Benefits and Actuarial Committee (B&A) Meeting

201 N. 9th Street
General Assembly Building
House South Subcommittee Room 210

Wednesday, 11/12/2025
10:00 AM - 12:00 PM ET

Minutes

A regular meeting of the Benefits and Actuarial Committee was held on October 15, 2025, in Richmond, Virginia with the following members participating:

John M. Bennett, Chair
Lindsey K. Pantele, Vice Chair *(remotely under § 2.2-3708.3(B)(4))*
Jessica L. Hood

Board members participating:
Lawrence A. Bernert, III, Board Vice Chair *(remotely under § 2.2-3708.3(B)(3))*
J. Clifford Foster, IV *(entered at 1:11 p.m.)*

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Rory Badura, Judy Bolt, Ty Bowers, Michael Cooper, David Cotter, Sara Denson, Valerie DiSanto, Curtis Doughtie, Andy Feagans, Antonio Fisher, Krystal Groff, Sandy Jack, Angela Payne, Virginia Sowers and Leslie Weldon.

Guests:

Jim Anderson, Becky Stouffer, Craig Graby, Michael Spadaro, Gabriel, Roeder, Smith & Company; Jacob Hodges, Encore; Alexandra Jansson, Joint Legislative Audit and Review Commission; and James Turpin, APCO.

The meeting convened at 1:02 p.m.

Opening Remarks

Mr. Bennett called the meeting to order and welcomed everyone to the October 15, 2025, meeting of the Benefits and Actuarial Committee. Mr. Bennett noted the meeting was being held in accordance with § 2.2-3708.3(B)(3) and § 2.2-3708.3(B)(4) of the *Code of Virginia* and advised that no public comment would be accepted at the meeting. Members of the public who wish to submit comments may email the Board at trustees@varetire.org or by mail at P.O. Box 1200, Richmond, VA 23218.

Next, Mr. Bennett took attendance with the following roll call:

Ms. Hood: Present.
Ms. Pantele: Present.
Mr. Bernert: Present.
Mr. Bennett: Present.

Approval of Minutes

Upon a motion by Ms. Hood, with a second by Ms. Pantele, the Committee approved the minutes of its June 9, 2025, meeting.

Gabriel, Roeder, Smith & Company (GRS) 2025 Presentation of the Actuarial Valuation Results for the Five Statewide Retirement Plans, Group Life Insurance, State and Teacher Retiree Health Insurance Credit, and the Virginia Sickness and Disability Program (includes self-funded long-term care)

Mr. Bennett introduced Jim Anderson and Becky Stouffer from the VRS plan actuary, Gabriel, Roeder, Smith & Company (GRS), who presented the June 30, 2025, actuarial valuations for the Five Statewide Retirement Plans, Group Life Insurance, the State and Teacher Health Insurance Credit, and the Virginia Sickness and Disability Program. The VRS actuary conducts annual valuations as of the close of the fiscal year (June 30). This year's valuation results will be used for rate-setting for fiscal years 2027 and 2028.

The valuation results incorporated recent changes for the quadrennial experience study that the Board approved during its April meeting. As discussed at that time, the changes in assumptions were expected to have only minor impacts on the developed employer contribution rates. In addition to assumption changes, the actual experience from the past year included higher than expected increases in salaries and cost-of-living adjustments (COLAs), which create actuarial losses. However, the investment return for the fund of 9.9% exceeded the long-term assumed rate of return of 6.75% for fiscal year 2025. The investment gains associated with the higher-than-expected investment return overshadowed the experience study changes and higher salaries and COLAs resulting in lower employer contribution rates for most plans and an increase in the funded status for all of the pension plans.

Recent legislation passed by the General Assembly places JRS members previously in the hybrid plan and future judges appointed on or after July 1, 2026 into Plan 2. Without this plan change the JRS contribution rate was expected to decrease to 24.31%. After reflecting the plan change the rate was 30.49% which was slightly less than prior biennium.

Plan	FY 2025/2026	FY 2027/2028
	Appropriation Act DB Only	VRS Board Certified Rates DB Only
State	12.52%	11.07%
Teachers	14.21%	12.20%
SPORS	31.32%	31.67%
VaLORS	24.60%	22.60%
JRS	30.67%	30.49%

System	2024	2025
	Funded Status Market Value Basis	Funded Status Market Value Basis
PENSIONS		
State	82.1%	85.4%
Teachers	82.7%	85.5%
SPORS	73.0%	76.0%
VaLORS	74.3%	77.6%
Judicial	88.3%	90.5%
Total State-wide systems	82.2%	85.1%

Mr. Anderson next provided an overview of the Other Post Employment Benefit plans (OPEBS), which also benefited from the investment gains and had lower employer contribution rates and higher funded status for each of the plans.

Plan	FY 2025/2026 Appropriation Act	FY 2027/2028 VRS Board Certified Rates
Group Life	1.18%	1.06%
HIC State	1.12%	0.70%
HIC Teachers	1.21%	0.88%
VSDP	0.50%	0.42%

System	2024 Funded Status Market Value Basis	2025 Funded Status Market Value Basis
OPEBS		
Group Life	72.5%	78.0%
HIC State	35.8%	42.5%
HIC Teachers	22.0%	27.3%
VSDP	211.0%	260.1%

Upon a motion by Ms. Hood, with a second by Ms. Pantele, the Committee recommended approval of the following action to the full Board of Trustees:

RBA: Certify the contribution rates for the Five Statewide Retirement Plans and associated OPEBs, effective for FY 2027 and FY 2028.

Request for Board Action: *After considering the recommendations of its actuary, the Board certifies the contribution rates, effective July 1, 2026, for (i) the five statewide Retirement Plans (State Employees, Teachers, Judicial Retirement System (JRS), State Police Officers' Retirement System (SPORS), and Virginia Law Officers Retirement System (VaLORS)) and (ii) the associated other post-employment benefits (OPEBs): Group Life Insurance (GLI), Health Insurance Credit (HIC), and the Virginia Sickness and Disability Program (VSDP), including self-funded Long-Term Care.*

Mr. Bennett thanked Mr. Anderson and Ms. Stouffer for their presentation and noted Mr. Anderson would provide an abbreviated presentation to the Board on October 16.

Other Business

Lastly, Mr. Bennett noted the Committee will meet on November 12, 2025, to receive the valuations for the local plans and LODA. The full Board of Trustees will meet at 1:00 p.m. on October 16, 2025.

Adjournment

Upon a motion by Ms. Pantele, with a second by Ms. Hood, the Committee agreed to adjourn the meeting.

There being no further business, the meeting concluded at 2:19 p.m.

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Date

John M. Bennett, Chair
Benefits and Actuarial Committee

Virginia Retirement System

Approve contribution rates for the Political Subdivision Retirement Plans; the Health Insurance Credit (HIC) Plans for Political Subdivisions; the State-Funded HIC for Constitutional Officers, Social Services Employees, and Registrars; the Virginia Local Disability Program; and the Line of Duty Act Fund, effective for FY 2027 and FY 2028.

Requested Action

After considering the recommendations of its Plan Actuary, Gabriel, Roeder, Smith & Company, the Board accepts the June 30, 2025, valuation report for political subdivisions and the Health Insurance Credit (HIC) for certain political subdivisions; approves a contribution rate of 0.27% for constitutional officers, a rate of 0.20% for social services employees, and a contribution rate of 0.13% for general registrars; approves a contribution rate of 0.48% for the Virginia Local Disability Program (VLDP), including self-funded Long-Term Care for Teachers and a rate of 0.79% for VLDP, including self-funded Long-Term Care for Political Subdivisions; and approves a full-time equivalent premium rate of $1,385.00 for the Line of Duty Death and Health Benefits Trust Fund (Fund), all for both FY 2027 and FY 2028 to be effective July 1, 2026.

Rationale for Requested Action

The certified employer contribution rates reflect the assumptions and provisions in effect as of June 30, 2025, including the assumed rate of return of 6.75%.

The employer contribution rates will go into effect on July 1, 2026.

Under *Code of Virginia* § 51.1-1403(A), the cost of HIC for retired local officers, retired general registrars (and the retired employees of each), and retired employees of a local social services board is borne by the Commonwealth and not the political subdivisions.

The Line of Duty Act (LODA) provides benefits to eligible first responders who die or become disabled in the line of duty. VRS administers, manages and invests the Fund. VRS is responsible for determining costs for the Fund in order to provide benefit payments and for collecting required contributions from participating employers.

Code of Virginia § 9.1-400.1(D) requires participating employer contributions to the Fund to be determined by the Board on a current disbursement basis (pay-as-you-go). Contributions fund the claims and administrative expenses for participating employers. The FY 2027 and FY 2028 premium rate of $1,385.00 is based on a participating FTE count of 17,445

Authority for Requested Action

Code of Virginia §§ 51.1-124.22(5) and -145 authorize the Board to determine the required contribution rate for the various employer groups in the Retirement System. *Code of Virginia* § 9.1-400.1 authorizes the Board to set the employer contribution rates for the Line of Duty Death and Health Benefits Trust Fund.

The above action is approved.

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A. Scott Andrews, Chair Date
VRS Board of Trustees

Virginia Retirement System

June 30, 2025 Annual Actuarial Valuation Results

Presented by: Becky Stouffer, ASA, MAAA, FCA and
Jim Anderson, FSA, EA, MAAA, FCA

GRS

Benefits and Actuarial Committee November 12, 2025

Agenda

- Big Picture
- Highlights of Pension Valuations
- Highlights of OPEB Valuations
- Appendix

AGENDA

PENSION and Other Post Employment Benefits (OPEB)

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Big Picture – November Meeting Content

Pension	Other Post-Employment Benefits (OPEB)
	Health Insurance Credit (HIC) • Political Subdivisions • Constitutional Officers • Social Services Employees • Registrars
	Virginia Local Disability Program • Political Subdivisions • Teachers

GRS

Big Picture: Actuarial Valuation Results

- Purposes of Actuarial Valuations of VRS Pension and OPEB plans
  – Measure funding progress as of June 30, 2025
  – Develop contribution rates for FYE 2027 and 2028

Odd year valuations determine contribution rates for 2 years

GRS

Big Picture: General Funding Objectives

- Intergenerational equity for plan costs
- Stable or increasing ratio of assets to liabilities
- Stable pattern of contribution rates

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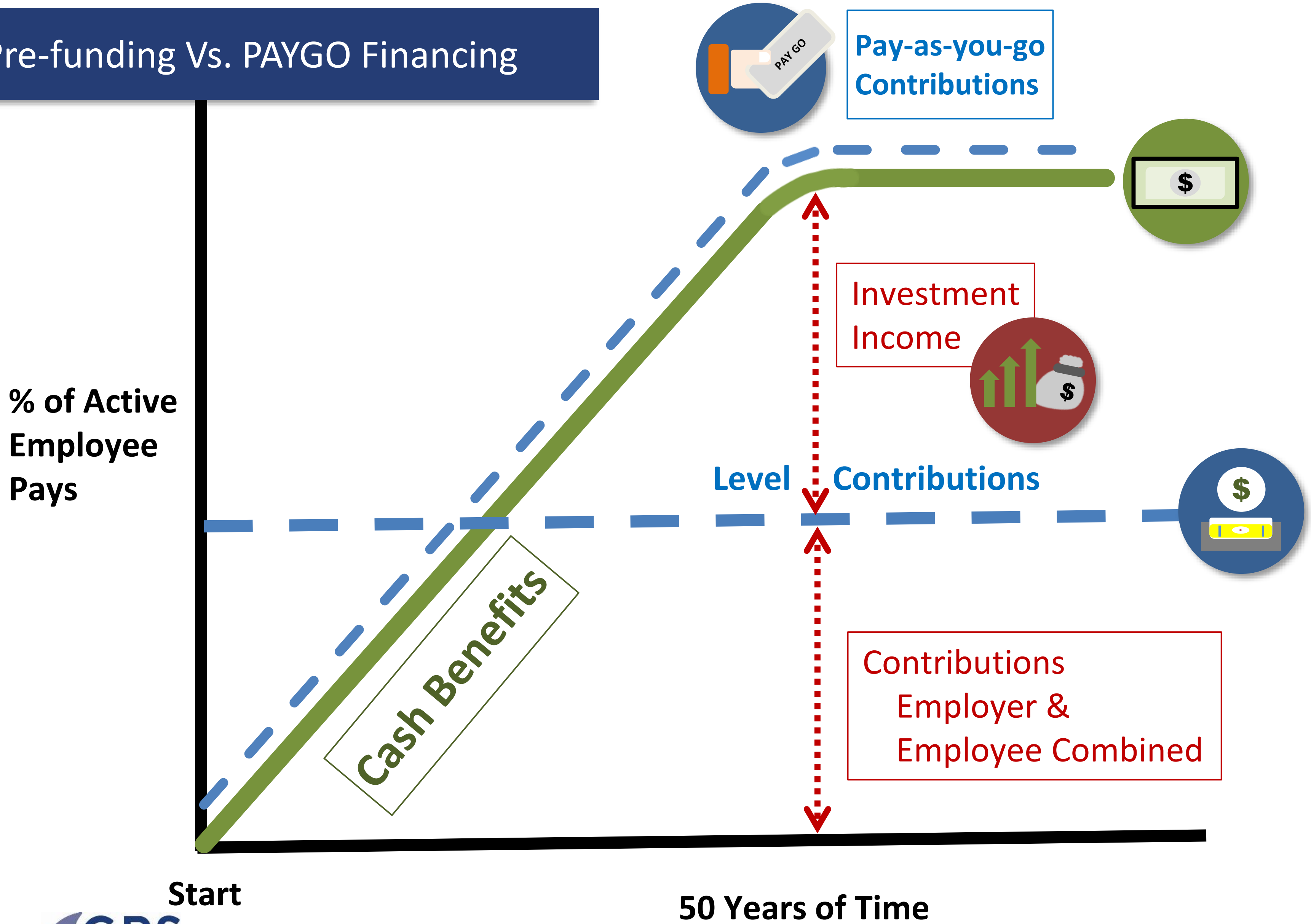
Pre-funding Vs. PAYGO Financing



Actuarial Valuation Process
Statewide Pension and Political Subdivisions

Member Data

987,988 Records

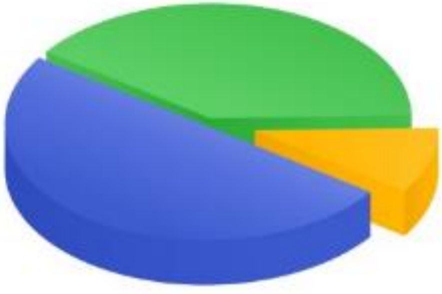
Financial Data

$ 118.7 Billion
Market Value Assets (MVA)

Actuarial Valuation

Plan Provisions

Actuarial Cost Method



Actuarial Assumptions

GRS

JUNE 30, 2025
VALUATION RESULTS HIGHLIGHTS

GRS

Valuation Results Highlights

- Incorporates experience study changes
  - Minor cost impact – in line with April discussions
- Experience during 2024-2025
  - Asset gains
  - Pay and COLA losses
  - Funded status generally increase
  - Contributions generally level

Statewide and Political Subdivision Pension Participants/% Change in ’25

ACTIVES

State	81,274	+1.6%
Teachers	160,949	+2.8%
SPORS	1,902	+0.6%
VaLORS	7,459	+2.1%
JRS	473	+0.4%
Pol. Subs.	124,066	+3.9%
Total	376,123	

INACTIVES

State	69,699	+5.1%
Teachers	100,366	+3.8%
SPORS	835	+2.8%
VaLORS	15,212	+6.6%
JRS	15	-6.3%
Pol. Subs.	134,873	+5.9%
Total	321,000	

RETIREES

State	74,038	+1.3%
Teachers	114,580	+1.8%
SPORS	1,882	+2.9%
VaLORS	7,465	+4.5%
JRS	613	+2.7%
Pol. Subs.	92,287	+3.3%
Total	290,865	

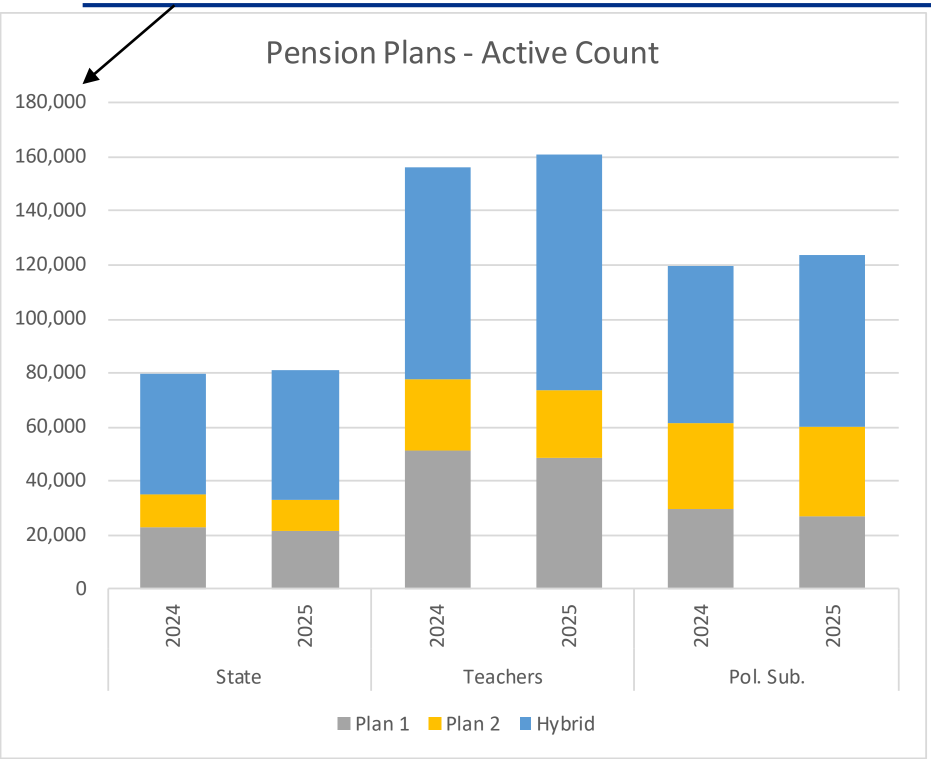
Total Annual Salary: $26 Billion

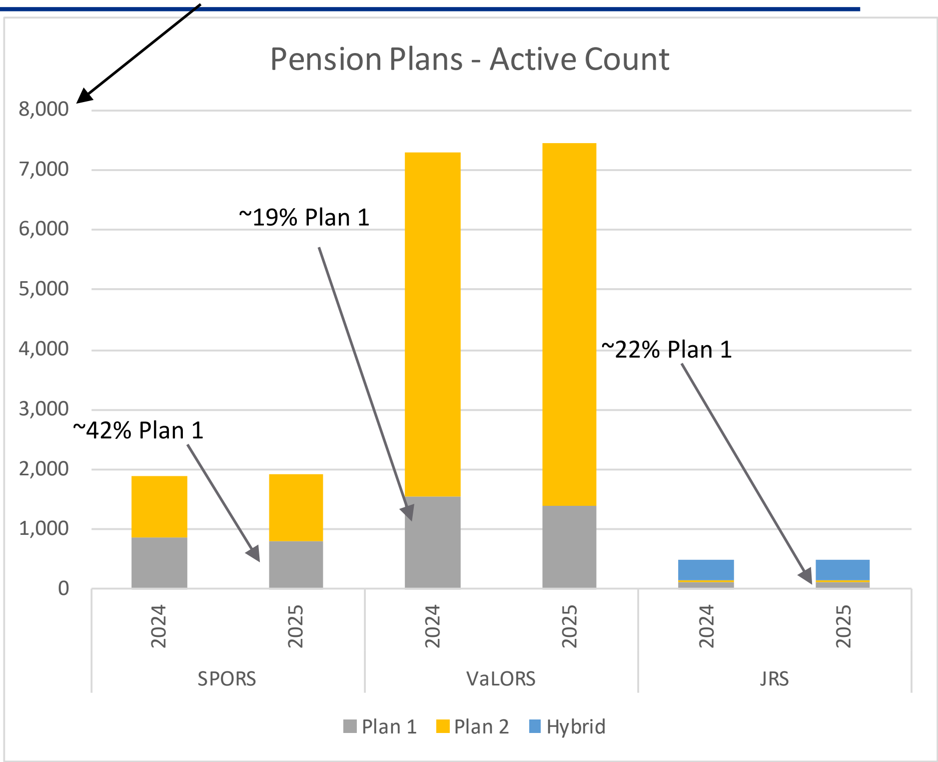
26% are Plan 1

94% are Plan 1

Total Annual Benefit Payments: $6.8 Billion

Active Participants at June 30, 2025 - Scale for Large Plans = 22X Scale for Small Plans





Counts			
System	**State**	**Teachers**	**Pol. Sub.**
2024	80,017	156,504	119,461
2025	81,274	160,949	124,066
% Change	1.6%	2.8%	3.9%

Counts			
System	**SPORS**	**VaLORS**	**JRS**
2024	1,890	7,307	471
2025	1,902	7,459	473
% Change	0.6%	2.1%	0.4%

In Total, 26% Remain in Plan 1

Actives: Changes in Average Salary

System	2024	2025	% Change
State	$ 74,725	$ 77,218	3.3%
Teachers	67,096	69,331	3.3%
SPORS	93,376	96,071	2.9%
VaLORS	55,804	58,011	4.0%
JRS	202,466	208,551	3.0%
Pol. Sub.	62,564	65,330	4.4%

% Change for Continuing[1]	
Expected	Actual
4.2%	4.8%
4.7%	5.7%
3.9%	6.3%
4.3%	5.6%
4.0%	3.3%
4.2%	5.9%

[1] Continuing are members active in both the current and prior valuation.

Note: Return to Work Payroll for 304 positions

- 234 Teachers = $18 million
- 70 Political Subs. = $2 million

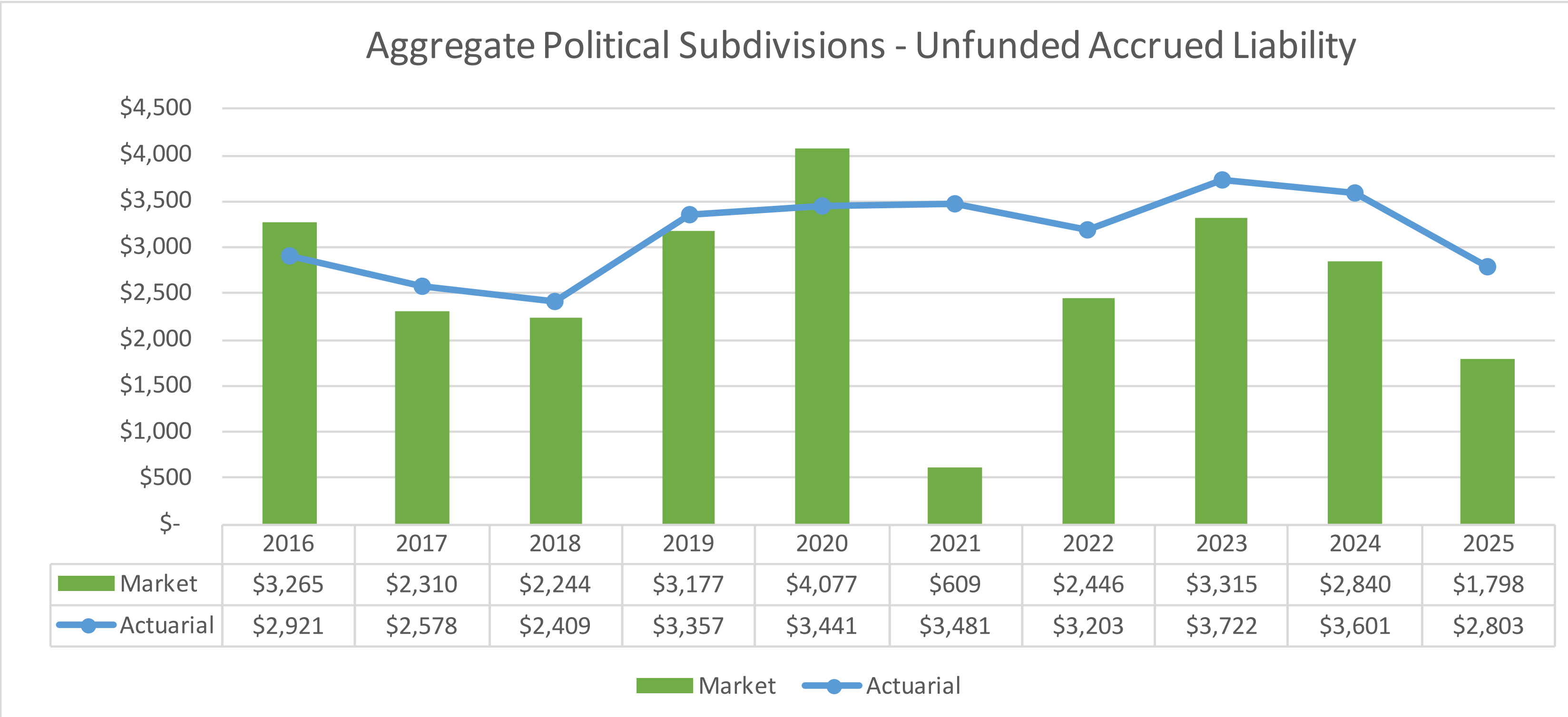
Actuarial Value Assets: Political Subdivisions Pension ($Millions) – **9.9%/10.0% MVA/AVA Return**

In chart below asset gains are positive, asset losses are negative.

	2025	2026	2027	2028	2029
Actual Investment Return	3,109				
Assumed Investment Return	1,978				
Gain/(Loss) to be Phased-in	1131				
Phased-in Recognition -Current year	226	?	?	?	?
-1st prior year	162	226	?	?	?
-2nd prior year	(13)	162	226	?	?
-3rd prior year	(360)	(13)	162	226	?
-4th prior year	872	(360)	(13)	162	226
Total Recognized Gain/(Loss)	887	15	375	388	226

2026-2029: Expect $1,004 million in deferred asset *GAINS*

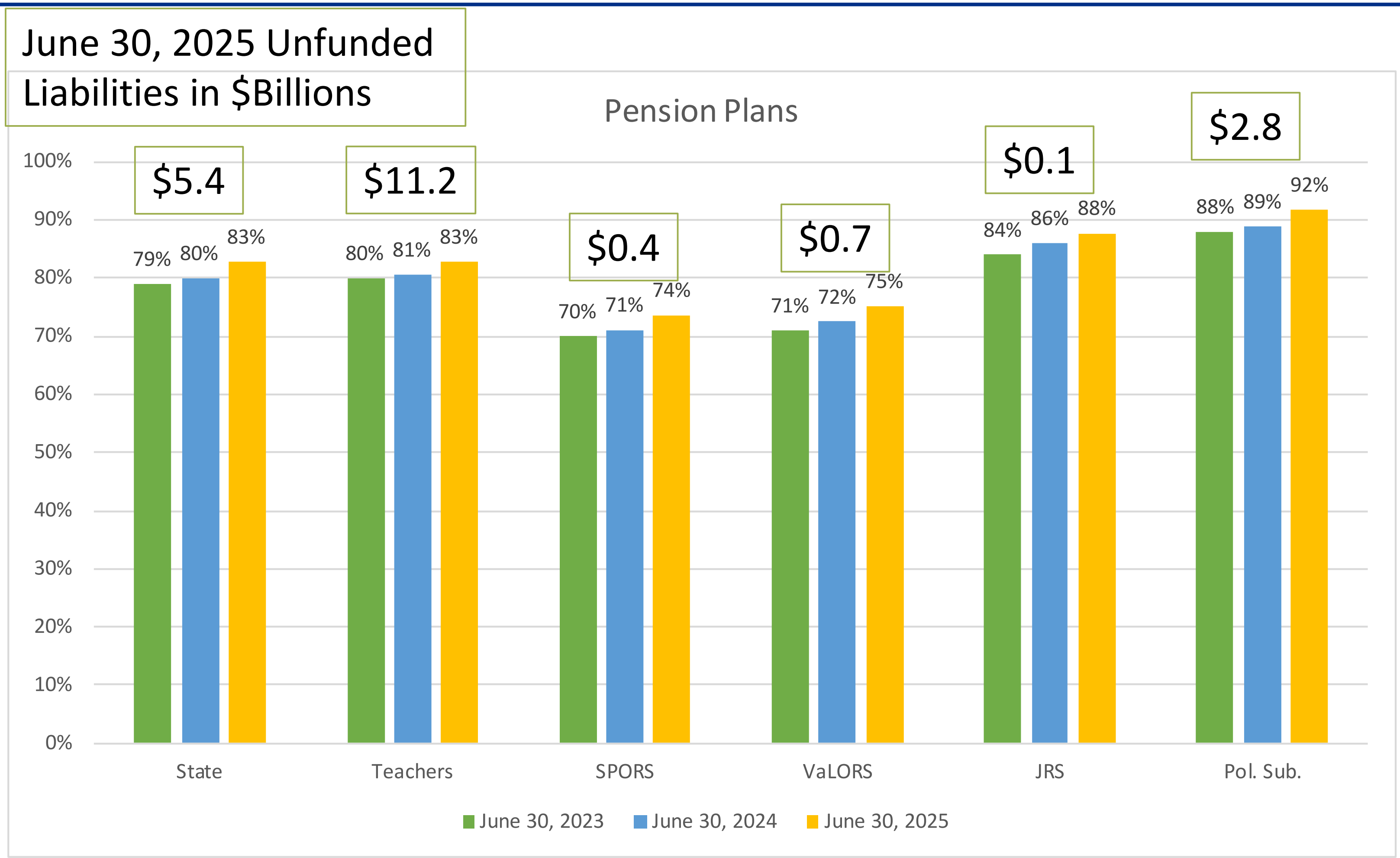
Why We Smooth Asset Returns



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market	$3,265	$2,310	$2,244	$3,177	$4,077	$609	$2,446	$3,315	$2,840	$1,798
Actuarial	$2,921	$2,578	$2,409	$3,357	$3,441	$3,481	$3,203	$3,722	$3,601	$2,803

If all assumptions are met, unfunded liabilities will trend to Market Value basis over time

Funded Status and Unfunded Liabilities (AVA)



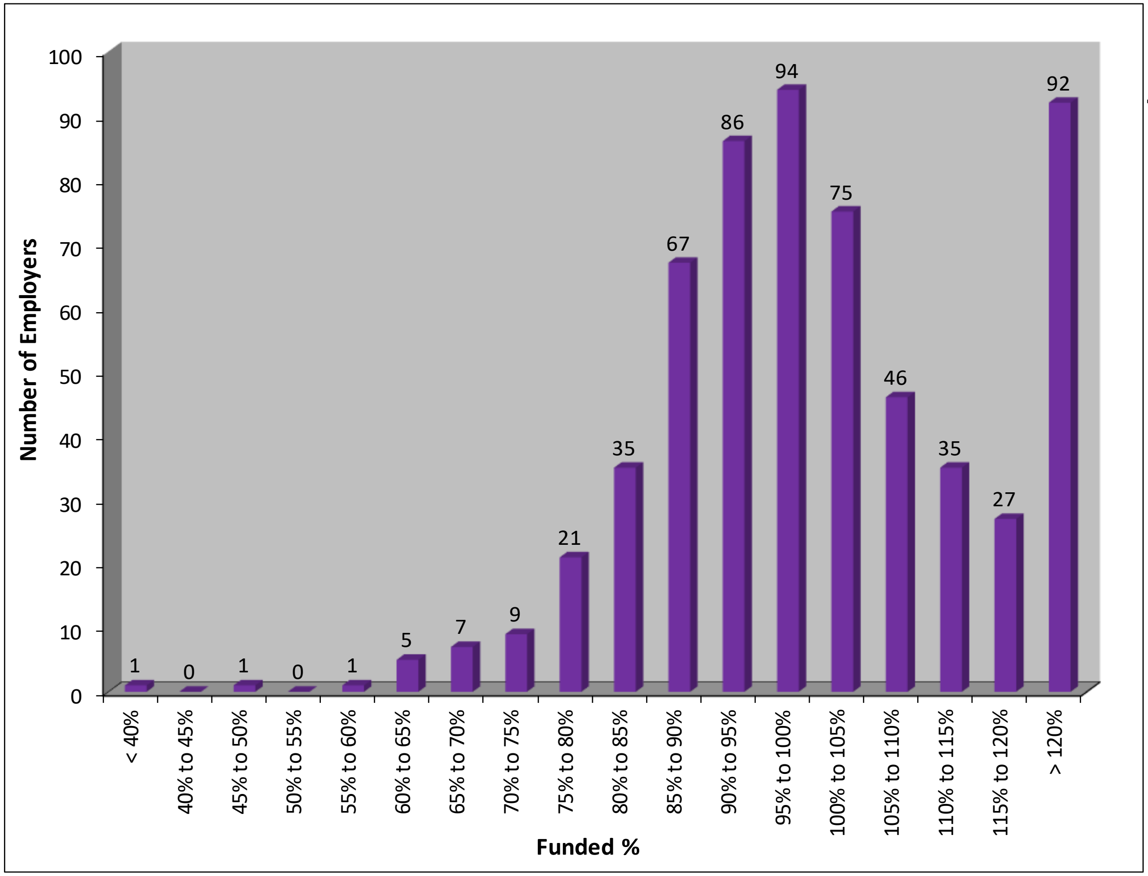
Funded Status (AVA) – Pension Plans, Political Subdivisions

Funded Status as of June 30, 2025 for 602 Employers

Average Funded Status

98.0%

Pol. Sub. With no Enhanced Hazardous Duty



Average Funded Status

90.3%

Pol. Sub. With Enhanced Hazardous Duty

Chart shows Funded status distribution, 24 employers <75% to 275 employers > 100%

The chart above shows 602 employers; employers with 0 actives are excluded.

Legislative Updates

- **HB 1705** -Beginning July 1, 2026, non-hybrid retirement program emergency dispatchers become participants in the disability program for hybrid retirement plan members.

Impact will emerge in future valuations
- due to limited group, impacts not expected to be large

Calculated Employer Contributions

- Will vary significantly for System, Plan and Employer based on:

Benefit Features

Demographics

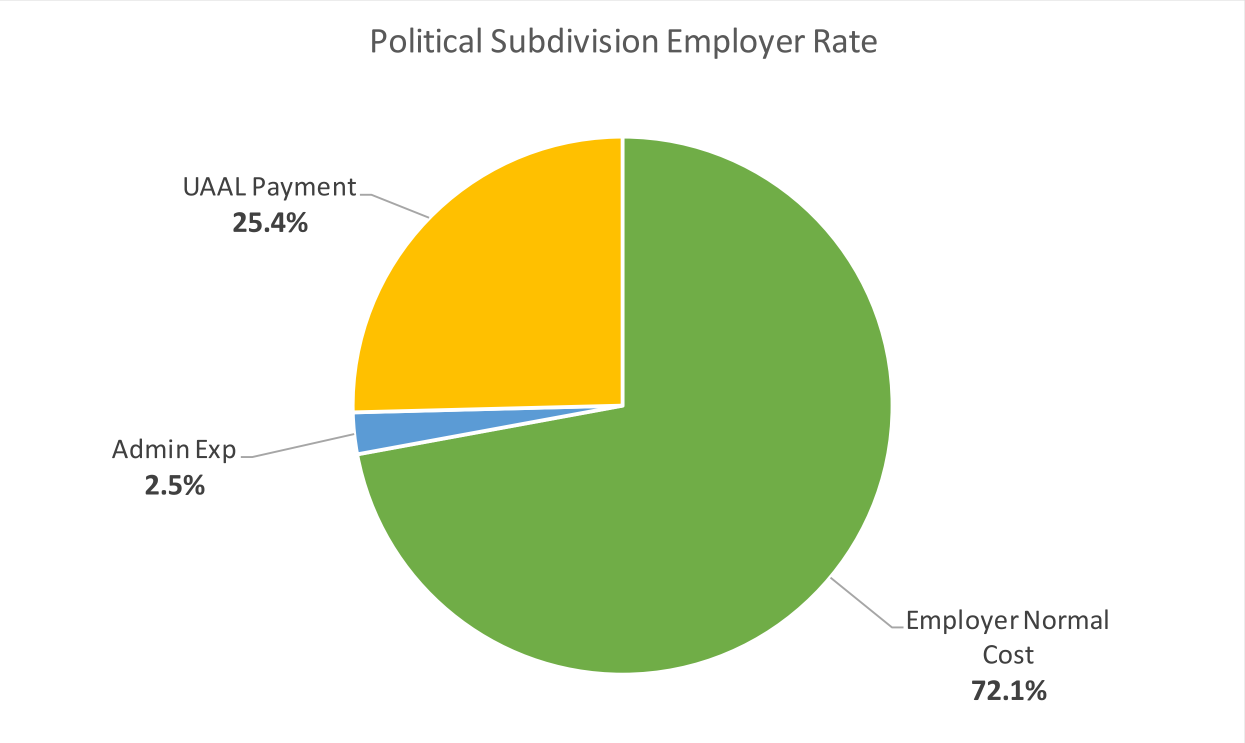
Funded Status

- Two Main Components:

Normal Cost – this represents the cost of the current year benefit earned by each active member

Amortization of Unfunded Liability – uses a systematic method (funding policy) to pay off the unfunded liability for each employer

Calculated Pension Contributions – Political Subdivisions Average Employer

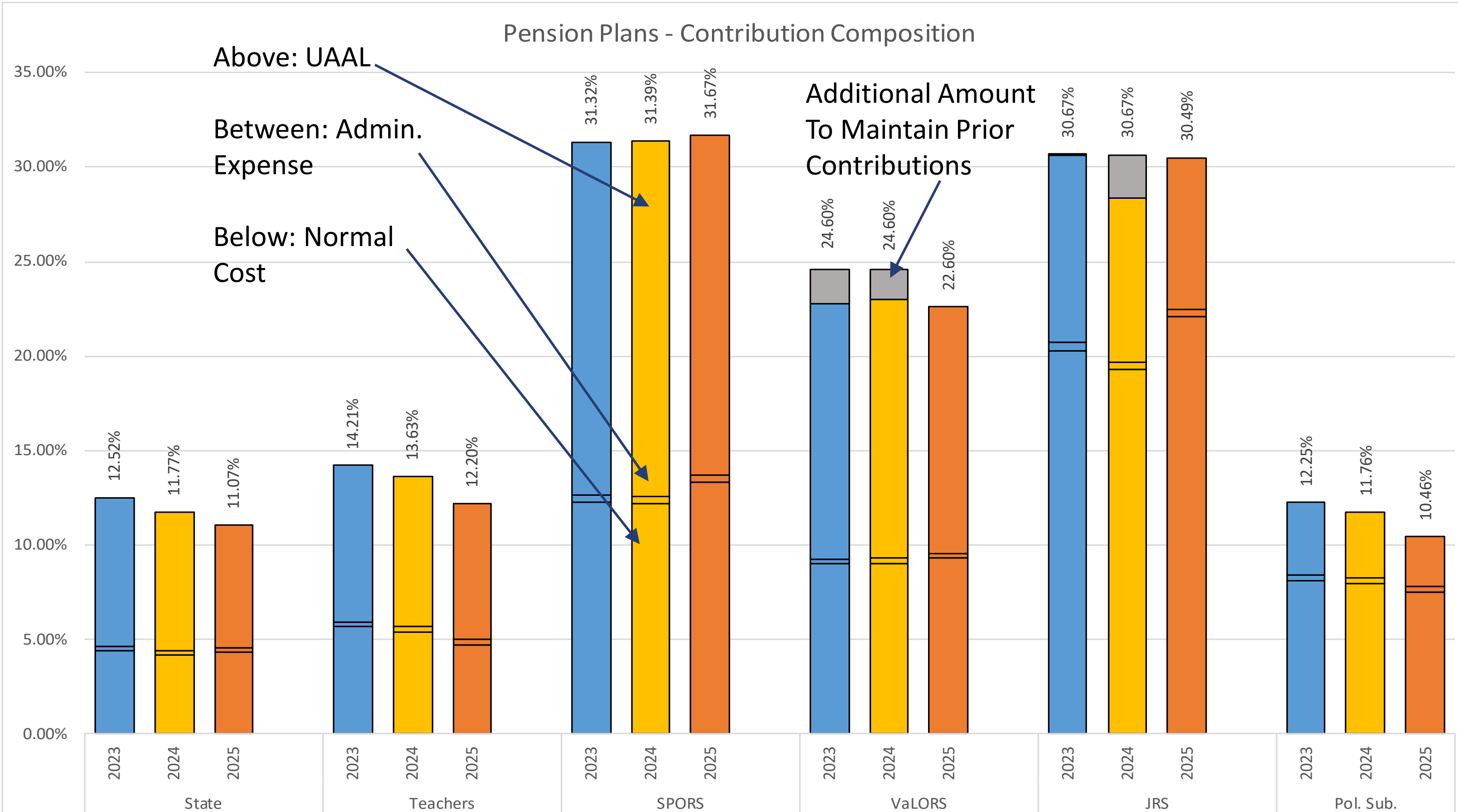


Normal Cost ultimately decreases to Plan 2/Hybrid level

Component	% of Pay
Employer NC	7.54%
Admin Exp	0.26%
UAAL Payment	2.66%
Total:	10.46%

Note: Pol. Sub. Unfunded Actuarial Accrued Liability (UAAL) payment = 25.4% of total Employer contribution, vs. >50% for Statewide pension plans (other than JRS)

Actuarially Determined Employer Contribution Rates – Pension Plans Defined Benefit Only



	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Normal Cost*	4.65%	4.43%	4.58%	5.96%	5.71%	5.00%	12.64%	12.55%	13.71%	9.27%	9.33%	9.56%	20.74%	19.70%	22.50%	8.40%	8.26%	7.80%
UAAL Payment	7.87%	7.34%	6.49%	8.25%	7.92%	7.20%	18.68%	18.84%	17.96%	13.54%	13.67%	13.04%	9.92%	8.66%	7.99%	3.85%	3.50%	2.66%
Total	12.52%	11.77%	11.07%	14.21%	13.63%	12.20%	31.32%	31.39%	31.67%	22.81%	23.00%	22.60%	30.66%	28.36%	30.49%	12.25%	11.76%	10.46%

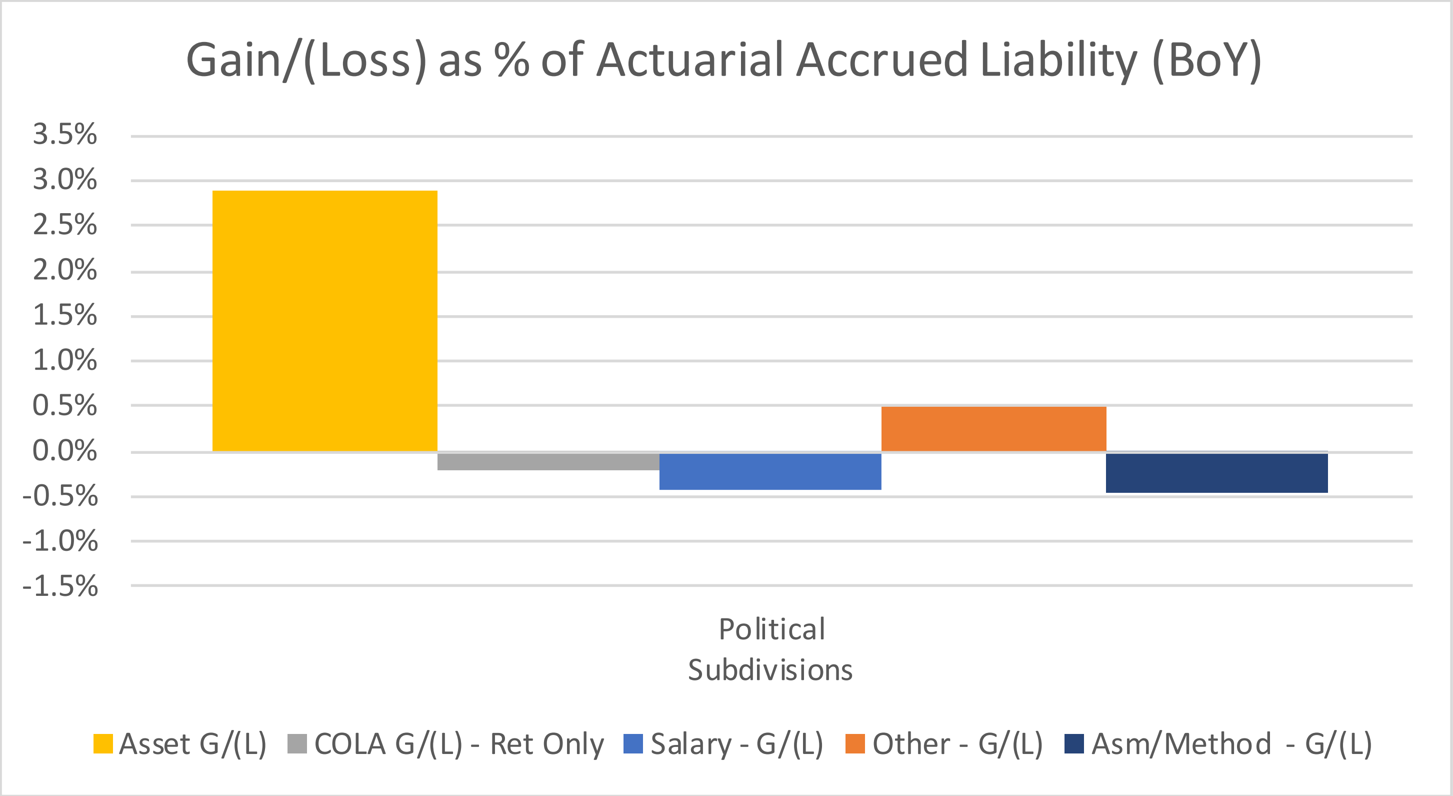
* Includes Administrative Expense

Additional contribution of 1.0%-3.5% of Hybrid payroll also required for Plans with Hybrid benefit tier

Experience 2024-2025: Pension Plans (in $millions)

	State	Teachers	SPORS	VaLORS	JRS	Pol. Sub.
UAAL Last Valuation	$ 6,051.7	$ 12,022.1	$ 458.9	$ 768.6	$ 113.5	$ 3,601.2
Prior Year (PY) Normal Cost	544.1	1,176.3	31.4	60.8	23.3	1,015.6
Actual PY Contributions	(1,024.1)	(2,104.2)	(62.2)	(119.8)	(32.5)	(1,282.1)
Extra Contributions	-	-	-	-	-	-
Interest	410.7	819.9	31.0	51.9	8.1	268.4
Expected UAAL	5,982.4	11,914.1	459.1	761.5	112.4	3,603.0
UAAL This Valuation	5,356.0	11,179.1	434.4	717.6	103.5	2,802.6
Total Gain/(Loss)	**$ 626.3**	**$ 735.0**	**$ 24.7**	**$ 44.0**	**$ 8.9**	**$ 800.4**
– Asset Gain/(Loss)	$ 804.6	$ 1,597.6	$ 36.7	$ 64.9	$ 23.3	$ 938.5
– Assumption/Method Change	(122.3)	(390.2)	8.5	(1.3)	2.6	(72.8)
– Plan Change	-	-	-	-	(21.0)	3.4
– Liability Gain/(Loss)	(56.0)	(472.3)	(20.5)	(19.6)	4.0	(65.3)

Political Subdivisions Pension: Gain/Loss (%s)



Other – (G)/L includes benefit change and new employer impacts, if any

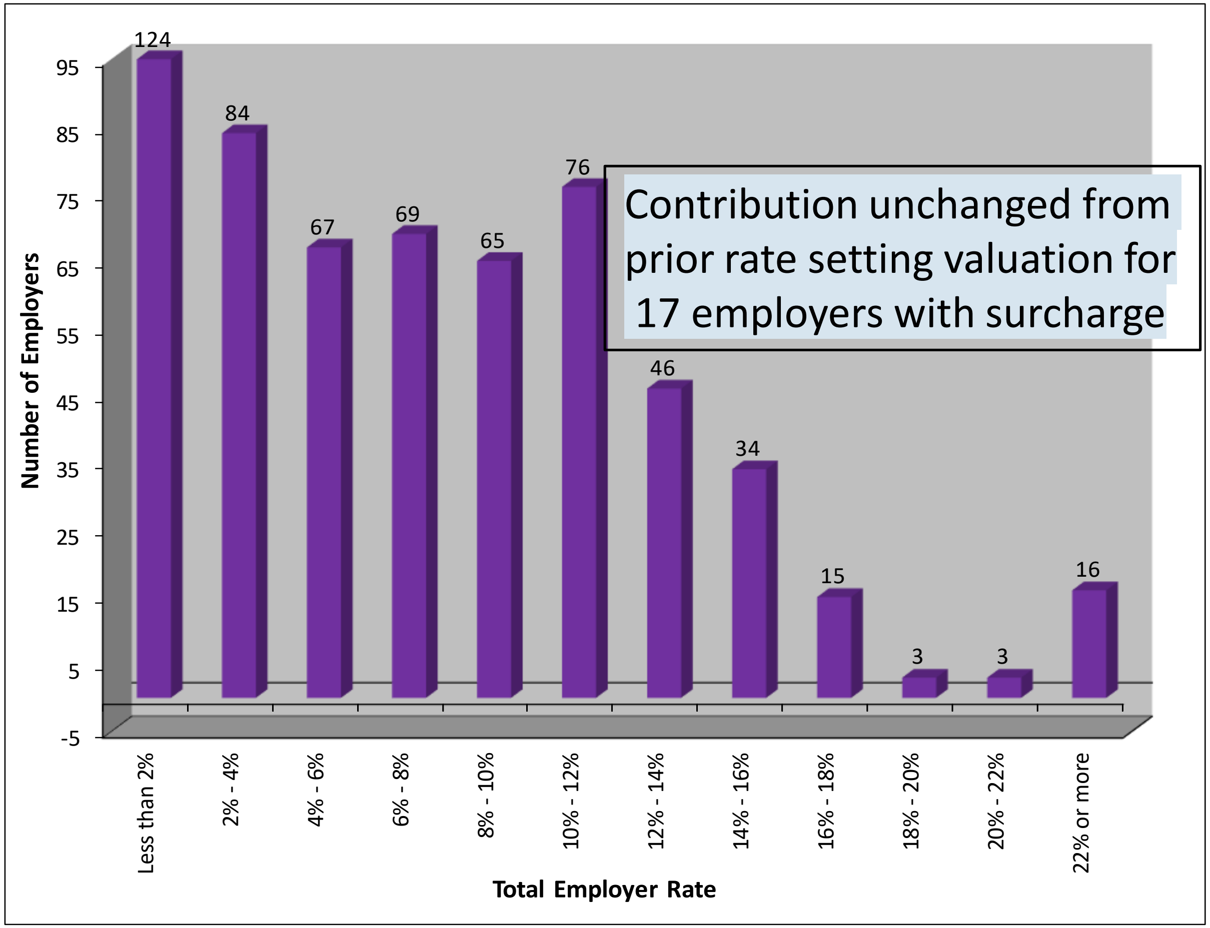
Actuarially Determined Employer Contribution (ADEC) Rates – Political Subdivisions Pension

ADEC Rate as of June 30, 2025 for 602 Employers

Average ADEC Rate

4.98%

Pol. Sub. With no Enhanced Hazardous Duty



Average ADEC Rate

12.32%

Pol. Sub. With Enhanced Hazardous Duty

The chart above shows 602 employers; employers with 0 actives are excluded.

Political Subdivisions: Pension Results Commentary

- Liability changes
  - No New Political Subdivisions for Pension
  - 17 Employers have surcharge[1]
    - 24 Employers had surcharge in 2024 valuation
  - No Employers have additional funding charge[2]
  - Changes in coverage
  - Salary and COLA experience
  - Impacts due to assumption changes were consistent with experience study results

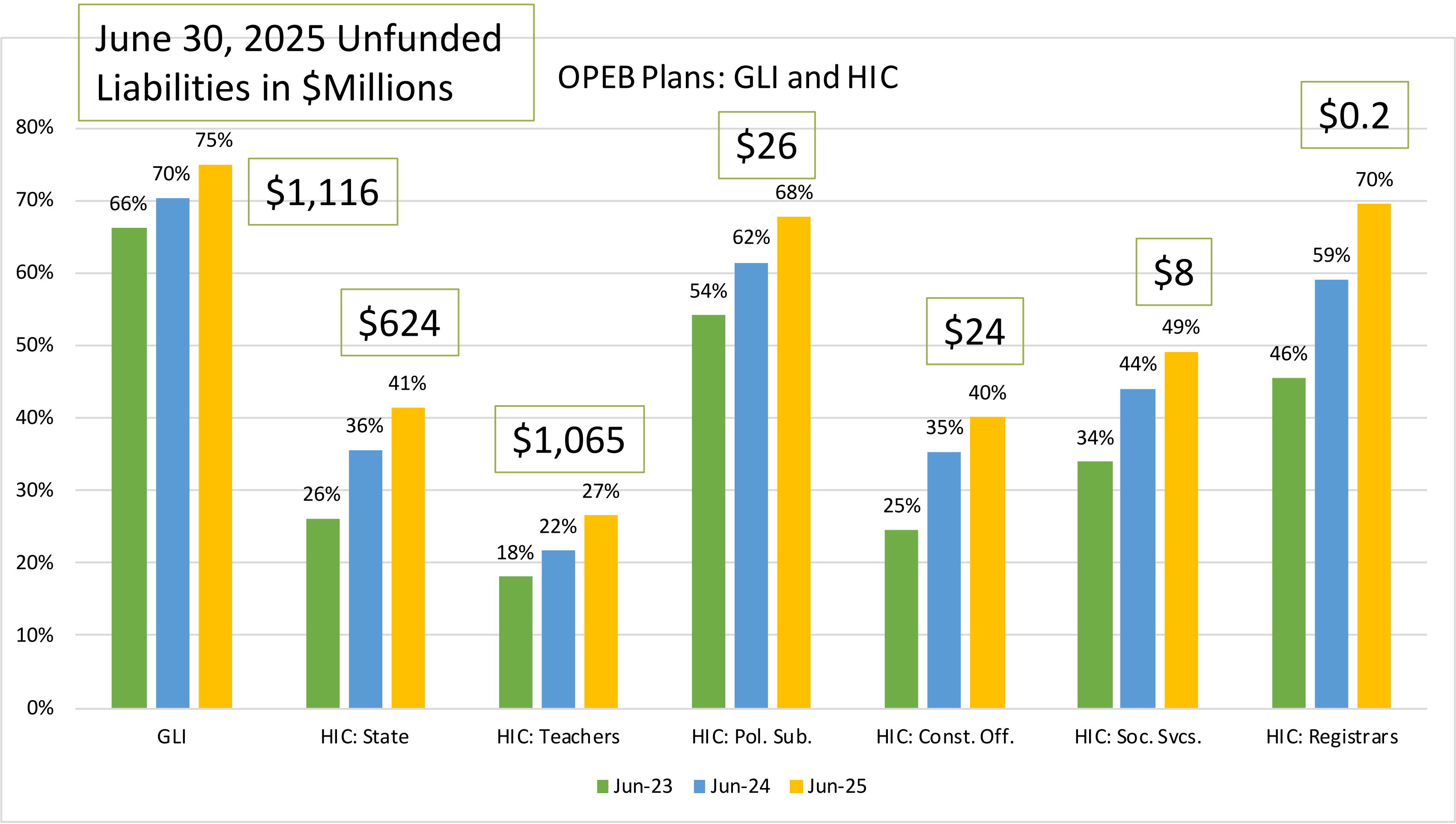
[1]Additional contribution rate on top of developed rate to improve funding level

[2]Additional contribution rate to allow use of 6.75% investment return for GASB purposes

Pension Results Commentary

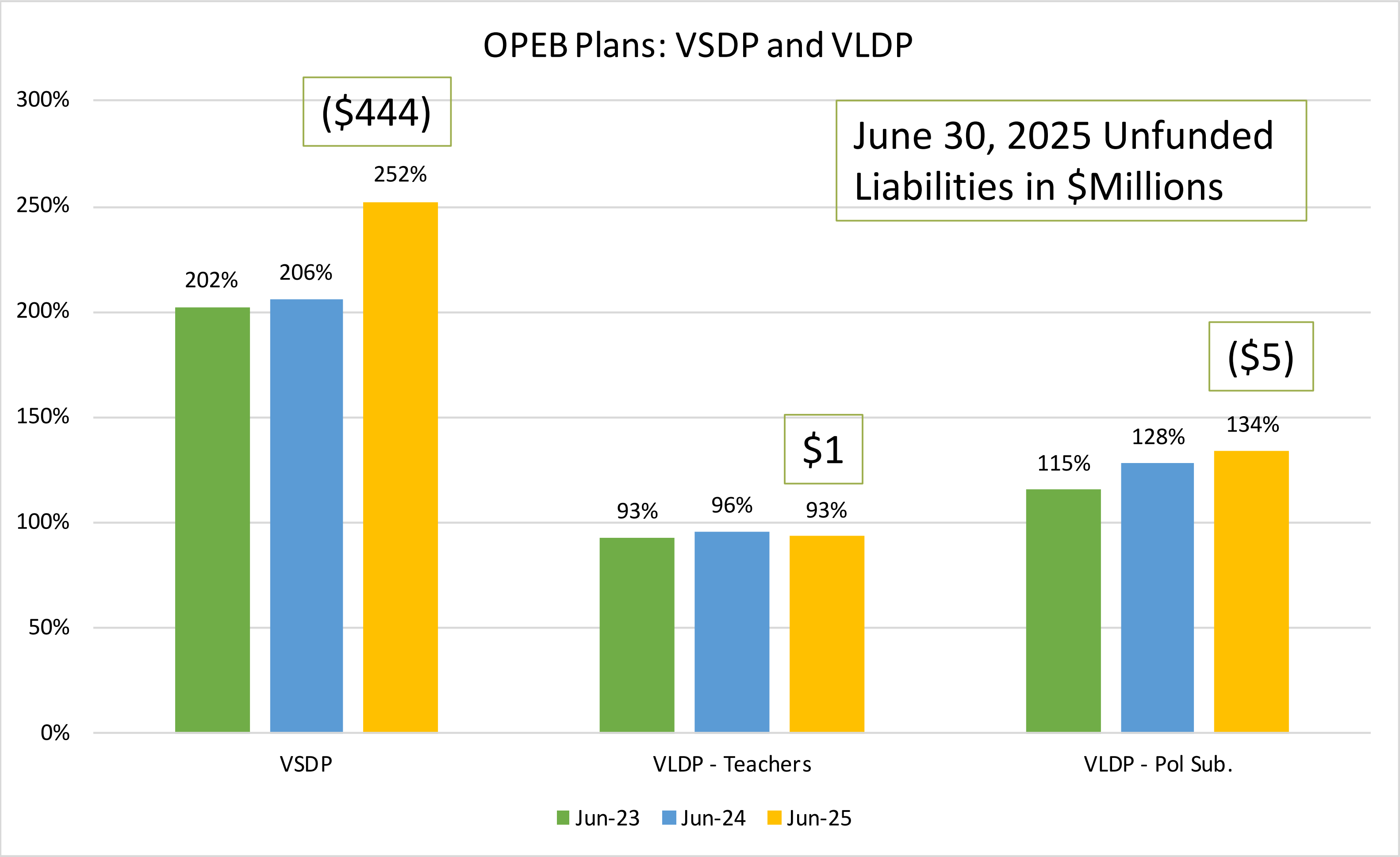
- Demographic changes vary by employer
  - Active population up for Political Subdivisions in total
    - 10 Employers account for over 50% of the increase in total active population counts
    - The largest three increases are expected to continue as the prior non-VRS pension plans turnover and new hires join VRS

Funded Status (AVA) and Unfunded Liabilities – OPEB Plans 2023-2025

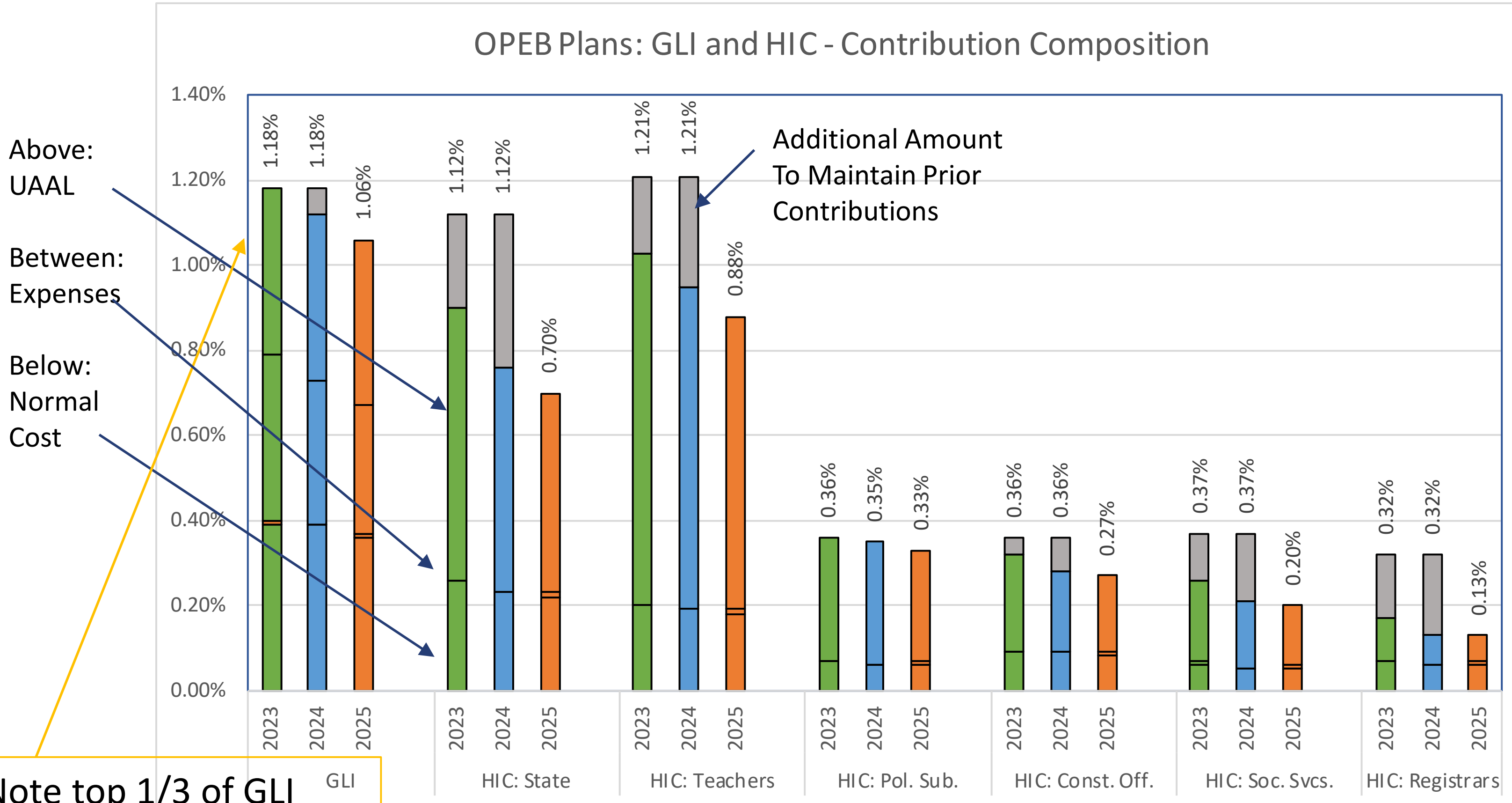


GRS

Funded Status (AVA) – OPEB Plans



Actuarially Determined Employer Contribution Rates – OPEB Plans

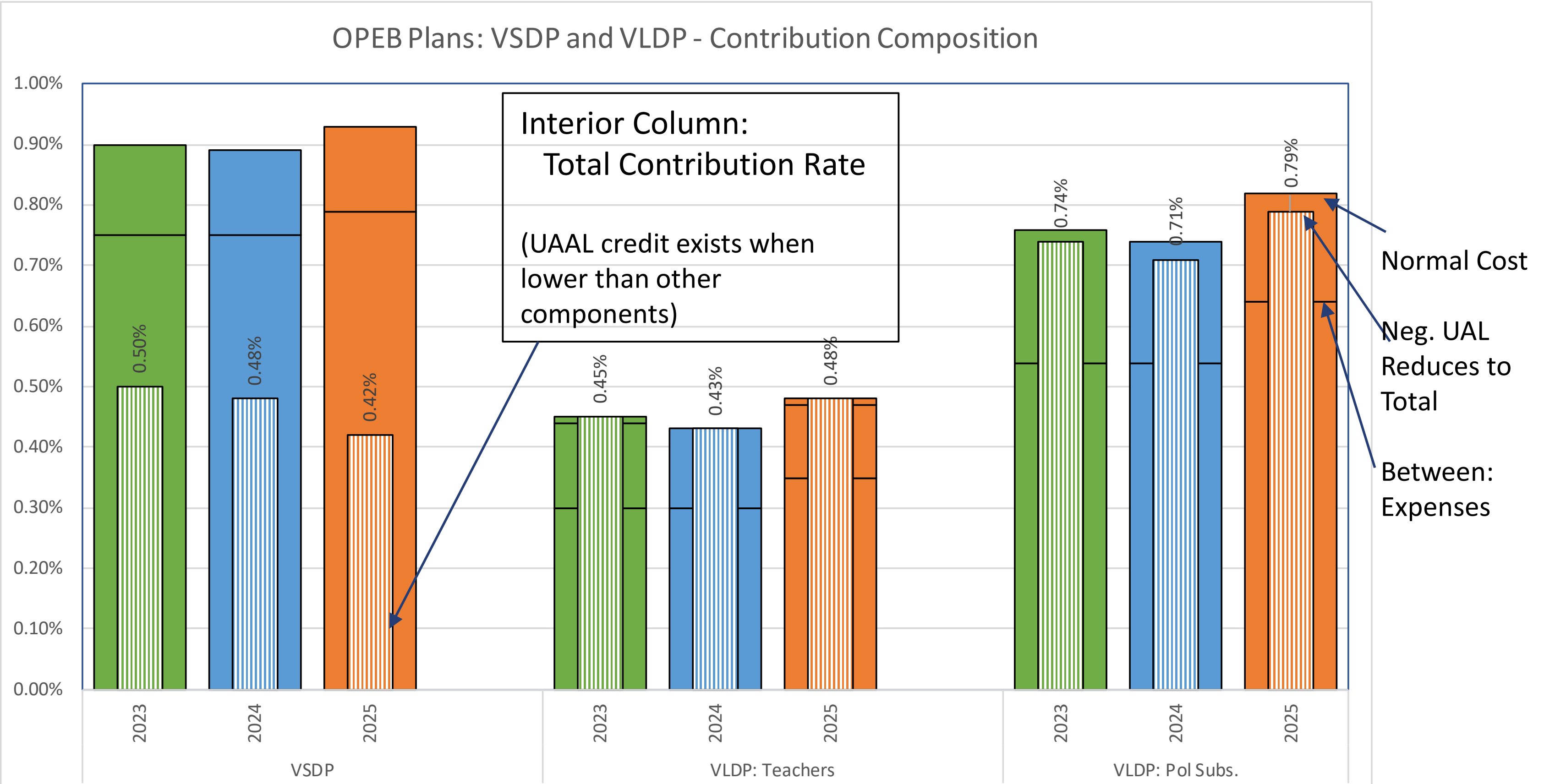


	GLI^			HIC: State			HIC: Teachers			HIC: Pol. Sub.			HIC: Const. Off.			HIC: Soc. Svcs.			HIC: Registrars		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Normal Cost*	0.40%	0.39%	0.37%	0.26%	0.23%	0.23%	0.20%	0.19%	0.19%	0.07%	0.06%	0.07%	0.09%	0.09%	0.09%	0.07%	0.05%	0.06%	0.07%	0.06%	0.07%
UAAL Payment	0.78%	0.73%	0.69%	0.64%	0.53%	0.47%	0.83%	0.76%	0.69%	0.29%	0.29%	0.26%	0.23%	0.19%	0.18%	0.19%	0.16%	0.14%	0.10%	0.07%	0.06%
Total	1.18%	1.12%	1.06%	0.90%	0.76%	0.70%	1.03%	0.95%	0.88%	0.36%	0.35%	0.33%	0.32%	0.28%	0.27%	0.26%	0.21%	0.20%	0.17%	0.13%	0.13%

* Includes Administrative Expense

^ UAAL Payment Includes Active GLI Adjustment

Actuarially Determined Employer Contribution Rates – OPEB Plans



	VSDP			VLDP: Teachers			VLDP: Pol Subs.		
	2023	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Normal Cost*	0.90%	0.89%	0.93%	0.44%	0.43%	0.47%	0.76%	0.74%	0.82%
UAAL Payment	-0.40%	-0.41%	-0.51%	0.01%	0.00%	0.01%	-0.02%	-0.03%	-0.03%
Total	0.50%	0.48%	0.42%	0.45%	0.43%	0.48%	0.74%	0.71%	0.79%

* Includes Administrative Expense

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Experience 2024-2025: OPEB – GLI & HIC (in $millions)

	GLI	HIC: State	HIC: Teachers	HIC: Locals	HIC: Const. Off.	HIC: Soc. Svcs.	HIC: Registrars
UAL Last Valuation	$ 1,260.6	$ 691.5	$ 1,145.7	$ 29.4	$ 25.9	$ 8.3	$ 0.2
Prior Year (PY) Normal Cost	93.7	20.0	18.4	1.2	0.8	0.2	-
Actual PY ER Contributions	(238.6)	(110.2)	(136.6)	(7.7)	(3.7)	(1.5)	(0.1)
Extra Contributions	-	-	-	-	-	-	-
Adjustment to Market Value	-	-	-	-	-	-	-
Interest	83.4	44.3	74.0	1.8	1.7	0.5	-
Expected UAAL	1,199.2	645.7	1,101.4	24.7	24.6	7.5	0.2
UAAL This Valuation	1,115.5	624.3	1,064.5	25.6	24.5	7.6	0.2
Total Gain/(Loss)	**83.6**	**21.3**	**36.9**	**(0.9)**	**0.1**	**(0.2)**	**-**
-- Asset Gain/(Loss)	97.5	5.7	6.2	0.4	0.1	-	-
-- Assum/Method Change Gain/(Loss)	(3.6)	5.9	23.0	(3.3)	(1.0)	(0.4)	-
-- Liability Gain/(Loss)	(10.3)	9.7	7.7	2.0	1.0	0.2	-

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Experience 2024-2025: OPEB – VSDP & VLDP (in $millions)

	VSDP	VLDP Teachers	VLDP Locals
UAL Last Valuation	$ (347.6)	$ 0.6	$ (3.4)
Prior Year (PY) Normal Cost	48.3	3.7	4.1
Actual PY ER Contributions	(23.6)	(4.0)	(5.1)
Extra Contributions	-	-	-
Adjustment to Market Value	-	-	-
Interest	(21.1)	0.2	(0.1)
Expected UAAL	(344.0)	0.5	(4.5)
UAAL This Valuation	(444.3)	1.3	(5.1)
Total Gain/(Loss)	**100.3**	**(0.8)**	**0.6**
-- Asset Gain/(Loss)	21.1	0.2	0.3
-- Assum/Method Change Gain/(Loss)	43.6	(1.4)	-
-- Liability Gain/(Loss)	35.7	0.4	0.3

Funded Status (Three Year Comparison) – OPEB HIC Political Subdivisions

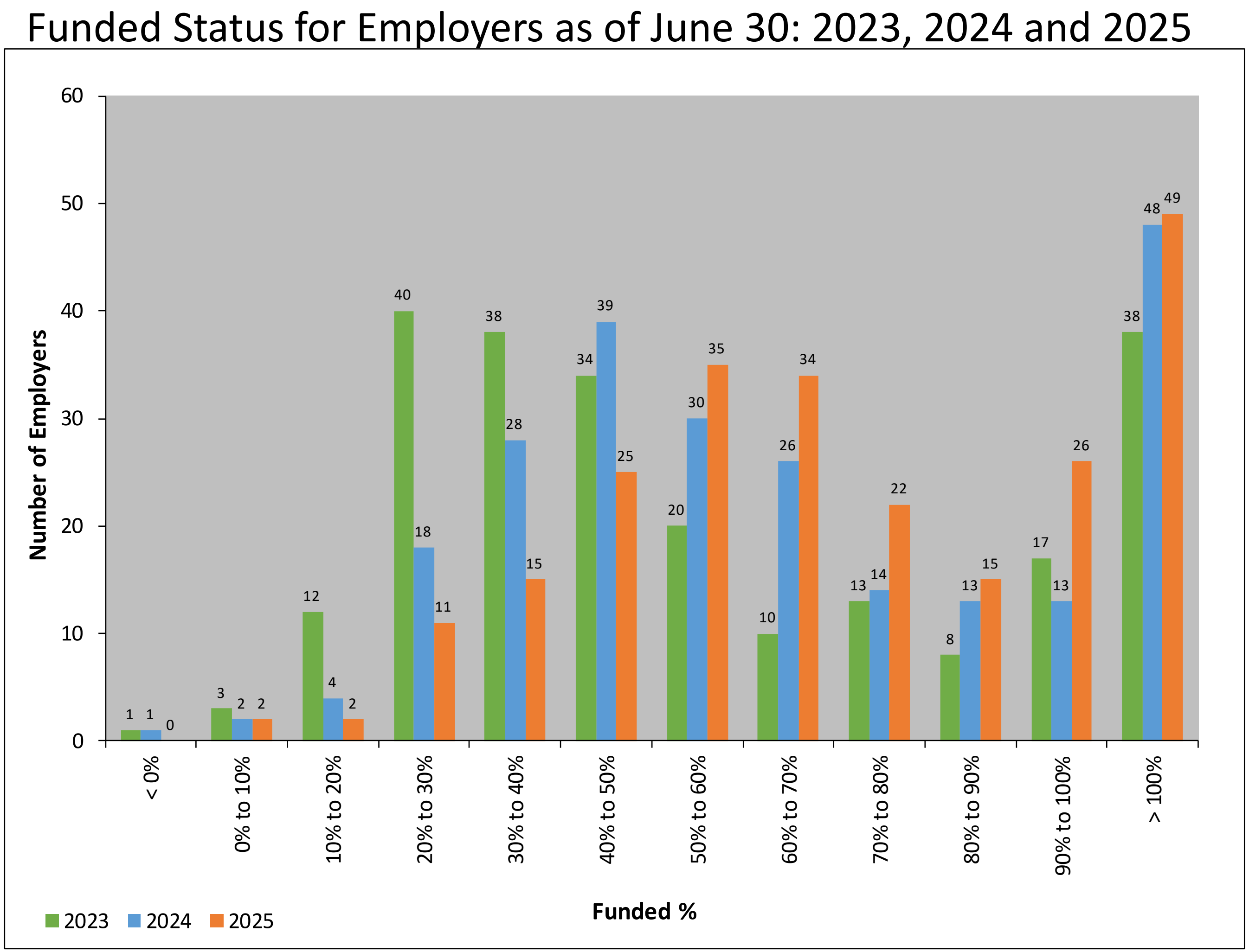
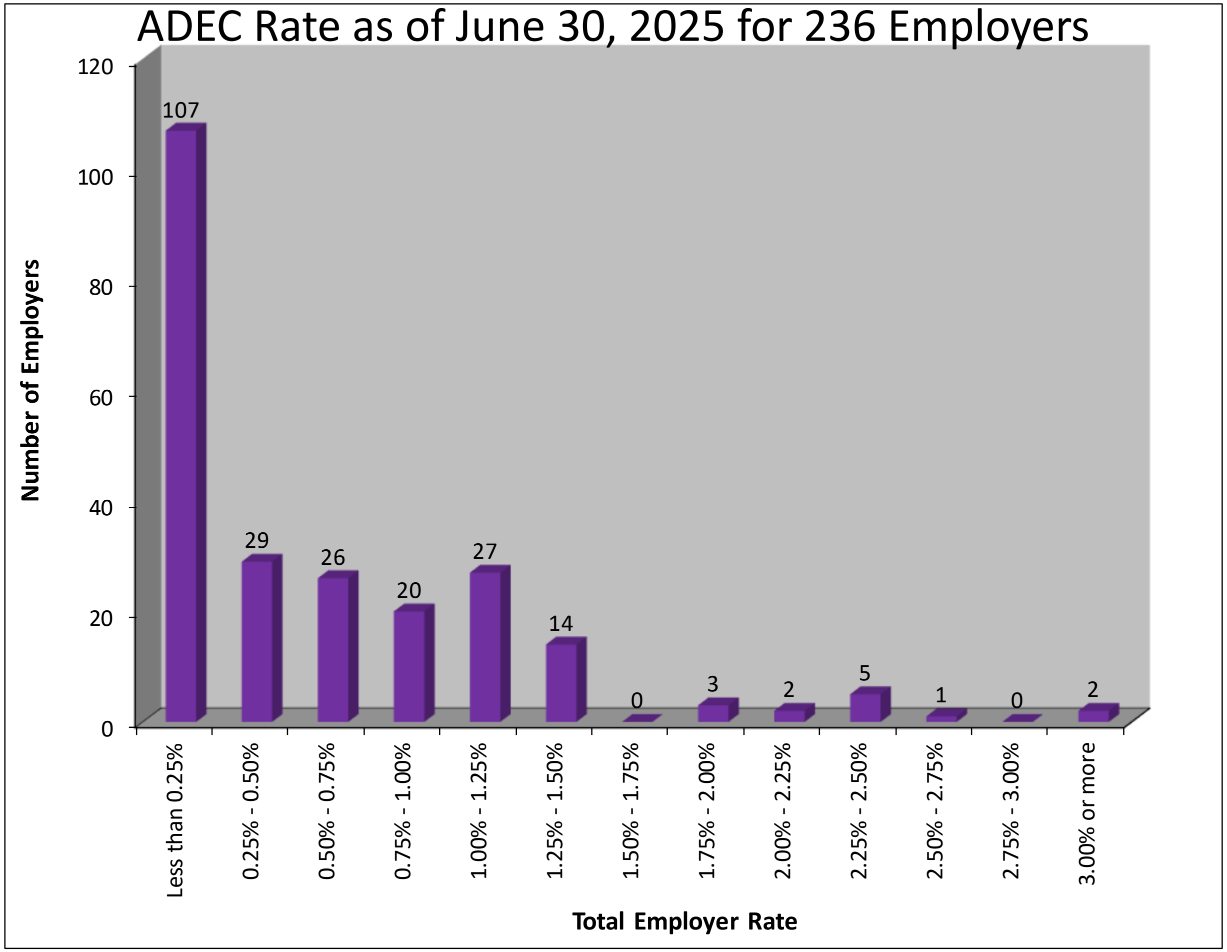


Chart includes: June 30, 2025 = 236 employers, June 30, 2024 = 236 employers, and June 30, 2023 = 234 employers; employers with 0 actives are excluded.

Actuarially Determined Employer Contribution (ADEC) Rates – OPEB HIC Political Subdivisions



The chart above shows 236 employers; employers with 0 actives are excluded.

Contribution unchanged from prior rate setting valuation for 136 employers with surcharge

OPEB Results Commentary: HIC Political Subdivisions

- Employers with additional funding charge or surcharge

	2025	2024	2023
Additional Funding Charge	0	2	3
Surcharge	136	149	160

Summary: Pension Plan Contribution Rates

	Informational	FY 2025/2026	Informational	FY 2027/2028
	2022 Valuation	2023 Valuation	2024 Valuation	2025 Valuation
State	13.19%	12.52%	11.77%	11.07%
Teachers	14.13%	14.21%	13.63%	12.20%
SPORS	28.88%	31.32%	31.39%	31.67%
VaLORS	21.92%	24.60%^	23.00%	22.60%
JRS	29.10%	30.67%^	28.36%	30.49%
Pol. Sub (Weighted Avg)	11.89%	12.25%	11.76%	10.46%

^ VaLORS and JRS contribution rates set at 2021 valuation level, increased from 22.81% and 30.66% respectively.

Note: Beginning with 2023 valuation the DC contribution for State, Teachers, and JRS has been decoupled

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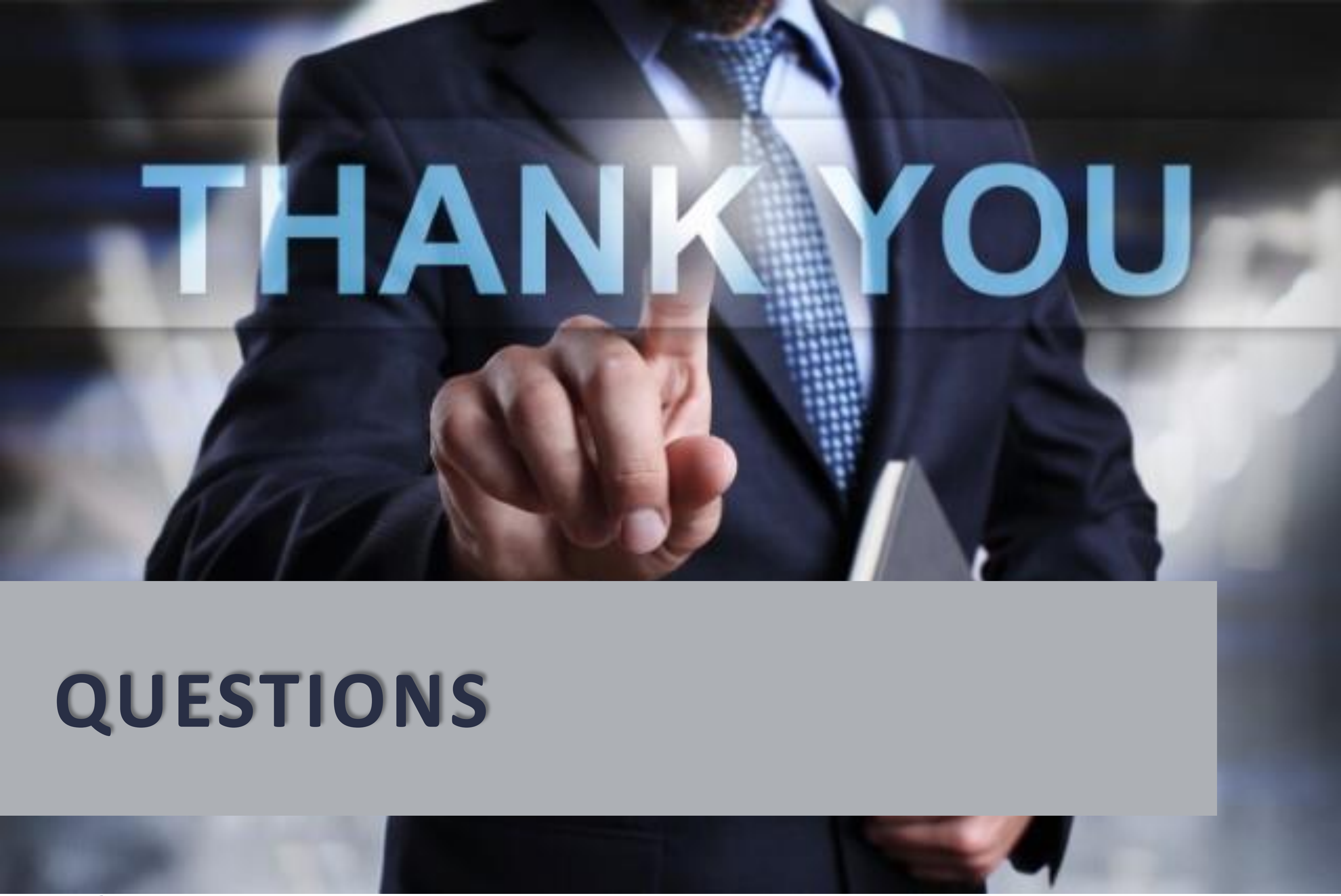
Summary: OPEB Contribution Rates

	Informational 2022 Valuation	FY 2025/2026 2023 Valuation	Informational 2024 Valuation	FY 2027/2028 2025 Valuation
Group Life Insurance	1.21%	1.18%	1.12%	1.06%
Health Insurance Credit (HIC)				
-- State	0.90%	1.12%*	0.76%	0.70%
-- Teachers	1.08%	1.21%*	0.95%	0.88%
-- Pol. Subs.	0.36%	0.36%	0.35%	0.33%
-- Const. Officers	0.29%	0.36%*	0.28%	0.27%
-- Social Services EEs	0.31%	0.37%*	0.21%	0.20%
-- Registrars	0.21%	0.32%*	0.13%	0.13%
VSDP	0.45%	0.50%	0.48%	0.42%
VLDP				
-- Teachers	0.46%	0.45%	0.43%	0.48%
-- Pol. Subs.	0.78%	0.74%	0.71%	0.79%

* HIC-State, HIC-Teachers, HIC-Const. Officers, HIC-Social Services EEs, and HIC-Registrars contribution rates held at 2021 valuation level; computed contribution rate decreased to 0.90%, 1.03%, 0.32%, 0.26%, and 0.17% respectively.

Conclusion

1. **Increased Funded Status on Actuarial Asset Basis**
   - Higher than expected returns for 2025 valuations,
   - Salary and COLA Losses
2. **Contributions**
   - Pension & OPEB rates are mostly consistent with last year's valuation
   - Generally, slightly lower rates than those currently being paid
3. **Assumption update in line with experience study results**
4. **Possible future funding policy considerations**



QUESTIONS

APPENDIX

Changes in Coverage Since Last Valuation (Pension)

Employer	Description of Change
Alleghany County (55102)	Increase Enhanced Hazardous Duty multiplier to 1.85%
Amelia County (55103)	Enhanced Hazardous Duty Benefit - Fire & EMTs
Bland County (55110)	Enhanced Hazardous Duty Benefit - Fire & EMTs
Culpeper County (55123)	Increase Enhanced Hazardous Duty multiplier to 1.85%
Cumberland County (55124)	Increase Enhanced Hazardous Duty multiplier to 1.85%
Floyd County (55131)	Enhanced Hazardous Duty Benefit - EMTs, 1.85% multiplier
Pulaski County (55177)	Enhanced Hazardous Duty Benefit - Fire
Warren County (55193)	Increase Enhanced Hazardous Duty multiplier to 1.85%
Washington County (55195)	Enhanced Hazardous Duty Benefit - Fire & EMTs
Wythe County (55198)	Enhanced Hazardous Duty Benefit - Fire & EMTs

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Changes in Coverage Since Last Valuation (Pension)

Employer	Description of Change
Town of Bowling Green (55331)	Increase Enhanced Hazardous Duty - LEOs
Town of Lawrenceville (55342)	Increase Enhanced Hazardous Duty - LEOs, 1.85% multiplier

Summary: Unfunded Pension Plan Liabilities ($000)

Unfunded Liability

AVA

	2024	2025
State	$ 6,051,719	$ 5,356,033
Teachers	12,022,101	11,179,129
SPORS	458,924	434,411
VaLORS	768,647	717,570
JRS	113,497	103,531
Pol. Subs.	3,601,170	2,802,585
Total	23,016,058	20,593,259

MVA

	2024	2025
State	$ 5,404,292	$ 4,535,147
Teachers	10,729,982	9,453,015
SPORS	429,446	396,218
VaLORS	716,554	649,166
JRS	94,899	80,225
Pol. Subs.	2,840,327	1,797,549
Total	20,215,500	16,911,320

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Summary: Unfunded OPEB Liabilities ($000)

Unfunded Liability

AVA

	2024	2025
GLI	$ 1,260,597	$ 1,115,507
HIC - State	691,541	624,328
HIC - Teachers	1,145,675	1,064,506
HIC - Pol. Subs.	29,409	25,570
HIC - Const. Off.	25,888	24,472
HIC - Social Svc EEs	8,264	7,645
HIC - Registrars	226	176
VSDP	(347,574)	(444,293)
VLDP - Teachers	623	1,263
VLDP - Pol. Subs.	(3,391)	(5,144)
Total	$ 2,811,258	$ 2,414,030

MVA

	2024	2025
GLI	$ 1,166,536	$ 980,861
HIC - State	689,141	613,069
HIC - Teachers	1,141,564	1,054,242
HIC - Pol. Subs.	29,409	24,118
HIC - Const. Off.	25,888	23,909
HIC - Social Svc EEs	8,264	7,524
HIC - Registrars	226	143
VSDP	(364,449)	(467,052)
VLDP - Teachers	471	828
VLDP - Pol. Subs.	(3,717)	(5,922)
Total	$ 2,693,333	$ 2,231,720

Pension Inactive Participants at June 30, 2025

System	Plan 1	Plan 2	Hybrid	Total 2025	Total 2024	Percent Change
State	14,394	22,623	32,682	69,699	66,289	5.1%
Teachers	20,549	31,881	47,936	100,366	96,664	3.8%
SPORS	264	571	-	835	812	2.8%
VaLORS	2,352	12,860	-	15,212	14,268	6.6%
JRS	8	3	4	15	16	-6.3%
Pol. Sub.	27,899	50,696	56,278	134,873	127,308	5.9%
Total	65,466	118,634	136,900	321,000	305,357	5.1%

Includes counts for each plan from which members are entitled to deferred pension benefits. Members with benefits from more than one employer are counted more than once.

Pension Retired Participants at June 30, 2025

System	Plan 1	Plan 2	Hybrid	Total 2025	Total 2024	Percent Change
State	70,174	2,969	895	74,038	73,100	1.3%
Teachers	110,192	3,494	894	114,580	112,565	1.8%
SPORS	1,834	48	-	1,882	1,829	2.9%
VaLORS	7,069	396	-	7,465	7,144	4.5%
JRS	571	22	20	613	597	2.7%
Pol. Sub.	84,979	5,827	1,481	92,287	89,324	3.3%
Total	274,819	12,756	3,290	290,865	284,559	2.2%

Includes counts for each plan from which members receive pension benefits. Members with benefits from more than one employer are counted more than once.

GLI, HIC Participants at June 30, 2024-2025

Valuation Date (in $thousands)	Group Life Insurance		HIC - State Employees		HIC - Teachers		HIC - Political Subdivisions	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Participants								
Active	389,086	379,583	119,945	116,817	160,951	156,506	40,317	39,312
Long Term Disability	2,250	2,358	2,534	2,660	62	54	58	56
Retirees	206,500	202,772	54,815	53,957	75,137	74,374	12,378	11,879
Disabled	12,140	12,446	2,200	2,311	3,048	3,124	1,408	1,447
Inactive, Vested	14,150	13,967	3,695	3,706	4,253	4,206	926	924
Inactive, Active Elsewhere in VRS	0	0	11,433	10,883	6,063	5,890	9,536	9,161
Total	624,126	611,126	194,622	190,334	249,514	244,154	64,623	62,779
Annual Covered Payroll	$ 28,384,920	$ 26,771,877	$ 10,115,244	$ 9,574,104	$ 11,740,521	$ 11,009,136	$ 2,198,684	$ 2,062,946
Valuation Salary	25,454,212	24,034,698	9,210,227	8,708,367	10,325,860	9,709,000	1,982,188	1,860,652

Valuation Date (in $thousands)	HIC - Constitutional Officers		HIC - Social Service Employees		HIC - Registrars	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Participants						
Active	14,652	14,269	6,652	6,460	324	312
Long Term Disability	1	4	4	5	0	0
Retirees	4,619	4,472	2,296	2,247	82	80
Disabled	289	299	153	153	2	2
Inactive, Vested	434	473	158	148	6	9
Inactive, Active Elsewhere in VRS	3,780	3,660	3,425	3,211	49	44
Total	23,775	23,177	12,688	12,224	463	447
Annual Covered Payroll	$ 1,045,810	$ 982,051	$ 412,369	$ 387,181	$ 24,290	$ 22,603
Valuation Salary	952,934	897,032	370,379	347,784	21,864	20,344

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VSDP, VLDP Participants at June 30, 2024-2025

	VSDP		VLDP - Teachers		VLDP - Political Subdivisions	
Valuation Date (in $thousands)	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Participants						
Number Active VSDP participants	85,767	83,922	21,564	19,367	19,399	17,153
Number Disabled	2,040	2,142	56	50	136	121
Number Ported	4,283	4,052	3	3	4	2
Total	92,090	90,116	21,623	19,420	19,539	17,276
Annual Covered Payroll	$ 6,434,730	$ 6,086,806	$ 1,221,104	$ 1,052,347	$ 1,103,829	$ 875,195
Valuation Salary	5,866,109	5,542,549	1,053,819	908,057	916,700	771,757

Disclaimers

- This presentation expresses the views of the authors and does not necessarily express the views of Gabriel, Roeder, Smith & Company.
- Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Disclaimers

- This presentation is intended to be used in conjunction with the forthcoming actuarial valuation reports. This presentation should not be relied on for any purpose other than the purposes described in the valuation reports.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Jim Anderson and Becky Stouffer are independent of the plan sponsor, are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

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Virginia Retirement System

June 30, 2025 Annual Actuarial Valuation Results – Line Of Duty Act Fund

Presented by: Becky Stouffer, ASA, MAAA;
Jim Anderson, FSA, EA, MAAA

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Benefits and Actuarial Committee November 12, 2025

Agenda

- Big Picture – Line Of Duty Act Fund
- Valuation Highlights
- Appendix

Line Of Duty Act Fund

Big Picture: 2025 Actuarial Valuation Results

Line of Duty Death Act (LODA) develops:

1. Pay-As-You-Go (PAYGO) rate per Full Time Equivalent (FTE) Employee
2. Actuarially Determined Employer Contribution (for accounting purposes only)

Historically, odd year valuations determine LODA PAYGO Rate for 2 years

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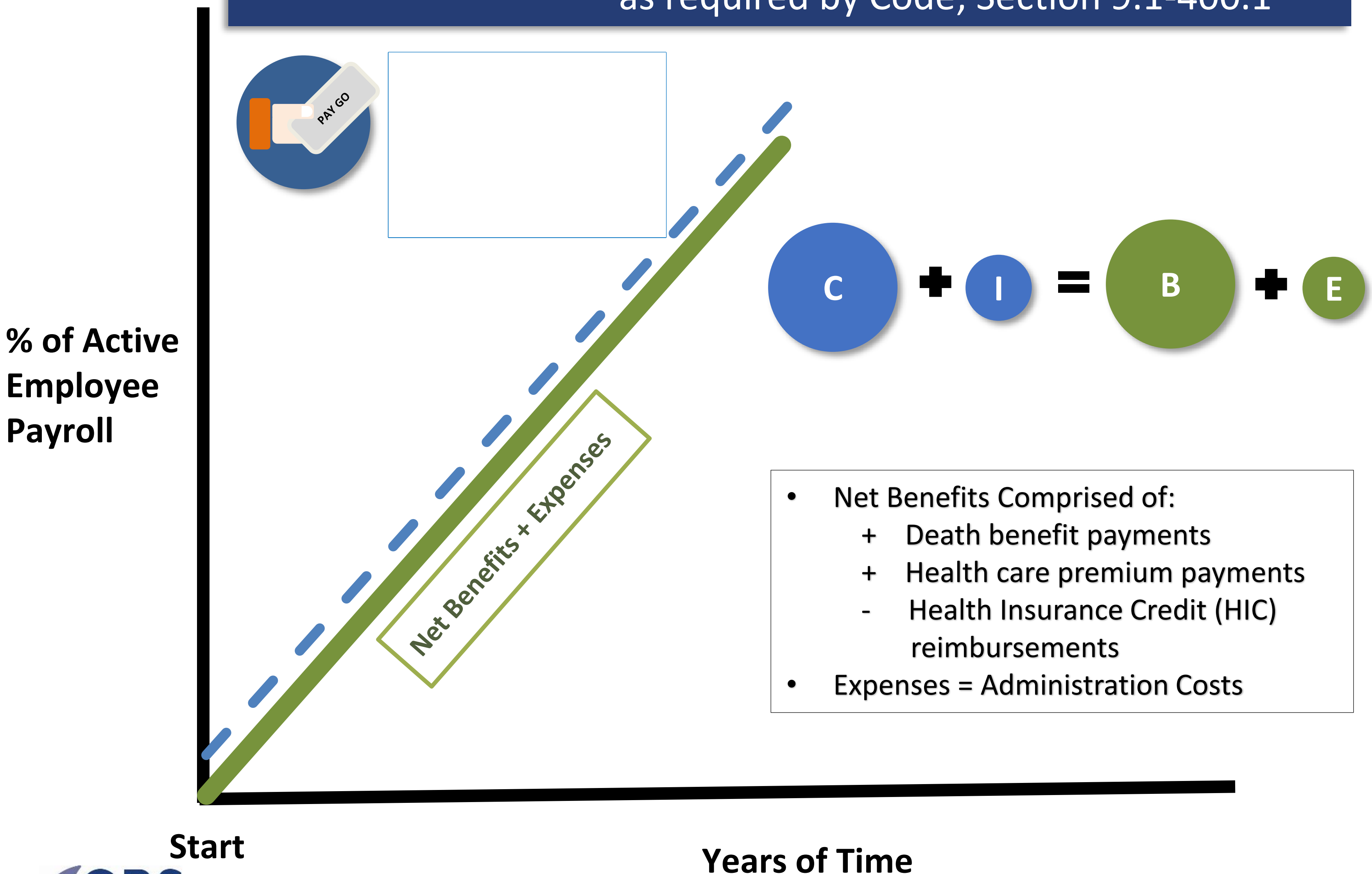
A Different Approach: LODA Based on PAYGO Financing as required by Code; Section 9.1-400.1



Actuarial Valuation Process - Line of Duty Act Fund

Member Data

17,445 Full Time Equivalent Employees

Financial Data

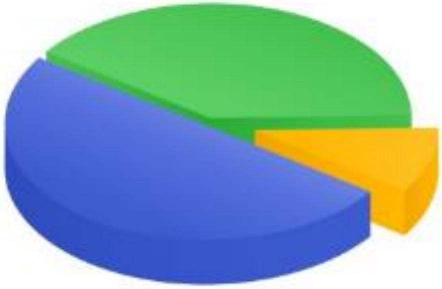
$5 Million Market Value

Actuarial Valuation

Death, Disability, and Health Care Plan Provisions

Actuarial Assumptions

Funding Approach



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Updated with 2025 legislation

Updated in the Experience Study

JUNE 30, 2025
VALUATION RESULTS HIGHLIGHTS

LODA Full-Time Equivalent (FTE) Rate History

- FTE = $ per full-time person
- Set at a level to cover “two” years of plan costs

Valuation Date	Fiscal Year	Board Certified Rate	Adjusted Rate	Informational Rate
6/30/2025	2027-2028*	$1,385.00^	N/A	N/A
6/30/2024	2026	$995.00	$1,015.00	$970.00
6/30/2023	2025	$995.00	$1,015.00	N/A
6/30/2022	2024	$681.84	$830.00	$732.57
6/30/2021	2023	$681.84	N/A	N/A

* May be re-determined in an “informational” year
^ FTE under 2024 weighting would have been $1,300

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LODA Active Participants

Employer Group	FY 2024 Counts	FY 2024 Weight	FY 2024 FTEs	FY 2025 Counts	FY 2025 Weight	FY 2025 FTEs
State/VaLORS/SPORS						
Full-Time	8,316	100%	8,316	8,548	100%	8,548
Part-Time	415	*100%*	415	506	50%	253
Total State/VaLORS/SPORS	8,731		8,731	9,054		8,801
National Guard						
Full-Time	961	100%	961	1,050	75%	788
Part-Time	7,106	10%	711	7,062	5%	353
Total National Guard	8,067		1,672	8,112		1,141
Participating Pol. Sub.						
Full-Time	6,694	100%	6,694	6,935	100%	6,935
Part-Time	425	*100%*	425	471	50%	236
Volunteers	1,934	25%	484	1,664	20%	333
Total Pol. Sub. Employees	9,053		7,603	9,070		7,503
Aggregated Total	25,851		18,005	26,236		17,445

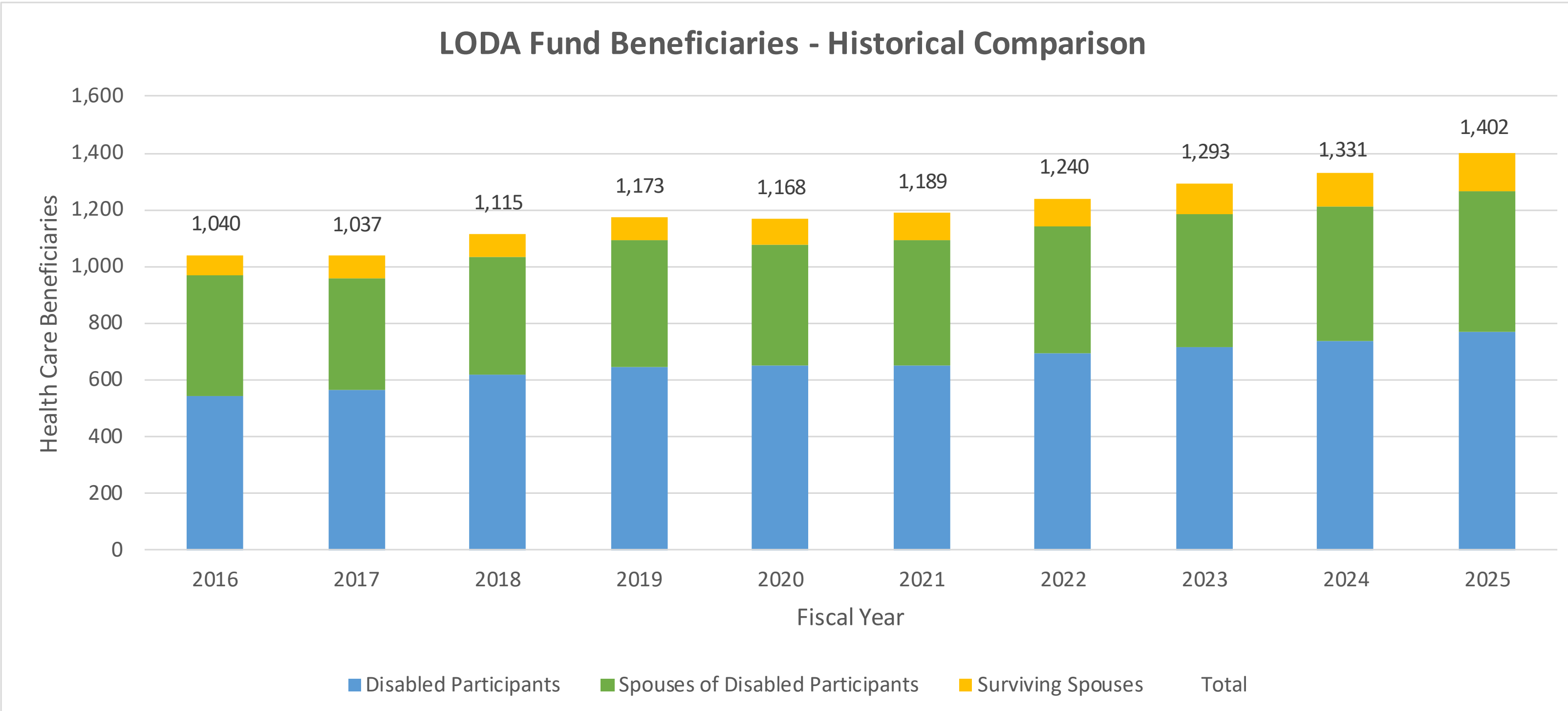
New weighting category with the recent experience study

Updated weighting with the recent experience study

Lower Full Time Equivalent count will increase the rate

Total Active Count is increased from prior year.
2025 Count with 2024 FTE basis results in 18,632 FTEs.

Health Care Beneficiaries: 10-year History



Beneficiary Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Disabled Participants	540	566	619	647	650	653	691	713	735	770
Spouses of Disabled Participants	431	394	413	447	429	440	449	471	477	495
Surviving Spouses	69	77	83	79	89	96	100	109	119	137
Total	1,040	1,037	1,115	1,173	1,168	1,189	1,240	1,293	1,331	1,402

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Health Care Premiums

- Premium amounts reflect recent claims experience of current LODA beneficiaries

FY 2026				
Membership Level	LODA Plan Current LODA Employment[1]	LODA Plan Former LODA Employment[1]	Medicare Primary[1,2]	Medicare Part B Premium[3]
Single	$1,231	$1,270	$405	$206.50
Two Person	$2,100	$2,136	N/A	N/A
Family (3 or more family members)	$2,977	$3,012	N/A	N/A

FY 2025				
Membership Level	LODA Plan Current LODA Employment[1]	LODA Plan Former LODA Employment[1]	Medicare Primary[1,2]	Medicare Part B Premium[3]
Single	$1,149	$1,186	$346	$185.00
Two Person	$1,961	$1,995	N/A	N/A
Family (3 or more family members)	$2,780	$2,812	N/A	N/A

For Non-Medicare members: premiums increased 7.1% vs. 7.25% expected.

For Medicare eligible members: premiums increased 17.1% vs. 6.50% expected.

Medicare Part B premiums increased 11.6% vs. 3.4% expected.

[1] *Provided by Department of Human Resource Management (DHRM).*

[2] *Rate effective January 1 within the Fiscal Year.*

[3] *Rate effective January 1 following the Fiscal Year. From Trustees Report.*

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Health Care Trends

Assumed trend for future health care costs is reviewed each valuation year

- Forward looking best estimate based upon national surveys

- Prior Year Rates
  - Pre-65: 7.25% initially, decreasing over 9 years to a 4.25% ult.
  - Post-65: 6.50% initially, decreasing over 9 years to a 4.25% ult.

- Current Year Rates
  - Pre-65: 7.75% initially, decreasing over 12 years to a 4.25% ult.
  - Post-65: 6.50% initially, decreasing over 10 years to a 4.25% ult.

Market Value Assets: Year Ending June 30, 2025

Line of Duty Act:	
Beginning balance	4,840,570
Additions:	
Member contributions	-
Employer contributions	18,276,429
Health Insurance Credit Offset	544,328
Administrative expenses - Non-Participating	180,250
Total additions	19,001,007
Deductions:	
Line of Duty Act reimbursements	
Health Care Benefits	18,426,630
Death Benefits	430,333
Administrative expenses - Participating	951,273
Administrative expenses - Non-Participating	180,250
Other expenses	-
Total deductions	19,988,486
Investment Income (Net)	1,119,030
Ending balance	**4,972,121**

Expected Net Benefits:
$17.8M

Actual Net Benefits:
$18.3M

Expected Inv. Return:
$910k

LODA fund assets expected to earn 6.75% return

Actual vs. Expected Benefit Payments

FY 2025		
Type of Benefit	**Expected**	**Actual**
Health Insurance Benefits	$17,669,141	$18,426,630
Death Benefits	$654,233	$430,333
HIC Offsets	($528,834)	($544,328)
Total	$17,794,540	$18,312,635

Death benefit expectations are driven by the prior year benefit change $75,000 lump sum death benefit

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Legislation

- **HB 1815 and SB 1142** - Adds private institutions of higher education and contributing private police departments to Line of Duty Act
- The legislation sets the election window for existing qualified police departments for a period of 180 days, starting July 1, 2025
- VRS to provide a list of the employers that choose to elect LODA benefits once the election period has closed

- ***Inquiries are minimal;***
- ***Election window is still open***

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Putting It All Together: Development of LODA Employer Costs Per Full-Time Equivalent (FTE) Rate

- Combine
  - Demographics of group as of June 30, 2025
  - Health care premium rates as of June 30, 2025
  - Health care trend and other actuarial assumptions
  - Health Insurance Credit (HIC) Program Reimbursements
  - Administrative Expenses
    - Net fiscal year 2025 amount is $951,273 assumed to increase at 3% per annum for future years

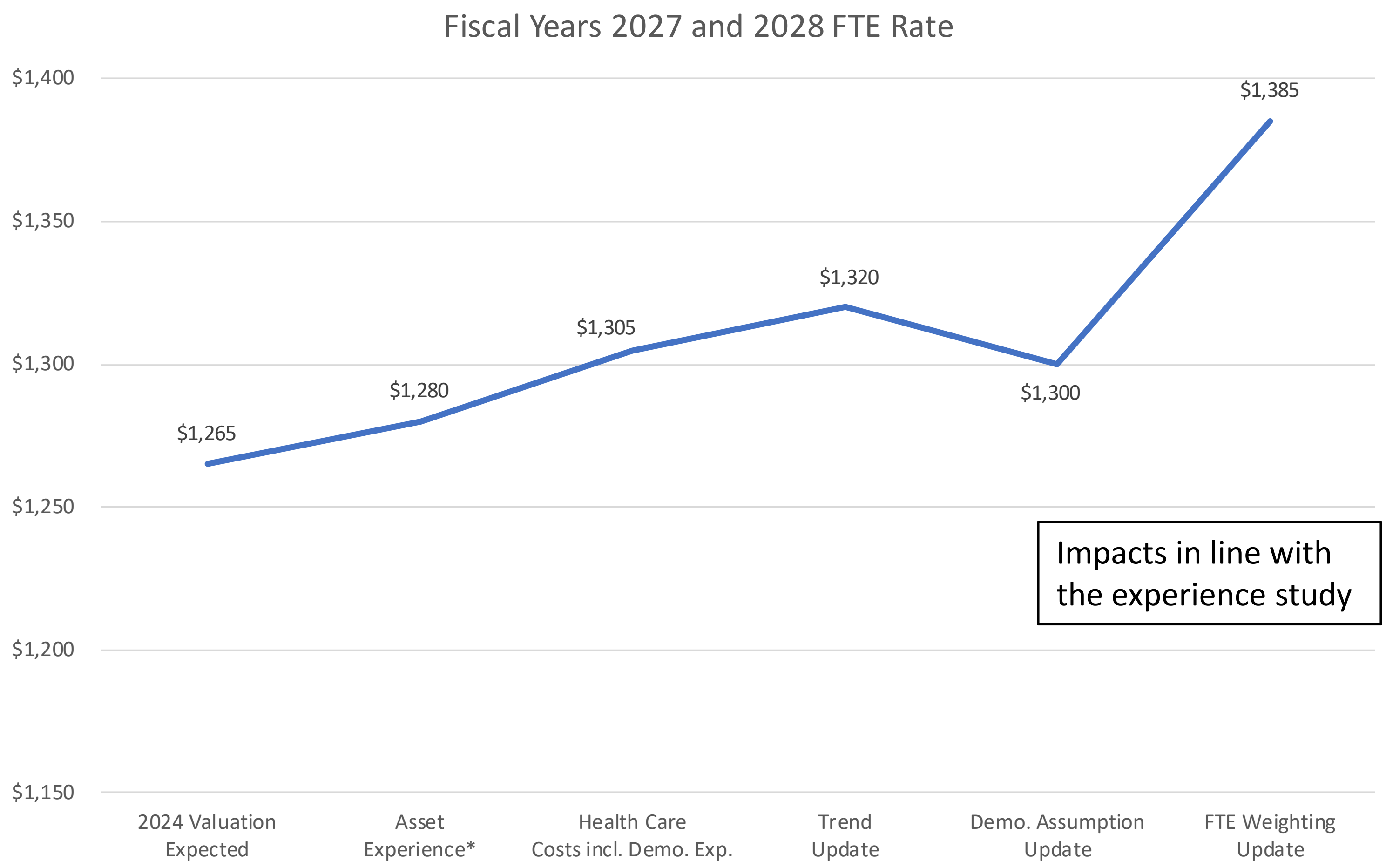
Putting It All Together: Fiscal Years 2026-2028

	FY 2026	FY 2027	FY 2028
FTE Employees	17,445	17,445	17,445
Employer Contributions[1]	$ 18,920,260	$ 24,139,723	$ 24,139,723
Benefit Costs	(20,597,102)	(23,433,284)	(25,805,804)
Administrative Expenses	(979,811)	(1,009,205)	(1,039,481)
Investment Income	884,515	1,020,496	987,849
Net Cash Flow	(1,772,138)	717,730	(1,717,713)
End of Year Position[2]	3,199,983	3,917,713	**2,200,000**

[1] Based on known FY 2026 invoiced amount and $1,385/FTE for FY 2027 and FY2028

[2] FYE 2028 target of one month claim reserve was set equal to $2,200,000

Putting it All Together: Reflecting Fiscal Year 2025 Experience

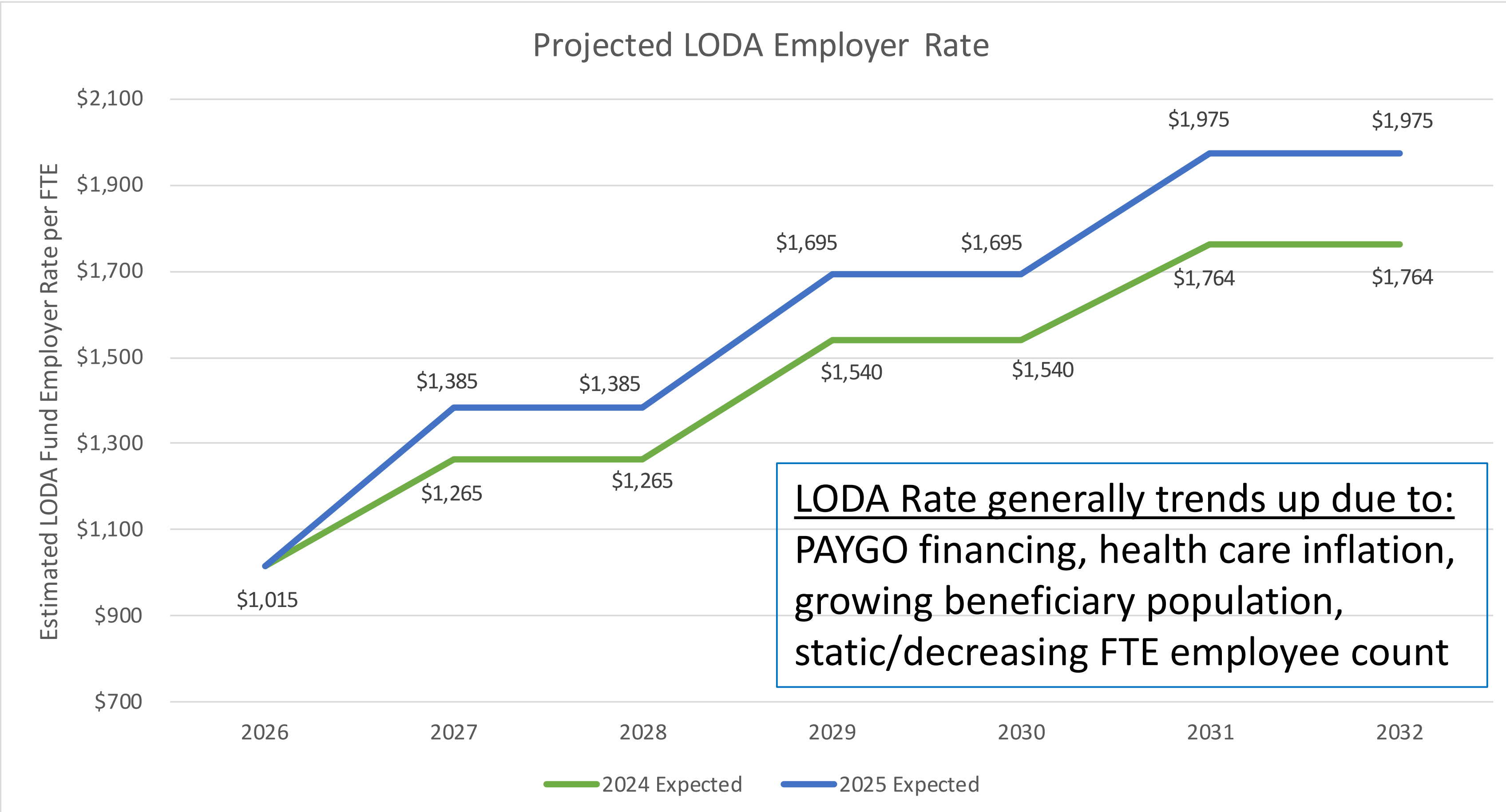


* Includes Investment and Benefit Experience

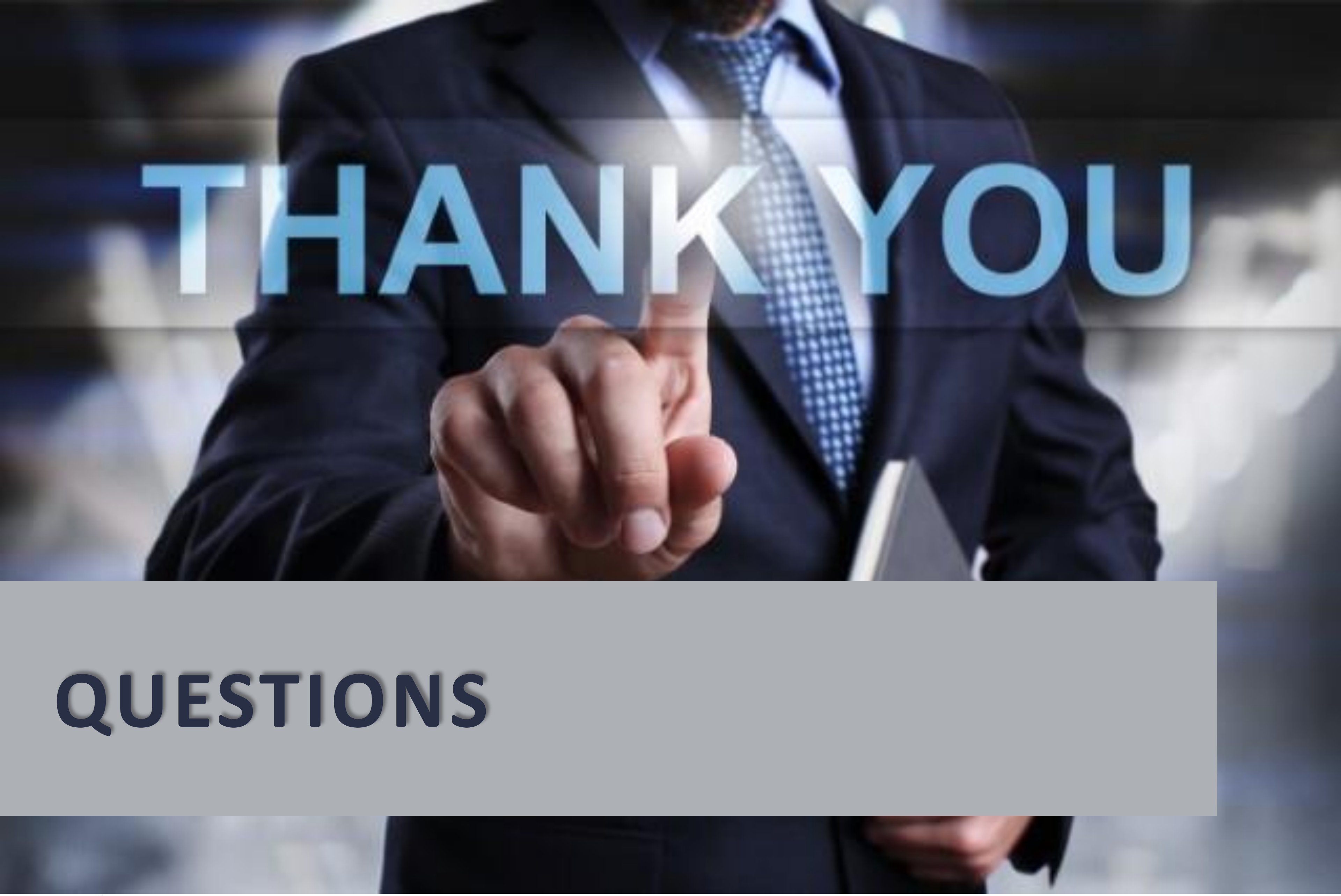
LODA: 2025 Valuation Conclusions

- LODA Fund contributions are increased, in the current year, primarily due to:
  - Health care inflation
  - Increasing number of beneficiaries
  - Active population increased but
    - Experience study updated weightings led to a decrease in the FTE count

LODA: Looking Ahead



<u>LODA Rate generally trends up due to:</u>
PAYGO financing, health care inflation, growing beneficiary population, static/decreasing FTE employee count



QUESTIONS

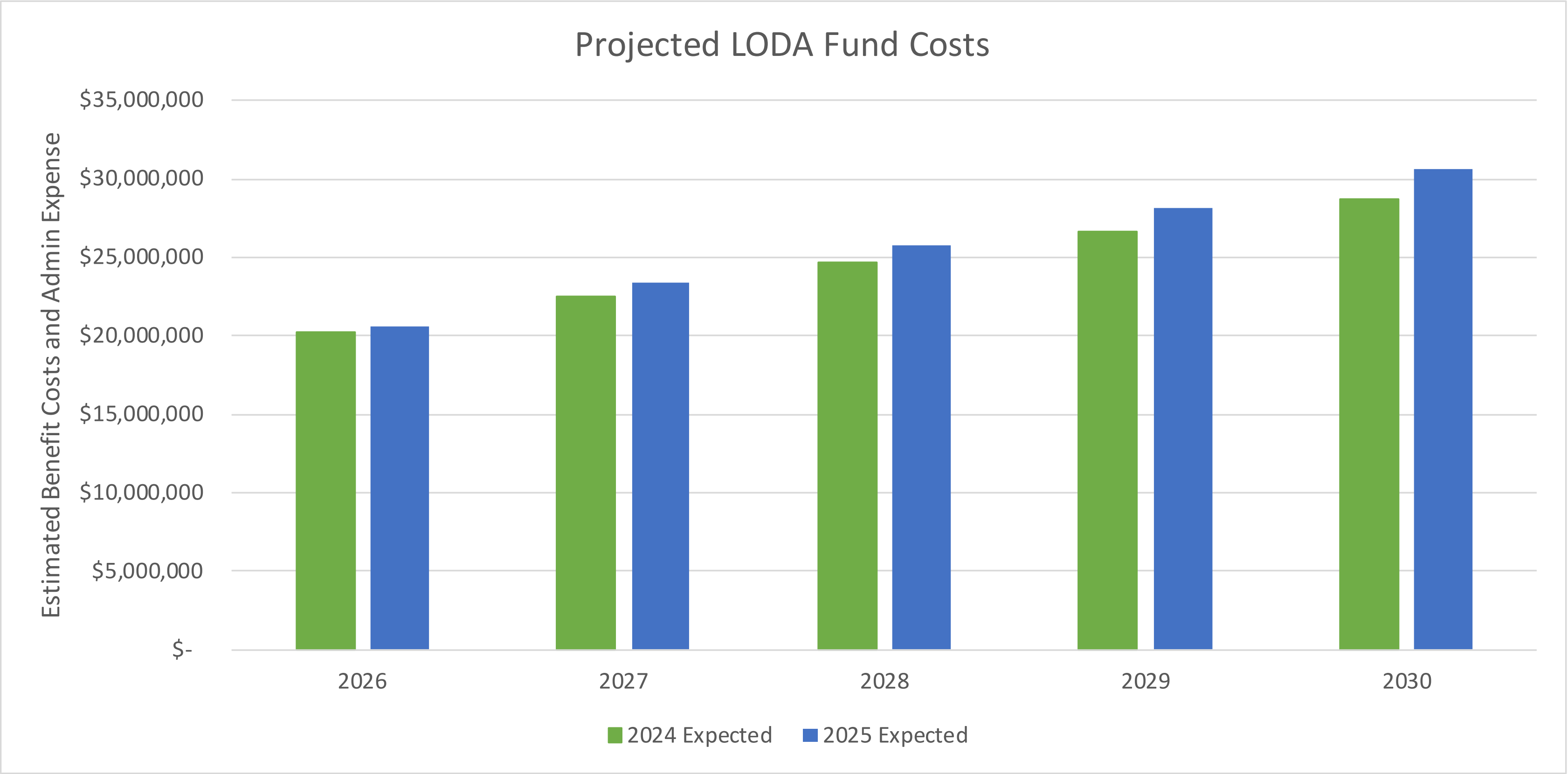
APPENDIX

Initial Monthly Per Capita Costs – Model Inputs

Valuation Date	Non-Medicare^	% Increase	Medicare Primary Including Medicare Part B	% Increase
June 30, 2025	$1,662.82	8.5%	$611.50	15.2%
June 30, 2024	$1,532.23	8.0%	$531.00	11.4%
June 30, 2023	$1,418.67	4.0%	$476.70	3.4%
June 30, 2022	$1,413.08	7.1%	$460.90	(0.5%)
June 30, 2021	$1,319.01	N/A	$463.10	N/A

^Non-Medicare: Includes the additional cost for coverage of dependent children

Putting It All Together: Projected Benefit Payments



Disclaimers

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- Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

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GRS