

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE VIRGIN ISLANDS

TOWN HALL MEETING

Tuesday, March 10, 2020
5:30 p.m. – 8:30 p.m.

St. Croix Educational Complex
Auditorium
St. Croix, VI

Thursday, March 12, 2020
5:30 p.m. – 8:30 p.m.

Ruth E. Thomas Auditorium
C.A.H.S.
St. Thomas, VI

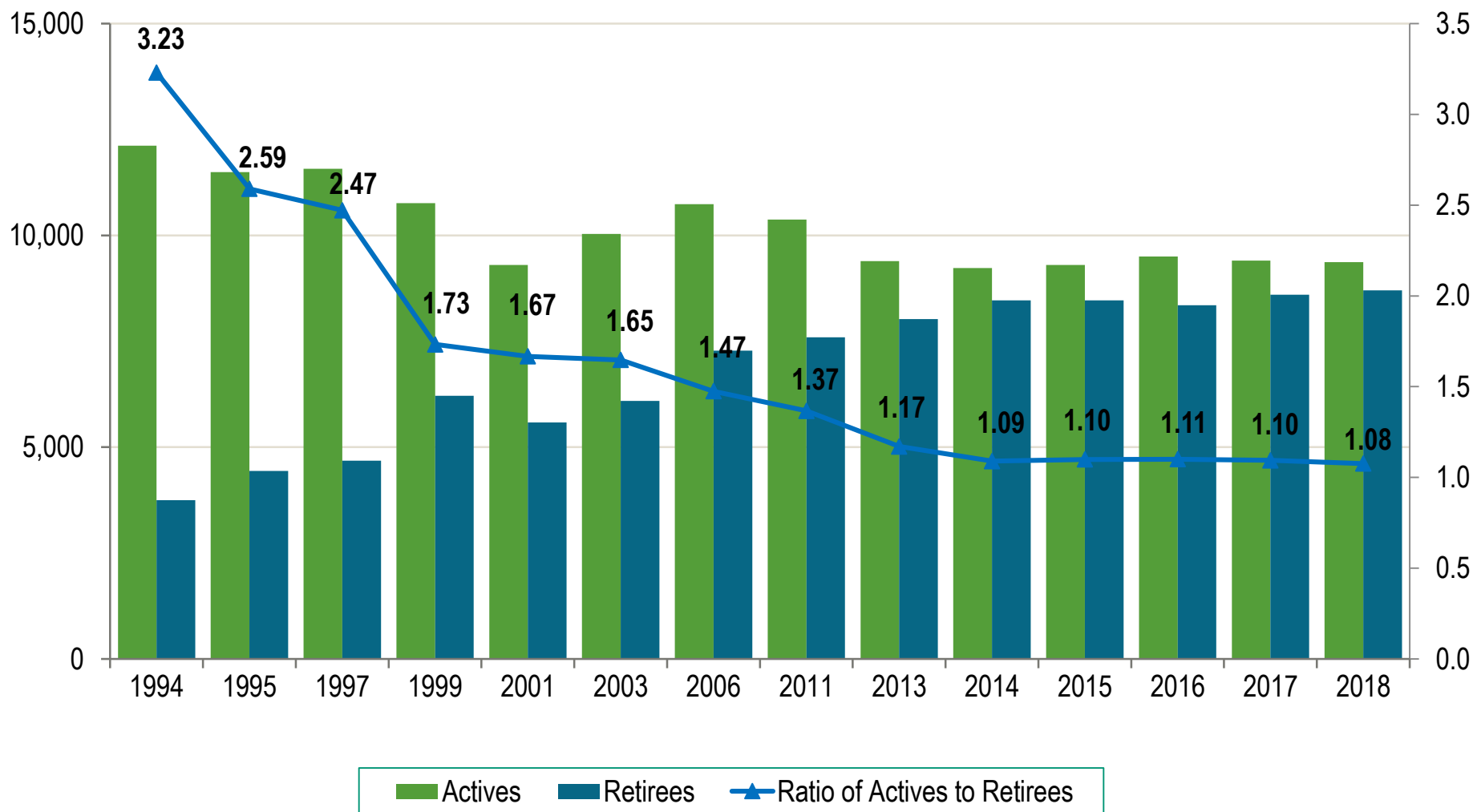


INSOLVENCY IS NOT AN OPTION





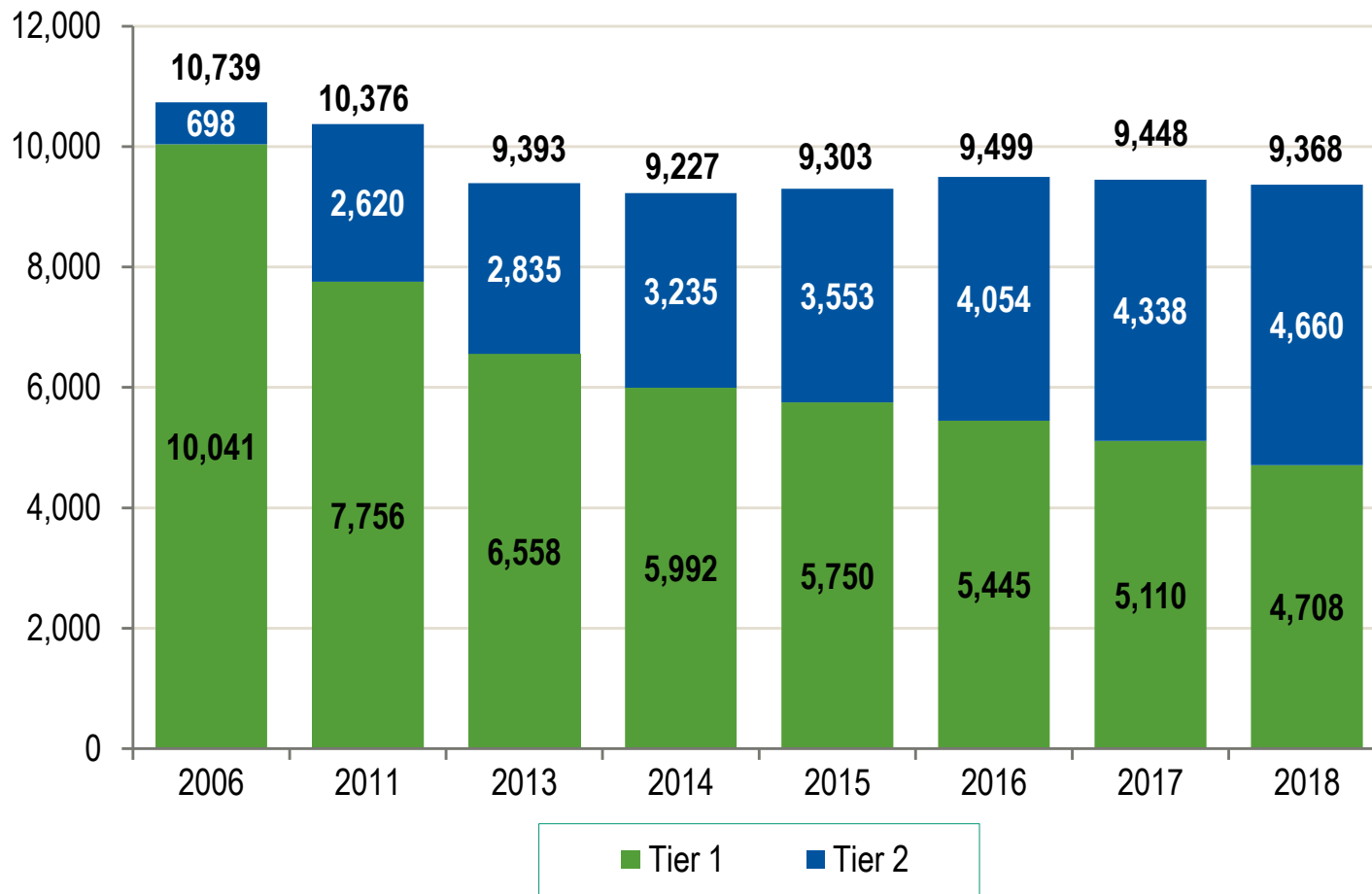
Membership Data Active and Retirees – 1994 -2018



The significant decline in the ratio of actives to retirees since 1994 indicates a smaller contribution base supporting the payment of benefits and expenses.



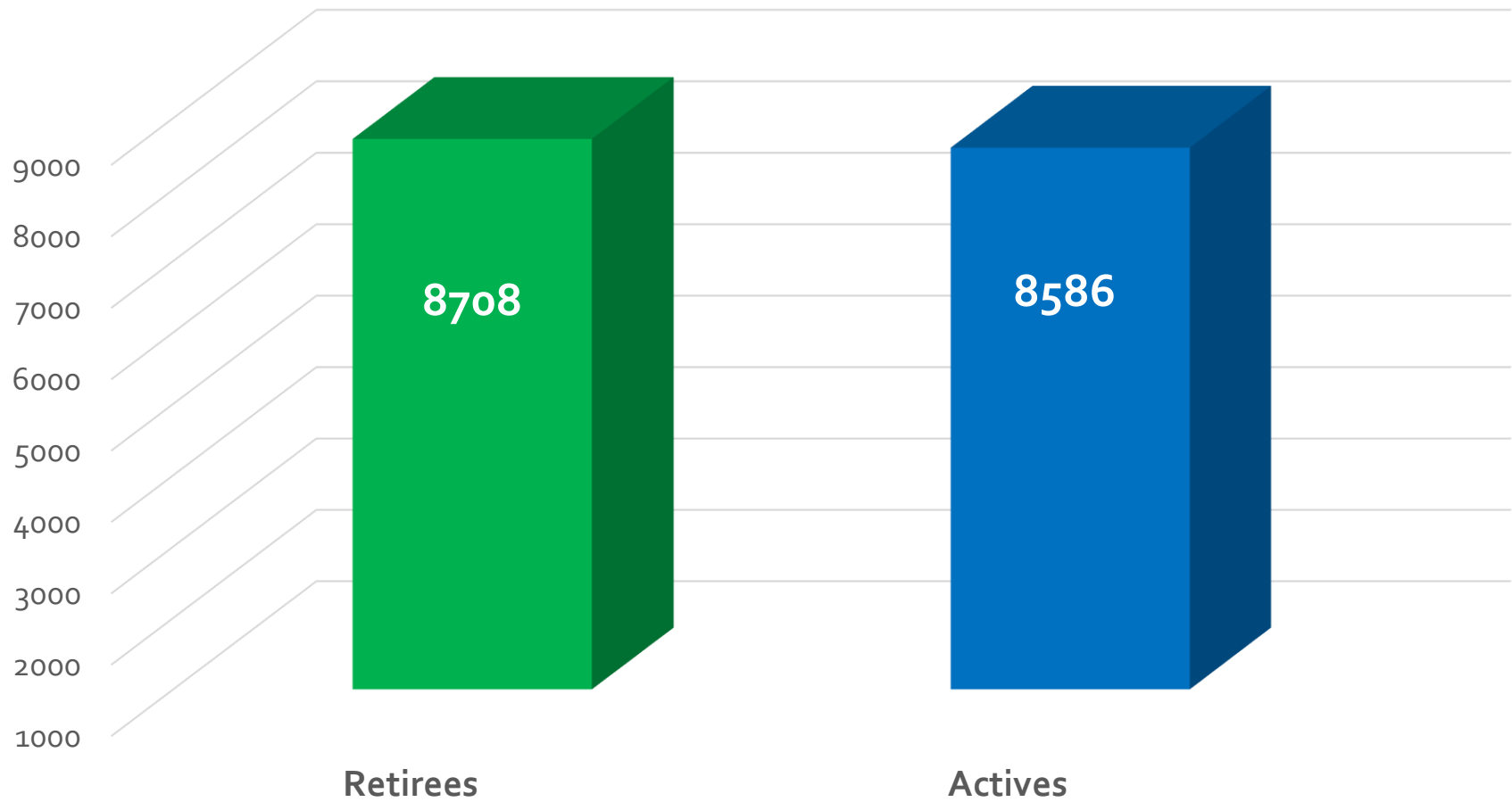
Active Membership: 2006 – 2018



The Tier 2 provisions are applicable for those employees hired on or after October 1, 2005.



Current Membership Data





Contributions Levels and Benefits

(in \$Millions)



For the past 19 years, the System has had negative cash flows.

Valuation Results as of October 1, 2018

Unfunded Liability

	October 1, 2017	October 1, 2018
Actuarial Accrued Liability (AAL)	\$3.67 Billion	\$3.70 Billion
Actuarial Value of Assets	\$0.85 Billion	\$0.77 Billion
Unfunded Actuarial Accrued Liability	\$2.82 Billion	\$2.93 Billion
Funded Percentage	23.1%	20.8%
Total Actuarially Determined Employer Contribution (ADEC)	\$267.7 Million	\$277.5 Million

The Actuarial Value of Assets is the same as the Market Value of Assets



Main Causes of the Unfunded Liability

- Nine (9) Unfunded Mandates
- Shortfall in the Actuarially Determined Employer Contributions (ADEC)
(formerly known as Actuarily Required Contribution (ARC))





UNFUNDED LEGISLATIVE MANDATES

UNFUNDED MANDATES		ACT NO.	YEAR
Legislative Mandates			
Omnibus Authorization Act of 1984	15 th	4877	10/25/1983
To Provide for Early Retirement of Dept. of Education Personnel	15 th	4896	2/21/1984
Early Retirement Incentive Training & Promotion Act of 1994*	20 th	6007	8/16/1994
To Extend Act 6007	21 st	6088	12/5/1995
To Provide Early Retirement Benefits Options & To Reduce Expenditures	23 rd	6361	10/19/2000
To Increase Retirement Benefits for Superior Court Judges	23 rd	6391	2/1/2001
To Fund Salary Increases for Retirees & Eligible Employees	24 th	6415	6/18/2001
To Place Employees on Step	24 th	6427	6/19/2001
Expansion of Eligible Members of Early Retirement Program	24 th	6429	9/24/2001

*Based on review conducted by the U.S. Inspector General, the GERS lost \$121 million in contributions because of this legislation. The Legislature appropriated and GERS was paid a total of \$31 million resulting in a loss of \$90 million in contributions.





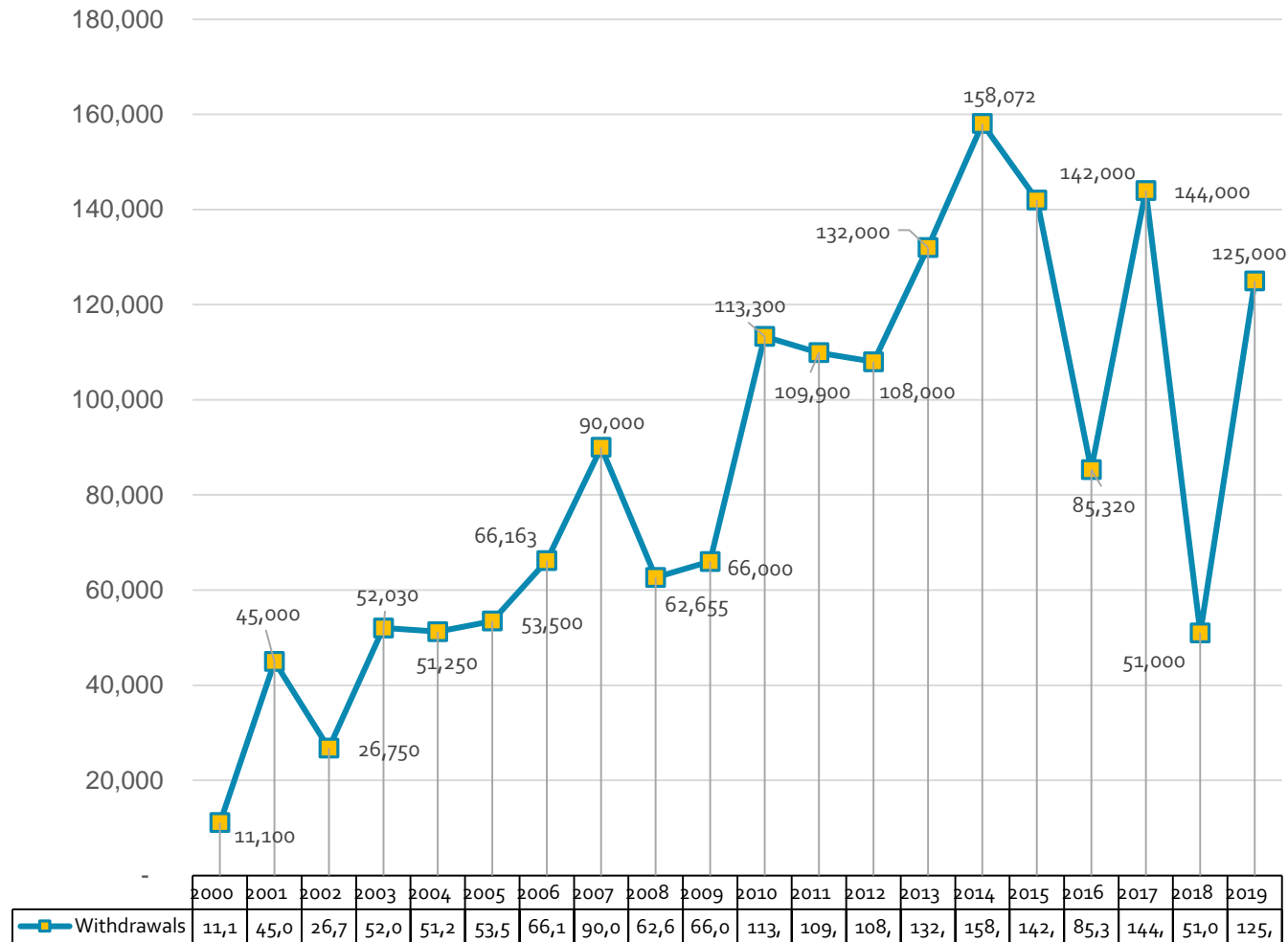
Actuarially Determined Employer Contributions

History of Employer Contributions			
Plan Year Ended September 30,	Actuarially Determined Employer Contributions	Actual Contributions	Percentage Contributed
2000	\$64,992,493	\$44,078,554	68%
2001	64,179,332	43,387,158	68%
2002	95,186,021	50,594,531	53%
2003	117,124,599	51,588,235	44%
2004	108,358,399	54,084,454	50%
2005	120,184,848	51,542,030	43%
2006	131,059,471	65,061,430	50%
2007	137,797,268	60,778,382	44%
2008	138,488,871	75,871,146	55%
2009	147,490,851	80,177,004	54%
2010	157,817,709	77,004,630	49%
2011	162,841,336	80,849,762	50%
2012	178,644,349	66,677,155	37%
2013	172,439,842	64,431,322	37%
2014	189,715,251	68,298,617	36%
2015	200,089,791	72,287,934	36%
2016	247,158,137	86,346,838	35%
2017	250,574,023	84,802,335	34%
2018	267,743,116	96,747,868	36%
2019	277,523,563	82,979,021 (projected)	30%

The decline in funding percentage since 2000 is due in a large measure to statutory contributions being significantly less than needed for proper actuarial funding of the System.

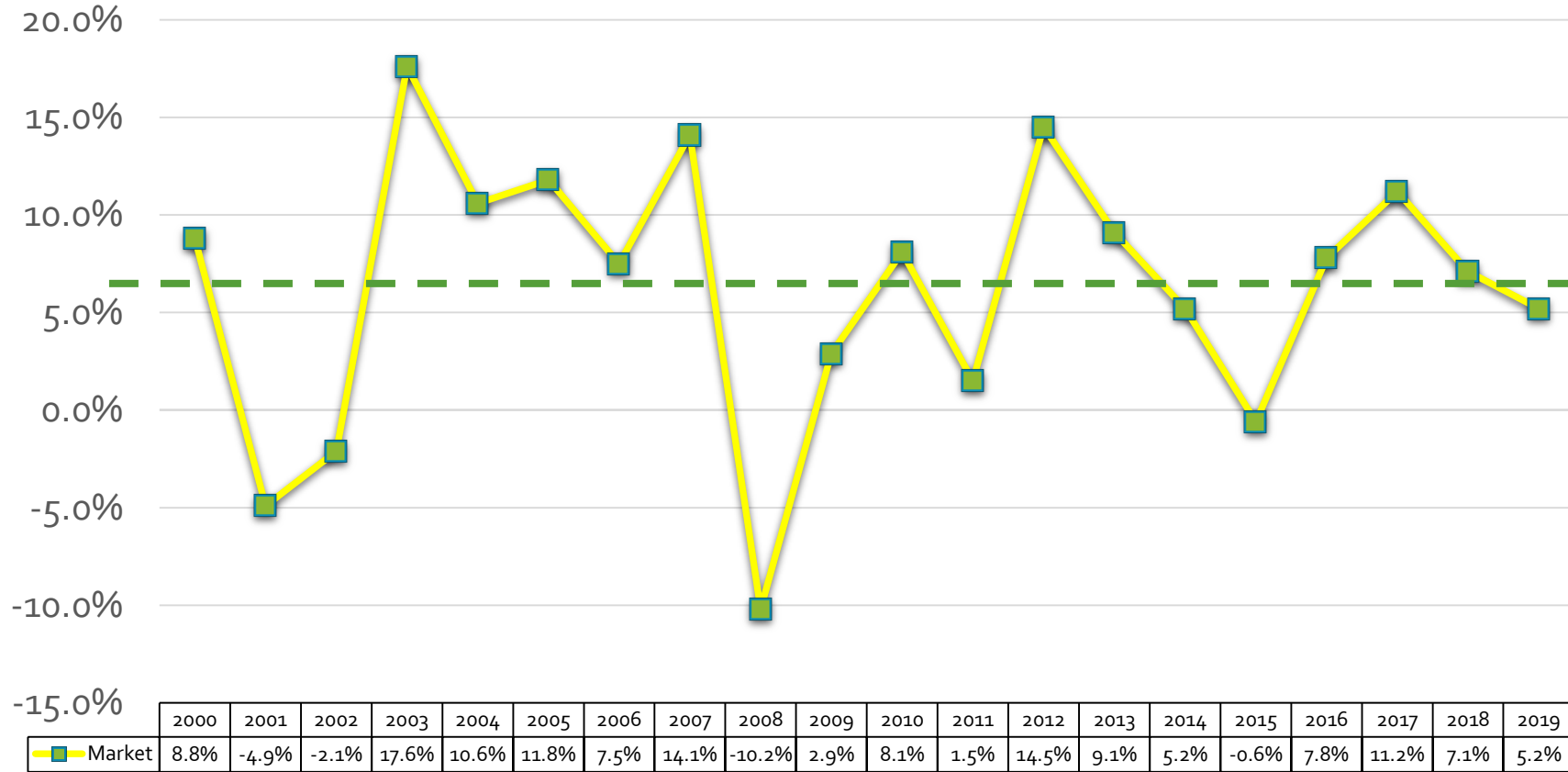
2000	11,100,000
2001	45,000,000
2002	26,750,000
2003	52,030,000
2004	51,250,000
2005	53,500,000
2006	66,163,018
2007	90,000,000
2008	62,654,780
2009	66,000,000
2010	113,300,000
2011	109,900,000
2012	108,000,000
2013	132,000,000
2014	158,072,474
2015	142,000,000
2016	85,319,675
2017	144,000,000
2018	51,000,000
2019	125,000,000
Total	1,693,039,947

Fund Withdrawals for Benefit Payments & Expenses from FY' 2000 to 2019 (in \$Thousands)



Investments

Market Rates of Return



Average Market Rate of Return		
Period	Time-Weighted	Dollar-Weighted
Current Assumption	7.0%	7.0%
2000-2019	6.3%	6.0%
2000-2009	5.6%	5.2%
2010-2019	6.9%	6.6%



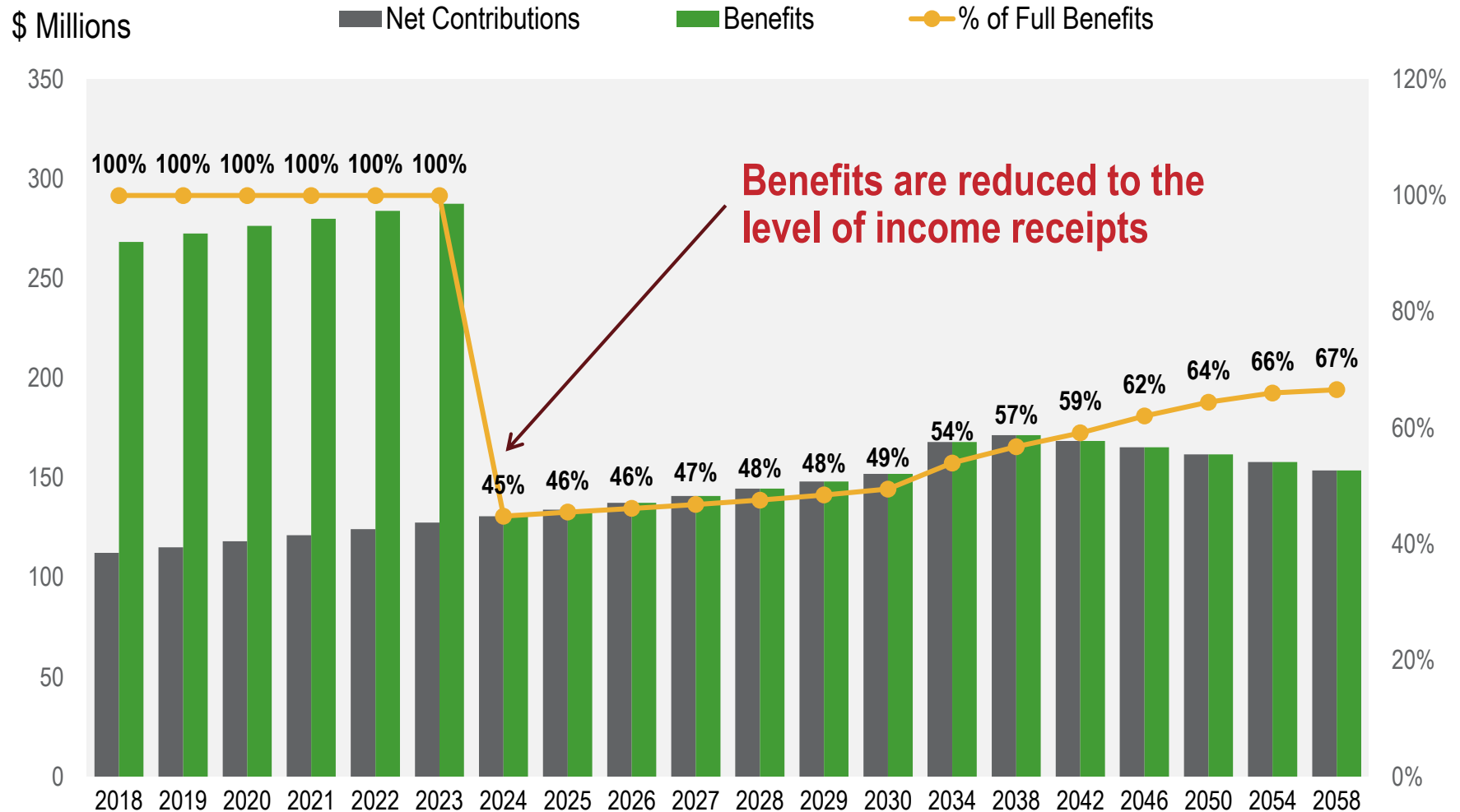
Investments

Market Value of Assets (in \$Millions)



What Happens If Nothing Is Done?

Pay As You Go



**Assumes level of participation and contribution income are unaffected.
If less participation occurs, reduction in benefits could be worse.**

What's Happening

- Out of a GERS Meeting with the Governor and Legislature in November 2019
 - GERS / Legislative Work Group
- Governor is Creating a GERS Solvency Working Group
- Initiative by GRUFF (St. Thomas Retiree Group)
- Governor's Meeting with Treasury Officials regarding GERS



Questions



INSOLVENCY IS NOT AN OPTION

TOWN HALL MEETING

THANK YOU FOR ATTENDING



“Contributing today for a better tomorrow.”

3438 Kronprindsens Gade | GERS Complex – Ste. 1
St. Thomas, VI 00802-5720 | 340.776.7703

3004 Estate Orange Grove – Ste. 1
Christiansted, VI 00820-4260 | 340.718.5480

www.usvigiers.com

