

A regular meeting of the Benefits and Actuarial Committee of the VRS Board of Trustees was held on February 7, 2018 in Richmond, Virginia with the following members present:

Wallace G. Harris, Chair
Troilen G. Seward, Vice-Chair
O'Kelly McWilliams III

Board members present:
Mitchell L. Nason, VRS Chair
William H. Leighty

Also present were: Patricia Bishop, VRS Director; Rory Badura, Judy Bolt, Jeanne Chenault, Krystal Goff, Robert Irving, Jillian Sherman, Justin Smith, and Cindy Wilkinson of the VRS Staff; and Joseph McMahon of the Joint Legislative Audit and Review Commission (JLARC).

The meeting convened at 1:31 p.m.

Approval of Minutes

Upon a motion of Ms. Seward, with a second by Mr. McWilliams, the minutes of the November 15, 2017 meeting were approved.

*Action Items:
VSDP/VLDP Cost-of-Living
Adjustments (COLAs)*

Trish Bishop and Rory Badura presented the recommendations of Cavanaugh Macdonald Consulting, LLC, the Plan Actuary, regarding cost-of-living adjustments (COLAs).

With respect to VSDP, Mr. Badura advised that the actuary recommends a COLA of 2.23%, effective July 1, 2018, to be applied to the creditable compensation used for calculating the member's average final compensation at retirement and a cost of living adjustment to the recipient's net LTD benefit payment of 2.13% for Plan 1 members vested prior to January 1, 2013, or 2.07% for all other plan members.

The process used to determine the cost-of-living adjustment for VLDP creditable compensation is similar to the process used for VSDP members. Effective July 1, 2018, the VLDP COLA for creditable compensation used at retirement is recommended to be 4.00% for fiscal year 2018. The VLDP plan does not provide for a COLA on LTD benefits being received.

The calculations were reviewed by VRS and Internal Audit staff.

Upon motion of Mr. Harris, with second by Ms. Seward, the Committee approved and recommended to the Board the following action:

Request for Board Action: Effective July 1, 2018, for a Plan 1, Plan 2 or Hybrid member who has been the recipient of long-term disability (LTD) benefits for at least one year under the Virginia Sickness and Disability Program (VSDP), a cost of living adjustment will be applied in the amount of (i) 2.23% to the recipient's creditable compensation used for calculating the member's average final compensation at retirement, and a cost of living adjustment to the recipient's net LTD benefit payment of (ii) 2.13% for Plan 1 members vested prior to January 1, 2013, or (iii) 2.07% for Plan 1 members not vested by January 1, 2013 and all Plan 2 and Hybrid members.

Effective July 1, 2018, each recipient of LTD benefits under the Virginia Local Disability Program (VLDP) who has been receiving LTD benefits for at least one calendar year, and who ultimately retires directly from LTD, will have a cost of living adjustment applied in the amount of 4.00% to the recipient's creditable compensation.

*Informational Items:
Post-Retirement Supplement
COLAs*

The Plan 1 COLA, effective July 1, 2018, is 2.13%. The COLA for Plan 2 and Hybrid members, also effective July 1, 2018, is 2.07%. These figures were calculated by the VRS Plan Actuary, Cavanaugh Macdonald Consulting, LLC, and verified by VRS and Internal Audit staff.

*COLA for Group Life
Insurance Minimum Benefit*

The Group Life Insurance Program minimum benefit for members retired with at least 30 years of service is to be increased by the same COLA applicable to VRS Plan 2 and Hybrid members, or 2.07%, effective July 1, 2018. The new minimum life insurance payout effective July 1, 2018 will be \$8,279. The COLA did not require action by the Committee. The calculations were reviewed by VRS staff and Internal Audit.

2018 Legislative Update

Ms. Bishop reviewed VRS-related legislation presented in the 2018 General Assembly session.

*Upcoming B&A Committee
Meetings*

- April 11, 2018 at 1:30 p.m. (if needed- review optional group life insurance rates)
- October 17, 2018 at 1:30 p.m. (actuarial valuations for state

plans and OPEBs)

- November 13, 2018 at 1:00 p.m. (actuarial valuations for political subdivisions, local HIC, VLDP, and LODA)

Meeting Adjourned

There being no further business, the meeting adjourned at 2:26 p.m.

10/17/2018
Date

Wallace G. Harris
Wallace G. Harris, Chair