



Virginia  
Retirement  
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# VRS Update

VML-VACo Finance Forum

January 6, 2020

Presented by:  
Patricia S. Bishop, VRS Director





## VRS Overview



## Teacher Contribution Rates



## Political Subdivision Contribution Rates



## Line of Duty Act



## Upcoming Issues



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# VRS Overview



# VRS Total Membership as of June 30, 2019



	Plan 1	Plan 2	Hybrid	Total
Teachers	72,080	31,767	43,775	<b>147,622</b>
Political Subdivision Employees	44,986	32,004	33,548	<b>110,538</b>
State Employees	35,955	15,614	25,441	<b>77,010</b>
State Police Officers' Retirement System (SPORS)	1,164	748	—	<b>1,912</b>
Virginia Law Officers' Retirement System (VaLORS)	3,122	5,612	—	<b>8,734</b>
Judicial Retirement System (JRS)	228	48	181	<b>457</b>
<b>Total Active Members</b>	<b>157,535</b>	<b>85,793</b>	<b>102,945</b>	<b>346,273</b>

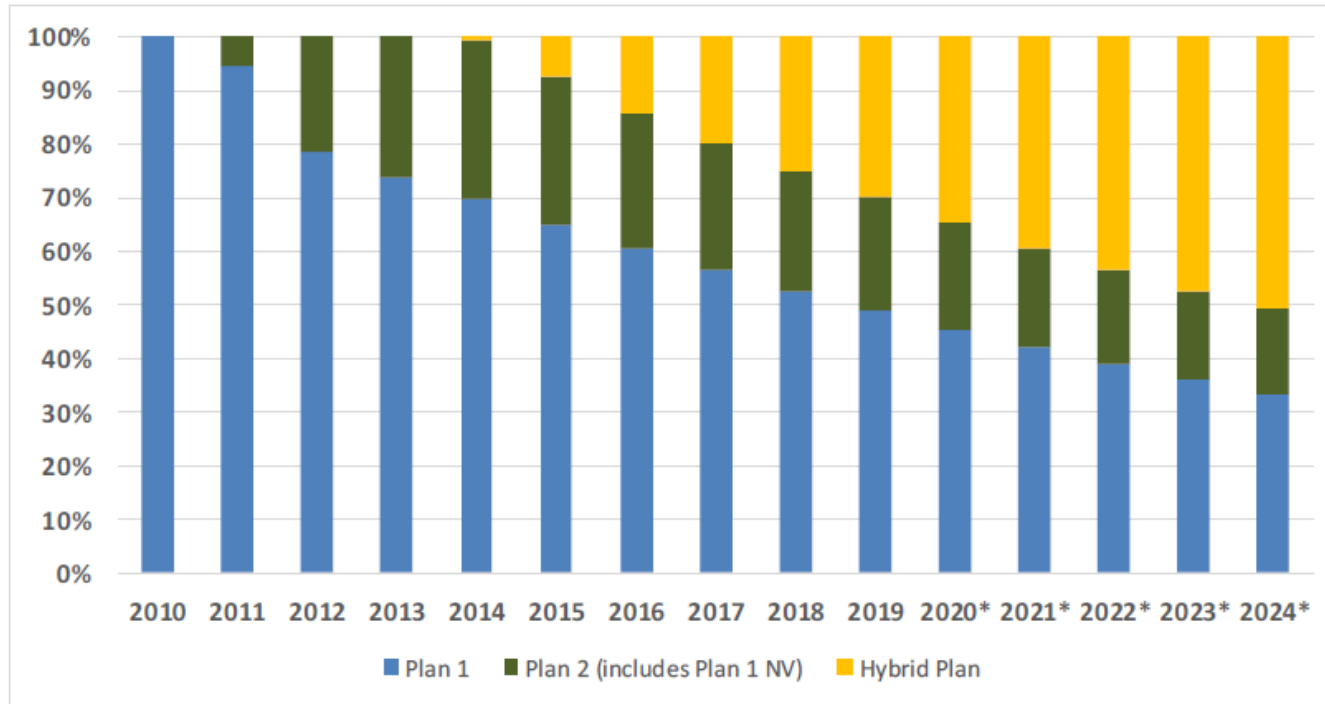
**Total  
Active Members  
346,273**

**Retirees/  
Beneficiaries  
214,545**

**Inactive/Deferred  
Members  
162,193**

**VRS Total  
Population  
723,011**

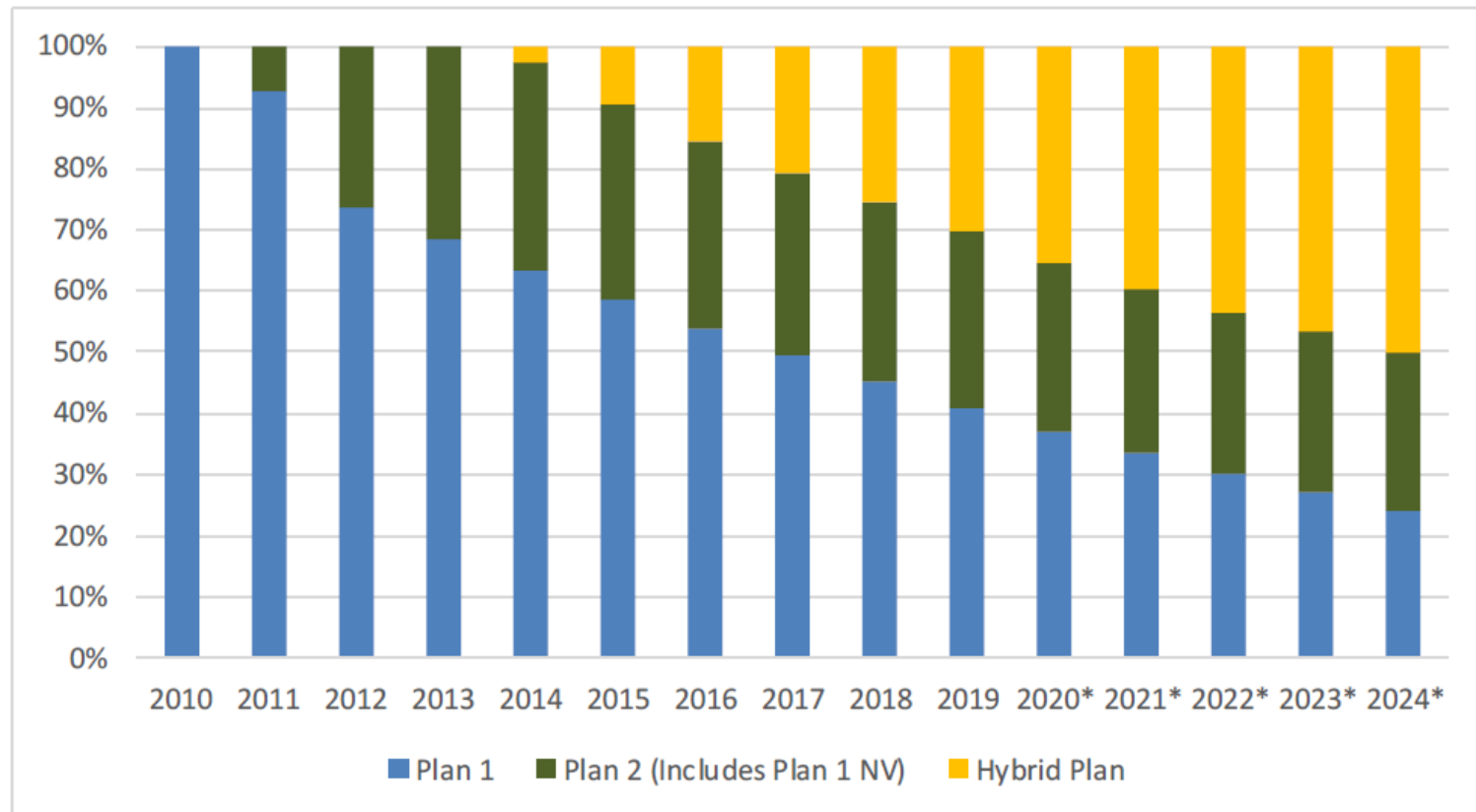
# Teacher Active Member Breakdown



\* Fiscal years 2020-2024 show projected membership breakdown based on historical turnover experience.

Note: The turnover experienced in the Teacher Plan has been less than the turnover experienced by the State Plan. Thus, the Teacher Plan is migrating to the Hybrid Plan slower than the State Plan.

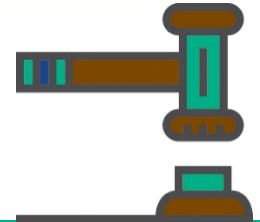
# Political Subdivision Active Member Breakdown



\*Projected assuming number of actives remains constant

Note: Fiscal years 2020-2024 show projected membership breakdown based on historical turnover experience.

# Benefit Comparison



## State

## Teachers

## Local

### Actives:

Average Age	47.8	45.0	45.9
Average Service	11.7	11.7	10.6
Average Salary	\$58,491	\$54,955	\$47,625

### Retirees:

Avg. Age @ Retirement	64.2	63.0	62.5
Avg. Service @ Retirement	24.6	23.1	22.3
Avg. Benefit @ Retirement	41.8%	39.3%	35.3%
Avg. Annual Benefit	\$24,891	\$24,227	\$18,165
Avg. Social Security Benefit at Age 62	\$21,912	\$20,328	\$16,944

Information obtained from the June 30, 2019, actuarial valuations.





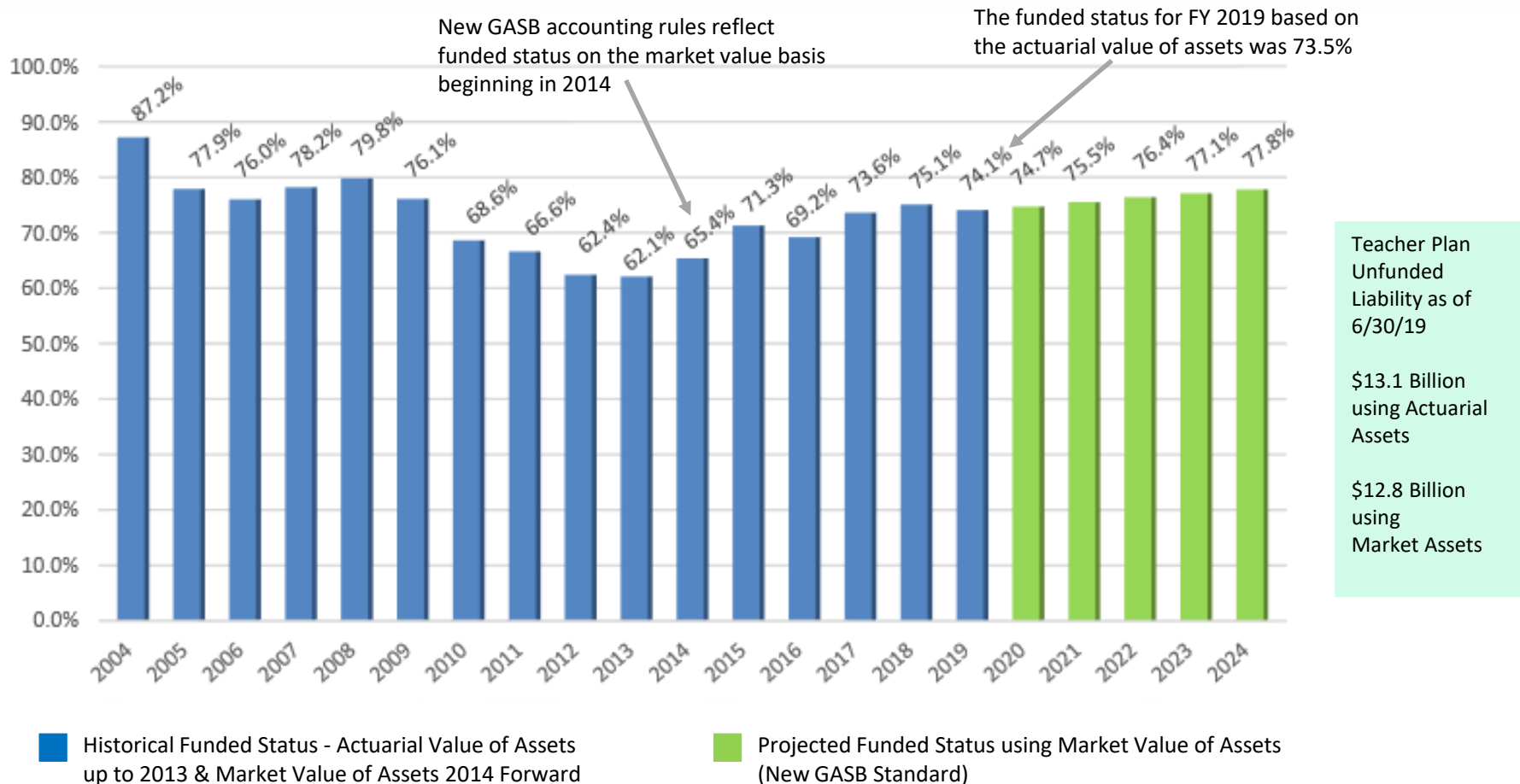
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# Teacher Contribution Rates





# Funded Status: Teachers



## Notes:

- Projected years' investment returns assume 6.75% with 2.5% inflation rate.
- New GASB Accounting Rules will reflect funded status using Market Value of Assets effective 6/30/14 for Plan Reporting and 6/30/15 for Employer Reporting.

# Employer Contribution Rates for Statewide Plans

## Impact of Changing Long-Term Rate of Return



Teacher Plan	Fiscal Year 2020	Fiscal Year 2021	
	Discount Rate 7.0%	Prior Discount Rate 7.0%	Current Discount Rate 6.75%
Employer Contribution Rate	15.68%	15.00%	16.62%

Total Estimated Employer Contributions	\$1,287,328,000	\$1,269,900,000	\$1,407,049,000
General Fund	\$514,931,000	\$507,960,000	\$562,820,000
Non-General Fund	\$772,397,000	\$761,940,000	\$844,229, 000

Scenario	Additional Funding Required	General Fund	Non-General Fund
Difference Between FY 2021 Rates @ 7.0% and FY 2021 Rates @ 6.75%	\$137,149,000	\$54,860,000	\$82,289,000
Difference Between FY 2020 Rates @ 7.0% and FY 2021 Rates @ 6.75%	\$119,721,000	\$47,888,000	\$71,833,000

Note: Estimated funding for FY 2020 is based on payroll from the 2019 valuation, while estimated funding for FY 2021 uses payroll from the 2019 valuation projected forward one year by plan assumptions. Actual funding will be based on payrolls in effect at time of billing.

# 2010-2021 Deferred Contributions: Teacher Plan



Date	Teachers	
	Loan Balance	Annual Payment
6/30/2011	\$741,432,106	\$99,232,610
6/30/2012	\$691,780,147	\$99,232,610
6/30/2013	\$634,025,864	\$99,232,610
6/30/2014	\$572,228,882	\$99,232,610
6/30/2015	\$313,221,882	\$61,413,678
6/30/2016	\$269,434,778	\$61,413,678
6/30/2017	\$222,582,578	\$61,413,678
6/30/2018	\$172,450,723	\$61,413,678
6/30/2019	\$118,809,638	\$61,413,678
6/30/2020	\$61,413,678	\$61,413,678
6/30/2021	\$0	

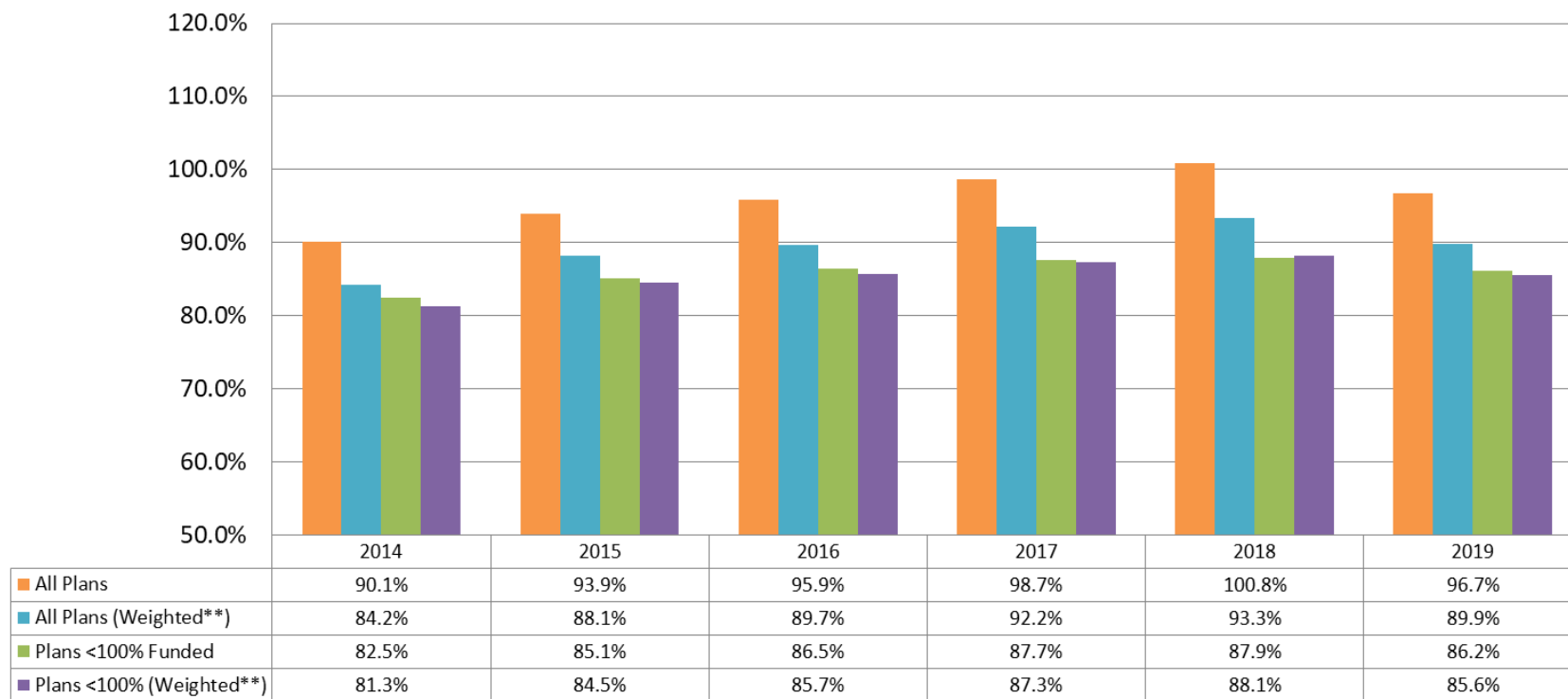


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# Political Subdivision Overview



# Average Funded Ratio for Political Subdivisions

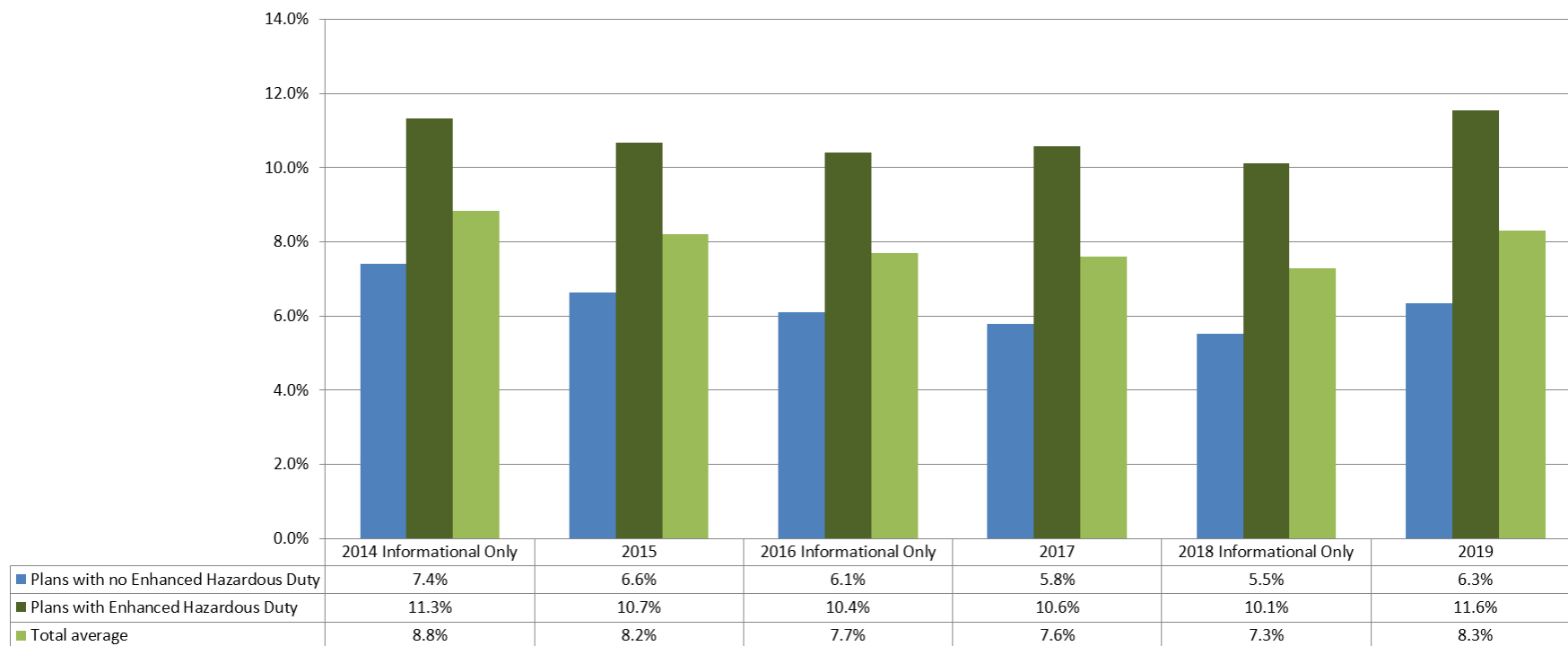


Note: Funding ratio based on actuarial value of assets. Funding ratios are determined for each location and then the average for all locations is calculated.

Excludes one new employer.

\*\* Weighted averages are based on active headcounts. Plans with larger headcounts have a greater effect on the average. If you take a plan that is 100% funded and another that is 50% funded, the average funded ratio is 75%. If the 100% plan has 2,000 members and the 50% plan has 4 members, the average funded ratio is 75% (not weighted) and 99.9% (weighted).

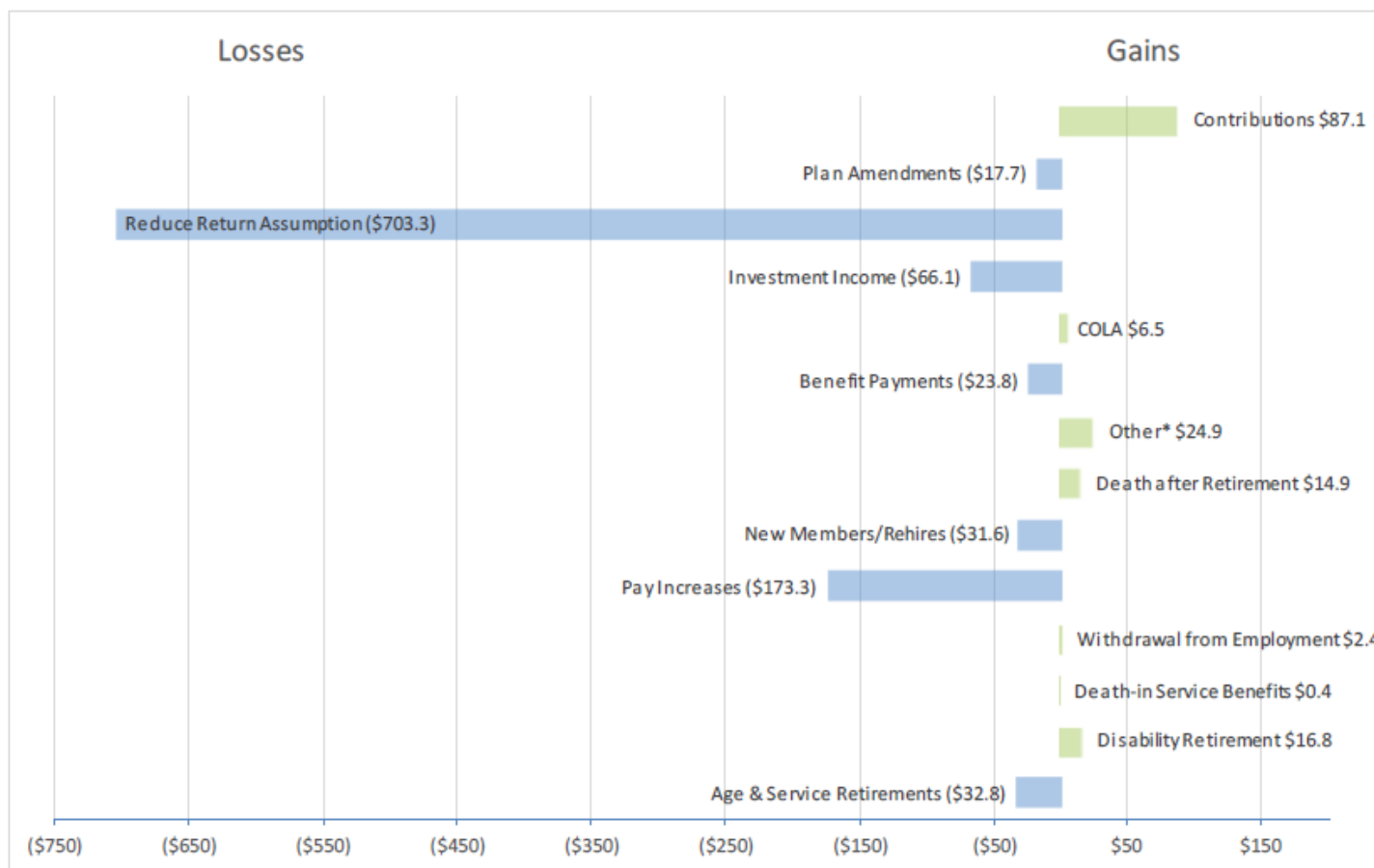
# Average Employer Contribution Rates Plans With and Without Hazardous Duty



Rates net of member contribution rate and include employer contribution rate for Hybrid Defined Contribution component.



# 2019 Aggregate Pension Unfunded Liability Gain/Loss Analysis



Losses are events which increase the UAAL more than expected.  
Gains are events which decrease the UAAL more than expected.

\* e.g., data remediation, service purchase, demographic changes, etc.

# Other Post-Employment Benefits Contribution Rates by Fiscal Year



		2019 & 2020	VRS-Certified Rates for 2021 & 2022
Group Life Insurance	Employee	0.79%	0.80%
	Employer	0.52%	0.54%
	Total	1.31%	1.34%
Health Insurance Credit	State Employees	1.17%	1.12%
	Teachers	1.20%	1.21%
	Non-Professional School Board Members and Political Subdivision Employees	Varies by employer	Varies by employer
Virginia Sickness & Disability Program (VSDP)	Covered Payroll	0.62%	0.61%
Virginia Local Disability Program (VLDP)	Teachers	0.41%	0.47%
	Political Subdivision Employees	0.72%	0.83%




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# Line of Duty Act



# Line of Duty Act

 Virginia Line of Duty Act

ABOUT ELIGIBILITY BENEFITS CLAIMS EMPLOYERS




### What LODA Benefits Are Available to You?

The Line of Duty Act provides disability, death and health benefits to eligible employees and their eligible family members.

[Learn More >](#)

1 2

If you are disabled or die in the line of duty, you or your family members may be eligible for benefits under the Virginia Line of Duty Act. Explore this site for information on eligibility, benefits, claims and other resources.



[valoda.org](http://valoda.org)

# LODA Premium Rates

	FY 2019-2020	FY 2021-2022
Employer Contribution Rate*	\$705.77	\$695.18

- LODA healthcare premiums are assumed to increase every year due to inflation in healthcare industry; however, LODA healthcare premiums decreased from 2018 to 2019 due to:
  - Favorable experience in the LODA healthcare fund.
  - Increase in covered FTE employees resulted in reduction in the contribution rate per employee.
- The Governor's proposed budget includes funding for a higher premium rate of \$709.21 to provide health insurance coverage to dependents who lost coverage on July 1, 2017.
- Proposed 2020 legislation to add cancers of the colon, brain and testes to the list of cancers presumed to be occupational diseases covered by the Virginia Workers' Compensation Act. Change could increase required LODA contribution rate.

\* Rate is based on a pooled approach.

Volunteers billed at 25% of the FTE rate; part-time National Guard participants billed at 10% of FTE rate.

VRS actuary conducts annual valuation of LODA Fund.

Due to variance in number of eligible individuals and actual plan experience, rates will fluctuate over time.



# Upcoming Issues\*





# 2020 VRS Legislative Package



Bill Number	Patron	Description
SB 109	Ruff	<p>Changes the funding structure for the Virginia Retirement System's (VRS) obligation to fund a savings trust account for higher education for a qualifying child of a VRS member who dies as a result of an accident caused by a felonious assault committed by other than an immediate family member.</p> <p>The bill requires VRS to contribute to such trust account an amount equal to the current average cost, as published by the State Council of Higher Education for Virginia, of four years of tuition and mandatory fees at baccalaureate public institutions of higher education in the Commonwealth. This requirement replaces VRS's obligation under current law to contribute to such trust account an amount equal to the full cost of a prepaid tuition contract, due to changes to the prepaid program.</p> <p>The bill also clarifies that the trust account may only be used for qualified higher education expenses.</p>

# 2020 Legislation: VRS-Related Bills

Bill Number	Patron	Description
SB 54	Cosgrove	<p>Allows a retired law-enforcement officer to continue to receive his service retirement allowance during a subsequent period of employment by a local school division as a school security officer. Applies to Title 51.1 and requires employer contributions.</p> <p>The bill has been referred to SFC.</p>

# 2020 Legislation: Health Insurance-Related Bills



Bill Number	Patron	Description
HB 107	Kilgore	Allows local school boards to elect to have all of their employees and retirees, as well as the dependents of such employees and retirees, be eligible to participate in the state employee health insurance plan in lieu of the current state-administered local health insurance plan. Any participating local school board shall be responsible for whatever portion of the cost of such insurance is not paid by the employee, except any portion that the General Assembly elects to pay.

# 2020 Legislation: Workers' Compensation, LODA & Disability-Related Bills



Bill Number	Patron	Description
HB 44 SB 9 SB 58	Brewer Saslaw Cosgrove	<p>Adds cancers of the colon, brain or testes to the list of cancers that are presumed to be an occupational disease covered by the Virginia Workers' Compensation Act when firefighters and certain employees develop the cancer. The measure removes the requirement that the employee who develops cancer must have encountered a toxic substance in the line of duty in order for the cancer to be compensable.</p> <p>These bills are identical, and identical to the bills introduced in 2019. The bills are similar to HB 121.</p> <p>Senate bills have been referred to Commerce and Labor.</p>
HB 121	Carroll-Foy	<p>Adds cancers of the colon, brain or testes to the list of cancers that are presumed to be an occupational disease covered by the Virginia Workers' Compensation Act when firefighters and certain employees develop the cancer.</p> <p>The bill is similar to HB 44, SB 9, and SB 58.</p>

# 2020 Legislation: Workers' Compensation, LODA & Disability-Related Bills



Bill Number	Patron	Description
HB 52	Knight	Establishes a presumption that hypertension or heart disease causing the death or disability of full-time salaried emergency medical technicians employed by the City of Virginia Beach is an occupational disease compensable under the Workers' Compensation Act.

# 2020 Legislation: LODA & Disability-Related Bills



Bill Number	Patron	Description
HB 51 SB 40	Knight DeSteph	<p>Provides that children born or adopted after the death or disability of an employee covered by the Line of Duty Act are eligible for health insurance coverage if such coverage does not result in a premium increase. Under current law, such children are not eligible regardless of the effect on premiums.</p> <p>These bills are identical.</p> <p>SB 40 has been referred to SFC.</p> <p>The Governor's budget includes similar language and sets the LODA contribution for participating employers at \$709.21 per eligible full-time equivalent employee, which is higher than the VRS Board-certified premium.</p>





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**Helping members plan for tomorrow,  
today.**