



Benefits and Actuarial Committee (B&A) Meeting

State Corporation Commission Building, Courtroom B

1300 E. Main Street

Richmond, VA 23219

Wednesday, 2/4/2026

1:00 - 3:30 PM ET

I. Welcome and Introductions

II. Approve Minutes

- **November 12, 2025**

B&A Minutes 11.12.2025 final - Page 2

III. Overview of Cost-of-Living Increases

- **Action Items - 2026 COLAs Requiring Board Approval.**

VRS COLAs 2026 - Page 6

Audit COLA Memorandum - final - Page 19

- i. **RBA: Approval of July 1, 2026 increase relating to VSDP creditable compensation and VSDP COLA.**

RBA for VSDP COLA 2026 - Page 24

- ii. **RBA: Approval of July 1, 2026 increase relating to VLDP creditable compensation.**

RBA for VLDP COLA 2026 - Page 26

IV. Information Items

- **2026 COLAs called for under statute not requiring Board approval.**

- COLA for service and disability retirees effective July 1, 2026.

- Group Life Insurance minimum life insurance amount effective July 1, 2026.

- **Legislative Update.**

Legislative update B&A cmte 2.4.26 - Page 27

Minutes

A regular meeting of the Benefits and Actuarial Committee was held on November 12, 2025, in Richmond, Virginia with the following members participating:

John M. Bennett, Chair

Lindsey K. Pantele, Vice Chair (*remotely from Richmond, VA under § 2.2-3708.3(B)(4)*)

Jessica L. Hood

Board members participating:

Lawrence A. Bernert, III, Board Vice Chair (*remotely from Virginia Beach, VA under § 2.2-3708.3(B)(3)*)

J. Clifford Foster, IV

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, ZaeAnne Allen, Rory Badura, Judy Bolt, Ty Bowers, Dorothy Chiddo, Stephanie Conyers, Michael Cooper, David Cotter, Sara Denson, Valerie DiSanto, Curtis Doughtie, Antonio Fisher, Krystal Groff, Sandy Jack, Wendy Jenkins, Angela Payne and Virginia Sowers.

Guests:

Jim Anderson and Becky Stouffer, Gabriel, Roeder, Smith & Company; Jacob Hodges, Encore; Alexandra Jansson, Joint Legislative Audit and Review Commission; Michael Huffman, Virginia Assembly of Independent Baptists; and Tania Pengelly, S&P Global.

The meeting convened at 10:05 a.m.

Opening Remarks

Mr. Bennett called the meeting to order and welcomed everyone to the November 12, 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. Foster: Present.

Mr. Bennett: Present.

Approval of Minutes

Upon a motion by Ms. Pantele, with a second by Mr. Foster, the Committee approved the minutes of its October 15, 2025, meeting.

Gabriel, Roeder, Smith & Company (GRS) 2025 Presentation of the Actuarial Valuation Results for Political Subdivision Retirement Plans, the Virginia Local Disability Program (VLDP), the Local Health Insurance Credit (HIC), and the Line of Duty Act (LODA) Fund

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 Political Subdivision Retirement Plans, the Virginia Local Disability Program (VLDP), the Local Health Insurance Credit (HIC), and the Line of Duty Act (LODA) Fund. 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 from 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 contribution rates for most plans and an increase the funded status for most of the political subdivision plans.

Key points from the political subdivision retirement plans, local HIC and VLDP presentation include:

Pensions:

- Average funded status for the pension plans increased by 92% from last year's 89%. Of the 602 local employers, 275 had a funded status more than 100%.
- The average contribution rate for pension plans continued to trend lower dropping from 12.25% in the last rate-setting valuation to 10.46%.

OPEBs

- The funded status for HIC plans increased for political subdivisions in aggregate. The state-funded HIC plans for Constitutional Officers, Social Services employees, and Registrars all had increases in funded status. This is due both to higher-than-expected investment returns as well as additional contributions from maintaining the higher employer rates from the prior biennium.
- Contribution rates for the state-funded HIC plans saw decreases while the employer rates for 136 of the 236 political subdivision plans remained unchanged from the prior rate-setting due to funding policy provisions which maintain rates until plans reach a funded status of at least 75%.
- VLDP funded status decreased slightly for the Teachers plan as a result of assumption changes, while VLDP funded status for political subdivision plans trended higher. Each of the VLDP plans saw small increases in the employer rates due to assumption changes from the recent experience study.

Next, Ms. Stouffer provided the results for the Line of Duty Act (LODA) Fund.

Key points from the presentation include:

- The LODA plan is a pay-as-go plan that must collect the required funds to pay benefits expected to be incurred over the coming year.
- The LODA plan premium per full-time equivalent is expected to increase from \$1,015 to \$1,385.
- Increases in the premium rate were due in part to the following:
 - Higher than expected increases in healthcare premiums.
 - Increases in the healthcare trend rates.
 - Changes in the premium weighting from the recent experience study for some covered groups to better reflect observed experience.
- LODA fund premiums are inherently expected to increase each rate setting as the primary benefit is health insurance coverage which is expected to increase each year along with an increase in the number of members under claim.

Following some discussion and upon a motion by Ms. Hood, with a second by Mr. Foster, the Committee recommended approval of the following action to the full Board of Trustees:

RBA: Approve contribution rates for Political Subdivision Retirement Plans; the Health Insurance Credit 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.

Request for Board 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), for both FY 2027 and FY 2028, to be effective July 1, 2026.

Mr. Bennett thanked Mr. Anderson and Ms. Stouffer for their presentation and advised that GRS would provide an abbreviated presentation to the full Board of Trustees on November 13.

Other Business

Lastly, Mr. Bennett noted the Committee is scheduled to meet next on February 4, 2026. Ms. Bishop advised staff is monitoring the status of the CPI-U data related to the cost-of-living adjustments, and that dependent upon data availability, the meeting date may need to be adjusted.

Adjournment

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

There being no further business, the meeting concluded at 11:23 a.m.

Date

John M. Bennett, Chair
Benefits and Actuarial Committee



Virginia
Retirement
System

Virginia Retirement System Cost-of-Living Adjustments (COLAs)

February 4, 2026





Virginia
Retirement
System

VRS COLAs



- Per § 51.1-166 of the *Code of Virginia*, VRS post-retirement supplements shall be determined annually by reference to the increase in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics of the United States Department of Labor.
- The percentages shall be based on the monthly averages and shall be the difference between (i) the average for the calendar year just ended and (ii) the average for the most recent calendar year used in the determination of the post-retirement supplements currently being paid.

Post-Retirement Supplement (COLA)

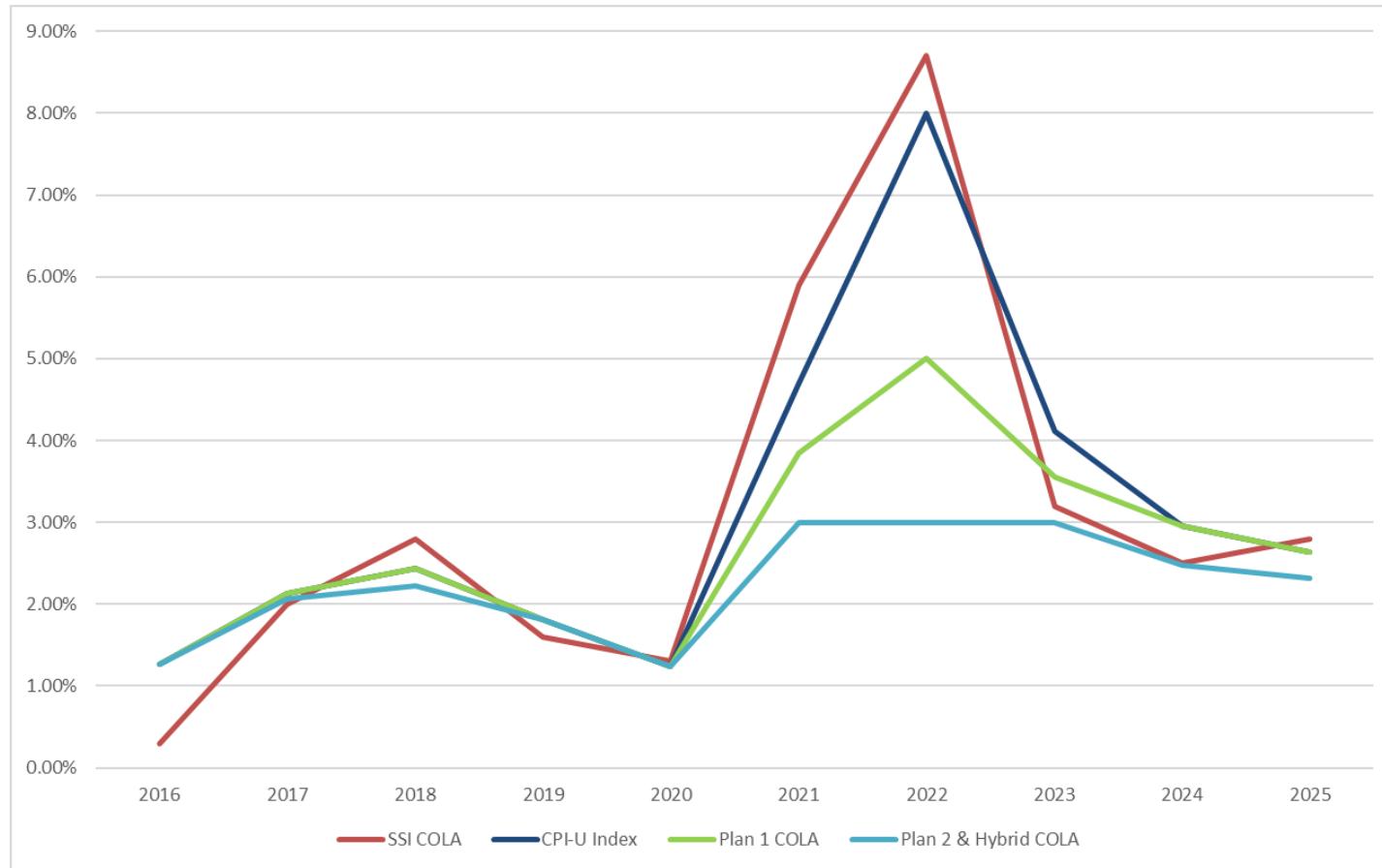


Calendar Year	COLA Index U.S. CPI-U	Annual growth rate	VRS COLA			
			Plan 1	Plan 2	Hybrid	Effective
2016	240.007	1.26%	1.26%	1.26%	1.26%	July 2017
2017	245.120	2.13%	2.13%	2.07%	2.07%	July 2018
2018	251.107	2.44%	2.44%	2.22%	2.22%	July 2019
2019	255.657	1.81%	1.81%	1.81%	1.81%	July 2020
2020	258.811	1.23%	1.23%	1.23%	1.23%	July 2021
2021	270.970	4.70%	3.85%	3.00%	3.00%	July 2022
2022	292.655	8.00%	5.00%	3.00%	3.00%	July 2023
2023	304.702	4.12%	3.56%	3.00%	3.00%	July 2024
2024	313.689	2.95%	2.95%	2.48%	2.48%	July 2025
2025	321.943	2.63%	2.63%	2.32%	2.32%	July 2026

- Plan 1 members receive 100% of the first 3% increase in CPI-U* and 50% of any increase between 3% and 7%, capped at 5%.
- Effective January 1, 2013, the COLA for Plan 2 and Hybrid members is 100% of first 2% increase in CPI-U and 50% of any increase between 2% and 4%, capped at 3%.

* United States Average Consumer Price Index for all items, all urban consumers, as published by the Bureau of Labor Statistics of the United States Department of Labor.

Comparison of Indices



- VRS COLAs are based on the average monthly CPI-U increase which was 2.63%.
- SSI COLA is based on different index and method and is determined in September rather than year end.
- The 2025 VRS COLA for Plan 1 of 2.63% for Plan 1 and 2.32% for Plan 2 & Hybrid are lower than the SSI COLA of 2.80%.

VSDP Increase in Creditable Compensation



- Per § 51.1-1112(C), 51.1-1117(B) and 51.1-1128(B), Virginia Sickness and Disability Program (VDSP) creditable compensation is to be increased annually by an amount recommended by the program actuary and approved by the Board.
- VSDP creditable compensation is increased each year based on the combined average increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA.

VSDP Increase in Creditable Compensation



Virginia Retirement System

VSDP Increase in Creditable Compensation for VRS Pension Benefit Purposes

Average pay increase from 2024 to 2025 for members active as of June 30, 2024 and June 30, 2025, and reported in VRS valuation data as participating in VSDP

Plan	June 30, 2024		June 30, 2025		Increase in Pay Rate
	Number Members	Annual Pay Rate	Number Members	Annual Pay Rate	
State	67,004	\$ 5,006,070,530	67,004	\$ 5,247,442,619	4.82%
ValORS	5,562	\$ 314,730,025	5,562	\$ 332,550,497	5.66%
SPORS	<u>1,579</u>	\$ <u>139,177,084</u>	<u>1,579</u>	\$ <u>148,269,259</u>	6.53%
Total	74,145	\$ 5,459,977,639	74,145	\$ 5,728,262,375	4.91%

Increase in Total Annual Pay Rate (Not to Exceed 4.00%) 4.00%

- The annual COLA to be applied to a VSDP long-term disability claimant's creditable compensation may not exceed 4.00%.

VSDP Increase in LTD Benefit



- For members who have been the recipient of long-term disability (LTD) benefits for at least one year under the Virginia Sickness and Disability Program shall receive an increase in the net LTD benefit payment.
- For Plan 1 members vested prior to January 1, 2013 – 2.63% increase.
- For Plan 1 members not vested by January 1, 2013 and all Plan 2 and Hybrid members – 2.32% increase.

VLDP Increase in Creditable Compensation



- Per § 51.1-1161(C) and 51.1-1169(C), Virginia Local Disability Program (VLDP) creditable compensation shall be increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
- Increases in VLDP creditable compensation will be computed each year based on the combined average increase in the pay rate for Teachers and Political Subdivisions participating in the Hybrid Retirement Plan active at the beginning and the end of the most recent plan year before the date of determination of the COLA.
- The increase is not applied on an annual basis, but is applied to a member's average final compensation if the member ends up taking a service retirement directly from long-term disability status.

VLDP Increase in Creditable Compensation



Virginia Retirement System

VLDP Increase in Creditable Compensation for VRS Pension Benefit Purposes

Average pay increase from 2024 to 2025 for Hybrid Plan members active as of June 30, 2024 and June 30, 2025

Plan	June 30, 2024		June 30, 2025		Increase in Pay Rate
	Number Members	Annual Pay Rate	Number Members	Annual Pay Rate	
Teachers -Hybrid	70,531	\$ 3,966,967,698	70,531	\$ 4,208,438,085	6.09%
Political Subdivisions - Hybrid	<u>49,210</u>	<u>\$ 2,631,845,521</u>	<u>49,210</u>	<u>\$ 2,793,009,867</u>	6.12%
Total	119,741	\$ 6,598,813,219	119,741	\$ 7,001,447,952	6.10%
Increase in Total Annual Pay Rate (Not to Exceed 4.00%)					4.00%

- The annual COLA to be applied to a VLDP long-term disability claimant's creditable compensation may not exceed 4.00%.

Group Life Insurance – Minimum Benefit



- § 51.1-505(B) provides that the reduction in life insurance coverage shall not decrease the amount of life insurance on an employee to less than 25 percent of the amount of life insurance to which the initial reduction is applied.
- Effective July 1, 2014, for retirees with at least 30 years of creditable service, the reduction shall not decrease the amount of life insurance to less than \$8,000.
- The \$8,000 minimum coverage shall be increased by the same percentage as any annual post-retirement supplement for retirees, as calculated for employees hired on or after July 1, 2010, pursuant to § 51.1-166.

Group Life Insurance – Minimum Benefit



Calendar Year End	Plan 2 COLA	Group Life Minimum
2016	1.26%	\$8,111
2017	2.07%	\$8,279
2018	2.22%	\$8,463
2019	1.81%	\$8,616
2020	1.23%	\$8,722
2021	3.00%	\$8,984
2022	3.00%	\$9,254
2023	3.00%	\$9,532
2024	2.48%	\$9,768
2025	2.32%	\$9,995

Questions



MEMORANDUM

TO: Patricia S. Bishop, VRS Director

FROM: Jennifer P. Bell Schreck, VRS Internal Audit Director *Open*

DATE: January 29, 2026

RE: Cost of Living Adjustments (COLAs)

Internal Audit has reviewed the amounts referred to as "Cost of Living Adjustments" as set forth in the attached letter and supporting table from VRS' actuary, Gabriel, Roeder, Smith & Company dated January 22, 2026.

In conducting our review, we independently recalculated the "Cost of Living Adjustments" using data and procedures provided by management and the actuary, while confirming certain external components associated with such calculations. We also examined the Code of Virginia sections referred to in the actuary's letter and supporting table.

Based upon our review, we found the "Cost of Living Adjustments" in the above referenced letter and table to be valid and accurate, based on the data provided, subject to the assumptions included therein with respect to increases in the VSDP LTD benefit, VSDP creditable compensation and VLDP creditable compensation, where the amounts are not specified by statute, but instead are to be recommended by the actuary and approved by the Board.

Please let me know if you have any questions. I ask that you share this information with the Benefits and Actuarial Committee.

Attachment

January 22, 2026

Mr. Rory Badura, ASA, EA, FCA, MAAA
 Senior Staff Actuary
 Virginia Retirement System
 1200 E. Main Street
 Richmond, VA 23219

Re: Cost of Living Adjustments (COLA) Effective July 1, 2026

Dear Mr. Badura:

As requested, we have calculated the annual COLA called for under Virginia Code for the Virginia Retirement System (VRS), the Virginia Sickness and Disability Program (VSDP), the Virginia Local Disability Program (VLDP) and the Group Insurance Program, in particular, the Group Life Insurance (GLI).

The following table summarizes the adjustments recommended effective July 1, 2026. Those denoted in **bold** require action by the Board of Trustees to set the amount of adjustment.

COLA Type/Group	Required by Code	Adjustment Level Set by Board Resolution	July 1, 2026	
			Adjustment	Annual Amount
VRS Plan 1 (Vested as of 1/1/2013)	Yes	N/A	2.63%	N/A
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	Yes	N/A	2.32%	N/A
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	4.00%	N/A
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	4.00%	N/A
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	Yes	Yes	2.63%	N/A
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	Yes	Yes	2.32%	N/A
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Yes	N/A	2.32%	\$ 9,995

Mr. Rory Badura
Virginia Retirement System
January 22, 2026
Page 2

The COLA adjustments were calculated in accordance with the Virginia Code and our understanding of Board of Trustee Policies and Procedures, as adopted February 4, 2011. Refer to the enclosure for additional detail supporting the calculated COLA adjustments.

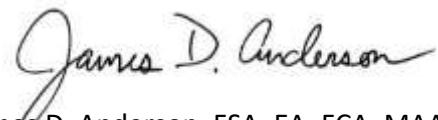
No CPI-U data was published for October 2025 due to the Federal Government shutdown. The average shown on the following page is the 11-month average, excluding October. This 11-month average was used in the determination of the COLA increases effective July 1, 2026.

Please let us know if you have any questions.

Sincerely,
Gabriel, Roeder, Smith & Company



Rebecca L. Stouffer, ASA, FCA, MAAA



James D. Anderson, FSA, EA, FCA, MAAA

RLS/JDA

Enclosure

cc: Sandy Jack, VRS



VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2026

COLA Type/Group	Brief Description	Code Section(s)	Average CPI-U		CPI-U Increase ¹	COLA Calculation		
			2024	2025 ⁴		100% of First 3.00%	50% of Next 4.00%	COLA
VRS Plan 1 (Vested as of 1/1/2013)	100% of the CPI-U Increase up to 3.00% plus 50% of the next 4.00%. Minimum COLA of 0.00%. Maximum COLA of 5.00%.	51.1-166.B.	313.689	321.943	2.63%	2.63%	0.00%	2.63%
COLA Type/Group	Brief Description	Code Section(s)	Average CPI-U		CPI-U Increase ¹	COLA Calculation		
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	100% of the CPI-U increase up to 2.00%, plus 50% of the next 2.00%. Minimum COLA of 0.00%. Maximum COLA of 3.00%.	51.1-166.B.	313.689	321.943	2.63%	2.00%	0.32%	2.32%
COLA Type/Group	Brief Description/Rationale ²	Code Section(s)	Creditable Compensation ³		% Increase in Pay	COLA Calculation		
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	As recommended by Cavanaugh Macdonald Consulting, LLC and adopted by the Board in 2011, the VSDP Creditable Compensation COLA is based on the increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year; however, is subject to the Maximum COLA. Maximum COLA of 4.00%.	51.1-1117.B. 51.1-1123.C. 51.1-1128.B.	\$5,459,977,639	\$5,728,262,375	4.91%	4.00%		4.00%
COLA Type/Group	Brief Description/Rationale	Code Section(s)	Creditable Compensation		% Increase in Pay	COLA Calculation		
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Apply approach similar to the "VSDP Creditable Compensation." The VLDP Creditable Compensation COLA was based on the increase in the pay rate for Hybrid Pension Plan members (of the Teacher Plan and non-hazardous duty Political Subdivisions) active at the beginning and the end of the most recent plan year before the date of determination of COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year, subject to the VSDP maximum COLA level.	51.1-1161.C. 51.1-1169.C.	\$6,598,813,219	\$7,001,447,952	6.10%	4.00%		4.00%
COLA Type/Group	Brief Description/Rationale	Code Section(s)						COLA Calculation
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan 1 (Vested as of 1/1/2013).	51.1-1112.C. 51.1-1125.C.						2.63%
COLA Type/Group	Brief Description/Rationale	Code Section(s)						COLA Calculation
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan Non-Vested, Plan 2 and Hybrid Plan.	51.1-1112.C. 51.1-1125.C.						2.32%

¹ Increase in CPI-U is the ratio, or percentage change, of the current year CPI-U to prior year CPI-U index. By Code, the CPI-U index is defined as the calendar year average of the monthly CPI-U averages.

² The COLA maximum is not explicitly stated in the Request for Board Action (RBA) – 2011-02-04. Based upon a review of the 2022 Cost of Living Adjustments letter, dated January 20, 2022, and confirmation with the VRS staff, GRS understands that a maximum COLA of 4.00% is applicable under the current policies and procedures.

³ Creditable Compensation has been compiled from the data provided by the VRS for the June 30, 2024 and June 30, 2025 actuarial valuations.

⁴ No CPI-U data was published for October 2025 due to the Federal Government shutdown. The average shown is the 11-month average, excluding October.

VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2026 (Concluded)

COLA Type/Group	Brief Description	Code Section(s)		Adjusted Minimum Benefit Calculation		
				COLA	Before COLA	After COLA
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Minimum \$8,000 is indexed annually by 100% of the VRS COLA for Plan 1 Non-Vested, Plan 2, and Hybrid Plan.	51.1-505.B.		2.32%	\$9,768	\$9,995

**Approval of July 1, 2026, increase relating to VSDP creditable compensation and VSDP COLA.****Requested Action**

Effective July 1, 2026, 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 4.00% for a Plan 1, Plan 2, or Hybrid member who has been the recipient of long-term disability (LTD) benefits for at least one calendar year under the Virginia Sickness and Disability Program (VSDP); and
- A cost-of-living adjustment shall be applied to the net LTD benefit payment of 2.63% for Plan 1 members vested prior to January 1, 2013, or 2.32% for Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid members.

Description/Background

Code of Virginia § 51.1-1112(C) provides: "Creditable compensation during periods an employee receives long-term disability benefits shall (i) not include salary increases awarded during the period covered by long-term disability benefits and (ii) be increased annually by an amount recommended by the actuary of the Virginia Sickness and Disability Program and approved by the Board."

Code of Virginia § 51.1-1117(B) provides: "The average final compensation of any participating full-time employee taking a service retirement under any provision of this title shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement."

Code of Virginia § 51.1-1128(B) provides the same requirement for participating full-time employees receiving supplemental (work-related) disability benefits: "The employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the actuary of the Virginia Retirement System, and approved by the Board, from the date of the commencement of the disability to the date of retirement."

In accordance with these provisions, each year VRS requests that the plan actuary recommend the cost-of-living adjustment (COLA) to be applied to the benefit paid and to the creditable compensation of LTD recipients who have been receiving such benefits for at least one calendar year under VSDP.

In 2011, the Board amended the process for determining the COLA to be applied to the creditable compensation of LTD recipients for purposes of calculating service retirement. It is now based on the combined average increase in the pay rate for State, SPORS, and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA.

Rationale for Requested Action

Per the attached January 22, 2026, letter, the VRS plan actuary, Gabriel, Roeder, Smith & Company, observed increases in creditable compensation of 4.91% during fiscal year 2025 for members enrolled in

VSDP. Based on the recommendation from the plan actuary, and consistent with past practice, (i) the recommended increase in creditable compensation for purposes of service retirement from disability shall be 4.00%, and (ii) after offsets, the adjustment to the benefit payments of VSDP LTD recipients who have been receiving such payments for at least one calendar year is 2.63% for Plan 1 members vested as of January 1, 2013, and 2.32% for Plan 1 members not vested by January 1, 2013 and all Plan 2 and Hybrid members.

Authority for Requested Action

The Board's authority for this action is contained in *Code of Virginia §§ 51.1-1112, 51.1-1117, and 51.1-1128.*

The above action is approved.

A. Scott Andrews, Chair
VRS Board of Trustees

Date

**Approval of July 1, 2026, increase relating to VLDP creditable compensation.****Requested Action**

Effective July 1, 2026, 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, 2026, is an increase of 4.00% to be applied to a recipient's creditable compensation.

Description/Background

Code of Virginia § 51.1-1161(C) provides: "The average final compensation of any participating full-time employee taking a service retirement under any provision of this title shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement."

Code of Virginia § 51.1-1169(C) provides: "The employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the actuary of the Virginia Retirement System, and approved by the Board, from the date of the commencement of the disability to the date of retirement."

In accordance with these provisions, VRS requested that its actuary recommend the COLA to be applied to the creditable compensation of LTD recipients who have been receiving such benefits for at least one calendar year under VLDP.

Rationale for Requested Action

Per the attached January 22, 2026, letter, the VRS plan actuary, Gabriel, Roeder, Smith & Company, observed increases in creditable compensation of 6.10% during fiscal year 2025 for VLDP members. Based on the recommendation from the plan actuary, and consistent with past practice, the recommended increase in creditable compensation for purposes of service retirement from disability shall be 4.00%.

Authority for Requested Action

The Board's authority for this action is contained in *Code of Virginia* §§ 51.1-1161 and 51.1-1169.

The above action is approved.

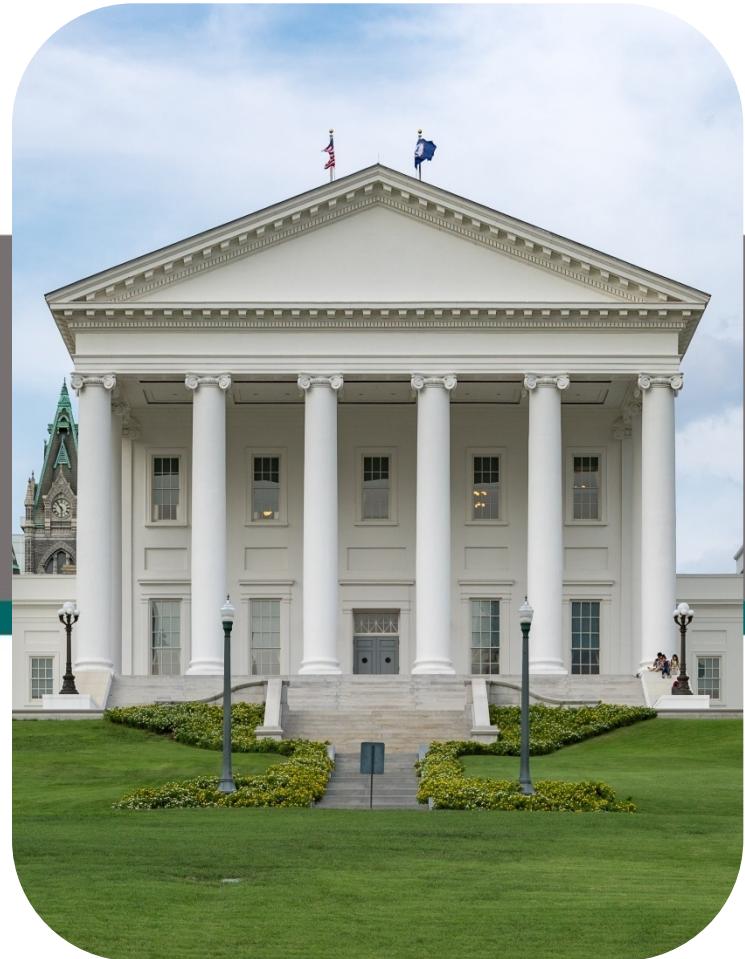
A. Scott Andrews, Chair
VRS Board of Trustees

Date



Virginia
Retirement
System

2026 Legislation*



- The General Assembly convened on January 14.
- Crossover is February 17, which is the final day for each house to complete work on its own legislation.
- This is a long session, so a budget will be passed.
- Session concludes on March 14.

2026 VRS-Related Bills



VaLORS

Bill Number	Patron	Description
HB 204	Cherry	Extends membership in the Virginia Law Officers' Retirement System (VaLORS) to emergency dispatchers who are employed by the Department of State Police, Capitol Police, and agencies whose law-enforcement officers are eligible for membership in VaLORS. The bill has a delayed effective date of July 1, 2027, and provides that such membership would apply only to service earned on or after July 1, 2027.
HB 1269	Nivar	
HB 1055	Phillips	Extends membership in the Virginia Law Officers' Retirement System to full-time sworn unit investigators appointed by the Attorney General. The bill has a delayed effective date of July 1, 2027, and provides that such membership applies only to service earned on or after July 1, 2027.

2026 VRS-Related Bills



VaLORS

Bill Number	Patron	Description
HB 1267	Nivar	Adds (i) full-time sworn members of the enforcement division of the Department of Motor Vehicles, (ii) probation officers employed by the Department of Corrections, (iii) full-time sworn law-enforcement officers employed by the Department of Corrections, and (iv) full-time sworn law-enforcement officers employed by the Department of Juvenile Justice to membership in the Virginia Law Officers' Retirement System. The bill has a delayed effective date of July 1, 2027, and provides that such membership applies only to service earned on or after July 1, 2027.

2026 VRS-Related Bills



Enhanced benefits

Bill Number	Patron	Description
HB 205	Cherry	Allows local governments to provide enhanced retirement benefits for hazardous duty service to full-time salaried 911 dispatchers. The bill provides that such enhanced retirement benefits apply only to service earned as a full-time salaried 911 dispatcher on or after July 1, 2027, but allows an employer, as that term is defined in relevant law, to provide such enhanced retirement benefits for service earned as a full-time salaried 911 dispatcher before July 1, 2027, in addition to service earned on or after that date. The bill has a delayed effective date of 7/1/27.
HB 750	Runion	
SB 304	Jordan	

2026 VRS-Related Bills



Enhanced benefits

Bill Number	Patron	Description
HB 1128	Reid	Allows local governments to provide enhanced retirement benefits for hazardous duty service, other than a hazardous duty supplement, to full-time salaried 911 dispatchers. The bill provides that such enhanced retirement benefits apply only to service earned as a full-time salaried 911 dispatcher on or after July 1, 2027, but allows an employer, as that term is defined in relevant law, to provide such enhanced retirement benefits for service earned as a full-time salaried 911 dispatcher before July 1, 2027, in addition to service earned on or after that date. The bill has a delayed effective date of July 1, 2027.

2026 VRS-Related Bills



Enhanced benefits

Bill Number	Patron	Description
SB 154	Hackworth	Virginia Retirement System; enhanced retirement benefits for animal control officers. Adds full-time animal control officers to the list of local employees eligible to receive enhanced retirement benefits for hazardous duty service for service earned in such positions on or after July 1, 2027. Under current law, localities may provide such benefits to first responders, including firefighters and emergency medical technicians, and certain other hazardous duty positions. The bill has a delayed effective date of July 1, 2027.
HB 585	Ballard	Allows local governments to provide enhanced retirement benefits for hazardous duty service to full-time salaried animal control officers and 911 dispatchers. The bill provides that such enhanced retirement benefits apply only to service earned as a full-time salaried animal control officer or 911 dispatcher on or after July 1, 2027, but allows an employer, as that term is defined in relevant law, to provide such enhanced retirement benefits for service earned as a full-time salaried animal control officer or 911 dispatcher before July 1, 2027, in addition to service earned on or after that date. The bill has a delayed effective date of 7/1/27.

2026 VRS-Related Bills



Enhanced benefits

Bill Number	Patron	Description
SB 419	Craig	Awards an individual who has reached normal retirement age under the State Police Officers' Retirement System (SPORS) or Virginia Law Officers' Retirement System (VaLORS), as determined by relevant law, one additional year of creditable service for every five full years of creditable service earned (i) as a member of SPORS, (ii) as a member of VaLORS, or (iii) while employed by a locality that has elected to provide SPORS-benefits to its employees. This bill only affects those retirements that take place on or after July 1, 2027.

2025 VRS-Related Bills



LODA/VaLORS Bills

Bill Number	Patron	Description
SB 238	Head	<p>Permits the Board of Visitors of the Virginia School for the Deaf and the Blind to establish a campus police department, in compliance with the provisions of law relating to campus police departments established by institutions of higher education, and to employ campus police officers therein.</p> <p>A substitute was introduced in subcommittee on 1/29. The bill was re-referred to SFAC on 1/30.</p>

2026 VRS-Related Bills



Return to Work

Bill Number	Patron	Description
SB 113	Craig	Allows a retired law-enforcement officer to continue to receive his service retirement allowance during a subsequent period of employment by a local law-enforcement agency in a civilian role that does not require law-enforcement certification as a fingerprint examiner, forensics specialist, property and evidence technician, background investigator, or firearms instructor, so long as he has a break in service of at least six calendar months between retirement and reemployment, did not retire under an early retirement program, did not retire under the Workforce Transition Act of 1995, and retired in good standing from his sworn law-enforcement officer position.
HB 1306	Cornett	Reduces from six months to one month the length of the required break in service after retirement for a teacher before such person may return to work full time and continue to receive his pension under the Virginia Retirement System.

2026 VRS-Related Bills



Return to Work

Bill Number	Patron	Description
HB 1107	Kilgore	Allows Virginia Retirement System (VRS) members who return to work full time at the Department of Corrections as a correctional officer or an instructional employee required to be licensed by the Board of Education to continue to receive their VRS pension if (i) the person has a break in service of at least six calendar months between retirement and returning to work full time for the Department of Corrections, (ii) the person is not receiving a retirement benefit pursuant to an early retirement incentive program offered by the Department of Corrections, and (iii) those returning to work as a correctional officer successfully complete the minimum training standards established by the Department of Criminal Justice Services within 12 months of the hiring date. If the person makes the election to continue to receive a VRS pension during such new employment at the Department of Corrections, then (a) such service and compensation shall not affect any other retirement benefits, (b) such person shall still be eligible for cash match plan benefits, and (c) the employer shall include the person's compensation in membership payroll subject to certain employer contributions.

2026 VRS-Related Bills



Return to Work

Bill Number	Patron	Description
HB 1488	Bulova	Allows a retired sworn law-enforcement officer to return to work full time in any covered position and continue to receive his pension under the Virginia Retirement System if such person has a break in service of at least six calendar months before reemployment and meets certain other requirements, including having retired in good standing from his sworn law-enforcement officer position. The bill has a delayed effective date of January 1, 2027.

2026 VRS-Related Bills



Return to Work

Bill Number	Patron	Description
SB 695	Jordan	<p>Requires each school board to enter into a collaborative agreement with the local law-enforcement agency to employ at least one school resource officer in each public elementary and secondary school in the local school division. The bill requires localities to provide enhanced retirement benefits to school resource officers. The bill also allows a retired law-enforcement officer to work as a school resource officer after a break in service of at least six months without impacting his retirement benefits.</p> <p>A substitute was introduced in subcommittee that removed the requirement for enhanced hazardous duty benefits but kept the return-to-work provisions. The bill was re-referred to SFAC with no recommendation.</p>

2026 VRS-Related Bills



PPS

Bill Number	Patron	Description
HB 139	Simonds	<p>Requires each school board to adopt a policy that requires the school board to approve unpaid educational leave for school board employees who are state employee association officers and for at least two school board employees who are local employee association officers for a maximum of four years per officer. The bill permits employee association officers approved for such leave to purchase service credit with the Virginia Retirement System for such period of leave.</p> <p>A substitute was introduced that does not impact the VRS provisions.</p>

2026 VRS-Related Bills



Weighted Service

Bill Number	Patron	Description
HB 987	Garrett	<p>Provides that a member of the Virginia Retirement System shall be eligible for additional years of service credit for service earned as a teacher in the field of career and technical education. The amount of service credit earned shall be determined as follows: (i) for service earned as a member who is 45 years of age or older but younger than 55 years of age at the time of such service, such service shall be multiplied by the weighted years of service factor of 2.0 and (ii) for service earned as a member who is 55 years of age or older at the time of such service, such service shall be multiplied by the weighted years of service factor of 2.5.</p>

2026 VRS-Related Bills



HIC

Bill Number	Patron	Description
HB 1296	Glass	Increases the amount of monthly health insurance credits received by retired general registrars and employees of general registrars with a minimum of 15 years of creditable service from \$1.50 to \$1.75 per month per year of creditable service not to exceed \$52.50 per month beginning July 1, 2026.

2026 VRS-Related Bills



Retiree Health Benefits Program

Bill Number	Patron	Description
HB 659	Kent	Allows a state retiree who elects to participate in the state retiree health plan but later discontinues participation one opportunity to return to participation in the plan, provided that such return to participation occurs within five years after the date of such employee's retirement. Under current law, a state retiree who elects to participate in the state retiree health plan but later discontinues participation is barred from participating in the plan.

2026 VRS-Related Bills



JLARC Study

Bill Number	Patron	Description
HR 9	Maldonado	Directs the Joint Legislative Audit and Review Commission to perform a two-year comprehensive evaluation of the Virginia Retirement System's retirement plans, including Plan 1, Plan 2, and the Hybrid Retirement Plan, with particular attention to benefit adequacy, employee affordability, and impacts on workforce recruitment and retention.

2026 LODA Bills

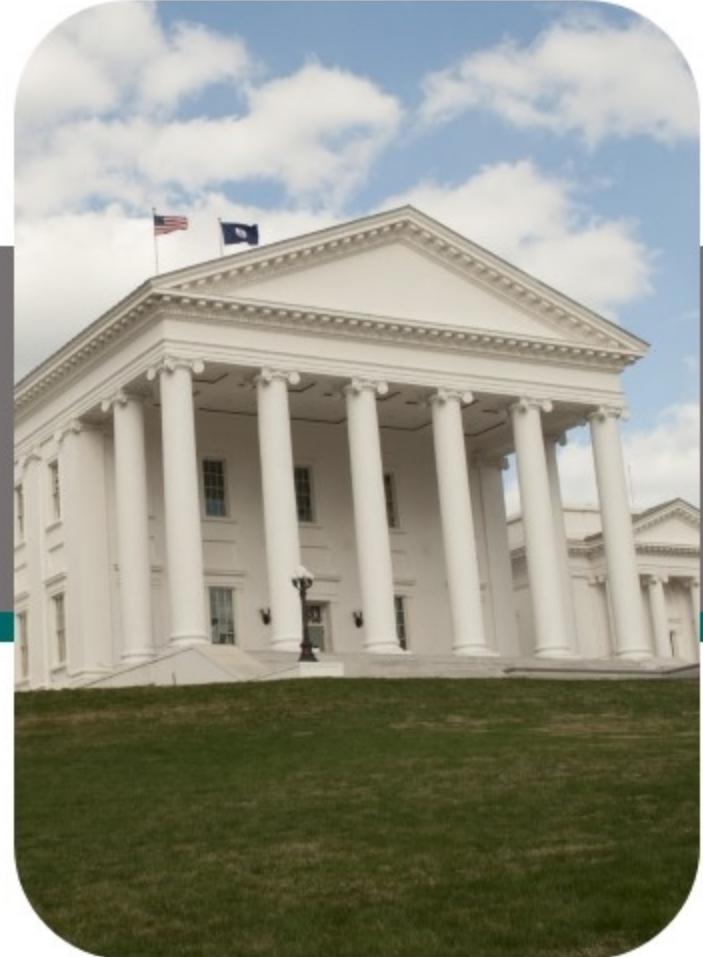


Bill Number	Patron	Description
HB 1317	Willett	Provides that if a deceased person, as that term is defined in the Line of Duty Act, died as a result of certain cancers within 10 years from his date of retirement, his beneficiary shall be entitled to the payment of certain benefits. Under current law, such beneficiary shall be entitled to such payment if the deceased person's death (i) arose out of and in the course of his employment or (ii) was within five years from his date of retirement.
SB 523	Deeds	



Virginia
Retirement
System

Introduced Budget- Salary Actions



2026 Introduced Budget



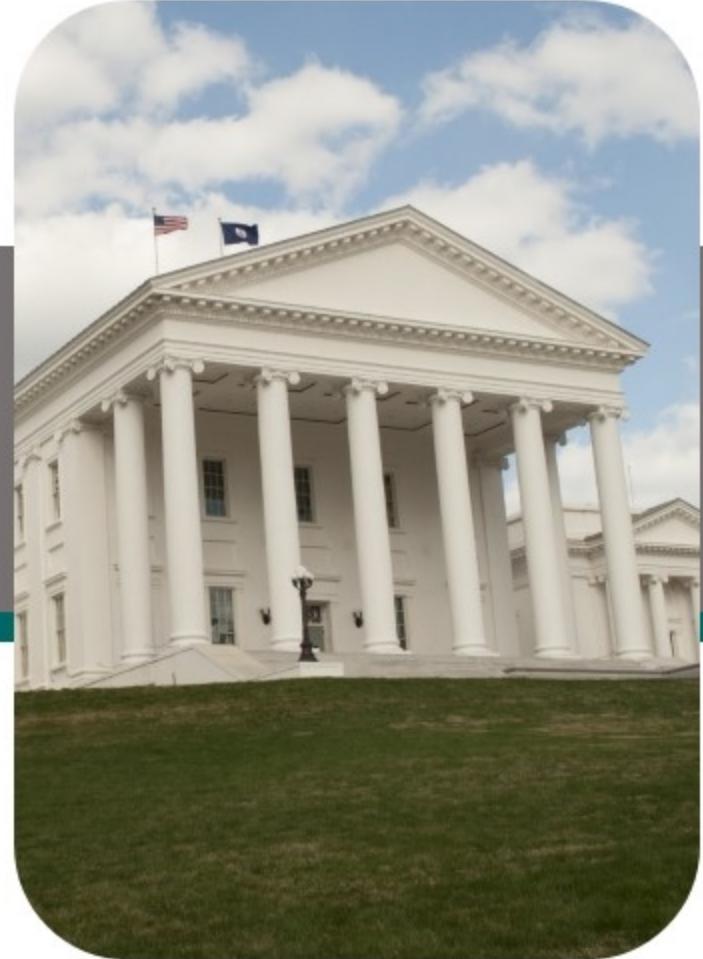
Salary Actions

Item	Description
Item 469 R(1)(l) HB 30	Out of the appropriation for this item, \$92,321,275 the first year and \$203,442,509 the second year from the general fund is provided to increase the base salary of the following employees by two percent on July 10, 2026 and an additional two percent on June 10, 2027... (l) Full-time employees of ...the Virginia Retirement System.
Item 469 R(5) SB 30	The base rates of pay, and related employee benefits, for wage employees may be increased by up to two percent no earlier than July 10, 2026 and an additional two percent no earlier than June 10, 2027. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.



Virginia
Retirement
System

Introduced Budget- Contribution Rates



2026 Introduced Budget



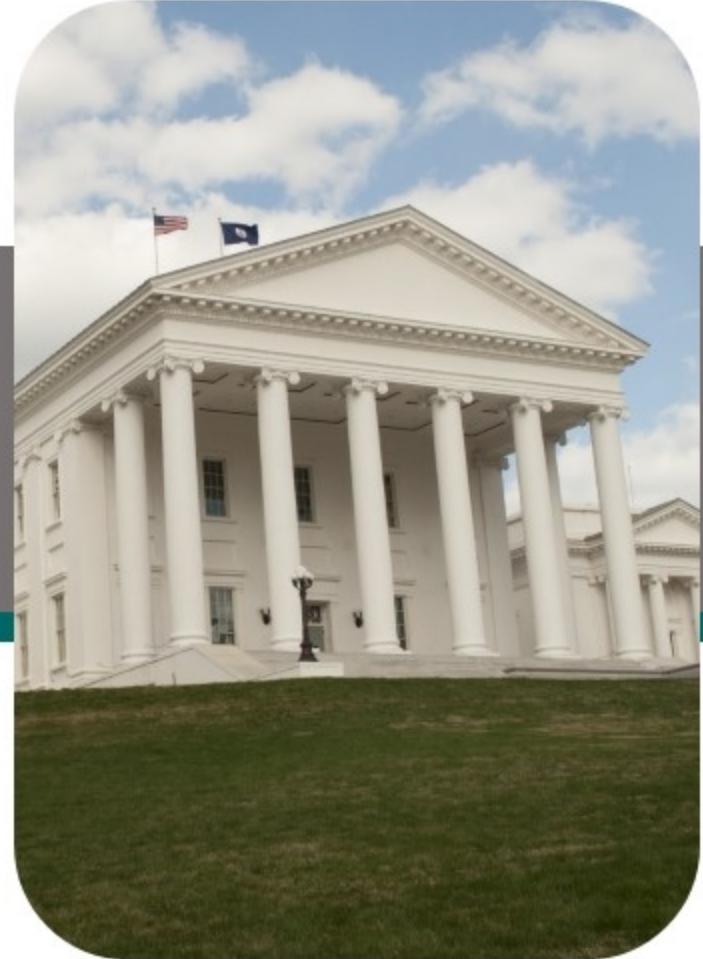
Employer Contribution Rates

Item	Description
Item 469 (H)(1) HB 30	H.1. Contribution rates paid to VRS for the retirement benefits of public school teachers, state employees, state police officers, state judges, and state law enforcement officers eligible for the Virginia Law Officers Retirement System shall be based on a valuation of retirement assets and liabilities that are consistent with the provisions of Title 51.1, Code of Virginia. 2. Retirement defined benefit contribution rates, excluding the applicable employee contribution, shall be: Public school teachers FY 27: 12.20% FY 28: 12.20% State employees FY 27: 11.07% FY 28: 11.07% State Police Officers' Retirement System FY 27: 31.67% FY 28: 31.67% Virginia Law Officers' Retirement System FY 27: 22.60% FY 28: 22.60% Judicial Retirement System FY 27: 30.49% FY 28: 30.49%
Item 469(H)(1) SB 30	



Virginia
Retirement
System

Failed Legislation



2026 VRS-Related Bills - Failed



Investments

Bill Number	Patron	Description
SB 507	McPike	Prohibits investments by the Virginia Retirement System and local retirement systems in (i) companies with a majority ownership interest held by those holding elected federal positions or (ii) in investment funds with holdings of such companies in their portfolios on and after January 1, 2027, unless such investments or holdings are held in a blind trust established pursuant to federal law.

2026 LODA Bills- Failed



Bill Number	Patron	Description
HB 491	Guzman	Provides that a sheriff or deputy sheriff shall be eligible for Line of Duty Act benefits. Under current law, sheriffs or deputy sheriffs are only eligible for Line of Duty Act benefits in the City of Richmond.