

**Excerpts from 2020 Experience Review for the
Vermont State Employees Retirement System**

Full report available at:
https://www.vermonttreasurer.gov/sites/treasurer/files/VSERS/VSERS-reports/other-reports/14794%20-%20VSERS%20-%202020%20Experience%20Review_FINAL.pdf

Figure 1. Actuarial Assumptions of the System

Vermont State Employees' Retirement System

Overview: Actuarial Assumptions

<p>Economic</p> <ul style="list-style-type: none">• Inflation• Investment return• Salary increase• Payroll growth• COLA	<p>Demographic</p> <ul style="list-style-type: none">• Death after retirement• Death in active service• Retirement• Termination• Disability
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Actuaries make assumptions as to when and why a member will leave active service and estimate the amount, duration and present value of the pension benefits paid.


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Figure 2. Economic Assumptions

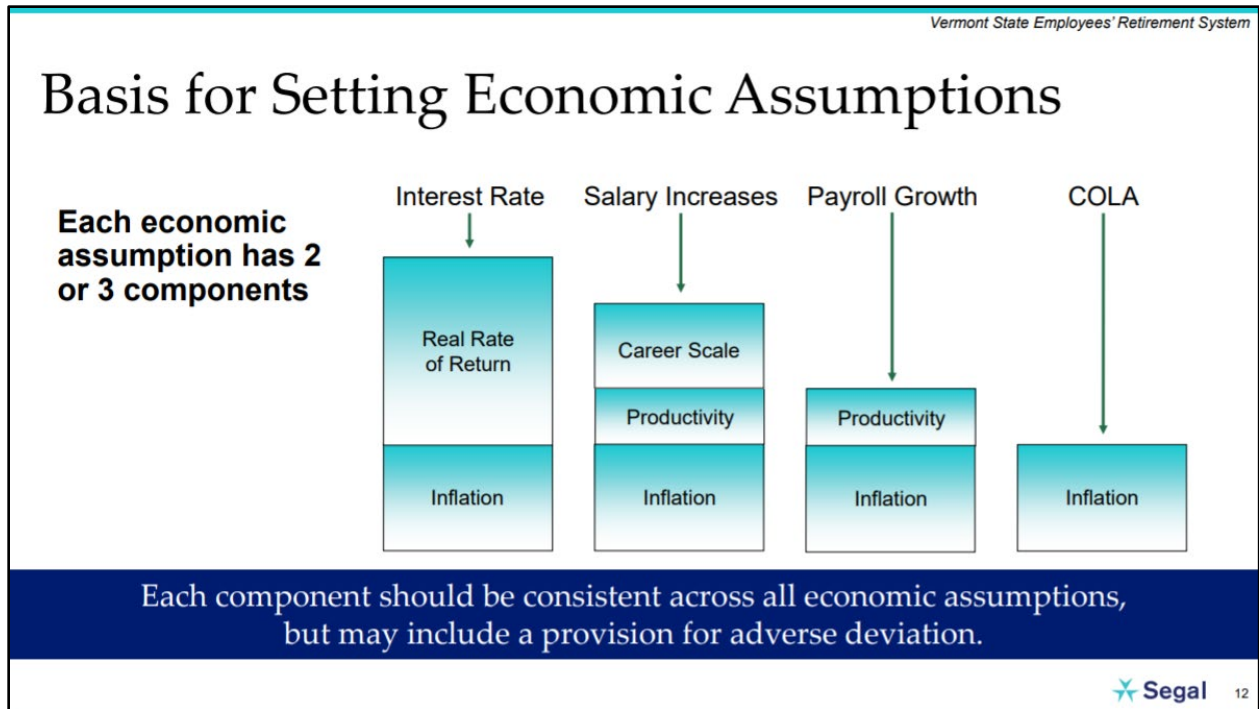


Figure 3. Real Rate of Return

Vermont State Employees' Retirement System

Geometric Real Rate of Return

	Asset Class	20-Year Horizon Annual Arithmetic Real Return	Target Allocation ¹	Weighted Real Return
Equity	US Large Cap	6.05%	11.63%	0.70%
	US Small Cap	7.23%	10.63%	0.77%
	International Developed	7.01%	14.59%	1.02%
	Emerging Markets	9.38%	6.15%	0.58%
	Private Equity	10.53%	10.00%	1.05%
Fixed/Alternative	US Core	2.17%	20.00%	0.43%
	International Debt Emerging	4.47%	4.00%	0.18%
	TIPS	1.40%	3.00%	0.04%
	Real Estate	5.65%	8.00%	0.45%
	Hedge Funds	4.32%	10.00%	0.43%
	Infrastructure	6.17%	2.00%	0.12%
	Total			100%
	Adjustment to Geometric			(0.54%)
	Geometric Real Rate of Return²			5.25%

¹ Several equity classes include a portion of the target allocation to Global Equity.
² Geometric Real Rate of Return is the compounded 50th percentile return over 20 years. Arithmetic returns represent the expected return for a single year. Geometric returns take into account year-over-year compounding over the 20 year period.

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Figure 4. Assumed Rate of Return Alternatives

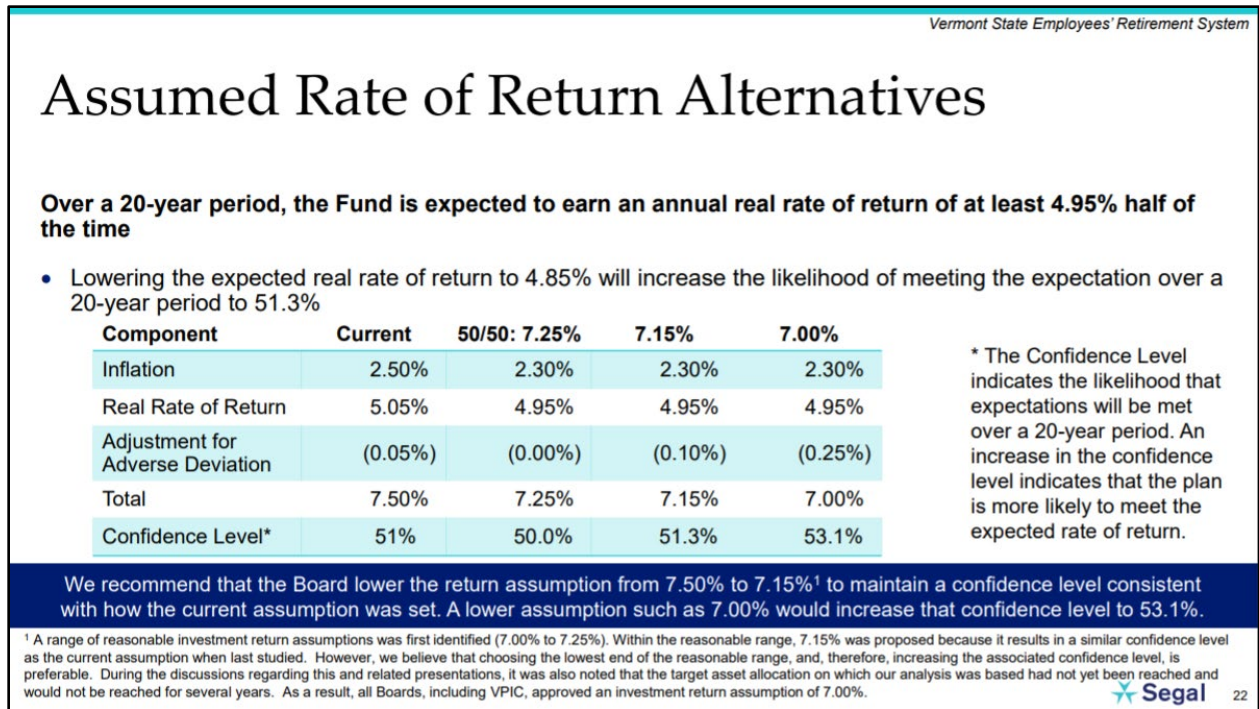


Figure 5. Cost of Assumption Changes

