



Benefits and Actuarial Committee (B&A) Meeting

VRS, 1111 E. Main Street,
3rd Floor Board Room
Thursday, 11/14/2024
10:00 AM - 12:00 PM ET

I. Welcome and Introductions

II. Approve Minutes

B&A Minutes 10.16.2024 FINAL - Page 2

III. Gabriel, Roeder, Smith & Company (GRS) 2024 Actuarial Valuation Results for Political Subdivision Retirement Plans, Virginia Local Disability Program (VLDP), Local Health Insurance Credit (HIC) Plans, and Line of Duty Act (LODA) Fund.

- **RBA - Accept the Plan Actuary's Valuations for the Political Subdivision Retirement Plans, the Health Insurance Credit Plans for Political Subdivision Retirement Plans, Health Insurance Credit Plans, Virginia Local Disability Program, and LODA Fund.**

RBA - Accept Local Plan Valuations - Page 5

November 2024 B and A Meeting_final - Page 6

LODA_Presentation_Final - Page 57

IV. Information Item

2025 B&A Committee Schedule:

- February 5
- April 15
- June 11
- October 15
- November 12

V. Other Business

Minutes

A regular meeting of the Benefits and Actuarial Committee was held on October 16, 2024, in Richmond, Virginia with the following members participating:

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

Board members participating:
Hon. Matthew James

VRS Staff:

Patricia Bishop, Jennifer Schreck, Andrew Junkin, Nikolai Abaev, Rory Badura, Judy Bolt, Ty Bowers, Jessica Budd, Jeanne Chenault, Michael Cooper, Sara Denson, Andrew Feagans, Antonio Fisher, Krystal Groff, Robert Irving, Sandy Jack, Angela Payne, Virginia Sowers and Leslie Weldon.

Guests:

Jim Anderson, Becky Stouffer and Kurt Dossou, Gabriel, Roeder, Smith and Company (GRS).

The meeting convened at 1:00 p.m.

Opening Remarks

Mr. Bennett called the meeting to order and welcomed everyone to the October 16, 2024, meeting of the Benefits and Actuarial Committee. Mr. Bennett noted the meeting was being held in accordance with § 2.2-3708.3(B)(3) of the *Code of Virginia*, and took attendance with the following roll call:

Ms. Hood: Present.

Delegate James: Present.

Ms. Pantele: 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 June 12, 2024, meeting.

GABRIEL, ROEDER, SMITH & COMPANY (GRS) 2024 ACTUARIAL VALUATION RESULTS FOR FIVE STATEWIDE RETIREMENT PLANS, GROUP LIFE INSURANCE, STATE AND TEACHER RETIREE HEALTH INSURANCE CREDIT, AND VIRGINIA SICKNESS AND DISABILITY PROGRAM (INCLUDES SELF-FUNDED LONG-TERM CARE).

Mr. Bennett introduced Jim Anderson, Becky Stouffer and Kurt Dossou from the VRS plan actuary, Gabriel, Roeder, Smith & Company (GRS), who presented the June 30, 2024, 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 (VSDP). The VRS actuary conducts annual valuations as of the close of the fiscal year (June 30). In odd-numbered years, the valuations are used to establish

employer contribution rates. 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.

Mr. Dossou advised the market value return for the total fund of 9.9% exceeded the long-term assumed rate of return of 6.75% for fiscal year 2024. The investment gains were nearly offset by higher-than-expected cost-of-living increases and salary increases provided during the fiscal year.

The funded status continues to trend upwards for all plans, although, the state-wide health insurance credit plans are still well below healthy funded status levels.

The informational contribution rates trended lower for all plans with the exception of SPORS and VaLORS, which increased slightly from the last rate-setting valuation. VaLORS had a decrease in active headcount which led to a smaller payroll over which to spread costs which contributed to the higher employer rate. The SPORS rate was relatively flat year over year. The rates generally trended lower for the OPEB plans due to favorable demographic experience to go along with the investment gains. In addition, the HIC State plan received a cash infusion to help pay down unfunded liabilities.

Lastly, Ms. Stouffer noted the Quadrennial Experience Study will take place in Spring 2025, and any updated assumptions will be presented for the next rate-setting valuation.

Mr. Bennett thanked GRS for their presentation and noted GRS would deliver an abbreviated presentation to the full Board of Trustees on October 17.

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: Accept the Plan Actuary's Valuations as of June 30, 2024, for the Five Statewide Retirement Plans, Group Life Insurance, Health Insurance Credit Plans for State and Teachers, and the Virginia Sickness and Disability Program.

Request for Board Action: *The Virginia Retirement System Board of Trustees accepts the June 30, 2024, Actuarial Valuations conducted by the VRS plan actuary, Gabriel, Roeder, Smith & Company, for the Five Statewide Retirement Plans, Group Life Insurance, the Health Insurance Credit Plans for both State and Teachers, and the Virginia Sickness and Disability Program.*

Information Item

2024 B&A Committee Meeting Schedule:

Mr. Bennett advised the Committee will next meet on November 14 at 10:00 a.m. to receive the valuations for the political subdivision plans, the Virginia Local Disability Plan, and the Line of Duty Act fund.

Other Business

Lastly, Mr. Bennett noted the full Board of Trustees will meet October 17, 2024, at 1:00 p.m.

Adjournment

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

There being no further business, the meeting concluded at 2:19 p.m.

Date

John M. Bennett, Chair
Benefits and Actuarial Committee



Accept the Plan Actuary’s Valuations as of June 30, 2024, for the Political Subdivision Retirement Plans; the Health Insurance Credit (HIC) Plans for Political Subdivisions; the State-Funded HIC for Constitutional Officers, Social Services Employees, and Registrars; the Virginia Local Disability Program, including the Self-Funded Long-Term Care; and the Line of Duty Act Fund.

Requested Action

The Virginia Retirement System Board of Trustees accepts the June 30, 2024, 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.

A. Scott Andrews, Chair
VRS Board of Trustees

Date



June 30, 2024 Annual Actuarial Valuation Results

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



Agenda

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





BIG PICTURE

PENSION and Other Post Employment Benefits (OPEB)



Big Picture – November Meeting Content

Pension	Other Post-Employment Benefits (OPEB)
Political Subdivisions	Health Insurance Credit (HIC) <ul style="list-style-type: none">• Political Subdivisions• Constitutional Officers• Social Services Employees• Registrars
	Virginia Local Disability Program <ul style="list-style-type: none">• Political Subdivisions• Teachers
	Line of Duty Act Fund LODA (separate presentation)



Big Picture: Actuarial Valuation Results

- June 30, 2024 Actuarial Valuations of VRS Pension and OPEB plans are informational
 - Measure funding progress as of June 30, 2024
 - Develop inputs for use in June 30, 2025 valuations

Odd year valuations determine contribution rates for 2 years



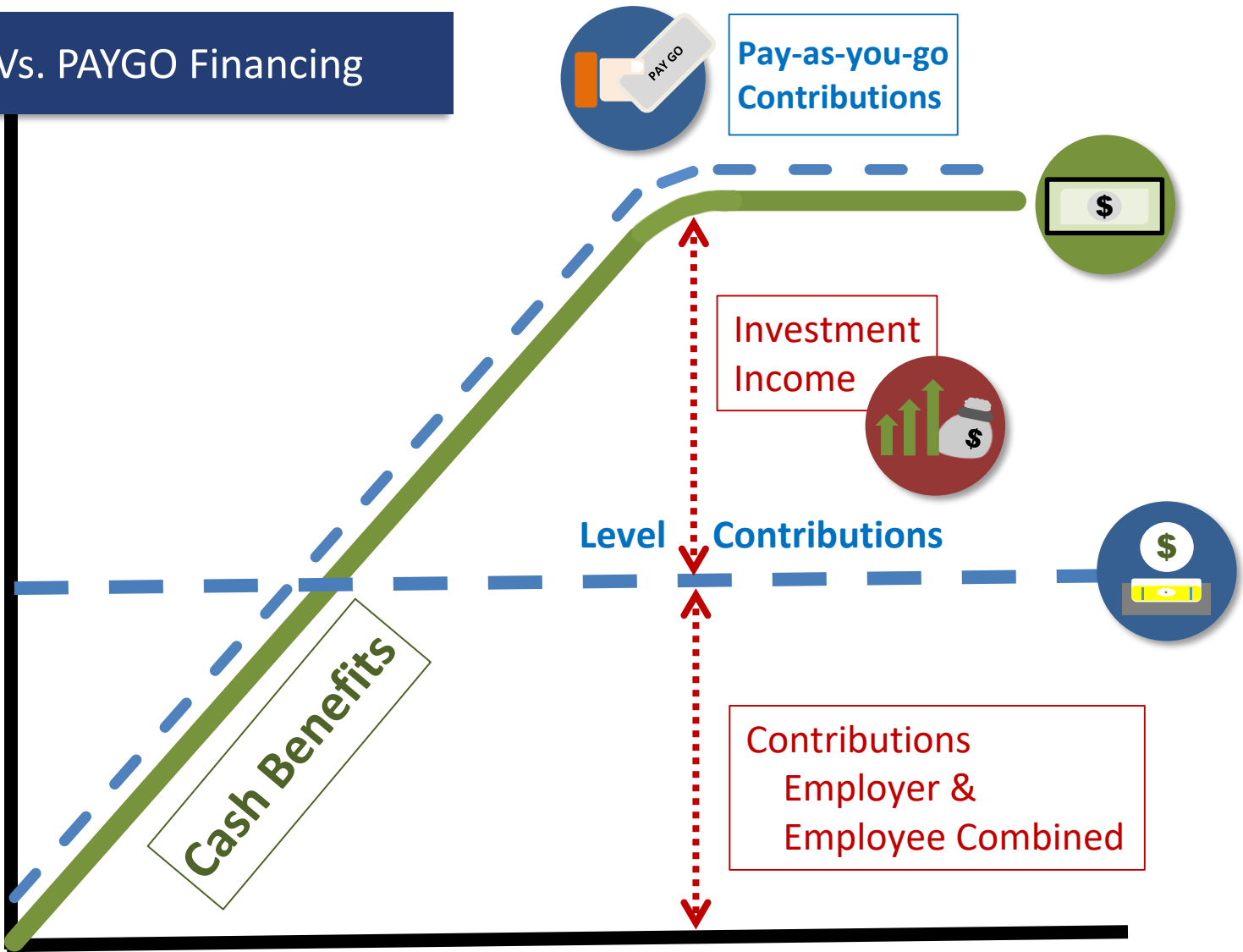
Big Picture: General Funding Objectives

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



Pre-funding Vs. PAYGO Financing

% of Active Employee Pays



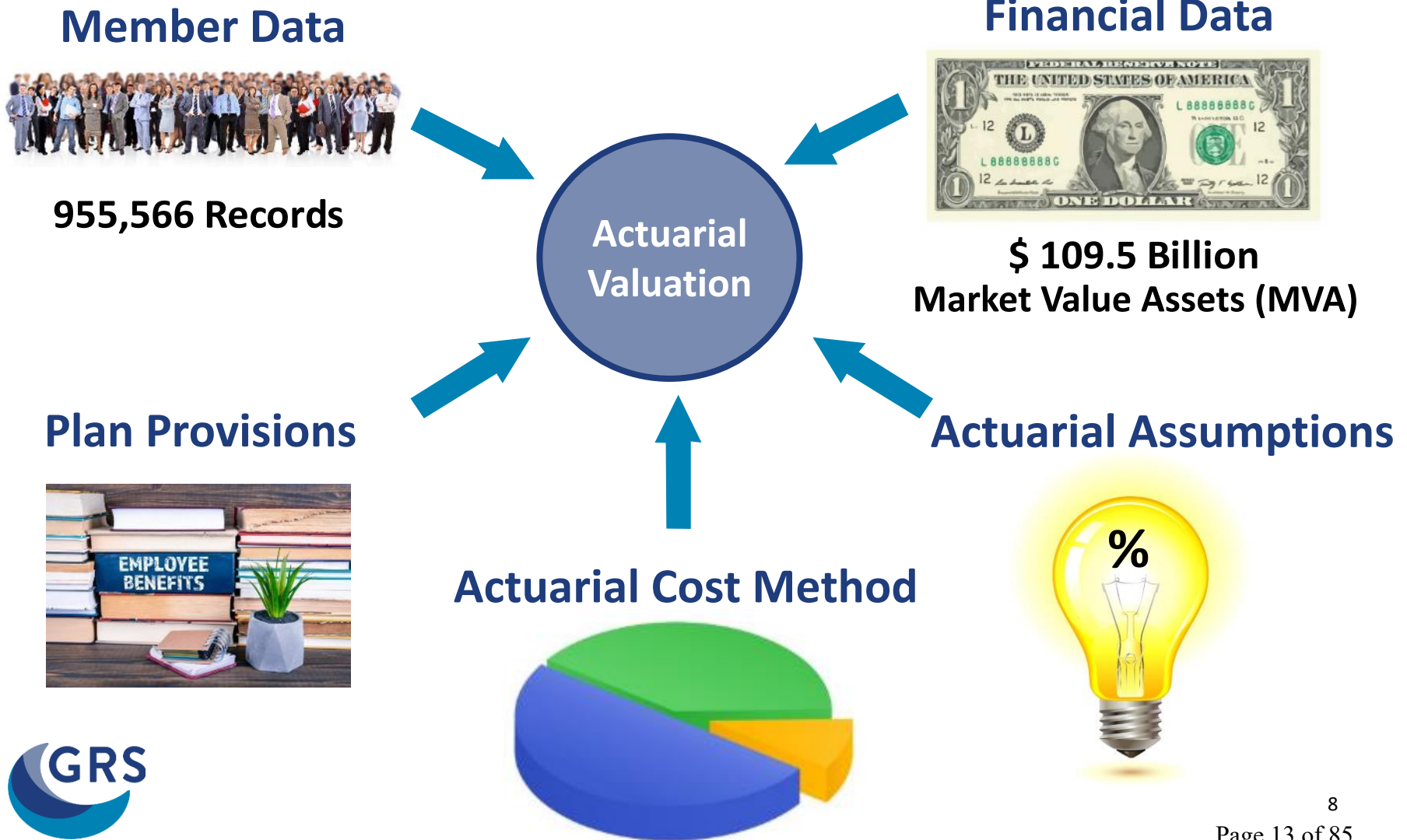
Start


50 Years of Time



Actuarial Valuation Process

Statewide Pension and Political Subdivisions



The background of the slide features three spotlights at the top, casting beams of light onto a white podium on a stage. The text is centered on the stage.

JUNE 30, 2024

VALUATION RESULTS HIGHLIGHTS

Valuation Results Highlights

- Experience during 2023-2024
 - Gain on assets
 - Loss on pay and COLA
 - Funded status generally increase
 - Contributions generally level
- Over 10 years from 2015
 - Funded status generally increasing
 - More so for HIC



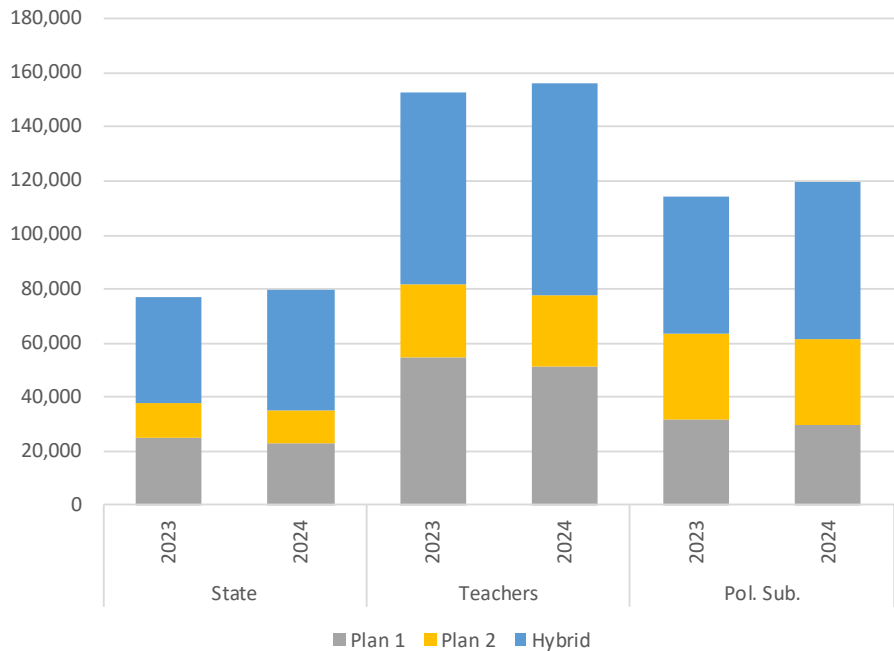
Active Participants at June 30, 2024 (Pension)

System	Plan 1	Plan 2	Hybrid	Total 2024	Total 2023	Percent Change
State	22,908	12,305	44,804	80,017	76,876	4.1%
Teachers	51,441	25,981	79,082	156,504	153,107	2.2%
SPORS	869	1,021	-	1,890	1,882	0.4%
VaLORS	1,557	5,750	-	7,307	7,478	-2.3%
JRS	119	37	315	471	458	2.8%
Pol. Sub.	29,232	32,247	57,982	119,461	114,279	4.5%
Total	106,126	77,341	182,183	365,650	354,080	3.3%

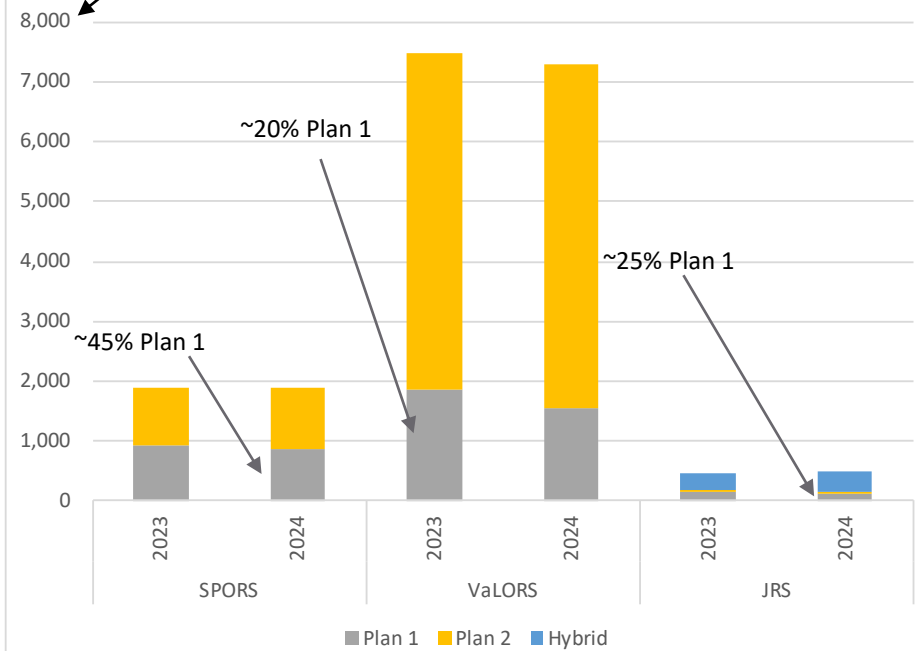


Active Participants at June 30, 2024 - Scale for Large Plans = 22X Scale for Small Plans

Pension Plans - Active Count



Pension Plans - Active Count



Counts			
System	State	Teachers	Pol. Sub.
2023	76,876	153,107	114,279
2024	80,017	156,504	119,461
% Change	4.1%	2.2%	4.5%

Counts			
System	SPORS	VaLORS	JRS
2023	1,882	7,478	458
2024	1,890	7,307	471
% Change	0.4%	-2.3%	2.8%

**In Total,
29% Remain
in Plan 1**



Actives: Changes in Average Salary

System	2023	2024	Percent Change	% Change Continuing ¹
State	\$ 70,880	\$ 74,725	5.4%	3.4%
Teachers	63,137	67,096	6.3%	3.8%
SPORS	89,591	93,376	4.2%	2.9%
VaLORS	53,238	55,804	4.8%	2.2%
JRS	192,994	202,466	4.9%	1.2%
Pol. Sub.	59,173	62,564	5.7%	3.7%

¹Actual pay increase over expected pay for continuing actives

Notes:

- 1) Return to Work Payroll for 251 positions (198 Teachers) = \$16 million
- 2) Political Subdivisions had 53 RTW with a total payroll of \$1.3 million



Actuarial Value Assets (AVA) 2024: Political Subdivisions Pension (\$Millions) - 9.9%/8.6% MVA/AVA Return

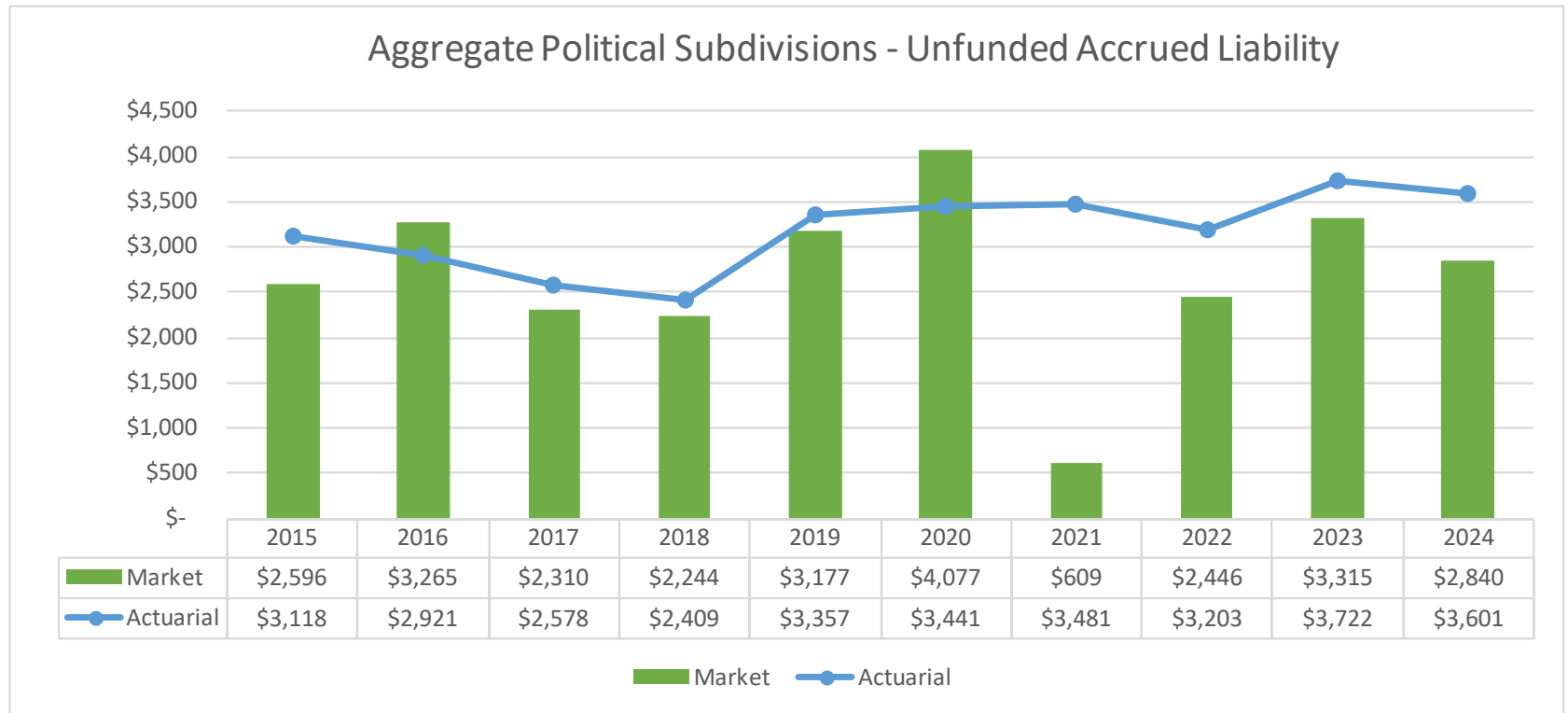
In chart below asset gains are positive, asset losses are negative.

	2024	2025	2026	2027	2028
Actual Investment Return	2,640				
Assumed Investment Return	1,828				
Gain/(Loss) to be Phased-in	811				
Phased-in Recognition					
-Current year	162	?	?	?	?
-1 st prior year	(13)	162	?	?	?
-2 nd prior year	(360)	(13)	162	?	?
-3 rd prior year	872	(360)	(13)	162	?
-4 th prior year	(203)	872	(360)	(13)	162
Total Recognized Gain/(Loss)	458	661	(211)	149	162

2025-2028: Expect \$0.8 billion in deferred asset GAINS



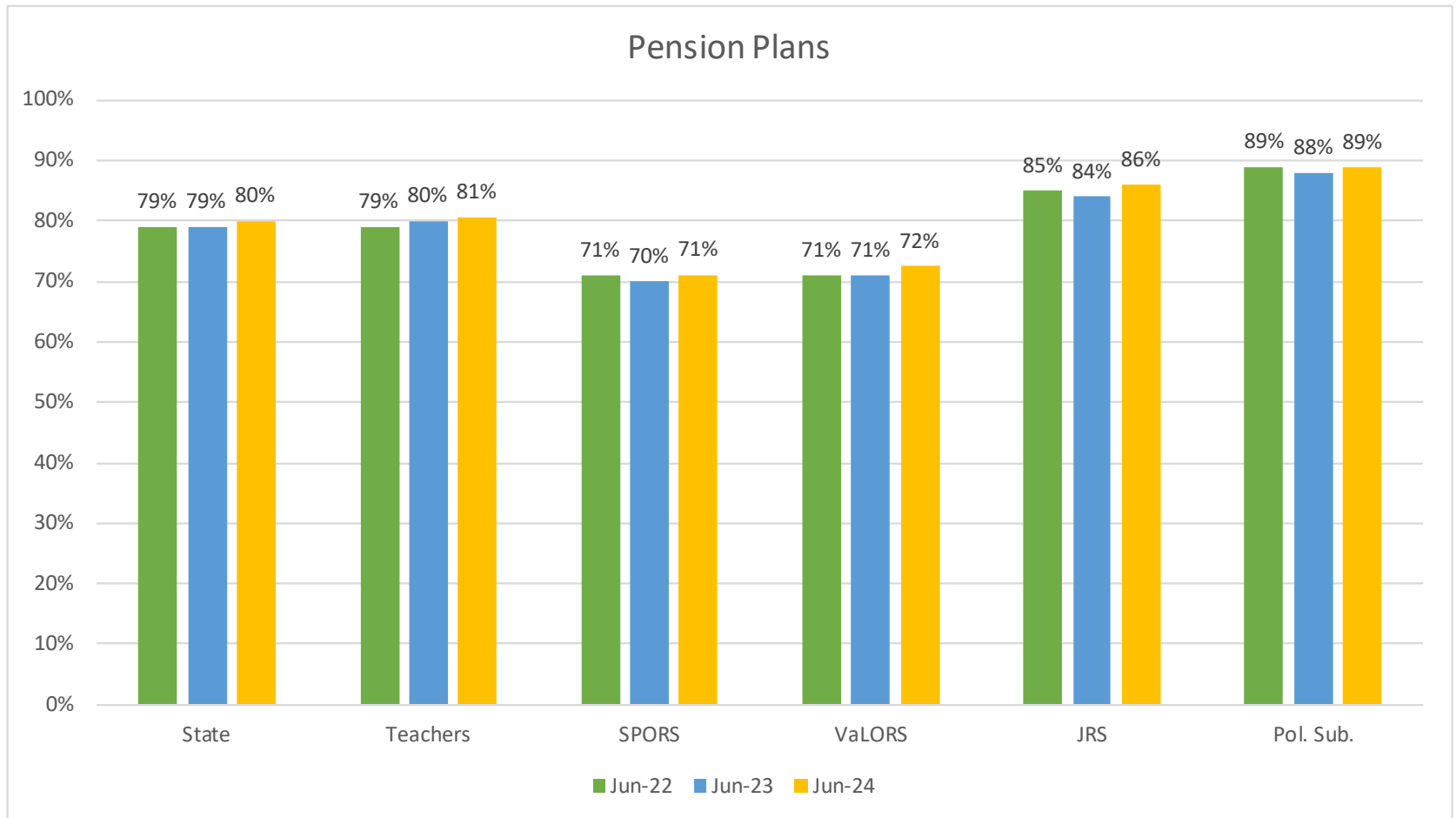
Why We Smooth Asset Returns



If all assumptions are met, unfunded liabilities will trend to Market Value basis over time



Funded Status (AVA) – Pension Plans



Funded Status (AVA) – Pension Plans, Political Subdivisions

Funded Status as of June 30, 2024 for 603 Employers

Average Funded Status

96.0%

Pol. Sub. With no Enhanced Hazardous Duty

Average Funded Status

87.2%

Pol. Sub. With Enhanced Hazardous Duty

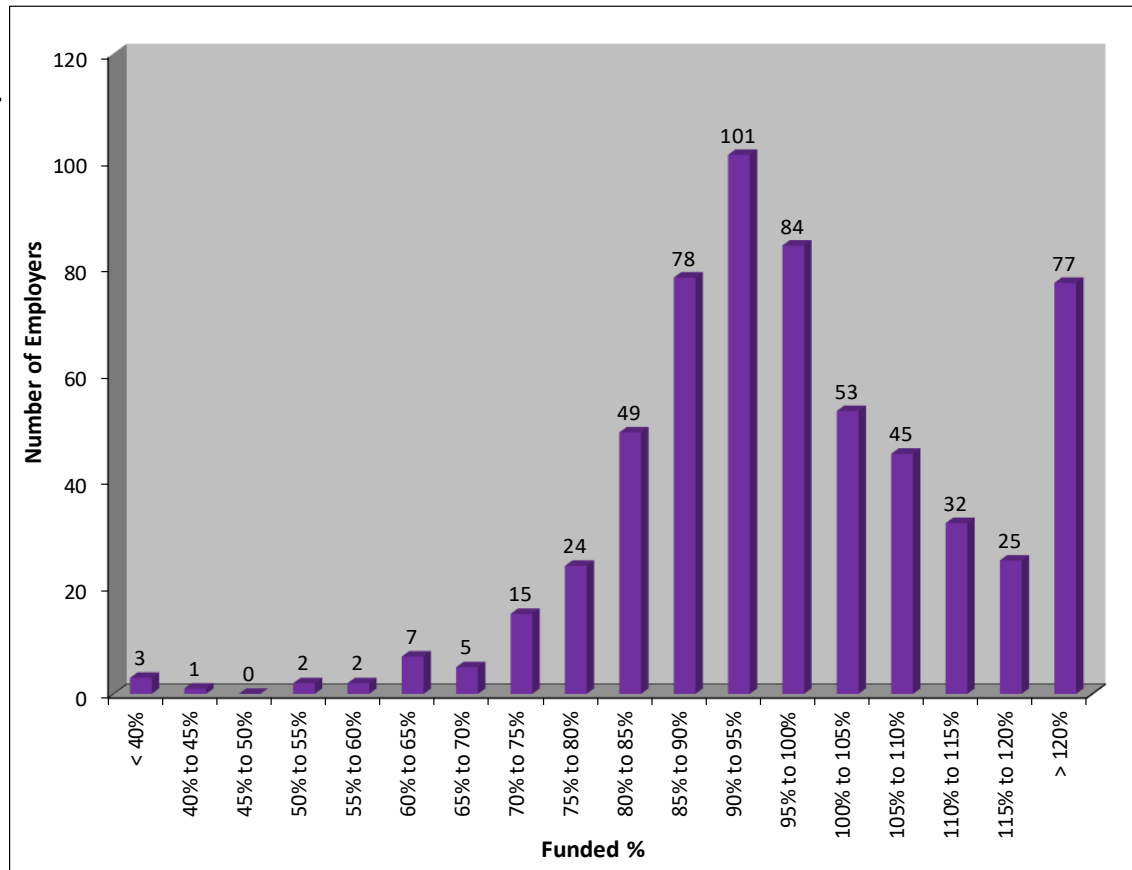


Chart shows Funded status distribution, 35 employers <75% to 232 employers > 100%

The chart above shows 603 employers; employers with 0 actives are excluded.



Legislative Updates

- **HB 70/SB 458**- effective July 1, 2024, allows VRS members in any federally established branch of armed services¹ to purchase service credit for prior full-time active duty military service of at least 180 consecutive days

¹Prior law only included Army, Navy, Air Force, Marines, or Coast Guard

Calculated Employer Contributions

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

Benefit Features

Demographics

Funded Status



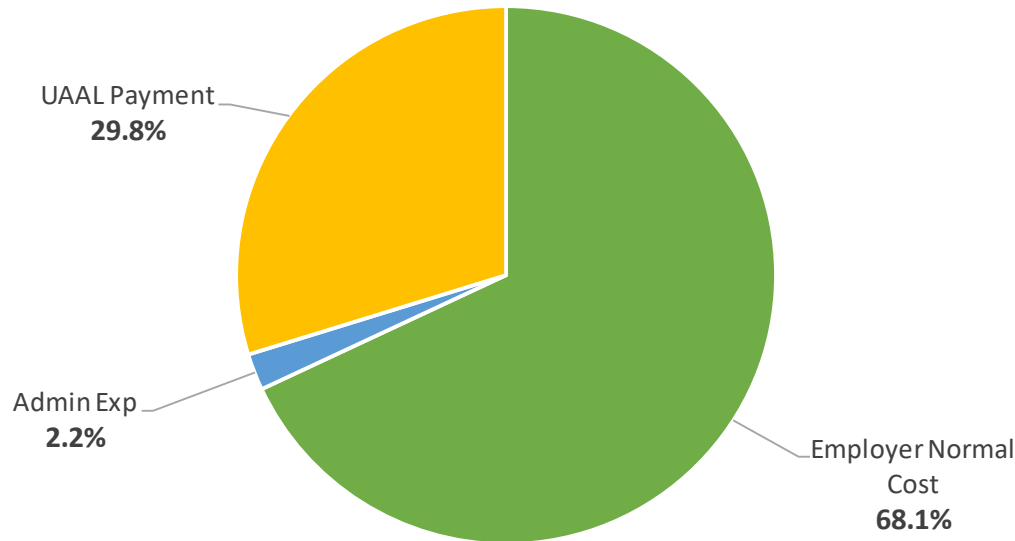
- Two Main Components:

Normal Cost – this represents the cost of the current year benefit earned by each active member

Amortization of Unfunded Liability – uses a systematic method (funding policy) to pay off the unfunded liability for each employer

Calculated Pension Contributions – Political Subdivisions Average Employer

Political Subdivision Employer Rate



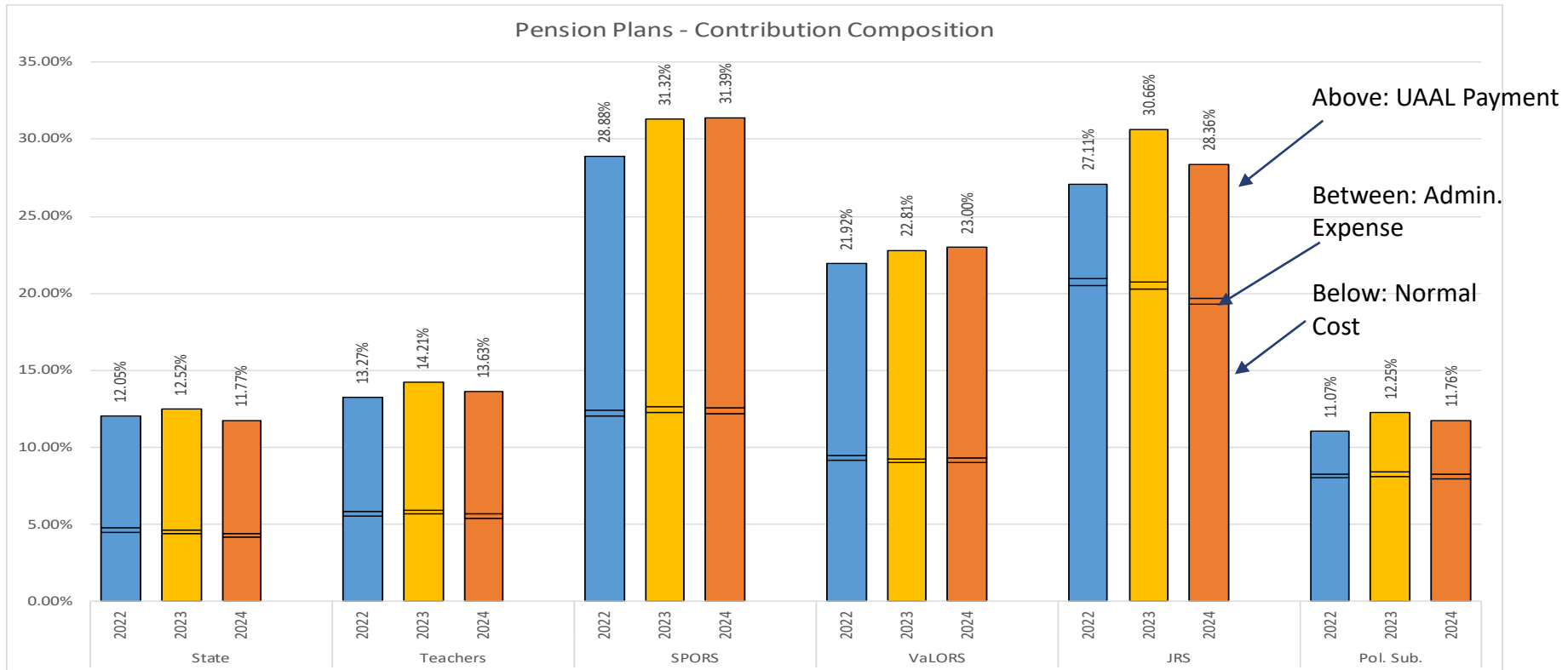
Normal Cost ultimately decreases to Plan 2/Hybrid level

Component	% of Pay
Employer NC	8.00%
Admin Exp	0.26%
UAAL Payment	3.50%
Total:	11.76%

Note: Pol. Sub. Unfunded Actuarial Accrued Liability (UAAL) payment = 29.8% of total Employer contribution, vs. >50% for Statewide pension plans (other than JRS)



Actuarially Determined Employer Contribution Rates – Pension Plans Defined Benefit Only



	State			Teachers			SPORS			VaLORS			JRS			Pol. Sub. Weighted Average		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Normal Cost*	4.77%	4.65%	4.43%	5.82%	5.96%	5.71%	12.45%	12.64%	12.55%	9.49%	9.27%	9.33%	20.98%	20.74%	19.70%	8.30%	8.40%	8.26%
UAAL Payment	7.28%	7.87%	7.34%	7.45%	8.25%	7.92%	16.43%	18.68%	18.84%	12.43%	13.54%	13.67%	6.13%	9.92%	8.66%	2.77%	3.85%	3.50%
Total	12.05%	12.52%	11.77%	13.27%	14.21%	13.63%	28.88%	31.32%	31.39%	21.92%	22.81%	23.00%	27.11%	30.66%	28.36%	11.07%	12.25%	11.76%



*Includes Administrative Expense

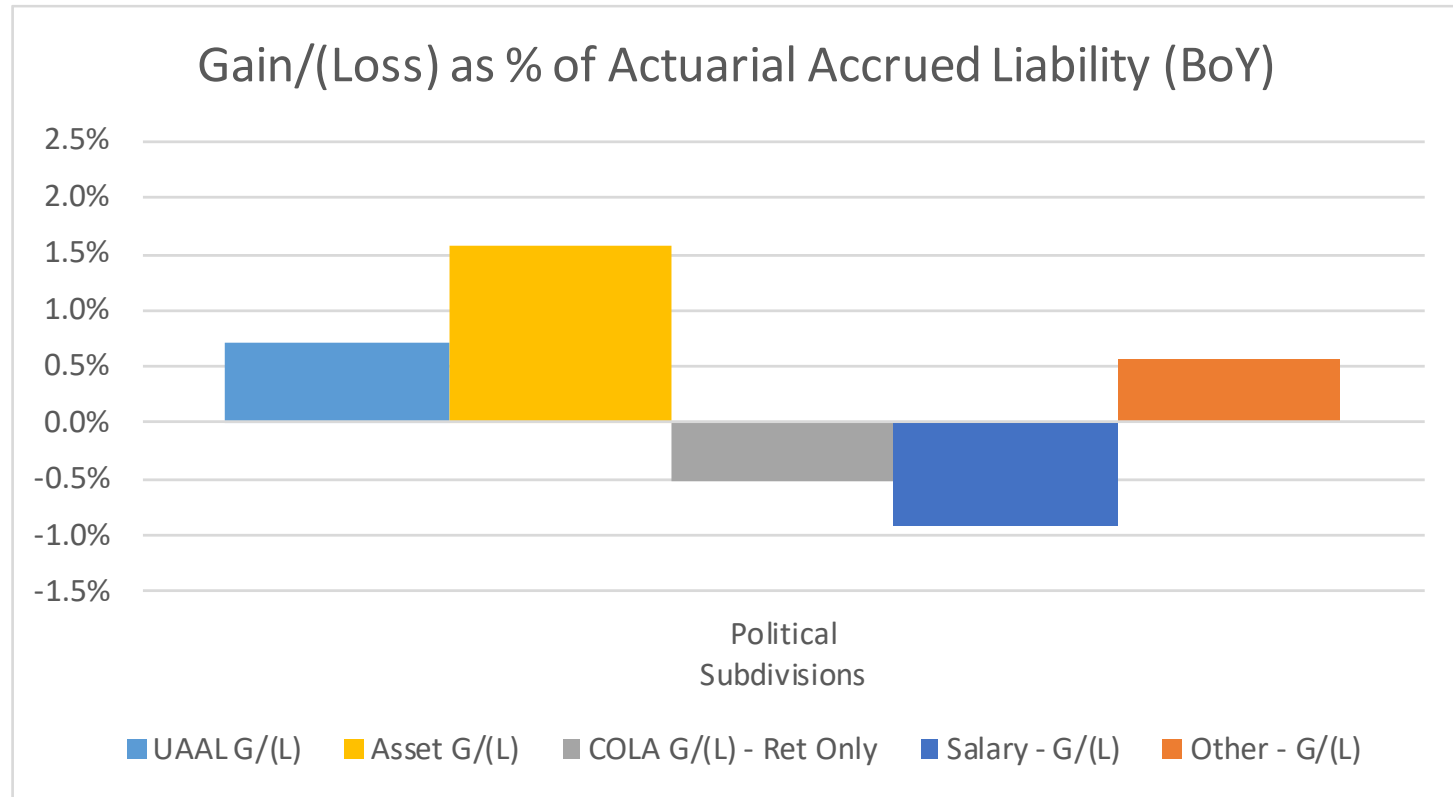
Additional contribution of 1.0%-3.5% of Hybrid payroll also required for Plans with Hybrid benefit tier

Experience 2023-2024: Pension Plans (in \$millions)

	State	Teachers	SPORS	VaLORS	JRS	Pol. Sub.
UAAL Last Valuation	\$ 6,128.6	\$ 11,950.8	\$ 450.0	\$ 770.2	\$ 125.2	\$ 3,722.4
Prior Year (PY) Normal Cost	534.0	1,133.9	30.5	57.1	23.5	949.2
Actual PY Contributions	(992.9)	(2,172.3)	(58.6)	(117.8)	(29.1)	(1,126.6)
Extra Contributions	-	-	-	-	-	-
Interest	416.2	809.9	30.5	51.9	9.1	277.3
Expected UAAL	6,085.8	11,722.3	452.4	761.4	128.7	3,822.3
UAAL This Valuation	6,051.7	12,022.1	458.9	768.6	113.5	3,601.2
Total Gain/(Loss)	\$ 34.1	\$ (299.8)	\$ (6.5)	\$ (7.2)	\$ 15.2	\$ 221.2
– Asset Gain/(Loss)	\$ 417.0	\$ 815.7	\$ 18.8	\$ 33.4	\$ 12.1	\$ 485.3
– Liability Gain/(Loss)	\$ (383.0)	\$ (1,115.5)	\$ (25.4)	\$ (40.6)	\$ 3.2	\$ (264.2)



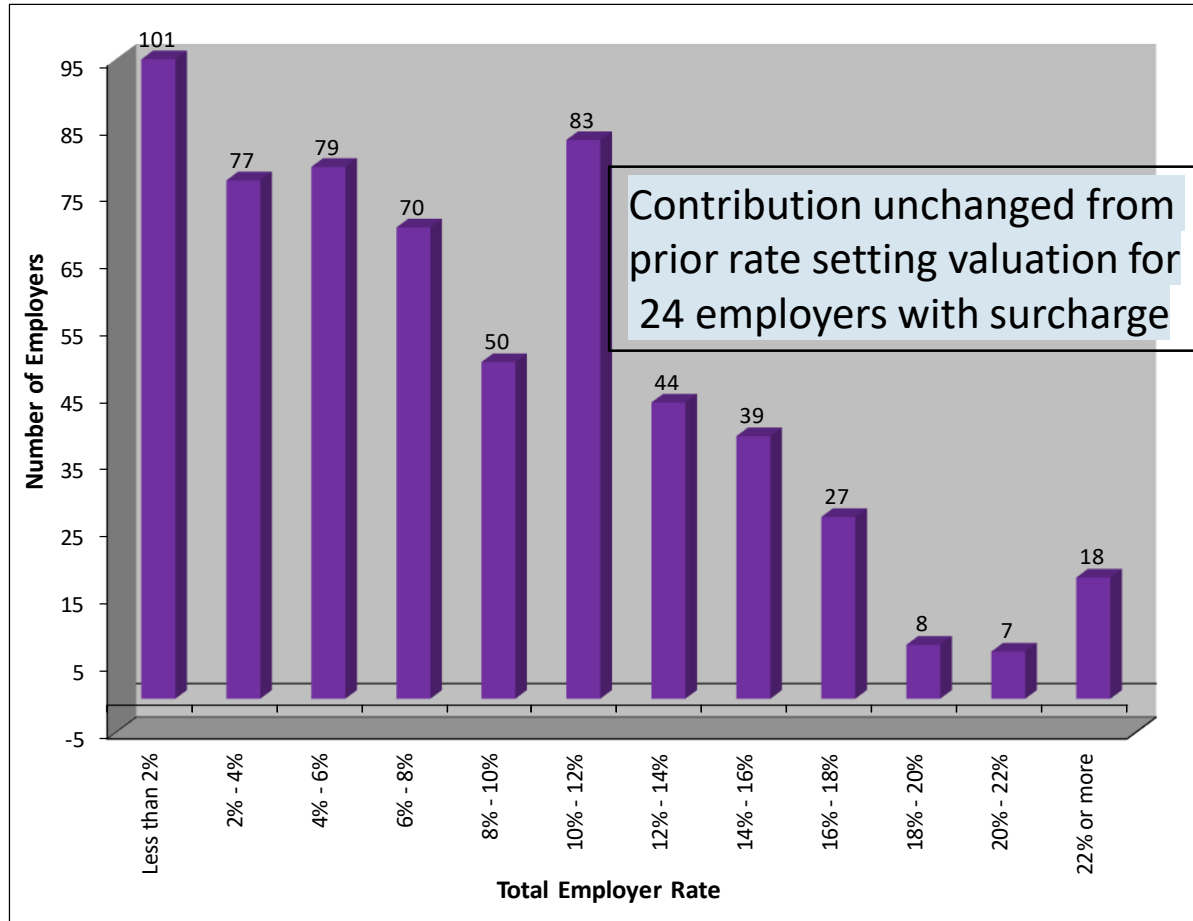
Political Subdivisions Pension: Gain/Loss (%)



Other – (G)/L includes benefit change and new employer impacts

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

ADEC Rate as of June 30, 2024 for 603 Employers



Average
ADEC Rate

5.48%

Pol. Sub. With
no Enhanced
Hazardous Duty

Average
ADEC Rate

13.76%

Pol. Sub. With
Enhanced
Hazardous Duty



The chart above shows 603 employers; employers with 0 actives are excluded.

Political Subdivisions: Pension Results Commentary

- Liability changes
 - 3 New Political Subdivisions for Pension
 - 24 Employers have surcharge¹
 - 18 Employers had surcharge in 2023 valuation
 - No Employers have additional funding charge²
 - Changes in coverage
 - Salary and COLA experience

¹Additional contribution rate added to developed rate to improve funding level of plan

²Additional contribution rate to allow use of 6.75% investment return as the single equivalent investment return assumption for GASB purposes



Pension Results Commentary

- Demographic changes vary by employer
 - Active population up for Political Subdivisions in total
 - 10 Employers account for 50% of the increase in total active population counts

VRS Additional Funding Provisions – OPEB

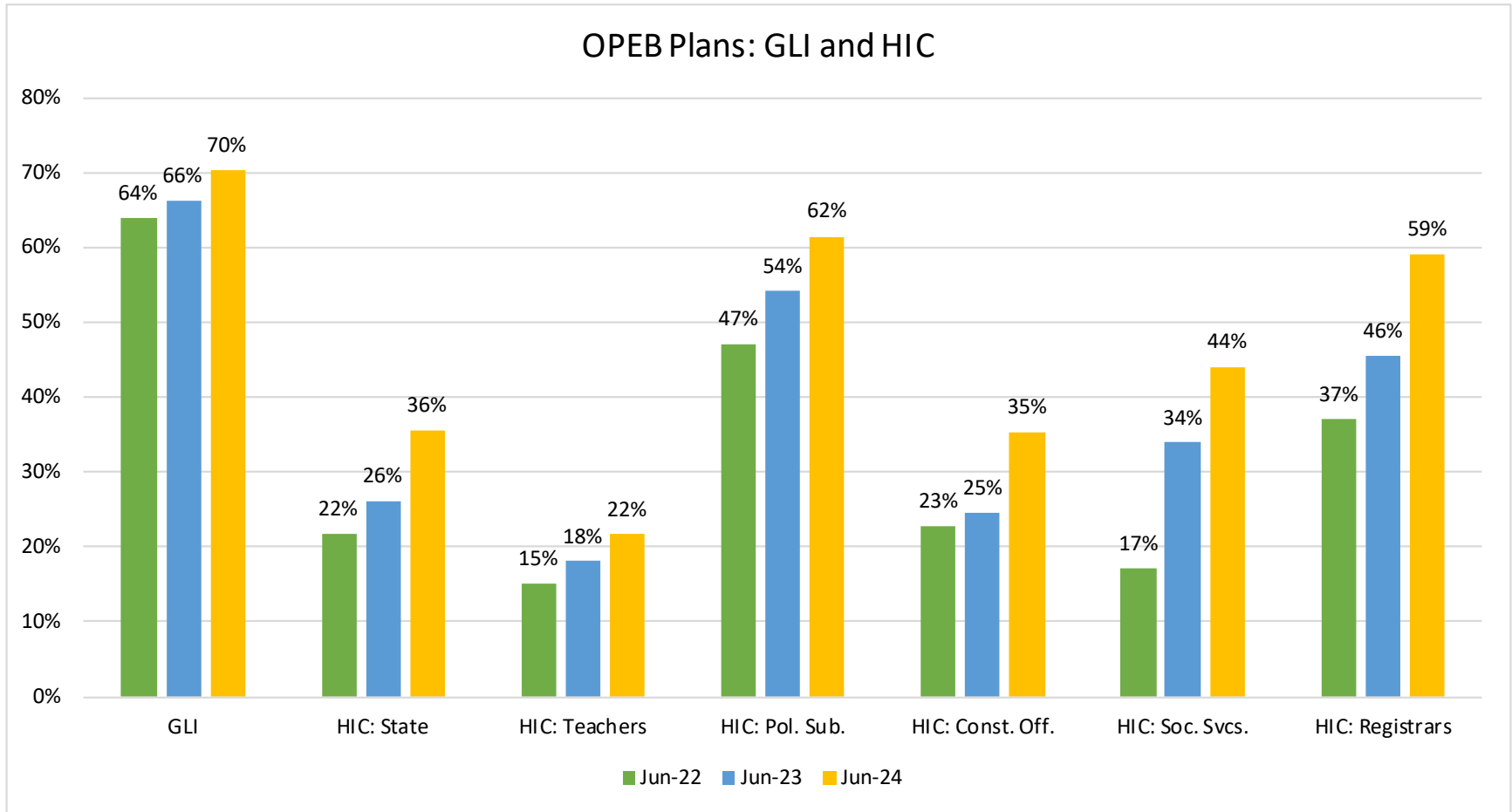
- Additional \$55.1 million contributed from the General Fund to Trust during FY 2024

OPEB Group	Add'l Contrib. 2024	Funded Status Impact	Contrib. Rate Impact
HIC: State	\$52,800,000	4.8%	-0.04%
HIC: C. Off.	\$1,576,017	3.9%	-0.01%
HIC: S. Svcs.	\$723,983	4.9%	-0.01%
TOTAL	\$55,100,000		

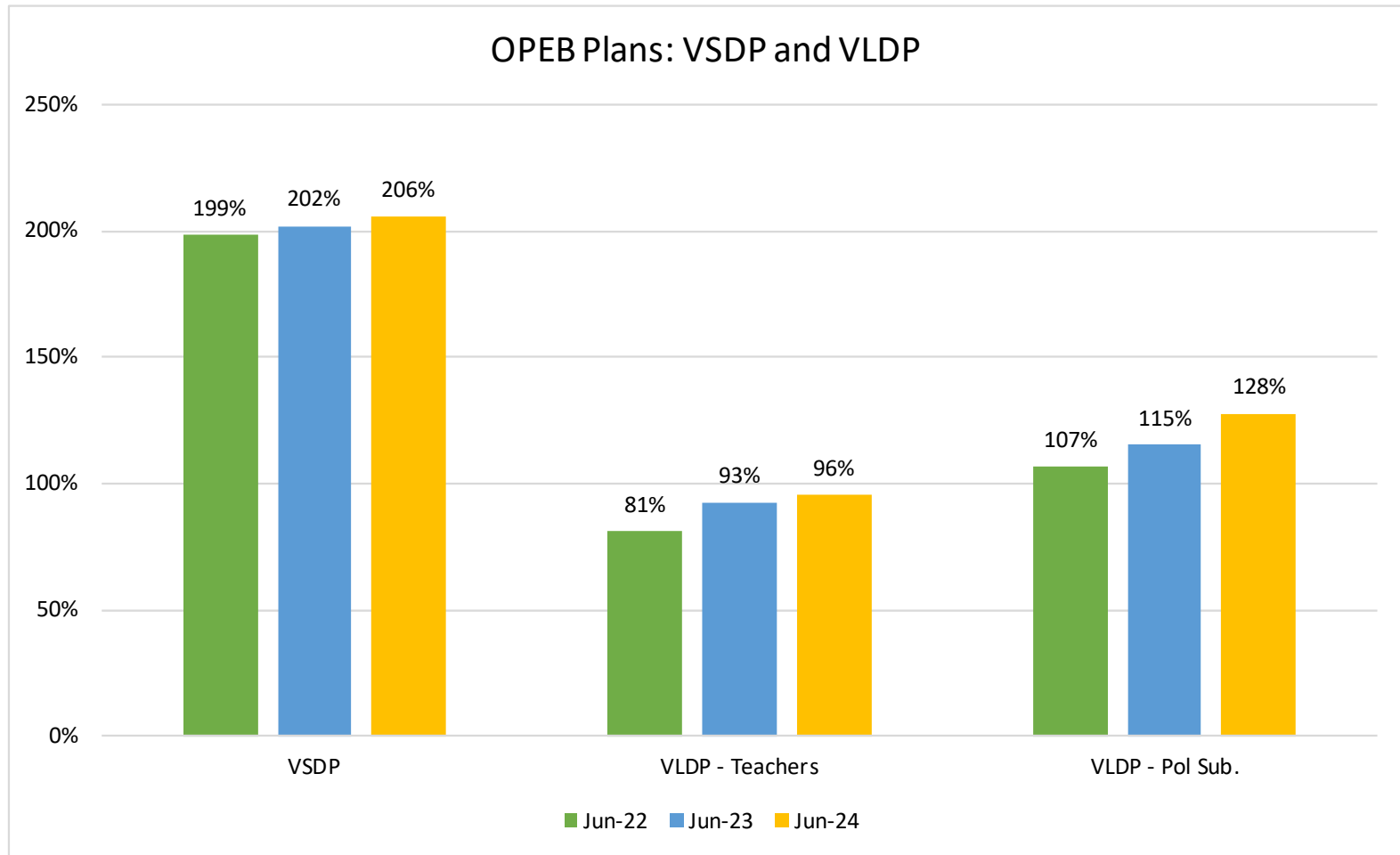
Important to get additional funds into OPEB Plans when possible --
Additional \$93.8 million contributed in 2022-2023 for all HIC Groups



Funded Status (AVA) – OPEB Plans

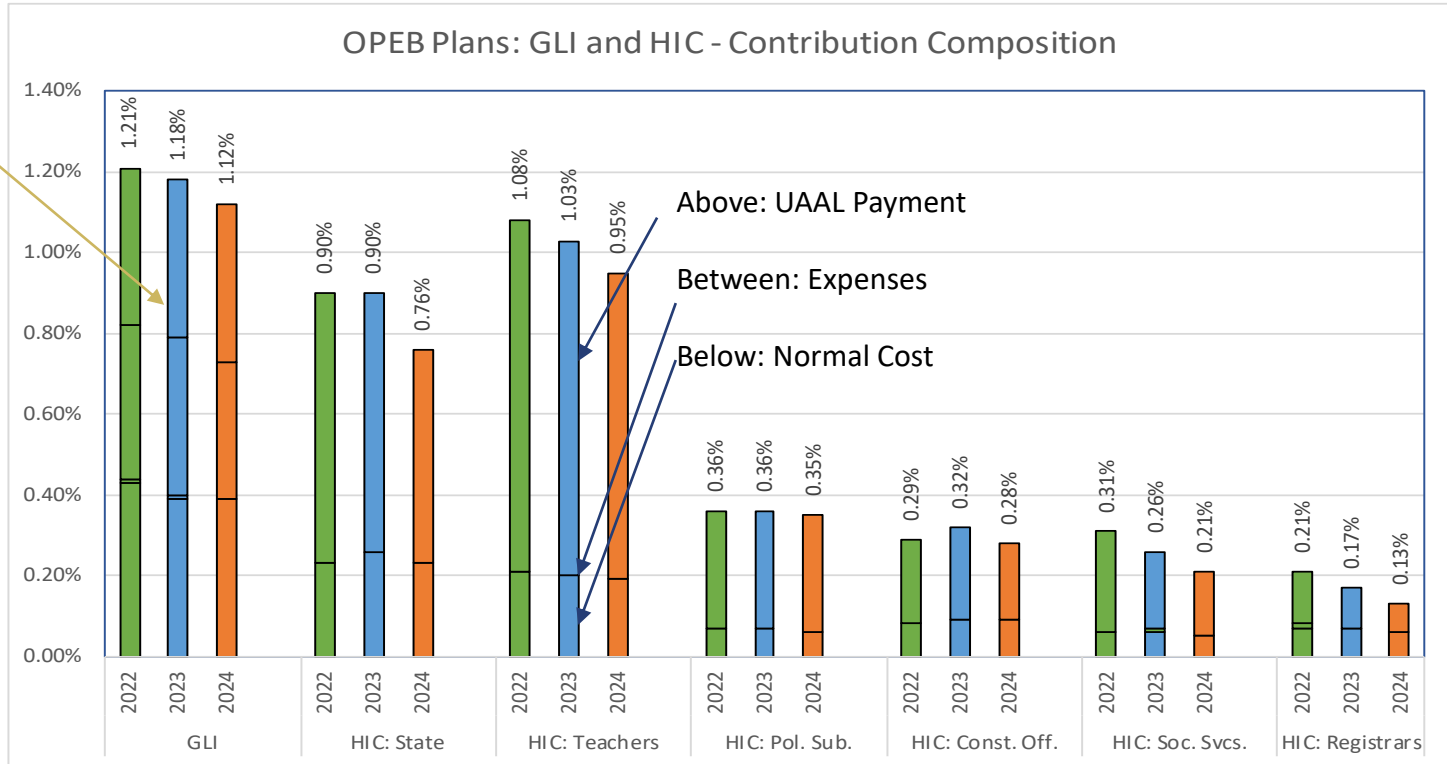


Funded Status (AVA) – OPEB Plans



Actuarially Determined Employer Contribution Rates – OPEB Plans

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



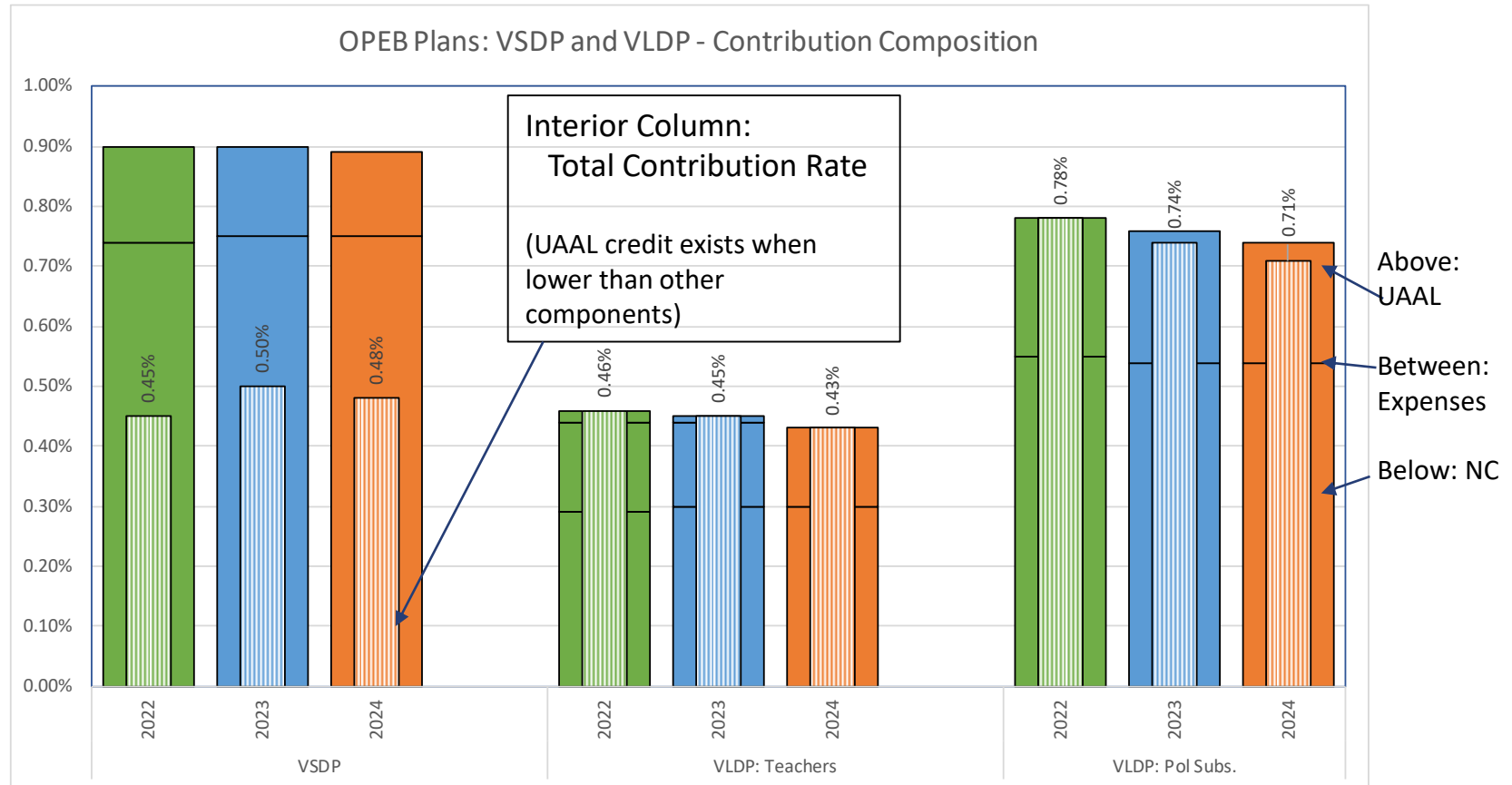
	GLI			HIC: State			HIC: Teachers			HIC: Pol. Sub.			HIC: Const. Off.			HIC: Soc. Svcs.			HIC: Registrars		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Normal Cost*	0.44%	0.40%	0.39%	0.23%	0.26%	0.23%	0.21%	0.20%	0.19%	0.07%	0.07%	0.06%	0.08%	0.09%	0.09%	0.06%	0.07%	0.05%	0.08%	0.07%	0.06%
UAAL Payment^	0.77%	0.78%	0.73%	0.67%	0.64%	0.53%	0.87%	0.83%	0.76%	0.29%	0.29%	0.29%	0.21%	0.23%	0.19%	0.25%	0.19%	0.16%	0.13%	0.10%	0.07%
Total	1.21%	1.18%	1.12%	0.90%	0.90%	0.76%	1.08%	1.03%	0.95%	0.36%	0.36%	0.35%	0.29%	0.32%	0.28%	0.31%	0.26%	0.21%	0.21%	0.17%	0.13%

* Includes Administrative Expense

^ Includes Active GLI Adjustment



Actuarially Determined Employer Contribution Rates – OPEB Plans



	VSDP			VLDP: Teachers			VLDP: Pol Subs.		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Normal Cost*	0.90%	0.90%	0.89%	0.44%	0.44%	0.43%	0.78%	0.76%	0.74%
UAAL Payment	-0.45%	-0.40%	-0.41%	0.02%	0.01%	0.00%	0.00%	-0.02%	-0.03%
Total	0.45%	0.50%	0.48%	0.46%	0.45%	0.43%	0.78%	0.74%	0.71%



* Includes Administrative Expense

Experience 2023-2024: OPEB – GLI & HIC (in \$millions)

	GLI	HIC: State	HIC: Teachers	HIC: Locals	HIC: Const. Off.	HIC: Soc. Svcs.	HIC: Registrars
UAL Last Valuation	\$ 1,357.7	\$ 797.4	\$ 1,196.3	\$ 33.9	\$ 30.0	\$ 10.0	\$ 0.3
Prior Year (PY) Normal Cost	85.4	20.2	18.1	1.2	0.8	0.2	-
Actual PY ER Contributions	(270.6)	(101.8)	(130.2)	(7.5)	(3.5)	(1.4)	(0.1)
Extra Contributions	-	(52.8)	-	-	(1.6)	(0.7)	-
Adjustment to Market Value	-	-	-	(0.1)	-	-	-
Interest	88.3	51.8	77.6	2.1	2.0	0.6	-
Expected UAAL	1,260.8	714.8	1,161.8	29.5	27.6	8.7	0.3
UAAL This Valuation	1,260.6	691.5	1,145.7	29.4	25.9	8.3	0.2
Total Gain/(Loss)	0.2	23.3	16.2	0.1	1.7	0.5	-
-- Asset Gain/(Loss)	50.8	3.2	2.1	1.2	0.8	-	-
-- Plan Change Gain/(Loss)	-	-	-	-	-	-	-
-- Liability Gain/(Loss)	(50.6)	20.1	14.1	(1.1)	1.0	0.5	-



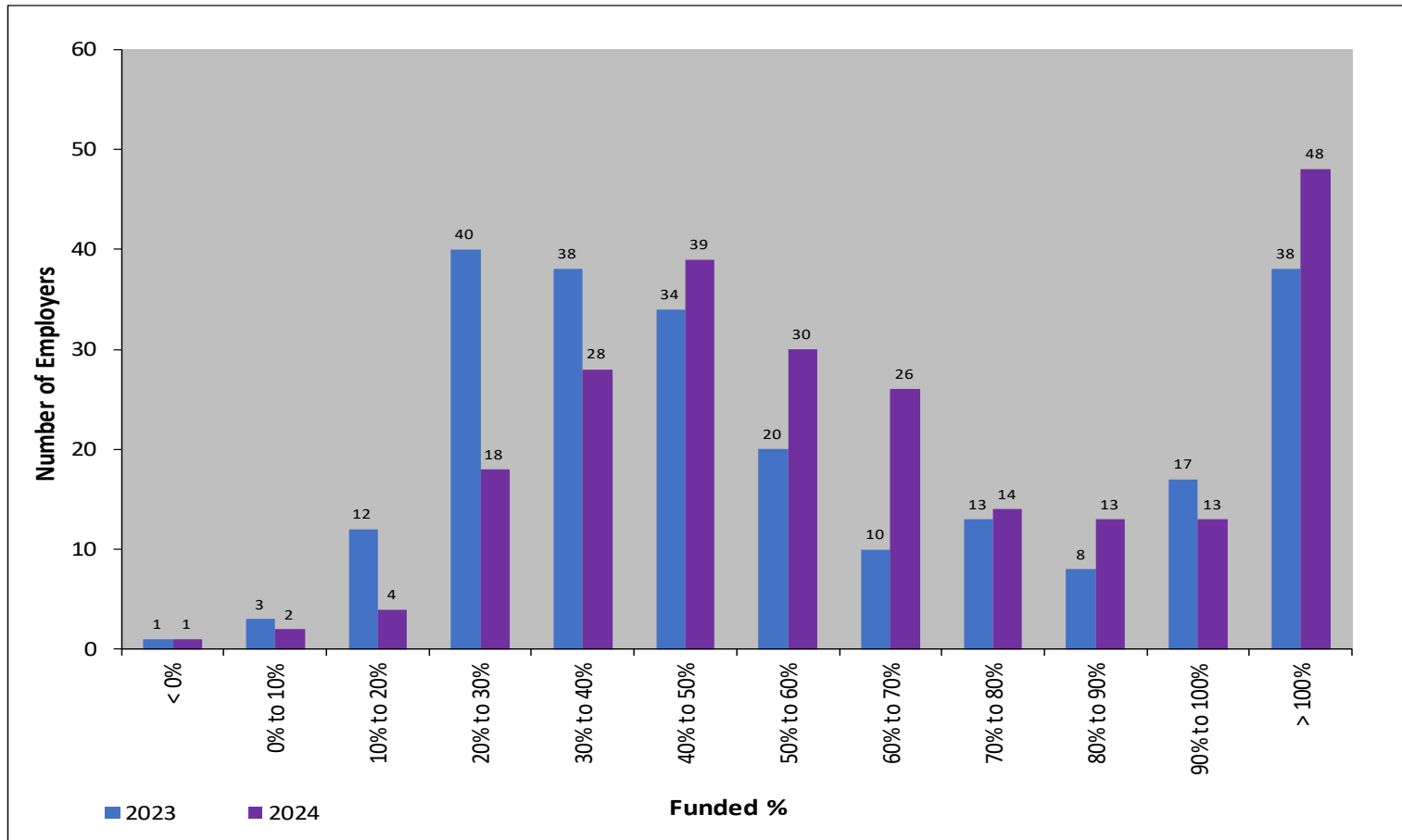
Experience 2023-2024: OPEB – VSDP & VLDP (in \$millions)

	VSDP	VLDP Teachers	VLDP Locals
UAL Last Valuation	\$ (316.5)	\$ 0.8	\$ (1.5)
Prior Year (PY) Normal Cost	45.7	3.2	4.7
Actual PY ER Contributions	(27.7)	(3.8)	(4.9)
Extra Contributions	-	-	-
Adjustment to Market Value	-	-	-
Interest	(19.3)	0.1	0.1
Expected UAAL	(317.8)	0.3	(1.6)
UAAL This Valuation	(347.6)	0.6	(3.4)
Total Gain/(Loss)	29.8	(0.4)	1.7
-- Asset Gain/(Loss)	10.7	0.1	0.1
-- Plan Change Gain/(Loss)	-	-	-
-- Liability Gain/(Loss)	19.1	(0.4)	1.6



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

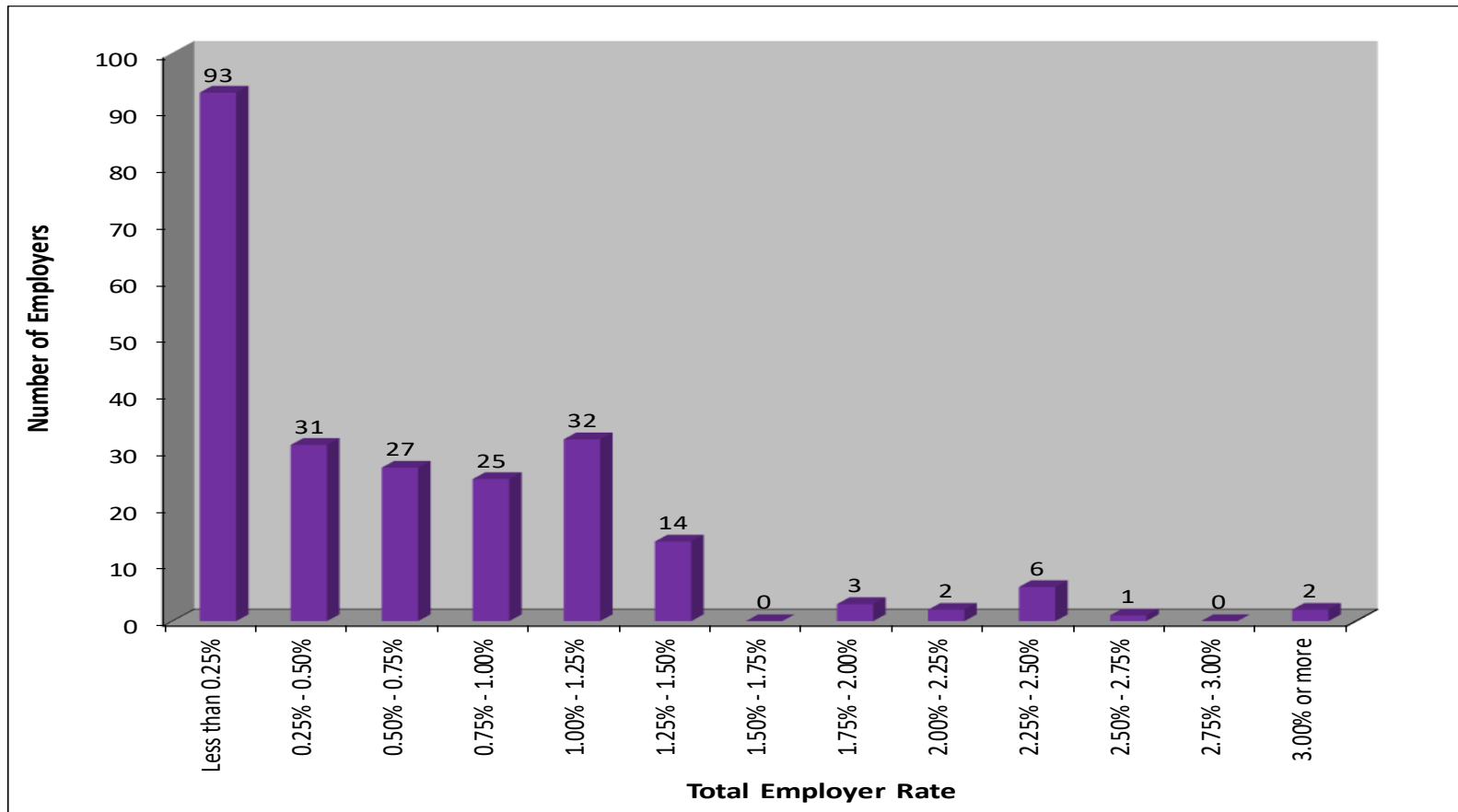
Funded Status for Employers as of June 30, 2024 and June 30, 2023



The chart above shows 236 employers for June 30, 2024 and 234 employers for June 30, 2023; employers with 0 actives are excluded.

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

ADEC Rate as of June 30, 2024 for 236 Employers



The chart above shows 236 employers; employers with 0 actives are excluded.



Contribution unchanged from prior rate setting valuation for 149 employers with surcharge

OPEB Results Commentary: HIC Political Subdivisions

- Employers with additional funding charge or surcharge

	2024	2023
Additional Funding Charge	2	3
Surcharge	149	160

Conclusion



1. Increased Funded Status on Actuarial Asset Basis

- Higher than expected returns for 2024 valuations,
- Salary and COLA Losses

2. Contributions

- Pension & OPEB rates are mostly consistent with last year's valuation
- Generally, slightly lower rates than those currently being paid



THANK YOU

QUESTIONS



APPENDIX



Changes in Coverage Since Last Valuation (Pension)

Employer	Description of Change
King and Queen County (55149)	Increase Enhanced Hazardous Duty multiplier to 1.85%
Smyth County (55186)	Increase Enhanced Hazardous Duty multiplier to 1.85%
City of Richmond (55216)	Increase Enhanced Hazardous Duty multiplier to 1.85%, Select members from independent plan and new hires; added to existing employer
Town of Strasburg (55357)	Increase Enhanced Hazardous Duty multiplier to 1.85%
Manassas City Public Schools (55632)	Add Transportations Employees and Cafeteria Workers



New Political Subdivisions Since Last Valuation

(Pension)

Employer	New Employer Contribution Rate
Henrico Sports and Entertainment Authority (55848)	5.68%
Richmond Behavioral Health Authority (55849)	3.87%
Three Rivers Soil and Water Conservation District (55850)	3.78%

(Health Insurance Credit)

Employer	New Employer Contribution Rate
Franklin County (55133)	0.27%
Town of Dublin (55360)	0.45%



Summary: Pension Plan Contribution Rates

	FY 2023/2024	Informational	FY 2025/2026	Informational
	2021 Valuation	2022 Valuation	2023 Valuation	2024 Valuation
State	14.46%*	13.19%	12.52%	11.77%
Teachers	16.62%*	14.13%	14.21%	13.63%
SPORS	29.98%	28.88%	31.32%	31.39%
VaLORS	24.60%	21.92%	24.60%^	23.00%
JRS	30.67%	29.10%	30.67%^	28.36%
Pol. Sub (Weighted Avg)	12.36%	11.89%	12.25%	11.76%

* State and Teachers contribution rates set at 2019 valuation level, increased from 14.13% and 14.76% respectively.

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

Note: Beginning with 2023 valuation the DC contribution for State, Teachers, JRS, and Political Subdivisions has been decoupled



Summary: OPEB Contribution Rates

	FY 2023/2024	Informational	FY 2025/2026	Informational
	2021 Valuation	2022 Valuation	2023 Valuation	2024 Valuation
Group Life Insurance	1.34%^	1.21%	1.18%	1.12%
Health Insurance Credit (HIC)				
-- State	1.12%^	0.90%	1.12%*	0.76%
-- Teachers	1.21%	1.08%	1.21%*	0.95%
-- Pol. Subs.	0.36%	0.36%	0.36%	0.35%
-- Const. Officers	0.36%	0.29%	0.36%*	0.28%
-- Social Services EEs	0.37%	0.31%	0.37%*	0.21%
-- Registrars	0.32%	0.21%	0.32%*	0.13%
VSDP	0.61%^	0.45%	0.50%	0.48%
VLDP				
-- Teachers	0.47%	0.46%	0.45%	0.43%
-- Pol. Subs.	0.85%	0.78%	0.74%	0.71%

^ GLI, HIC-State, and VSDP contribution rates held at 2019 valuation level; computed contribution rate decreased to 1.19%, 1.04%, and 0.56% respectively.

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



Summary: Unfunded Pension Plan Liabilities - (\$000)

UAAL

(AVA)

	2023	2024
State	\$ 6,128,594	\$ 6,051,719
Teachers	11,950,840	12,022,101
SPORS	449,999	458,924
VaLORS	770,210	768,647
JRS	125,232	113,497
Pol. Subs.	3,722,410	3,601,170
Total	23,147,285	23,016,058

(MVA)

	2023	2024
State	\$ 5,774,483	\$ 5,404,292
Teachers	11,293,666	10,729,982
SPORS	434,126	429,446
VaLORS	742,651	716,554
JRS	114,836	94,899
Pol. Subs.	3,315,184	2,840,327
Total	21,674,946	20,215,500



Summary: Unfunded OPEB Liabilities (\$000)

UAAL

(AVA)

	2023	2024
GLI	\$ 1,357,720	\$ 1,260,597
HIC - State	797,401	691,541
HIC - Teachers	1,196,302	1,145,675
HIC - Pol. Subs.	33,857	29,409
HIC - Const. Off.	29,956	25,888
HIC - Social Svc EEs	10,017	8,264
HIC - Registrars	306	226
VSDP	(316,522)	(347,574)
VLDP - Teachers	776	623
VLDP - Pol. Subs.	(1,490)	(3,391)
Total	\$ 3,108,323	\$ 2,811,258

(MVA)

	2023	2024
GLI	\$ 1,309,524	\$ 1,166,536
HIC - State	799,546	689,141
HIC - Teachers	1,196,910	1,141,564
HIC - Pol. Subs.	33,857	29,409
HIC - Const. Off.	29,956	25,888
HIC - Social Svc EEs	10,017	8,264
HIC - Registrars	306	226
VSDP	(325,183)	(364,449)
VLDP - Teachers	795	471
VLDP - Pol. Subs.	(1,486)	(3,717)
Total	\$ 3,054,242	\$ 2,693,333



Pension Inactive Participants at June 30, 2024

System	Plan 1	Plan 2	Hybrid	Total 2024	Total 2023	Percent Change
State	15,216	22,726	28,347	66,289	63,175	4.9%
Teachers	21,533	32,414	42,717	96,664	91,210	6.0%
SPORS	271	541	-	812	762	6.6%
VaLORS	2,524	11,744	-	14,268	13,125	8.7%
JRS	12	2	2	16	14	14.3%
Pol. Sub.	29,394	49,101	48,813	127,308	119,093	6.9%
Total	68,950	116,528	119,879	305,357	287,379	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, 2024

System	Plan 1	Plan 2	Hybrid	Total 2024	Total 2023	Percent Change
State	70,157	2,352	591	73,100	72,266	1.2%
Teachers	109,115	2,857	593	112,565	110,676	1.7%
SPORS	1,811	18	-	1,829	1,806	1.3%
VaLORS	6,868	276	-	7,144	6,810	4.9%
JRS	577	9	11	597	592	0.8%
Pol. Sub.	83,564	4,799	961	89,324	86,397	3.4%
Total	272,092	10,311	2,156	284,559	278,547	2.2%

*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, 2023-2024

Valuation Date (in \$thousands)	Group Life Insurance		HIC - State Employees		HIC - Teachers		HIC - Political Subdivisions	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Participants								
Active	379,583	369,044	116,817	111,811	156,506	153,109	39,312	37,917
Long Term Disability	2,358	2,427	2,660	2,806	54	39	56	50
Retirees	202,772	198,791	53,957	53,061	74,374	73,642	11,879	10,073
Disabled	12,446	12,766	2,311	2,462	3,124	3,197	1,447	1,401
Inactive, Vested	13,967	13,554	3,706	3,566	4,206	4,169	924	941
Inactive, Active Elsewhere in VRS	0	0	10,883	10,502	5,890	5,263	9,161	8,710
Total	611,126	596,582	190,334	184,208	244,154	239,419	62,779	59,092
Annual Covered Payroll	\$ 26,771,877	\$ 24,588,850	\$ 9,574,104	\$ 8,706,942	\$ 11,009,136	\$ 10,134,828	\$ 2,062,946	\$ 1,880,359
Valuation Salary	24,034,698	22,089,533	8,708,367	7,923,439	9,709,000	8,945,282	1,860,652	1,698,188

Valuation Date (in \$thousands)	HIC - Constitutional Officers		HIC - Social Service Employees		HIC - Registrars	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Participants						
Active	14,269	13,859	6,460	6,338	312	296
Long Term Disability	4	0	5	0	0	0
Retirees	4,472	4,228	2,247	2,248	80	78
Disabled	299	305	153	158	2	2
Inactive, Vested	473	646	148	221	9	10
Inactive, Active Elsewhere in VRS	3,660	3,401	3,211	2,928	44	39
Total	23,177	22,439	12,224	11,893	447	425
Annual Covered Payroll	\$ 982,051	\$ 895,098	\$ 387,181	\$ 362,970	\$ 22,603	\$ 20,537
Valuation Salary	897,032	818,076	347,784	326,153	20,344	18,478



VSDP, VLDP Participants at June 30, 2023-2024

Valuation Date (in \$thousands)	VSDP		VLDP - Teachers		VLDP - Political Subdivisions	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Participants						
Number Active VSDP participants	83,922	80,500	19,367	17,843	17,153	14,775
Number Disabled	2,142	2,279	50	37	121	98
Number Ported	4,052	3,863	3	1	2	2
Total	90,116	86,642	19,420	17,881	17,276	14,875
Annual Covered Payroll	\$ 6,086,806	\$ 5,527,273	\$ 1,052,347	\$ 900,790	\$ 875,195	\$ 689,505
Valuation Salary	5,542,549	5,035,386	908,057	773,734	771,757	608,441



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 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, 2024
Annual Actuarial
Valuation Results –
Line Of Duty Act Fund**

**Presented by: Becky Stouffer, ASA, MAAA;
Kurt Dosson, ASA, MAAA**



November 14, 2024

Agenda

- Big Picture – Line Of Duty Act Fund
- Valuation Highlights
- Appendix



BIG PICTURE



Line Of Duty Act Fund



Big Picture: Actuarial Valuation Results

June 30, 2024 LODA Actuarial Valuation develops

1. Informational Pay-As-You-Go (PAYGO) rate per Full Time Equivalent (FTE) Employee
2. Actuarially Determined Employer Contribution (for accounting purposes only)

Historically, odd year valuations determine LODA PAYGO Rate for 2 years



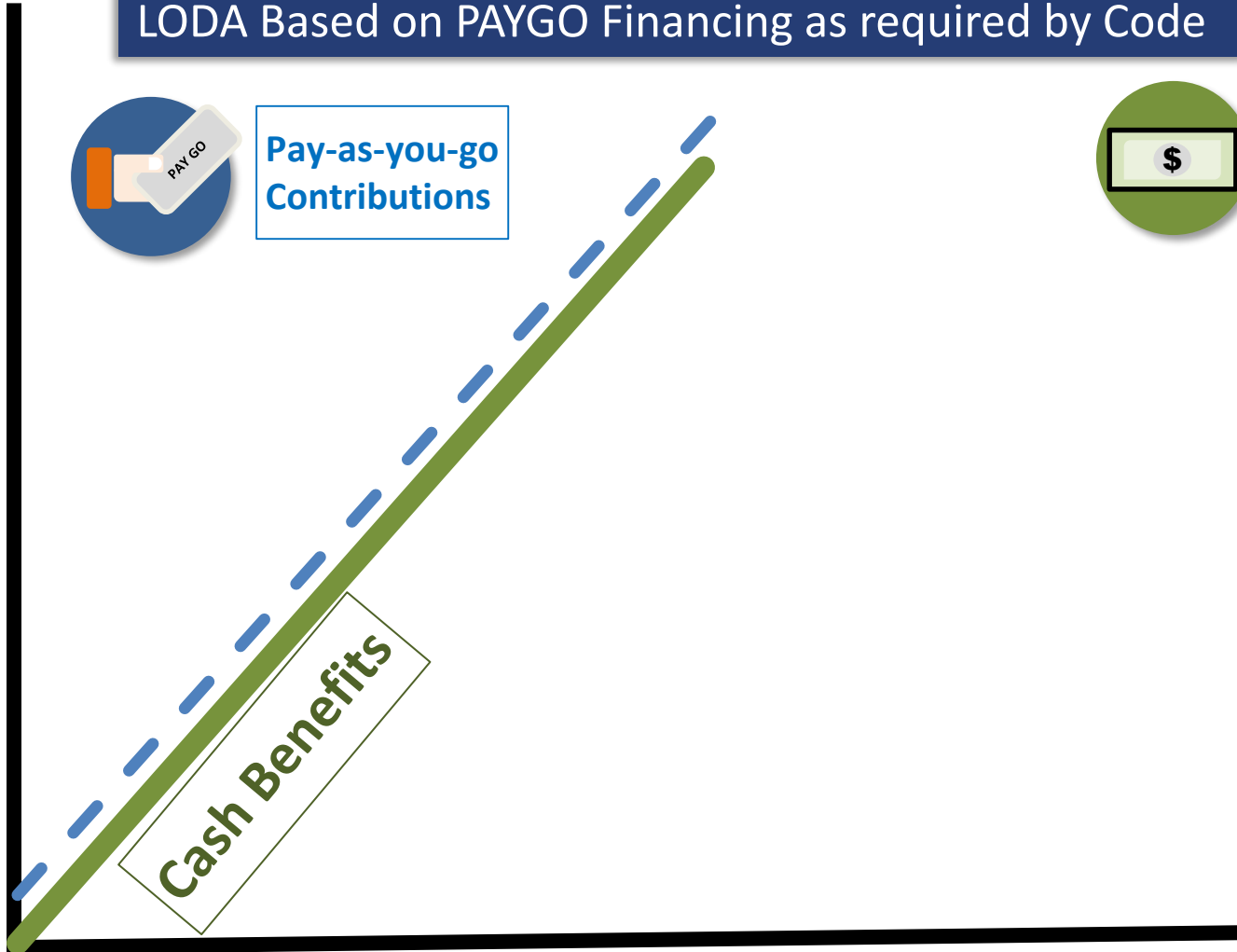
A Different Approach: LODA Based on PAYGO Financing as required by Code



Pay-as-you-go
Contributions



% of Active
Employee
Payroll



Years of Time

Big Picture: Line Of Duty Act Fund (LODA)

- Pay-As-You-Go Financing
 - Required for participating employer contributions by Section 9.1-400.1 of the *Code of Virginia*
 - Costs
 - Death benefit payments
 - Health care premium payments - Department of Human Resource Management (DHRM)
 - Health Insurance Credit (HIC) reimbursements (used to offset claims)
 - Administrative expenses



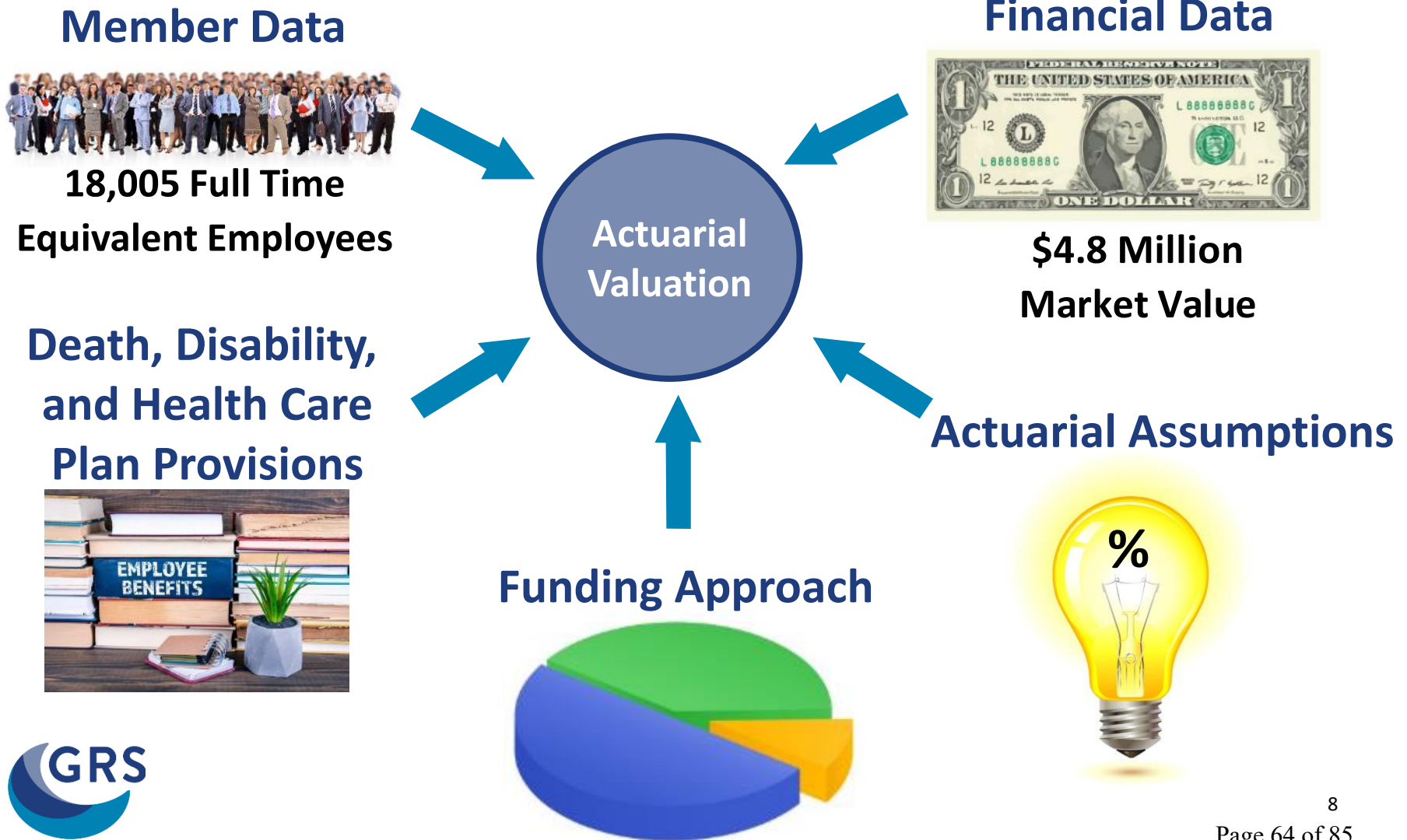
Big Picture: Line Of Duty Act Fund (LODA)


- Project benefit payments for future years
 - Plan covers the cost of health care premiums for current beneficiaries
 - Cover the cost of any new claims that are expected to occur during the year (new health care premiums & death claims)
- Set Employer contributions per Full Time Equivalent (FTE) so that
 - Assets sufficient to cover costs for a two-year period with allowance for potential overage



Actuarial Valuation Process

Line of Duty Act Fund



Three spotlights are positioned at the top of the frame, casting beams of light onto a white podium on a stage. The background is a solid blue color.

JUNE 30, 2024

VALUATION RESULTS HIGHLIGHTS

LODA: Valuation Highlights

- LODA FTE contributions in informational year updated in 2024 valuation to include:
 - Favorable fiscal year 2024 financial experience
 - Updated demographic information
 - Re-setting the health care trend assumption
 - Plan design change increasing presumptive death benefit amount from \$25,000 to \$75,000
 - Beginning of year timing of employer contributions



Active Participants

Employer Group	Weight	FY 2023 Counts	FY 2024 Counts
State/VaLORS/SPORS	100%	9,025	8,731
National Guard			
Full-Time	100%	869	961
Part-Time	10%	761	711
<i>Total State & National Guard</i>		10,655	10,403
Participating Political Subdivisions			
Full-Time	100%	7,018	7,119
Volunteers	25%	488	484
<i>Total Pol. Sub. Employees</i>		7,506	7,603
<i>Aggregated Total</i>		18,161	18,005

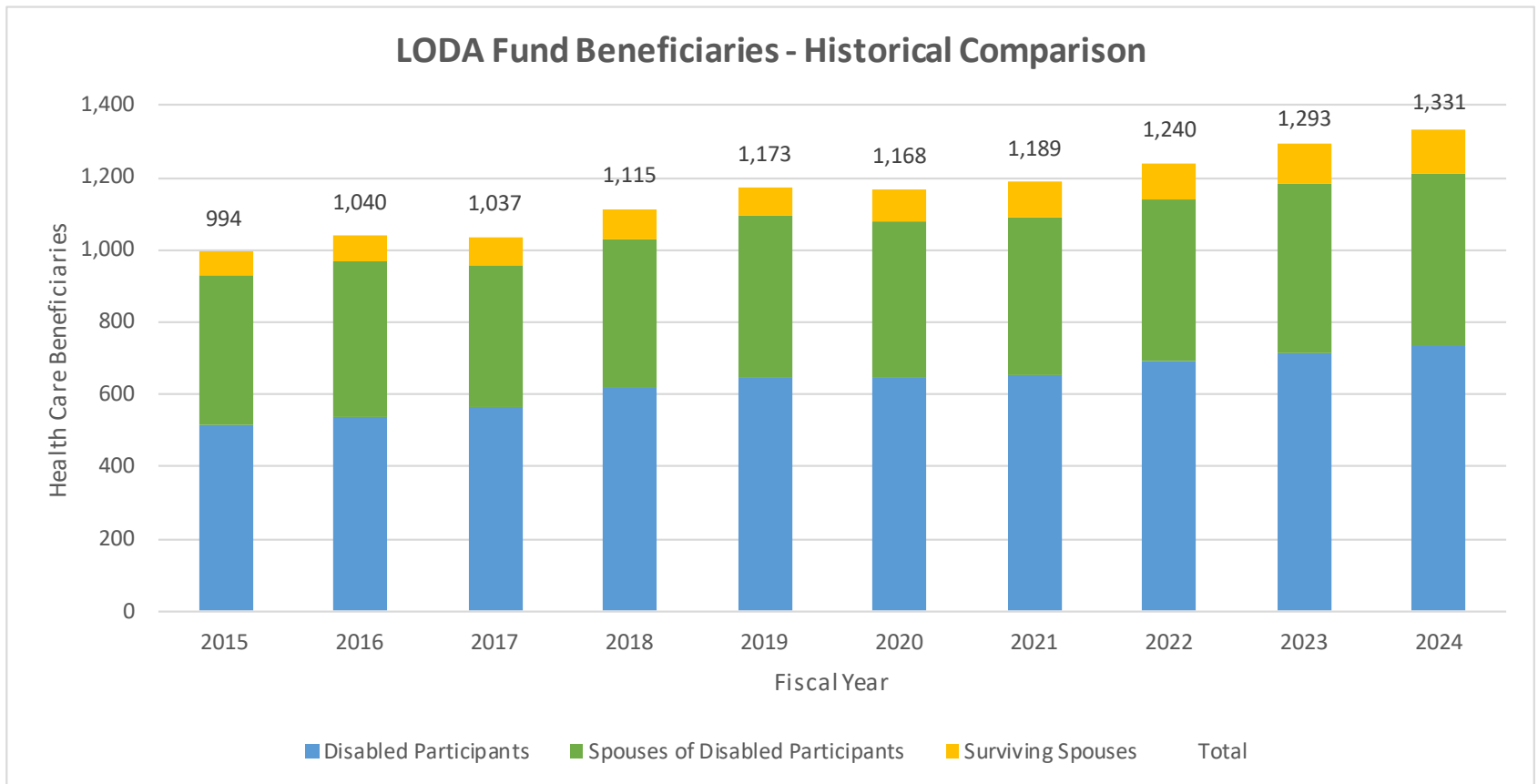


Health Care Beneficiaries

Beneficiary Type	2023	2024
Disabled Participants	713	735
Spouses of Currently Disabled Participants	471	477
Surviving Spouses	109	119
Total	1,293	1,331



Health Care Beneficiaries: 10-year History



Health Care Premiums

Health care costs based on premium amounts invoiced by DHRM for those receiving LODA benefits

- Premium amounts reflect recent claims experience of current LODA beneficiaries
- Assumed trend for future health care costs
 - Pre-65: 7.25% initially, decreasing over 9 years to a 4.25% ultimate rate
 - Post-65: 6.50% initially, decreasing over 9 years to a 4.25% ultimate rate



Initial Monthly Per Capita Costs – Provided by DHRM

FY 2025				
Membership Level	LODA Plan Current LODA Employment	LODA Plan Former LODA Employment	Medicare Primary ¹	Medicare Part B Premium ²
Single	\$1,149	\$1,186	\$346	\$185.00
Two Person	\$1,961	\$1,995	N/A	N/A
Family (3 or more family members)	\$2,780	\$2,812	N/A	N/A

FY 2024				
Membership Level	LODA Plan Current LODA Employment	LODA Plan Former LODA Employment	Medicare Primary ¹	Medicare Part B Premium ²
Single	\$1,084	\$1,119	\$302	\$174.70
Two Person	\$1,850	\$1,882	N/A	N/A
Family (3 or more family members)	\$2,623	\$2,653	N/A	N/A

¹ Rate effective January 1 within the Fiscal Year .

² Rate effective January 1 following the Fiscal Year .

- For Non-Medicare members, premiums increased 6.0% vs. 7.25% expected.
- For Medicare eligible members, premiums increased 14.6% vs. 6.50% expected.
- For Medicare eligible members, Medicare Part B premiums increased 5.9% vs. 5.9% expected.



Initial Monthly Per Capita Costs

Valuation Date	Non-Medicare [^]	Medicare Primary Including Medicare Part B
June 30, 2019	\$1,137.63	\$406.60
June 30, 2020	\$1,222.51	\$431.50
June 30, 2021	\$1,319.01	\$463.10
June 30, 2022	\$1,413.08	\$460.90
June 30, 2023	\$1,418.67	\$476.70
June 30, 2024	\$1,532.23	\$531.00

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



Market Value Assets: Year Ending June 30, 2024

Line of Duty Act:

Beginning balance	5,311,456
-------------------	-----------

Additions:

Member contributions	-
Employer contributions	15,073,974
Health Insurance Credit Offset	500,608
Administrative expenses - Non-Participating	244,500
Total additions	15,819,082

Deductions:

Line of Duty Act reimbursements	
Health Care Benefits	16,050,576
Death Benefits	427,716
Administrative expenses - Participating	768,804
Administrative expenses - Non-Participating	244,500
Other expenses	-
Total deductions	17,491,596

Investment Income (Net)	1,201,628
-------------------------	-----------

Ending balance	4,840,570
-----------------------	------------------

LODA fund assets expected to earn 6.75% return



Actual vs. Expected Benefit Payments

FY 2024		
Type of Benefit	Expected	Actual
Health Insurance Benefits	\$15,993,299	\$16,050,576
Death Benefits	\$358,348	\$427,716
HIC Offsets	(\$511,303)	(\$500,608)
Total	\$15,840,344	\$15,977,684



Legislation – Workers Compensation

- **HB 321; SB 649** – Increases the death benefit from presumptive causes (occupational cancer, respiratory disease, or hypertension or heart disease) from \$25,000 to \$75,000
 - Effective January 1, 2025
- **HB 1433** – Definition of eligible dependent expanded to include children that were born or adopted prior to the employee's claim approval date
 - Effective July 1, 2024



Putting It All Together: Development of LODA Employer Costs Per FTE

- Combine
 - Demographics of group as of June 30, 2024
 - Health care premium rates as of June 30, 2024
 - Health care trend and other actuarial assumptions
 - Health Insurance Credit (HIC) Program Reimbursements
 - Administrative Expenses
 - Net fiscal year 2024 amount is \$768,804, assumed to increase at 3% per annum for future years



Putting It All Together: Fiscal Years 2025-2026

	FY 2025	FY 2026
FTE Employees	18,005	18,005
Employer Contributions ¹	\$ 18,291,248	\$ 18,275,177
Benefit Costs	(17,794,540)	(20,265,600)
Administrative Expenses	(791,868)	(815,624)
Investment Income	934,106	891,950
Net Cash Flow	638,946	(1,914,097)
End of Year Position ²	5,479,517	3,565,420

¹ Based on known FY 2025 invoiced amount and \$1,015/FTE for FY 2026

² FYE 2026 target of one month claim reserve was originally set equal to \$1,700,000

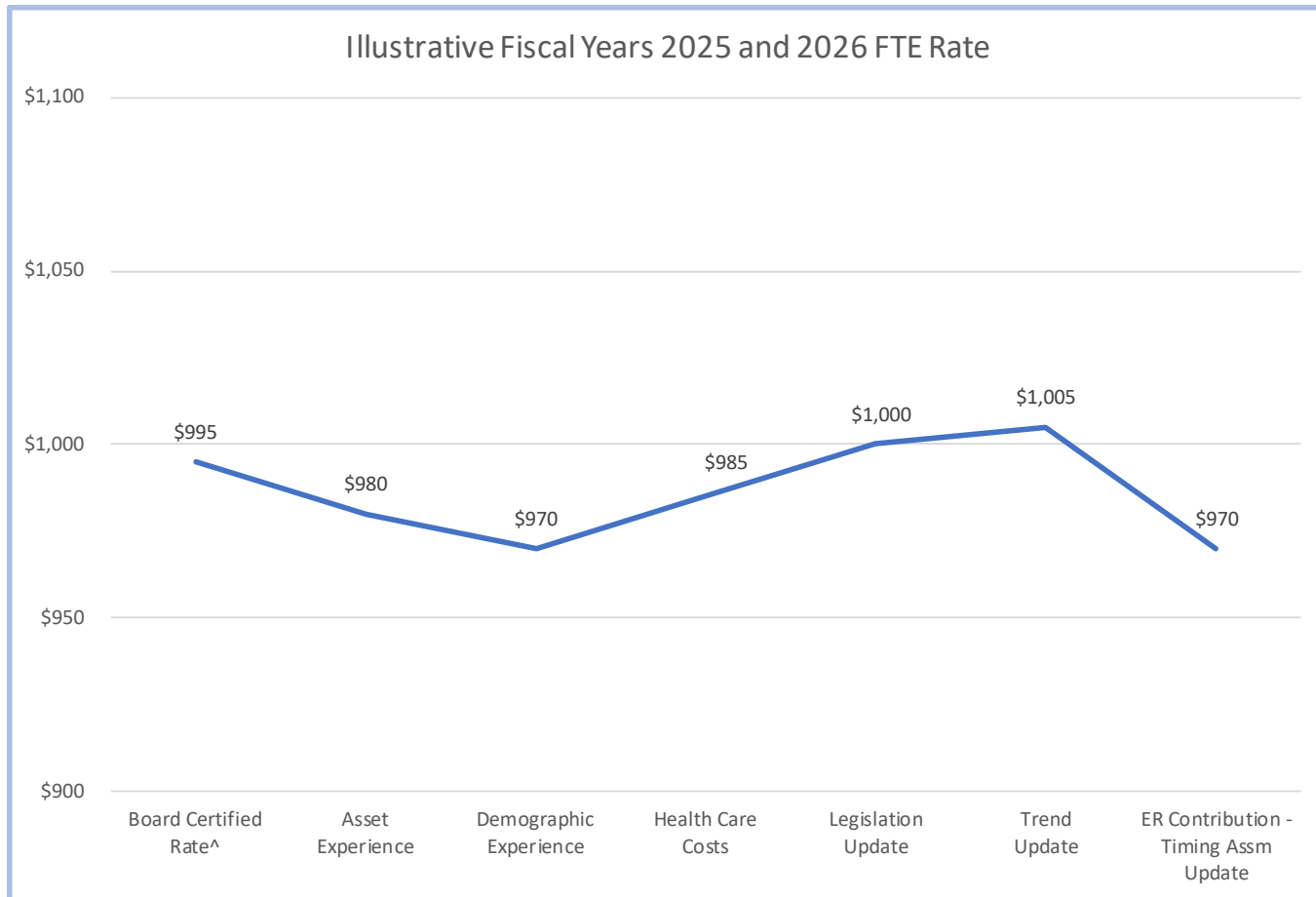


Putting It All Together: LODA Rate History

Valuation Date	Fiscal Year	Board Certified Rate	Adjusted Rate	Informational Rate
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
6/30/2020	2022	\$695.18	\$722.55	\$758.03
6/30/2019	2021	\$695.18	\$717.31	N/A

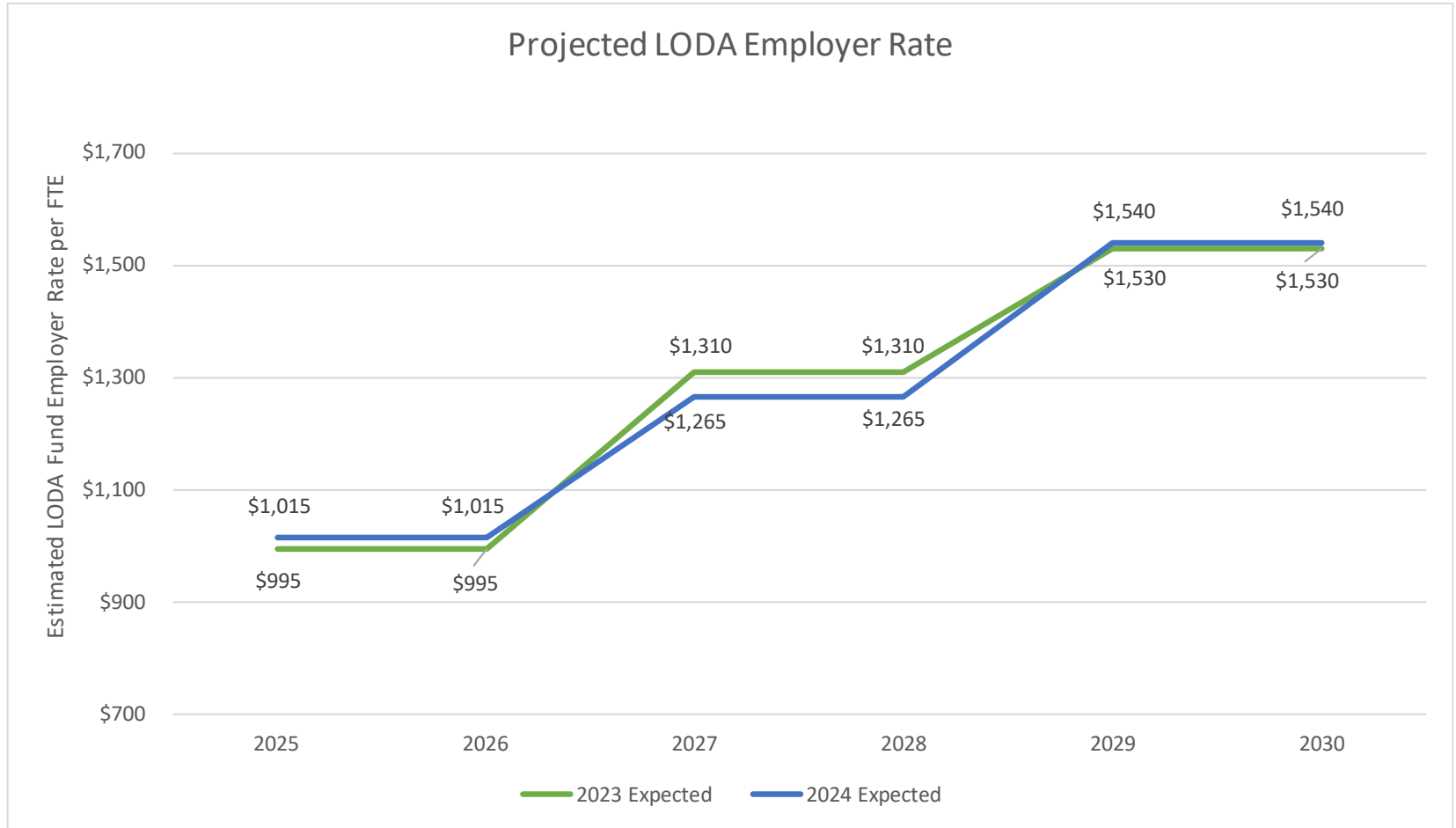


Putting it All Together: Reflecting Fiscal Year 2024 Experience

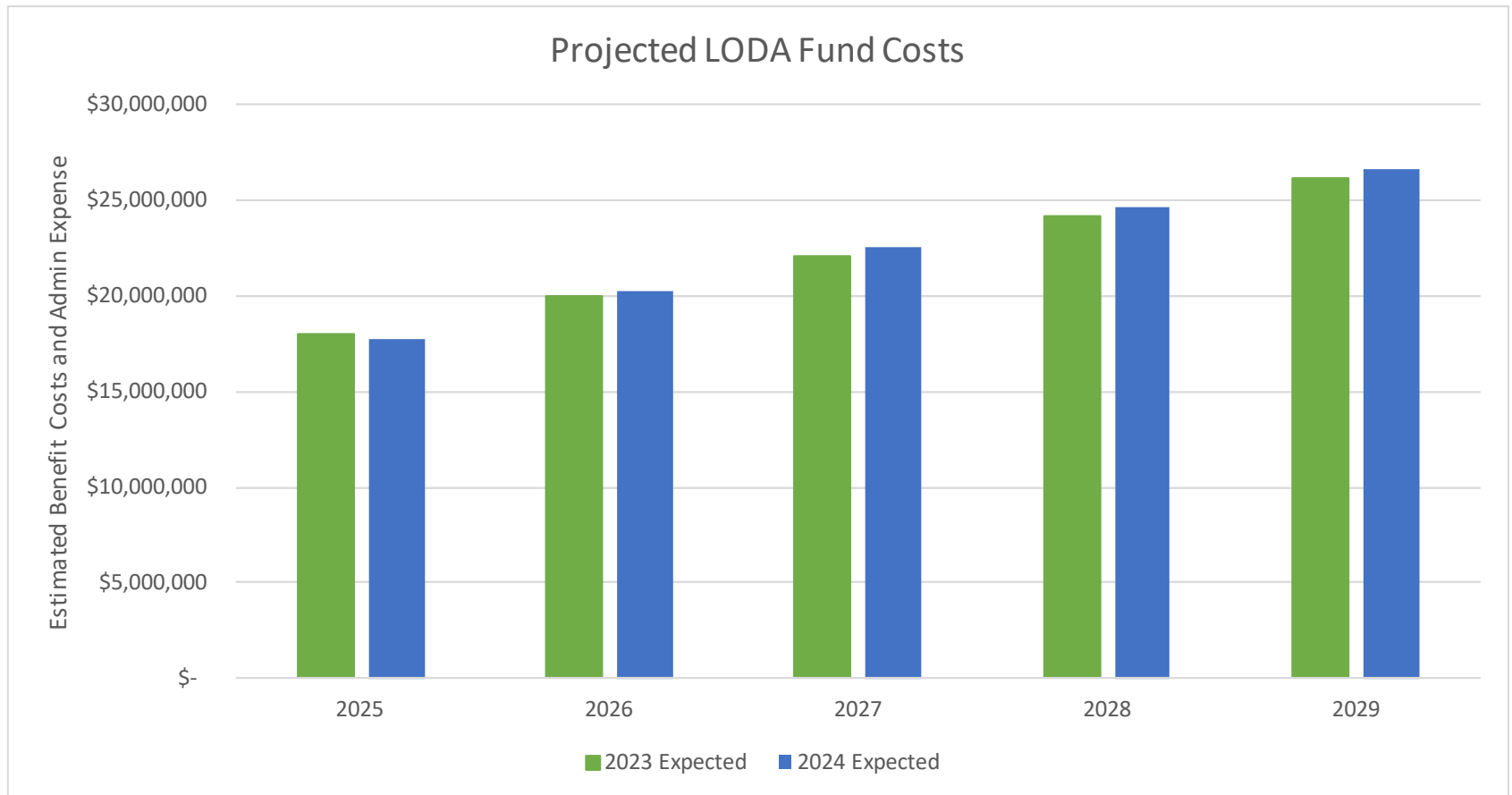


^Board certified rate adjusted by HB 30 to \$1,015 to account for the increase in presumptive death benefit amounts.

Putting It All Together



Putting It All Together: Projected Benefit Payments



LODA: Conclusions

- LODA Fund contributions are likely to increase, due to:
 - PAYGO financing approach
 - Health care inflation
 - Plan design changes
 - Increasing number of beneficiaries
 - Static/Decreasing FTE employee count



THANK YOU

QUESTIONS



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