



Benefits and Actuarial Committee (B&A) Meeting

201 N. 9th Street
House South Subcommittee Room - 210
Wednesday, 10/15/2025
1:00 - 3:00 PM ET

I. Welcome and Introductions

II. Approve Minutes

B&A Minutes 06.09.2025 FINAL - Page 2

III. 2025 Actuarial Valuation Results for the Five Statewide Retirement Plans, Group Life Insurance, State and Teacher Health Insurance Credit, and the Virginia Sickness and Disability Program (includes self-funded LTC)

RBA_RatesForFiveStatewidePlansAndAssociated OPEBs - Page 6

October 15 2025 Statewide Meeting Final - Page 9

Minutes

A regular meeting of the Benefits and Actuarial Committee was held on June 9, 2025, in Richmond, Virginia with the following members participating:

John M. Bennett, Chair
Lindsey K. Pantele, Vice Chair
Jessica L. Hood

Board members participating:
Hon. J. Brandon Bell, II (*remotely under § 2.2-3708.3(B)(3)*)
Lawrence A. Bernert, III

VRS Staff:
Patricia Bishop, Andrew Junkin, Rory Badura, Judy Bolt, Michael Cooper, David Cotter, Sara Denson, Curtis Doughtie, Antonio Fisher, Krystal Groff, Robert Irving, Sandy Jack, Angela Payne, Virginia Sowers and Leslie Weldon.

Guests:
Alexandria Jansson, Joint Legislative Audit and Review Commission; Jacob Hodges and Matthew Glasgow, Encore Global.

The meeting convened at 12:59 p.m.

Opening Remarks

Mr. Bennett called the meeting to order and welcomed everyone to the June 9, 2025, meeting of the Benefits and Actuarial Committee. Mr. Bennett took attendance with the following roll call:

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

Approval of Minutes

Upon a motion by Ms. Pantele, with a second by Ms. Hood, the Committee approved the minutes of its April 15, 2025, meeting.

Election of Committee Vice Chair

In accordance with the B&A Committee charter, and following a nomination by Mr. Bennett and second by Ms. Hood, the Committee unanimously approved Ms. Pantele to continue serving as Vice Chair.

Purchase of Prior Service Normal Cost Adjustments

Patricia Bishop, VRS Director, provided a brief overview of the purchase of prior service program to the committee. Ms. Bishop advised that the program provides eligible VRS members opportunities to purchase prior public service employment, certain types of military service, as well as refunded service

in order to become vested sooner or enhance their benefit payment in retirement. Service can only be purchased while an active VRS member. Members have the option to purchase all or a portion of eligible service as long as it does not overlap with other VRS service.

Rory Badura, Senior Staff Actuary, presented the proposed normal cost rates for the purchase of prior service for Plan 1, Plan 2, and Hybrid Plan members. Mr. Badura explained that members are eligible to purchase prior service at any point while employed as an active VRS member, however, there is a two-year period of time to purchase most types of service at approximate normal cost rates before the cost changes to an actuarial equivalent cost. The approximate normal cost rates are updated every four years following the Board's acceptance of the new assumptions associated with the quadrennial experience study. The actuarial equivalent cost rates are developed by the Plan Actuary based on the assumptions and demographic data from the prior year valuations.

The following are the proposed normal cost rates for current active members across each of the plans and their respective member groups:

- Plan 1: 12.50% for regular VRS members, 23.78% for Hazardous Duty employees, and 31.97% for judges.
- Plan 2: 10.74% for regular VRS members, 19.15% for Hazardous Duty employees, and 29.67% for judges.
- Hybrid Plan: 6.68% for regular VRS members and 19.21% for judges.
- Alternate Hazardous Duty: 10.01% for certain hazardous duty employees whose employers have not adopted all hazardous duty benefits for their hazardous duty employees.

Mr. Badura advised the rates will be in effect for four years until the next experience study is conducted.

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

RBA: Approve updated rates for purchase of prior service for Plan 1, Plan 2, and Hybrid Plan members, effective July 1, 2025.

Request for Board Action: The Board determines, after considering the recommendations of the Plan Actuary, that effective July 1, 2025, the rates for Plan 1 members to purchase prior service shall be 12.50% for regular VRS members, 23.78% for hazardous duty employees, and 31.97% for judges; that the rates for Plan 2 members to purchase prior service shall be 10.74% for regular VRS members, 19.15% for hazardous duty employees, and 29.67% for judges; that the rates for Hybrid Plan members to purchase prior service shall be 6.68% for regular VRS members and 19.21% for judges, and an alternative rate of 10.01% for certain affected hazardous duty employees whose employers have not adopted all the enhanced benefits for their hazardous duty employees.

Recommendations from Experience Study – Adjustments to Funding Policy

Next, Mr. Badura reviewed the recommended adjustments to the VRS Funding Policy Statement ("Funding Policy") following the recent experience study. The Funding Policy memorializes the methods the Board has approved to fund each plan. The proposed changes establish strategies for amortizing

surpluses in the statewide pension and other postemployment benefit plans once a plan reaches 100% funded status. These strategies help to protect the plan's funded status by requiring plans to achieve 120% funded status prior to recognizing or amortizing funding surpluses.

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

RBA: Amend VRS Funding Policy Statement regarding the Surplus Funding Policy for Statewide Plans

Request for Board Action: *The Board approves the changes to the VRS Funding Policy Statement (Funding Policy) regarding how to amortize surpluses in the statewide pension and other postemployment benefit (OPEB) plans once any such plan reaches 100% funded status. Effective July 1, 2025, a surplus credit in the derivation of the employer contribution amount will be recognized for a plan once the plan reaches a funded status of 120% on an actuarial value of assets (AVA) basis. The amortization of any overfunding over 100% funded status will use a rolling 20-year period.*

Mr. Bennett thanked Mr. Badura for his presentation.

Information Item

Factors Study: Early Retirement Factors Analysis Update

Mr. Badura next presented an update on the Early Retirement Factors Analysis. Pension plans are generally designed to produce a benefit that begins at normal retirement age. In the case of VRS, normal retirement for a Plan 1 member is age 65 or any age after 50 with at least 30 years of service, and for a Plan 2 or Hybrid Plan member it is Social Security normal retirement age or if the sum of their age and service equal 90. VRS provides an option for members to retire earlier provided certain criteria are met:

- Plan 1: Age 55 with at least five years of service or age 50 with 10 years of service.
- Plan 2/Hybrid: Age 60 with five years of service.

VRS applies factors to a member's benefit to offset the increased cost to the retirement plan due to paying benefits for a longer period of time. This reduction, known as an early retirement factor, is calculated based on the length of time before the normal retirement age, the member's age and total service credit.

Mr. Badura advised that during the first phase of the factors study, the optional form factors regarding Joint and Survivor, Partial Lump-Sum Option (PLOP), and the Advanced Pension Option were implemented in August 2024. The second phase involves a review of the retirement reduction factors, which involves updating the early retirement analysis to include fiscal year 2025 data, comparing VRS factors to other public sector plans, and developing a proposal on whether an update to the factors is needed.

Mr. Bennett thanked Mr. Badura for his presentation.

Other Business

Lastly, Mr. Bennett noted the Administration, Finance and Talent Management Committee will meet on June 17 at 10:30 a.m., followed by the Audit and Compliance Committee at 1:00 p.m. The full Board of Trustees will meet on June 18 at 1:00 p.m.

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 1:36 p.m.

Date

John M. Bennett, Chair
Benefits and Actuarial Committee



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

Requested 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.

Rationale for Requested Action

In accordance with *Code of Virginia* § 51.1-145, the VRS Board of Trustees determines the required contribution rate for the various employer groups in the Retirement Program. The VRS plan actuary, Gabriel, Roeder, Smith & Company, conducts actuarial valuations annually as of the close of the fiscal year (June 30). The results of the valuations are used to establish employer contribution rates in odd-numbered years. Based on the June 30, 2025, actuarial valuations conducted by the VRS plan actuary, the Board certifies the full employer contribution rates as follows:

Retirement Systems**Fiscal Year 2027/2028**

Plan	Board Certified Employer Defined Benefit Contribution Rate
State	11.07%
Teachers	12.20%
SPORS	31.67%
ValORS	22.60%
JRS	30.49%

Contribution rates for retirement systems are net of member contributions and defined contribution hybrid matching contributions.

Other Post Employment Benefit Plans (OPEBs)**Fiscal Year 2027/2028**

Plan	Board Certified Employer Contribution Rate
Group Life	1.06%
HIC State	0.70%
HIC Teachers	0.88%
VSDP	0.42%

The certified employer contribution rates for the retirement systems and OPEBs listed above reflect the assumptions and provisions in effect as of June 30, 2025, including (i) the assumption and method changes from the most recent experience study for the period from July 1, 2020, to June 30, 2024, and (ii) the funding principles approved by the Board effective on or after June 30, 2013, as amended, which includes a reset of the unfunded liability as of June 30, 2023, over a closed 20-year period decreasing by one each year until reaching 0 years, and future annual increases or decreases in unfunded liability to be funded over closed 20-year periods beginning on each valuation date.

The certified employer contribution rates for the retirement plans and associated OPEBs will go into effect on July 1, 2026.

Authority for Requested Action

Code of Virginia § 51.1-145 authorizes the Board to determine the required contribution rate for the various employer groups in the Retirement Program.

The above action is approved.

A. Scott Andrews, Chair
VRS Board of Trustees

Date



June 30, 2025 Annual Actuarial Valuation Results

**Presenters: Becky Stouffer, ASA, MAAA, FCA,
Jim Anderson, FSA, EA, MAAA, FCA**



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October 15, 2025

Agenda



Big Picture – Pension & OPEB

Highlights of 2025 Pension Valuations

Highlights of 2025 OPEB Valuations

Appendix





BIG PICTURE – PENSION/OPEB

October Meeting Content: Rate Setting

Pension Valuations	Other Post-Employment Benefits (OPEB) Valuations
Virginia Retirement System <ul style="list-style-type: none">• State Employees• Teachers	Health Insurance Credit (HIC) <ul style="list-style-type: none">• State Employees• Teachers
Virginia Law Officers (VaLORS)	Group Life Insurance
State Police Officers (SPORS)	Virginia Sickness and Disability Program
Judicial (JRS)	

November Meeting Content – Rate Setting: Political Sub. Pension and OPEB; VLDP Results; HIC – Constitutional Officers, Social Service Employees, Registrars; Line of Duty Act Fund



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



Big Picture: General Funding Objectives

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

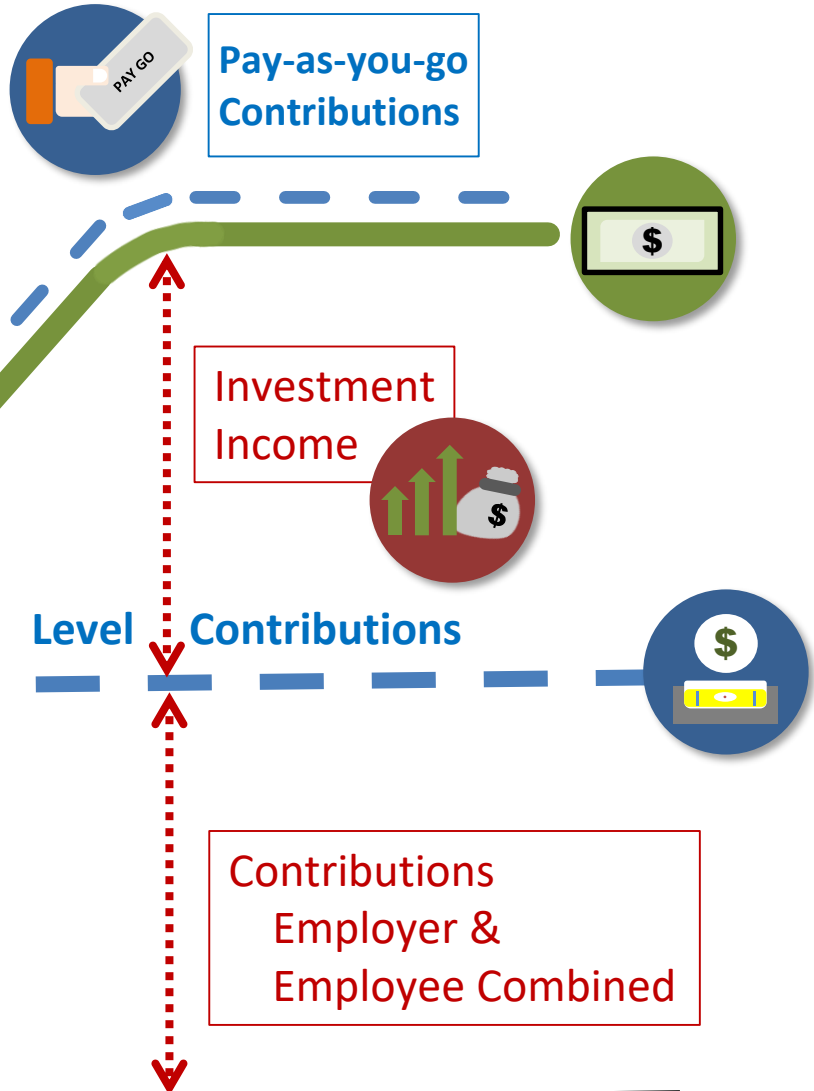


Pre-funding Vs. PAYGO Financing

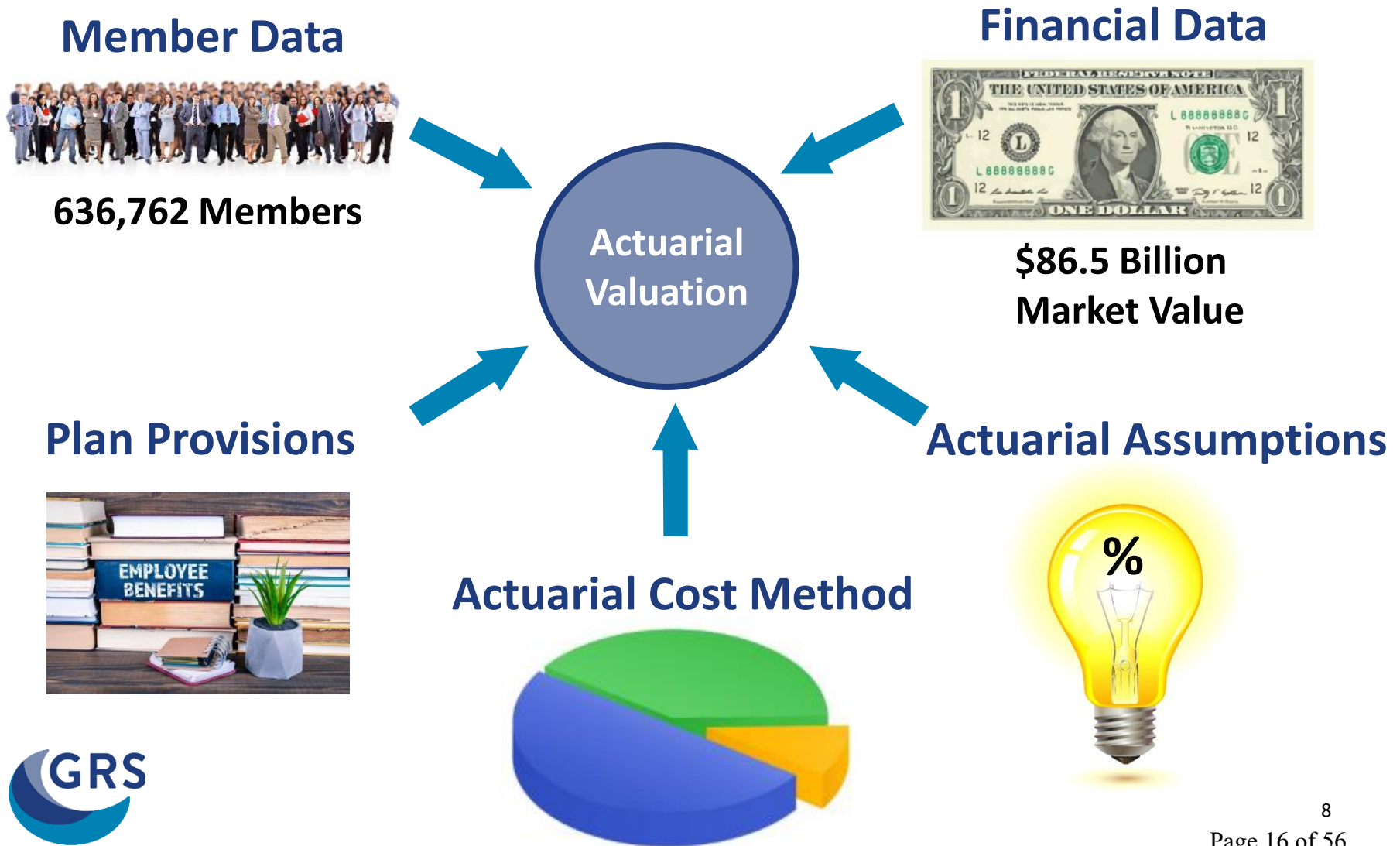
% of Active Employee Pays


Start

50 Years of Time



Big Picture: Actuarial Valuation Process – (Statewide Pension Excluding Political Subdivisions)





JUNE 30, 2025 VALUATION RESULTS HIGHLIGHTS

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 increased
 - Contributions decreased
 - except SPORS and JRS (JRS – had a benefit change)

Statewide Pension Participants/% Change in '25

ACTIVES			INACTIVES			RETIREEES		
State	81,274	+1.6%	State	69,699	+5.1%	State	74,038	+1.3%
Teachers	160,949	+2.8%	Teachers	100,366	+3.8%	Teachers	114,580	+1.8%
SPORS	1,902	+0.6%	SPORS	835	+2.8%	SPORS	1,882	+2.9%
VaLORS	7,459	+2.1%	VaLORS	15,212	+6.6%	VaLORS	7,465	+4.5%
JRS	473	+0.4%	JRS	15	-6.3%	JRS	613	+2.7%
Total	252,057		Total	186,127		Total	198,578	

**Total Annual Salary:
\$18 Billion**

29% are Plan 1

96% are Plan 1

**Total Annual Benefit
Payments: \$5.2 Billion**



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%

% 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%

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



Legislative Updates

- **SB 1201** - Extends VaLORS membership to conservation officers of the Department of Conservation and Recreation, for service earned on or after July 1, 2025.
- **SB 950**
 - Judges appointed/elected to an original term commencing on or after July 1, 2026 have their service retirement allowance determined under Plan 2
 - Service retirement allowance for service rendered on or after July 1, 2026, by judges appointed/elected to an original term commencing on or after January 1, 2014, shall be determined under Plan 2



Actuarial Value Assets: State Employees Pension in \$ Millions – 9.9%/10.1% MVA/AVA Return

	2025	2026	2027	2028	2029
Actual Investment Return	2,584				
Assumed Investment Return	1,650				
Gain/(Loss) to be Phased-in	934				
Phased-in Recognition -Current year	187	?	?	?	?
-1 st prior year	137	187	?	?	?
-2 nd prior year	(13)	137	187	?	?
-3 rd prior year	(313)	(13)	137	187	?
-4 th prior year	762	(313)	(13)	137	187
Total Recognized Gain/(Loss)	760	(2)	311	324	187

2026-2029: Expect \$820 million in deferred asset GAINS
Other VRS Plans had similar asset experience

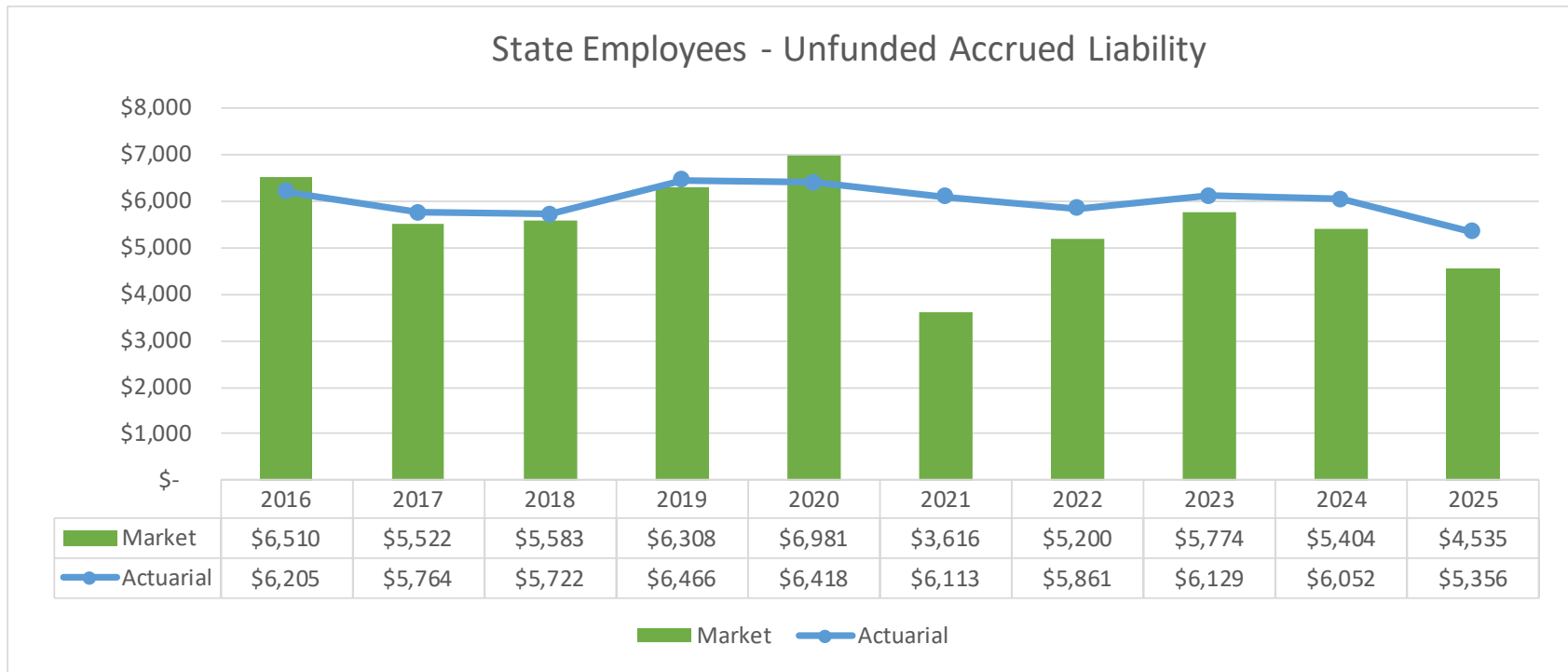


Why We Smooth Asset Returns

VRS Code Section 51.1-145:

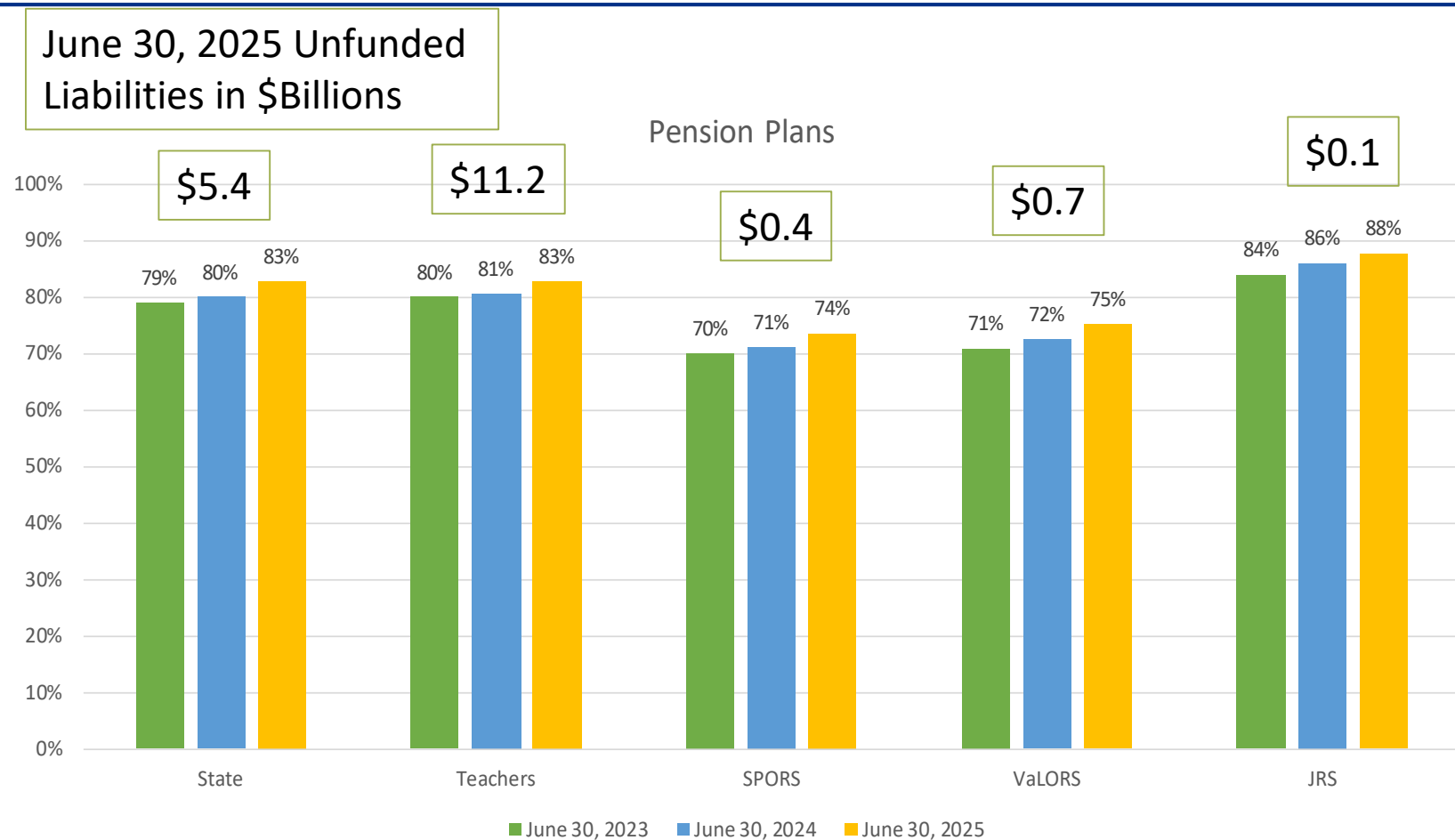
- *The total annual defined benefit employer contribution for each employer, expressed as a percentage of the annual membership payroll, shall be determined in a manner so as to remain relatively level from year to year.*

Why We Smooth Asset Returns



Unfunded liabilities will trend to Market Value basis over time
 - Other VRS Retirement Plans have similar patterns

Funded Status and Unfunded Liabilities (AVA)



Calculated Employer Contributions

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

Benefit Features

Demographics

Funded Status



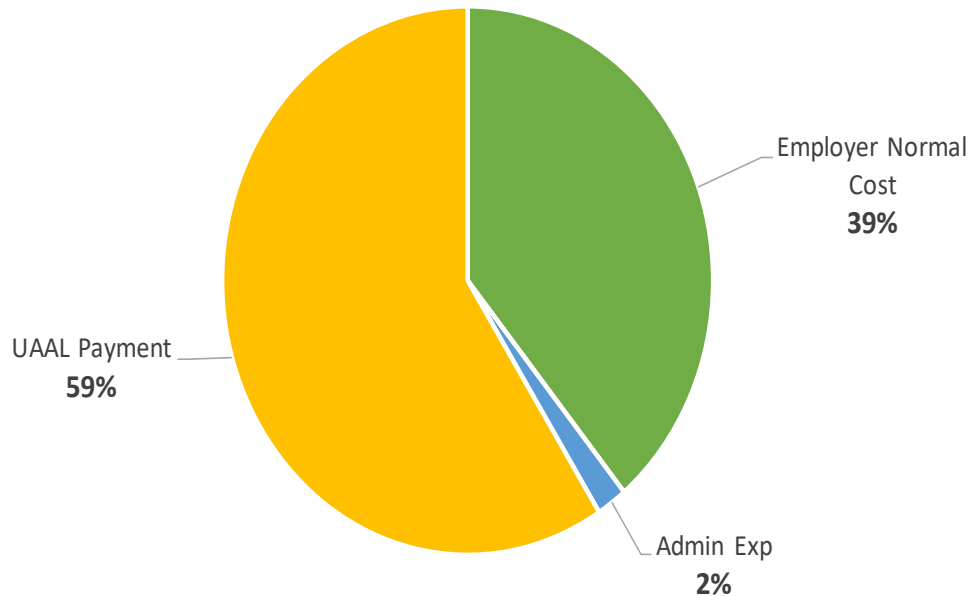
- Two Main Components:

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 Defined Benefit Employer Pension Contributions – State Employees

Composition of State Employer Rate



Normal Cost ultimately decreases to Plan 2/Hybrid level

Component	% of Pay
Employer NC	4.34%
Admin Exp	0.24%
UAAL Payment	6.49%
Total	11.07%

UAL amortization payment = approximately 60% of the contribution for pension plans (other than JRS)



Unfunded Actuarial Accrued Liability – State

Description	Original Amount	Outstanding Balance as of June 30, 2024	BOY 2024/2025 Amortization Payment	Outstanding Balance as of June 30, 2025	BOY 2025/2026 Amortization Payment	Years Remaining June 30, 2025
2023 (Gain)/Loss	\$ 6,128,594,227	\$ 6,092,446,992	\$ 434,025,448	\$ 6,040,364,998	\$ 447,046,211	18 years
2024 (Gain)/Loss	(40,728,218)	(40,728,218)	(2,800,351)	(40,487,998)	(2,884,362)	19 years
2025 (Gain)/Loss	(766,116,105)			(766,116,105)	(52,675,867)	20 years
2025 Assumption Change	122,271,813			122,271,813	8,407,047	20 years
Total		\$ 6,051,718,774	\$ 431,225,097	\$ 5,356,032,708	\$ 399,893,029	

Date	Projected Unfunded Liability
June 30, 2025	\$ 5,356,032,708
June 30, 2026	5,290,679,108
June 30, 2027	5,208,107,565
June 30, 2028	5,106,771,670
June 30, 2043	0

Progress on Addressing the UAAL

If All Assumptions Met

BOY: Beginning of Year

UAAL: Unfunded Actuarial Accrued Liability

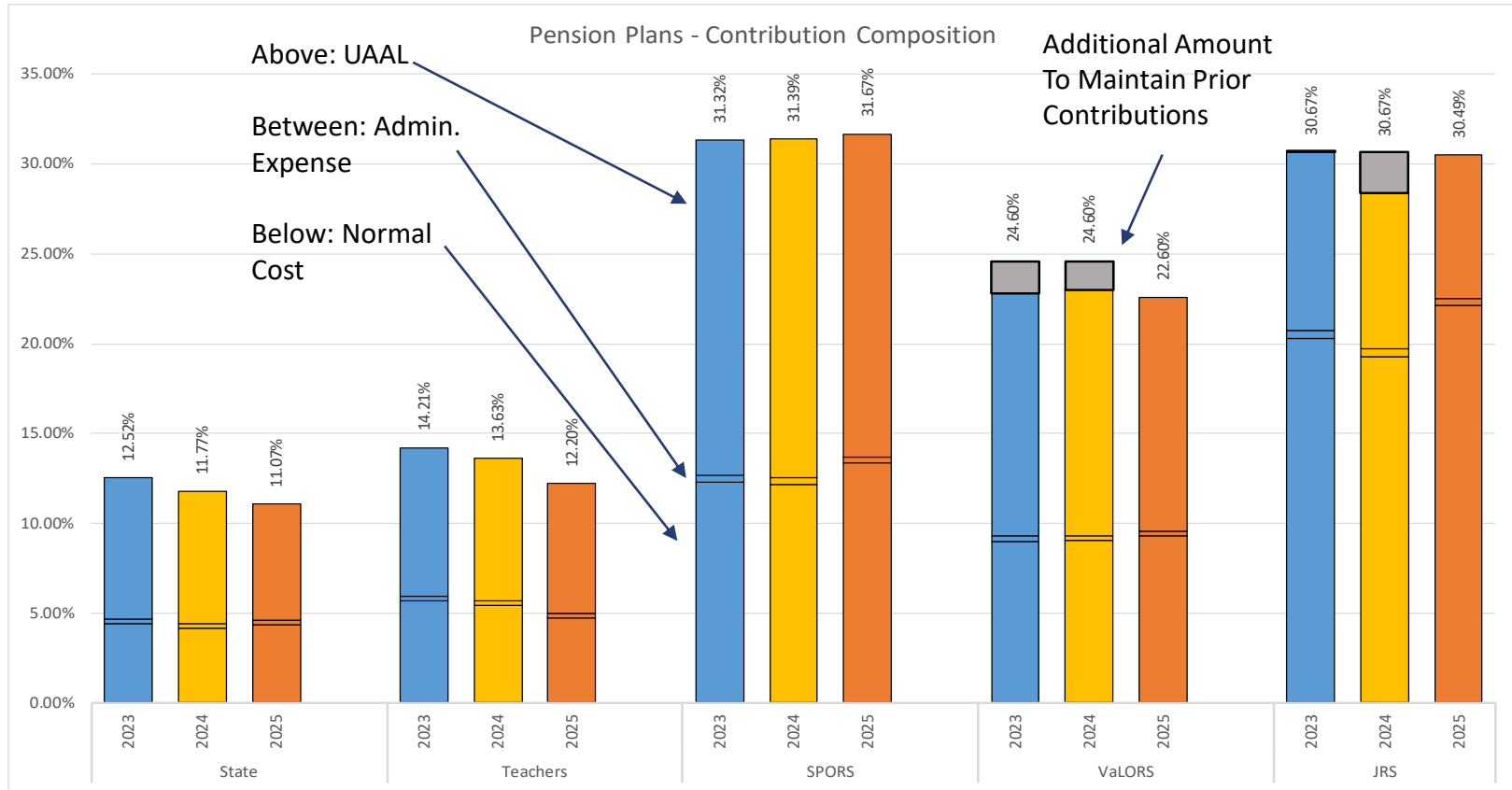
Signs:

Positive: Represents an Increase in UAAL

(Negative): Represents a Decrease in UAAL

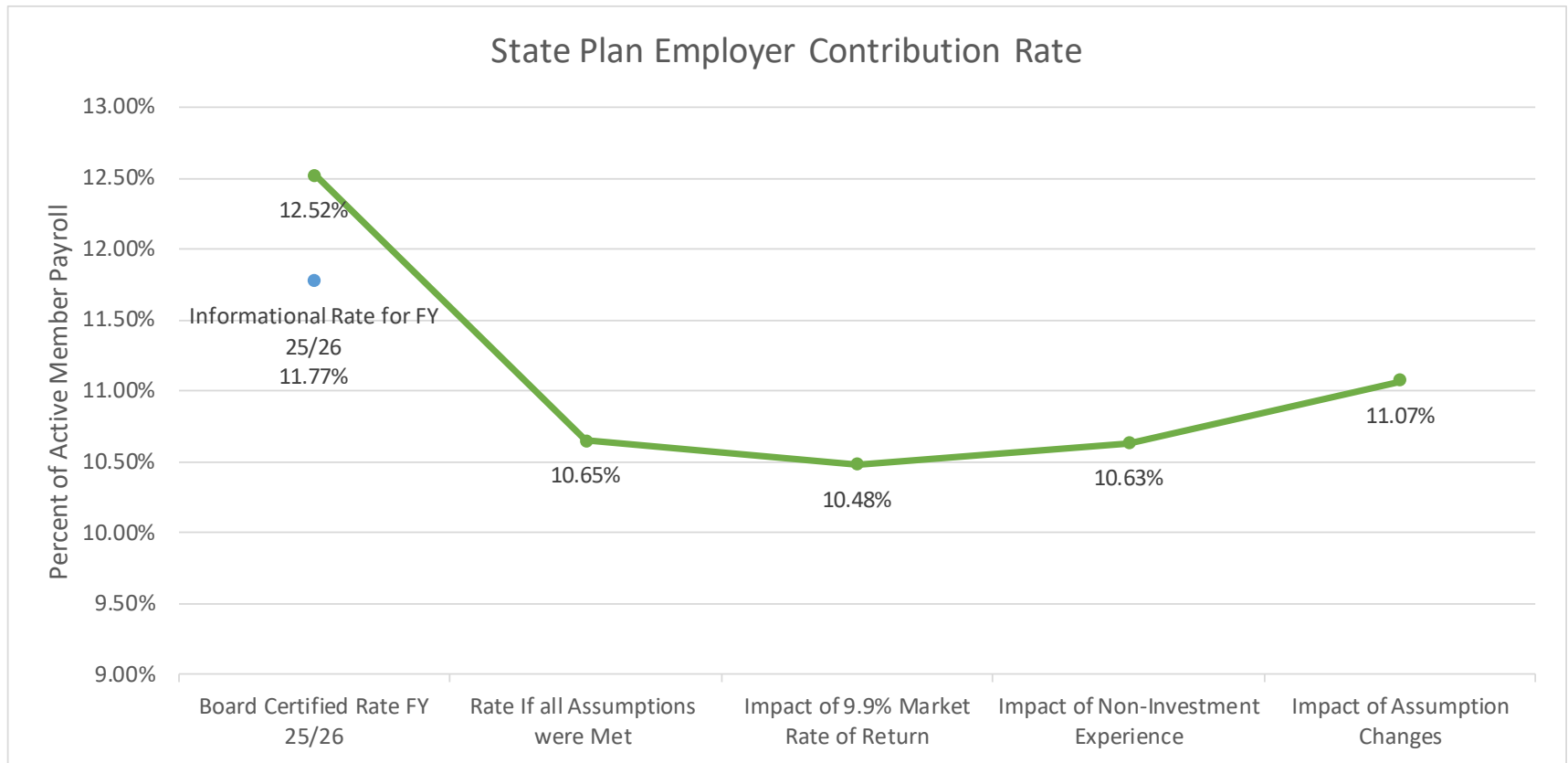


Actuarially Determined Employer Contribution Rates – Pension Plans Defined Benefit Only

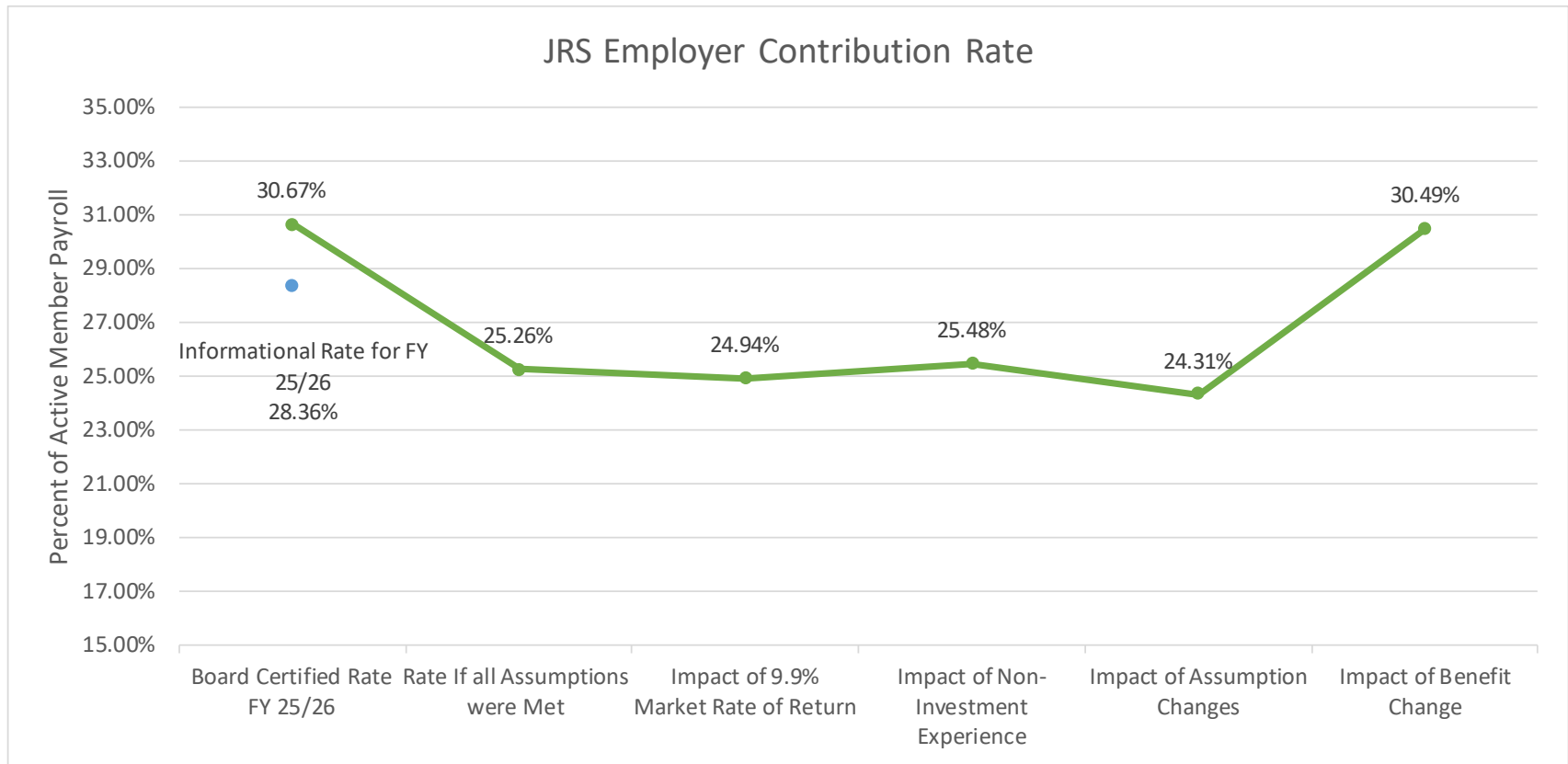


	State			Teachers			SPORS			VaLORS			JRS		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Normal Cost*	4.65%	4.43%	4.58%	5.96%	5.71%	5.00%	12.64%	12.55%	13.71%	9.27%	9.33%	9.56%	20.74%	19.70%	22.50%
UAAL Payment	7.87%	7.34%	6.49%	8.25%	7.92%	7.20%	18.68%	18.84%	17.96%	13.54%	13.67%	13.04%	9.92%	8.66%	7.99%
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%

Pension Contribution Changes – State



Pension Contribution Changes – JRS



The benefit change provides a higher benefit multiplier for certain JRS Members which will change the trajectory of the contribution rates going forward

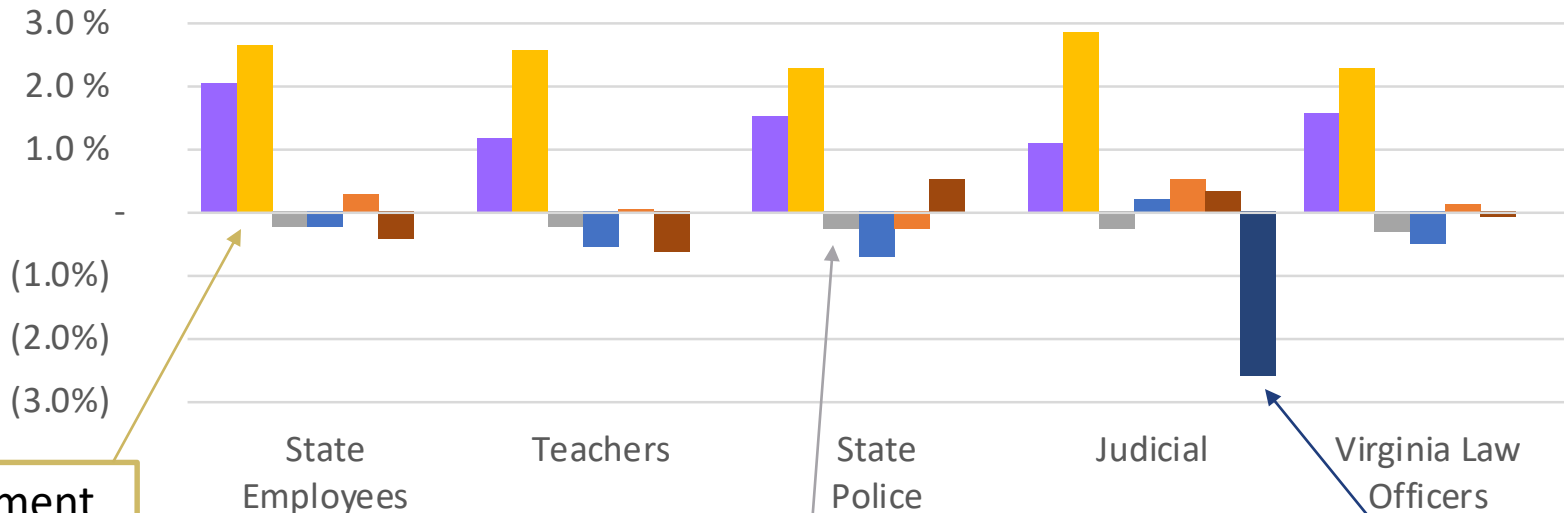
Experience 2024-2025: Pension Plans (in \$millions)

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



Pension Gain/Loss Commentary (%)

Gain/(Loss) as % of Actuarial Accrued Liability



Investment Experience Overshadows Rest

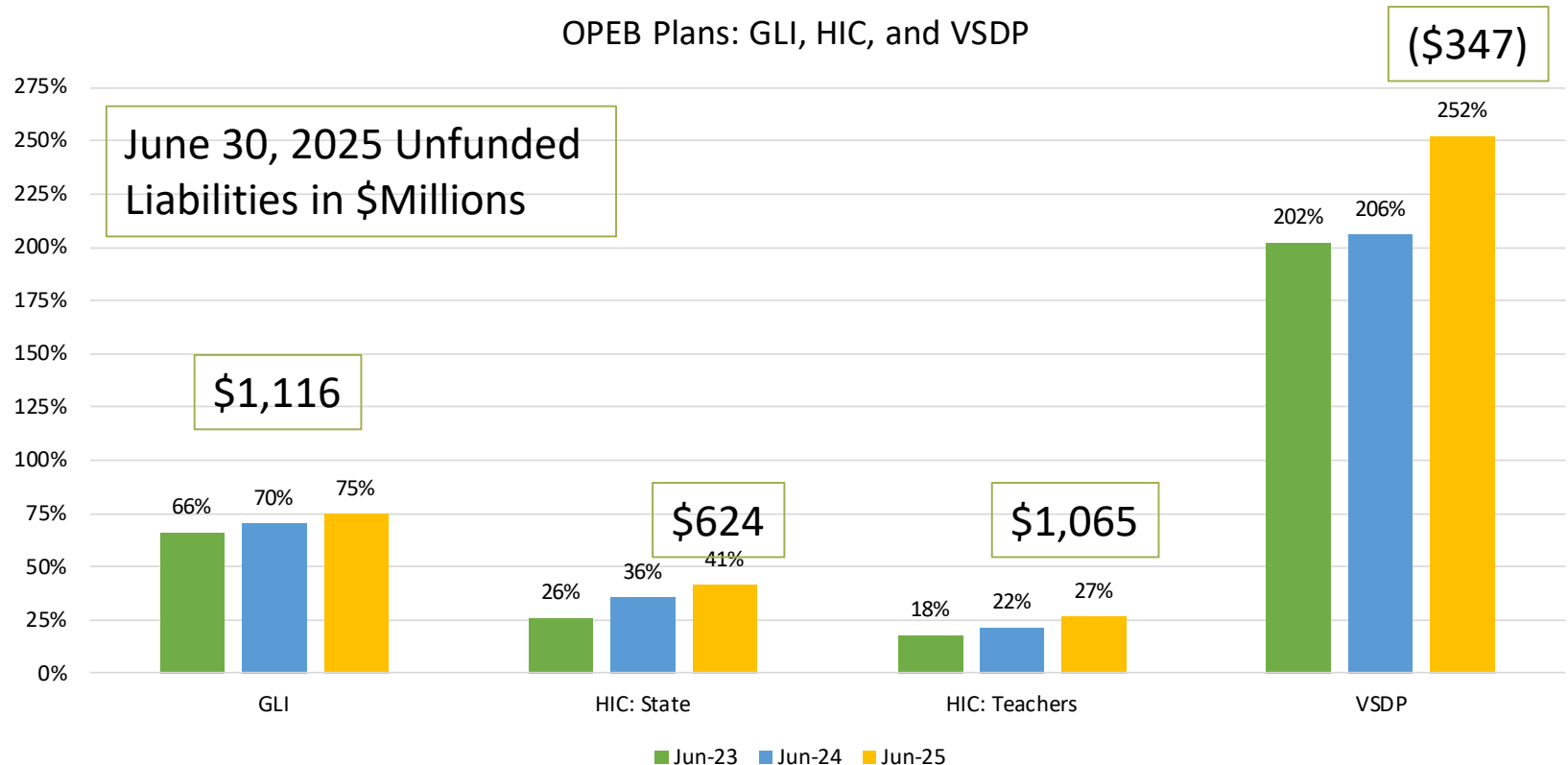
■ UAAL G/(L) ■ Asset G/(L) ■ COLA G/(L) - Ret Only
 ■ Salary - G/(L) ■ Other - G/(L) ■ Asm/Method - G/(L)
 ■ Plan Amendment - G/(L)

Tier 2 for Future Accruals

COLA (Actual vs Assumption)
 Plan 1: 2.95%/2.5%
 Plan 2/Hybrid: 2.48%/2.25%

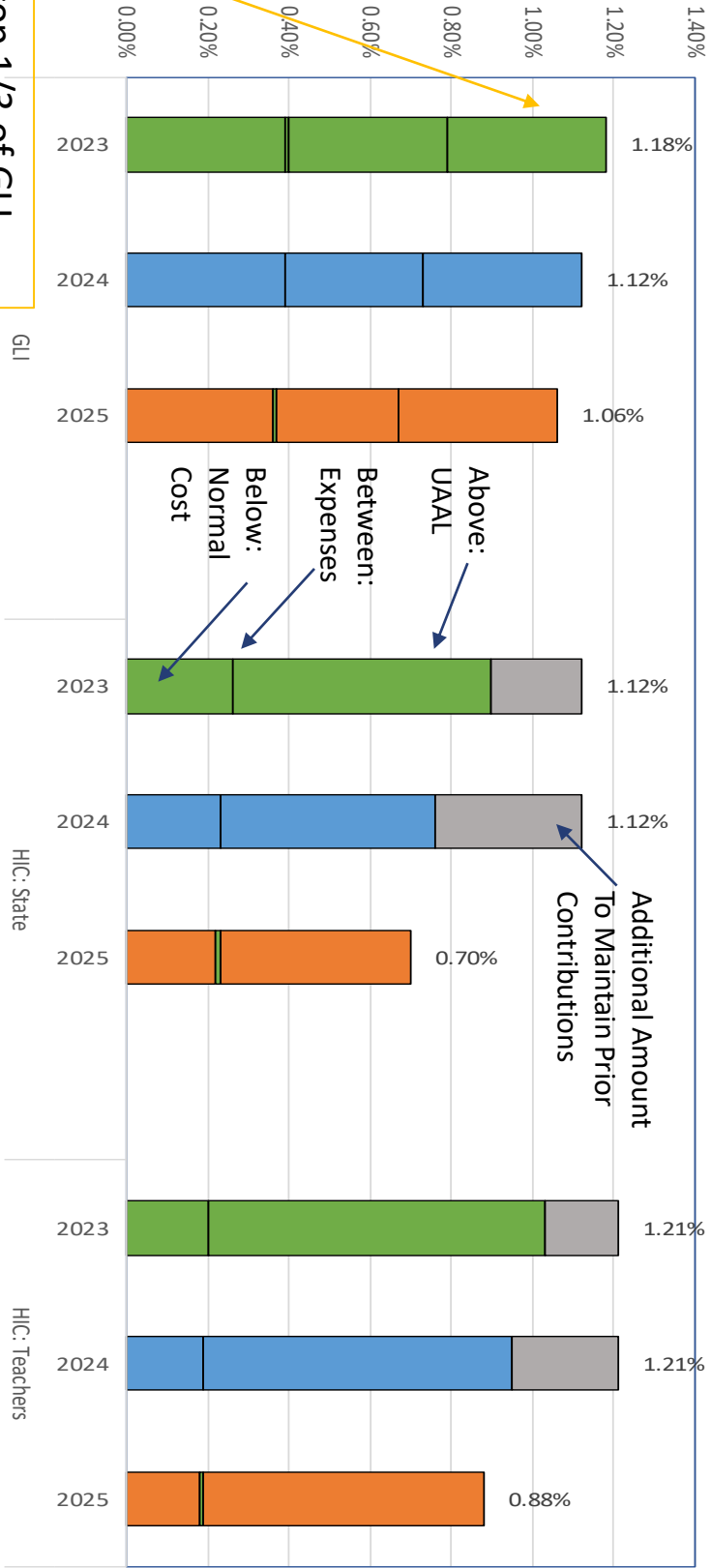


Funded Status (AVA) and Unfunded Liabilities – OPEB Plans 2023-2025



Actuarially Determined Employer Contribution Rates – OPEB Plans

OPEB Plans: GLI and HIC - Contribution Composition



Note top 1/3 of GLI rate reflects active Life Insurance contribution



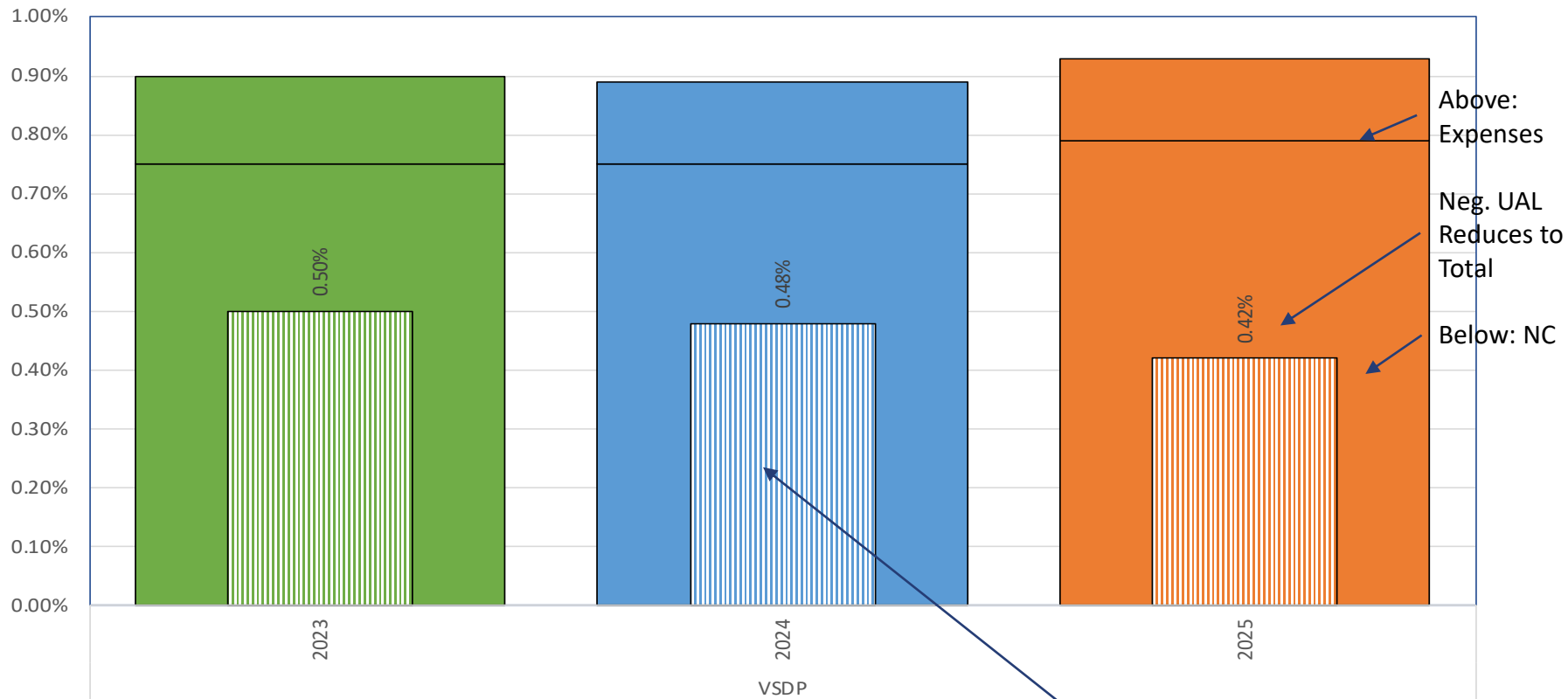
	GLI ^a			HIC: State			HIC: Teachers		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Normal Cost*	0.40%	0.39%	0.37%	0.26%	0.23%	0.23%	0.20%	0.19%	0.19%
UAAL Payment	0.78%	0.73%	0.69%	0.64%	0.53%	0.47%	0.83%	0.76%	0.69%
Total	1.18%	1.12%	1.06%	0.90%	0.76%	0.70%	1.03%	0.95%	0.88%

*Includes Administrative Expense

^a UAAL Payment Includes Active GLI Adjustment

Actuarially Determined Employer Contribution Rates – OPEB Plans: VSDP

OPEB Plans: VSDP - Contribution Composition



	VSDP		
	2023	2024	2025
Normal Cost*	0.90%	0.89%	0.93%
Accrued Liability	-0.40%	-0.41%	-0.51%
Total	0.50%	0.48%	0.42%

Interior Column: Total Contribution Rate
(UAL credit exists when lower than other components)



* Includes Administrative Expense

Experience 2024-2025: OPEB (in \$millions)

	GLI	HIC: State	HIC: Teachers	VSDP
UAL Last Valuation	\$ 1,260.6	\$ 691.5	\$ 1,145.7	\$ (347.6)
Prior Year (PY) Normal Cost	93.7	20.0	18.4	48.3
Actual PY ER Contributions	(238.6)	(110.2)	(136.6)	(23.6)
Extra Contributions	-	-	-	-
Adjustment to Market Value	-	-	-	-
Interest	83.4	44.3	74.0	(21.1)
Expected UAAL	1,199.2	645.7	1,101.4	(344.0)
UAAL This Valuation	1,115.5	624.3	1,064.5	(444.3)
Total Gain/(Loss)	83.6	21.3	36.9	100.3
-- Asset Gain/(Loss)	97.5	5.7	6.2	21.1
-- Assum/Method Change Gain/(Loss)	(3.6)	5.9	23.0	43.6
-- Liability Gain/(Loss)	(10.3)	9.7	7.7	35.7



HIC state benefit increase effective 7/1/24 was reflected in prior year liabilities

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)	11.07%	12.25%	11.76%	TBD

^ 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



Summary: OPEB Contribution Rates

	Informational	FY 2025/2026	Informational	FY 2027/2028
	2022 Valuation	2023 Valuation	2024 Valuation	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%
VSDP	0.45%	0.50%	0.48%	0.42%

* HIC-State and HIC-Teachers contribution rates held at 2021 valuation level; computed contribution rate decreased to 0.90% and 1.03% respectively.

Pension Projections

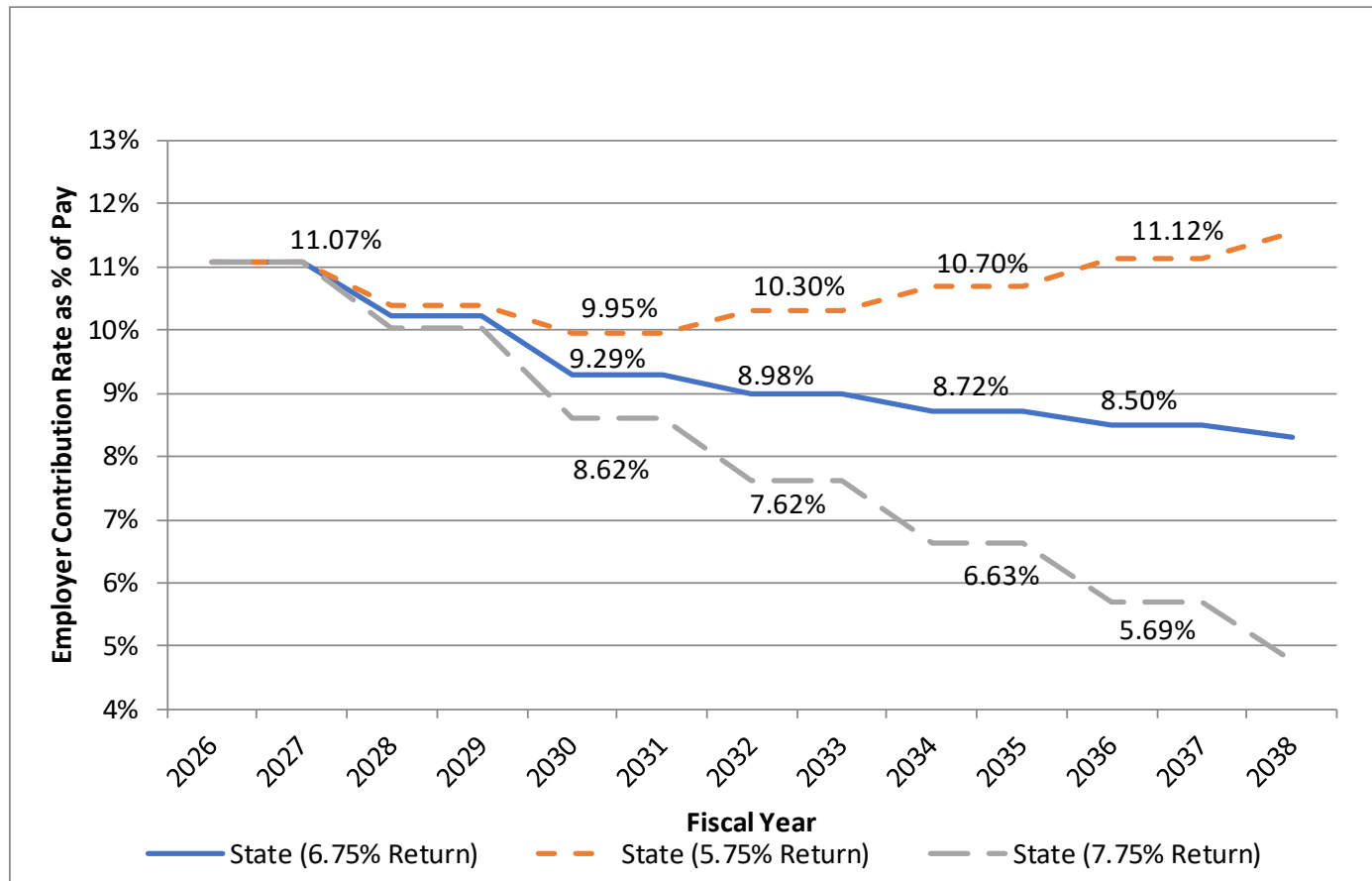
State Employees and Teachers

The following pages show projected pension contributions & funded status

- Liabilities are calculated at 6.75%
- Investment returns shown at assumed 6.75% rate and 5.75%/7.75% for sensitivity

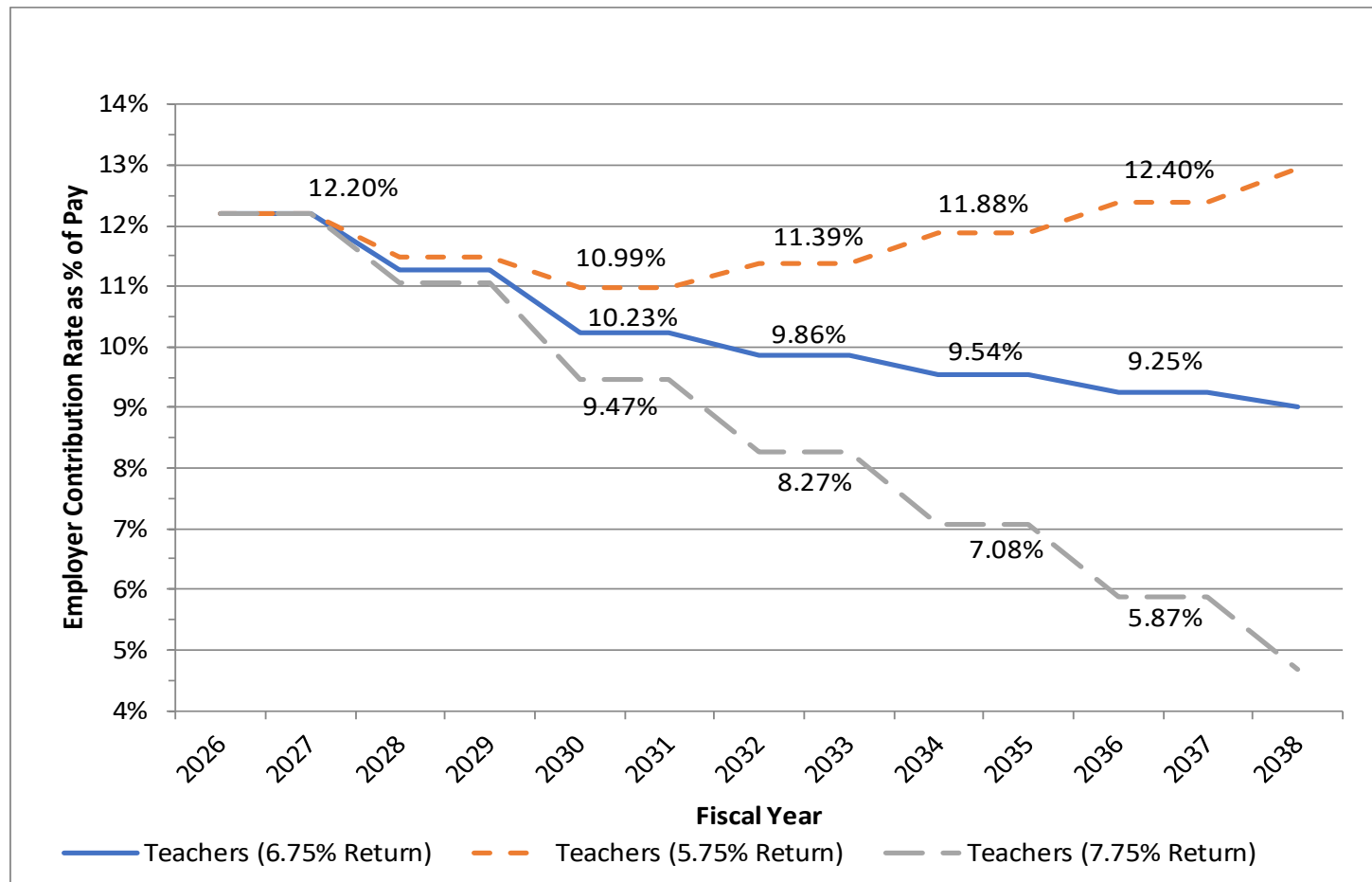
Projected Employer Contribution Rates (Fiscal Year) - Defined Benefit Only

State Employees



Projected Employer Contribution Rates (Fiscal Year) - Defined Benefit Only

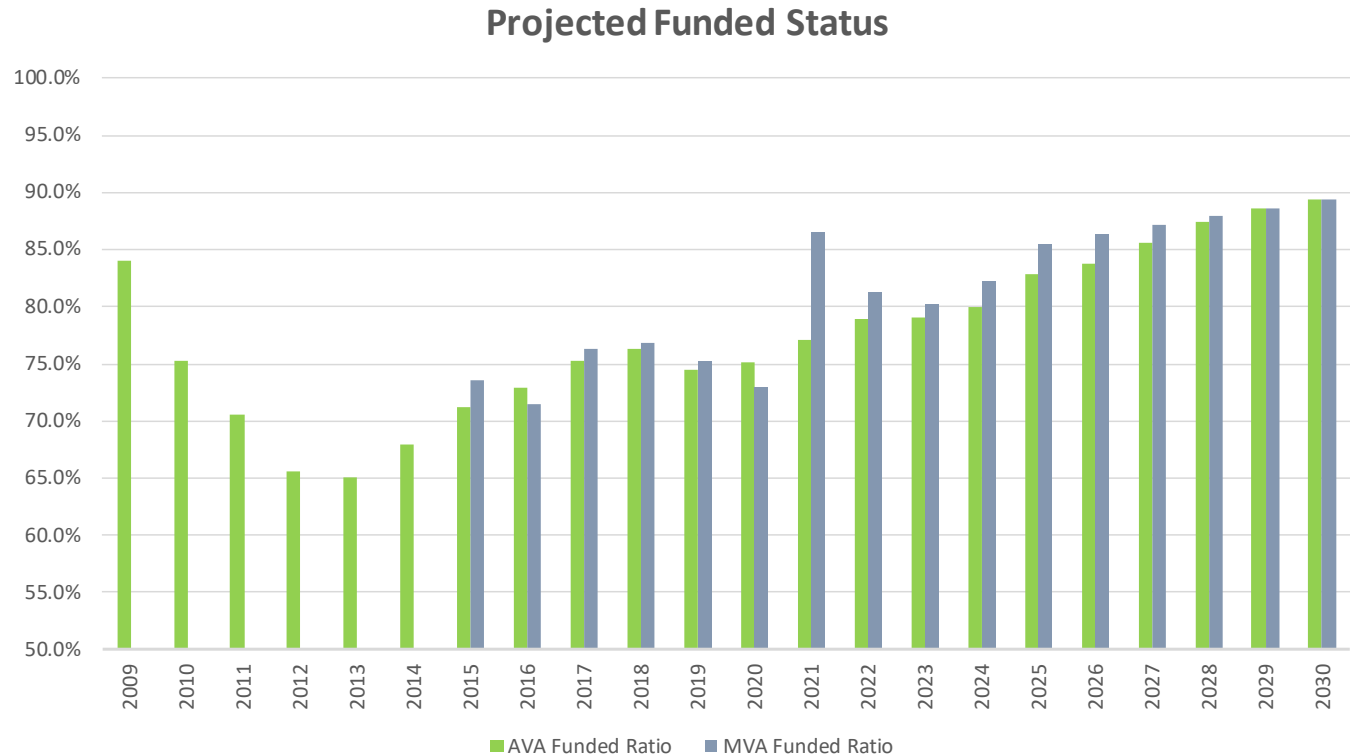
Teachers



Projected Pension Funded Status

State Employees

Year	AVA Funded Ratio	MVA Funded Ratio
2009	84.0%	
2010	75.2%	
2011	70.6%	
2012	65.6%	
2013	65.1%	
2014	67.9%	
2015	71.2%	73.6%
2016	72.9%	71.5%
2017	75.3%	76.3%
2018	76.3%	76.8%
2019	74.5%	75.2%
2020	75.1%	72.9%
2021	77.1%	86.5%
2022	78.9%	81.3%
2023	79.0%	80.2%
2024	80.0%	82.1%
2025	82.8%	85.4%
2026	83.8%	86.4%
2027	85.5%	87.1%
2028	87.4%	87.9%
2029	88.6%	88.6%
2030	89.4%	89.4%



Actual 2009-2025

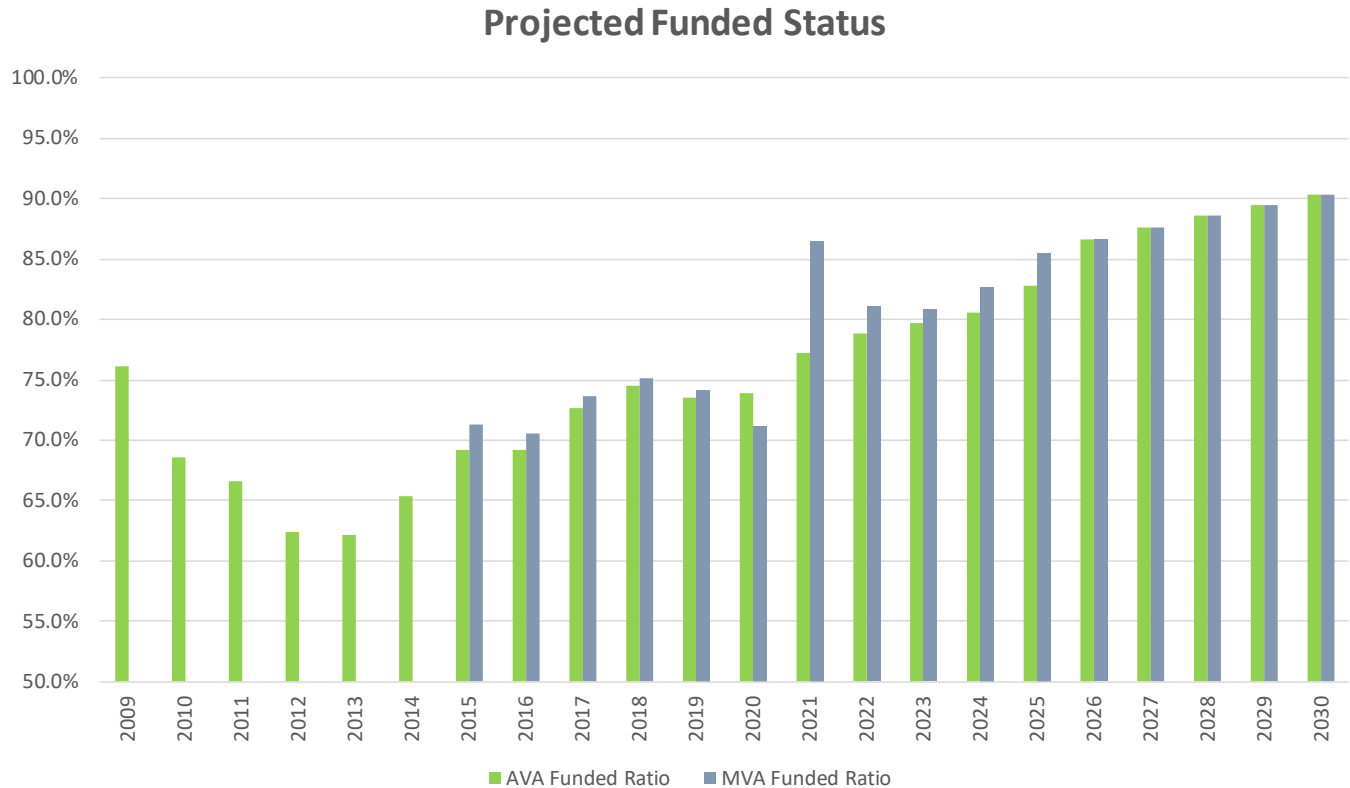
Projected
2026-2030



Projected Pension Funded Status

Teachers

Year	AVA Funded Ratio	MVA Funded Ratio
2009	76.1%	
2010	68.6%	
2011	66.6%	
2012	62.4%	
2013	62.1%	
2014	65.4%	
2015	69.2%	71.3%
2016	69.2%	70.6%
2017	72.6%	73.6%
2018	74.5%	75.1%
2019	73.5%	74.1%
2020	73.9%	71.2%
2021	77.2%	86.5%
2022	78.9%	81.1%
2023	79.7%	80.8%
2024	80.6%	82.7%
2025	82.8%	85.5%
2026	86.7%	86.7%
2027	87.6%	87.6%
2028	88.6%	88.6%
2029	89.4%	89.4%
2030	90.3%	90.3%



Actual 2009-2025

Projected
2026-2030



Defined Benefit Plan Risk

Investment Risk

- The risk that actual returns will differ from assumed returns.

Positive for VRS

5 year MV Return average
10.4% vs. 6.75% assumed

Contribution Risk

- The risk that actual contributions will differ from expected contributions. This could occur, for example, if the plan's funding policy is not followed, or if there are changes in the covered population.

Positive for VRS

Recent additional funding
Strong funding policy

Salary and Payroll Risk

- The risk that covered payroll grows more slowly than assumed, or shrinks, and actual contributions may fall short of expected contributions.

Addressed for VRS

VaLORS payroll growth
assumption ↓ to 2.5%



Conclusion

1. Increased Funded Status on Actuarial Asset Basis

- Higher than expected returns for 2025 valuations
- Generally had Salary and COLA Losses
- Assumption update in line with experience study results

2. Contributions

- Pension & OPEB rate changes due to assumption update are in line with experience study results
- JRS had a benefit change
- Generally, lower rates than those currently being paid



THANK YOU

QUESTIONS



APPENDIX

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
Total	\$ 19,414,888	\$ 17,790,674

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
Total	\$ 17,375,173	\$ 15,113,771



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
VSDP	(347,574)	(444,293)
Total	\$ 2,750,239	\$ 2,360,048

MVA

	2024	2025
GLI	\$ 1,166,536	\$ 980,861
HIC - State	689,141	613,069
HIC - Teachers	1,141,564	1,054,242
VSDP	(364,449)	(467,052)
Total	\$ 2,632,792	\$ 2,181,120

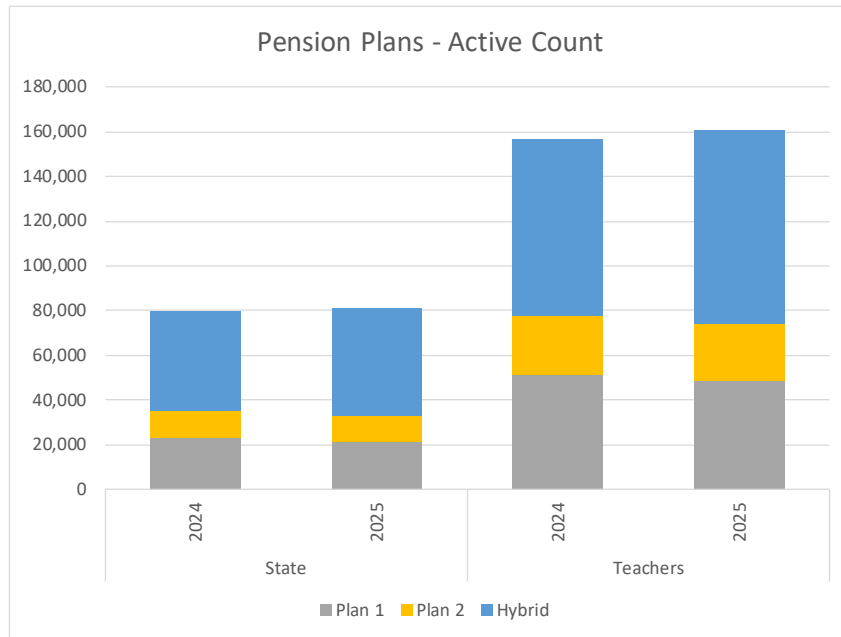


Pension Active Participants at June 30, 2025

System	Plan 1	Plan 2	Hybrid	Total 2025	Total 2024	Percent Change
State	21,129	11,811	48,334	81,274	80,017	1.6%
Teachers	48,452	25,468	87,029	160,949	156,504	2.8%
SPORS	792	1,110	-	1,902	1,890	0.6%
VaLORS	1,385	6,074	-	7,459	7,307	2.1%
JRS	102	32	339	473	471	0.4%

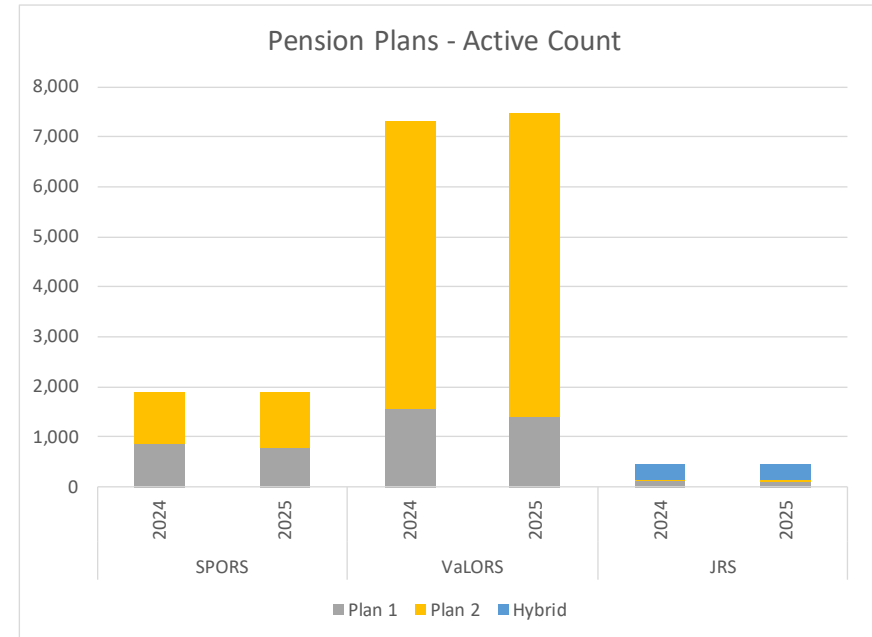


Pension Active Participants at June 30, 2025



Counts		
System	State	Teachers
2024	80,017	156,504
2025	81,274	160,949
% Change	1.6%	2.8%

Average Salary		
System	State	Teachers
2024	\$74,725	\$67,096
2025	\$77,218	\$69,331
% Change	3.3%	3.3%



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

Average Salary			
System	SPORS	VaLORS	JRS
2024	\$93,376	\$55,804	\$202,466
2025	\$96,071	\$58,011	\$208,551
% Change	2.9%	4.0%	3.0%



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%

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%

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



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.



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