

**AGENDA ITEM DETAILS**

**Subject:** Consideration of the 2022 Asset Liability Study

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**Background:**

ERS is conducting an Asset-Liability Study to evaluate the liquidity profile of the Trust, including the potential long-term effects of SB321 (including the advent of Group 4 on September 1, 2022) on the Trust's liquidity position and strategic asset allocation parameters. The goal of the Asset Liability Study is to examine carefully the long-term dynamics of Trust assets and liabilities, including how they interact over time to determine the financial status of the fund.

To do so, NEPC will incorporate projections of key long-term trends including benefit payments, contribution levels, pension liabilities, and asset growth. NEPC will use multiple models to evaluate the expected progress of liabilities and cash flows, which will in turn assess the suitability of the current asset allocation and its ability to balance long-term growth with the provision of liquidity to pay benefits.

ERS has provided NEPC with all of the initial information required to begin the asset liability study including the latest valuation report, recent actuarial projections, projected benefit payments, and contact information for the external actuarial consultants for ERS. The process began in April 2022 and NEPC will provide a draft set of findings to the Board during the May meeting and deliver a final report in August.

**STAFF RECOMMENDATION**

This agenda item is provided for informational and discussion purposes only. No action is required.

**ATTACHMENTS:**

1. Exhibit A – 2022 Asset Liability Study for ERS – Initial Draft
2. Slides – Asset Liability Study