



Benefits and Actuarial Committee (B&A) Meeting

VRS, 1111 E. Main Street
3rd Floor Board Room

Wednesday, 10/16/2024
1:00 - 3:30 PM ET

I. Welcome and Introductions

II. Approve Minutes

B&A Minutes 06.12.2024 final - Page 2

III. 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).

RBA - Accept Plan Valuations - Page 5

October 16 2024 Statewide Meeting_Final - Page 6

Valuation Highlights B&A Summary 10.14.24 Final - Page 57

IV. Information Item

Upcoming B&A Meeting:

- November 14 at 10:00 a.m. (Local Valuations, Line of Duty Act, and Virginia Local Disability Program).

V. Other Business

Minutes

A regular meeting of the Benefits and Actuarial Committee was held on June 12, 2024, in Richmond, Virginia with the following members participating:

John M. Bennett, Chair
Jessica L. Hood

Board members participating:

Hon. J. Brandon Bell, II (*remotely from Roanoke, VA in accordance with 2.2-3708.3(B)(3)*)

VRS Staff:

Patricia Bishop, Jennifer Schreck, Rory Badura, Judy Bolt, Jeanne Chenault, Sara Denson, Krystal Groff, Sandy Jack, Angela Payne and Scott Weaver.

Guests:

Jamie Bitz, Joint Legislative Audit and Review Commission.

The meeting convened at 1:00 p.m.

Opening Remarks

Mr. Bennett called the meeting to order and welcomed everyone to the June 12, 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.

Senator Bell: Present.

Mr. Bennett: Present.

Approval of Minutes

Upon a motion by Ms. Hood, with a second by Mr. Bennett, the Committee approved the minutes of its February 7, 2024, meeting.

Election of Committee Vice Chair

Next, Mr. Bennett opened the floor for nominations for Committee Vice Chair. Following Ms. Hood's recommendation and a motion by Senator Bell, the Committee unanimously approved the nomination of Lindsey K. Pantele to continue serving as Vice Chair.

Committee Charter Review

Next, Sandy Jack, Director of Policy, Planning and Compliance, provided an overview of the recommended changes to the Committee Charter that will provide additional clarity and reflect associated changes since the last review. Ms. Jack advised VRS staff periodically reviews all charters to ensure each accurately describes the appropriate duties and procedures, as well as reflects best practices for current board governance.

Mr. Bennett thanked Ms. Jack for her presentation.

Following a motion by Ms. Hood and a second by Senator Bell, the Committee approved the recommended changes to the Benefits and Actuarial Committee Charter, and recommended approval to the Administration, Finance and Talent Management Committee and the full Board of Trustees.

Information Items

Optional Form Study

Rory Badura, Senior Staff Actuary, provided an update on the Optional Form Study to the Committee. Mr. Badura advised that the adjustment factors used to determine optional forms of payment are being updated to reflect changes in assumptions that have occurred since the factors were last updated. The updated factors will better align with the current funding assumptions and will provide a slightly better outcome for members who elect an optional form of payment. There will be minimal impacts to the plans as the factors are designed to be cost neutral to the plan. Impacts to members selecting an optional form of payment will vary based on the option elected and the age at retirement. Mr. Badura noted the *Code of Virginia* provides that actuarial equivalent tables should be used to determine optional forms of payment, but does not specify or require that assumptions used to develop such tables be on the same basis as those used for computing contribution rates.

Mr. Badura advised the new optional form factors will affect retirements after December 31, 2024, and will be reviewed as part of the quadrennial experience study beginning in Spring 2029. Staff will be working over the next few months to implement the new tables in VRS systems, as well as communicating the upcoming changes to VRS members.

Pension Dashboard

Next, Mr. Badura provided an overview and status update on the development of a VRS Pension Dashboard that will consolidate historical measures, display trend information of key indicators and provide monthly updates of economic and cash flow measures that indicate expectations for upcoming valuation results.

The dashboard will allow access to various pension and OPEB plan measures associated with plan liabilities, employer costs, plan cash flows and demographic information. The dashboard will include historical information, some year-to-date measures for monthly monitoring, and forecasting. Mr. Badura noted that this was a work in progress and will start with common key indicators but will be expanded to include additional demographic measures in the near future.

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

Mr. Bennett thanked Mr. Badura for his presentations.

2024 B&A Committee Meeting Schedule:

Mr. Bennett reviewed the Committee meeting schedule:

- October 16 at 1:00 p.m.
- November 14 at 10:00 a.m.

Other Business

Lastly, Ms. Bishop thanked Mr. Badura and Ms. Denson for their hard work on the development of the pension dashboard and updating the optional form factors. An abbreviated presentation of the Optional Form Study will be included in the June Board of Trustees meeting.

Adjournment

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

There being no further business, the meeting concluded at 2:06 p.m.

Date

John M. Bennett, Chair
Benefits and Actuarial Committee



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.

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 Five Statewide Retirement Plans, Group Life Insurance, the Health Insurance Credit Plans for both State and Teachers, and the Virginia Sickness and Disability Program.

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

**Presenters: Becky Stouffer, ASA, MAAA, FCA,
Kurt Dosson, ASA, MAAA & Jim Anderson, FSA, EA, MAAA, FCA**



October 16, 2024

Agenda

- Big Picture – Pension & OPEB
- Highlights of 2024 Pension Valuations
- Highlights of 2024 OPEB Valuations
- Looking Ahead
- Appendix





BIG PICTURE

BIG PICTURE – PENSION/OPEB

Big Picture: October Meeting Content

Pension Valuations	Other Post-Employment Benefits (OPEB) Valuations
Virginia Retirement System <ul style="list-style-type: none"> • State Employees • Teachers 	Health Insurance Credit (HIC) <ul style="list-style-type: none"> • State Employees • Teachers
Virginia Law Officers (VaLORS)	Group Life Insurance
State Police Officers (SPORS)	Virginia Sickness and Disability Program
Judicial (JRS)	

November Meeting Content: Political Sub. Pension and OPEB; VLDP Results
 HIC – Constitutional Officers, Social Service Employees, Registrars;
 Line of Duty Act Fund



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



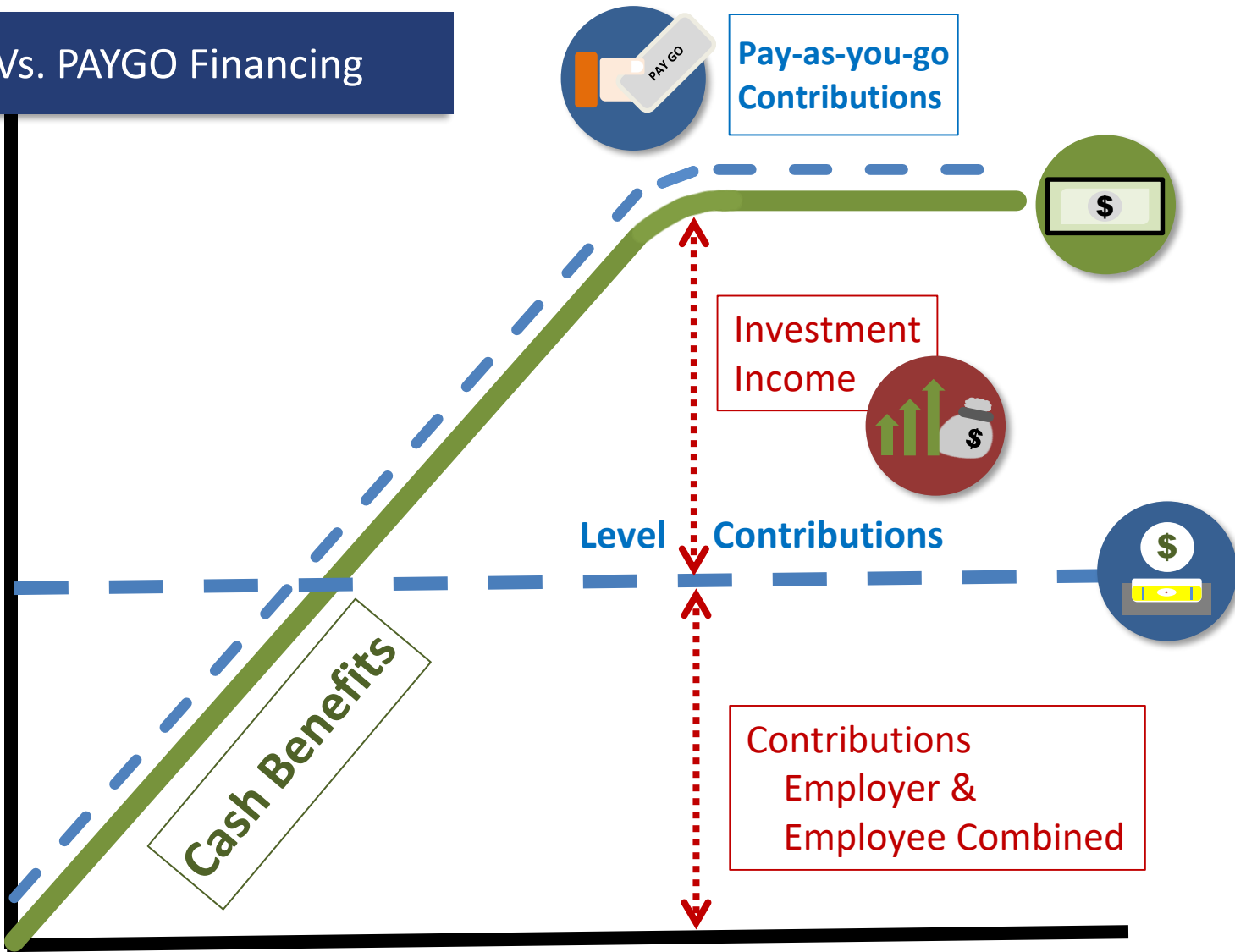
Big Picture: General Funding Objectives

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



Pre-funding Vs. PAYGO Financing

% of Active Employee Pays

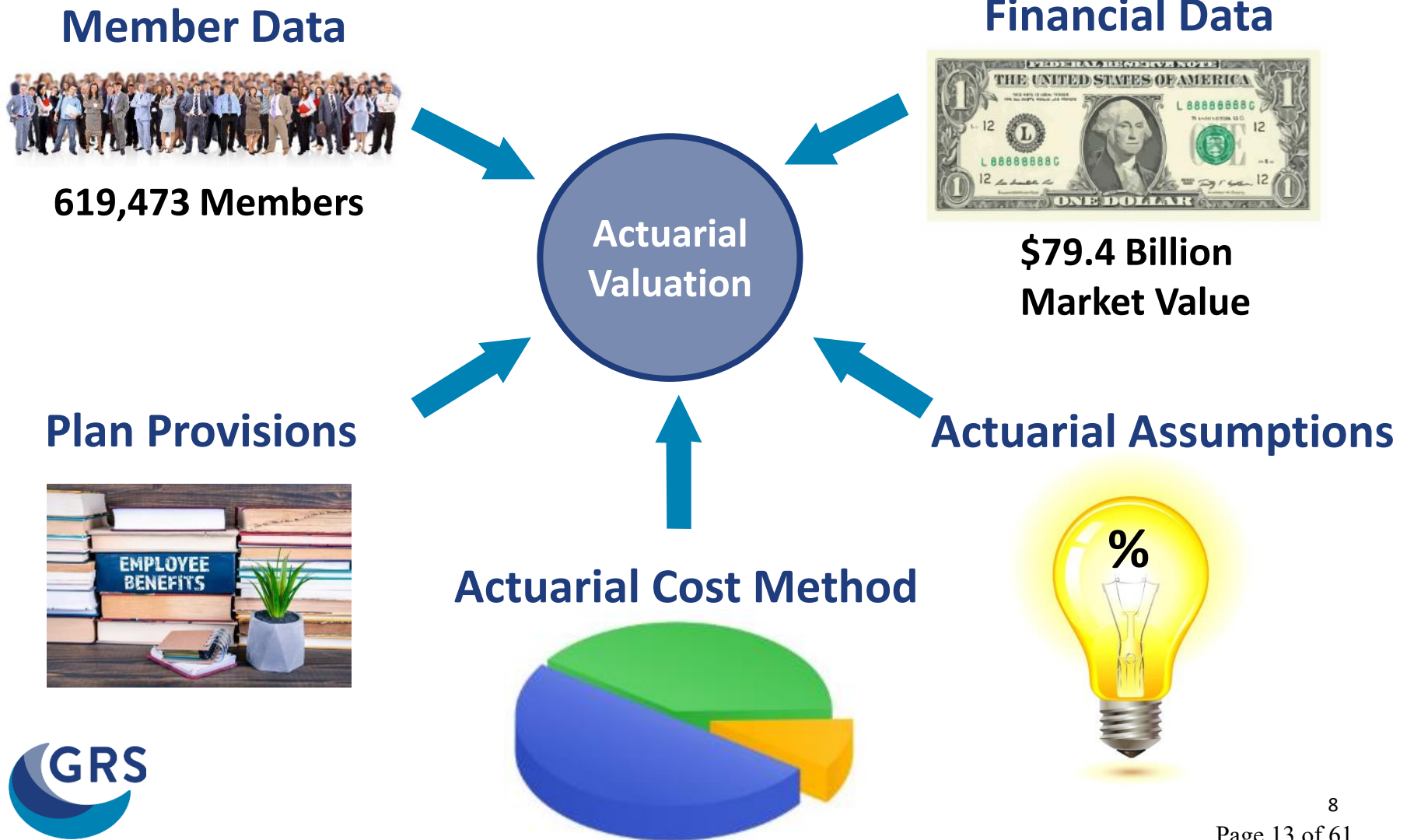



Start

50 Years of Time



Big Picture: Actuarial Valuation Process – (Statewide Pension Excluding Political Subdivisions)





JUNE 30, 2024
VALUATION RESULTS HIGHLIGHTS



Active Participants at June 30, 2024

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%



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%

¹Actual pay increase over expected pay for continuing actives

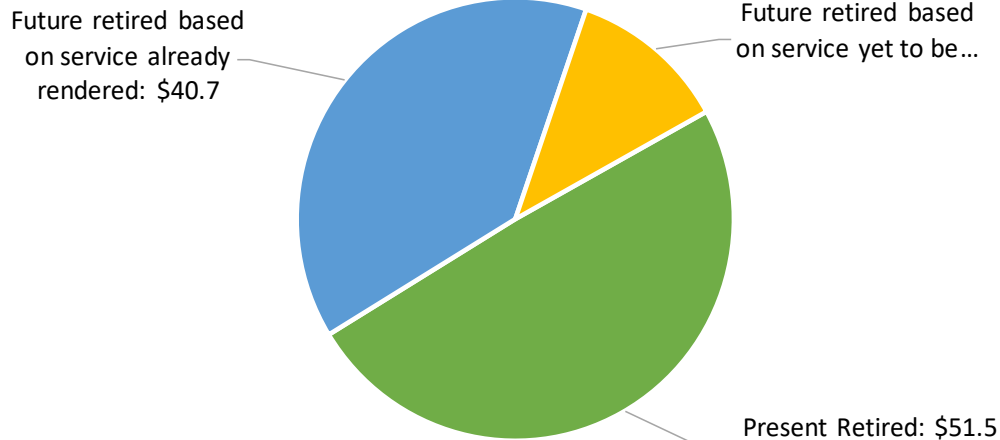
Note: Return to Work Payroll for 251 positions (198 Teachers) = \$16 million



\$112.1 Billion of Benefit Promises to Present State EEs & Teacher Active and Inactive Members

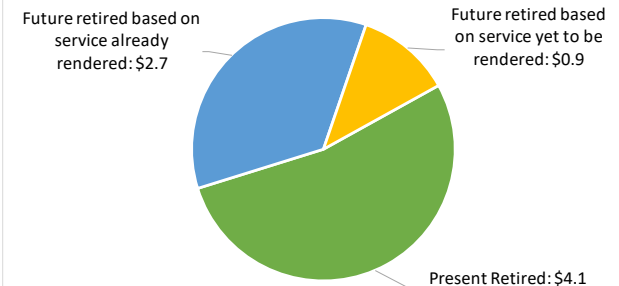
PENSION* : \$104.4 Billion

Uses of Funds



OPEB^ (GLI+HIC): \$7.7 Billion

Uses of Funds



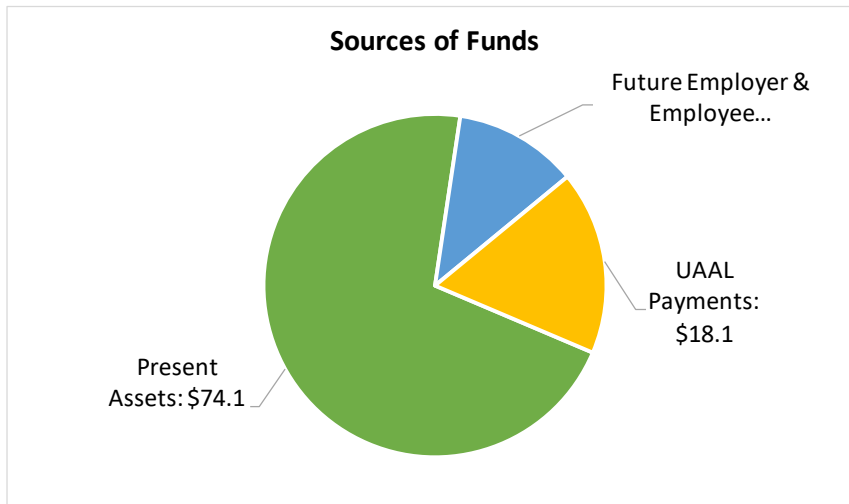
* Excludes SPORS, VaLORS, JRS, & Pol. Subs.

^ Excludes HIC (Pol. Subs. & Special Coverage Groups), VS(L)DP, & LODA

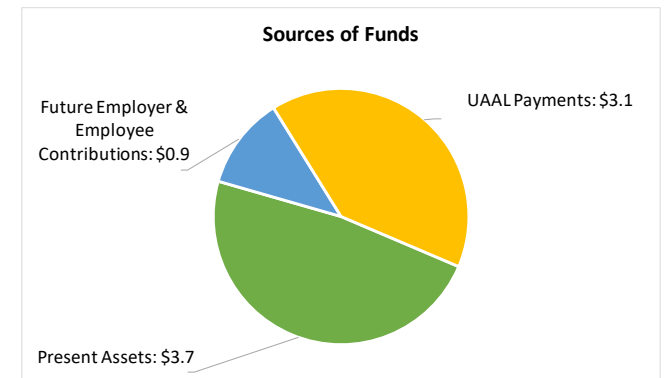


Sources of Funds for Financing \$112.1 Billion of Benefit Promises to State EEs & Teacher Members

PENSION*: \$104.4 Billion



OPEB[^] (GLI+HIC): \$7.7 Billion



* Excludes SPORS, VaLORS, JRS, & Pol. Subs.

[^] Excludes HIC (Pol. Subs. & Special Coverage Groups), VS(L)DP, & LODA



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



Actuarial Value Assets: State Employees Pension in \$ Millions – 9.9%/8.6% MVA/AVA Return

	2024	2025	2026	2027	2028
Actual Investment Return	2,238				
Assumed Investment Return	1,551				
Gain/(Loss) to be Phased-in	686				
Phased-in Recognition					
-Current year	137	?	?	?	?
-1 st prior year	(13)	137	?	?	?
-2 nd prior year	(313)	(13)	137	?	?
-3 rd prior year	762	(313)	(13)	137	?
-4 th prior year	(181)	762	(313)	(13)	137
Total Recognized Gain/(Loss)	392	573	(189)	124	137

2025-2028: Expect \$645 million in deferred asset GAINS
Other VRS Plans had similar asset experience

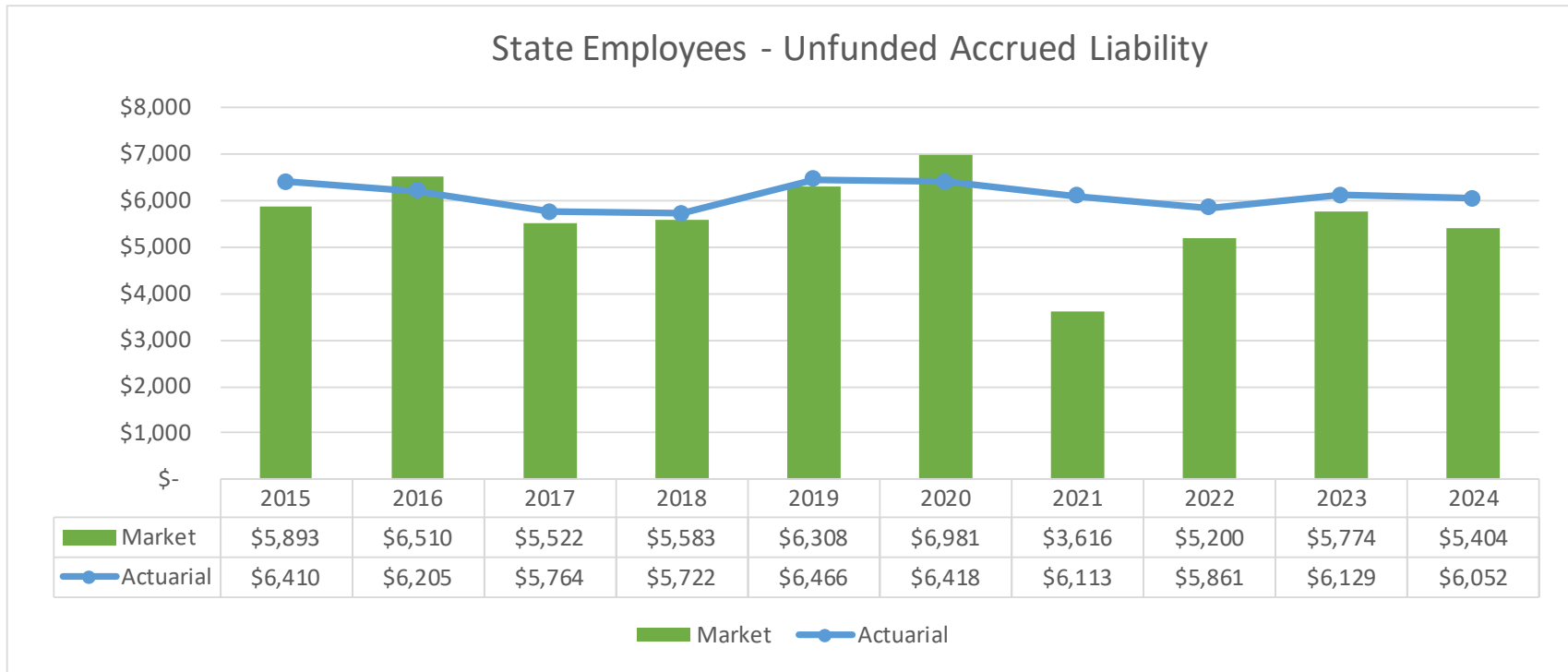


Why We Smooth Asset Returns

VRS Code Section 51.1-145:

- *The total annual defined benefit employer contribution for each employer, expressed as a percentage of the annual membership payroll, shall be determined in a manner so as to remain relatively level from year to year.*

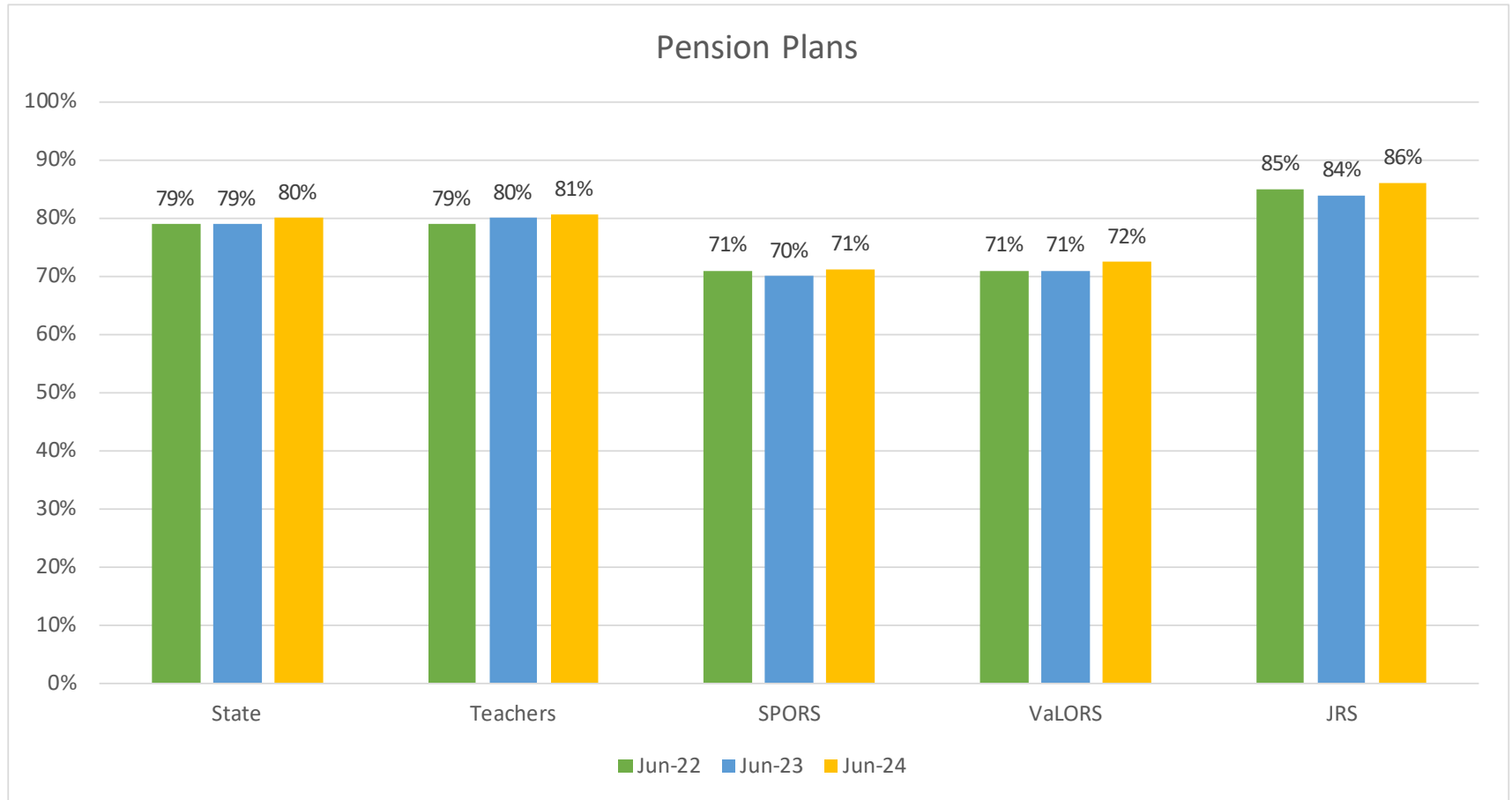
Why We Smooth Asset Returns



Unfunded liabilities will trend to Market Value basis over time
 - Other VRS Retirement Plans have similar patterns



Funded Status (AVA) – Pension Plans



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

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

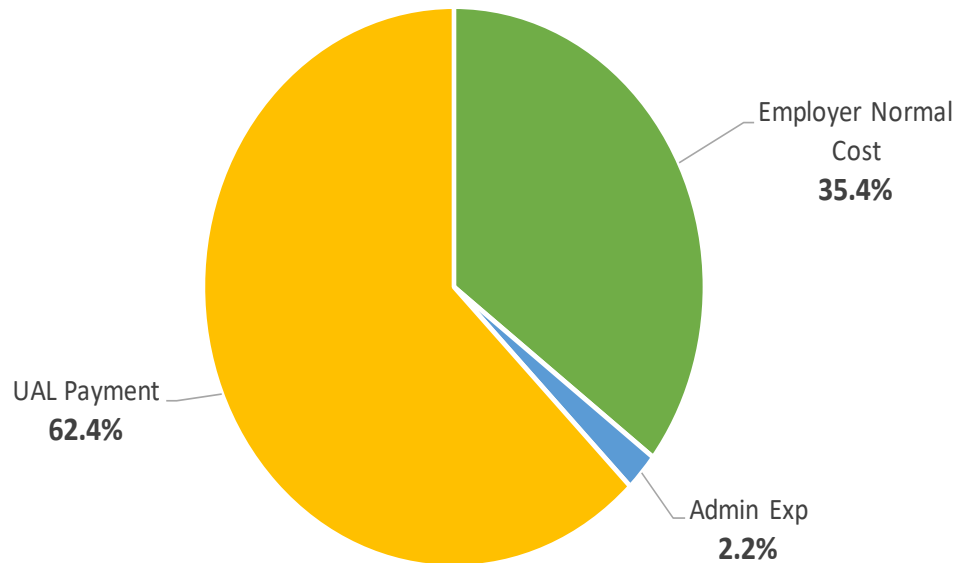


Legislative Updates

- **HB 1312 & 1401**- Adds VaLORS for DCR conservation officers & Dept of Military Affairs firefighters
 - For service earned on or after 7/1/2025
 - HB 1312 must pass again next session before becoming effective June 1, 2025

Calculated Defined Benefit Employer Pension Contributions – State Employees

State Employer Rate



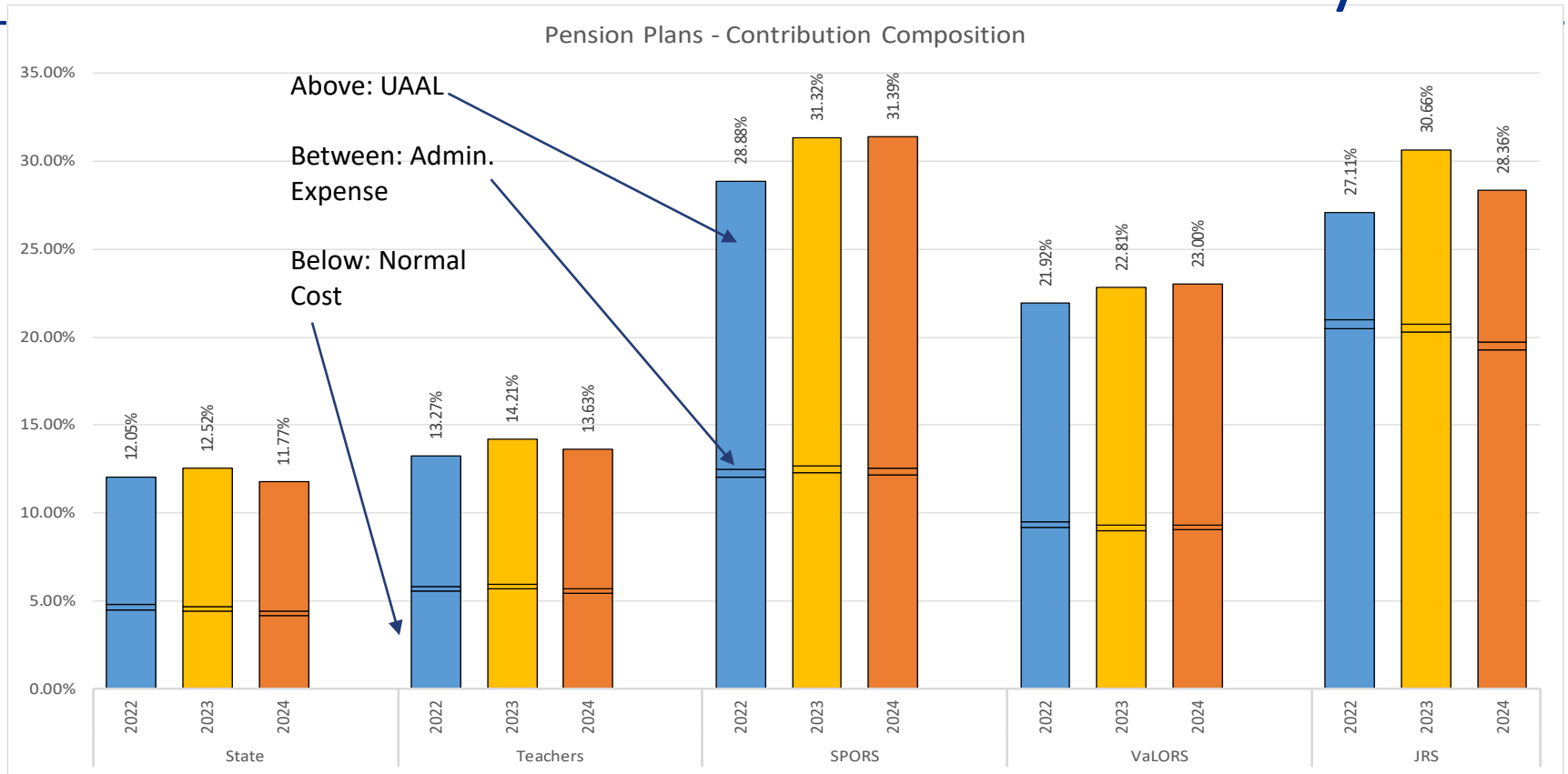
Normal Cost ultimately decreases to Plan 2/Hybrid level

Component	% of Pay
Employer NC	4.17%
Admin Exp	0.26%
UAL Payment	7.34%
Total	11.77%

UAL amortization payment = majority of the contribution for pension plans (other than JRS)



Actuarially Determined Employer Contribution Rates – Pension Plans Defined Benefit Only



	State			Teachers			SPORS			VaLORS			JRS		
	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%
Accrued Liability	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%
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%



* Includes Administrative Expense

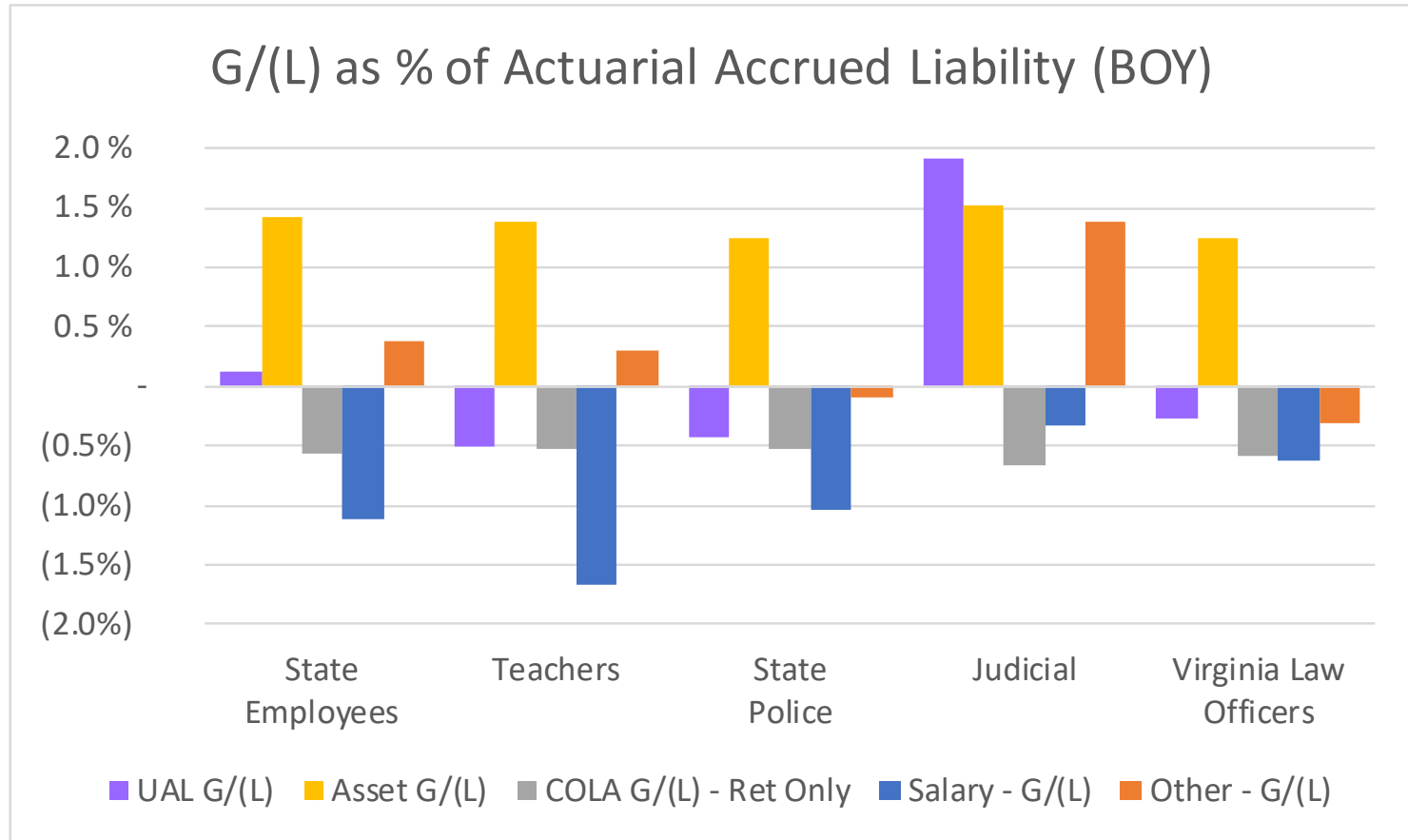
Additional contribution of 1.0%-3.5% of Hybrid payroll also required for Plans with Hybrid benefit tier

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

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



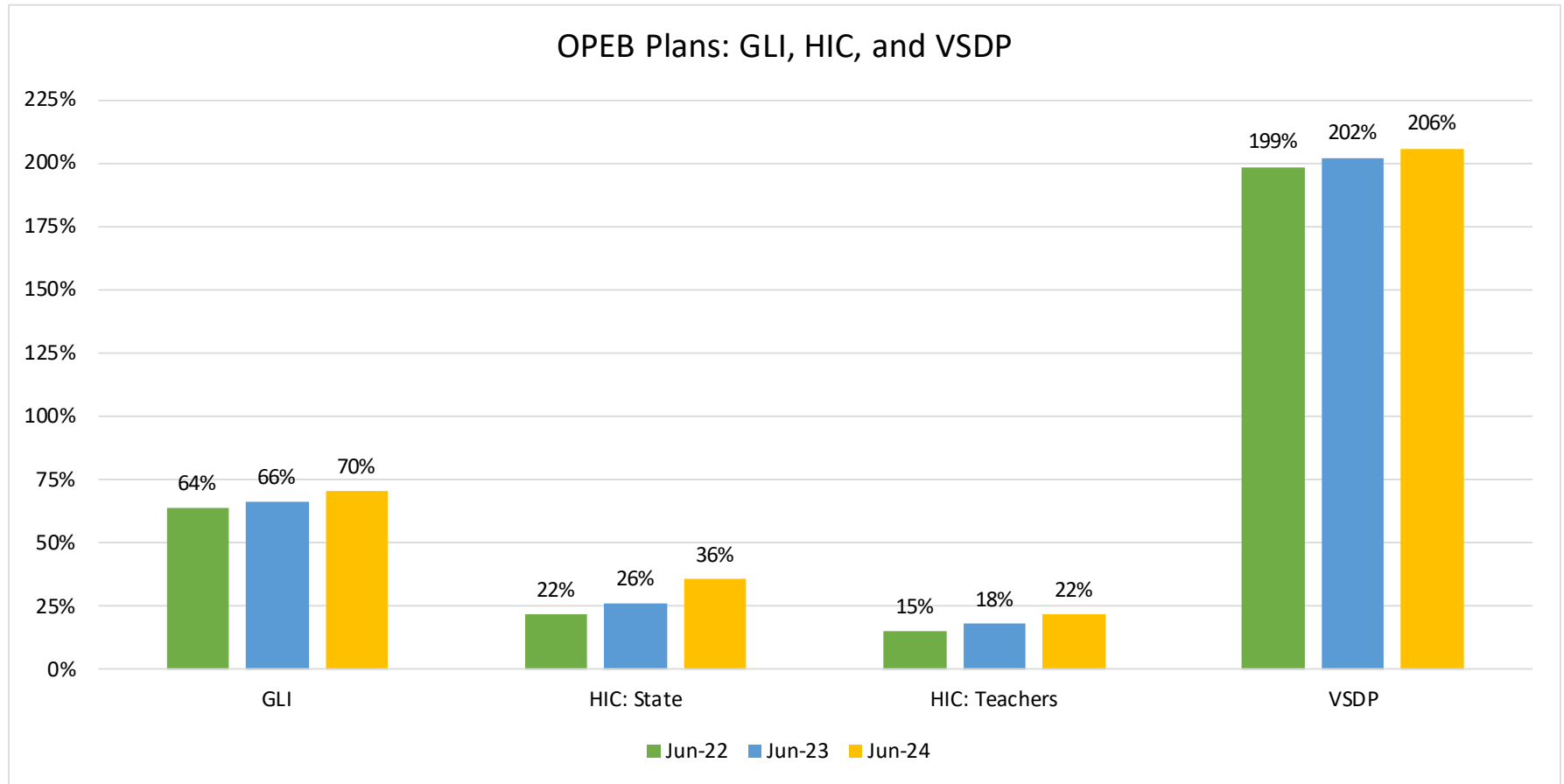
Pension Gain/Loss Commentary (%s)



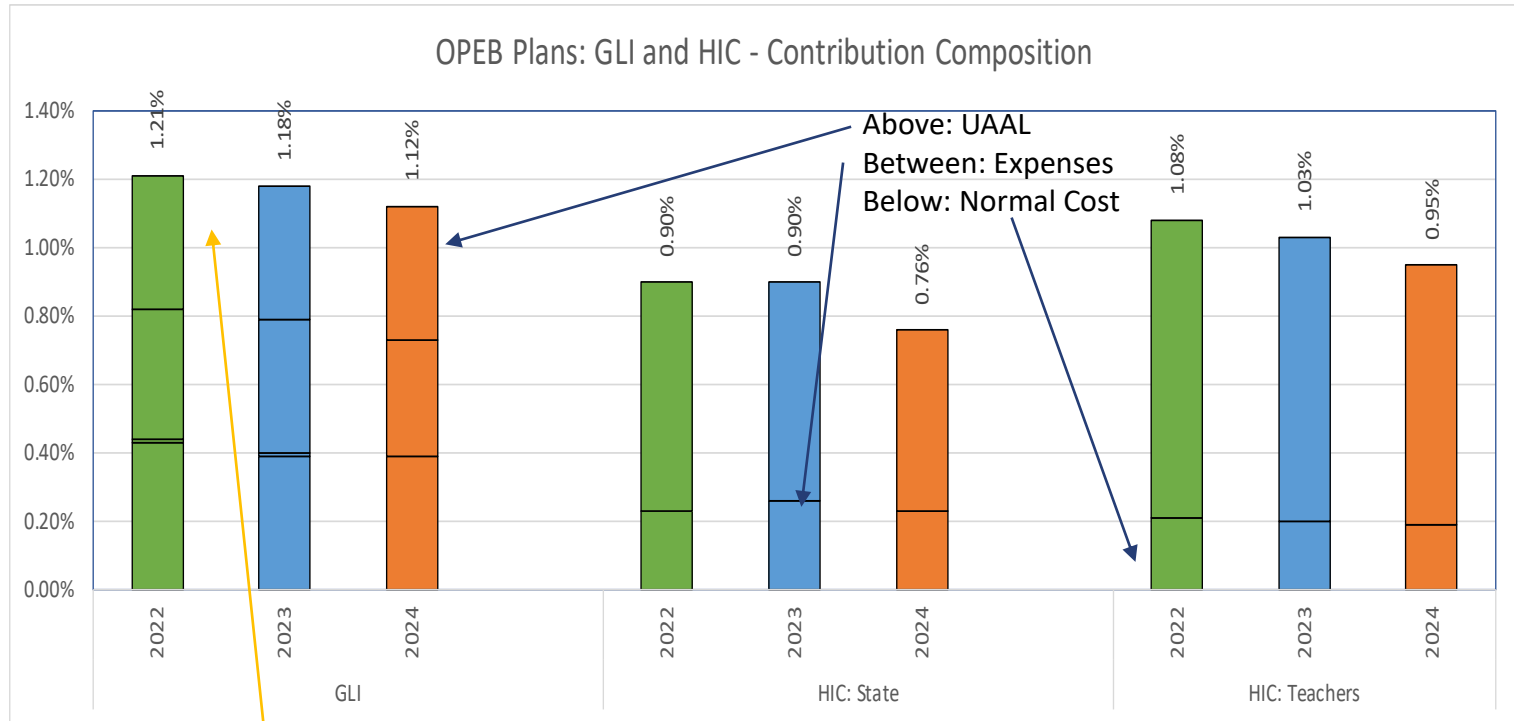
Actual COLA/Assumption: Plan 1 = 3.56%/2.5%
 Plan 2/Hybrid = 3.0%/2.25%



Funded Status (AVA) – OPEB Plans



Actuarially Determined Employer Contribution Rates – OPEB Plans



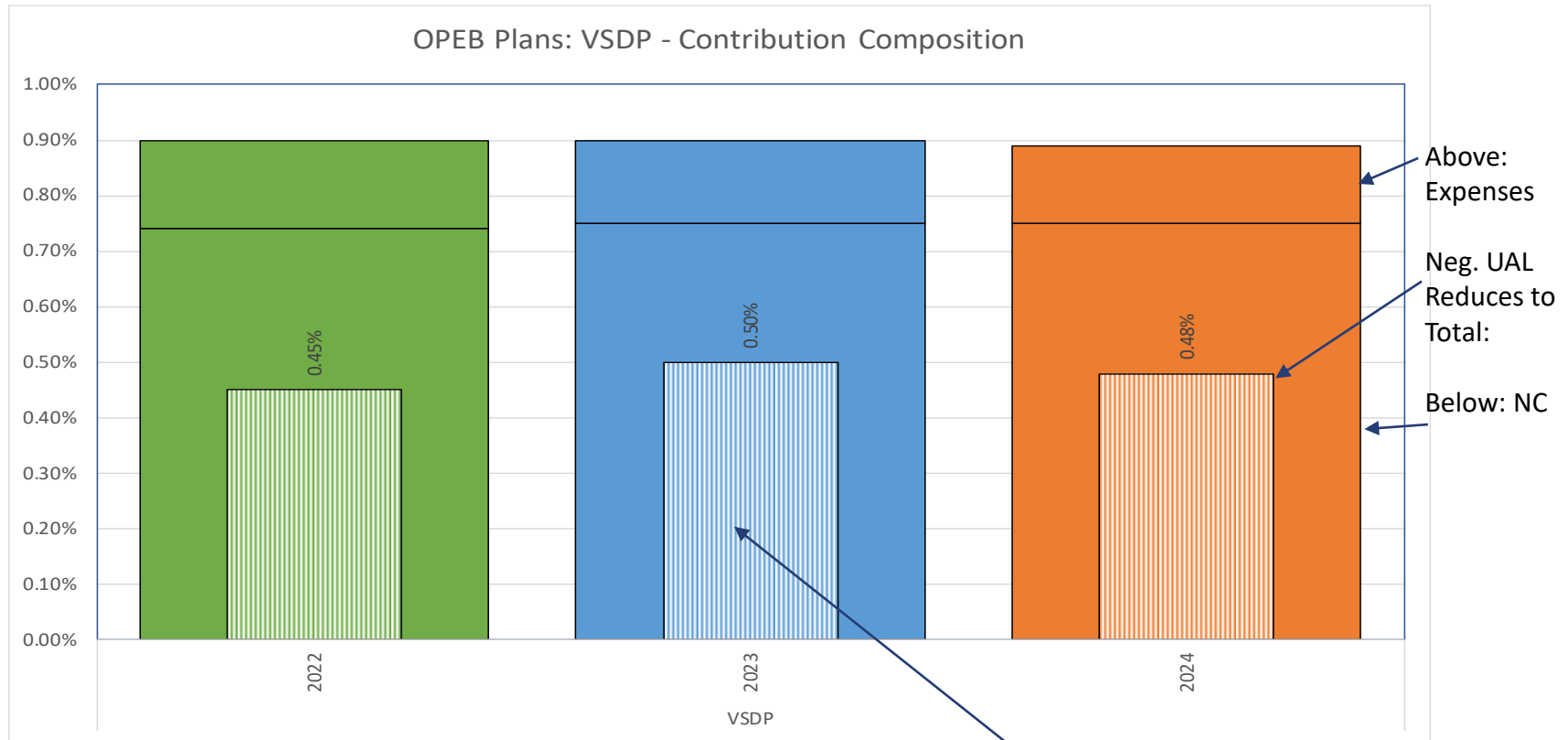
Note top 1/3 of GLI rate reflects active Life Insurance contribution

	GLI			HIC: State			HIC: Teachers		
	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%
Accrued Liability^	0.77%	0.78%	0.73%	0.67%	0.64%	0.53%	0.87%	0.83%	0.76%
Total	1.21%	1.18%	1.12%	0.90%	0.90%	0.76%	1.08%	1.03%	0.95%



* Includes Administrative Expense
 ^ Includes Active GLI Adjustment

Actuarially Determined Employer Contribution Rates – OPEB Plans: VSDP



	VSDP		
	2022	2023	2024
Normal Cost*	0.90%	0.90%	0.89%
Accrued Liability	-0.45%	-0.40%	-0.41%
Total	0.45%	0.50%	0.48%

Interior Column: Total Contribution Rate
(UAL credit exists when lower than other components)



* Includes Administrative Expense

Experience 2023-2024: OPEB (in \$millions)

	GLI	HIC: State	HIC: Teachers	VSDP
UAL Last Valuation	\$ 1,357.7	\$ 797.4	\$ 1,196.3	\$ (316.5)
Prior Year (PY) Normal Cost	85.4	20.2	18.1	45.7
Actual PY ER Contributions	(270.6)	(101.8)	(130.2)	(27.7)
Extra Contributions	-	(52.8)	-	-
Adjustment to Market Value	-	-	-	-
Interest	88.3	51.8	77.6	(19.3)
Expected UAL	1,260.8	714.8	1,161.8	(317.8)
UAL This Valuation	1,260.6	691.5	1,145.7	(347.6)
Total Gain/(Loss)	0.2	23.2	16.1	29.8
-- Asset Gain/(Loss)	50.8	3.1	2.0	10.7
-- Plan Change Gain/(Loss)	-	-	-	-
-- Liability Gain/(Loss)	(50.6)	20.1	14.1	19.1



HIC state benefit increase effective 7/1/24 was reflected in prior year liabilities

Pension Projections

State Employees and Teachers

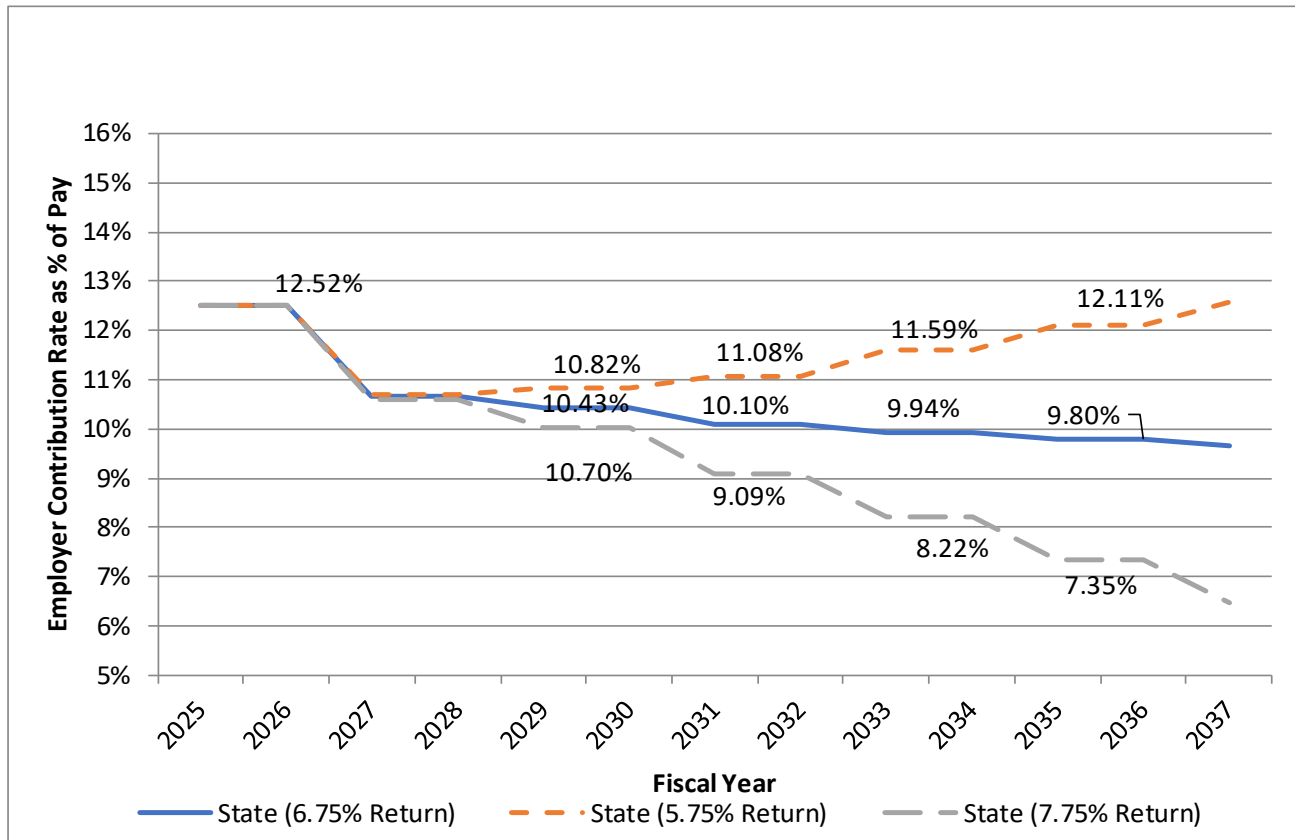
The following pages show projected pension contributions & funded status

- Liabilities are calculated at 6.75%
- Investment returns shown at assumed 6.75% rate and 5.75%/7.75% for sensitivity



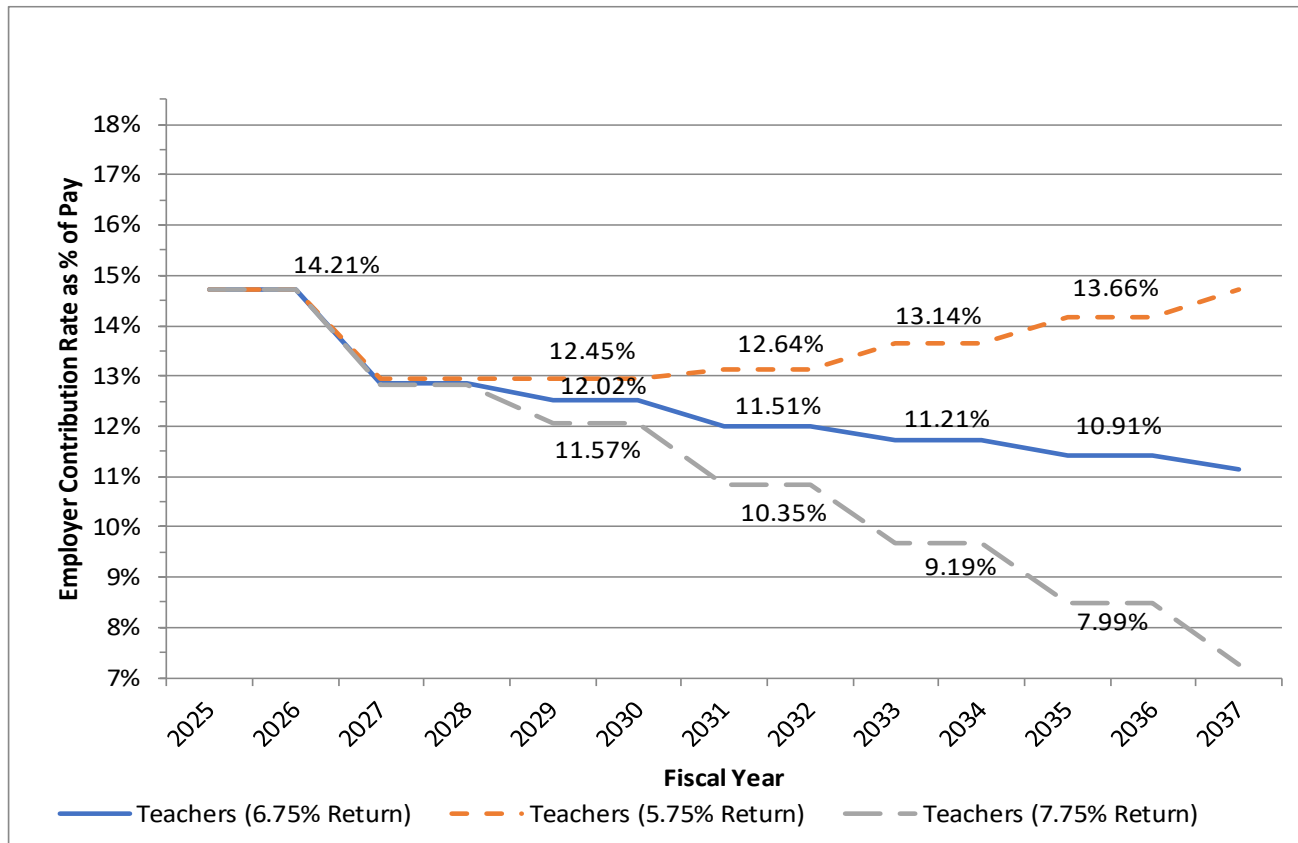
Projected Employer Contribution Rates (Fiscal Year) - Defined Benefit Only

State Employees



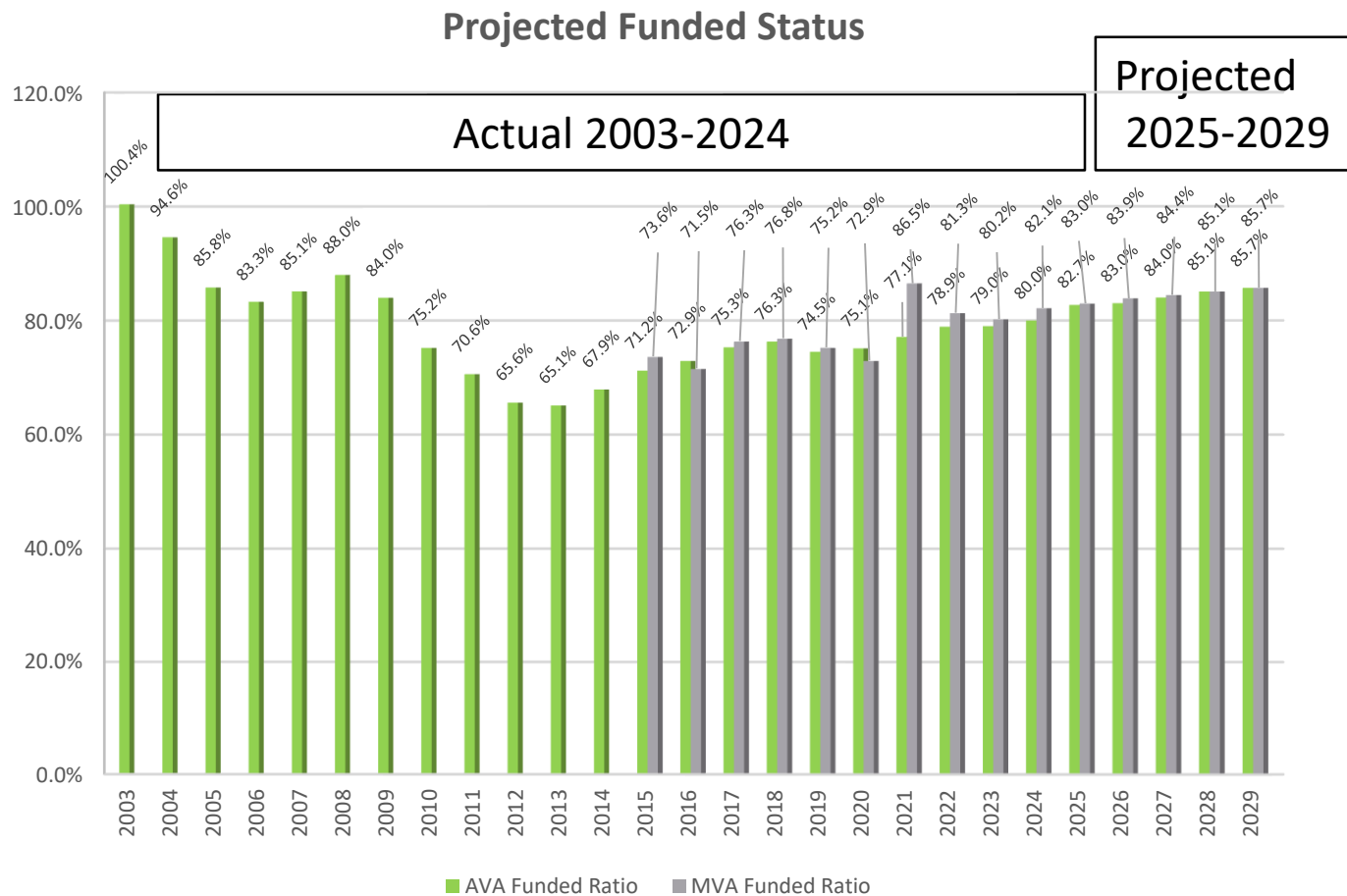
Projected Employer Contribution Rates (Fiscal Year) - Defined Benefit Only

Teachers



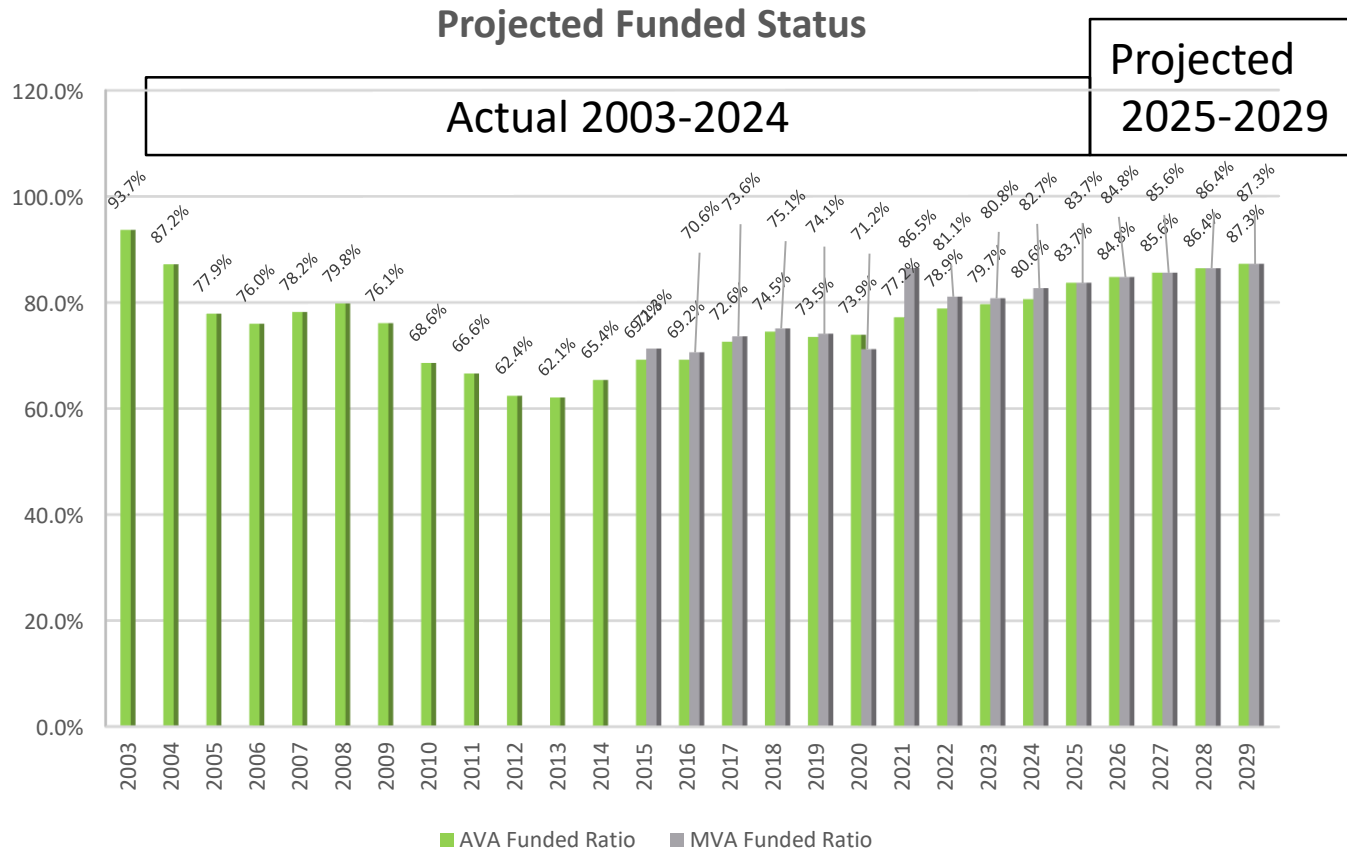
Projected Pension Funded Status

State Employees



Projected Pension Funded Status

Teachers



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



HOT TOPICS

Checking Our Assumptions

Experience Study:

- Every four years, compare VRS key assumptions to actual experience and make adjustments
- Next Experience Study will be conducted in Spring 2025 using data from 2021 – 2024 valuations
 - Developed for use in 2025 valuations
 - Will impact Fiscal Year 2027-2028 contributions



Experience Study Process

Analysis

- 4 years of data
- Comparison to prior trends
- Confirmed vs. non-confirmed trends
- Liability vs. Headcount

Philosophy

- Do not overreact
- Incremental changes

Assumptions

- Demographic assumptions
- Economic assumptions
- Analyzed each year for reasonableness

Actuarial Assumptions - Primary Risks

Demographic	Economic
Normal Retirement	Price Inflation
Early Retirement	Wage Inflation
Death-in-Service	Investment Return
Disability	
Other Separations	
Pre- and Post-Retirement Mortality	
Merit and Longevity Pay Increases	

Plus many, many more assumptions...

Actuarial Methods and Other Assumptions

Actuarial Cost Method

Asset Valuation Method

Funding Policy

Loads

PLOP Modeling

Experience Study: General Pandemic Trends

Mortality

- Return to normal

Retirements

- Return to normal

Terminations

- Continue to see increased turnover

Wages

- Wage inflation up



THANK YOU

QUESTIONS



APPENDIX



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)	11.62%	11.07%	TBD	TBD

* State and Teachers contribution rates set at 2019 valuation level, increased from 14.13% and 14.76% respectively, and include DC rate for Hybrid members.

^ 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, and JRS 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%
VSDP	0.61%^	0.45%	0.50%	0.48%

^ 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 and HIC-Teachers contribution rates held at 2021 valuation level; computed contribution rate decreased to 0.90% and 1.03% respectively.



Summary: Unfunded Pension Plan Liabilities (\$000)

Unfunded Liability

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
Total	\$ 19,424,875	\$ 19,414,888

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
Total	\$ 18,359,762	\$ 17,375,173



Summary: Unfunded OPEB Liabilities (\$000)

Unfunded Liability

AVA

	2023	2024
GLI	\$ 1,357,720	\$ 1,260,597
HIC - State	797,401	691,541
HIC - Teachers	1,196,302	1,145,675
VSDP	(316,522)	(347,574)
Total	\$ 3,034,901	\$ 2,750,239

MVA

	2023	2024
GLI	\$ 1,309,524	\$ 1,166,536
HIC - State	799,546	689,141
HIC - Teachers	1,196,910	1,141,564
VSDP	(325,183)	(364,449)
Total	\$ 2,980,797	\$ 2,632,792



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%

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%

*Includes counts for each plan from which members receive pension benefits.
Members with benefits from more than one employer are counted more than once.*



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.



Disclaimers

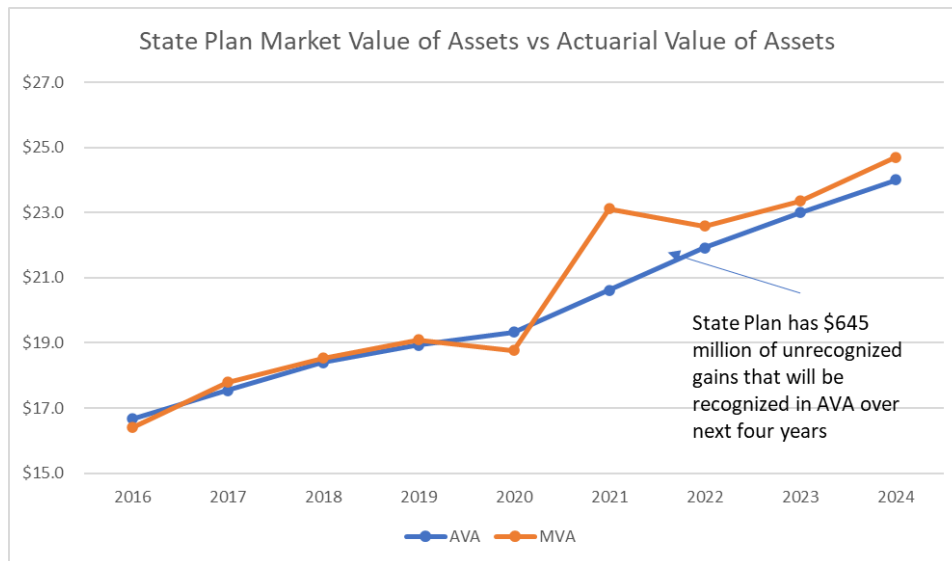
- This presentation is intended to be used in conjunction with the forthcoming actuarial valuation reports. This presentation should not be relied on for any purpose other than the purposes described in the valuation reports.
- This presentation shall not be construed to provide tax advice, legal advice, or investment advice.
- Jim Anderson, Becky Stouffer, and Kurt Dosson 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.



Valuation Highlights – State-Wide Plans

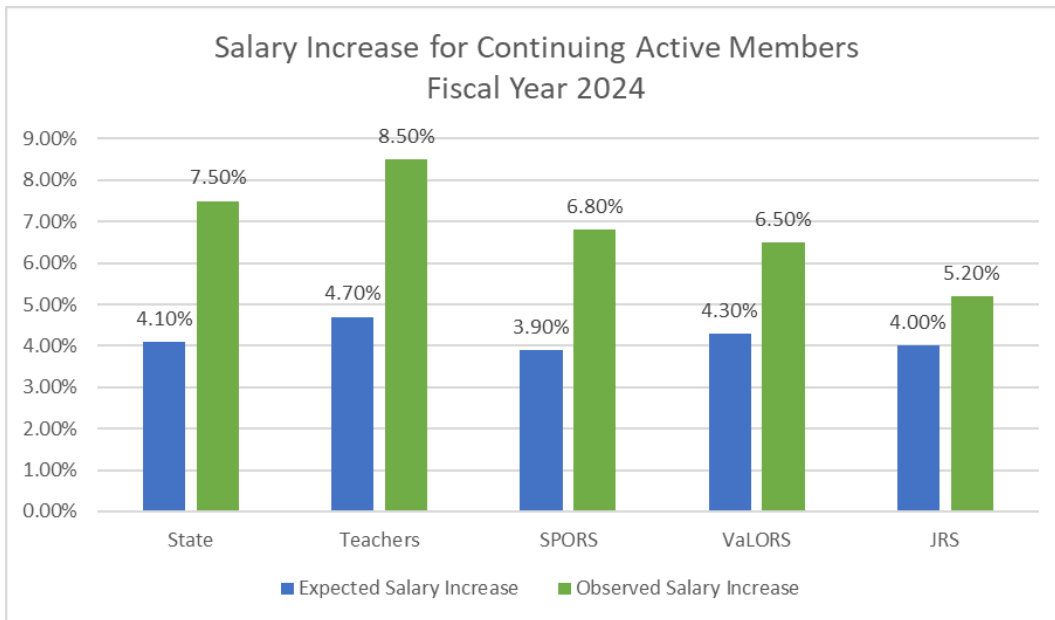
- Investment Returns Exceeded Assumed Rate of Return, 9.9% versus 6.75%
- Higher than expected Salary Increases and COLAs nearly offset Investment Gains
- Increases in Active members in State and Teacher Plans, decreases in Active members in VaLORS
- Progress made on reducing Unfunded Liabilities and improving Funded Status, but large balances still exist
- Quadrennial experience study will take place in spring of 2025. Assumptions will be updated for next rate-setting valuation.

Investment gains will help to moderate future contribution rates and improve Actuarial Value of Assets over next five years

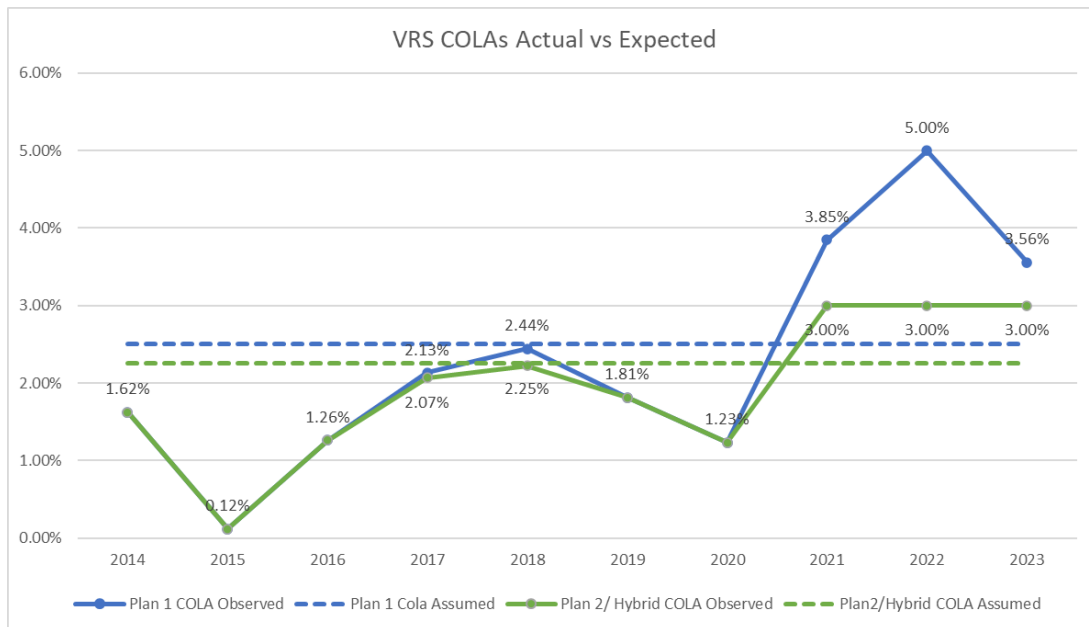


Investment Gains for Fiscal Year 2024 are nearly offset by salary Increases and COLA losses

- **Salary increases exceeded assumed increases in all plans**

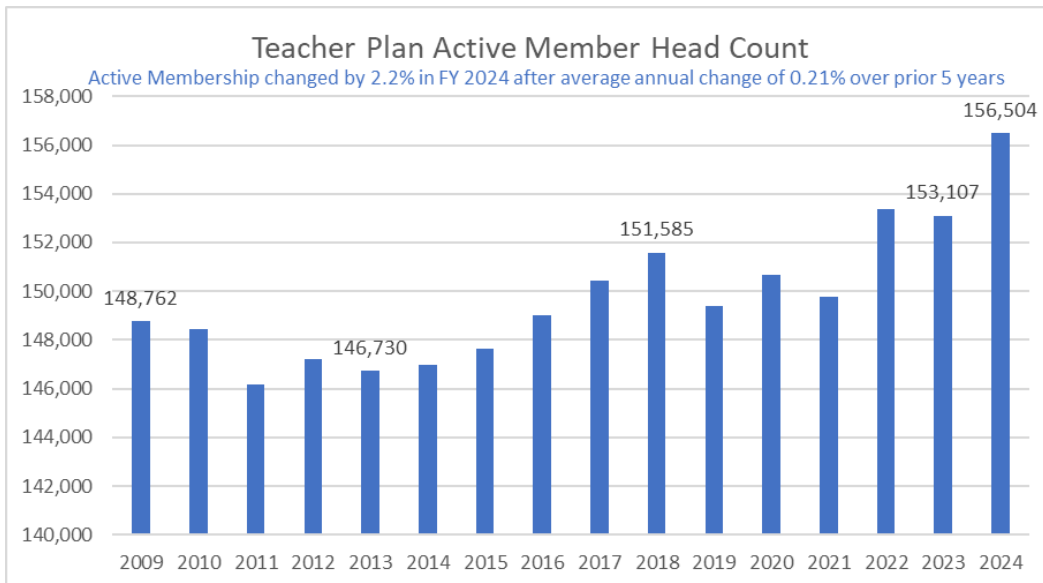
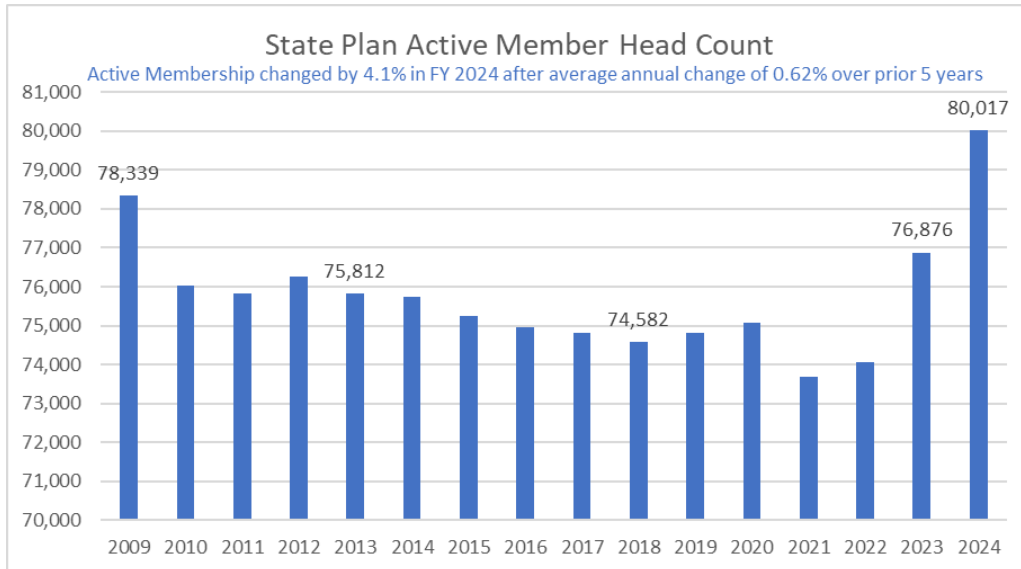


- **COLAs have exceeded the inflation assumption over last three years.**



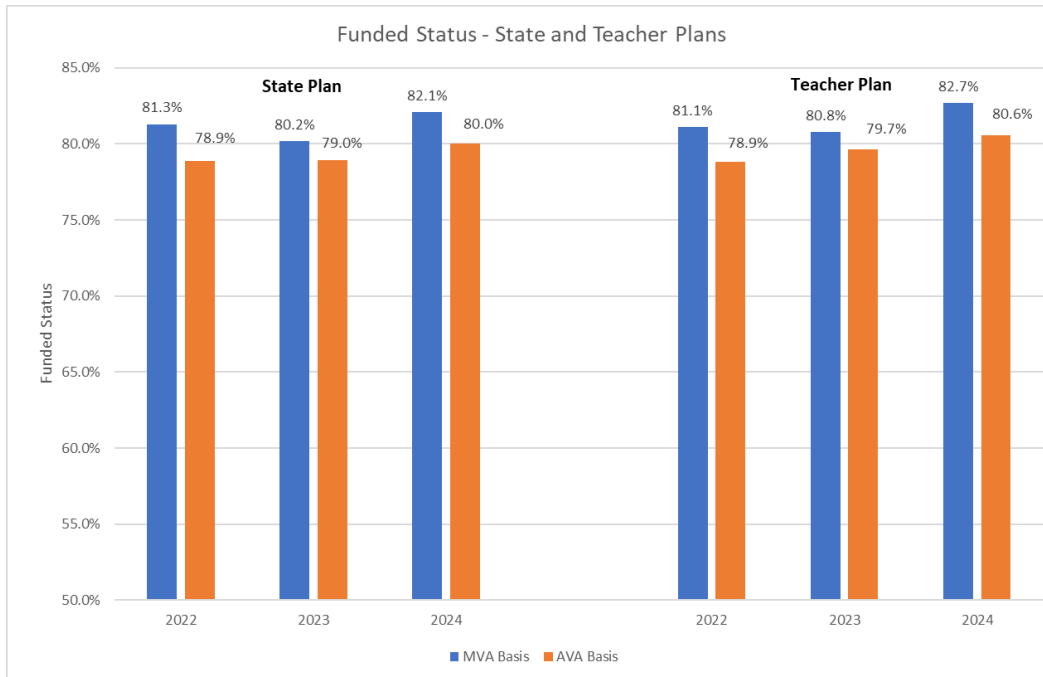
Membership

- Increases in active membership in all plans except VaLORS. Biggest increases in State and Teachers plans.
- State plan increases highlighted by increases in higher education along with new state agencies.
- Teacher population increases of approximately 3,400 consist of approximately one-third teachers and two-thirds administrative support.
- Decreases in VaLORS highlighted by reductions in Dept of Corrections (Augusta and Sussex closings along with reductions in active populations at several other Corrections facilities)

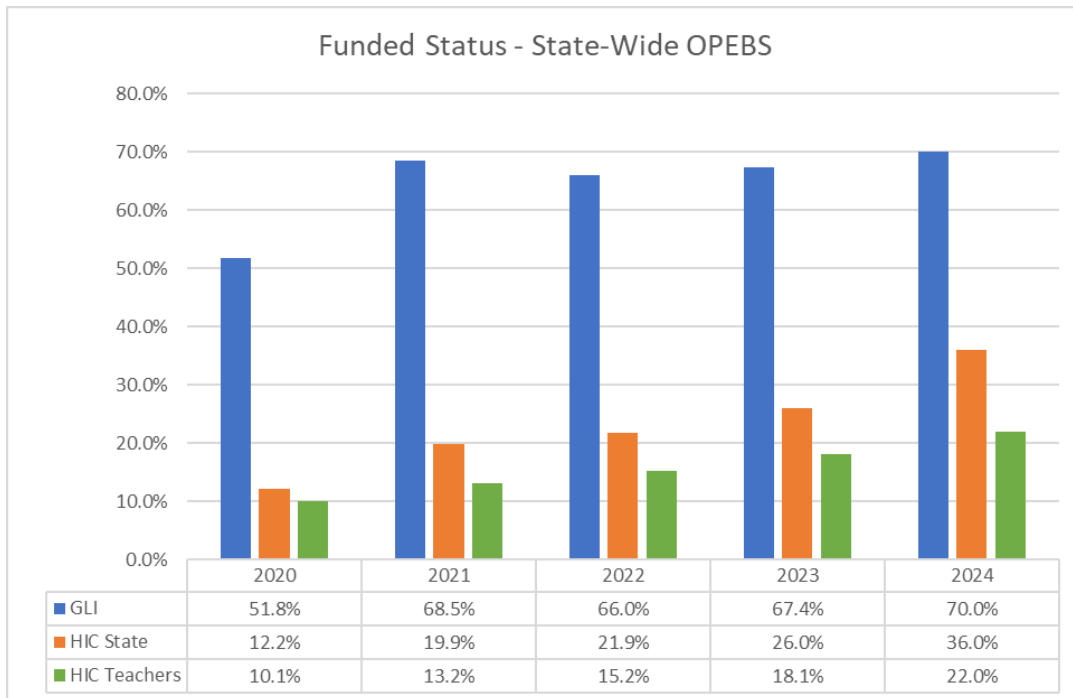


Unfunded Liabilities and Funded Status

- Funded status continues to trend upwards for all plans. State and Teachers over last three years are highlighted below.



- OPEB plans, particularly the health insurance credit plans are still severely underfunded as compared to pensions.



- Significant unfunded liabilities still exist for both pensions and OPEBs.

