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## Minutes

An electronic meeting of the Virginia Retirement System Benefits and Actuarial Committee was held on February 11, 2021 in accordance with § 2.2-3708.2(A)(3) of the *Code of Virginia* and in accordance with guidance provided in § 4-0.01 of Chapter 56 of the 2020 Special Session I Acts of Assembly, with the following members participating:

Wallace G. Harris, Ph.D., Chair  
William A. Garrett, Vice Chair  
Michael P. Disharoon

Board members present:

O'Kelly E. McWilliams, III, Board Chair (*entered at 1:35 p.m.*)  
Joseph W. Montgomery, Board Vice Chair  
Hon. J. Brandon Bell, II

VRS Staff:

Patricia Bishop, Jennifer Schreck, Rory Badura, Judy Bolt, Ty Bowers, Jeanne Chenault, Michael Cooper, Sara Denson, Valerie Disanto, Barry Faison, Andy Feagans, Brian Goodman, Krystal Groff, Robert Irving, Kathy Quiriconi, Angela Payne, Jillian Sherman and Cindy Wilkinson.

Guests participating were:

Latosha Johnson, Department of Planning and Budget; and Bea Snidow, Virginia Education Association.

The meeting convened at 1:11 p.m.

### Opening Remarks

Mr. Harris called the meeting to order and welcomed everyone to the February 11, 2021 meeting of the Benefits and Actuarial Committee.

Mr. Harris noted that given the current circumstances related to COVID-19, the Committee is unable to meet in person and, therefore, is using electronic means to hold the meeting. The meeting is being held in accordance with § 2.2-3708(A)(3) of the *Code of Virginia* and Chapter 56 of the 2020 Special Session I Acts of Assembly as they relate to conducting business during the pandemic.

Next, Mr. Harris took attendance with the following roll call\*:

Mr. Bell: Here  
Mr. Disharoon: Here  
Mr. Garrett: Here  
Mr. Montgomery: Here  
Mr. Harris: Here

*\*O'Kelly E. McWilliams, III was not present at this time.*

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### Public Comment

In accordance with Chapter 56 of the 2020 Special Session I Acts of Assembly, the Committee opened the floor for public comment. Mr. Harris noted that no members of the public registered to comment at the electronic meeting.

### Approve Minutes

Upon Mr. Montgomery's motion, with a second by Mr. Disharoon, the Committee approved the minutes of its November 16, 2020 meeting upon the following roll call vote\*:

Mr. Bell: Aye  
Mr. Disharoon: Aye  
Mr. Garrett: Aye  
Mr. Montgomery: Aye  
Mr. Harris: Aye

\*Mr. McWilliams was not present during this vote.

### Statutory Cost of Living Adjustments

#### Virginia Sickness and Disability Program (VSDP)

Rory Badura, Senior Staff Actuary, presented the recommendations of Cavanaugh Macdonald Consulting, LLC, 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 2.12%, effective July 1, 2021. In addition, a cost of living adjustment (COLA) in the amount of 1.23% shall be applied to long-term disability (LTD) benefit payments for Plan 1, Plan 2 and Hybrid Retirement Plan members who have been recipients for at least one year.

Following some discussion, the Committee took up the following RBA for consideration:

#### **RBA: Approval of July 1, 2021 Increase Relating to VSDP Creditable Compensation and VSDP COLA**

**Request for Board Action:** *Effective July 1, 2021 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 2.12% for a Plan 1, Plan 2 or Hybrid member who has been the recipient of long-term disability (LTD) benefits for at least one year under the Virginia Sickness and Disability Program (VSDP); and*
- *A cost of living adjustment of 1.23% shall be applied to the net LTD benefit payment for Plan 1 members vested prior to January 1, 2013, Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid members.*

Upon a motion by Mr. Montgomery, with a second by Mr. Disharoon, the Committee recommended approval of the action to the full Board of Trustees upon the following roll call vote\*:

Mr. Bell: Aye  
Mr. Disharoon: Aye  
Mr. Garrett: Aye  
Mr. Montgomery: Aye  
Mr. Harris: Aye

*\*Mr. McWilliams was not present during this vote.*

Virginia Local Disability Program (VLDP)

Next, Mr. Badura advised that the Plan Actuary recommended an increase in the creditable compensation of 4.00% for recipients of long-term disability (LTD) benefits under the Virginia Local Disability Program (VLDP), effective July 1, 2021. The VLDP plan does not provide for a COLA on LTD benefits being received.

The recommendations and calculations presented by the Plan Actuary for increases in creditable compensation in VSDP and VLDP were reviewed by VRS staff and Internal Audit.

**RBA: Approval of July 1, 2021 Increase Relating to VLDP Creditable Compensation**

***Request for Board Action:** Effective July 1, 2021, 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 July 1, 2021 is an increase of 4.0% to be applied to a recipient's creditable compensation.*

Upon a motion by Mr. Montgomery, with a second by Mr. Disharoon, the Committee recommended approval of the action to the full Board upon the following roll call vote\*:

Mr. Bell: Aye  
Mr. Disharoon: Aye  
Mr. Garrett: Aye  
Mr. Montgomery: Aye  
Mr. Harris: Aye

*\*Mr. McWilliams was not present during this vote.*

**Information Items**

2021 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 of 1.23% is applicable to eligible Plan 1, Plan 2 and Hybrid Plan members effective July 1, 2021. This figure was calculated by the VRS Plan Actuary,

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Cavanaugh Macdonald Consulting, LLC, and verified by VRS and Internal Audit staff. The COLA did not require action by the Committee.

Mr. Badura also advised that in accordance with the requirements of the *Code of Virginia*, the Hazardous Duty Supplement is increased biennially using applicable cost of living adjustments published by the Social Security Administration since the last applicable increase. The biennial Social Security increase of 2.92% resulted in an increase in the annual Hazardous Duty Supplement from \$14,244 to \$14,664 for fiscal year 2021. The increase in the Hazardous Duty Supplement did not require action by the Committee. The calculations were reviewed by VRS staff and Internal Audit.

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 1.23%, effective July 1, 2021. The new minimum life insurance payout effective July 1, 2021 will be \$8,722. The Group Life Insurance Program minimum did not require action by the Committee. The calculations were reviewed by VRS staff and Internal Audit.

Mr. Harris thanked Mr. Badura for his presentation.

#### Legislative Update

Next, Ms. Wilkinson provided an update on the VRS-related legislation in the 2021 Regular and Special General Assembly sessions.

#### Upcoming B&A Meetings

Lastly, Mr. Harris reviewed the B&A Committee's upcoming meetings:

- April 19, 2021 at 1:00 p.m.
- June 9, 2021 at 1:00 p.m.
- October 13, 2021 at 10:00 a.m.
- November 15, 2021 at 1:00 p.m.

#### **Adjournment**

Upon a motion by Mr. Montgomery, with a second by Mr. Disharoon, the Committee agreed to adjourn the meeting upon the following roll call vote:

Mr. Bell: Aye  
Mr. Disharoon: Aye  
Mr. Garrett: Aye  
Mr. McWilliams: Aye  
Mr. Montgomery: Aye  
Mr. Harris: Aye

There being no further business, the meeting concluded at 1:47 p.m.

April 19, 2021

Date

Wallace G. Harris

Wallace G. Harris, Chair  
Benefits and Actuarial Committee