making supplemental contributions to accelerate the paydown of the UAAL. |
| Utilize our investment risk mitigation strategy 2) Increase employer contributions |
| We are planning to address more specifically after our five-year actuarial review study. |
| We carved our UAAL out of the ADEC calculation and placed it on a separate 30-year amortization payment plan. |
| We continually assess and optimize our investment strategy to enhance returns. By carefully managing our investment portfolio, we aim to generate additional income to offset the unfunded liability. |
| We explore opportunities to contribute more than the minimum required contribution to the pension fund. This approach allows us to make additional payments to reduce the unfunded liability over time. We continually assess and optimize our investment strategy to enhance returns. By carefully managing our investment portfolio, we aim to generate additional income to offset the unfunded liability. Through diligent risk assessment, we identify potential risks that could impact the unfunded liability. We analyze and implement cost-containment measures to ensure the efficient use of resources. This includes reviewing administrative expenses and exploring opportunities for operational efficiencies. We engage in clear and transparent communication with Trustees to foster understanding of the unfunded liability and the strategies in place. Additionally, educational initiatives are undertaken to promote awareness and informed decision-making. |
| We have applied a contribution stabilization reserve fund to help manage contribution rate volatility and to speed up funding relative to traditional means. |
| We have recently adjusted our plan provisions to phase out the COLA floor from the existing 2.5% guaranteed minimum to zero. For years in which inflation (as measured by the CPI-W) increases by 2% or less, the funds COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the annual increase in the CPI up to 6% plus 75% of the annual increase in the CPI above 6%. We are also attempting to entice members to voluntarily work beyond the plans existing average retirement age and service by instituting a DROP plan to be offered to members not upon first eligibility, but after reaching specified age and service requirements. We are currently, contemplating a wider set of reforms to be included in a new Tier. and capped at a 7.5% |
| We have tried to incorporate legislation to reduce the liability as well as mandate the enrollment rule so that the plan is not viewed as optional. |
| Work with Plan Sponsor to achieve funding goals |
| Yes. Shortened amortization period for annual changes in the UAAL to 20 years. Retained contribution rates at higher of current requirement or prior levels. Solicited and received periodic contribution infusions more than the ADC. |

Innovations and Best Practices

In the study, respondents were asked to share a success story regarding best practices or innovations that other plans might like to learn about. Below is a word cloud showing the words that appear most often in respondents' comments. Larger words appear more often. The themes relating to these words are listed to the left, and the verbatim comments are provided below.

Innovation and Technology Integration Examples:

- Adoption of AI-enabled knowledge base and analysis tools.
- Implementation of an Artificial Intelligence Use Policy.
- Transition to a new Pension Administration System and mobile app.

Diversity, Equity & Inclusion (DEI) Focus Examples:

- Commitment to DEI through training programs and inclusive practices.
- Efforts to enhance diversity in institutional investing.
- Integration of DEI principles into workplace culture.

Operational Efficiency and Member-Centric Initiatives Examples:

- Streamlining operations with online tools, cybersecurity training, and responsive web design.
- Member engagement through social events, surveys, and phased communication strategies.
- Cost-saving measures, including Medicare transition and a new pharmacy benefits manager.



| Success stories |
|--|
| All stakeholders developed a new tier together. |
| An initiative to implement a robust AI-enabled knowledge base with chat functionality capable of retaining and providing valuable department-wide information such as benefits related topics as part of an internal training program |
| We administer a three-part hybrid system that includes traditional DB, CB and voluntary DC plans. |
| Diversity, Equity & Inclusion in the Workplace: the fund continues to expand its efforts toward development of a more diverse and inclusive organization with the implementation of an annual Diversity, Equity and Inclusion (DEI) training program. This program is designed to provide a foundational understanding of DEI in our mission and culture, and to engage in cross-disciplinary discussions of tangible DEI innovation in the workplace. The all-employee training is supplemented by voluntary training offerings throughout the year. The system continues to champion broader, more diverse representation in institutional investing by creating career pathways through numerous internship programs and working with industry partners such as Girls Who Invest, Pension Real Estate Association, and SEO Alternative Investments. |
| During 2023, the Fund started utilizing our custodian's (Northern Trust) "Benefit Payment Participation Web Passport" will allows members to securely view payment history/check images, request duplicate tax forms, adjust tax withholdings, change addresses and maintain direct deposit information. The implementation involved was surprisingly simple. |
| GP waterfall calculation analysis/confirmation software for alts portfolio |

Verbatim Comments, continued

| |
|---|
| Highly considering a private real assets co-investment program alongside our highest conviction GPs. |
| To increase membership to reduce our liability, we promulgated the enrollment statute that an eligible officer must be enrolled first before they can opt out of retirement. Some of our municipalities can opt out. |
| Investment: The system has deliberately constructed a more risk-focused, diversified, and globally oriented portfolio compared to peers, and has embraced the use of alternatives and innovative separate account structures within its diversifying strategies portfolio to hedge against significant equity market disruptions. The portfolio results for fiscal year 2022 serve as a testament to this strategy, as results marked in the top 1% compared to peers, and significantly preserved member capital in times of market stress. |
| It is our intention to start investing in Private Equity. At the present time we are laying groundwork to start this and for implementation within our plan. |
| NA |
| One-time lump sum. |
| Online dashboard with key stats about the systems |
| Our plan has started to host an "Affidavit Social" twice per year to encourage members to return their proof of life affidavits. The affidavits are required by local ordinance, and every year a large group of members always miss the deadline and have their pension payments suspended until we receive their affidavits. The new socials provide an opportunity for retired members to have their affidavits notarized, meet and greet with the Plan Administrators, and their retired friends they may not have seen in years. The socials have proven to be a monumental success, have improved affidavit return rates, and other plans around the state have taken notice and are implementing similar events. |
| Pension Reform: The Governor and General Assembly have focused on reducing plan costs and liabilities with a multipronged approach that included: <ul style="list-style-type: none"> • Implementing plan design changes (Plan for all employees and the Hybrid Retirement Plan nonpublic safety employees) that have lowered future benefit costs • The Hybrid Retirement Plan is the dominant plan for all new hires except public safety employees. • The Hybrid plan has a defined benefit and a defined contribution component: <ul style="list-style-type: none"> o Reduces future benefit costs o Introduces risk-sharing between employer and employee o Lowers defined benefit risk to employers by approximately one-third Funding: <ul style="list-style-type: none"> • Providing infusion of significant contribution amounts in excess of the ADC which are intended to pay down the UAAL • Setting contribution rates for FY 2023 and FY 2024 at the FY 2022 level or the new actuarially determined rate, whichever was higher. Financial Wellness: <ul style="list-style-type: none"> • In its quest to help members plan for tomorrow, today, we launched an innovative online program in 2017 to provide financial wellness education for its members, as well as free educational resources for citizens. The System continues to promote this education opportunity and enhance the materials that are available. • Recognizing that many members would like to improve their knowledge but do not have access to personal finance education, we seized an opportunity to integrate financial wellness content on the public website and with the retirement planning tools within the agency's secure online member portal. We partnered with its service provider, iGrad, creator of Enrich financial literacy content, to develop Financial Wellness. Users find tools, tips and time-savers that help them with debt and credit management, personal budgeting, spending habits, saving for goals, student loan repayment, incorporating money mindfulness techniques and career-development strategies. Advancements in Technology and Security: <ul style="list-style-type: none"> • Successfully disburses more than 250,000 payments monthly to retirees and beneficiaries under the new system that was implemented in May 2019 with approximately 98% done electronically. • Enhancements to member portal security Online Self-service Member Portal Enhancements: <ul style="list-style-type: none"> • Enhancements now enable members to complete their retirement applications online. The online system provides the user with regular feedback and embedded education to enhance the user experience. During the fiscal year, 37%, or 4,121, of retirement applications were submitted online. • Enhanced the online Self-service portal to allow members and retirees to update and manage beneficiaries, change bank account information for direct deposits, and update Health Insurance Credit information. |
| We continue to implement a new strategic plan that captures our commitment to fulfilling our fiduciary duty while delivering tremendous customer service to our members. <ul style="list-style-type: none"> • The fund established a new member communication practice of defaulting new members into paperless online delivery for messages, resulting in 93% of those new members retaining paperless delivery, which in turn saves on printing and postage costs. • We continue to enhance its online member self-service tools by allowing members to track the processing status of their estimates, refunds and retirement applications. • We have enhanced its benefits review process to check the accuracy of members' retirement accounts at certain career milestones to ensure they have the correct information to make informed decisions, which in turn can allow the fund to expediate retirement applications. • We plan to implement the system's first SOC 1/Type 2 Review and Audit of operations and controls. |

Verbatim Comments, continued

Education efforts (described above) resulted in employers across the state paying down more than \$5 billion of unfunded pension liabilities over a period of slightly more than three years. Additionally, the Board of Trustees adopted a more conservative 15-year amortization period and more conservative actuarial assumptions for assumed rate of return and assumed payroll growth.

Regional Offices. The Plan opened its first regional office in November 2022. In less than a year, the office has served nearly 5,000 participants and provides a vital regional resource for employers as well. If data suggests the office is valuable to members, the Plan will consider establishing an additional regional office with related activities commencing during the 2024-25 biennium. The region was selected as the pilot following extensive research and assessment of member needs. Customer Service Improvement Initiative - from there, we significantly improved customer service in fiscal year 2023 through procedure changes, system changes, process improvements, and enhanced staffing. Benefit Services was able to meet or exceed nearly all of its targeted performance metrics for the year. This included reducing call center hold times from 23 minutes to under a minute and a half and providing nearly 30,000 counseling office visits at both its headquarters and first regional office. In addition, Benefit Services significantly reduced response times to members requesting benefit calculations and benefit information to beneficiaries regarding member deaths. The Plan also executed all of its planned activities in alignment with the Member and Employer Outreach Plan to include a measurable increase in outreach and engagement on all communication channels. Addressing Long-term Space Needs - New Headquarters - We successfully moved into the first of its two new regional headquarters buildings in fiscal year 2023, including moving staff housed in a downtown leased space. After almost 50 years in its currently owned home, we obtained a new headquarters consisting of a newly completed building along with a second building currently under construction in the Mueller development. When fully complete, the two-building campus will house the entire region-based agency. The buildings are designed to serve members of the next generation and will be fully occupied by 2025. The fund also was able to sell its current campus location for \$108 million. Classification Plan - The Board of Trustees authorized a transition from the State Classification Plan to a new specific classification structure. This marked the beginning of the official implementation of a Classification and Compensation Plan, which is tailored to meet the agency's particular business needs, tied to market data for talent, and provides an efficient and flexible framework to recruit and retain staff effectively. Currently, the voluntary turnover rate is 48.3% lower than the state turnover rate. Following the authority provided during the 2019 legislative session, we also have continued a three-year fellowship program for recent undergraduate and graduate school graduates to create talent pipelines. Artificial Intelligence - To help ensure we are making the most of new artificial intelligence tools to enhance and streamline its work while mitigating risks associated with the quickly evolving technology, we created a new Artificial Intelligence (AI) Use Policy. The policy outlines a formal AI request and review process with a cross-functional review team comprised of representatives from Information Technology, Information Security, Legal & Compliance, Records Information Management, and Communications. The aim of the policy is to ensure ethical engagement and responsibility with AI in a consistent, secure, and managed process. ActiveCare - Legislation passed in 2021 created the opportunity for districts to leave ActiveCare and choose a different health plan for the 2022-23 school year. The Plan implemented regional rates for ActiveCare to ensure that employers across the state receive rates that reflect the cost of health care in their area and are competitive relative to comparable options in the market. The State Legislature also invested \$588.5 million in ActiveCare to help educators have affordable health coverage. This amounts to an annual average savings of \$1,100 per employee over the biennium. Even without this funding, we offer a competitively priced option compared to other health plans, with ActiveCare's total costs 18% lower on average. Because of the value ActiveCare provides, 99 percent of school districts chose to remain in ActiveCare in 2023. New Pharmacy Benefits Manager for Health Plans—This new best-in-class contract with Express Scripts will generate significant savings to help sustain health care benefits our participants and employers value. The Plan rolled out a robust communication and engagement campaign to prepare members for the transition to ActiveCare on Sept. 1, 2023, and Care on Jan. 1, 2024.

Resisting the pressure to increase benefits in good times.

Responsive web design so website is fully functional on any kind of device. Most plans have already done this.

Staff have undergone a yearlong cybersecurity training through a grant program offered by the Executive Office of Technology Services and Security. With this emphasis on end user training, the retirement system continues to make cybersecurity an organizational priority. Adopting and implementing strong security protocols and standards is the commitment we make to ensure our members' information, and the System's data, is secure. We also continue to offer hybrid counseling and training for members and employers.

The actual implementation of a Contribution Prepayment Program (CPP) which will increase employers the ability to pay all future required contributions, particularly in times of fiscal crises. The CPP will also allow excess employer funds to earn a long-term rate of return not typically accessible to employer's excess cash balances. Refer to <https://www.azasrs.gov/content/contribution-prepayment-program>

The jury is still out, but our use of a DROP feature as a voluntary option to increase the average retirement age and service of our retirement plan seems to be a relatively unique approach.

The Plan verifies payments to inactive members annually. The Plan also publishes an annual summary at-a-glance page with Plan highlights.

The hybrid plan may be interesting to other systems. The health insurance team has implemented pharmacogenomics, which is personalized medicine, that has kept the costs down in the health insurance trust but has also resulted in members having better health outcomes.

Transitioned Medicare-eligible population to Medicare Exchange

Transparency is something that most of us would say we are doing. I would say that some fall short of this. For example, not all plans benchmark investment performance relative to peers. Performance relative to policy and an actuarial bogey is important but stakeholders have a hard time understanding your real outcomes if peers are not included as well.

We are in the process of drafting an RFP to implement a new Pension Administration System. In addition, we launched a mobile app last year as an additional communication tool. Lastly, we are piloting a retirement centralization effort to transition retirement responsibilities from the HR representative to the Pension Office.

We have learned that one of the best ways to improve the member experience is to listen to the member. The Plan implemented a phased communication strategy which provided deeper insight into the member experience. In using member surveys at various points of member contact, this allowed the Plan to capture comments in the areas that were problematic to the member. In doing so, we utilized this feedback to improve the member experience throughout the overall lifecycle of the membership.

Appendix A: Other Investments

Respondents were asked to specify what “other” asset classes they invested in. Below is a word cloud showing the words that appear most often in respondents’ comments. Larger words appear more often. The themes relating to these words are listed to the left, and the verbatim comments are provided below.

- Infrastructure
- Real Assets/Real Estate
- Credit Strategies
- Multi Asset



| |
|---|
| If you entered an "Other" asset class above, please specify |
| 4 Capital Efficiency; 5.9 Midstream |
| absolute return |
| Alternative Credit |
| Alternative Credit |
| Bank Loans |
| Capital Efficiency 4.0%, Midstream 5.9% |
| Cash includes overlay. "Other" is Risk Diversifying sub-portfolio, a mix of mortgage-backed and multi-asset strategies. |
| Credit Strategies, Multi-Asset Public Strategies, Exposure Management Portfolio |
| Credit Strategies/ Multi-Asset Public Strategies/Exposure Management Portfolio |
| Credit Strategies/Multi-asset public strategies/Exposure Management Portfolio |
| Crisis risk offset |
| Developed markets 6%.... Emerging Markets 9%....US Tips 10%...REIT 4%... |
| Emerging Equity |
| Global Listed Infrastructure |
| Hybrid |
| Infrastructure |
| Infrastructure |
| Innovation Portfolio |
| Innovation portfolio |

Verbatim Comments, continued

| |
|--|
| Legacy closing strategies |
| Low Volatility Hedge |
| Midstream Energy |
| Midstream Energy |
| N/A |
| Natural Resources |
| Natural Resources and Infrastructure, multi-asset. |
| Opportunistic (Current); Global Infrastructure, US Treasury Intermediate/Long Govt Bonds and TIPS (Target); US Treasury Intermediate/Long Govt Bonds and TIPS (Investment Return %) |
| Opportunistic Credit |
| Other Alternative: Private Real Assets; Other: Public Real Assets |
| Other Alternatives is Private Real Estate & Infrastructure / Other is Risk Parity |
| Other consists of REITS and TIPS |
| OTHER IS INFRASTRUCTURE; DOMESTIC FIXED INCOME INCLUDES ALL SUB CLASSES OF FIXED INCOME; "OTHER ALTS" IS MULTI ASSET CLASS SOLUTIONS |
| Other Returns: Agriculture: 3.98%; Timberland: 11.94%; Infrastructure: 11.76% |
| OTHER-INFRASTRUCTURE |
| Private Debt |
| Public Diversified Real Assets |
| PUBLIC EQUITY 40%. PRIVATE EQUITY 10%, FIX RATE BONDS 20%. FLOATING RATE DEBT 15%, CORE PRIVATE EQUITY REAL ESTAE 10%. VALUE ADD PRIVATE EQUITY REAL ESTATE 5% |
| Public Equity, Fixed Income, Credit Strategies, Multi-Asset Public Strategies, Private Investment Partnerships and Exposure Management Portfolio |
| Public Infrastructure |
| Real Assets (includes Real Estate, Timber, Agriculture, and Infrastructure) |
| Real Assets = 9.2%, Liquid Real Return = 2.4%, and Absolute Return = 2.5% |
| Real Estate Debt -- Actual: 5.6%, Target: 6% |
| Return Seeking Fixed Income allocation 5.1/5.0 return 8.8; Opportunity Fund allocation 6.0/6.0 return -1.5 |
| Risk Mitigating Strategies: 10.3%, 10%, 8.9%; Inflation Sensitive: 5.4%, 6%, 17.5%; Innovative Strategies: 1.1%, 0%, 13%; Strategic Overlay: 0.2%, 0%, x% |
| Risk-Based asset allocation, as of 06/30/2022 (Current/Target/Return): Broad Growth 68.1%/65.0%/0.9%, Diversifying Strategies 29.6%/35.0%/11.4%, Other 2.3%/0%/-11.4% |
| Stable Value, Real Return, Risk Parity, Asset Allocation Leverage |
| Strategic Assets |
| The 1-year net return is preliminary FY2023; final returns will be released in December 2023. The "other alternatives" categories in the first two lists represent public and private infrastructure. The "other" categories in the first two lists represent explicit leverage. |
| Timberland |
| Timberland |
| Timberland is 2%, Additional Categories comprised of distressed debt and opportunistic credit is 8.3% Timberland's 1 year return was 5.31. Additional Categories 1 year return was 4.28. |
| TIPS, Global Inflation Linked Bonds, Infrastructure, Timber |
| We are part of the State of MA-PRIT Fund |
| We have a cash overlay program and an opportunistic allocation to a hedge fund manager where we invest in overflow funds that take real estate debt off the banks' books. Our Real Estate allocation is actually real assets and it includes farmland and infrastructure. Our fixed income allocation includes bank loans and mortgage debt instruments. |

Appendix B: Study Instrument



NCPERS PUBLIC RETIREMENT SYSTEMS STUDY

Please share your feedback so we can continue to provide the most up-to-date data addressing retirement issues for public pension plans across the nation. Your most recent Annual Comprehensive Financial Report will help answer most questions.

If you administer more than one plan, copy this survey for each and note the name of the fund. If you are a multiple employer plan, use aggregate numbers from your ACFR and respond to questions in the generally applicable way for most of your plans.

Please enter your ID number from the cover email:

Plan name:

What type of plan is this? (Mark all that apply.)

☐ Defined Benefit Plan (Traditional Pension Plan)

☐ Combination Plan (Blends Defined Benefit & Defined Contribution)

☐ Defined Contribution Plan (Mandatory Retirement Account)

☐ Cash Balance Plan

Plan Statistics

1. Fund statistics from most recently completed fiscal year (if applicable). Please do not use commas, dollar signs or percentage marks in the field - it is numeric only.

Total number of members (actives + deferred + retirees + beneficiaries):

Total number of staff who administer the fund (full-time equivalent):

Fiscal year of your CAFR referenced for this survey (MM/DD/YYYY):

Market value of plan assets (\$ in thousands from actuarial valuation):

Total pension assets (a) (\$ in thousands from actuarial valuation):

Total pension liability (b) (\$ in thousands from actuarial valuation):

Current funded ratio (a divided by b) (%):

Cost of Living Adjustment (COLA) offered by plan in last fiscal year (%):

Did your plan receive the full (100%) actuarially determined contribution in the last fiscal year? ☐ Yes ☐ No

Member contributions as percent of payroll (%):

Employer contributions as percent of payroll (%):

Investment manager expenses (basis points):

Administrative expenses (basis points):

Investment assumption/discount rate (%):

Inflation assumption (%):

Investment smoothing period (years):

Amortization period (years):

Type of amortization period:

☐ Open/Rolling

☐ Closed/Fixed

Investment return % (1 year):

Investment return % (5 year):

Investment return % (10 year):

Investment return % (20 year):

Are these investment returns Net or Gross?

☐ Net

☐ Gross

Current and Target Asset Allocation / Investment Return

2. For each of the asset classes below, please specify your **CURRENT** and **TARGET** asset allocation and your **1 YEAR INVESTMENT RETURN (%)** for each asset class. **Please note:** percentages for asset allocation should equal 100%. If your target assets are a range, please use middle of the range.

| CURRENT asset allocation: | TARGET asset allocation: | Investment return % (1 yr): |
|--|--|--|
| Global Equity (%): <input style="width: 50px;" type="text"/> | Global Equity (%): <input style="width: 50px;" type="text"/> | Global Equity (%): <input style="width: 50px;" type="text"/> |
| Domestic Equity (%): <input style="width: 50px;" type="text"/> | Domestic Equity (%): <input style="width: 50px;" type="text"/> | Domestic Equity (%): <input style="width: 50px;" type="text"/> |
| International Equity (%): <input style="width: 50px;" type="text"/> | International Equity (%): <input style="width: 50px;" type="text"/> | International Equity (%): <input style="width: 50px;" type="text"/> |
| Global Fixed Income (%): <input style="width: 50px;" type="text"/> | Global Fixed Income (%): <input style="width: 50px;" type="text"/> | Global Fixed Income (%): <input style="width: 50px;" type="text"/> |
| Domestic Fixed Income (%): <input style="width: 50px;" type="text"/> | Domestic Fixed Income (%): <input style="width: 50px;" type="text"/> | Domestic Fixed Income (%): <input style="width: 50px;" type="text"/> |
| International Fixed Income (%): <input style="width: 50px;" type="text"/> | International Fixed Income (%): <input style="width: 50px;" type="text"/> | International Fixed Income (%): <input style="width: 50px;" type="text"/> |
| High Yield Bond (%): <input style="width: 50px;" type="text"/> | High Yield Bond (%): <input style="width: 50px;" type="text"/> | High Yield Bond (%): <input style="width: 50px;" type="text"/> |
| Real Estate (%): <input style="width: 50px;" type="text"/> | Real Estate (%): <input style="width: 50px;" type="text"/> | Real Estate (%): <input style="width: 50px;" type="text"/> |
| Private Equity (%): <input style="width: 50px;" type="text"/> | Private Equity (%): <input style="width: 50px;" type="text"/> | Private Equity (%): <input style="width: 50px;" type="text"/> |
| Hedge Fund (%): <input style="width: 50px;" type="text"/> | Hedge Fund (%): <input style="width: 50px;" type="text"/> | Hedge Fund (%): <input style="width: 50px;" type="text"/> |
| Private Debt (%): <input style="width: 50px;" type="text"/> | Private Debt (%): <input style="width: 50px;" type="text"/> | Private Debt (%): <input style="width: 50px;" type="text"/> |
| Other Alternatives (%): <input style="width: 50px;" type="text"/> | Other Alternatives (%): <input style="width: 50px;" type="text"/> | Other Alternatives (%): <input style="width: 50px;" type="text"/> |
| Commodities (%): <input style="width: 50px;" type="text"/> | Commodities (%): <input style="width: 50px;" type="text"/> | Commodities (%): <input style="width: 50px;" type="text"/> |
| Cash Equivalents (%): <input style="width: 50px;" type="text"/> | Cash Equivalents (%): <input style="width: 50px;" type="text"/> | Cash Equivalents (%): <input style="width: 50px;" type="text"/> |
| Other (specify asset below) (%): <input style="width: 50px;" type="text"/> | Other (specify asset below) (%): <input style="width: 50px;" type="text"/> | Other (specify asset below) (%): <input style="width: 50px;" type="text"/> |

Are these investment returns Net or Gross? ☐ Net ☐ Gross

If you entered an "Other" asset class above, please specify the other class(es) in which your fund is currently invested:

3. Which **retirement benefits** below does your plan offer or is considering offering? Please skip individual items below if not applicable.

| | Already Offering | Considering Offering |
|--|--------------------------|--------------------------|
| Defined Benefit Plan (traditional pension plan in which the benefit is defined by a formula based on service and average wages) | <input type="checkbox"/> | <input type="checkbox"/> |
| Defined Contribution Plan (retirement account such as a 403(b) or 401(k) in which an employer's contribution is specified and employee participation is generally mandatory) | <input type="checkbox"/> | <input type="checkbox"/> |
| Deferred Compensation Plan (tax-deferred retirement savings account such as a 457 in which employee participation is voluntary) | <input type="checkbox"/> | <input type="checkbox"/> |
| Combination Plan (blends Defined Benefit and Defined Contribution elements) | <input type="checkbox"/> | <input type="checkbox"/> |
| In-service death benefit | <input type="checkbox"/> | <input type="checkbox"/> |
| Disability benefit provided either within the plan, by Social Security or by employer | <input type="checkbox"/> | <input type="checkbox"/> |
| An automatic post-retirement adjustment of payments (e.g. COLA) | <input type="checkbox"/> | <input type="checkbox"/> |
| A compounding post-retirement adjustment of payments (e.g. COLA) | <input type="checkbox"/> | <input type="checkbox"/> |
| An ad hoc (not necessarily automatic or compounding) post-retirement adjustment of payments (e.g. COLA) | <input type="checkbox"/> | <input type="checkbox"/> |
| Employer pick up of employee contributions | <input type="checkbox"/> | <input type="checkbox"/> |
| Deferred Retirement Option Plan (DROP - in all forms) | <input type="checkbox"/> | <input type="checkbox"/> |

4. Which *retirement plan changes* below have been implemented in the last 3 years or are being considered by the plan or plan sponsors?
Please skip individual changes below if not applicable.

| | Already Implemented | Considering Implementing |
|---|--------------------------|--------------------------|
| Lower the actuarial assumed rate of return | <input type="checkbox"/> | <input type="checkbox"/> |
| Raise benefit age/service requirements | <input type="checkbox"/> | <input type="checkbox"/> |
| Increase employee contributions | <input type="checkbox"/> | <input type="checkbox"/> |
| Hold or lengthen the amortization period to improve affordability | <input type="checkbox"/> | <input type="checkbox"/> |
| Shorten the amortization period to improve funded status | <input type="checkbox"/> | <input type="checkbox"/> |
| Increase benefits/relax benefit requirements | <input type="checkbox"/> | <input type="checkbox"/> |

5. Which *business practices* below have been implemented in the last 3 years or are being considered by the plan or plan sponsors?
Please skip individual items below if not conducted.

| | Already Implemented | Considering Implementing |
|--|--------------------------|--------------------------|
| Conduct a death audit | <input type="checkbox"/> | <input type="checkbox"/> |
| Conduct an actuarial audit by a third party actuary (includes replication of valuation and opinion on actuarial assumptions) | <input type="checkbox"/> | <input type="checkbox"/> |
| Conduct an information systems security audit | <input type="checkbox"/> | <input type="checkbox"/> |
| Conduct a building security audit | <input type="checkbox"/> | <input type="checkbox"/> |
| Update/strengthen an asset allocation study | <input type="checkbox"/> | <input type="checkbox"/> |
| Expand operational performance benchmarking | <input type="checkbox"/> | <input type="checkbox"/> |
| Update or enhance administrative software used for member data | <input type="checkbox"/> | <input type="checkbox"/> |
| Update or enhance online portal provided for members to access account information | <input type="checkbox"/> | <input type="checkbox"/> |
| Update or enhance a mobile app for members to access account information | <input type="checkbox"/> | <input type="checkbox"/> |
| Conduct an employer/reporting unit satisfaction assessment | <input type="checkbox"/> | <input type="checkbox"/> |
| Comply with new State statutory or regulatory requirements to report your funded status based on a rate of return different from your assumed rate of return | <input type="checkbox"/> | <input type="checkbox"/> |
| Enhance member financial wellness/retirement readiness resources | <input type="checkbox"/> | <input type="checkbox"/> |

6. Which of the following *communication methods* does your plan or plan sponsor have?

| | Yes | No |
|--|--------------------------|--------------------------|
| A website that provides account information to members | <input type="checkbox"/> | <input type="checkbox"/> |
| A mobile app that provides account information to members | <input type="checkbox"/> | <input type="checkbox"/> |
| Capacity to send a mass text message to your entire membership | <input type="checkbox"/> | <input type="checkbox"/> |
| Capacity to send an e-mail to your entire membership | <input type="checkbox"/> | <input type="checkbox"/> |
| Does your plan have a social media presence? | <input type="checkbox"/> | <input type="checkbox"/> |
| Does your plan offer video conferencing to members (Zoom, Teams, WebEx, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> |

7. Please indicate how important each of the following are for outbound communication with your members

| | Primary Way to Communicate | Secondary Way to Communicate | Do Not Use |
|--------------------|----------------------------|------------------------------|--------------------------|
| Direct mail | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| E-mail | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Text message | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mobile app | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Website | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Social media | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other (note below) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

8. Which *oversight practices* below have been implemented? Please skip individual practices below if not conducted.

| | Yes | No |
|---|--------------------------|--------------------------|
| Receipt of the GFOA Award of Excellence for the most recent award cycle | <input type="checkbox"/> | <input type="checkbox"/> |
| Receipt of NCPERS Certificate of Transparency | <input type="checkbox"/> | <input type="checkbox"/> |
| Receipt of PPCC Standards Award | <input type="checkbox"/> | <input type="checkbox"/> |
| Receipt of PPCC Administrative Certificate | <input type="checkbox"/> | <input type="checkbox"/> |
| Receipt of PPCC Funding Certificate | <input type="checkbox"/> | <input type="checkbox"/> |
| Receipt of an unqualified opinion from the auditor on the fund's financial statements, internal controls, and compliance with applicable laws and regulations | <input type="checkbox"/> | <input type="checkbox"/> |
| Conduct an actuarial valuation at least every 2 years | <input type="checkbox"/> | <input type="checkbox"/> |
| Board adoption and adherence to written investment policies | <input type="checkbox"/> | <input type="checkbox"/> |
| Board adoption of written fiduciary standards | <input type="checkbox"/> | <input type="checkbox"/> |
| Receipt of annual investment performance evaluation from an outside independent investment review entity | <input type="checkbox"/> | <input type="checkbox"/> |
| Use of a formal enterprise risk management framework | <input type="checkbox"/> | <input type="checkbox"/> |

9. How important, if at all, are ESG (environmental, social, and governance) factors in your fund's investment decisions?
- ☐ Very important ☐ Somewhat important ☐ Not at all ☐ Don't know

10. How satisfied are you with your plan's readiness to address retirement trends and issues over the next 2 years?

| Very Dissatisfied=1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Very Satisfied=10 |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

11. If you have an unfunded accrued actuarial liability, what strategies have you put in place to reduce it beyond traditional amortization?

12. Think about best practices. Please share a success story or plan innovation you are considering that other plans may like to learn about:

13. Which categories best describe your innovation or best practice story above? (Please mark all that apply.)

☐ Retirement benefit ☐ Business practice ☐ Oversight practice
☐ Plan change ☐ Communication/ engagement practice ☐ Investment

Questions about your fund (your responses will be confidential)

14. What type of employees/beneficiaries does your fund serve? (Please mark all that apply.)

☐ Local (township/city/village) ☐ Public safety ☐ Educational
☐ County ☐ State ☐ Other

15. Are your members eligible for Social Security coverage? ☐ Yes ☐ No

16. Are your members eligible for Medicare coverage? ☐ Yes ☐ No

17. Do you include overtime in the calculation of the retirement benefit? ☐ Yes ☐ No ☐ N/A

18. Does your plan allow Board Members the ability to participate via teleconference or webconference (Zoom, Teams, Webex) and vote? ☐ Yes ☐ No

19. Which role(s) best describe your relationship to the fund? (Please mark all that apply.)
- ☐ Staff ☐ Plan consultant
☐ Board member/ trustee ☐ Other

20. May we contact you if we have additional questions? ☐ Yes ☐ No

Your Name

Your Email

21. If the contact for next year will be different, who should we contact? ☐ Same as above ☐ Different person (note below)

Name

Email

This concludes the study. Thank you for your time and cooperation.

For more information:

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