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## Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on February 6, 2025, in Richmond, Virginia with the following members participating:

Board members:

A. Scott Andrews, Chair  
Michael P. Disharoon, Vice Chair  
Hon. J. Brandon Bell, II  
John M. Bennett  
Lawrence A. Bernert, III  
Susan T. Gooden, Ph.D.  
Jessica L. Hood  
Del. Matthew James  
Lindsey K. Pantele

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, John Alouf, Rory Badura, Parham Behrooz, Matt Bennett, Erica Billingslea, Jessica Budd, Caroline Cardwell, Warren Chang, Jeanne Chenault, Michael Cooper, Perry Corsello, Juanita Cribbs, Sara Denson, Laurie Fennell, Laura Fields, Antonio Fisher, Kenneth Fleming, Katherine Grawe, JT Grier, Krystal Groff, Mehtab Haleem, Dane Honrado, KC Howell, Robert Irving, Sandy Jack, De'Von Jones, LaShaunda King, Kristina Koutrakos, Chung Ma, Curt Mattson, Scott Mootz, Walker Noland, Greg Oliff, Angela Payne, Vera Pleasants, Matt Priestas, Laura Pugliese, Paula Reid, Mark Rein, Andrew Ringle, Jummai Sarki-Hurd, Dan Schlussler, Kristy Scott, Michael Scott, Amethyst Sloane, Emily Trent, Korey Turner, Leslie Weldon, Dan Whitlock and Steve Woodall.

Guests:

Joe Ebisa, With Intelligence; Alexandra Jansson and Kimberly Sarte, Joint Legislative Audit and Review Commission; Elizabeth Myers, Office of the Attorney General; Thorsten Schier, Insurance Insider US; Bea Snidow, Virginia Education Association; and Nate Weinstein.

The meeting convened at 1:00 p.m.

### Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the February 6, 2025, meeting of the Virginia Retirement System Board of Trustees.

### Approval of Minutes

Following a motion by Mr. Disharoon, with a second by Mr. Bennett, the VRS Board of Trustees approved the minutes from its December 12, 2024, meeting.

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### Report of the Chief Investment Officer

Mr. Junkin provided a market overview and discussed asset allocation, total fund performance and tracking error, concluding that risk measures are within Board-approved levels. Mr. Junkin then discussed the New Investments and Terminations report, the Diverse Investment Manager Engagement (DIME) report and the Quarterly External Investment Manager Referral report.

Mr. Andrews thanked Mr. Junkin for his report.

### Report of the Benefits and Actuarial Committee

The Board received the report of the Benefits and Actuarial Committee and placed it on file.

### APPROVAL OF MINUTES

The Committee approved the minutes of its November 14, 2024, meeting.

### COST OF LIVING ADJUSTMENTS

#### 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. In addition, 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.

Upon a motion by Mr. Bennett, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

#### **RBA: Approval of July 1, 2025, Increase Relating to VSDP Creditable Compensation and VSDP COLA**

#### ***Request for Board Action 2025-02-1: 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

Mr. Badura advised that for the Virginia Local Disability Program (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.

The calculations for the increase in creditable compensation were reviewed by VRS staff and Internal Audit staff.

Upon a motion by Mr. Bennett, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

**RBA: Approval of July 1, 2025, Increase Relating to VLDP Creditable Compensation**

*Request for Board Action 2025-02-2: 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 noted that, 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. This figure was calculated by the plan actuary and verified by VRS and Internal Audit staff. The COLA did not require action by the Committee.

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 did not require action by the Committee. The calculations were reviewed by VRS staff and Internal Audit.

Pension Dashboard Update

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

Mr. Badura provided an update on the quadrennial experience study being performed by GRS which will be presented to the B&A Committee in April.

#### 2025 Legislative Update

The Committee received a brief overview of VRS-related legislation, and a more detailed presentation will be provided at the meeting of the full Board of Trustees.

Mr. Bennett suggested that the Board receive an actuary presentation focusing on Actuarial Measures and Key Indicators in greater detail two or three times a year.

Mr. Andrews thanked Mr. Bennett for his report.

#### **Legislative Update**

Next, Sandy Jack, Director of Policy, Planning and Compliance, provided the Board with an update on VRS-related legislation in the 2025 General Assembly session.

Ms. Jack provided an overview of legislation recommended by the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund (VOLSAP) Board that would allow any funds or other property held or payable to a member of the VOLSAP Award Fund that have remained unclaimed for more than five years after such member's forfeiture of his membership or the dissolution of a volunteer emergency medical services agency or volunteer fire department to be presumed abandoned under the Virginia Disposition of Unclaimed Property Act and to escheat to the state treasury.

Ms. Jack also reviewed legislation related to the Virginia Law Officers' Retirement System (VaLORS), the Judicial Retirement System (JRS), the Virginia Local Disability Program, purchase of prior service, return to work, and Virginia Line of Duty Act (LODA).

Ms. Jack provided an overview of introduced budget amendments affecting VRS, salary actions, and Governor appointments, and noted that the General Assembly is expected to adjourn on February 22 and reconvene on April 2 to review the Governor's recommendations and vetoes.

Mr. Andrews thanked Ms. Jack for her presentation.

#### **Commending Resolution for Michael R. Beasley**

Next, Mr. Andrews presented the following commending resolution of service and remembrance for Michael R. Beasley:

WHEREAS, Mr. Michael R. Beasley faithfully served the Virginia Retirement System, its members, and retirees as an esteemed member of the Investment Advisory Committee from 2013 through 2024; and

WHEREAS, Mr. Beasley served as a member of the Committee working in a collegial manner with his fellow Committee members by actively participating in meeting discussions, and candidly sharing his perspectives based on his extensive experience in the financial industry, along with his aptitude regarding investment strategies and initiatives; and

WHEREAS, Mr. Beasley, by virtue of his expert knowledge of the investment industry, shared his wisdom regarding best practices, and actively engaged with and supported staff in discussions about investment initiatives and analysis; and

WHEREAS, the Virginia Retirement System Board of Trustees acknowledges and is grateful for Mr. Beasley's service to his country during the Vietnam War, and is humbled by his demonstrated bravery and valor behind enemy lines, along with his dedication and advocacy for his fellow veterans;

NOW, THEREFORE, BE IT RESOLVED, that on February 6, 2025, we, the members of the Board of Trustees of the Virginia Retirement System, hereby acknowledge and express our remembrance for Mr. Beasley's loyal service to the Board of Trustees, the Virginia Retirement System, its members, retirees, and the Commonwealth of Virginia, and are grateful for his contributions, stewardship, and commitment while a faithful member of the Investment Advisory Committee.

### **Report of the Director**

Trish Bishop, VRS Director, began her report with a review of the FY 2025 VRS Project Portfolio and New Coverage Elections.

Ms. Bishop then made the following announcements to the Board:

- The Annual Financial Reports are now available and online under Publications at [varetire.org](http://varetire.org).
- The NCPERS (National Council on Public Employee Retirement Systems) Pension Communications Summit was held on January 27, 2025, in Washington D.C. Deardrian Carver, Ed.D., VRS Chief Customer Relations Officer, and Melissa Robertson, VRS Retirement Outreach Counseling Manager, represented VRS.

Ms. Bishop presented an overview of Actuarial Measures and Key Indicators for fiscal year 2025. The overview included a comparison of the actual fund market value versus the expected for FY 2025, a comparison of pension cash flows for the first quarter of the fiscal year compared to the prior year, as well as the average increase in CPI year to date. Ms. Bishop noted that, as suggested by Mr. Bennett, this presentation will be added a few times a year to give the Board an in-depth analysis of the Benefits and Actuarial Committee's actuarial measures and key indicators.

Lastly, Ms. Bishop advised the Board of upcoming committee and board meeting dates and noted the Board Retreat will be held March 19-20 in Charlottesville, Virginia.

Mr. Andrews thanked Ms. Bishop for her report.

#### **Other Business**

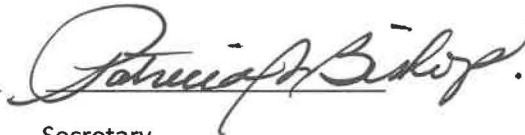
Mr. Andrews reviewed the following meeting schedule:

- Defined Contributions Plan Advisory Committee – March 6 at 1:00 p.m.
- Benefits and Actuarial Committee – April 15 at 1:00 p.m.
- Board of Trustees – April 16 at 1:00 p.m.

#### **Adjournment**

Following a motion by Mr. Disharoon, with a second by Mr. Bennett, the VRS Board of Trustees agreed to adjourn the meeting.

The meeting concluded at 1:55 p.m.

  
Chair  
Secretary



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## Report

The VRS Benefits and Actuarial Committee met on February 6, 2025, and took up the following matters:

### APPROVAL OF MINUTES

The Committee approved the minutes of its November 14, 2024, meeting.

### COST OF LIVING ADJUSTMENTS

#### 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. In addition, 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 some discussion, the Committee recommended approval of the following action to the full Board of Trustees:

***Request for Board Action: Effective July 1, 2025, the following increases shall apply:***

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After receiving the report and some discussion, the Committee recommended approval of the following action to the full Board of Trustees:

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***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.

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Submitted to the Board of Trustees on February 6, 2025.



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John M. Bennett, Chair  
Benefits and Actuarial Committee