
Minutes

A regular meeting of the Benefits and Actuarial Committee was held on February 6, 2025, in Richmond, Virginia with the following members participating:

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

Board members participating:
Lawrence A. Bernert, III

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Rory Badura, Judy Bolt, Jeanne Chenault, Michael Cooper, Sara Denson, Antonio Fisher, Krystal Groff, Sandy Jack, Angela Payne, Andrew Ringle, Amethyst Sloane and Leslie Weldon.

Guests:

Kimberly Sarte and Alexandria Jansson, Joint Legislative Audit and Review Commission.

The meeting convened at 11:01 a.m.

Opening Remarks

Mr. Bennett called the meeting to order and welcomed everyone to the February 6, 2025, meeting of the Benefits and Actuarial Committee. Mr. Bennett took attendance with the following roll call:

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

Approval of Minutes

Upon a motion by Ms. Pantele, with a second by Ms. Hood, the Committee approved the minutes of its November 14, 2024, meeting.

Overview of Cost-of-Living Increases

Virginia Sickness and Disability Program

Rory Badura, Senior Staff Actuary, presented the recommendations of Gabriel, Roeder, Smith & Company (GRS), the plan actuary, regarding statutory annual adjustments to Virginia Sickness and Disability Program (VSDP) creditable compensation for members on long-term disability. For VSDP, Mr. Badura advised that the plan actuary recommends an increase in the creditable compensation for VRS pension benefit purposes of 4.00%, effective July 1, 2025. Mr. Badura noted a cost-of-living adjustment (COLA) in the amount of 2.95% shall be applied to long-term disability (LTD) benefit payments for Plan 1 members vested prior to January 1, 2013. A COLA of 2.48% shall be applied for Plan 1 members not vested prior to January 1, 2013, and all Plan 2 and Hybrid Retirement Plan members who have been

recipients of LTD benefits for at least one year. The calculations were reviewed by VRS staff and Internal Audit.

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

RBA: Approval of July 1, 2025 increase relating to VSDP creditable compensation and VSDP COLA.

Request for Board Action: Effective July 1, 2025, 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 2.95% for Plan 1 members vested prior to January 1, 2013, or 2.48% for Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid members.*

Virginia Local Disability Program

Next, Mr. Badura reviewed the increases in creditable compensation related to the Virginia Local Disability Program (VLDP). Mr. Badura advised that for VLDP, the plan actuary recommends an increase in the creditable compensation used at retirement of 4.00%, effective July 1, 2025. The VLDP plan does not provide for a COLA on LTD benefits being received. Mr. Badura noted the calculations for the increase in creditable compensation were reviewed by VRS staff and Internal Audit.

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

RBA: Approval of July 1, 2025 increase relating to VLDP creditable compensation.

Request for Board Action: Effective July 1, 2025, 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 to July 1, 2025, is an increase of 4.00% to be applied to a recipient's creditable compensation.

Information Items

2025 COLAs Called for Under Statute Not Requiring Board Approval

Mr. Badura provided an overview of the 2025 COLAs called for under statute that do not require approval by the Board of Trustees. By statute, VRS cost-of-living increases are based on the consumer price index for all items, all urban consumers, as published by the Bureau of Labor Statistics of the U.S. Department of Labor. Mr. Badura advised that the COLA increase effective July 1, 2025, of 2.95% is applicable to eligible Plan 1 members vested prior to January 1, 2013. A COLA increase of 2.48% is applicable to Plan 1 members not vested prior to January 1, 2013, and all Plan 2 and Hybrid Plan

members effective July 1, 2025. Mr. Badura noted this figure was calculated by GRS, the VRS plan actuary, and verified by VRS staff and Internal Audit. The COLA does not require action by the Committee.

Next, Mr. Badura advised the Hazardous Duty supplement is required to be reviewed biennially, at which time it is to be increased by any applicable cost-of-living adjustments published by the Social Security Administration since the last applicable increase. The annual supplement will increase from \$16,884 to \$17,856 for fiscal year 2025.

The Group Life Insurance Program minimum benefit for members retired with at least 30 years of service is to be increased by the same COLA applicable to VRS Plan 2 members, or 2.48%, effective July 1, 2025. The new minimum life insurance payout, effective July 1, 2025, will be \$9,768. The Group Life Insurance Program minimum does not require action by the Committee. The calculations were reviewed by VRS staff and Internal Audit.

Mr. Bennett thanked Mr. Badura for his presentation.

Pension Dashboard Update

Next, Mr. Badura provided an overview and status update on the development of the VRS Pension Dashboard that will consolidate historical measures, display trend information of key indicators and provide monthly updates of economic cash flow measures that indicate expectations for upcoming valuation results. The dashboard allows access to various pension and OPEB plan measures associated with plan liabilities, employer costs, plan cash flows and demographic information. The dashboard also includes historical information, some year-to-date measures for monthly monitoring, and forecasts.

Mr. Badura advised next steps include converting to Power BI for internal access and exploring options to provide access to VRS Board members.

Experience Study Update

Next, Mr. Badura provided an update on the quadrennial experience study being performed by GRS which will be presented to the committee in April.

Mr. Bennett thanked Mr. Badura for the updates.

Legislative Update

Trish Bishop, VRS Director, provided a brief overview of VRS-related legislation as a more detailed presentation would be provided to the full Board of Trustees following the conclusion of the B&A Committee meeting.

Other Business

Lastly, Mr. Bennett noted the full Board of Trustees will meet at 1:00 following the conclusion of the B&A meeting.



Adjournment

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

There being no further business, the meeting concluded at 11:51 a.m.

4/15/2025

Date

A handwritten signature in black ink, appearing to read 'John M. Bennett', written over a horizontal line.

John M. Bennett, Chair
Benefits and Actuarial Committee