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## Minutes

A regular meeting of the Benefits and Actuarial Committee of the VRS Board of Trustees was held on February 12, 2020 in Richmond, Virginia with the following members present:

Wallace G. Harris, Ph.D., Chair  
Troilen G. Seward, Vice Chair  
O'Kelly E. McWilliams, III

Board members present:

Mitchell L. Nason, VRS Chair  
Hon. J. Brandon Bell, II

Also present:

Trish Bishop, Jennifer Schreck, Rory Badura, Judy Bolt, Jeanne Chenault, Michael Cooper, Sara Denson, Barry Faison, Robert Irving, Angela Payne, Cat Pelletier, Kathryn Quiriconi, Joseph Roman and Cindy Wilkinson of the VRS Staff; and Jamie Bitz of the Joint Legislative Audit and Review Commission.

The meeting convened at 1:01 p.m.

### Approval of Minutes

Upon a motion by Mr. Harris, with a second by Mr. McWilliams, the minutes of the November 19, 2020 meeting were approved.

Ms. Bishop introduced Joseph Roman, a new participant in the Virginia Management Fellows Program who will be working with VRS for the next eight months.

### Cost-of-Living Adjustments (COLAs) for Virginia Sickness and Disability Program

Ms. Bishop and Mr. Badura presented the recommendations of the VRS plan actuary, Cavanaugh Macdonald Consulting, LLC, regarding statutory annual adjustments to the Virginia Sickness and Disability Program (VSDP) creditable compensation for members on long-term disability (LTD). For VSDP, Mr. Badura advised that the plan actuary recommends an increase of 4.00% in the creditable compensation for VRS pension benefit purposes, effective July 1, 2020. In addition, a COLA in the amount of 1.81% shall be applied to long-term disability benefit payments for Plan 1, Plan 2 and Hybrid Retirement Plan members who have been receiving LTD benefits for at least one year under VSDP.

### Cost-of-Living Adjustments (COLAs) for Virginia Local Disability Program

Next, Mr. Badura reviewed the plan actuary's recommendations regarding the Virginia Local Disability Program (VLDP). The recommendation includes an increase in the creditable compensation of 4.00% for each recipient of long-term disability (LTD) benefits under VLDP, effective July 1, 2020.

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The recommendations and calculations presented by the plan actuary for increases in creditable compensation in VSDP and VLDP, and the LTD COLAs were reviewed by VRS staff and Internal Audit.

Upon a motion by Mr. McWilliams, with a second by Ms. Seward, the Committee recommended approval of the following actions to the full Board:

**RBA: Approval of July 1, 2020 Increase Relating to VSDP Creditable Compensation and VSDP COLA**

**Request for Board Action:** *Effective July 1, 2020 the following increases shall apply:*

- *The creditable compensation used in calculating the member's average final compensation at retirement shall be increased in the amount of 4% 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); and*
- *A cost of living adjustment of 1.81% shall be applied to the net LTD benefit payment for Plan 1 members vested prior to January 1, 2013, Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid Retirement Plan members.*

**RBA: Approval of July 1, 2020 Increase Relating to VLDP Creditable Compensation**

**Request for Board Action:** *Effective July 1, 2020, 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 their creditable compensation at date of disability increased by an amount set by the Board to be used in determining the member's average final compensation for disability retirement. The recommendation applicable July 1, 2020 is an increase of 4% to be applied to a recipient's creditable compensation.*

**Information Items**

Mr. Badura advised that the Plan 1, Plan 2 and Hybrid Retirement Plan members' COLA, effective July 2020, is 1.81%. This figure was calculated by the VRS plan actuary and verified by VRS and Internal Audit staff.

The Group Life Insurance Program minimum benefit for members who retire with at least 30 years of service is to be increased by the same COLA applicable to VRS Plan 2 and Hybrid Retirement Plan members, or 1.81%, effective July 1, 2020. The new minimum life insurance payout effective July 1, 2020 will be \$8,616. The COLA did not require action by the Committee. The calculations were reviewed by VRS staff and Internal Audit.

Ms. Wilkinson provided an update on the VRS-related legislation presented in the 2020 General Assembly session.

Lastly, Mr. Harris noted the B&A Committee meeting schedule for 2020:

- June 10, 2020 at 1:00 p.m.
- October 14, 2020 at 1:00 p.m.

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- November 16, 2020 at 1:00 p.m.

**Adjournment**

There being no further business, Mr. Harris adjourned the meeting at 1:40 p.m.

June 12, 2020  
Date

Wallace G. Harris  
Wallace G. Harris, Chair  
Benefits and Actuarial Committee