

Sample Notes to the Financial Statements
Cost-Sharing Employer Plans – Group Life Insurance Program
For the Fiscal Year Ended June 30, 2026

Instructions: *The Sample Notes to the Financial Statements for the Cost-Sharing Employer Plans – Group Life Insurance Plan are based on the data in Illustration 2 of GASB Statement No. 75 and the related information in the Implementation Guide. These are provided by the Virginia Retirement System as a guide for employers in the development of their GASB 75 note disclosures. The GASB 75 schedules referenced in this document can be found in the “GASB Statement No. 75 Report for the Virginia Retirement System Prepared as of June 30, 2025” on the VRS Guidelines and Resources page of the VRS website at employers.varetire.org/financial-reporting/vrs-guidlines-and-resources-opeb.*

Within the sample Notes to the Financial Statements, the sample Required Supplementary Information and the sample Journal Entries there are a number of variable items which each employer must fill in using their own unique information. For each of these items, we have identified the source of the information.

We have also provided an analysis of the change in Net OPEB Liability – GLI for each employer group (State, Teacher, and Political Subdivisions). This analysis includes the June 30, 2024, Net OPEB Liability – GLI and elements impacting the 2025 Net Change in OPEB Liability – GLI and the June 30, 2025, Net OPEB Liability – GLI. Most of this data is also contained in the GASB 75 Report from the VRS actuary.

Note: *Disclosures required in GASB 75 paragraphs 96h and 97b are not included in the information provided below.*

The information in this document is provided as an additional resource for employers, but each employer is responsible for their own Notes to the Financial Statements. Employers should review the language and other information provided with their auditors.

If you have any questions concerning this information, please contact me at 804-697-6666 or send me an email at CDoughtie@varetire.org.

Employer's Name
Notes to the Financial Statements
For the Year Ended June 30, 2026

Summary of Significant Accounting Policies

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to § 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB Liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Portsmouth • City of Roanoke • Roanoke City School Board The City of Richmond and the City of Norfolk participate in VRS for retirement and life. However, there are employees under each locality who decided to remain with the locality's retirement plan and are covered under VRS for life insurance only. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • <i>Natural Death Benefit:</i> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <i>Accidental Death Benefit:</i> The accidental death benefit is double the natural death benefit. • <i>Other Benefit Provisions:</i> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: ◦ Accidental dismemberment benefit ◦ Seatbelt benefit ◦ Repatriation benefit ◦ Felonious assault benefit ◦ Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to retired members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,768 as of June 30, 2026.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2026, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$[Insert amount] and \$[Insert amount] for the years ended June 30, 2026, and June 30, 2025, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2026, the participating employer reported a liability of \$ [Appendix 4 – Net OPEB Liability – Group Life Insurance Plan, 6/30/2025 Net OPEB Liability] for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2025 and the total GLI OPEB Liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2025, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2025, the participating employer's proportion was [Appendix 1 – Proportionate Share of Contributions – Group Life Insurance Plan, 2025 Employer Allocation Percentage] % as compared to [Appendix 1 – Proportionate Share of Contributions – Group Life Insurance Plan, 2024 Employer Allocation Percentage] % at June 30, 2024.

For the year ended June 30, 2026, the participating employer recognized GLI OPEB expense of \$ [Appendix 2 – Schedule of Deferred Inflows and Outflows and OPEB Expense – Group Life Insurance Plan, Total Employer OPEB Expense]. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2026, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1	\$ 5
Net difference between projected and actual earnings on GLI OPEB program investments	2	6
Change in assumptions	3	7
Changes in proportionate share	4	8
Employer contributions subsequent to the measurement date	[Insert Amount]	—
Total	\$ —	\$ —

Source of Data for Deferred Outflows and Deferred Inflows Schedule:

**Appendix 2 – Schedule of Deferred Inflows and Outflows and OPEB Expense –
Group Life Insurance Plan**

- 1 – \$ [Deferred Outflows of Resources - Difference Between Expected and Actual Exp.]
- 2 – \$ [Deferred Outflows of Resources - Net Difference Between Projected and Actual Inv...]
- 3 – \$ [Deferred Outflows of Resources - Change of Assumptions.]
- 4 – \$ [Deferred Outflows of Resources - Changes in Proportionate Share and Differences Between...]
- 5 – \$ [Deferred Inflows of Resources - Difference Between Expected and Actual Exp.]
- 6 – \$ [Deferred Inflows of Resources - Net Difference Between Projected and Actual Inv...]
- 7 – \$ [Deferred Inflows of Resources - Change of Assumptions.]
- 8 – \$ [Deferred Inflows of Resources - Changes in Proportionate Share and Differences Between...]

\$[Insert amount] reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30

FY 2027	\$ [Appendix 3, Year 1]
FY 2028	\$ [Appendix 3, Year 2]
FY 2029	\$ [Appendix 3, Year 3]
FY 2030	\$ [Appendix 3, Year 4]
FY 2031	\$ [Appendix 3, Year 5]
Thereafter	\$ [Appendix 3, Thereafter]

Source of Data for Amortization of Deferred Outflows and Deferred Inflows Schedule:
Appendix 3 – Amortization of Deferred Inflows and Outflows – Group Life Insurance Plan

Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Inflation	2.50%
Salary increases, including inflation –	
General state employees	3.50% – 5.35%
Teachers	3.50% – 5.95%
SPORS employees	3.50% – 4.75%
ValORS employees	3.50% – 4.75%
JRS employees	4.00%
Locality – General employees	3.50% – 5.35%
Locality – Hazardous Duty employees	3.50% – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates – General State Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for females

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rate

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Teachers

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 1 year, 105% of rates for females

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – SPORS Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted bases, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – ValORS Employees

Pre-retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years

Post-retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years

Post-disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – JRS Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males and females set back 2 years

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	No change
Disability Rates	No change
Salary Scale	No change
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Metro Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis.
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Non-Metro Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis.
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Metro Locality Employers – Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for male; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Non-Metro Locality Employers – Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for male; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB Liability (NOL) for the Group Life Insurance Program represents the program's total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2025, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 4,433,282
Plan Fiduciary Net Position	3,471,094
GLI Net OPEB Liability (Asset)	<u>\$ 962,188</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability 78.30%

The total GLI OPEB Liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB Liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP – Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	(3.00%)	4.57%	(0.14%)
Total	<u>100.00%</u>		<u>7.02%</u>
Expected arithmetic nominal return*			<u>7.02%</u>

** The above allocation provides a one-year expected return of 7.02% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.*

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2025, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2025 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
State agency's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ [Appendix 4 - Net OPEB Liability - Group Life Insurance Plan, Net OPEB Liability 1% Decrease (5.75%)]	\$ [Appendix 4 - Net OPEB Liability - Group Life Insurance Plan, 6/30/2025 Net OPEB Liability]	\$ [Appendix 4 - Net OPEB Liability - Group Life Insurance Plan, Net OPEB Liability 1% Increase (7.75%)]

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2025 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/publications/?category=annual>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

[If the employer reported payables to the VRS, it should disclose information required by paragraph 142 of GASB 75. It is the employer's responsibility to calculate this amount and complete the required disclosure.]

**Required Supplementary Information (RSI) Template
Cost-Sharing Employer Plans – Group Life Insurance Program
For the Fiscal Year Ended June 30, 2026**

Instructions: *This template includes two sample schedules and the language for Notes to RSI to be used as a guide in the development of the RSI section of your financial statements:*

- *Schedule of Employer's Share of Net GLI OPEB Liability*
- *Schedule of Employer Contributions*
- *Notes to Required Supplementary Information*

The sample schedules presented in this section will each eventually show a 10-year history of data related to GASB 75. You may create your own tables based on the examples VRS has provided. Each year, VRS will update the data highlighted in accordance with the legend. However, the employer is responsible for providing the remainder of the information and calculations as indicated.

Each employer is responsible for maintaining its own schedules, retaining prior year data, and updating the schedules each year based on the new information. VRS has provided information for all employer groups included in the Group Life Insurance Program.

Note: *Employer's Covered Payroll referenced in the GASB 75 schedules in the template represent the total covered payroll for employees covered under the GLI OPEB plan. Both of these schedules will now have multiple years of data. The periods for the additions to the schedules for FY 2026 are as follows:*

- *Schedule of Employer's Share of Net GLI OPEB Liability for the Measurement Dates of June 30, 2017 - 2025. This schedule will now have nine years because this is the ninth year for this presentation.*
- *Schedule of Employer Contributions – Covered Payroll is for the fiscal year ended June 30, 2026. This schedule should have 10 years. Pre-GASB Statement No. 75 information can be taken from the RSI data previously required under GASB Statement No. 45.*

Sample Schedule of Employer's Share of Net GLI OPEB Liability

Schedule of Employer's Share of Net OPEB Liability

Group Life Insurance Plan (GLI)

For the Measurement Dates of June 30, 2017 through 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	[Appendix 1 - Proportionate Share of Contributions - Group Life Insurance Plan, 2025 Employer Allocation Percentage]%	[Appendix 1 - Proportionate Share of Contributions - Group Life Insurance Plan, 2024 Employer Allocation Percentage]%	[Appendix 1 - Proportionate Share of Contributions - Group Life Insurance Plan, 2023 Employer Allocation Percentage]%	[Appendix 1 - Proportionate Share of Contributions - Group Life Insurance Plan, 2022 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Group Life Insurance Plan, 2021 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Group Life Insurance Plan, 2020 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Group Life Insurance Plan, 2019 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Group Life Insurance Plan, 2018 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Group Life Insurance Plan, 2017 Employer Allocation Percentage]%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ [Appendix 4 - Net Pension Liability - Group Life Insurance Plan, 6/30/2025 Net OPEB Liability]	\$ [Appendix 4 - Net Pension Liability - Group Life Insurance Plan, 6/30/2024 Net OPEB Liability]	\$ [Appendix 4 - Net Pension Liability - Group Life Insurance Plan, 6/30/2023 Net OPEB Liability]	\$ [Appendix 4 - Net Pension Liability - Group Life Insurance Plan, 6/30/2022 Net OPEB Liability]	\$ [Schedule D - Net Pension Liability - Group Life Insurance Plan, 6/30/2021 Net OPEB Liability]	\$ [Schedule D - Net Pension Liability - Group Life Insurance Plan, 6/30/2020 Net OPEB Liability]	\$ [Schedule D - Net Pension Liability - Group Life Insurance Plan, 6/30/2019 Net OPEB Liability]	\$ [Schedule D - Net Pension Liability - Group Life Insurance Plan, 6/30/2018 Net OPEB Liability]	\$ [Schedule D - Net Pension Liability - Group Life Insurance Plan, 6/30/2017 Net OPEB Liability]
Employer's Covered Payroll	\$ [Insert Amount]	\$ [Insert Amount]	\$ [Insert Amount]	\$ [Insert Amount]	\$ [Insert Amount]	\$ [Insert Amount]	\$ [Insert Amount]	\$ [Insert Amount]	\$ [Insert Amount]
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered	[Calculation:line 2 divided by Line 3] %	[Calculation:line 2 divided by Line 3] %	[Calculation:line 2 divided by Line 3] %	[Calculation:line 2 divided by Line 3] %	[Calculation:line 2 divided by Line 3] %	[Calculation:line 2 divided by Line 3] %	[Calculation:line 2 divided by Line 3] %	[Calculation:line 2 divided by Line 3] %	[Calculation:line 2 divided by Line 3] %
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	78.30%	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2025 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 134 and 135 of the VRS 2025 Annual Report.

Sample Schedule of Employer Contributions

Schedule of Employer Contributions Group Life Insurance OPEB Plan For the Years Ended June 30, 2017 through 2026

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2026	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2025	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2024	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2023	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2022	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2021	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2020	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2019	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2018	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)
2017	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount)	Col (2) / (4)

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll.

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website.

Column 4 – Employer's covered payroll amount for the fiscal year.

Sample Notes to Required Supplementary Information

Notes to Required Supplementary Information For the Year Ended June 30, 2026

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

SPORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted bases, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

VaLORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

JRS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	No change
Disability Rates	No change
Salary Scale	No change
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Metro Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis.
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Non-Metro Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis.
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Metro Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Non-Metro Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change