Virginia Retirement System®

We welcome visitors and remind you that public comment is not received at VRS meetings.

Written comments may be sent by:

- Email: trustees@varetire.org
- Mail: P.O. Box 2500, Richmond, VA 23218

About VRS

The Virginia Retirement System, an independent state agency, delivers retirement and other benefits to covered Virginia public sector employees. Learn more at varetire.org.

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Benefits and Actuarial Committee (B&A) Meeting

901 East Cary Street
James Center, 4th Floor

Thursday, 11/12/2026
10:00 AM - 12:00 PM ET

I. Welcome and Introductions

II. Approve Minutes

B&A Minutes 10.14.2026 final - Page 3

III. 2026 Actuarial Valuation Results for Political Subdivision Retirement Plans, the Virginia Local Disability Program (VLDP), Local Health Insurance Credit (HIC) Plans, and Line of Duty Act (LODA) Fund

- **RBA - Accept Local Plan Valuations**

  RBA - Accept Local Plan Valuations - Page 7
  November 12 2026 PolSub BNA - Page 8
  LODA_Presentation_Nov-BA-2026 - Page 55

Minutes

A regular meeting of the Virginia Retirement System Benefits and Actuarial Committee was held on October 14, 2026, in Richmond, Virginia with the following members participating:

Lawrence A. Bernert, III, Chair
Jessica L. Hood, Vice Chair
John M. Bennett
Rokasha Edmondson, Ed.D.

Board members participating:
Susan T. Gooden, Ph.D., Board Chair
William H. Leighty

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, ZaeAnne Allen, Rory Badura, Judy Bolt, Ty Bowers, Michael Cooper, David Cotter, Sara Denson, Valerie Disanto, Curtis Doughtie, Andy Feagans, Antonio Fisher, Krystal Groff, Jay Henry, Robert Irving, Ryan LaRochelle, Daniel Lipok, Angela Payne, Mark Rein and Virginia Sowers.

Guests:

Alex Jansson, Joint Legislative Audit and Review Commission; Jim Anderson, Becky Stouffer and Michael Spadaro, Gabriel, Roeder, Smith & Company (GRS); and Bea Snidow, Virginia Education Association.

The meeting convened at 1:00 p.m.

Opening Remarks

Mr. Bernert called the meeting to order and welcomed everyone to the October 14, 2026, meeting of the VRS Benefits and Actuarial Committee. Mr. Bernert 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.

Mr. Bernert introduced the newest committee member, Dr. Rokasha Edmondson, who was appointed to the Board of Trustees in August. Her appointment fills the vacant seat of Lindsey Pantele who resigned earlier in the summer.

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

Mr. Bennett: Present.
Dr. Edmondson: Present.
Ms. Hood: Present.
Dr. Gooden: Present.
Mr. Leighty: Present.
Mr. Bernert: Present.

Approval of Minutes

Upon a motion by Mr. Bennett, with a second by Ms. Hood, the Committee unanimously approved the minutes of its June 17, 2026, meeting.

Election of Committee Vice Chair

Following a nomination by Mr. Bennett, the Committee unanimously elected Ms. Hood to continue serving as Committee Vice Chair.

VRS Funding Policy Statement Amendments

Rory Badura, Senior Staff Actuary, presented an overview of the recommended changes to the VRS Funding Policy Statement (Funding Policy). Mr. Badura advised that the purpose of the Funding Policy is to memorialize the methods by which the Board of Trustees has elected to fund each plan. The proposed changes include an amortization method to recognize surplus assets that are greater than the accrued liabilities. VRS adopted a closed amortization method in 2013 for plans that have not reached 100% funded status, however, staff determined that this method is not ideal in managing a surplus once a plan reaches 100% funded status. The proposed change includes applying varying open amortization periods based on the funded ratio percentage to ease the impact on employers. Additionally, the changes preserve some overfunding and provide a cushion in case of any future market downturns. Mr. Badura concluded by reviewing the amortization periods based on a plan's funded ratio on an actuarial value of assets basis and noted that if approved by the Board, these changes would be effective October 15, 2026, for actuarial valuations as of June 30, 2026, for all plans that reach or exceed a funded status greater than 100%.

Staff recommended the change in order to prioritize protecting the plans' funded status while reducing future risks and protecting plans from being excessively overfunded.

Mr. Bernert thanked Mr. Badura for his presentation.

Upon a motion by Mr. Bennett, with 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 all Pension and OPEB Plans.

Request for Board Action: *The Board approves the changes to the VRS Funding Policy Statement (Funding Policy) regarding how to amortize surpluses in all pension and OPEB plans once any such plan reaches 100% funded status. Effective October 15, 2026, for actuarial valuations effective as of June 30, 2026, for all plans that reach or exceed a funded status of an AVA basis, surplus funding will be amortized in accordance with the following schedule:*

Funded Ratio on AVA Basis	Amortization Period
100-120%	20 year open
120-140%	15 year open
140-160%	10 year open
160%+	5 year open

In addition, for statewide pension and OPEB plans, the minimum contribution be at least equal to the plan's administrative expense.

There are also technical amendments to the Funding Policy to remove unnecessary appendices.

2026 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)

Next, Mr. Bernert introduced Jim Anderson and Becky Stouffer from the VRS plan actuary, Gabriel, Roeder, Smith & Company (GRS), who presented the June 30, 2026, 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 plan actuary conducts annual valuations as of the close of the fiscal year (June 30). The results in even-numbered years are shared with the Board of Trustees to inform the Board of any emerging trends or indications of the magnitude and direction of changes to contribution rates.

The market return for the total fund of 12.1% exceeded the long-term assumed rate of return of 6.75% for fiscal year 2026. For most statewide plans, the investment gain had the greatest impact on plan experience during the year which resulted in funded status increases for most plans and employer contribution rates trending lower except for the State Police Officers' Retirement System (SPORS) plan and the Virginia Law Officers' Retirement System (VaLORS) plan. The other notable change was due to modeling updates to better align liabilities for members with multiple employments across different employers. While this change had only minor impacts on most statewide plans, the VaLORS plan experienced a noteworthy increase in liabilities due to the level of turnover experienced by members of this plan.

Mr. Bernert thanked Mr. Anderson and Ms. Stouffer for their presentation.

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

RBA: Accept the Plan Actuary's Valuations as of June 30, 2026, for the Five Statewide Retirement Plans and associated OPEBs.

Request for Board Action: *The Virginia Retirement System Board of Trustees accepts the June 30, 2026, Actuarial Valuations conducted by the VRS plan actuary, Gabriel, Roeder, Smith & Company, for (i) the Five Statewide Retirement Plans: State Employees, Teachers, Judicial Retirement System, State Police*

Officers' Retirement System, and Virginia Law Officers' Retirement System; and (ii) the associated other post-employment benefits (OPEBs): Group Life Insurance, Health Insurance Credit Plans for both State and Teachers, and the Virginia Sickness and Disability Program, including self-funded Long-Term Care.

Other Business

Lastly, Mr. Bernert reviewed the upcoming meeting schedule[1]:

- Board of Trustees – October 15 at 1:00 p.m.
- Benefits and Actuarial Committee – November 12 at 10:00 a.m.

Adjournment

Upon a motion by Mr. Leighty, with a second by Mr. Bennett, the Committee agreed to adjourn the meeting.

There being no further business, the meeting concluded at 2:29 p.m.

_____ _____

Date Jessica L. Hood, Vice Chair
Benefits and Actuarial Committee

[1] While not noted during the meeting, a meeting of the Administration, Finance and Talent Management Committee is scheduled for October 15, 2026, at 10:30 a.m.

Accept the Plan Actuary's Valuations as of June 30, 2026, for the Political Subdivision Retirement Plans; Health Insurance Credit (HIC) Plans for Political Subdivisions; State-Funded HIC for Constitutional Officers, Social Services Employees, and Registrars; Virginia Local Disability Program, including the Self-Funded Long-Term Care; and Line of Duty Act Fund.

Requested Action

The Virginia Retirement System Board of Trustees accepts the June 30, 2026, Actuarial Valuations conducted by the VRS plan actuary, Gabriel, Roeder, Smith & Company, for the (i) political subdivision retirement plans; (ii) Health Insurance Credit (HIC) plans for political subdivisions; (iii) state-funded HIC for constitutional officers, social services employees, and registrars; (iv) Virginia Local Disability Program, including self-funded Long-Term Care; and (v) Line of Duty Act Fund.

Description/Background

The VRS plan actuary 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. The results in even-numbered years are shared with the Board of Trustees to inform the Board of any emerging trends or indications of the magnitude and direction of contribution rates.

Authority for Requested Action

Code of Virginia § 51.1-124.22(A)(3) authorizes the Board to employ an actuary as its technical advisor for the administration of the Retirement System.

The above action is approved.

_____ _____

Susan T. Gooden, Ph.D., Chair
VRS Board of Trustees

Date



Virginia Retirement System

June 30, 2026 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, 2026

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Agenda

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



Big Picture – November Meeting Content

Pension	Other Post-Employment Benefits (OPEB)
Political Subdivisions	Health Insurance Credit (HIC) • Political Subdivisions • Constitutional Officers • Social Services Employees • Registrars
	Virginia Local Disability Program • Political Subdivisions • Teachers
	Line of Duty Act Fund LODA (separate presentation)

2026 Actuarial Valuation Results

- VRS Pension and OPEB Informational Results
  - Measure funding progress as of June 30, 2026
  - Develop inputs for use in June 30, 2027 valuations
- Odd year valuations develop contribution rates for 2 years

General Funding Objectives

- Intergenerational equity of plan costs
- Stable or increasing ratio of assets to liabilities
- Stable pattern of contribution rates
  - *VRS Code Section 51.1-145*

Actuarial Valuation Process
Statewide Pension and Political Subdivisions

Member Data



1,016,940 Records

Financial Data



$ 130.2 Billion
Market Value of Assets (MVA)

Actuarial Valuation

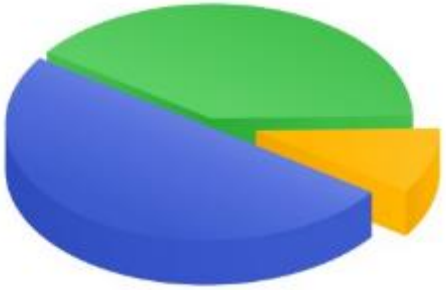
Plan Provisions



Actuarial Assumptions



Actuarial Cost Method

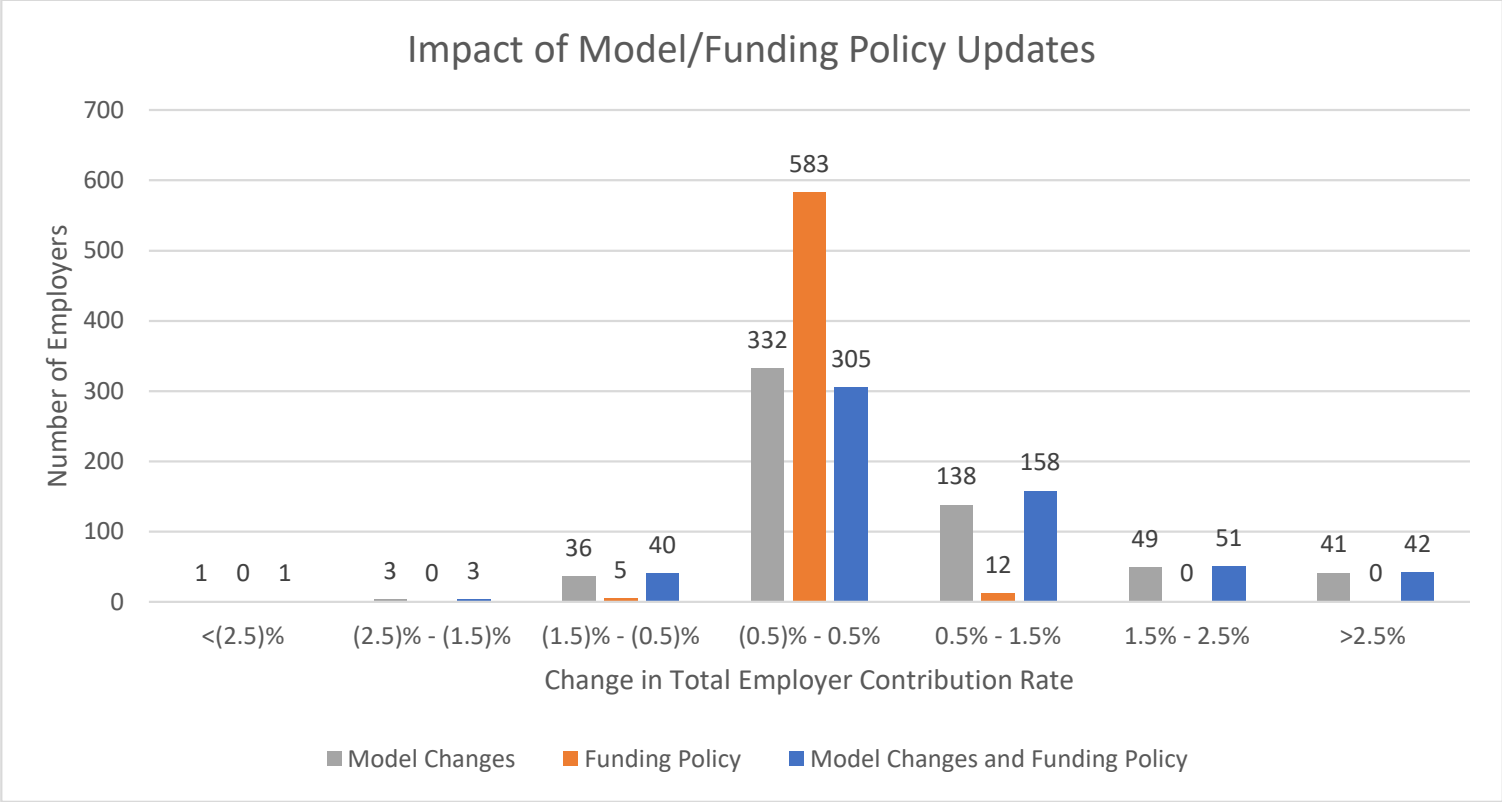


GRS

Valuation Results Highlights

- Experience during 2025-2026
  - Asset gains, slight COLA losses
  - Pay and other experience varied by employer
- Pension Modeling updates
  - Inactive/Active elsewhere records
  - COLA benefits, per Actuarial Audit
  - Imputed Salary
- Funding policy for Local Plans > 100% funded
- No Legislative updates
- Pension results varied by Employer
- OPEB funded status generally increased, OPEB contribution rates generally decreased

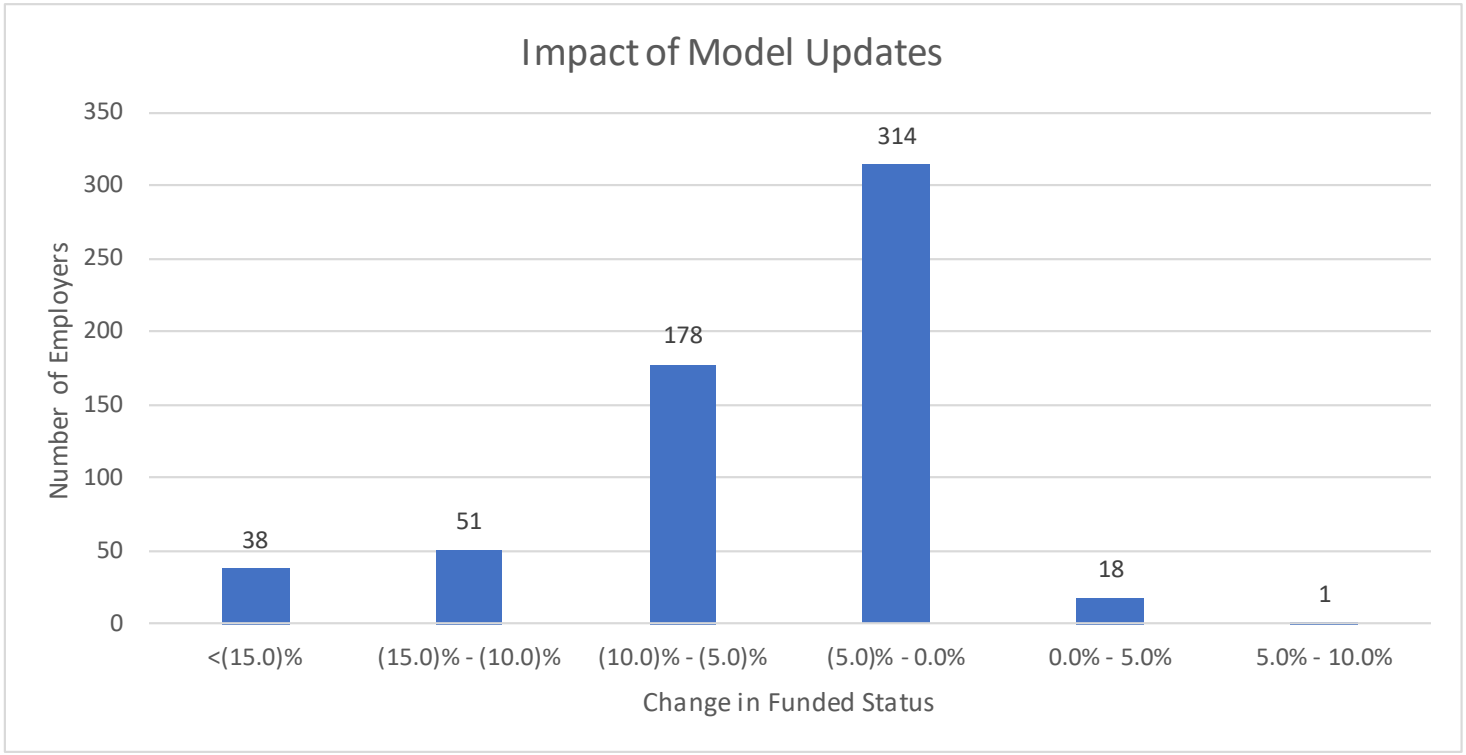
Cost Impact of Political Subdivision Pension Modeling/Funding Policy Updates



Valuation of COLA benefits and inactive/active elsewhere records (Excludes employers with 0 active employees)

(0.5)% - 0.5% Funding Policy Includes 381 employers that are below 100% funded and not impacted by Funding Policy Updates

Impact of Modeling Updates on Political Subdivision Pension Funded Status



Valuation of COLA benefits and inactive/active elsewhere records (Excludes employers with 0 active employees)

229 employers remained over 100% funded after model updates
84 employers moved from over 100% funded to below 100% funded
12 employers moved from above 75% funded to below and may be impacted by funding surcharge

Statewide and Political Subdivision Pension Participants/% Change in 2026

ACTIVES		
State	81,700	+0.5%
Teachers	160,858	-0.1%
SPORS	1,888	-0.7%
VaLORS	7,322	-1.8%
JRS	477	+0.8%
Pol.Subs.	126,580	+2.0%
Total	378,825	

INACTIVES		
State	73,329	+5.2%
Teachers	106,425	+6.0%
SPORS	898	+7.5%
VaLORS	16,161	+6.2%
JRS	11	-26.7%
Pol.Subs.	144,465	+7.1%
Total	341,289	

RETIREES		
State	74,920	+1.2%
Teachers	116,394	+1.6%
SPORS	1,931	+2.6%
VaLORS	7,664	+2.7%
JRS	629	+2.6%
Pol.Subs.	95,288	+3.3%
Total	296,826	

Total Annual Salary: $ 27 Billion

24% are Plan 1

94% are Plan 1

Total Annual Benefit Payments: $7.2 Billion



Actives: Changes in Average Salary

System	2025	2026	% Change	% Change for Continuing[1]	
				Expected	Actual
State	$ 77,218	$ 78,035	1.1%	4.5%	2.1%
Teachers	69,331	72,027	3.9%	5.1%	5.9%
SPORS	96,071	95,891	-0.2%	4.2%	2.7%
VaLORS	58,011	58,029	0.0%	4.7%	1.4%
JRS	208,551	208,682	0.1%	4.0%	0.3%
Pol. Sub.	64,812	67,335	3.9%	4.6%	5.7%

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

Return to Work (RTW) payroll increased 25% during the fiscal year growing from $20 million to approximately $25 million

- RTW payroll is included to pay contributions for members who have retired and returned to work and not accruing benefits

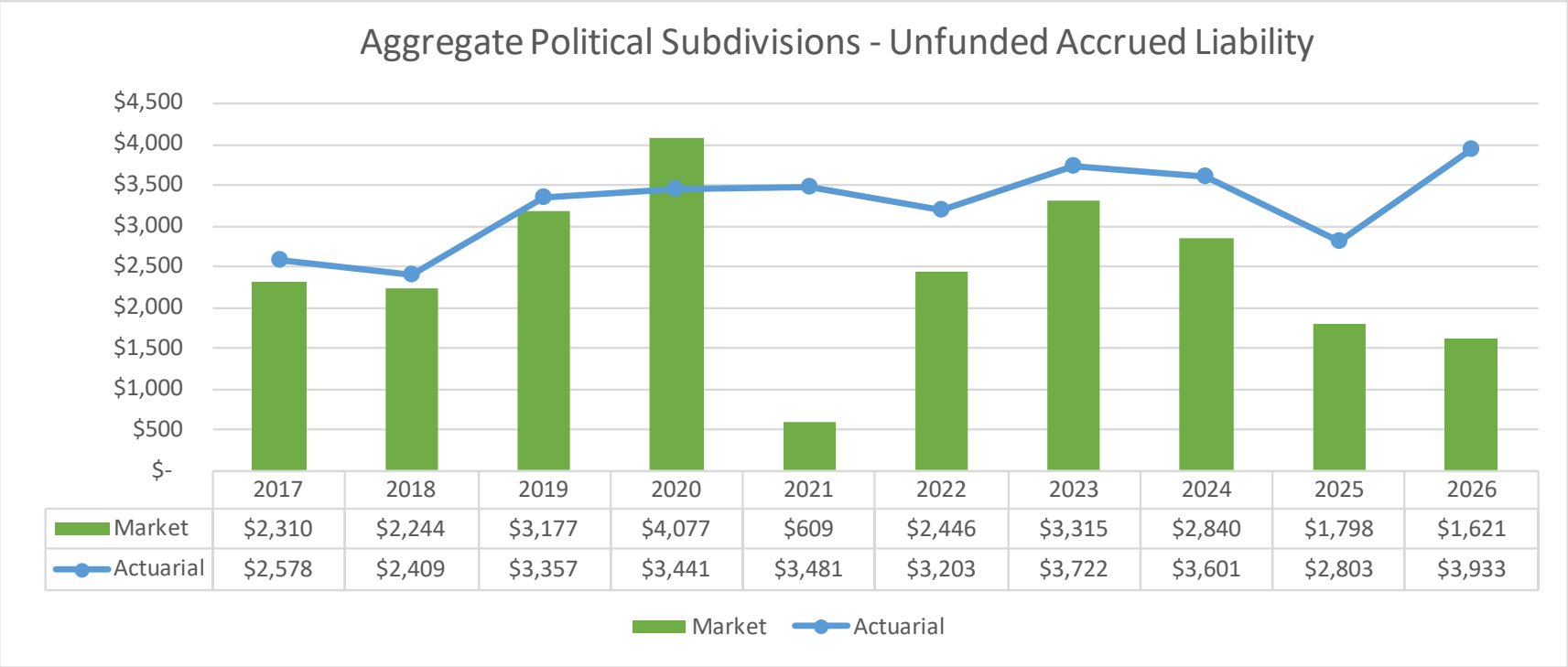
Actuarial Value Assets: Political Subdivisions Pension ($Millions) – **12.1%/8.0% MVA/AVA Return**

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

	2026	2027	2028	2029	2030
Actual Investment Return	3,812				
Assumed Investment Return	2,160				
Gain/(Loss) to be Phased-in	1,652				
Phased-in Recognition -Current year	330	?	?	?	?
-1st prior year	226	330	?	?	?
-2nd prior year	162	226	330	?	?
-3rd prior year	(13)	162	226	330	?
-4th prior year	(360)	(13)	162	226	330
Total Recognized Gain/(Loss)	345	705	718	556	330

2027-2030: Expect $2.3 billion in deferred asset *GAINS*
Future investment losses could offset current deferred gains

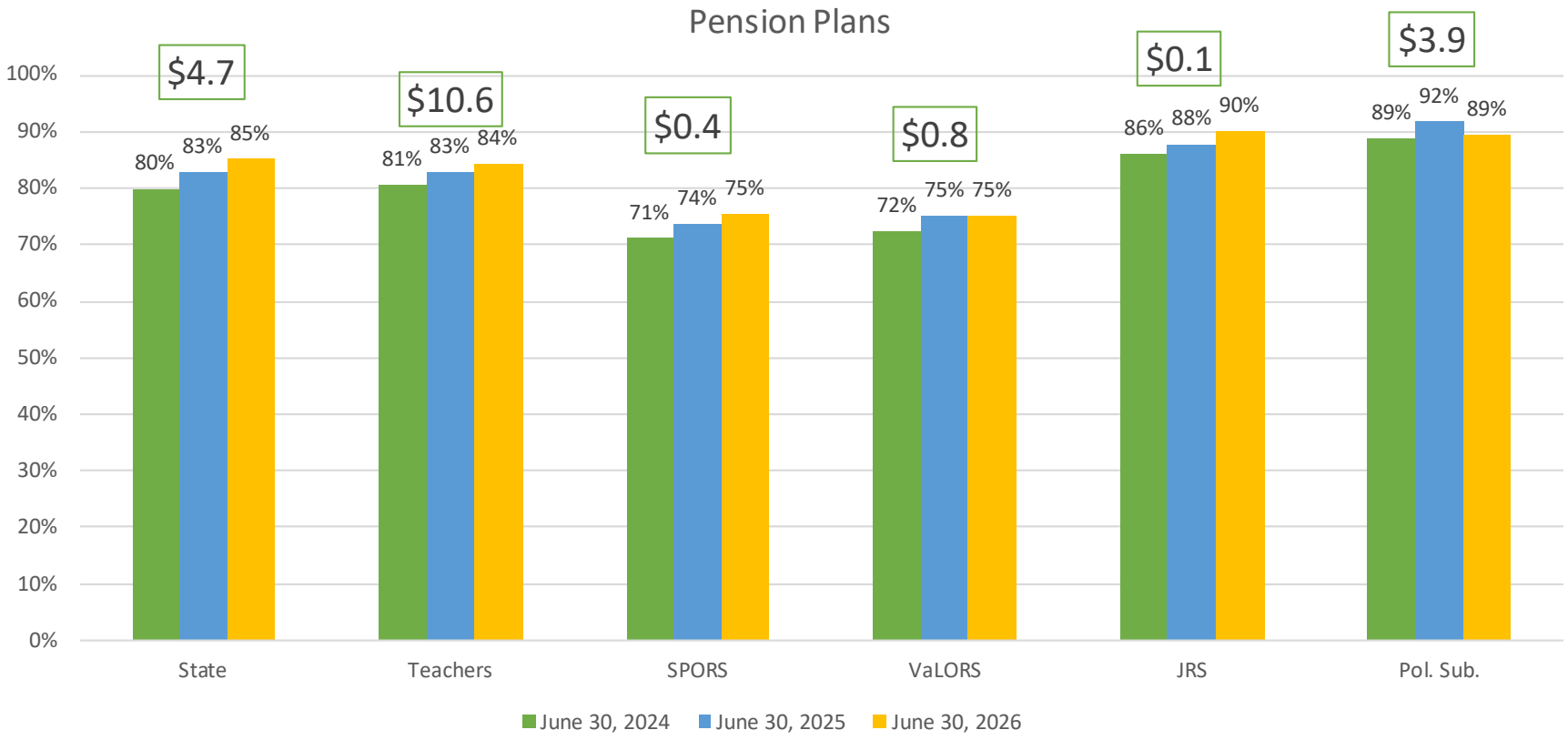
Why We Smooth Asset Returns



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Market	$2,310	$2,244	$3,177	$4,077	$609	$2,446	$3,315	$2,840	$1,798	$1,621
Actuarial	$2,578	$2,409	$3,357	$3,441	$3,481	$3,203	$3,722	$3,601	$2,803	$3,933

- Unfunded liabilities will trend to Market Value basis over time
- Helps achieve level percent contributions objective in VA Code

Funded Status and Unfunded Liabilities (AVA)
June 30, 2026 Unfunded Liabilities in $Billions



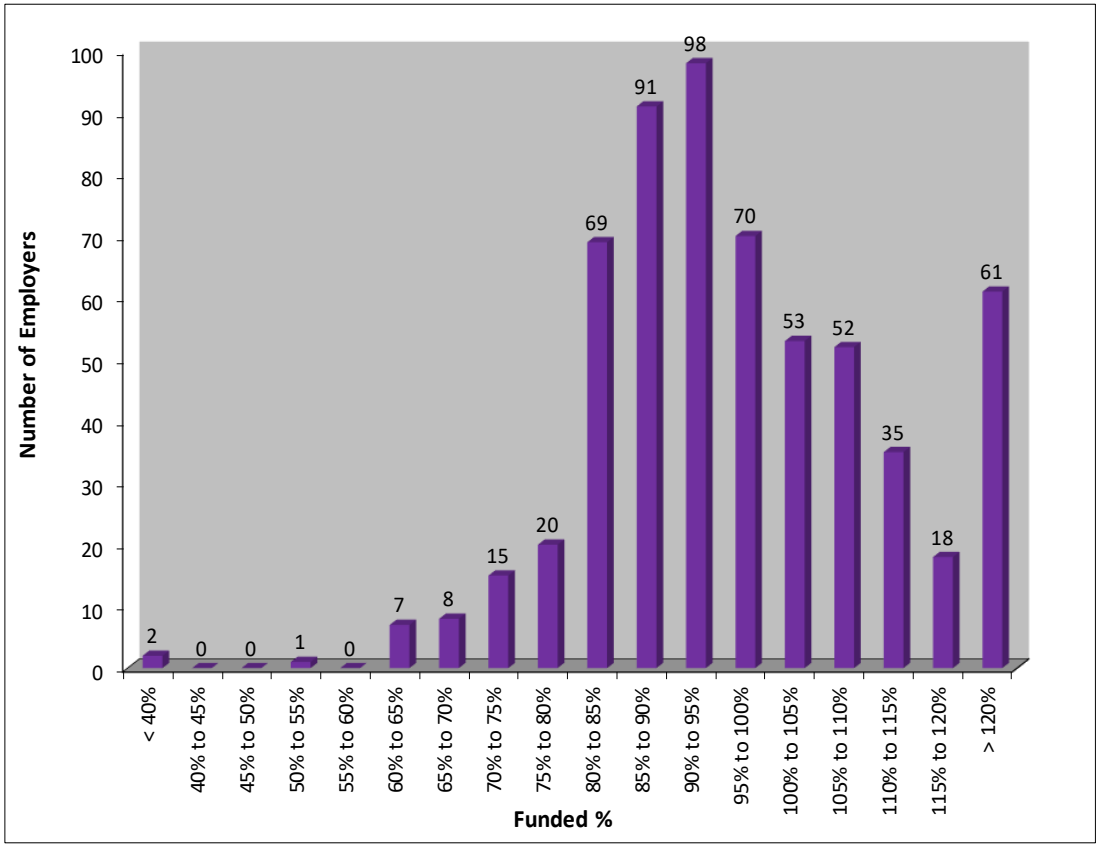
Funded Status (AVA) – Pension Plans, Political Subdivisions

Funded Status as of June 30, 2026 for 600 Employers

Average Funded Status

96.1%

Pol. Sub. With no Enhanced Hazardous Duty



Average Funded Status

87.9%

Pol. Sub. With Enhanced Hazardous Duty

Chart shows Funded status distribution, 33 employers <75% to 219 employers > 100%

The chart above shows 600 employers; employers with 0 actives are excluded.

Calculated Employer Contributions

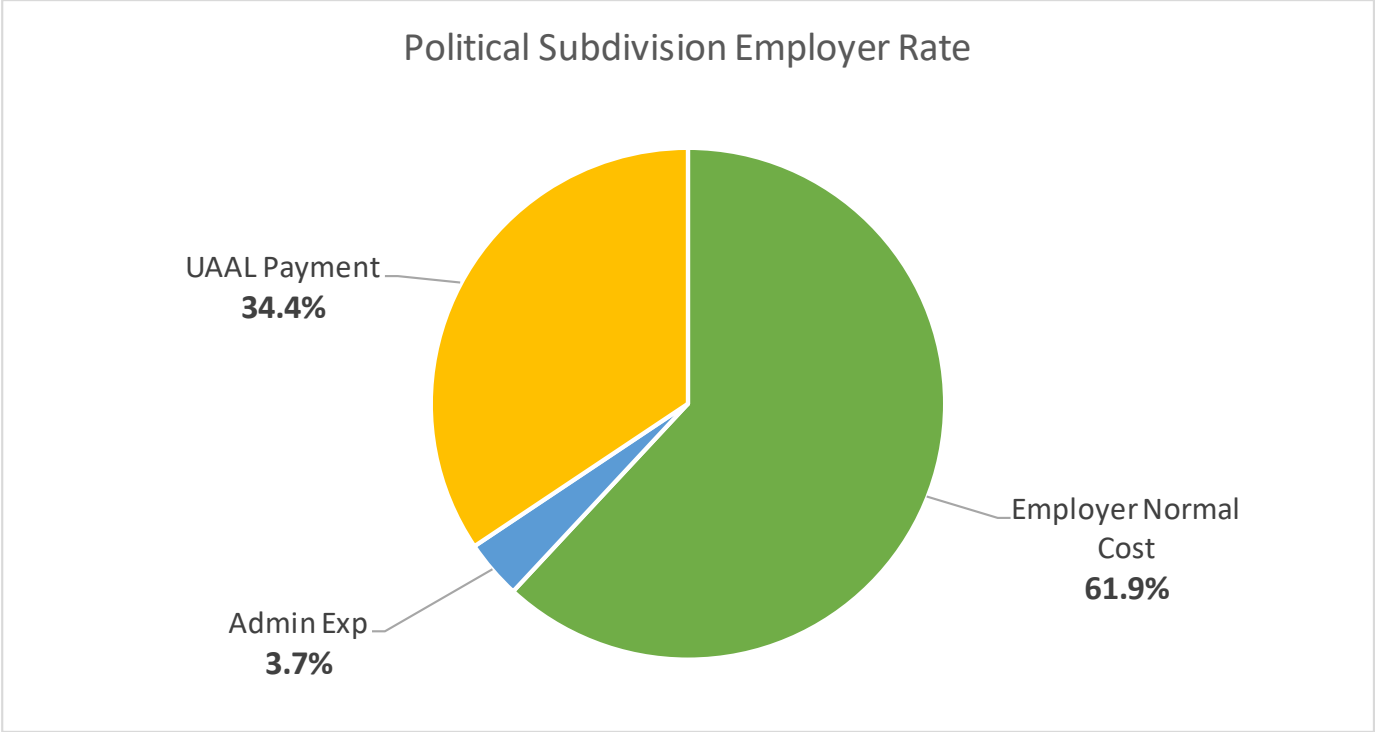
Will vary significantly for System/Plan/Employer based on:

- Benefit Features
- Demographics
- Funded Status

<u>Two Main Components:</u>

- 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

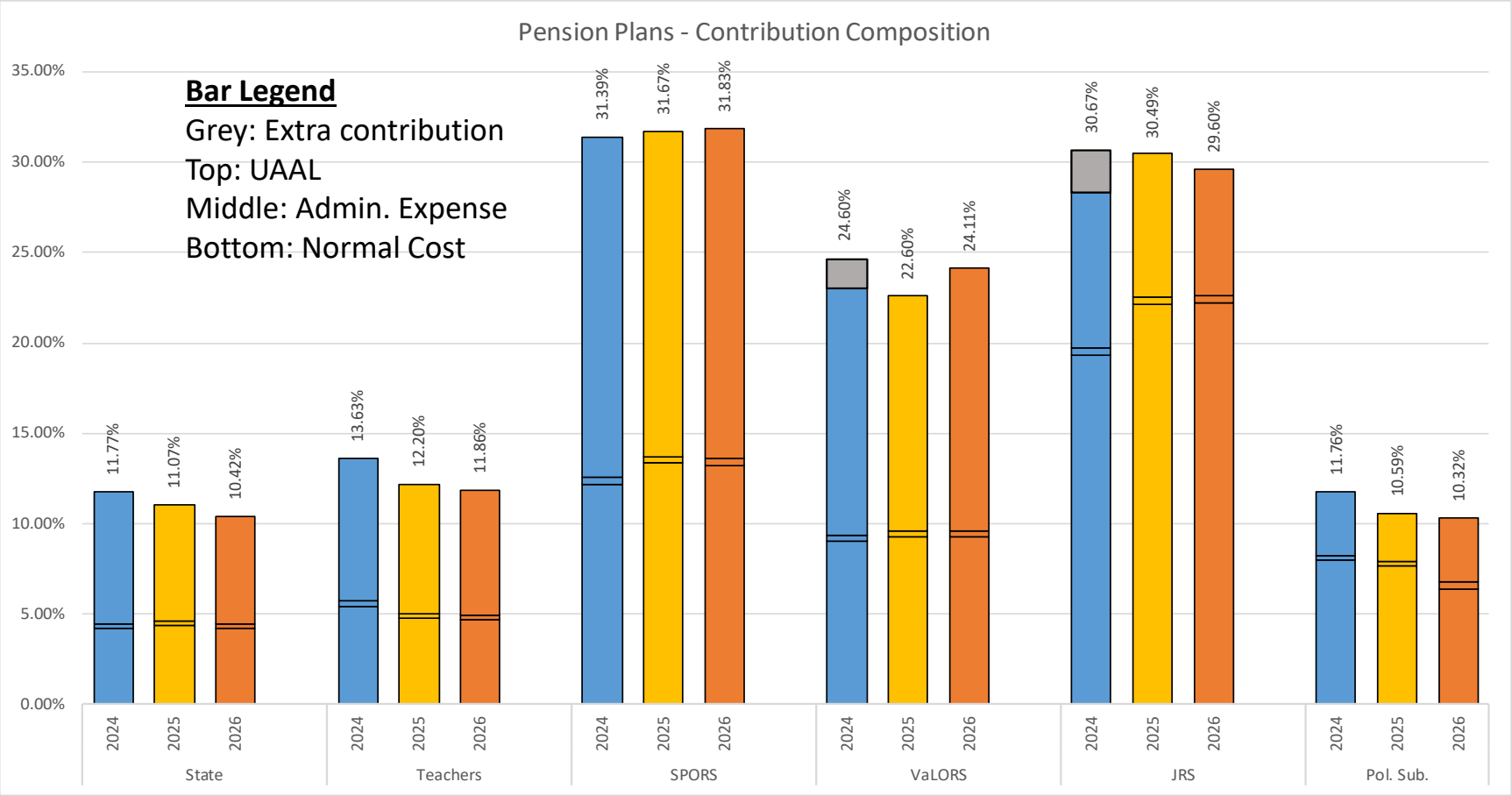


UAL amortization payment = approximately 34% of total contribution
- UAL = approximately 60% of contribution for State plans (other than JRS)

Normal Cost ultimately decreases to Plan 2/Hybrid level

Average Employer Rate = 10.32%

Actuarially Determined Employer Contribution Rates – Pension Plans



- Additional Contributions in 2024 to maintain rate for VaLORS and JRS
- Plans with Hybrid benefit tier have additional required Defined Contribution plan contributions of 1.0%-3.5% of Hybrid payroll

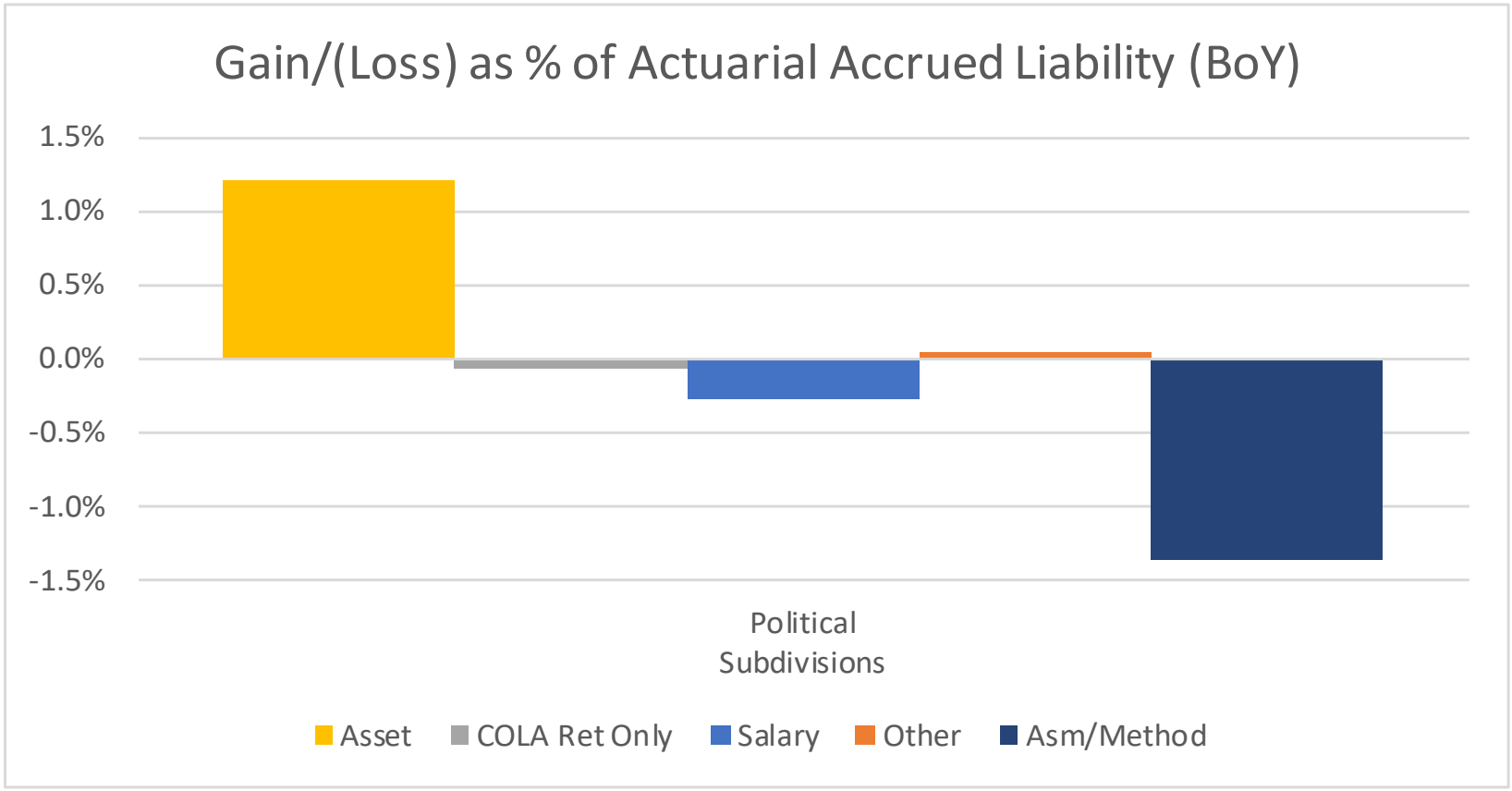
Experience 2025-2026: Pension Plans (in $millions)

	State	Teachers	SPORS	VaLORS	JRS	Pol. Sub.
Expected UAAL	5,205.5	10,826.8	432.0	700.1	104.3	2,709.6
UAAL This Valuation	4,712.5	10,621.2	418.3	762.1	85.3	3,933.3
Total Gain/(Loss)	**$ 493.0**	**$ 205.5**	**$ 13.7**	**$ (62.0)**	**$ 19.0**	**$ (1,223.7)**
– Asset Gain/(Loss)	$ 322.9	$ 700.8	$ 15.3	$ 27.5	$ 9.0	$ 413.2
– Assumption/Method Change	(55.6)	(125.6)	(6.1)	(114.1)	2.8	(1,543.6)
– Plan Change	-	-	-	-	-	(0.4)
– Liability Gain/(Loss)	225.7	(369.7)	4.6	24.6	7.2	(92.9)

($1,543.6) Total Impact of modeling changes on Political Subdivisions ($ millions)

- ($1,157.5) Inactive/Active elsewhere – Better align with member experience
- $196.2 COLA benefits – Lengthening delay assumption, per Actuarial Audit
- ($582.3) Imputed Salary – Technical Adjustment

Political Subdivisions Pension: Gain/Loss (%s)



Primary impacts: investment experience and modeling updates
Other G/(L) includes benefit change and new employer impacts, if any

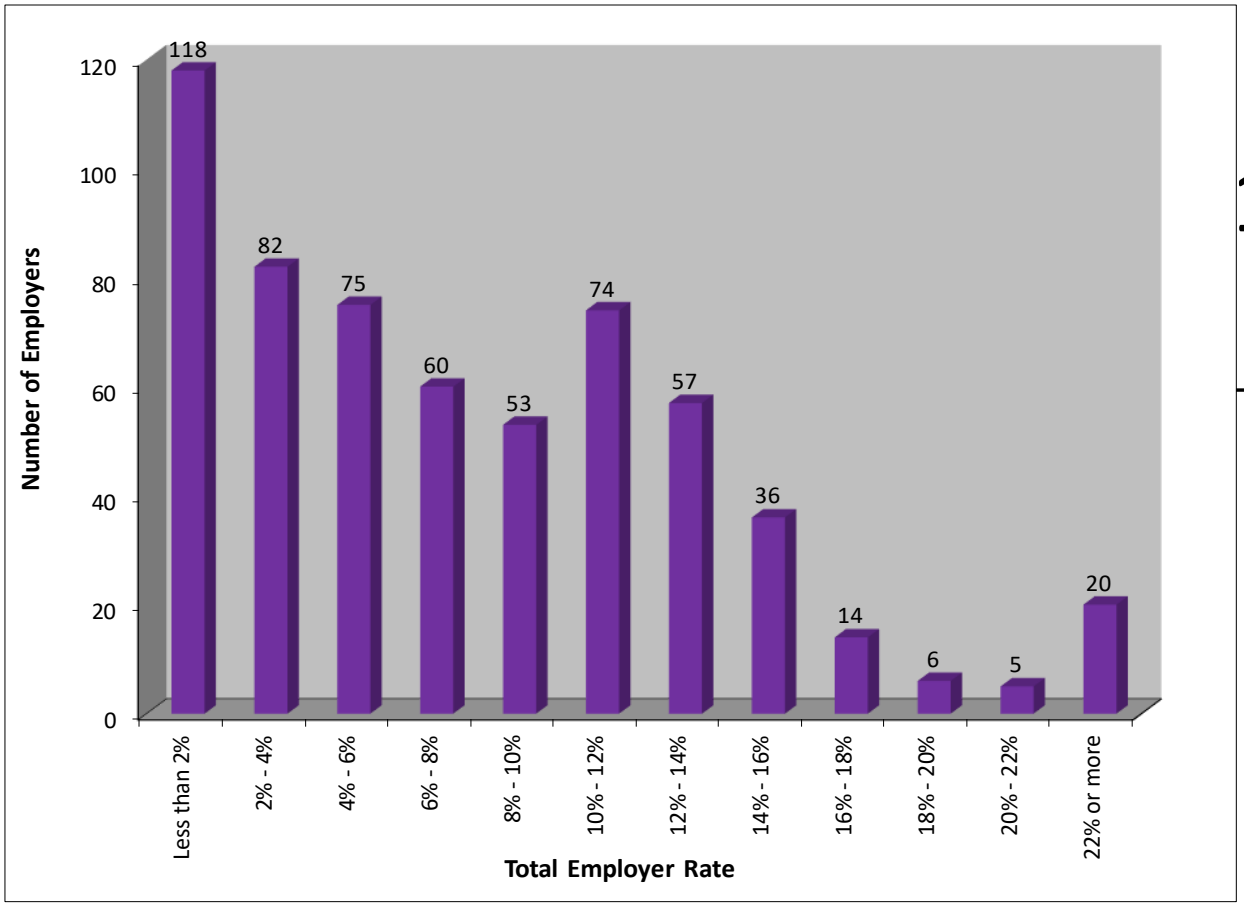
Actuarially Determined Employer Contribution (ADEC) Rates – Political Subdivisions Pension

ADEC Rate as of June 30, 2026 for 600 Employers

Average ADEC Rate

5.34%

Pol. Sub. With no Enhanced Hazardous Duty



Average ADEC Rate

11.98%

Pol. Sub. With Enhanced Hazardous Duty

The chart above shows 600 employers; employers with 0 actives are excluded.

Political Subdivisions: Pension Results

- Liability changes
  - 1 New Political Subdivision for Pension
  - 20 Employers have surcharge[1]
    - 17 Employers had surcharge in 2025 valuation
  - No Employers have additional funding charge[2]
  - Changes in coverage, additional detail in appendix
  - Salary and COLA experience
  - Modeling refinement

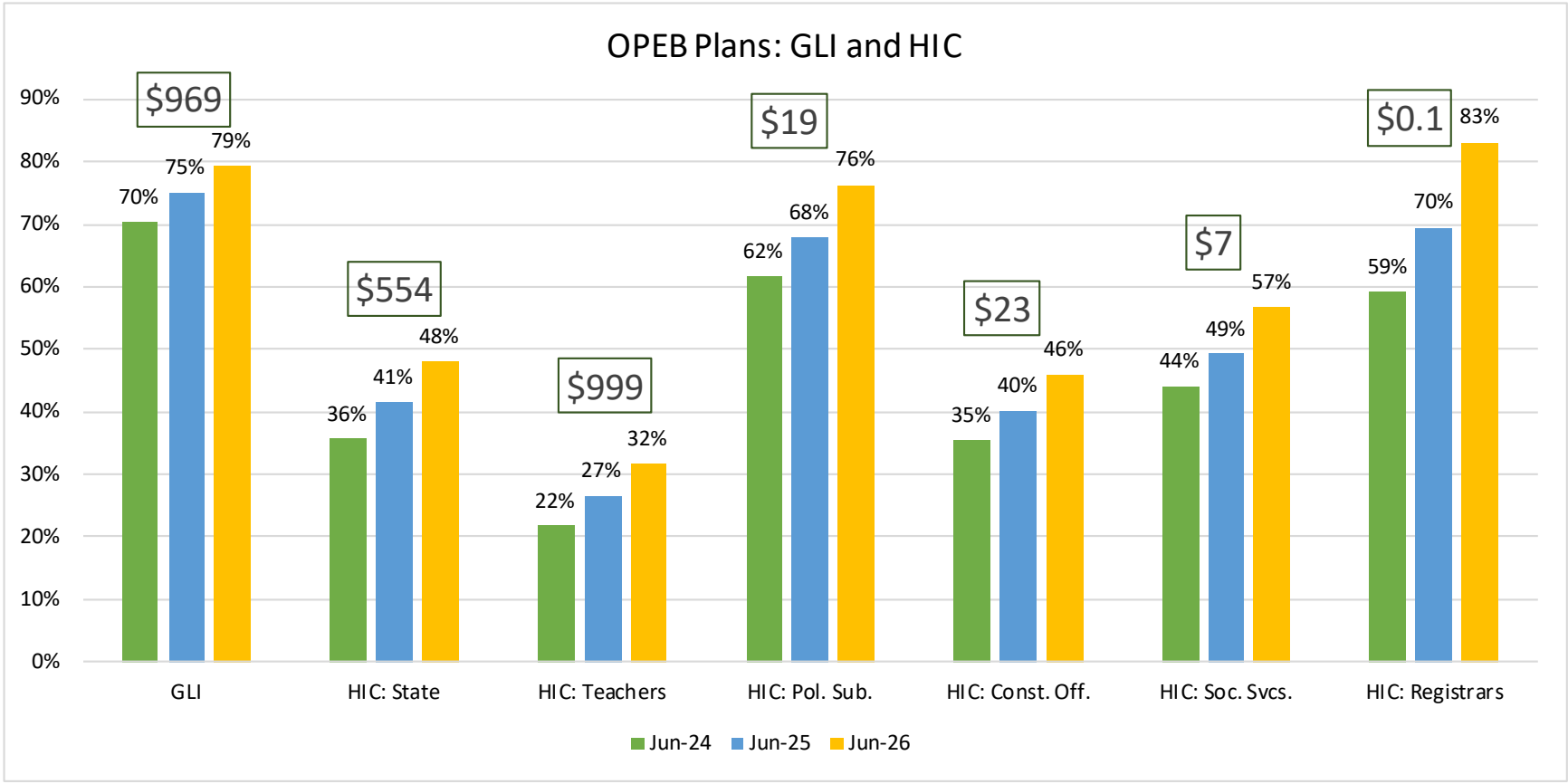
[1]Additional contribution above developed rate to improve funding level

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

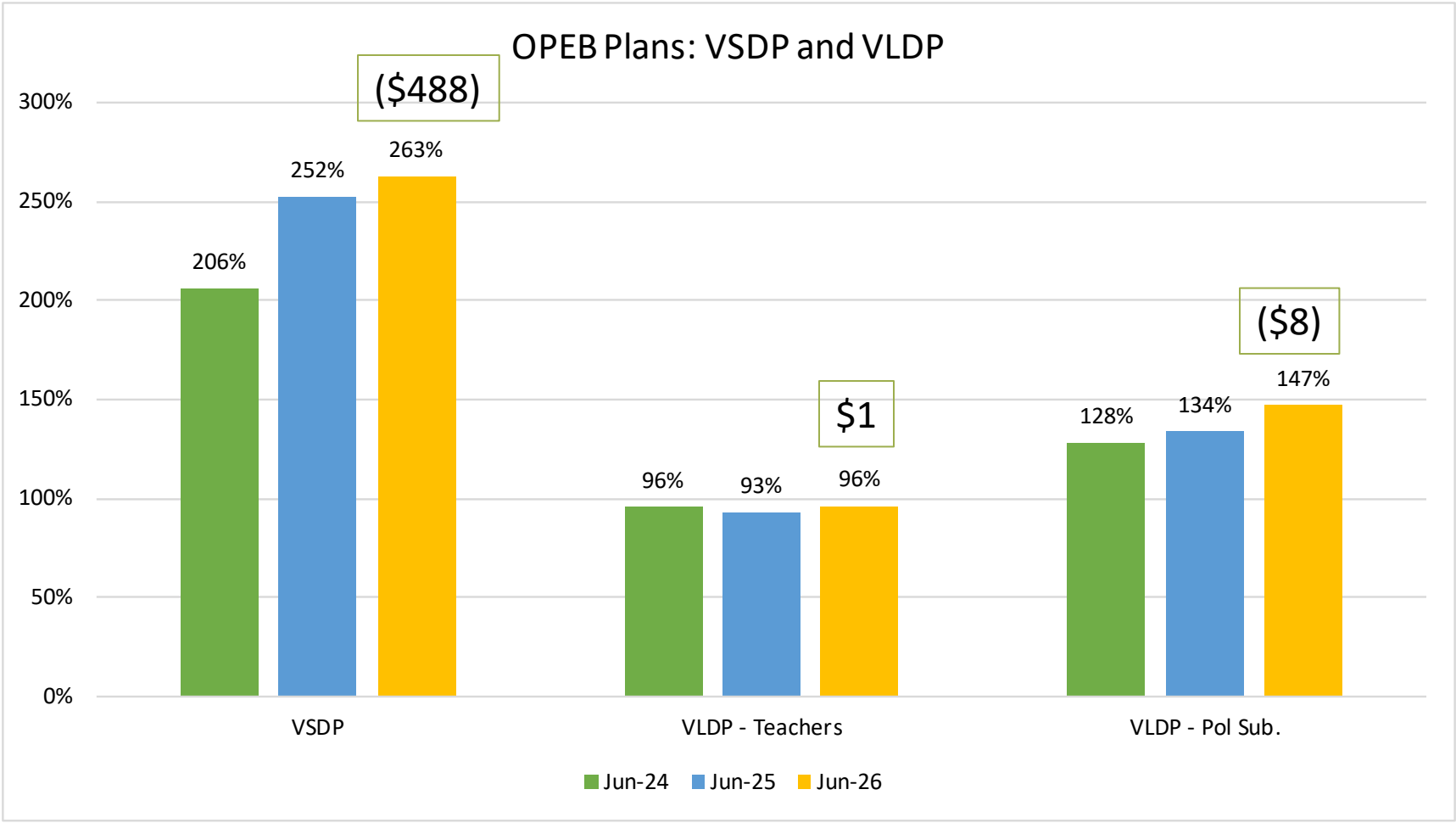
Pension Results Commentary

- Demographic changes vary by employer
  - Active population increased for Political Subdivisions in total
    - Large increases expected to continue as the prior non-VRS pension plans turnover with new hires joining VRS
      - Cities of Richmond, Norfolk
      - Richmond Behavioral Health

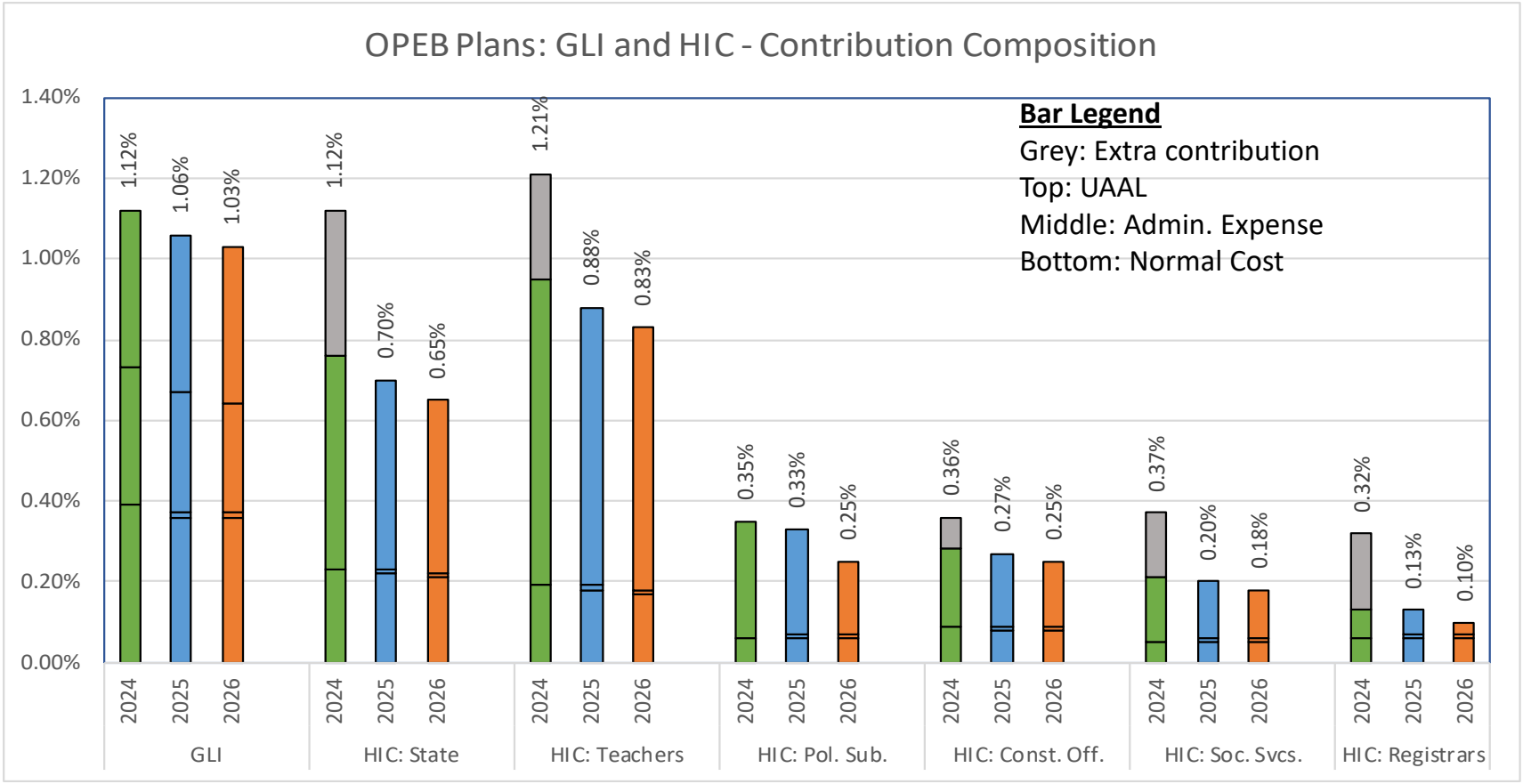
Funded Status (AVA) and Unfunded Liabilities – OPEB Plans
June 30, 2026 Unfunded Liabilities in $Millions



Funded Status (AVA) and Unfunded Liabilities – OPEB Plans
June 30, 2026 Unfunded Liabilities in $Millions

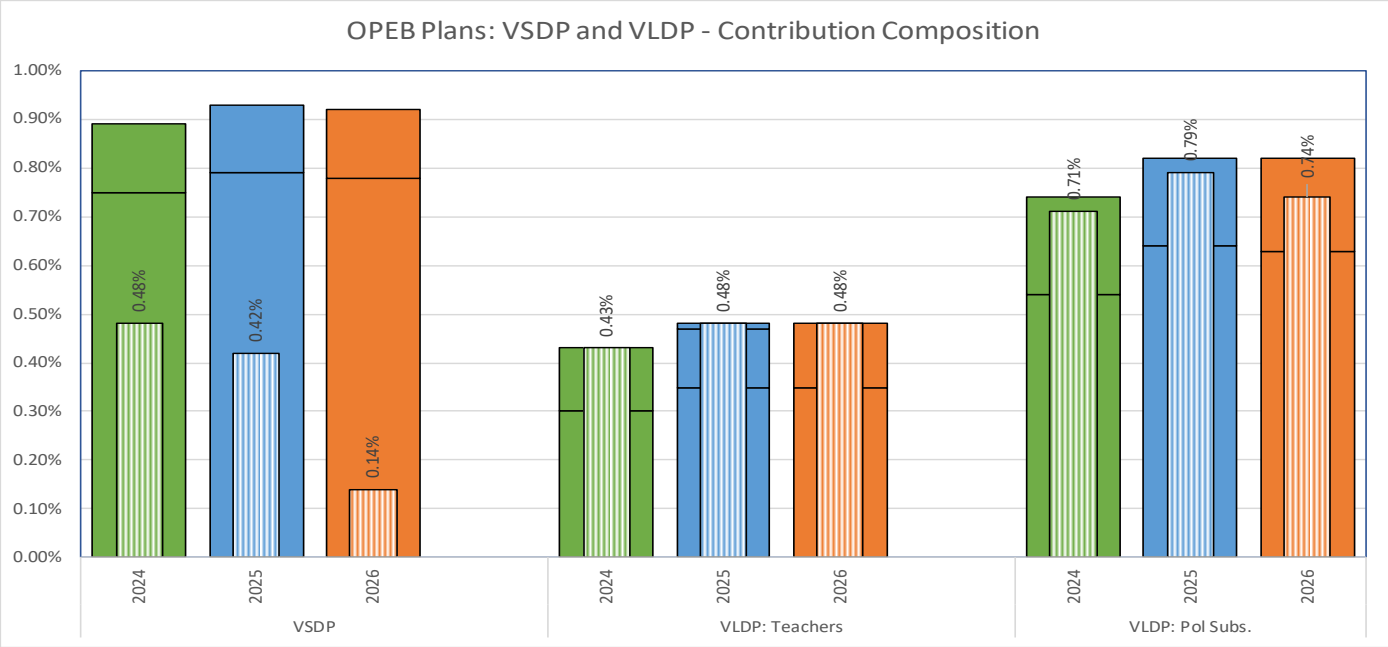


Actuarially Determined Employer Contribution Rates – OPEB Plans



- Additional Contributions in 2024 to maintain rate for State, Teachers, Const. Off, Soc. Svcs., and Registrars
- Top 1/3 of GLI rate reflects active Life Insurance contribution

Actuarially Determined Employer Contribution Rates – OPEB Plans



- The solid bars represent the normal cost and administrative expense. Overfunded VSDP and VLDP: Pol Sub plans have credits that offset these amounts resulting in lower contribution rates which are the smaller shaded bars.
- Funding policy changes serve to decrease the 2026 rates as follows:
  - VSDP rate decreases from 0.40% of covered payroll to 0.14%
  - VLDP (Political Subs.) rate decreases from 0.75% of covered payroll to 0.74%

Experience 2025-2026: OPEB – GLI, HIC, VSDP, & VLDP (in $millions)

	GLI	HIC: State	HIC: Teachers	HIC: Locals	HIC: Const. Off.	HIC: Soc. Svcs.	HIC: Registrars
Expected UAAL	1,011.0	568.2	1,006.4	20.2	23.0	6.7	0.1
UAAL This Valuation	968.7	554.2	998.9	19.1	22.5	6.6	0.1
Total Gain/(Loss)	**42.3**	**14.0**	**7.5**	**1.1**	**0.4**	**0.2**	**-**
-- Asset Gain/(Loss)	57.7	5.9	5.1	1.0	0.4	0.1	-
-- Assum/Method Change Gain/(Loss)	-	-	-	-	-	-	-
-- Liability Gain/(Loss)	(15.5)	8.1	2.4	0.1	0.1	-	-

	VSDP	VLDP Teachers	VLDP Locals
Expected UAAL	(444.8)	1.7	(5.6)
UAAL This Valuation	(488.1)	0.8	(8.5)
Total Gain/(Loss)	**43.3**	**0.8**	**2.9**
-- Asset Gain/(Loss)	9.4	0.2	0.4
-- Assum/Method Change Gain/(Loss)	-	-	-
-- Liability Gain/(Loss)	33.9	0.6	2.4

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

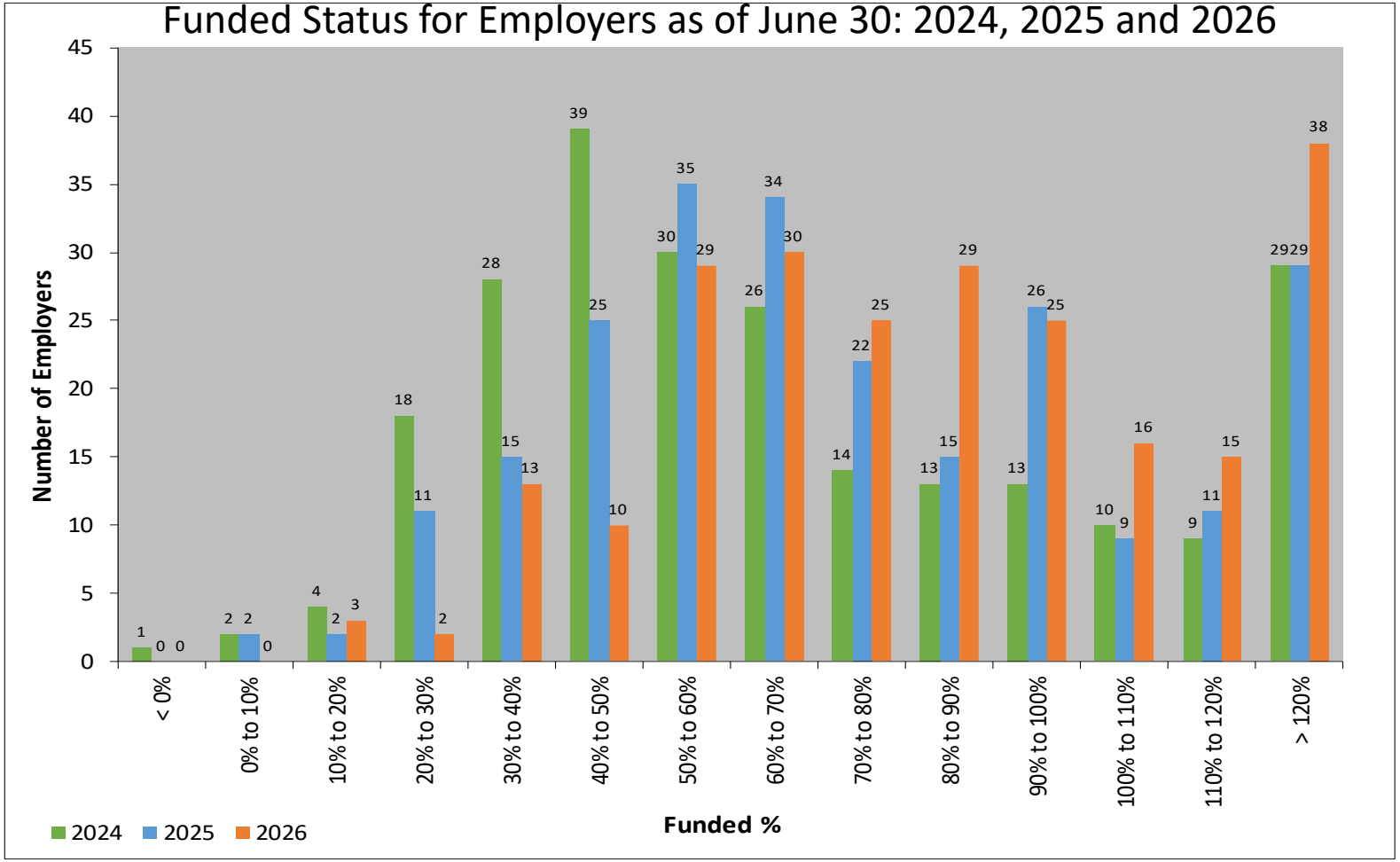
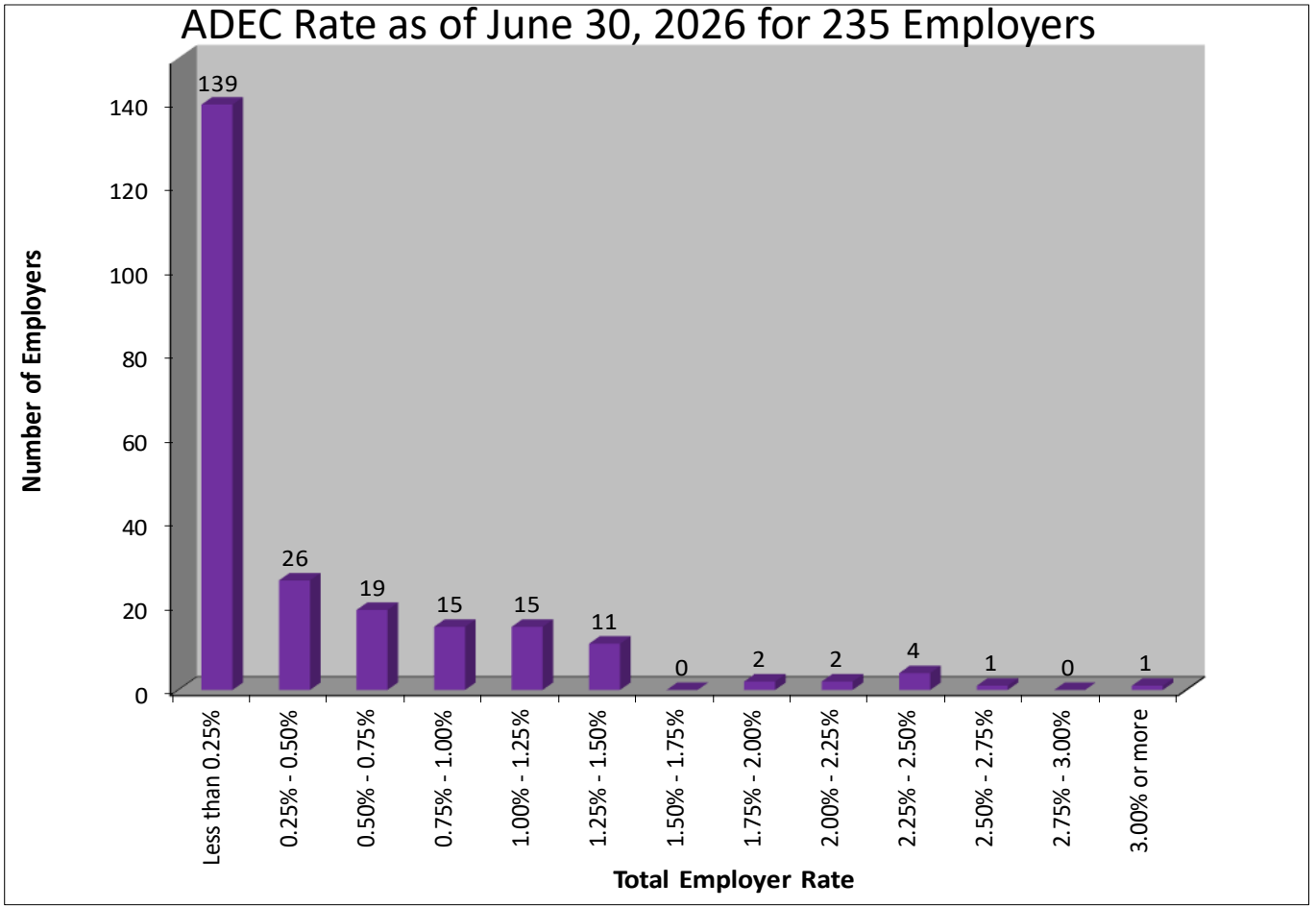


Chart includes: June 30, 2026 = 235 employers, June 30, 2025 = 236 employers, and June 30, 2024 = 236 employers; employers with 0 actives are excluded.

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



The chart above shows 235 employers; employers with 0 actives are excluded.

Contribution unchanged from prior rate setting valuation for 94 employers with surcharge
Funding policy update impacted 69 employers, 25 of those had minimal contribution rate changes

OPEB Results Commentary: HIC Political Subdivisions

- Employers with additional funding charge or surcharge

	2026	2025	2024
Additional Funding Charge	0	0	2
Surcharge	94	136	149

Summary: Pension Plan Contribution Rates

	FY 2025/2026	Informational	FY 2027/2028	Informational
	2023 Valuation	2024 Valuation	2025 Valuation	2026 Valuation
State	12.52%	11.77%	11.07%	10.42%
Teachers	14.21%	13.63%	12.20%	11.86%
SPORS	31.32%	31.39%	31.67%	31.83%
VaLORS	24.60%^	23.00%	22.60%	24.11%
JRS	30.67%^	28.36%	30.49%	29.60%
Pol. Sub (Weighted Avg)	12.25%	11.76%	10.59%	10.32%

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

Summary: OPEB Contribution Rates

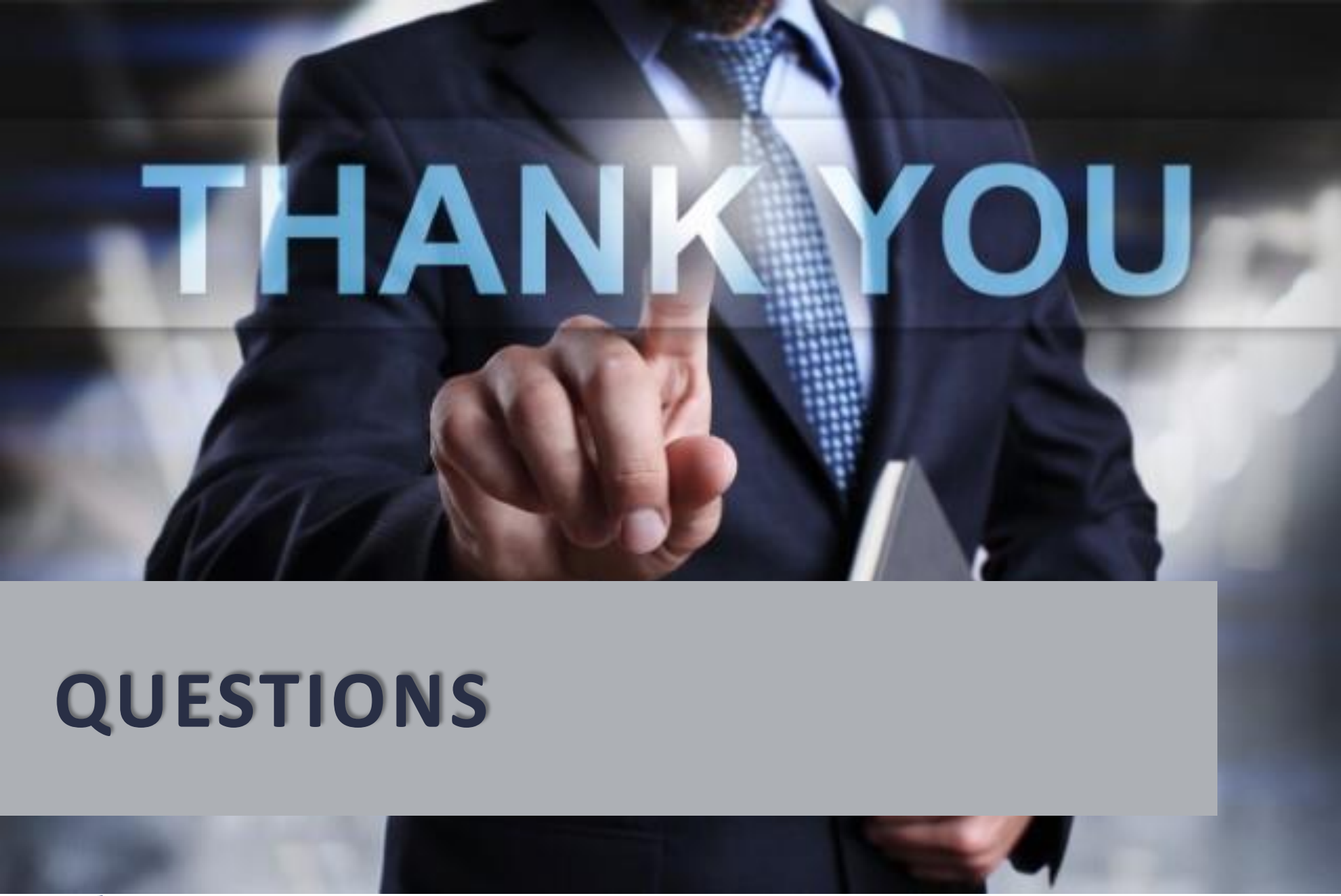
	FY 2025/2026	Informational	FY 2027/2028	Informational
	2023 Valuation	2024 Valuation	2025 Valuation	2026 Valuation
Group Life Insurance	1.18%	1.12%	1.06%	1.03%
Health Insurance Credit (HIC)				
-- State	1.12%*	0.76%	0.70%	0.65%
-- Teachers	1.21%*	0.95%	0.88%	0.83%
-- Pol. Subs.	0.36%	0.35%	0.33%	0.25%
-- Const. Officers	0.36%*	0.28%	0.27%	0.25%
-- Social Services EEs	0.37%*	0.21%	0.20%	0.18%
-- Registrars	0.32%*	0.13%	0.13%	0.10%
VSDP	0.50%	0.48%	0.42%	0.14%
VLDP				
-- Teachers	0.45%	0.43%	0.48%	0.48%
-- Pol. Subs.	0.74%	0.71%	0.79%	0.74%

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

Conclusion



1. **Funded Status on Actuarial Asset Basis**
   - Higher than expected investment returns
   - Salary experience varied, small COLA losses
   - OPEB funded status increased
   - Political Subdivision pension funded statuses impacted by modeling refinements
2. **Contributions**
   - OPEB rates decreased relative to last year's valuations, including for overfunded disability plans to due funding policy
   - Pension rates increased for Political Subdivisions impacted by modeling refinements
   - Pension Rates decreased for overfunded Political Subdivisions due to funding policy



QUESTIONS



APPENDIX

Changes in Coverage Since Last Valuation (Pension)

Employer	Description of Change
Henrico County (55143)	Enhanced Hazardous Duty Benefit - EMTs
Lancaster County (55151)	Enhanced Hazardous Duty Benefit - Fire & EMTs
Northumberland County (55166)	Increase Enhanced Hazardous Duty multiplier to 1.85%
Smyth County (55186)	Enhanced Hazardous Duty Benefit - Fire & EMTs
Westmoreland County (55196)	Increase Enhanced Hazardous Duty multiplier to 1.85%
City of Staunton (55219)	Increase Enhanced Hazardous Duty multiplier to 1.85%
City of Galax (55313)	Enhanced Hazardous Duty Benefit - EMTs
Henrico County Public Schools (55543)	Add Transportation and Maintenance EEs

Changes in Coverage Since Last Valuation (Pension)

Employer	Description of Change
Bristol City Public Schools (55601)	Add Bus Drivers Coverage
Middle River Regional Jail Authority (55890)	Increase Enhanced Hazardous Duty multiplier to 1.85%

- New Political Subdivision for Pension:
  Central Shenandoah Planning District Commission

Summary: Unfunded Pension Plan Liabilities ($000)

Unfunded Liability

AVA

	2025	2026
State	$ 5,356,033	$ 4,712,528
Teachers	11,179,129	10,621,237
SPORS	434,411	418,261
VaLORS	717,570	762,140
JRS	103,531	85,314
Pol. Subs.	2,802,585	3,933,261
Total	20,593,259	20,532,741

MVA

	2025	2026
State	$ 4,535,147	$ 2,814,108
Teachers	9,453,015	6,658,522
SPORS	396,218	330,106
VaLORS	649,166	604,009
JRS	80,225	31,267
Pol. Subs.	1,797,549	1,621,265
Total	16,911,320	12,059,277

Summary: Unfunded OPEB Liabilities ($000)

Unfunded Liability

AVA

	2025	2026
GLI	$ 1,115,507	$ 968,731
HIC - State	624,328	554,197
HIC - Teachers	1,064,506	998,899
HIC - Pol. Subs.	25,570	19,109
HIC - Const. Off.	24,472	22,518
HIC - Social Svc EEs	7,645	6,550
HIC - Registrars	176	100
VSDP	(444,293)	(488,071)
VLDP - Teachers	1,263	822
VLDP - Pol. Subs.	(5,144)	(8,457)
Total	$ 2,414,030	$ 2,074,398

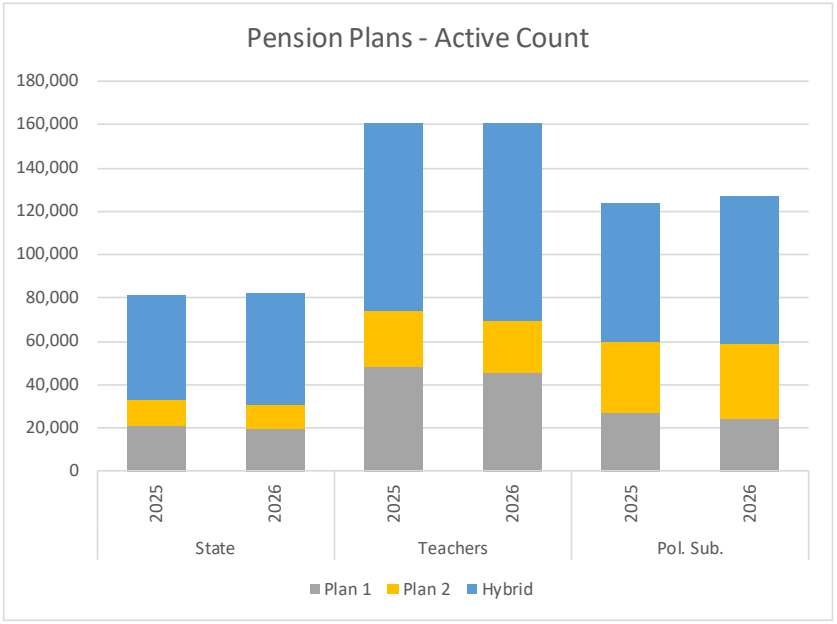
MVA

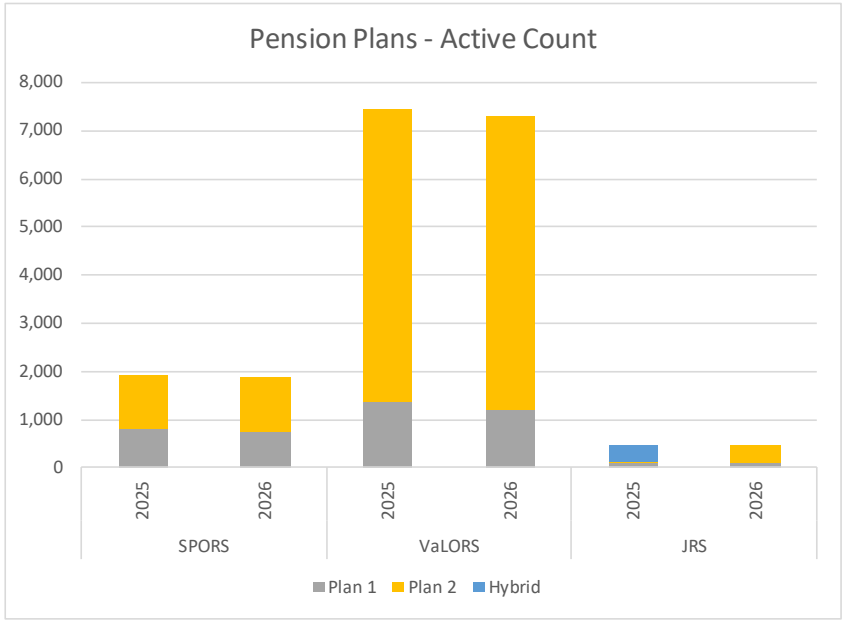
	2025	2026
GLI	$ 980,861	$ 688,988
HIC - State	613,069	525,492
HIC - Teachers	1,054,242	973,523
HIC - Pol. Subs.	24,118	15,803
HIC - Const. Off.	23,909	21,340
HIC - Social Svc EEs	7,524	6,179
HIC - Registrars	143	43
VSDP	(467,052)	(541,024)
VLDP - Teachers	828	(233)
VLDP - Pol. Subs.	(5,922)	(10,118)
Total	$ 2,231,720	$ 1,679,993

Pension Active Participants at June 30, 2026

System	Plan 1	Plan 2	Hybrid	Total 2026	Total 2025	Percent Change
State	19,360	11,406	50,934	81,700	81,274	0.5%
Teachers	45,185	24,694	90,979	160,858	160,949	-0.1%
SPORS	720	1,168	-	1,888	1,902	-0.7%
VaLORS	1,217	6,105	-	7,322	7,459	-1.8%
JRS	87	390	-	477	473	0.8%
Pol. Sub.	24,356	34,267	67,957	126,580	124,066	2.0%
Total	90,925	78,030	209,870	378,825	376,123	0.7%

Active Participants at June 30, 2026 - Scale for Large Plans = 22X Scale for Small Plans





Counts			
System	State	Teachers	Pol. Sub.
2025	81,274	160,949	124,066
2026	81,700	160,858	126,580
% Change	0.5%	-0.1%	2.0%

Counts			
System	SPORS	VaLORS	JRS
2025	1,902	7,459	473
2026	1,888	7,322	477
% Change	-0.7%	-1.8%	0.8%

In Total, 24% are Plan 1

Pension Inactive Participants at June 30, 2026

System	Plan 1	Plan 2	Hybrid	Total 2026	Total 2025	Percent Change
State	13,637	22,537	37,155	73,329	69,699	5.2%
Teachers	19,960	31,528	54,937	106,425	100,366	6.0%
SPORS	263	635	-	898	835	7.5%
VaLORS	2,247	13,914	-	16,161	15,212	6.2%
JRS	7	-	4	11	15	-26.7%
Pol. Sub.	26,529	52,612	65,324	144,465	134,873	7.1%
Total	62,643	121,226	157,420	341,289	321,000	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, 2026

System	Plan 1	Plan 2	Hybrid	Total 2026	Total 2025	Percent Change
State	70,413	3,326	1,181	74,920	74,038	1.2%
Teachers	111,126	4,048	1,220	116,394	114,580	1.6%
SPORS	1,879	52	-	1,931	1,882	2.6%
VaLORS	7,210	454	-	7,664	7,465	2.7%
JRS	573	28	28	629	613	2.6%
Pol. Sub.	86,731	6,575	1,982	95,288	92,287	3.3%
Total	277,932	14,483	4,411	296,826	290,865	2.0%

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, 2025-2026

Valuation Date (in $thousands)	Group Life Insurance		HIC - State Employees		HIC - Teachers		HIC - Political Subdivisions	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Participants								
Active	391,548	389,086	121,141	119,945	160,859	160,951	41,373	40,317
Long Term Disability	2,274	2,250	2,549	2,534	74	62	73	58
Retirees	210,045	206,500	55,393	54,815	76,036	75,137	12,897	12,378
Disabled	11,810	12,140	2,053	2,200	2,968	3,048	1,364	1,408
Inactive, Vested	14,802	14,150	3,760	3,695	4,720	4,253	925	926
Inactive, Active Elsewhere in VRS	0	0	11,764	11,433	6,300	6,063	9,886	9,536
Total	630,479	624,126	196,660	194,622	250,957	249,514	66,518	64,623
Annual Covered Payroll	$ 29,428,318	$ 28,384,920	$ 10,348,279	$ 10,115,244	$ 12,187,572	$ 11,740,521	$ 2,354,678	$ 2,198,684
Valuation Salary	26,402,119	25,454,212	9,425,320	9,210,227	10,727,897	10,325,860	2,123,685	1,982,188

Valuation Date (in $thousands)	HIC - Constitutional Officers		HIC - Social Service Employees		HIC - Registrars	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Participants						
Active	14,931	14,652	6,776	6,652	334	324
Long Term Disability	2	1	5	4	0	0
Retirees	4,785	4,619	2,327	2,296	83	82
Disabled	284	289	147	153	2	2
Inactive, Vested	454	434	160	158	10	6
Inactive, Active Elsewhere in VRS	4,097	3,780	3,632	3,425	53	49
Total	24,553	23,775	13,047	12,688	482	463
Annual Covered Payroll	$ 1,106,626	$ 1,045,810	$ 434,358	$ 412,369	$ 25,771	$ 24,290
Valuation Salary	1,007,595	952,934	390,527	370,379	23,198	21,864

VSDP, VLDP Participants at June 30, 2025-2026

Valuation Date (in $thousands)	VSDP		VLDP - Teachers		VLDP - Political Subdivisions	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Participants						
Number Active VSDP participants	86,375	85,767	22,875	21,564	21,218	19,399
Number Disabled	2,043	2,040	68	56	149	136
Number Ported	4,502	4,283	3	3	5	4
Total	92,920	92,090	22,946	21,623	21,372	19,539
Annual Covered Payroll	$ 6,551,374	$ 6,434,730	$ 1,358,131	$ 1,221,104	$ 1,197,941	$ 1,103,829
Valuation Salary	5,976,742	5,866,109	1,177,370	1,053,819	1,060,553	916,700

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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- 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.



June 30, 2026 Annual Actuarial Valuation Results – Line Of Duty Act Fund

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

Benefits and Actuarial Committee November 12, 2026

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Agenda

- Big Picture
- Valuation Highlights
- Appendix

Big Picture:

Virginia Line of Duty Act (LODA) – What is it?

- Law providing disability, death and health benefits to eligible employees and family members
  - Covered Population includes more than those participating in VRS

Valuation Report

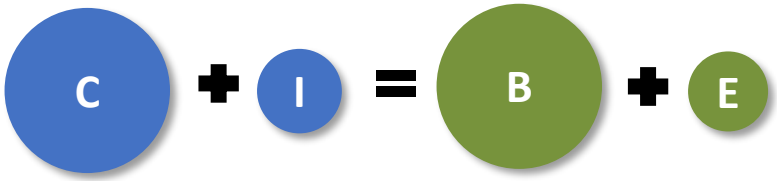
- Develop the Full Time Equivalent (FTE) Contribution Rate for Invoicing Employers

Historical Timing – Odd year valuations determine LODA Pay-As-You-Go (PAYGO) Rate for 2 years

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



Pay-as-you-go Cont. based on Full Time Equivalent (FTE) Rate



% of Active Employee Payroll

Net Benefits + Expenses

- Net Benefits Comprised of:
  - \+ Death benefit payments
  - \+ Health care premium payments
  - \- Health Insurance Credit (HIC) reimbursements
- Expenses = Administration Costs

Start

Years of Time

GRS

Actuarial Valuation Process - Line of Duty Act Fund

Member Data



17,463 Full-Time Equivalent Employees

Financial Data



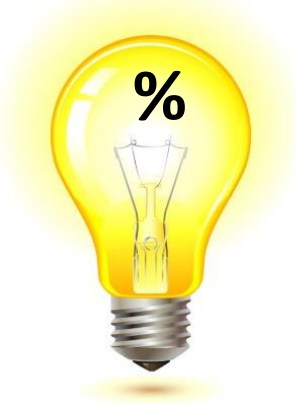
$4.3 Million Market Value

Actuarial Valuation

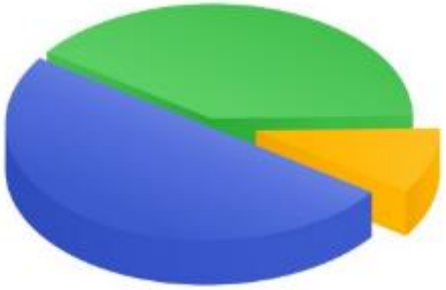
Death, Disability, and Health Care Plan Provisions



Actuarial Assumptions



Funding Approach



GRS



JUNE 30, 2026
VALUATION RESULTS HIGHLIGHTS

LODA Valuation Results

The Informational Rate increased this year due to

- Increased pre-65 premiums - 18.0% vs. 7.75%
- Increased Health Care Trend assumption - 8.00% vs. 7.75%
- Population changes - More beneficiaries

- The impact of the above factors exceeded the impact of favorable investment experience

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
6/30/2026	2028	$1,385.00	N/A	$1,400.00
6/30/2025	2027	$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

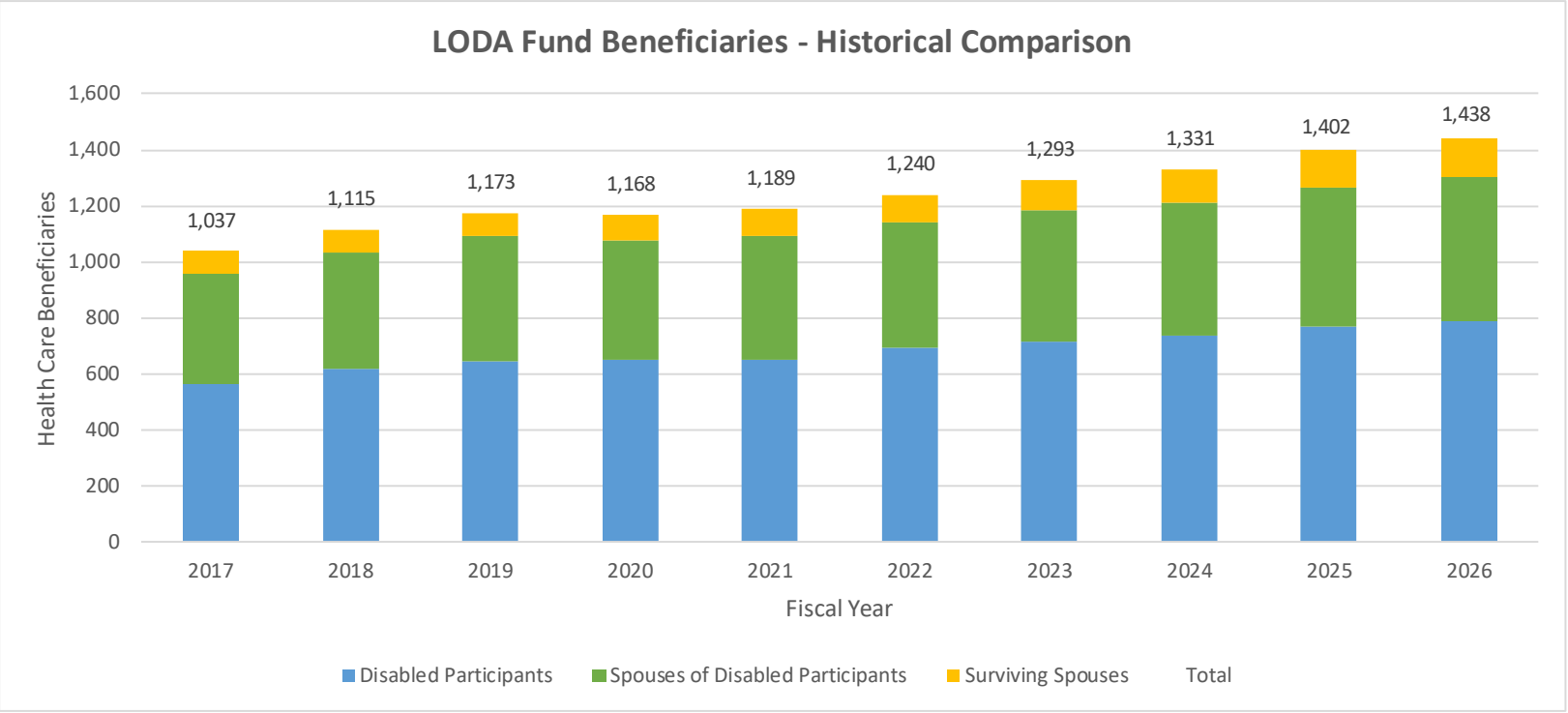
Note: Board certified rate may be re-determined in an “informational” year

LODA Active Participants

Employer Group	FY 2025 Counts	FY 2025 Weight	FY 2025 FTEs	FY 2026 Counts	FY 2026 Weight	FY 2026 FTEs
State/VaLORS/SPORS						
Full-Time	8,548	100%	8,548	8,539	100%	8,539
Part-Time	506	50%	253	442	50%	221
Volunteers				51	20%	10
Total State/VaLORS/SPORS	9,054		8,801	9,032		8,770
National Guard						
Full-Time	1,050	75%	788	1,140	75%	855
Part-Time	7,062	5%	353	7,021	5%	351
Total National Guard	8,112		1,141	8,161		1,206
Participating Pol. Sub.						
Full-Time	6,935	100%	6,935	6,808	100%	6,808
Part-Time	471	50%	236	439	50%	220
Volunteers	1,664	20%	333	1,832	20%	366
Total Pol. Sub. Employees	9,070		7,503	9,079		7,394
Private Institutions/Police Dept.						
Full-Time				91	100%	91
Part-Time				4	50%	2
Total Private Employees				95		93
Aggregated Total	26,236		17,445	26,367		17,463

Comments: Total Active Count is <u>increased slightly</u> from prior year.
A higher Full-Time Equivalent (FTE) count will decrease the rate.

Health Care Beneficiaries: 10-year History



Beneficiary Type	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Disabled Participants	566	619	647	650	653	691	713	735	770	792
Spouses of Disabled Participants	394	413	447	429	440	449	471	477	495	510
Surviving Spouses	77	83	79	89	96	100	109	119	137	136
Total	1,037	1,115	1,173	1,168	1,189	1,240	1,293	1,331	1,402	1,438

Market Value Assets: Year Ending June 30, 2026

Line of Duty Act:	
Beginning balance	4,972,121
Additions:	
Member contributions	-
Employer contributions	18,967,965
Health Insurance Credit Offset	556,539
Administrative expenses - Non-Participating	196,250
Total additions	19,720,754
Deductions:	
Line of Duty Act reimbursements	
Health Care Benefits	20,521,826
Death Benefits	418,999
Administrative expenses - Participating	1,040,653
Administrative expenses - Non-Participating	196,250
Other expenses	-
Total deductions	22,177,728
Investment Income (Net)	1,794,297
Ending balance	**4,309,444**

Pay-Go Principle:

Additions Match Deductions

Net Benefits: LODA reimbursements reduced by Health Insurance Credit Offsets

Expected Net Benefits: $20.6M
Actual Net Benefits: $20.4M

Expected Investment Return Assumption: 6.75%

Expected Return $: $0.9M
Actual Return $: $1.8M

Legislation

- Last year, **HB 1815 and SB 1142** added private institutions of higher education and contributing private police departments to Line of Duty Act
  - after 180 day election window period which began July 1, 2025
    - 95 people were reported across 6 employers

Putting It All Together: Fiscal Years 2026-2028

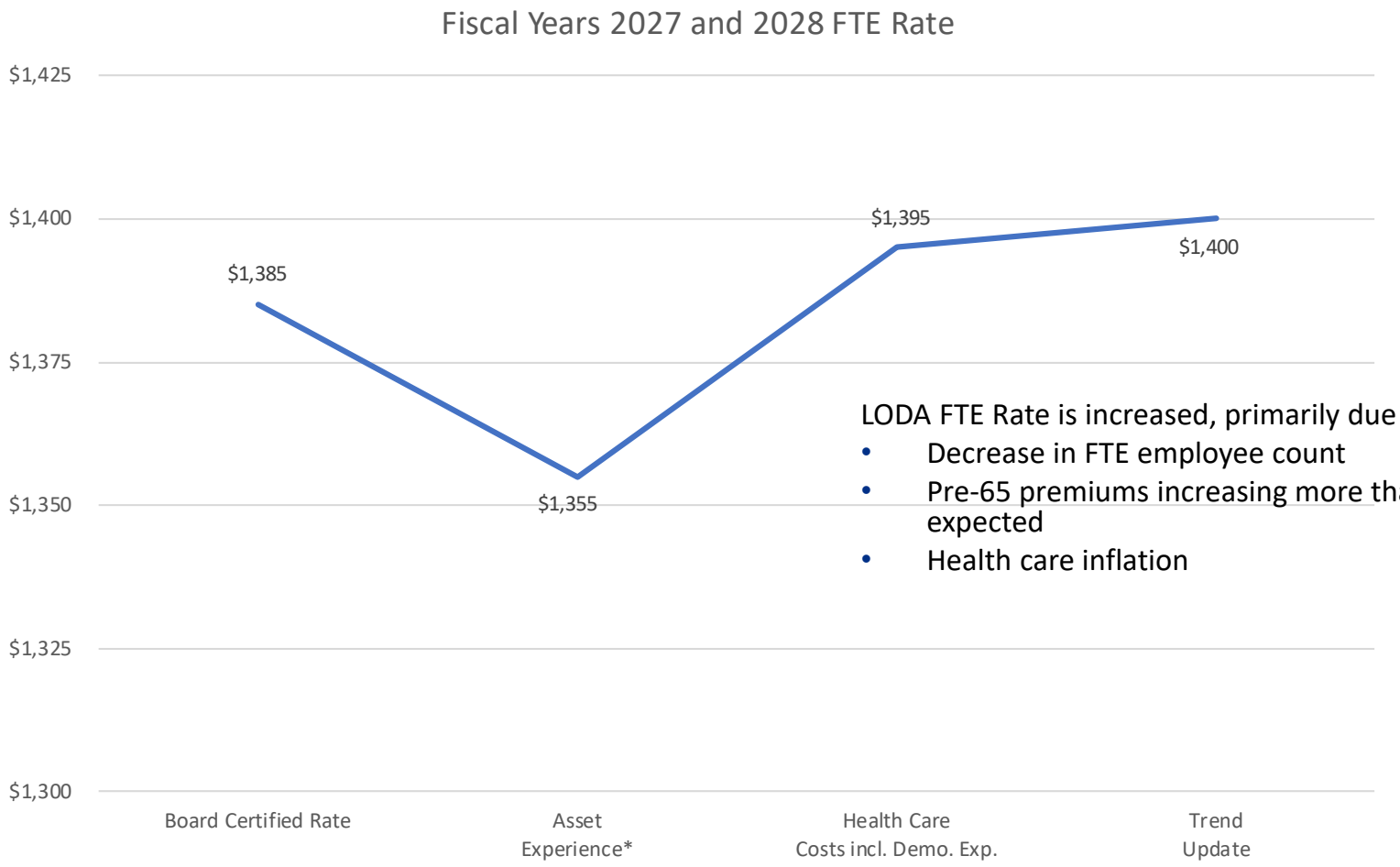
	FY 2026	FY 2027	FY 2028
FTE Employees		17,463	17,463
Employer Contributions[1]	$ 18,967,965	**$ 24,267,555**	**$ 24,430,185**
Benefit Costs	(20,384,287)	(23,838,825)	(26,808,584)
Administrative Expenses	(1,040,653)	(1,071,873)	(1,104,029)
Investment Income	1,794,297	1,088,211	1,027,916
Net Cash Flow	(662,678)	445,068	(2,454,511)
End of Year Position[2]	4,309,443	4,754,511	**2,300,000**

[1] Based on known FY 2026/2027 invoiced amounts and $1,400/FTE for FY 2028
[2] FYE 2028 target of one month claim reserve was set equal to $2,300,000
[3] Based on $1,385/FTE for FY 2028, End of year Position = $2,040,000

Combine and Project to the End of FY 2028

- Updated demographics of group
- Health care premium rates and future trend
  - Health Insurance Credit (HIC) Program Reimbursements
- Other actuarial assumptions
- Administrative Expenses

Putting it All Together: Reflecting Fiscal Year 2026 Experience and Conclusions

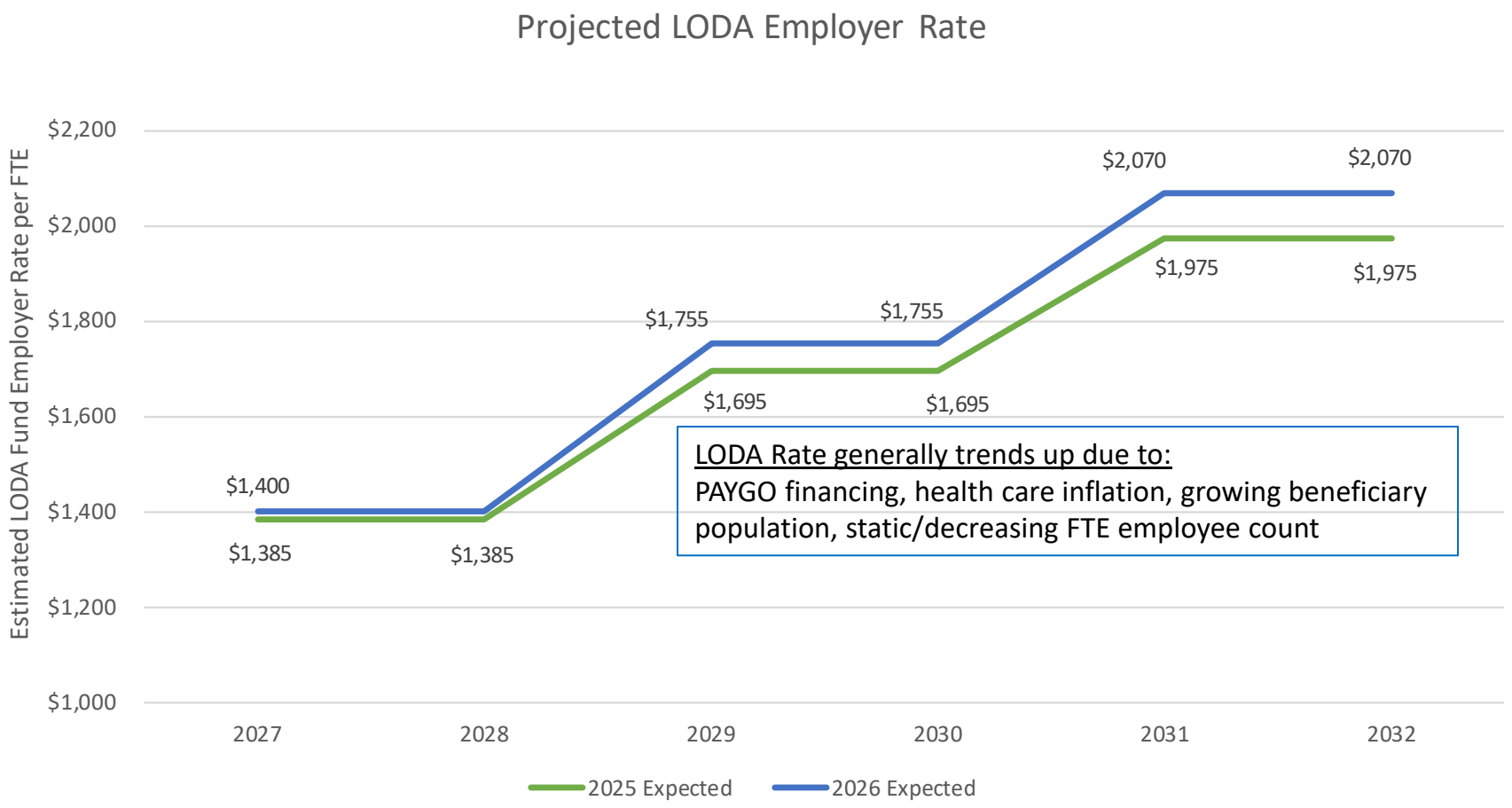


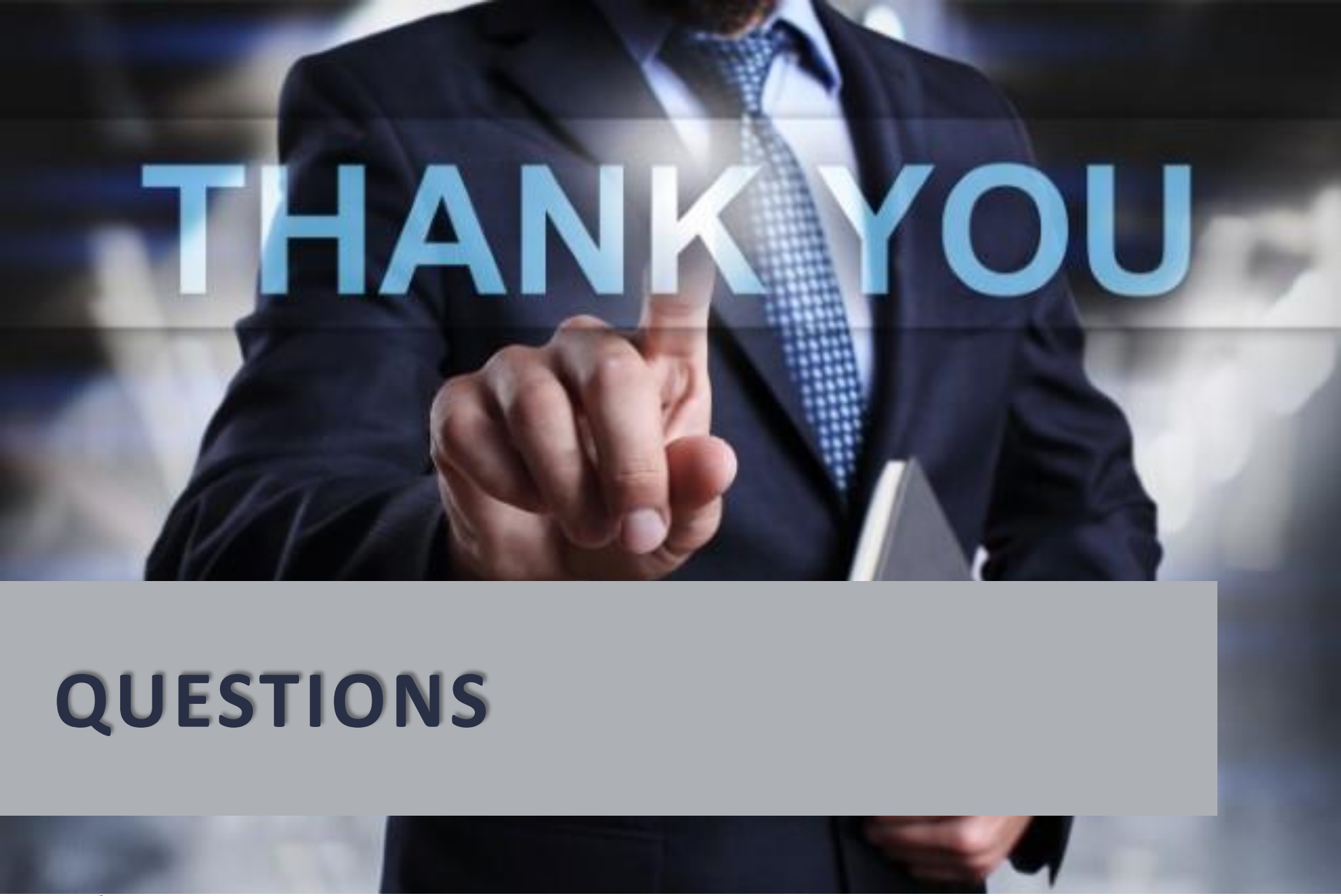
LODA FTE Rate is increased, primarily due to:

- Decrease in FTE employee count
- Pre-65 premiums increasing more than expected
- Health care inflation

* Includes Investment and Benefit Experience

LODA FTE Rate: Looking Ahead





QUESTIONS



APPENDIX

Health Care Premiums

- Premium amounts reflect recent claims experience of current LODA beneficiaries

FY 2027				
Membership Level	LODA Plan Current LODA Employment[1]	LODA Plan Former LODA Employment[1]	Medicare Primary[1,2]	Medicare Part B Premium[3]
Single	$1,452	$1,498	$405	$209.50
Two Person	$2,477	$2,519	N/A	N/A
Family (3 or more family members)	$3,512	$3,553	N/A	N/A

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

For Non-Medicare members: premiums increased 18.0% vs. 7.75% expected.

For Medicare eligible members: premiums increased 0.0% vs. 6.50% expected.

Medicare Part B premiums increased 1.5% vs. 8.6% 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.*

Initial Monthly Per Capita Costs – Model Inputs

Valuation Date	Non-Medicare^	% Increase	Medicare Primary Including Medicare Part B	% Increase
June 30, 2026	$1,975.48	18.8%	$614.50	0.5%
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%

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

Health Care Trends

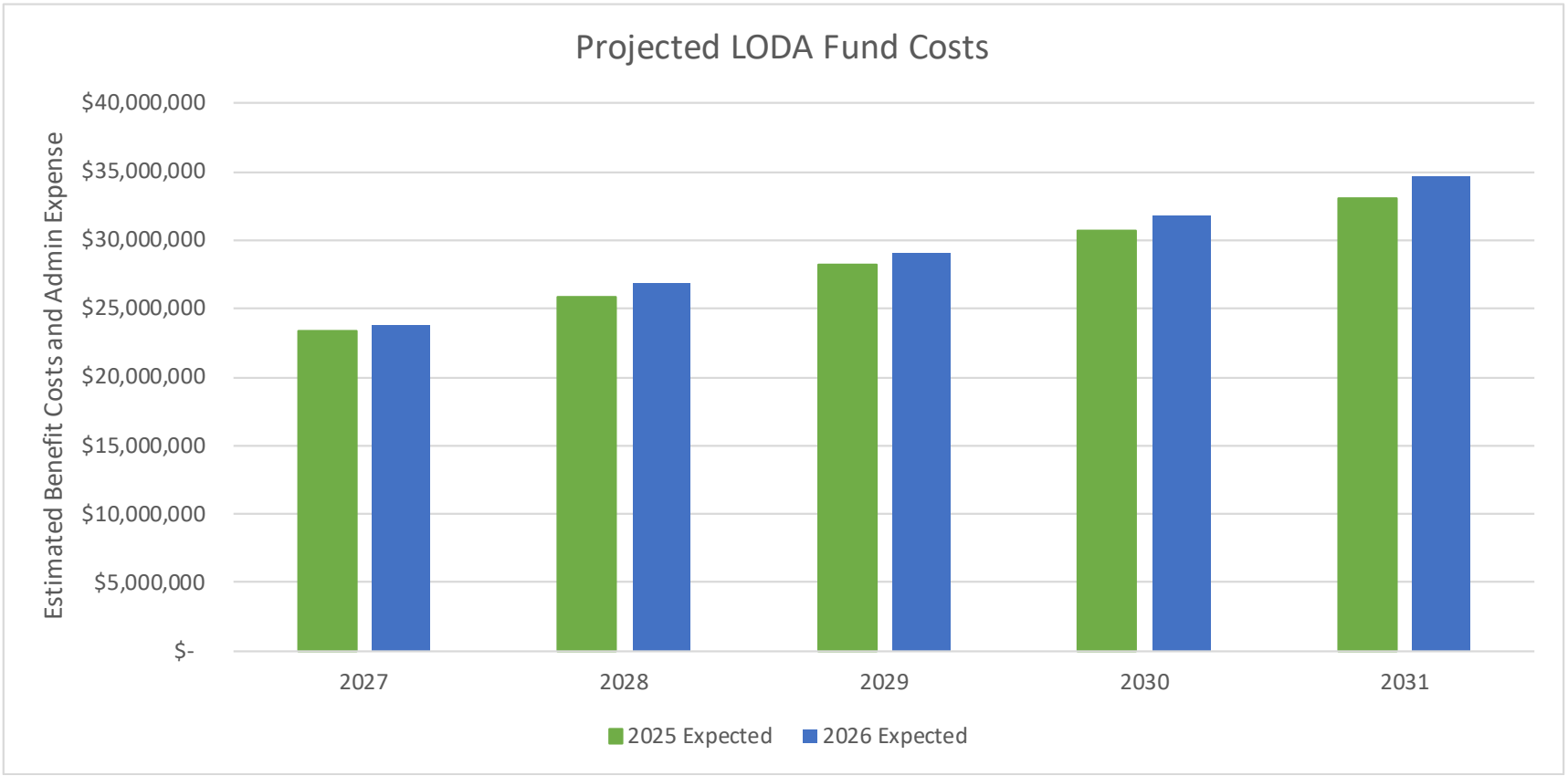
Assumed trend for future health care costs is reviewed each valuation year

- Forward looking best estimate based upon national surveys
- Prior Year Rates
  - Pre-65: 7.75% initially, decreasing over 12 years to a 4.25% ult.
  - Post-65: 6.50% initially, decreasing over 10 years to a 4.25% ult.
- Current Year Rates
  - Pre-65: 8.00% initially, decreasing over 15 years to a 4.25% ult.
  - Post-65: 6.50% initially, decreasing over 10 years to a 4.25% ult.

Actual vs. Expected Benefit Payments

FY 2026		
Type of Benefit	**Expected**	**Actual**
Health Insurance Benefits	$20,509,621	$20,521,826
Death Benefits	$616,243	$418,999
HIC Offsets	($528,762)	($556,539)
Total	$20,597,102	$20,384,286

Putting It All Together: Projected Benefit Payments



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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