

Government EMPLOYEES' RETIREMENT SYSTEM OF THE VIRGIN ISLANDS
ANNUAL OVERVIEW OF OPERATIONS

FISCAL YEAR

2021



"Contributing today for a better tomorrow"

Presented to
Committee on Finance
34th Legislature of the United States Virgin Islands

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**GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
OVERVIEW OF OPERATIONS**

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INTRODUCTION

Good afternoon Honorable Senator Kurt A. Vialet, Chairman, Committee on Finance, distinguished Committee members, other distinguished senators present in the chambers, and good afternoon to the listening and viewing audience. I am, Austin L. Nibbs, Administrator of the Government Employees' Retirement System of the Virgin Islands (GERS). I am pleased to appear before this Committee to present the System's Annual Overview of Operations. As you know, the System is not required to submit a budget to the Legislature for approval. The Board of Trustees is responsible for the approval of the annual budget of the GERS. Therefore, our presentation is an overview of the operations of GERS. However, we will respond to any questions posed by the committee relating to budgetary information submitted to the Post Audit Division. We would like to place on record that the GERS fiscal year 2022 budget has not yet been approved by the Board of Trustees.

Before we begin, I would also like to thank the employees of the GERS for their continued quality services that they have provided to our members during the pandemic period.

Enacted on June 24, 1959, by the Third Legislature of the Virgin Islands by Act 479, the GERS Fund was officially opened on October 1, 1959, as a defined benefit plan. The statute that governs the operations of the GERS is Title 3, Chapter 27 and 28 of the Virgin Islands Code.

Employees are enrolled into the System the first day of service, as a condition of their employment. The objective is to encourage employees who enter the System **to remain in the service of the Government by establishing an orderly means** whereby those members who became superannuated or incapacitated as a result of disability may retire without suffering economic hardship. For this System to continue to meet its statutory obligations to its members, the System **must be actuarially funded**. On October 1, 2021, the GERS will celebrate its 62nd anniversary.

FUNDING

In a report dated December 24, 1959, which was prepared by Public Administration Service titled "An Evaluation of the Obligations of the Employees' Retirement System of the Government of the Virgin Islands" stated, "In any discussion of financing a retirement system, the terms actuarially sound or actuarial soundness are frequently used. The terms relate to the ability of a retirement system to pay out the benefits that are promised".

Many definitions of actuarial soundness exist. One definition is that the retirement system is actuarially sound if sufficient assets are on hand to provide for all future benefits for those currently on the pension roll without consideration of the accrued pension credits of the participants in active service. Another definition is that a system is actuarially sound if the accumulated assets are sufficient to meet all accrued benefits, including those for retired members and active members.

This latter definition contemplates full funding. Still another definition which is somewhat less stringent is that a system is actuarially sound if the accrued liabilities for both retired members and active members are balanced by the amount of the present and prospective assets of the System.

In a GFOA (Government Financial Officers Association) article titled "Sustainable Funding Practices for Defined Benefit (DB) Pensions and Other Postemployment Benefits" (OPEB), the GFOA recommended that government officials should ensure that the costs of DB pensions and OPEB are properly measured and reported. Sustainability requires governments that sponsor or participate in DB pension plans, or that offer OPEB, to contribute the full amount of their

actuarially determined contribution (ADC) each year. Failure to fund the ADC, previously identified as ADEC, during recessionary periods impairs investment returns by providing inadequate funds to invest when stock prices are low. As a result, the long-term investment performance will suffer and ultimately require higher contributions. Based on the October 1, 2020, actuarial valuation results for the GERS pension plan, the ADC as a percentage of payroll is 90.8 percent. The GERS plan sponsors currently pay 23.5 percent of payroll. GFOA's number 1 best practice for sustaining DB pension plans is to adopt a funding policy with a target funded ratio of 100 percent or more (full funding). In another study by Rebecca A. Sielman, principal and consulting actuary at Milliman and the author of the Milliman 100 Public Pension Funding index, "of the 100 plans measured by the index, 39 plans had funding ratios above 90%, while 17 plans remained below 60% funded. A total of 9 plans had ratios between 60% and 70%, 14 plans were between 70% and 80%, and 21 plans were between 80% and 90%".

Based on the October 1, 2020, actuarial valuation results, the funded percentage for the GERS pension plan, using the current valuation interest rate of 4.0 percent is 11.4 percent. Using the GASB accounting blended rate of 2.23 percent, the funded percentage is 9.1 percent. The Actuarial Accrued Liability (AAL) is \$5.1 billion, and the Unfunded Actuarial Accrued Liability (UAAL) is \$4.5 billion. See Exhibit A.

Whenever we have appeared before the Committee on Finance, we have always highlighted the deteriorating condition of the System. The message remains unchanged. Based on the current funding of the System, the System will become insolvent by October 2024, or sooner depending on market conditions, or if nothing is done to fund the System on an actuarial reserve

basis. As of June 30, 2021, the market value of the System's total assets was \$491.1 million of which \$385.8 million are liquid assets. Between October 1, 2020, to present, the System withdrew \$94 million to pay benefits and expenses. There are no additional funding sources. Based on the current withdrawals from the portfolio, the liquid assets will be depleted in the next 3 years. At which time, the System will be insolvent and will not be able to provide the required level of benefits promised to the retirees and active members.

MEMBERSHIP AND ANNUITY PAYMENTS

As of the July 30, 2021 payroll, the GERS paid benefits to 8,685 retirees and beneficiaries. The number of retirees added to the payroll from October 1, 2020 – July 30, 2021, was 264. The number of retirees removed from the payroll for the same period was 278.

The average monthly amount that was paid in benefits to the retirees and beneficiaries as of July 30, 2021, was \$21.6 million. The total amount paid in benefits from October 1, 2020 – July 30, 2021 was \$214,988,961.68.

The active membership as of July 30, 2021, was approximately 8,847 (central government 6,234 and semi-autonomous agencies 2,613). There is a 1.02 ratio between the actives and the retirees.

UNFUNDED LIABILITY (EMPLOYER'S NET PENSION LIABILITY) – EXHIBIT A

The information that is presented below represents the results of the Actuarial Valuation as of October 1, 2020. For this period, GERS had a Total Actuarial Accrued Liability of \$5.11 billion. Plan Assets totaled \$580 million, and the Unfunded Liability was \$4.53 billion.

This resulted in a funded ratio of 11.4 percent on an ongoing actuarial basis. The GERS is projected to fully deplete its assets by October 2024, or sooner depending on the market.

TOTAL CONTRIBUTIONS RECEIVED VS BENEFIT PAYMENTS AND EXPENSES

Beginning in 1996, there was an imbalance between contributions collected and benefit payments and expenses resulting in a negative variance of \$1.6 million. Each year thereafter, contributions collected have been less than the benefit payments and expenses. For the past 5 fiscal years, the negative variances between the audited total contributions collected and the benefit payments and expenses are as follows:

FY	Total Contributions	Benefit Payments and Expenses	Variance
2016	\$ 127.8	\$ 274.2	(\$ 146.4)
2017	\$ 132.7	\$ 274.5	(\$ 141.8)
2018	\$ 141.2	\$ 279.8	(\$ 138.6)
2019	\$ 135.1	\$ 286.2	(\$ 151.1)
2020	\$ 151.3	\$ 280.3	(\$ 129.0)

For the past 9 months ending June 30, 2021, the GERS collected \$109.3 million in total contributions and paid out \$209.8 million in benefit payments and expenses. A negative variance of \$100.5 million between total contributions collected and benefit payments and expenses.

ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS (ADEC) DUE - EXHIBIT B

The ADEC now referred to as ADC (Actuarially Determined Contribution) is \$373.7 million or 90.8 percent of pay for the October 1, 2020, actuarial valuation period. At the employer rate at that time of 23.5 percent of pay, there is a projected deficit of 67.1 percent of pay between the ADC and the projected employer contributions. As presented in Exhibit B, the ADC due from 1991 to 2020 shows that the Plan Sponsor owes the System approximately \$2.5 billion (inclusive of 6 percent loss investment).

COURT RULINGS RELATED TO EMPLOYER CONTRIBUTIONS

In September 2016, the GERS filed a Motion to Show Cause, stemming from the GVI's failure and refusal to comply with the Consent Judgment entered on December 10, 1984, as modified on April 22, 1994. In an April 3, 2020 Order, former District Court Judge Gomez ruled that the Actuarially Determined Employer Contributions (ADEC) was not part of the Consent Judgment.

In the April 3, 2020 Order, former District Court Judge Curtis Gomez found the following:

- 1). The Government breached the Consent Decree by not paying fixed rate employer contributions required under 3 V.I.C. §718(g) in the amount of \$13.9 million for the period of January 1, 1991, through December 31, 2009.
- 2). The Government breached the Consent Decree by not paying fixed rate employer contributions required under 3 V.I.C. §718(g) in the amount of \$5 million for the period of January 1, 2010, through December 31, 2018.
- 3). The Government is liable for statutory interest and penalties in the amount of \$6.1 million for the period of 2010-2018 and \$43.2 million for the 1991-2009 period.

The Court Order required the GVI to pay GERS \$63.1 million in seven (7) equal installments payments beginning in May 2020. This sum was consistent with GERS's and RSM's (Court appointed consultant) findings.

On April 8, 2020, the Board of Trustees voted to proceed with an appeal of the ADEC portion of the decision to the U.S. Court of Appeals for the Third Circuit and to initiate a separate enforcement action in the V.I. Superior Court to enforce the provisions of 3 VIC 718(f) and 3 VIC 718a. The GERS filed its Notice of Cross Appeal on April 8, 2020.

The GVI filed a Notice of Appeal on April 7, 2020, with the U.S. Court of Appeals for the Third Circuit. The GERS filed a Notice of Cross Appeal on April 8, 2020.

The majority opinion from Justices Smith and Chagares affirmed the district court's award of principal but concluded that the district court "erred when it enhanced the award by applying late-arriving interest and penalty statutes retroactively, and remanded with instructions for the District Court to reduce its award accordingly. Therefore, the ruling preserved an award of \$18.9 million in principal and \$6.1 million in interest and fees. Additionally, the majority opined that there was no compelling interpretation of the statute or any extrinsic evidence that can support reading into Virgin Islands law GERS's proffered ADEC obligation.

Justice Matey (the sole dissenting opinion) dissented solely on the issue of the meaning of Section 718(f), where he agreed with the GERS' interpretation of the consent decree and Section 718(f) covered the ADEC. Justice Matey began by describing the enormity of the issue stating that "Economists glumly estimate that state pensions combined hold unfunded liabilities between \$700 billion and \$4.6 trillion." He stated that this is not a problem specific to the Virgin Islands and GERS." Justice Matey also analyzed Section 718(f), consistent with the GERS' understanding and the last antecedent rule, as applying a different and additional contribution requirement.

On June 2021, the GERS filed an action for declaratory, supplemental relief, and injunctive relief in the Superior Court of the Virgin Islands. The GERS alleged the following:

1. That since its inception in 1959, the GVI has been required to finance the cost of GERS in accordance with actuarial reserve requirements as set forth 3 V.I.C. §718(a);
2. Since its inception in 1959, the obligations of GERS have been obligations of the GVI and the GVI has a fiduciary duty to the participants of the GERS to ensure the ability of GERS to timely deliver annuity benefits as provided in 3 V.I.C. § 720.
3. Almost since GERS' inception, actuaries have warned that the fixed rate contributions were inadequate to maintain the actuarial reserve required by §718(a);
4. The yearly actuarial valuation has been provided to the GVI and the GVI has declined or refused

to pay the contribution due under §718(f).

5. The GVI's refusal to pay the actuarially required contribution combined with the loss of investment opportunity on that contribution, has caused GERS' assets to precipitously decline to the point where GERS will become insolvent sometime in 2023.

When the remaining assets of GERS are depleted, the sole income received by GERS will be the fixed rate employee and employer contributions provided for in 3 V.I.C. § 718(b) and (g), respectively, requiring a reduction in monthly to current retirees of approximately 50% or more of current benefit payments.

As relief, an injunction requiring the GVI to sequester the required annual contribution as a first dollar obligation from the annual budget as adopted by the Legislature; to declare and construe the statutory right of GERS for full payment of the contribution necessary to maintain an adequate actuarial reserve, or in the alternative require the GVI to tender to GERS the full amount of the retiree payroll; and to accelerate this matter on the Court's docket.

EMPLOYER CONTRIBUTIONS DUE FROM CENTRAL GOVERNMENT-EXHIBIT C

In the analysis presented in Exhibit C, the central government owes the GERS \$30,982,152.

- 1). Third Circuit Court award of \$13,860,879 for 1991-2009 contributions.
- 2). Interest and penalties for the period 2010-2018 of \$6,121,273.
- 3). Direct contribution payments (Act No. 8244) for fiscal years 2020 and 2021 in the amount of \$11,000,000.

ACT NO. 8383 (BILL NO. 33-0418)

On September 29, 2020, the 33rd Legislature passed Act No. 8383 and it was approved by Governor Albert Bryan, Jr. on October 20, 2020. The Act provided for the remitter of an amount not exceeding 50 percent of the revenues realized in excess of the funds appropriated by the Legislature of the Virgin Islands for the operations of the Government of the Virgin Islands in the fiscal year ending

September 30, 2020, and an amount not exceeding \$50,000,000 to be remitted to the GERS, in the fiscal year ending September 30, 2021, from General Fund revenues realized in excess of the funds appropriated by the Legislature of the Virgin Islands for the operation of the Government of the Virgin Islands, to be used by the GERS exclusively for retirement annuity payments for the fiscal year ending September 30, 2021.

The GERS is awaiting a response from the Commissioner of Finance for an accounting for fiscal year ending September 30, 2020. It was reported publicly that approximately \$5.4 million will be awarded to the GERS for fiscal year 2020. As reported in the August 12, 2021, V.I. Daily News, the Office of Management and Budget Director, Jenifer O'Neal, predicted total 2021 gross revenues of \$909,023,773, \$71 million higher than the legislature appropriation of \$838,933,534. This is good news for the GERS. We are looking forward to an expeditious accounting after the end of fiscal year 2021, and remittance of an amount not to exceed \$50,000,000 to the GERS in accordance with Section 2 of Act No. 8383.

ASSETS (INCLUDING INVESTMENTS)

The assets of the GERS include the investment portfolio, which is comprised of cash and cash equivalents, index funds, fixed income, private equity, and other alternative investments, such as real estate, local investments, and member loans.

PORTFOLIO PERFORMANCE

In fiscal year 2015, the System implemented the Dynamic Asset Allocation strategy which seeks to maximize the System's ability to meet benefit obligations by matching horizons of assets and liabilities. The System, in continuing to de-risk its assets, has liquidated, and reallocated all equity assets (stock), the last as of early this year, and continues its commitment to a disciplined investment strategy that would provide a "soft landing" for the System as insolvency nears.

The investment portfolio is now managed by 1 active Domestic Fixed Income manager, 1 passive index Domestic Fixed Income manager, and 1 Private Equity (non-local) manager.

The total market value of the portfolio, as of June 30, 2021, was \$491.1 million. The total market value includes marketable securities including cash & cash equivalents (\$385.8 million), Private Equity Fund of Funds (\$15 million), the Havensight Mall (\$41 million), the Member Loans Program (\$28 million), our office complexes (\$11.3 million), undeveloped properties on St. Croix and St. Thomas (\$7 million), and an Alternative Investment Program loan project balance remaining (\$3 million). To meet obligations to the retirees for benefit payments and expenses, FYTD (October 1, 2020, to present) \$94 million, and for the one-year period (July 2020 – June 2021) \$124 million were withdrawn from the Fund.

The Fund earned income of \$3.0 million and had a gain of \$12.4 million for the fiscal year-to-date.

The System's aggregate performance as of June 30, 2021, fiscal year-to-date was 3.0 percent, which outperformed the Barclays US Aggregate Index for the same period. Over the one-year period, the plan returned 5.1 percent, Equity returned 27 percent, Fixed Income returned 0.1 percent, and Alternatives returned 13.1 percent. Since inception, the plan has returned 8.6 percent.

HISTORICAL MARKET RATES OF RETURN

Over the past 20 years, the market rates of return have been positive 16 out of 20 years (See Exhibit D). In many of the years, the returns were well above the GERS' assumed rate of return of 8 percent and 7 percent, and as high as:

2003 - 17.6 percent
2004 - 10.6 percent
2005 - 11.8 percent
2007 - 14.1 percent
2012 - 14.5 percent
2013 - 9.1 percent
2017 - 11.2 percent

The negative returns were as a result of market conditions in 2001 and 2002, 2008 and 2015.

When compared to its peers of the same size, to include the value of its assets and its portfolio, the GERS's performance is in line with or above that of its peers.

ALTERNATIVE INVESTMENT PROGRAM

Title 3, Section 12, Chapter 27 of the Virgin Islands Code gives the Board of Trustees the authorization to invest in an Alternative Investment Program (AIP). Alternative investments are private market (non-publicly traded) investments in domestic and international venture capital and special equity; simply any investments other than the traditional equity and bonds.

The AIP was designed to enhance the total Fund performance by generating a long-term rate of return greater than the Fund's assumed actuarial rate of 7.0 percent. On January 23, 2014, the Board approved a rate of no less than 10 percent effective January 1, 2014, for all alternative *local* investments. Shortly thereafter, the Board suspended the AIP. Currently, the GERS has three types of alternative investments: private equity, real estate, and member loans.

At July 31, 2021, the portfolio for Alternative Investment Program consisted of:

Private Equity

- Mesirow Financial Private Equity Fund (Limited Partnership)

Real Estate

- GERS Office Complexes on St. Thomas and St. Croix
- Undeveloped Land (Estates Hoffman/Nullyberg on St. Thomas and Estate Coakley Bay on St. Croix)
- Havensight Shopping Mall – St. Thomas

Member Loans (Personal and Mortgages) – Territory-wide

ACTUARIAL VALUATION

Title 3, Chapter 27, Section 718 (a) of the Virgin Islands Code mandates that the Government Employees' Retirement System of the Virgin Islands be financed on an "actuarial reserve basis".

An “**actuarial reserve basis**” generally means that the retirement benefits are funded during employee’s active years of employment so that by the time they retire, the benefits would have been fully funded in advance of their retirement date. The actuarial valuation, which is conducted by the System’s Actuary, determines the contribution rate necessary to meet the cost of benefits being accrued and a corresponding amount to pay down a portion of the unfunded liabilities. An actuarial valuation is performed to calculate the ADC and is based on the assumptions and methods adopted by the Board. For many years, the actual amounts contributed by the plan sponsors have not been based on the required ADC amounts. The amounts that were contributed by the Plan Sponsor have been significantly less than the required ADC. The October 1, 2020, actuarial valuation was received on August 11, 2021. A summary of the results is presented as Exhibit A. The full report will be provided to all senators and made public this week.

ANNUAL FINANCIAL AUDIT

The System’s fiscal year ending September 30, 2020, annual certified financial audit was issued on August 13, 2021. We are pleased to announce that the GERS FY 2020 certified financial audit received an unqualified (clean) opinion. All senators will receive a copy of the report.

NEW STRATEGIC PLAN 2021-2025 in Progress

GERS Renewed: Sustaining and Growing the Future Strategic Plan 2020. A Memorandum of Agreement has been executed with the University of The Virgin Islands – Center for Excellence, Leadership and Learning to be the facilitator.

STRATEGIC PLAN FIVE AREAS OF FOCUS (GOALS)

- Organizational Development
- Cross training and increase training opportunities
- Leverage internal talent
- Greater use of working teams
- Employee engagement / employee activities good faith bargaining

STAKEHOLDER ENGAGEMENT

Improve customer service and satisfaction

Aggressive media coverage

Increase communication and education to include financial planning and education and wellness

TECHNOLOGICAL AND INFRASTRUCTURAL ADVANCEMENT

Upgrade and strengthen infrastructure

Automate manual processes

Update software and hardware

Migrate to cloud-based solutions

FINANCIAL / FISCAL SUSTAINABILITY AND GROWTH

Consolidate resources

Reduce administrative costs

OPERATIONAL EFFICIENCY AND EXCELLENCE

Initiate cross agency collaboration

Streamline and revamp processes

Enhance member experience

CAPITAL PROJECTS

Improvements to aging infrastructure

Complete hurricane repairs

YEAR TO DATE FISCAL YEAR 2021

MAJOR ACCOMPLISHMENTS

- ✓ Cross trained across the agency to leverage internal talent
- ✓ Paid negotiated adjustments to staff
- ✓ Townhall meetings in conjunction with the Strategic Plan
- ✓ Newsletter distribution to members via constant contact
- ✓ Partnership with AARP on Financial Wellness seminars
- ✓ Continued to broadcast all board meetings on our YouTube Channel Live
- ✓ Implemented cloud-based back-up and V3 migration to the cloud
- ✓ Upgraded the server infrastructure
- ✓ Reduced administrative costs
- ✓ Completed 8 capital projects and hurricane repairs
- ✓ Received funding from FEMA for storm damage at GERS complexes and Havensight Mall
- ✓ Flexible remote work for employees for pandemic safety

MAJOR FISCAL YEAR 2022 GOALS

- ✓ Complete renovations / upgrades to Havensight due to Hurricanes Irma and Maria
- ✓ Complete capital projects to the GERS headquarters
- ✓ Make available the Tier II annual statements
- ✓ Continue to increase employee engagement and morale
- ✓ Increase cyber security

- ✓ Continue to streamline and automate processes
- ✓ Digitizing the office
- ✓ Improve on the customer service call center
- ✓ Submit legislation for consideration
- ✓ Update GERS website to be more engaging, user friendly and interactive
- ✓ Create a GERS update workshop to engage members and the community

CONCLUSION

Mr. Chairman, as we conclude, we invite the Subcommittee on GERS Restructuring, Solvency, and Economic Development to resume meeting with our team. We have provided a significant amount of information to include new legislation to make decisions on the sustainability of the System. This concludes our presentation. We are available to respond to questions that you may have.

EXHIBIT A

Valuation Results as of October 1, 2020

	October 1, 2019	October 1, 2020
Actuarial Accrued Liability (AAL)	\$5.09 Billion	\$5.11 Billion
Actuarial Value of Assets	\$0.68 Billion	\$0.58 Billion
Unfunded Actuarial Accrued Liability	\$4.41 Billion	\$4.53 Billion
Funded Percentage	13.3%	11.4%
Total Actuarially Determined Employer Contribution (ADEC)	\$365.8 Million	\$373.7 Million
ADEC as a % of Pay	91.6%	90.8%

The actuarial value of assets is the same as the market value of assets.

EXHIBIT B

Actuarially Determined Contributions (ADC)				EXHIBIT B
Audited Plan Year Ended September 30,	Actuarially Determined Contributions	Contributions Received	Contributions Due	% Contributed
1991	48,659,324	38,169,889	10,489,435	78.44%
1992	48,123,177	34,850,312	13,272,865	72.42%
1993	47,181,730	38,632,619	8,549,111	81.88%
1994	46,856,812	39,353,600	7,503,212	83.99%
1995	55,089,820	50,944,748	4,145,072	92.48%
1996	58,128,608	46,075,378	12,053,230	79.26%
1997	58,251,171	47,703,717	10,547,454	81.89%
1998	62,578,121	45,984,661	16,593,460	73.48%
1999	62,237,129	45,148,387	17,088,742	72.54%
2000	64,992,493	44,078,554	20,913,939	67.82%
2001	64,179,332	43,387,158	20,792,174	67.60%
2002	95,186,021	50,594,531	44,591,490	53.15%
2003	117,124,599	51,588,235	65,536,364	44.05%
2004	108,358,399	54,084,454	54,273,945	49.91%
2005	120,184,848	51,542,030	68,642,818	42.89%
2006	131,059,471	65,061,430	65,998,041	49.64%
2007	137,797,268	60,778,382	77,018,886	44.11%
2008	138,488,871	75,871,146	62,617,725	54.79%
2009	147,490,851	80,177,004	67,313,847	54.36%
2010	157,817,709	77,004,630	80,813,079	48.79%
2011	162,841,336	80,849,762	81,991,574	49.65%
2012	178,644,349	66,677,155	111,967,194	37.32%
2013	172,439,842	64,431,322	108,008,520	37.36%
2014	189,715,251	68,298,617	121,416,634	36.00%
2015	200,089,791	72,287,934	127,801,857	36.13%
2016	247,158,137	86,346,838	160,811,299	34.94%
2017	250,574,023	84,802,335	165,771,688	33.84%
2018	277,523,563	96,748,000	180,775,563	34.86%
2019	365,803,372	106,184,000	259,619,372	29.03%
2020	373,748,689	100,422,000	273,326,689	26.87%
Totals	\$ 4,188,324,107	\$ 1,868,078,828	\$ 2,320,245,279	
		6% Loss Investments	\$ 139,214,717	
		Balance Due	\$ 2,459,459,996	

EXHIBIT C

EMPLOYER CONTRIBUTIONS DUE FROM CENTRAL GOVERNMENT

	<u>District Court Ruling</u>	<u>Third Circuit Awarded</u>
Contributions 1991 - 2009	\$ 13,860,879	\$ 13,860,879
Contributions 2010 - 2018	5,000,000 *	5,000,000
Interest & Penalties 1991 - 2009	43,161,534	-
Interest & Penalties 2010 - 2018	<u>6,121,273</u>	<u>6,121,273</u>
Total	\$ 68,143,686	\$ 24,982,152
Less: GERS Received 2010-2018	<u>5,000,000 *</u>	<u>5,000,000</u>
	<u>\$ 63,143,686</u>	<u>\$ 19,982,152</u>
Act No. 8244 - FY 2020		1,000,000
Act No. 8244 - FY 2021		<u>10,000,000</u>
Due to GERS		<u>\$ 30,982,152</u>

EXHIBIT D

Market Rates of Return for the years ended September 30,



Average Market Rate of Return

	Time-Weighted	Dollar-Weighted
Current Assumption	4.0%	4.0%
2001-2020	6.0%	5.7%
2001-2007	7.8%	7.8%
2009-2020	6.3%	6.2%