

900 7th Street, NW, 2nd Floor
Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
Facsimile (202) 566-5000
E-mail: dcrb@dc.gov

CHAIRMAN'S REPORT

May 16, 2019

TOPIC	UPDATE
New Trustee	<p>First of all, I want to welcome new Trustee, Tracy S. Harris, who was sworn in as a mayoral appointee to the Board on April 9, 2019. Her term on the Board continues through January 27, 2023. Trustee Harris is the Chief Business Officer & Chief Financial Officer at the Bullis School. She previously served in senior financial positions with The BondFactor Company; the American Institute of Architects; Delon Hampton & Associates, and the Walter Washington Convention Center. You can find a more complete biography on DCRB's website.</p> <p>Trustee Harris succeeds former Trustee Lenda P. Washington, who served on the Board as a mayoral appointee from May 6, 2014 through January 27, 2019. I want to thank Trustee Washington for her service and her many contributions to the Board.</p>
New Trustee Orientation	Staff will provide a new trustee orientation for Trustee Tracy Harris later this month.
Reappointment of Trustee Michael Warren	Trustee Michael J. Warren was reappointed to the Board by the DC Council, effective January 28, 2019. Trustee Warren's term will continue through January 27, 2023. A copy of the reappointment resolution is attached for your information.
Trustee Honors and Awards	On April 28, 2019, Trustee Jan Adams was inducted into the Washington, D.C. Hall of Fame after receiving a Legacy Award for her professional accomplishments in Business. At the ceremony, Trustee Adams was also recognized for public service, civic engagement, and philanthropic efforts in support of 50 charitable foundations including the National Down Syndrome Foundation, USO, the Air Force Association, the Arena Stage, and the Disabled American Veterans of America.
Former Trustee Luncheon	I have asked the Staff to schedule a luncheon for former Trustees, so we can catch up with their recent activities and thank them for their long and dedicated service to the Board. You will receive an update as soon as we have a date selected.
Investment Committee Meeting Rescheduled to June	As a reminder, the Investment Committee meeting that was previously scheduled for this month, will be held at 10:00 a.m. on Thursday, June 20, 2019.
Colonial Parking "Chaser" Tickets	As noted last month, the new IBEW Building parking attendant, Colonial Parking, will provide "chaser" tickets, rather than validation stickers, which will be used for Trustee parking. When exiting the facility, parkers scan the ticket they pulled upon entering the garage, then once the charge for parking shows on the screen, they scan the chaser ticket, which shows a zero balance and the gate opens. Unfortunately, Colonial has not yet received the validation machine which generates the tickets. IBEW's administrative staff has advised that they will let us know when that machine is available for our use.

Other	<p>For your information:</p> <ul style="list-style-type: none"> ➤ <u>Next Board Meeting:</u> The next Board meeting will be held at 1 p.m. on Thursday, June 20, 2019. There will be no Board meeting during the months of July and August. ➤ <u>Quorum:</u> To assure that all meetings will have a quorum, DCRB's Office Management staff poll all Committee or Board members prior to the meetings to confirm attendance. ➤ <u>Construction:</u> While construction continues on the adjacent building, the garage entrance on 7th Street will remain closed. We will follow up with you when we learn of the date that it will reopen. ➤ <u>Remote Participation Voice Vote:</u> Since it is difficult to hear the votes of those participating remotely, I will specifically ask for a voice vote from anyone attending a meeting via telephone. <p>As a reminder:</p> <ul style="list-style-type: none"> ➤ <u>Conference Travel Report:</u> In accordance with a provision in the Trustee Travel Policy, following your attendance at a conference, Trustees are asked to complete a report describing what they learned at the conference and its benefit to the Board. Section 4 of the Conference Travel Report for Trustees and Staff provides space for you to list your ideas and insights gained at the conference. Trustees, who may not have completed their Reports for FY 2018, should provide them to Deborah Reaves as soon as possible. ➤ <u>Electronic Participation:</u> Notice should be provided to the Chairman and to Deborah Reaves if you plan to participate at a meeting electronically. The IT staff will provide WebEx information prior to every meeting. ➤ <u>Member Complaints:</u> Trustees who receive questions or complaints from members on issues administered by DCRB should contact the Executive Director and the Department Chief, who is responsible for the issue rather than departmental staff. ➤ <u>Use of DCRB-Provided iPads</u> DCRB-provided iPads should be used for official government purposes only. No pictures, media, apps, etc. should be loaded onto those devices. ➤ <u>Confidentiality</u> Trustees and staff should be vigilant in preserving the confidentiality of matters that come before the Board and the various committees. Any questions that might arise should be directed to the Board Chair/other Trustees or the Executive Director.
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EXECUTIVE DIRECTOR REPORT

May 16, 2019

Activities	Updates
Strategic Planning	Following our final meetings with Orion Development Group in March, DCRB's Executive Leadership Team (ELT) completed an updated mission statement and core values, which were presented to you as recommendations by the Operations Committee today. We will soon ask all of DCRB's staff to assist us in drafting a vision statement, which will be presented to you in June. A copy of the new Strategic Plan will also be provided to you once the ELT has drafted an Implementation Plan.
Treasury Offset Program (TOP) Update	In a telephone conversation on May 2, 2019, with Nancy Ostrowski, Director of U.S. Treasury's Office of DC Pensions, she indicated that she would be talking with Treasury management during the week of May 6, 2019, about exempting DCRB from the Treasury Offset Program (TOP). We will advise you of the results of that meeting as soon as we receive further information on its outcome.
Comprehensive Annual Financial Report (CAFR) for Fiscal Year (FY) 2018	The CAFR for the fiscal year ended September 30, 2018 has been completed. It was sent to the Government Finance Officers' Association (GFOA), posted to DCRB's website, and an electronic copy was emailed to Trustees on May 9, 2019.
Certificate of Achievement in Public Plan Policy (CAPPP) Update	DCRB held its second onsite training arranged by the International Foundation of Employee Benefit Plans (IFEBC) for Trustees, Staff and invited guests to earn the CAPPP certificate. Part I of the program was conducted on Thursday and Friday, April 25-26, 2019, and Part II was offered on Thursday and Friday, May 2-3, 2019. The IFEBC will mail Certificates of Achievement in Public Plan Policy to those who attended both parts of the program and passed the required examination. We are arranging for one of the CAPPP trainers to provide trustee training on governance best practices as part of a Board meeting agenda sometime in the fall.
DCRB Pay Scale Movement	DCRB will be updating the maximum pay point of its current salary schedule to keep pace with that of the District's Excepted Service schedule (pursuant to D.C. Code § 1-711(k)). This modification affects only the maximum pay points of the Agency's two highest pay grades (Grades 12 and 13). The adjustment (a 2% increase) will be implemented as soon as practicable and will move the maximum pay point from \$223,885 to \$228,363.
MOU With the Office of Contracts and Procurement (OCP)	On March 26, 2019, DCRB and the District's Office of Contracts and Purchasing (OCP) signed an MOU for OCP's provision of procurement services to DCRB for an initial contract period expiring September 30, 2020, and four (4) one-year options to extend. This agreement allowed DCRB to

	restart its procurement program last month. Under the MOU, OCP will assign two full-time procurement professionals to work onsite at DCRB.
Cyber Security and Privacy Awareness Training	In April 2019, all DCRB employees were required to complete training on cyber security and privacy awareness. This year, employees were provided with a cyber security course developed by the District Government, in place of the one they previously required that was developed by the Federal Government and was more suited to a federal environment.
Emerging/Diversity Manager Statistics Posted to DCRB Website	In our continuing effort toward greater transparency and education, statistics related to our Emerging/Diversity Manager program, as of January 31, 2019, were posted to DCRB's website (under Investments, then Investment Reports). As with most other such financial reports, we will update this information quarterly. A copy of the report is attached for your information.
Staffing	<p>New Hires:</p> <p>On April 15, 2019, Jennifer Willis joined the Benefits Department as a Member Services Representative. As a former Health Benefits Officer with the American Foreign Service Protective Association, Jennifer brings a wealth of knowledge and experience to this position.</p> <p>On April 29, 2019, Kimberly Woods joined DCRB as our Director of Risk and Investment Compliance, a newly created position within our Legal & Compliance Department. In this role, she will be focused on helping ensure that DCRB's investment program is managed within a "risk-management" framework, and adheres to both internal policies, as well as external regulations. Kimberly also will be collaborating with our Chief Investment Officer on various strategic investment initiatives.</p> <p>Departure:</p> <p>On April 5, 2019, Sebastian Podesta terminated his employment with DCRB. Sebastian worked initially in the Finance and Executive departments developing budgets, and most recently in IT.</p>
Recent Retirement-Related Articles (attached)	<p>"2019 Wilshire Consulting Report on State Retirement Systems: Funding Levels and Asset Allocation," Ned McGuire and Brice Shirimbere, <u>Wilshire Associates</u>, March 2019.</p> <p>"State and Local Government Spending on Public Employee Retirement Systems," Keith Brainard and Alex Brown, <u>NASRA Issue Brief</u>, March 2019.</p>

DCRB Interim Financial Report – March 31, 2019

Financial Review

DCRB's two basic financial statements, presented annually in the Comprehensive Annual Financial Report and in the annual Audited Financial Statements, are the [Statement of Fiduciary Net Position](#) and the [Statement of Changes in Fiduciary Net Position](#). The statement names follow the Government Accounting Standards Board, or GASB requirements. The Condensed and Combined Statements are presented here; these versions consolidate both funds for ease of review and comprehension.

The [Fiduciary Net Position](#) is a measure of DCRB's assets and liabilities at the close of the period. This specific report for March provides a snapshot of the assets and liabilities as of March 31, 2019, which is the end of the second quarter of fiscal year (FY) 2019. The Fiduciary Net Position increased to approximately \$8.3 billion, driven by increases in the value of investments. After a profoundly negative and volatile fourth quarter of 2018, market sentiment reversed course sharply for the first quarter of 2019. Investment sales receivable decreased from \$3.9 million in 2018 to \$1.2 million in 2019. These balances can fluctuate from period to period, based on the open trades and dates of settlement.

The [Changes in Fiduciary Net Position](#) statement shows revenues (additions) and expenses (deductions) that took place from the beginning of the fiscal year (October 1, 2018) through March 31, 2019. Additions to, or deductions from, the fiduciary net position—which are needed to finance statutory benefit obligations—come from several sources. They include the District (employer) contribution (which occurs once annually), employee contributions, net earnings (or losses) on investments, the U.S. Treasury payment (in the form of reimbursement of some administrative expenses), and miscellaneous sources. For the period ended March 31, 2019, total revenues were \$231,777, as compared to \$504,195 for the period ended March 31, 2018, and total deductions were \$109,138, as compared to \$102,878 through March 31, 2018.

DCRB Condensed and Combined Statements of Fiduciary Net Position

As of March 31, 2019, with comparative totals for 2018
(Dollar amounts in thousands)

	2019	2018
Assets		
Cash and short-term investments	\$ 74,027	\$ 22,417
Receivables	834	2,699
Investment sales receivable	1,212	3,999
Investments, at Fair Value	8,261,966	8,148,565
Total assets	8,338,039	8,177,680
Liabilities		
Accounts payable	7,540	9,810
Investment commitments payable	7,984	11,512
Total liabilities	15,524	21,322
Net position restricted for pensions	\$ 8,322,515	\$ 8,156,358

DCRB Condensed and Combined Statements of Changes in Fiduciary Net Position

(Dollar amounts in thousands)

	2019	2018
Additions		
District Government	\$ 144,627	\$ 164,642
Plan member contributions	33,345	29,764
Net investment income (loss)	53,802	307,843
Other income	3	1,946
Total additions (reductions)	231,777	504,195
Deductions		
Benefit payments	98,652	90,620
Refunds	4,364	4,564
Administrative expenses	6,122	7,694
Total deductions	109,138	102,878
Net increase (decrease)	\$ 122,639	\$ 401,317
Net position restricted for pensions benefits:		
Beginning of fiscal year	8,199,876	7,755,041
End of period (March)	\$ 8,322,515	\$ 8,156,358

Financial Review - continued

Administrative Expenses – In carrying out its mission, DCRB incurs administrative expenses. These expenses, made up of personal services and non-personal services, support the DCRB operations that are managed in accordance with our fiduciary responsibilities and relevant legal authorities. The projects and initiatives in progress, across all departments (Trustees, Executive, Benefits, Investments, Operations/Finance, Information Technology, and Projects (Projects will be eliminated in FY 2020) are undertaken to support this mission. The expenses of all departments are shown in the table below. In some cases, certain line-item expenses only occur in one or two departments, such as investment-related expenses, audit costs, actuarial fees and legal fees paid to external vendors.

Notes:

Telephone – Savings realized starting in October, due to the installation of the new telephone system.

Professional fees – lower costs incurred to date in several departments, especially in the IT and Projects departments.

Audit costs – FY 2019 includes payments made related to the IT Audit for expenses that did not occur in FY 2018. The audit costs in FY 2018 only included the expense for the financial auditor.

Actuary – there are timing differences in billing and payment; we received a few invoices in April 2019 that, when reflected in the numbers, will bring the total expenses more in line with FY 2018.

DCRB - Supplementary Information

Schedules of total administrative expenses

	2019	2018
Personal services		
Salaries	\$ 2,708,786	\$ 2,925,606
Fringe benefits	632,266	818,559
Total personal services	3,341,052	3,744,165
Non-personal services		
Office supplies, printing and postage	43,777	76,961
Telephone	22,040	45,433
Rent and operating expenses	1,018,819	1,055,642
Travel, Transit and Parking	72,017	72,100
Professional fees	492,334	1,478,305
Insurance	146,627	148,879
Dues & memberships	33,321	33,369
Audit costs	112,750	52,000
Actuarial fees	121,031	97,957
Legal fees - external	212,234	236,865
Investment-related fees	7,444,405	7,401,728
Retirement system maint fees (STAR)	900,113	930,419
Furniture, fixtures and equipment	43,236	128,315
Total non-personal services	10,662,704	11,757,973
Total administrative expenses	\$ 14,003,756	\$ 15,502,138



WILSHIRE ASSOCIATES

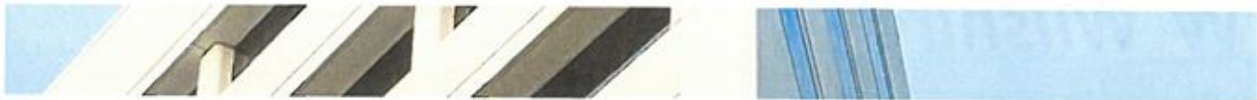
Wilshire Consulting



2019 Wilshire Consulting Report on
State Retirement Systems:
Funding Levels and Asset Allocation

- **Ned McGuire, FSA, CFA, FRM, Managing Director**
Brice Shirimbere, Senior Associate
Wilshire Associates Incorporated
1299 Ocean Avenue, Suite 700
Santa Monica, CA 90401
Phone: 310-451-3051
contactconsulting@wilshire.com

March 2019



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FINANCIAL OVERVIEW

This is Wilshire's twenty-third annual Report on State Retirement Systems: Funding Levels and Asset Allocation, which reports the aggregate funded status of over 100 U.S. state-sponsored defined benefit retirement systems.

The Data

Financial data on public retirement systems historically have lacked the timeliness and uniform disclosure governing pension plans sponsored by publicly traded companies, making it difficult to conclude a study with data that are both current and consistent across systems. For this reason, our study methodology involves collecting data during the first one and a half months of each calendar year with the objective of acquiring as many reports as possible with a June 30 valuation date from the previous year. Even for systems with the desire to report in a timely manner, it often takes six months to a year for actuaries to determine liability values. One hundred six (106) of the 134 systems surveyed reported actuarial values on or after June 30, 2018.

This study reports on the aggregate Total Pension Liability (TPL) values used for financial reporting under the accounting and financial reporting standards for state and local governments: Governmental Accounting Standards Board Statements No. 67 and 68 (GASB 67/68). Through these Statements, GASB and the financial industry have taken major steps to increase transparency and comparability of pension plan accounting. GASB's Statement 67, "Financial Reporting for Pension Plans", impacts the annual pension reporting for plans as of June 2014; Statement 68, "Accounting and Financial Reporting for Pensions", impacts the annual pension reporting for the employers contributing into government agency-sponsored pensions, and applies to employers' financial reporting starting in June 2015.

Funded Ratio

This year's report is based on the financial statements reported by these state plan sponsors as of their last fiscal year ends – June 30, 2018 is the most frequent measurement date for plans in this year's report. Wilshire estimates that the aggregate funded ratio was 72.2% at fiscal year-end 2018, which represents an increase of 1.7% from the end of FY 2017 creating two consecutive years of aggregate funded ratio increases.

Exhibit 1 shows the aggregate reported funded status, asset, liability and surplus/deficit values over the past six fiscal years.

Exhibit 1: Funded Ratio History



Wilshire estimates that the aggregate Total Pension Liability (TPL) increased to \$4,278 billion as of fiscal year 2018, up over three percentage points from \$4,141 as of fiscal year end 2017. Despite the increase in aggregate TPL, the aggregate shortfall is estimated to have decreased by \$33 billion to \$1,190 billion from \$1,223. This decline in the aggregate shortfall is the result of the nearly six percentage point increase in aggregate assets to \$3,088 billion from \$2,918 billion. The estimated aggregate value is the highest since Wilshire began reporting on state retirement system funding levels.

Attribution of Changes in Funding

Exhibit 2 shows the components of aggregate annual change in TPL and Plan Fiduciary Net Position (\$, Billions).

Exhibit 2: Changes in Asset and Liability Values

	(\$, Billions)	% of BoY
Total Pension Liability, BoY	\$ 4,141.3	
Service Cost	79.3	1.91%
Interest Cost	291.7	7.04%
Benefit Payments	(231.7)	-5.60%
Actuarial (Gains)/Losses	8.8	0.21%
Other	(11.7)	-0.28%
Total Pension Liability, EoY	\$ 4,277.7	3.29%
Plan Fiduciary Net Position, BoY	\$ 2,917.9	
Total Contributions	141.9	4.86%
Actual Return on Assets	258.8	8.87%
Benefit Payments	(231.7)	-7.94%
Other	0.7	0.02%
Plan Fiduciary Net Position, EoY	\$ 3,087.5	5.81%

Liabilities

Wilshire estimates that the aggregate Total Pension Liability (TPL) increased to \$4,277.7 billion as of fiscal year end 2018 up more than 3% from \$4,141.3 as of fiscal year end 2017. The two largest factors of the annual increase in aggregate TPL were continued annual benefit accruals, i.e. service cost and interest cost.

- Service Cost, or continued annual benefit accruals, is estimated to have increased the TPL by 1.91%.
- Interest cost is similar to time value of money and is approximately equal to the discount rate as a percentage of the beginning of year TPL. The increase due to interest cost is estimated to be 7.04% for fiscal year-end 2018.
- Benefit payments are estimated to have decreased the TPL by -5.60%.
- Actuarial losses and "Other" in aggregate marginally decreased the TPL by -0.07%.

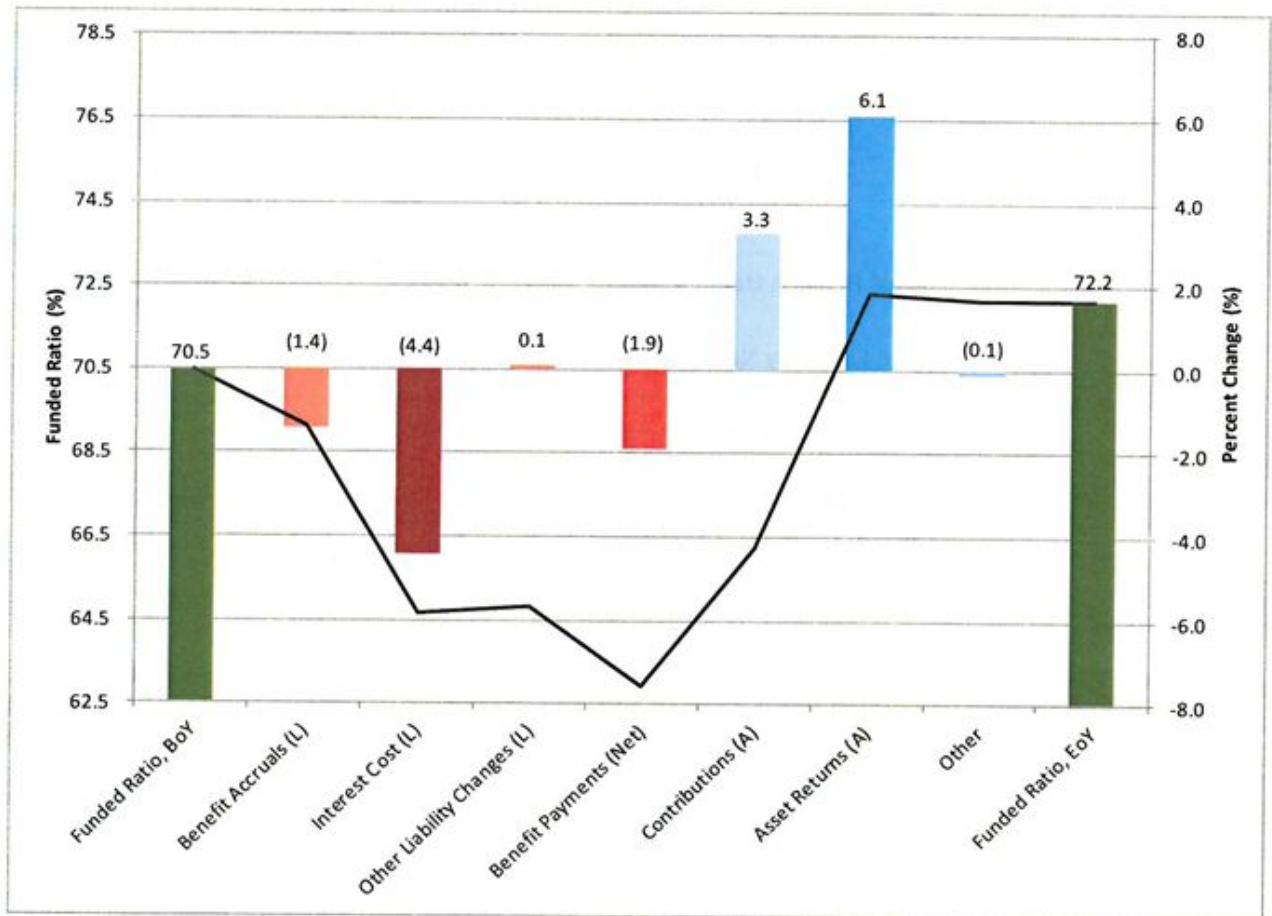
Assets

Wilshire estimates that the aggregate assets increased to \$3,087.5 billion as of fiscal year end 2018, an increase of close to 6% from \$2,917.9 billion as of fiscal year end 2017. Continued robust investment returns and contributions drove asset values higher for the year.

- Contributions increased the asset value by 4.86% for the year with nearly 30% coming from plan participants.
- Investment income increased the asset value by 8.87% for the year.
- Benefit payments are estimated to have decreased the asset value by -7.94%.
- "Other" items are expected to have marginally increased the asset value by 0.02%.

Exhibit 3 shows the components of aggregate change in TPL and Plan Fiduciary Net Position from Exhibit 2 and their relative impact on funded status change during the fiscal year.

Exhibit 3: Changes in Annual Funded Ratio



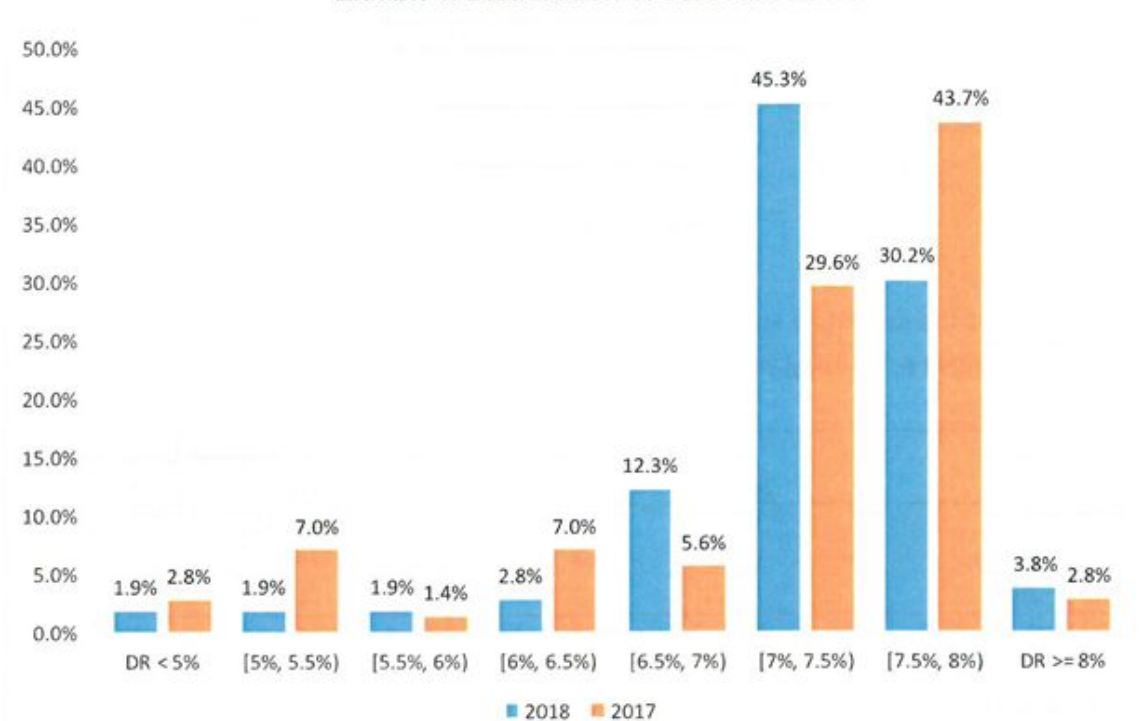
Benefit accruals and interest cost decreased the funded ratio by nearly six percentage points which was more than offset by total contributions and asset returns which increased the funded ratio by over nine percentage points.

Discount Rates

The discount rate represents the expected long-term rate of return on invested plan assets used to calculate the liability value (present value of a stream of projected benefit payments). Discount rates have trended lower over the past several years. Nearly half of this year's study plans lowered their discount rate. The range for discount rates this year is 3.95% to 8.00% with a median of 7.25%, which is the same as last year. For plans projected to run out of assets, GASB 67/68 requires a downward adjustment to the discount rate based on a mandated projection methodology.

Exhibit 4 shows the distribution of discount rates used to calculate the TPL.

Exhibit 4: Distribution of Discount Rates



Pension Plan Asset Allocation

Exhibit 5 shows the aggregate asset allocation for State Retirement Systems.

Exhibit 5: Aggregate Asset Allocation

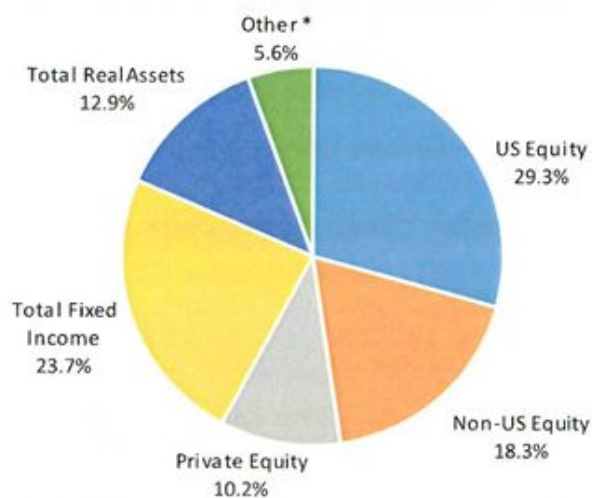


Exhibit 6 examines the change in aggregate asset allocation over the last ten years.

Exhibit 6: Change in Aggregate Asset Allocation for State Pension Plans

Equity	2008	2013	2018	Change in Exposure		
				08-13	13-18	08-18
U.S. Equity	38.1 %	28.2 %	29.3 %	-9.9 %	1.1 %	-8.8 %
Non-U.S. Equity	18.8	20.4	18.3	1.6	-2.1	-0.5
Private Equity	5.6	9.2	10.2	3.6	1.0	4.6
Equity Subtotal	62.5	57.9	57.8	-4.6	-0.1	-4.7
Total Fixed Income	27.6	23.7	23.7	-3.9	0.0	-3.9
Total Real Assets	5.9	7.2	12.9	1.3	5.7	7.0
Other *	4.0	11.2	5.6	7.2	-5.6	1.6
Return **	6.7	6.8	7.1	0.1	0.3	0.4
Risk **	11.8	11.4	12.0	-0.4	0.6	0.3

Over the past ten years, the total allocation to equity has declined by nearly five percentage points. Interestingly, the allocation to private equity has increased by over four and a half percentage points with the allocation to U.S. Equity declining by nearly nine percentage points. The other significant change has been the increased allocation to total real assets such as real estate.

* Other refers to any other asset class for example Hedge Funds and Commodities.

** Return and Risk are based on Wilshire Consulting's current asset class assumptions (Exhibit 7).

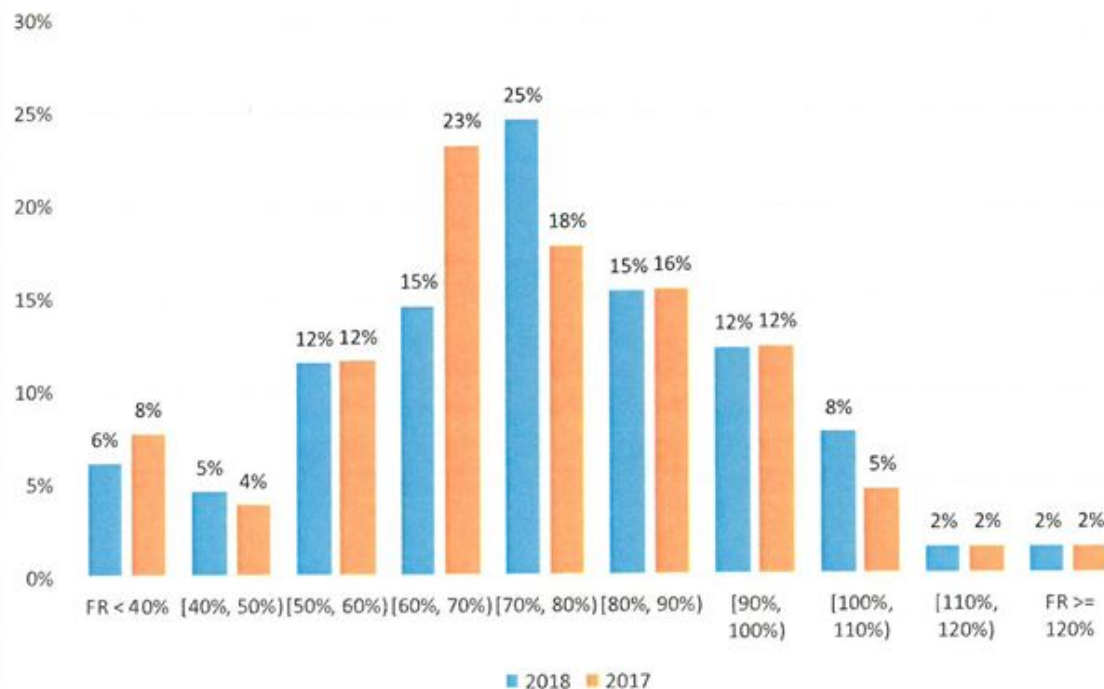
Exhibit 7 shows Wilshire's current long-term return and risk assumptions.

Exhibit 7: Wilshire's December 2018 Capital Market Assumptions

	Expected Return		Risk
	10-Year	30-Year	
U.S. Equity	7.00 %	7.70 %	17.00 %
Non-U.S. Equity	7.75	8.10	18.80
Private Equity	10.05	10.60	28.00
Fixed Income	3.85	4.80	5.15
Real Assets	6.65	7.55	14.00

We conclude the report with Exhibit 8, which shows the distribution of funded ratios over the past two years. The biggest year-over-year change was the increase in plans with funded ratios between 70 and 80 percent.

Exhibit 8: Distribution of Funded Ratios



Appendix: Funded Ratio History

This appendix shows the aggregate reported funded status, asset, liability and surplus/deficit values over the past thirteen (13) fiscal years.



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WILSHIRE ASSOCIATES

Wilshire Consulting



2019 Wilshire Consulting Report on State Retirement Systems: Funding Levels and Asset Allocation

- **Ned McGuire, FSA, CFA, FRM, Managing Director**
Brice Shimbere, Senior Associate
Wilshire Associates Incorporated
1299 Ocean Avenue, Suite 700
Santa Monica, CA 90401
Phone: 310-451-3051
contactconsulting@wilshire.com

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Benefit Payments	(231.7)	-7.94%
Other	0.7	0.02%
Plan Fiduciary Net Position, EoY	\$ 3,087.5	5.81%

Liabilities

Wilshire estimates that the aggregate Total Pension Liability (TPL) increased to \$4,277.7 billion as of fiscal year end 2018 up more than 3% from \$4,141.3 as of fiscal year end 2017. The two largest factors of the annual increase in aggregate TPL were continued annual benefit accruals, i.e. service cost and interest cost.

- Service Cost, or continued annual benefit accruals, is estimated to have increased the TPL by 1.91%.
- Interest cost is similar to time value of money and is approximately equal to the discount rate as a percentage of the beginning of year TPL. The increase due to interest cost is estimated to be 7.04% for fiscal year-end 2018.
- Benefit payments are estimated to have decreased the TPL by -5.60%.
- Actuarial losses and "Other" in aggregate marginally decreased the TPL by -0.07%.

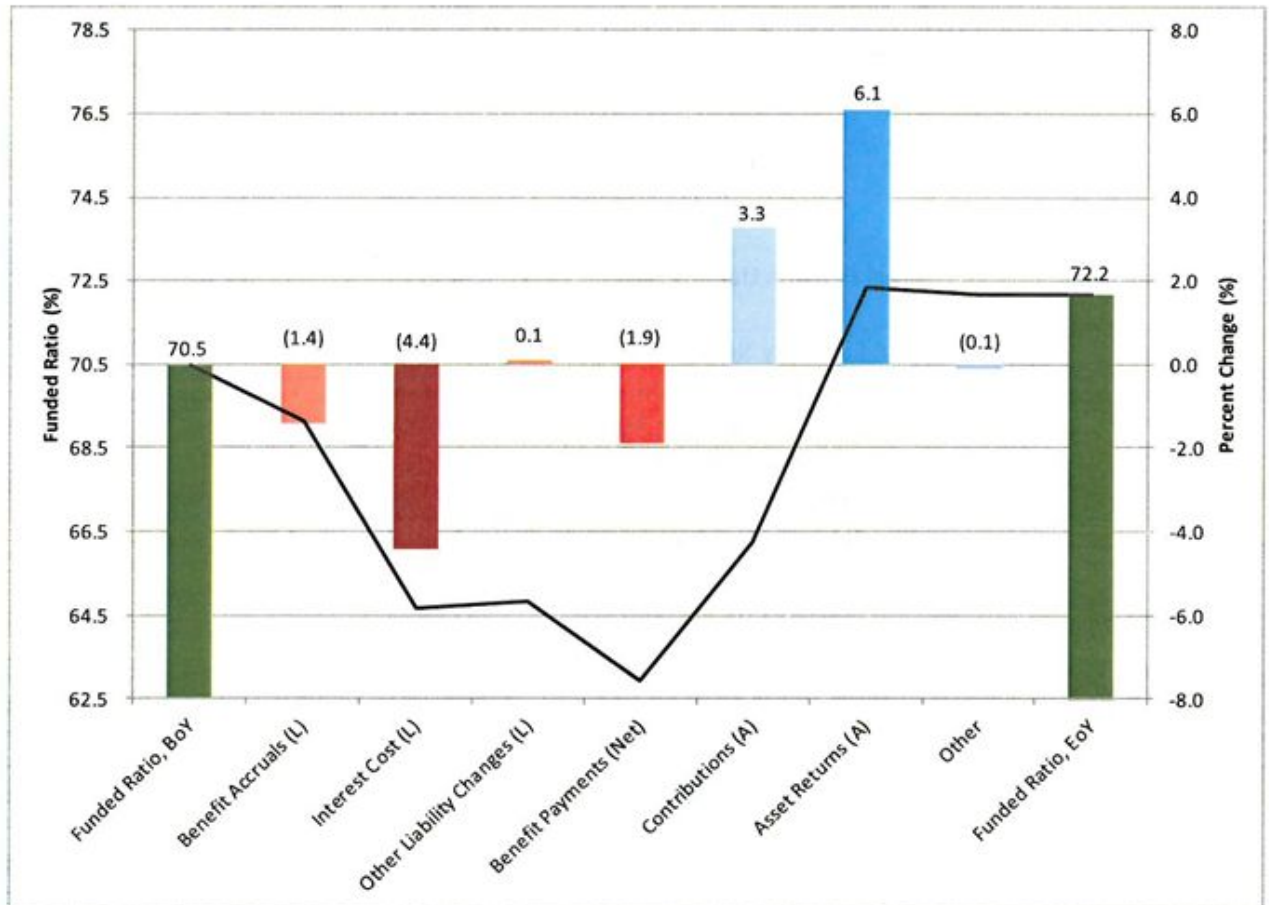
Assets

Wilshire estimates that the aggregate assets increased to \$3,087.5 billion as of fiscal year end 2018, an increase of close to 6% from \$2,917.9 billion as of fiscal year end 2017. Continued robust investment returns and contributions drove asset values higher for the year.

- Contributions increased the asset value by 4.86% for the year with nearly 30% coming from plan participants.
- Investment income increased the asset value by 8.87% for the year.
- Benefit payments are estimated to have decreased the asset value by -7.94%.
- "Other" items are expected to have marginally increased the asset value by 0.02%.

Exhibit 3 shows the components of aggregate change in TPL and Plan Fiduciary Net Position from Exhibit 2 and their relative impact on funded status change during the fiscal year.

Exhibit 3: Changes in Annual Funded Ratio



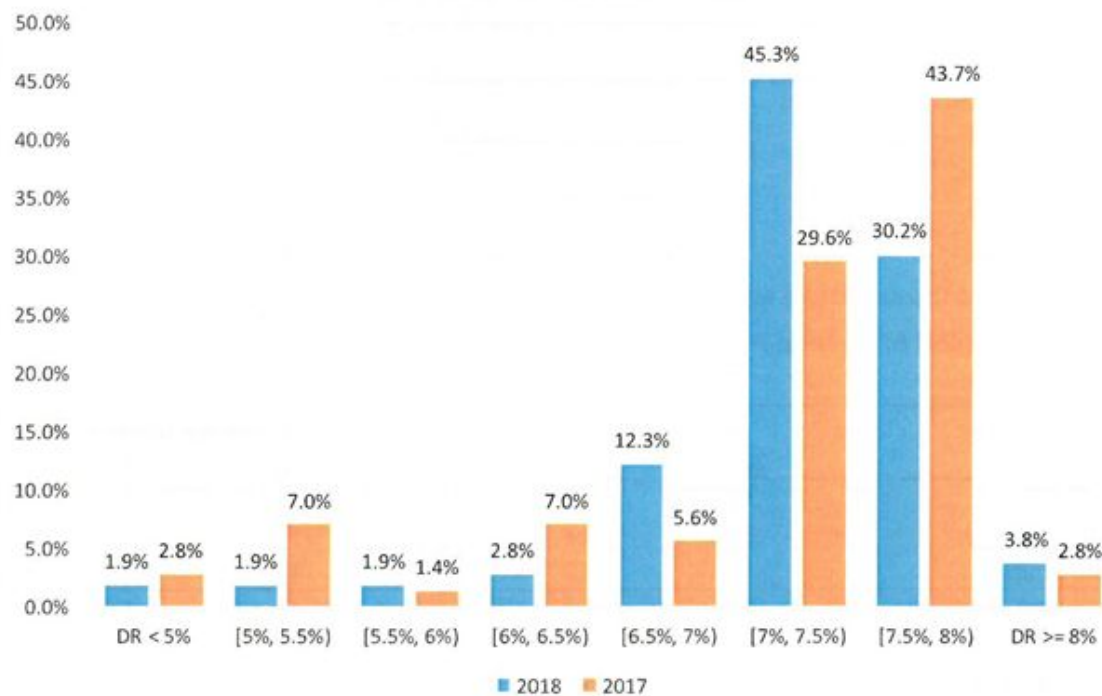
Benefit accruals and interest cost decreased the funded ratio by nearly six percentage points which was more than offset by total contributions and asset returns which increased the funded ratio by over nine percentage points.

Discount Rates

The discount rate represents the expected long-term rate of return on invested plan assets used to calculate the liability value (present value of a stream of projected benefit payments). Discount rates have trended lower over the past several years. Nearly half of this year's study plans lowered their discount rate. The range for discount rates this year is 3.95% to 8.00% with a median of 7.25%, which is the same as last year. For plans projected to run out of assets, GASB 67/68 requires a downward adjustment to the discount rate based on a mandated projection methodology.

Exhibit 4 shows the distribution of discount rates used to calculate the TPL.

Exhibit 4: Distribution of Discount Rates



Pension Plan Asset Allocation

Exhibit 5 shows the aggregate asset allocation for State Retirement Systems.

Exhibit 5: Aggregate Asset Allocation

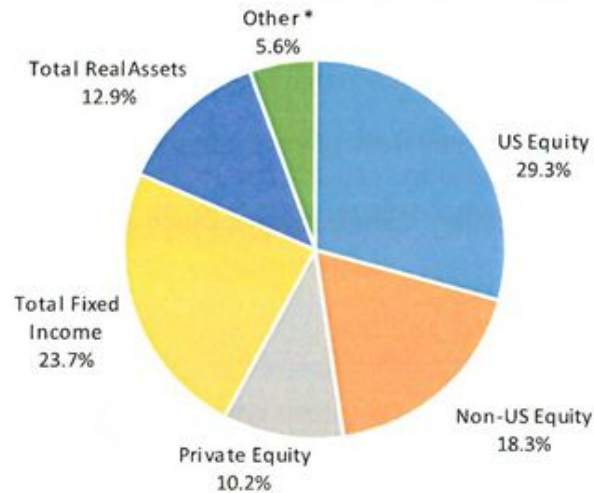


Exhibit 6 examines the change in aggregate asset allocation over the last ten years.

Exhibit 6: Change in Aggregate Asset Allocation for State Pension Plans

Equity	2008	2013	2018	Change in Exposure		
				08-13	13-18	08-18
U.S. Equity	38.1 %	28.2 %	29.3 %	-9.9 %	1.1 %	-8.8 %
Non-U.S. Equity	18.8	20.4	18.3	1.6	-2.1	-0.5
Private Equity	5.6	9.2	10.2	3.6	1.0	4.6
Equity Subtotal	62.5	57.9	57.8	-4.6	-0.1	-4.7
Total Fixed Income	27.6	23.7	23.7	-3.9	0.0	-3.9
Total Real Assets	5.9	7.2	12.9	1.3	5.7	7.0
Other *	4.0	11.2	5.6	7.2	-5.6	1.6
Return **	6.7	6.8	7.1	0.1	0.3	0.4
Risk **	11.8	11.4	12.0	-0.4	0.6	0.3

Over the past ten years, the total allocation to equity has declined by nearly five percentage points. Interestingly, the allocation to private equity has increased by over four and a half percentage points with the allocation to U.S. Equity declining by nearly nine percentage points. The other significant change has been the increased allocation to total real assets such as real estate.

* Other refers to any other asset class for example Hedge Funds and Commodities.

** Return and Risk are based on Wilshire Consulting's current asset class assumptions (Exhibit 7).

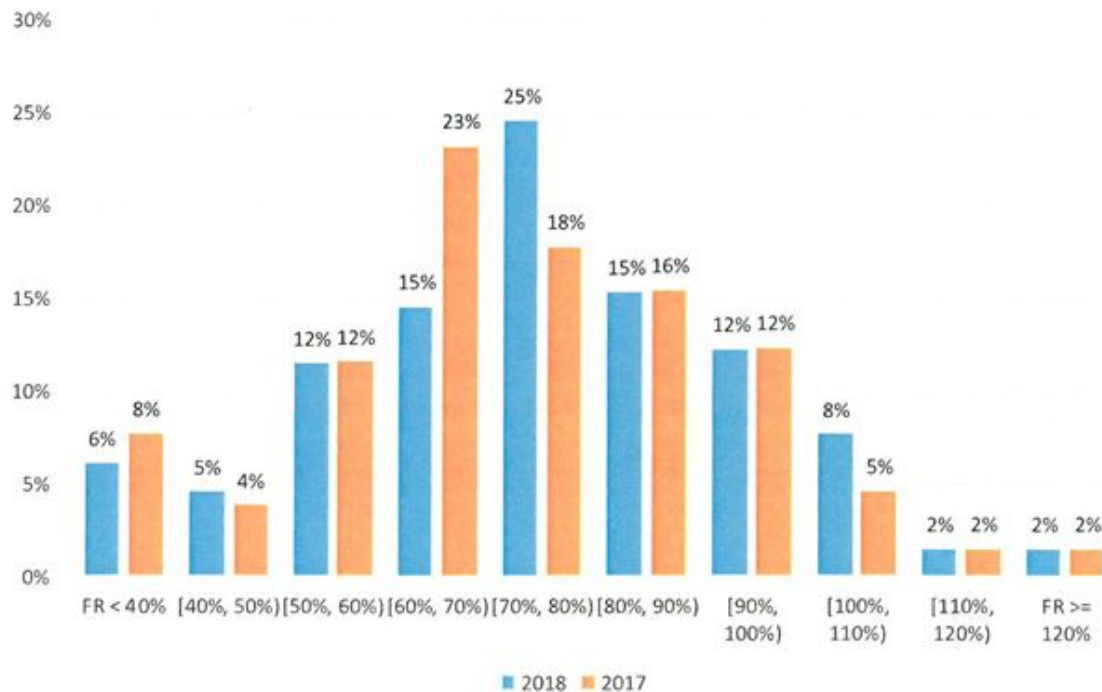
Exhibit 7 shows Wilshire's current long-term return and risk assumptions.

Exhibit 7: Wilshire's December 2018 Capital Market Assumptions

	Expected Return		Risk
	10-Year	30-Year	
U.S. Equity	7.00 %	7.70 %	17.00 %
Non-U.S. Equity	7.75	8.10	18.80
Private Equity	10.05	10.60	28.00
Fixed Income	3.85	4.80	5.15
Real Assets	6.65	7.55	14.00

We conclude the report with Exhibit 8, which shows the distribution of funded ratios over the past two years. The biggest year-over-year change was the increase in plans with funded ratios between 70 and 80 percent.

Exhibit 8: Distribution of Funded Ratios



Appendix: Funded Ratio History

This appendix shows the aggregate reported funded status, asset, liability and surplus/deficit values over the past thirteen (13) fiscal years.



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NO WRITTEN REPORT

**NO COMMITTEE MEETING WAS HELD THIS
MONTH**

WILL BE PROVIDED AT THE MEETING.

900 7th Street, NW, 2nd Floor
 Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
 Facsimile (202) 566-5001
 E-mail: dcrb@dc.gov

TO: BOARD OF TRUSTEES

FROM: MARY COLLINS, CHAIR

DATE: MAY 16, 2019

SUBJECT: BENEFITS COMMITTEE REPORT

The Benefits Committee met on Tuesday, May 7, 2019. The following report reflects matters discussed at the Committee meeting, as well as activities and projects that occurred since the March 2019 Board meeting.

Annuitant Verification Project

Staff mailed verification letters to a selected 1,126 annuitants in the fall of 2018. Benefits staff are in the process of contacting the 119 non-responders.

Disability Earned Income Verification Project

DCRB staff has discussed the annual earned income review provisions with the Plan Sponsor. To determine the cost of any changes, DCHR has asked that our actuary conduct an analysis of those that have been proposed.

Lateral Transfer Arbitration

Stemming from a July 13, 2018 MPD arbitration award, MPD is working with DCRB's actuary to provide purchase of lateral service estimates for approximately 145 police officers.

Treasury's Request for Recalculation of Original Annuity

DCRB will continue to discuss with Treasury the impacts of reviewing original annuity calculations with Federal and split liabilities, which include member indebtedness, reduction of existing annuities, and additional processing times.

Teachers' Retirement Plan Charter School Audit

The District's Office of Finance and Treasury will be conducting an external audit of the participation of certain former DCPS employees in the Teachers Retirement Plan upon their joining a charter school. Study results will be shared with DCRB.

Benefits Department Monthly Statistics

Activity	February	March
Retirement Claims Received	254	304
Processed Retirements	121	131
Average Days (Calendar) for Retirees to Receive First Payment	87	71

900 7th Street, NW, 2nd Floor
Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
Facsimile (202) 566-5001
E-mail: dcrb@dc.gov

TO: BOARD OF TRUSTEES
FROM: LYLE BLANCHARD, CHAIRMAN
DATE: MAY 16, 2019

SUBJECT: LEGISLATIVE COMMITTEE REPORT

The following report reflects activities of interest since the February Board Meeting:

HEARINGS

The Committee of the Whole has marked up DCRB's budget for Fiscal Year 2020 and is scheduled to conduct its vote on Tuesday, May 14, 2019 at 1350 Pennsylvania Ave., NW, Room 500, Washington, D.C., 20004.

COUNCIL OF THE DISTRICT OF COLUMBIA

IRS Notice 2019-18, "Retiree Lump-Sum 'Windows' (De-Risking)"

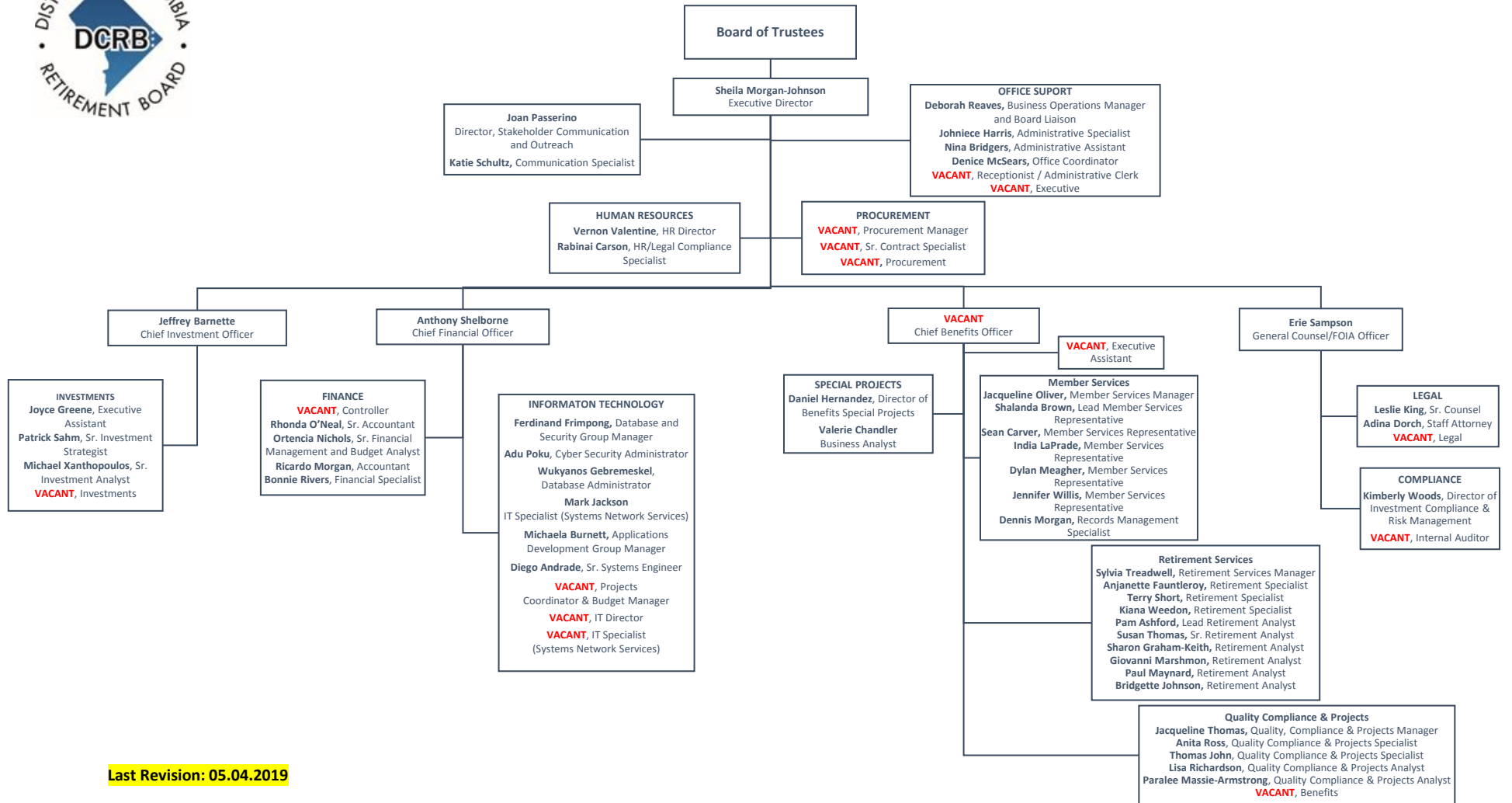
Treasury Department and IRS will not amend minimum required distribution (RMD) regulations to prohibit retiree lump-sum "windows" in defined benefit plans or that including such a "window" would cause a plan to violate Internal Revenue Code section 401(a)(9). The IRS will continue to evaluate whether such retiree lump-sum "windows" satisfy other Code sections – including 401(a)(4) (nondiscrimination rules), 411 (non-forfeiture requirement), 415 (benefit limitations), 417 (spousal protections), and 436 (funding-based benefit restrictions). The IRS will not issue future private letter rulings on retiree lump-sum "windows."

NO WRITTEN REPORT

**NO COMMITTEE MEETING WAS HELD THIS
MONTH**



The District of Columbia Retirement Board (DCRB)



Last Revision: 05.04.2019

Board Meeting - Additional Materials

DC RETIREMENT BOARD Conference Listing May 15, 2019					
Sponsor	Name of Conference	Date	Location	Cost	Description
International Foundation of Employee Benefit Plans (IFEBCs)	CAPPP in Employee Pensions- Part I and II	Part I-June 18-19, 2019 Part II- June 20-21, 2019	Boston, MA	Registration thru May 9, 2019 \$1,150	The Certificate of Achievement in Public Plan Policy (CAPPP) program is ideal for enhancing your understanding of the fundamental areas of public sector benefit plans. Provides essential education for new trustees as well as attendees in need of a refresher that addresses core concepts and current trends in legal, legislative, plan design and fiduciary aspects of public sector benefit plans.
	Public Employee Benefits Institute	June 24-26, 2019	San Francisco, CA	Registration thru May 13, 2019 \$1,515	The Public Employee Benefits Institute is designed to address benefit topics most critical to public plans and share ideas and discuss important issues with your peers.
	Fraud Prevention Institute for Employee Benefit Plans	July 15-16, 2019	Chicago, IL	Registration thru June 3, 2019 \$1,250 After \$1,550	The sessions provides information to organizations who are responsible for having the tools necessary to prevent things such as cyberattacks, data breaches and claims fraud. By attending this conference, those who work with benefits information in the United States and Canada will participate in breakout sessions, get questions answered and take home practical tools and resources to minimize and prevent fraud.
	Wharton School and International Foundation Partnership (International and Emerging Market Investing)	July 22-24, 2019	San Francisco, CA	Registration thru June 10, 2019 \$4,155 After \$4,455	The 2-1/2 day specialty program is designed to provide insight into the global marketplace to those who already have a solid grasp on basic investment topics. Also, discover investment opportunities and risks of international and emerging countries and how to navigate these risks.
	65th Annual Employee Benefits Conference	October 20-23, 2019	San Diego, CA	Registration thru September 8, 2019 \$1,595 After \$1,895	This must-attend event offers you the opportunity to network with your peers, be surrounded by industry experts and learn the latest in the industry so you can make the most informed decisions on behalf of your funds. The topics range from legal and legislative to health and welfare to retirement security.
Mid-Atlantic Plan Sponsors	2019 Annual Trustee Education Conference	June 5-7, 2019	Baltimore, MD	Registration \$100	The Annual Trustee Education Conference provides its members-public pension trustees, administrators, and service providers the opportunity to exchange ideas. Also, provides information to enhance professional development and awareness of industry trends and pension fund planning.

Board Meeting - Additional Materials

DISTRICT OF COLUMBIA RETIREMENT BOARD					
Training & Travel Report					
As of May 15, 2019					
Name	Description	Sponsor/Vendor	Location	Dates	
				From	To
Trustees					
Jan Adams	Education	International Foundation of Employee Benefit Plans	Washington, DC	04/25/19	04/26/19
Mary Collins	Education	Certificate of Achieve in Public Plan Policive (CAPPP) Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Denise Daniels	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Tracy Harris	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Gregory Pemberton	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Staff					
Jeffrey Barnette	Due Diligence	GEM Realty Partners & Harrison Street Real Estate	Chicago, IL	04/02/19	04/02/19
	Workshop	CEM Investment Benchmarking Client Workshop	Toronto, ON	04/02/19	04/04/19
	Meeting/Due Diligence	Kelso and Odyssey's Annual Meeting and Rockwood Capital and Wellspring Capital Due Diligence	New York, NY	04/23/19	04/24/19
	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Shalanda Brown	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Adina Dorch	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Joyce Green	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Johniece Harris	Training	National Seminars Training	Washington, DC	04/24/19	04/24/19
	Education	(Advanced Training for Microsoft Excel)			
		CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Bridgette Johnson	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Giovanni Marshmon	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Paralee Massie-Armstrong	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Denice McSears	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
Dylan Meagher	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Sheila Morgan-Johnson	Conference	ILPA Private Equity Legal Conference	Arlington, VA	04/02/19	04/03/19
Ortencia Nichols	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Jacqueline Oliver	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Deborah Reaves	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Lisa Richardson	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Patrick Sahn	Conference	Private Investments Summit and Rockwood Capital 2019 Annual Investor Conference	New York, NY	03/26/19	03/28/19
	Due Diligence	GEM Realty Partners & Harrison Street Real Estate	Chicago, IL	04/02/19	04/02/19
	Conference	CFA Society 2019 ESG Assets Owners Summit	Washington, DC	04/11/19	04/11/19
	Meeting/Due Diligence	Kelso and Odyssey's Annual Meeting and Rockwood Capital and Wellspring Capital Due Diligence	New York, NY	04/23/19	04/25/19
Erie Sampson	Conference	ILPA Private Equity Legal Conference	Arlington, VA	04/02/19	04/03/19
Terry Short	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
		CAPPP Pensions Part II Training	Washington, DC	05/02/19	05/03/19
Kimberly Woods	Conference	ILPA Private Equity Legal Conference	Arlington, VA	04/02/19	04/03/19
	Meeting	Onex Partners & ONCAP Annual General Meeting	Chicago, IL	04/29/19	05/01/19

Board Meeting - Additional Materials

Name	Description	Sponsor/Vendor	Location	Dates	
				From	To
	Education	CAPPP Pensions Part I Training	Washington, DC	04/25/19	04/26/19
Michael Xanthopoulos	Conference	General Atlantic 2019 Investor Summit	New York, NY	04/17/19	04/17/19