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## Minutes

A regular meeting of the Benefits and Actuarial Committee was held on November 16, 2023, in Richmond, Virginia with the following members participating:

John M. Bennett, Chair

Jessica L. Hood

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Rory Badura, Judy Bolt, Ty Bowers, Jeanne Chenault, Stephanie Conyers, Michael Cooper, David Cotter, Sara Denson, Andy Feagans, Antonio Fisher, Krystal Groff, Daveida Murphy-Hasan, Angela Payne, Virginia Sowers, Emily Trent, Leslie Weldon and Cindy Wilkinson.

Guests:

Jim Anderson, Becky Stouffer and Kurt Dosson, Gabriel, Roeder, Smith & Company; Jamie Bitz, Joint Legislative Audit and Review Commission; and Erin Shell and Amy Stokes, Auditor of Public Accounts.

The meeting convened at 10:00 a.m.

### Opening Remarks

Mr. Bennett called the meeting to order and welcomed everyone to the November 16, 2023, meeting of the Benefits and Actuarial Committee.

### Approval of Minutes

Upon a motion by Ms. Hood, with a second by Mr. Bennett, the Committee approved the minutes of its October 18, 2023, meeting.

### **2023 Actuarial Valuation Results for Political Subdivision Retirement Plans, the Virginia Local Disability Program (VLDP), Local Health Insurance Credit (HIC), and the Line of Duty Act (LODA) Fund**

Jim Anderson, Becky Stouffer and Kurt Dosson from the VRS plan actuary, Gabriel, Roeder, Smith & Company (GRS), presented the June 30, 2023, actuarial valuation results for the Political Subdivision Retirement Plans, the Virginia Local Disability Program (VLDP), the Local Health Insurance Credit (HIC), and the Line of Duty Act (LODA) fund. The VRS actuary conducts annual valuations as of the close of the fiscal year (June 30). 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.

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

- The June 30, 2023, valuations are used to set the contribution rates for fiscal years 2025 and 2026.

- Unfunded liability as of June 30, 2023, was re-amortized over a 20-year period, collapsing bases created from 2013-2023 into one new base for each plan.
- Pension rates no longer contain an estimate of the DC hybrid employer contributions, representing only the defined benefit portion.
- Pension rates decreased from the prior rate setting for 182 of the 594 local plans, or approximately 31% of employers. For 223 employers, or nearly 38%, the rates will increase by less than 1.0% of covered payroll, and for the remaining 189 employers, or 31% of employers, rates are expected to increase over 1.0% of covered payroll compared to the prior rate setting.
- HIC employer rates for 160 of the 234 employers, nearly 70%, will remain unchanged from the prior rate setting due to funding levels triggering plan surcharges which keep funding at the prior higher rate until a certain funded status is achieved. While funded statuses are improving, over half of the local HIC plans are still below 50% funded.
- VLDP rates for both Teachers and Political Subdivision plans decreased slightly from the prior rate setting due to favorable plan experience.

Ms. Stouffer and Mr. Dosson provided the results for the Line of Duty Act (LODA) Fund.

Key points from the LODA fund presentation include:

- The LODA plan is a pay-as-go plan that must collect the required funds to pay benefits expected to be incurred over the coming year.
- LODA fund premiums are inherently expected to increase each rate setting as the primary benefit is health insurance coverage which is expected to increase each year.

While the proposed two-year rate for LODA increases from \$830.00 to \$995.00 per FTE, this is below the projected rate from last year due to lower than expected healthcare cost increases along with favorable demographic experience.

Mr. Bennett thanked Ms. Stouffer, Mr. Anderson and Mr. Dosson for their presentation and advised that GRS will also deliver an abbreviated version of their presentation to the full Board of Trustees on November 16, 2023.

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

**RBA: Approve contribution rates for political subdivisions, the Health Insurance Credit for certain political subdivisions, the Virginia Local Disability Program and the Line of Duty Act Fund, effective for FY 2025 and FY 2026.**

***Request for Board Action:*** After considering the recommendations of its Plan Actuary, the Board accepts the June 30, 2023, valuation report for political subdivisions and the Health Insurance Credit (HIC) for certain political subdivisions; approves a contribution rate of 0.32% for constitutional officers, a rate of 0.26% for social services employees, and a contribution rate of 0.17% for general registrars; approves a contribution rate of 0.45% for the Virginia Local Disability Program (VLDP), including self-funded Long-Term Care for Teachers and a rate of 0.74% for VLDP, including self-funded Long-Term Care for Political

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*Subdivisions; and approves a full-time equivalent premium rate of \$995.00 for the Line of Duty Death and Health Benefits Trust Fund (Fund), all for both FY 2025 and FY 2026, to be effective July 1, 2024.*

**Information Item**

2024 B&A Committee Meeting Schedule:

Lastly, Mr. Bennett reviewed its 2024 meeting schedule:

- February 7
- April 17
- June 12
- October 16
- November 14

Mr. Bennett advised that all meetings will begin at 1:00 p.m., apart from the November meeting, which is scheduled for 10:00 a.m.

**Adjournment**

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

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

2/7/24

Date



John M. Bennett, Chair  
Benefits and Actuarial Committee