

June 30, 2026 Annual Actuarial Valuation Results – Line Of Duty Act Fund

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Benefits and Actuarial Committee November 12, 2026

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Agenda

- Big Picture
- Valuation Highlights
- Appendix

Big Picture:

Virginia Line of Duty Act (LODA) – What is it?

- Law providing disability, death and health benefits to eligible employees and family members
  - Covered Population includes more than those participating in VRS

Valuation Report

- Develop the Full Time Equivalent (FTE) Contribution Rate for Invoicing Employers

Historical Timing – Odd year valuations determine LODA Pay-As-You-Go (PAYGO) Rate for 2 years

A Different Approach: LODA Based on PAYGO Financing as required by Code; Section 9.1-400.1



Pay-as-you-go Cont. based on Full Time Equivalent (FTE) Rate

C + I = B + E

% of Active Employee Payroll

Net Benefits + Expenses

- Net Benefits Comprised of:
  - \+ Death benefit payments
  - \+ Health care premium payments
  - \- Health Insurance Credit (HIC) reimbursements
- Expenses = Administration Costs

Start

Years of Time

Actuarial Valuation Process - Line of Duty Act Fund

Member Data



17,463 Full-Time Equivalent Employees

Financial Data



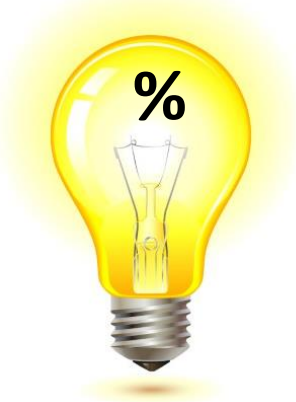
$4.3 Million Market Value

Actuarial Valuation

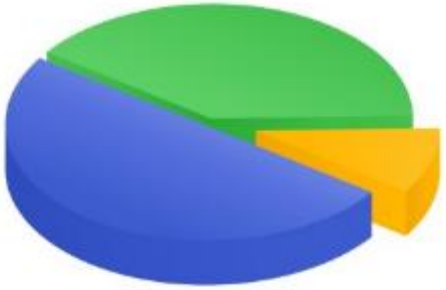
Death, Disability, and Health Care Plan Provisions



Actuarial Assumptions



Funding Approach



GRS



JUNE 30, 2026
VALUATION RESULTS HIGHLIGHTS

LODA Valuation Results

The Informational Rate increased this year due to

- Increased pre-65 premiums - 18.0% vs. 7.75%
- Increased Health Care Trend assumption - 8.00% vs. 7.75%
- Population changes - More beneficiaries

- The impact of the above factors exceeded the impact of favorable investment experience

LODA Full-Time Equivalent (FTE) Rate History

- FTE = $ per full-time person
- Set at a level to cover “two” years of plan costs

Valuation Date	Fiscal Year	Board Certified Rate	Adjusted Rate	Informational Rate
6/30/2026	2028	$1,385.00	N/A	$1,400.00
6/30/2025	2027	$1,385.00	N/A	N/A
6/30/2024	2026	$995.00	$1,015.00	$970.00
6/30/2023	2025	$995.00	$1,015.00	N/A
6/30/2022	2024	$681.84	$830.00	$732.57
6/30/2021	2023	$681.84	N/A	N/A

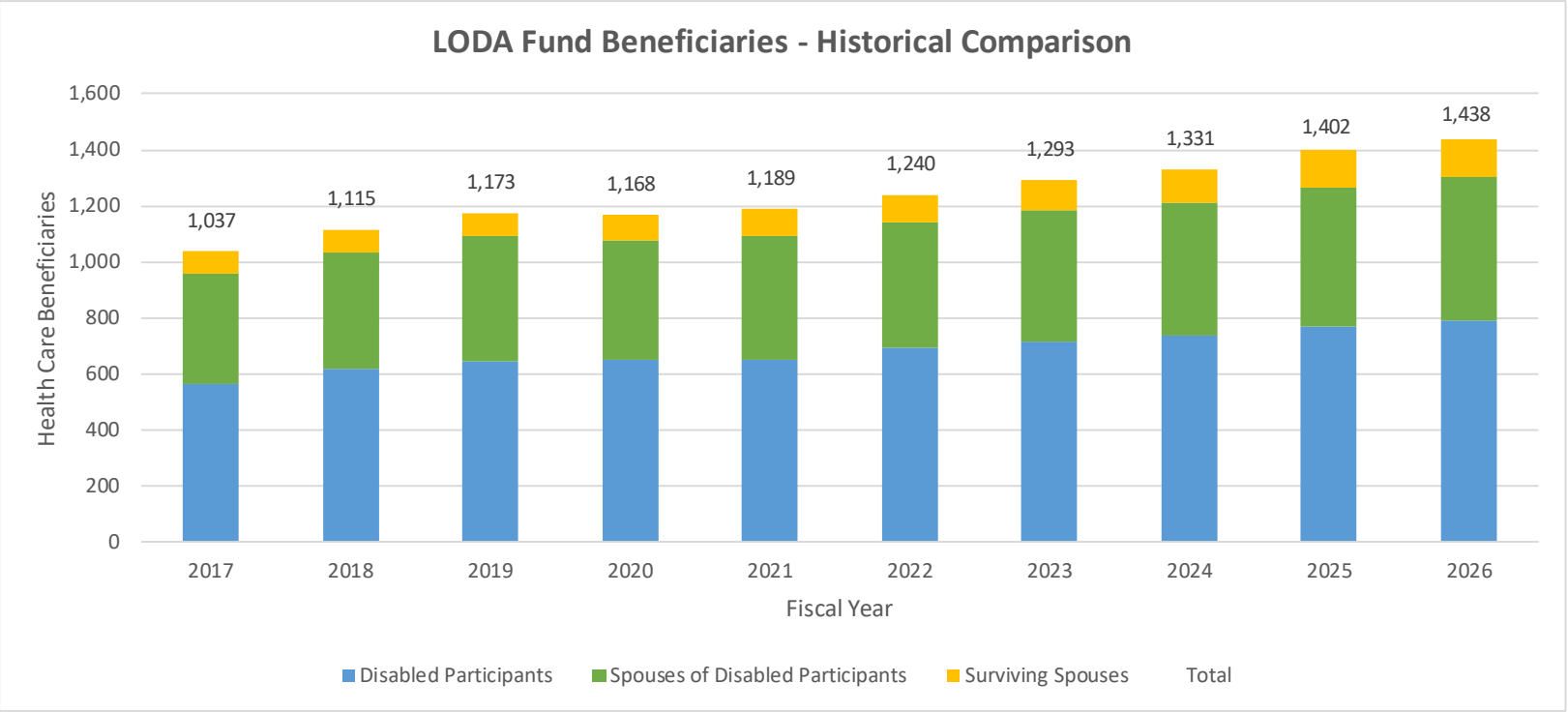
Note: Board certified rate may be re-determined in an “informational” year

LODA Active Participants

Employer Group	FY 2025 Counts	FY 2025 Weight	FY 2025 FTEs	FY 2026 Counts	FY 2026 Weight	FY 2026 FTEs
State/VaLORS/SPORS						
Full-Time	8,548	100%	8,548	8,539	100%	8,539
Part-Time	506	50%	253	442	50%	221
Volunteers				51	20%	10
Total State/VaLORS/SPORS	9,054		8,801	9,032		8,770
National Guard						
Full-Time	1,050	75%	788	1,140	75%	855
Part-Time	7,062	5%	353	7,021	5%	351
Total National Guard	8,112		1,141	8,161		1,206
Participating Pol. Sub.						
Full-Time	6,935	100%	6,935	6,808	100%	6,808
Part-Time	471	50%	236	439	50%	220
Volunteers	1,664	20%	333	1,832	20%	366
Total Pol. Sub. Employees	9,070		7,503	9,079		7,394
Private Institutions/Police Dept.						
Full-Time				91	100%	91
Part-Time				4	50%	2
Total Private Employees				95		93
Aggregated Total	26,236		17,445	26,367		17,463

Comments: Total Active Count is <u>increased slightly</u> from prior year.
A higher Full-Time Equivalent (FTE) count will decrease the rate.

Health Care Beneficiaries: 10-year History



Beneficiary Type	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Disabled Participants	566	619	647	650	653	691	713	735	770	792
Spouses of Disabled Participants	394	413	447	429	440	449	471	477	495	510
Surviving Spouses	77	83	79	89	96	100	109	119	137	136
Total	1,037	1,115	1,173	1,168	1,189	1,240	1,293	1,331	1,402	1,438

Market Value Assets: Year Ending June 30, 2026

Line of Duty Act:	
Beginning balance	4,972,121
Additions:	
Member contributions	-
Employer contributions	18,967,965
Health Insurance Credit Offset	556,539
Administrative expenses - Non-Participating	196,250
Total additions	19,720,754
Deductions:	
Line of Duty Act reimbursements	
Health Care Benefits	20,521,826
Death Benefits	418,999
Administrative expenses - Participating	1,040,653
Administrative expenses - Non-Participating	196,250
Other expenses	-
Total deductions	22,177,728
Investment Income (Net)	1,794,297
Ending balance	**4,309,444**

Pay-Go Principle:

Additions Match Deductions

Net Benefits: LODA reimbursements reduced by Health Insurance Credit Offsets

Expected Net Benefits: $20.6M
Actual Net Benefits: $20.4M

Expected Investment Return Assumption: 6.75%

Expected Return $: $0.9M
Actual Return $: $1.8M

Legislation

- Last year, **HB 1815 and SB 1142** added private institutions of higher education and contributing private police departments to Line of Duty Act
  - after 180 day election window period which began July 1, 2025
    - 95 people were reported across 6 employers

Putting It All Together: Fiscal Years 2026-2028

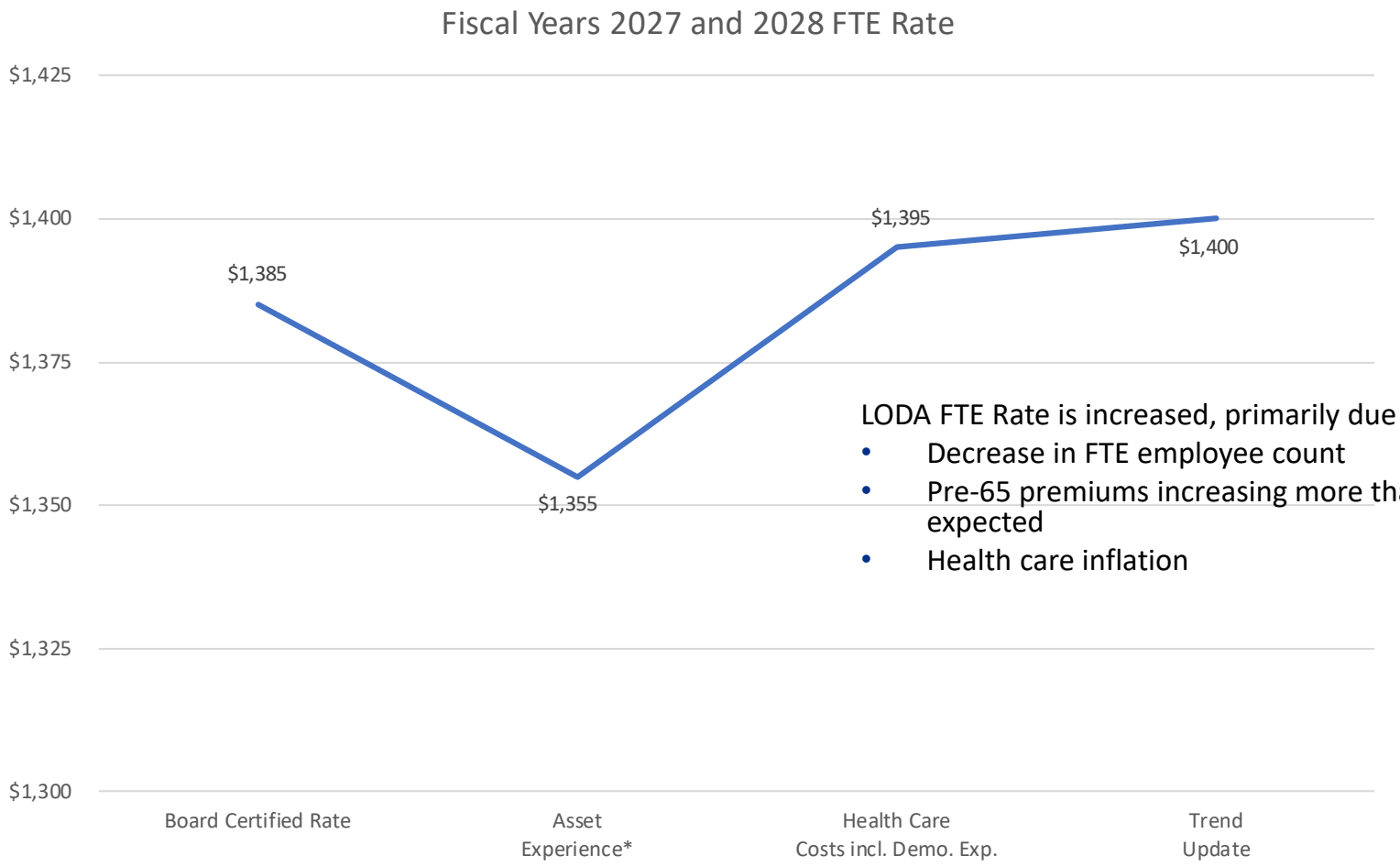
	FY 2026	FY 2027	FY 2028
FTE Employees		17,463	17,463
Employer Contributions[1]	$ 18,967,965	**$ 24,267,555**	**$ 24,430,185**
Benefit Costs	(20,384,287)	(23,838,825)	(26,808,584)
Administrative Expenses	(1,040,653)	(1,071,873)	(1,104,029)
Investment Income	1,794,297	1,088,211	1,027,916
Net Cash Flow	(662,678)	445,068	(2,454,511)
End of Year Position[2]	4,309,443	4,754,511	**2,300,000**

[1] Based on known FY 2026/2027 invoiced amounts and $1,400/FTE for FY 2028
[2] FYE 2028 target of one month claim reserve was set equal to $2,300,000
[3] Based on $1,385/FTE for FY 2028, End of year Position = $2,040,000

Combine and Project to the End of FY 2028

- Updated demographics of group
- Health care premium rates and future trend
  - Health Insurance Credit (HIC) Program Reimbursements
- Other actuarial assumptions
- Administrative Expenses

Putting it All Together: Reflecting Fiscal Year 2026 Experience and Conclusions

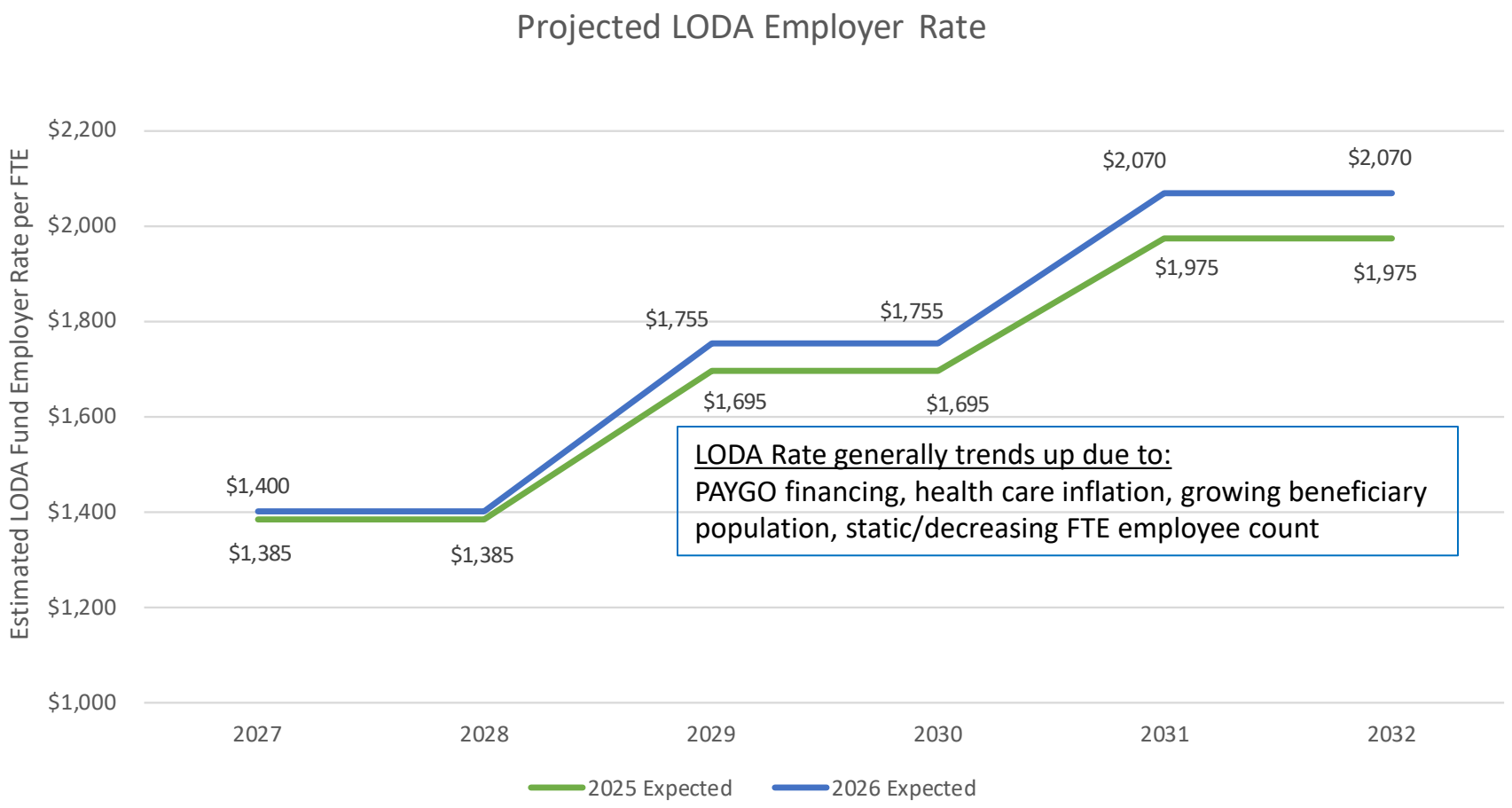


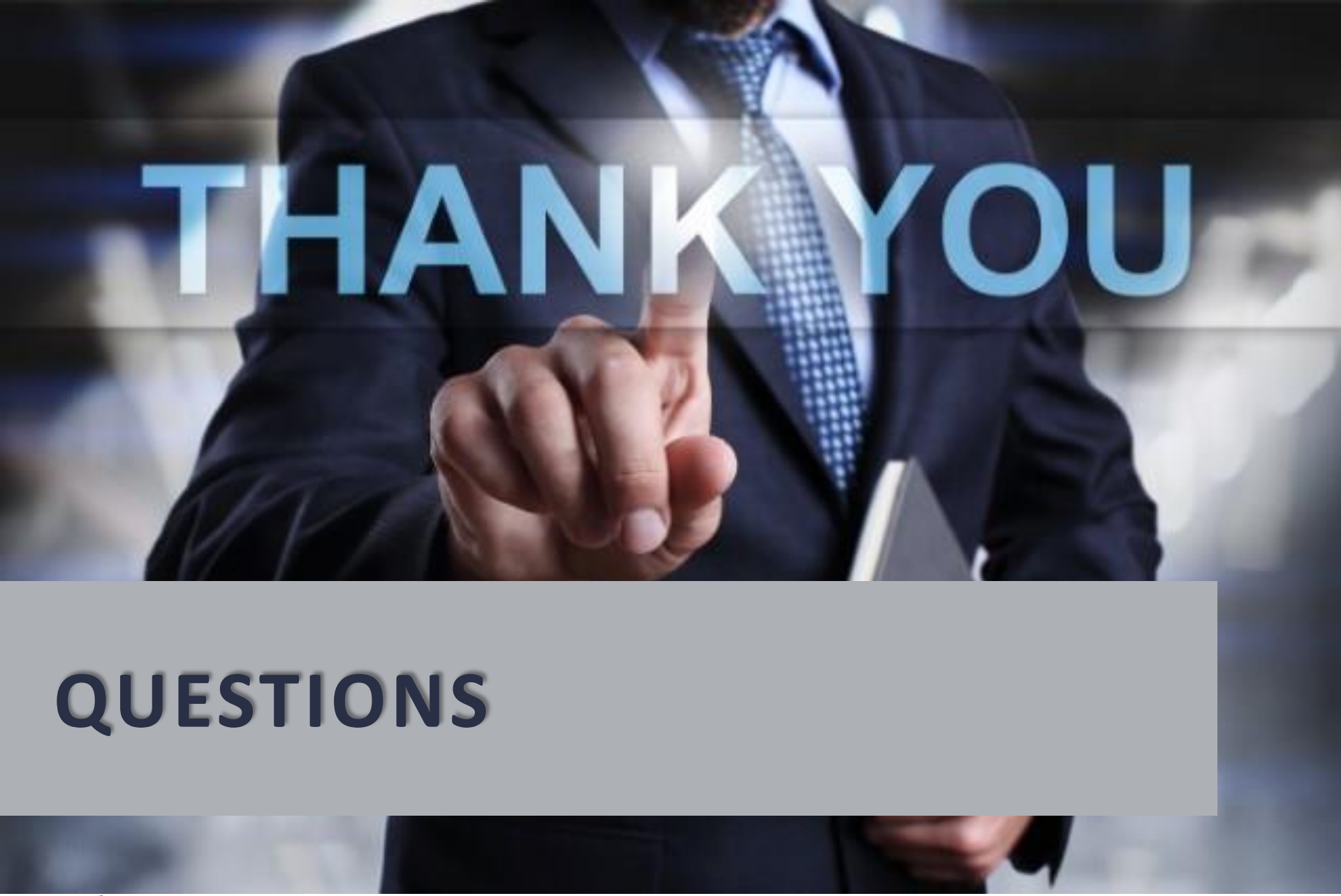
LODA FTE Rate is increased, primarily due to:

- Decrease in FTE employee count
- Pre-65 premiums increasing more than expected
- Health care inflation

* Includes Investment and Benefit Experience

LODA FTE Rate: Looking Ahead





QUESTIONS



APPENDIX

Health Care Premiums

- Premium amounts reflect recent claims experience of current LODA beneficiaries

FY 2027				
Membership Level	LODA Plan Current LODA Employment[1]	LODA Plan Former LODA Employment[1]	Medicare Primary[1,2]	Medcare Part B Premium[3]
Single	$1,452	$1,498	$405	$209.50
Two Person	$2,477	$2,519	N/A	N/A
Family (3 or more family members)	$3,512	$3,553	N/A	N/A

FY 2026				
Membership Level	LODA Plan Current LODA Employment[1]	LODA Plan Former LODA Employment[1]	Medicare Primary[1,2]	Medicare Part B Premium[3]
Single	$1,231	$1,270	$405	$206.50
Two Person	$2,100	$2,136	N/A	N/A
Family (3 or more family members)	$2,977	$3,012	N/A	N/A

For Non-Medicare members: premiums increased 18.0% vs. 7.75% expected.

For Medicare eligible members: premiums increased 0.0% vs. 6.50% expected.

Medicare Part B premiums increased 1.5% vs. 8.6% expected.

[1] *Provided by Department of Human Resource Management (DHRM) .*

[2] *Rate effective January 1 within the Fiscal Year .*

[3] *Rate effective January 1 following the Fiscal Year . From Trustees Report.*

Initial Monthly Per Capita Costs – Model Inputs

Valuation Date	Non-Medicare^	% Increase	Medicare Primary Including Medicare Part B	% Increase
June 30, 2026	$1,975.48	18.8%	$614.50	0.5%
June 30, 2025	$1,662.82	8.5%	$611.50	15.2%
June 30, 2024	$1,532.23	8.0%	$531.00	11.4%
June 30, 2023	$1,418.67	4.0%	$476.70	3.4%
June 30, 2022	$1,413.08	7.1%	$460.90	-0.5%

^Non-Medicare: Includes the additional cost for coverage of dependent children

Health Care Trends

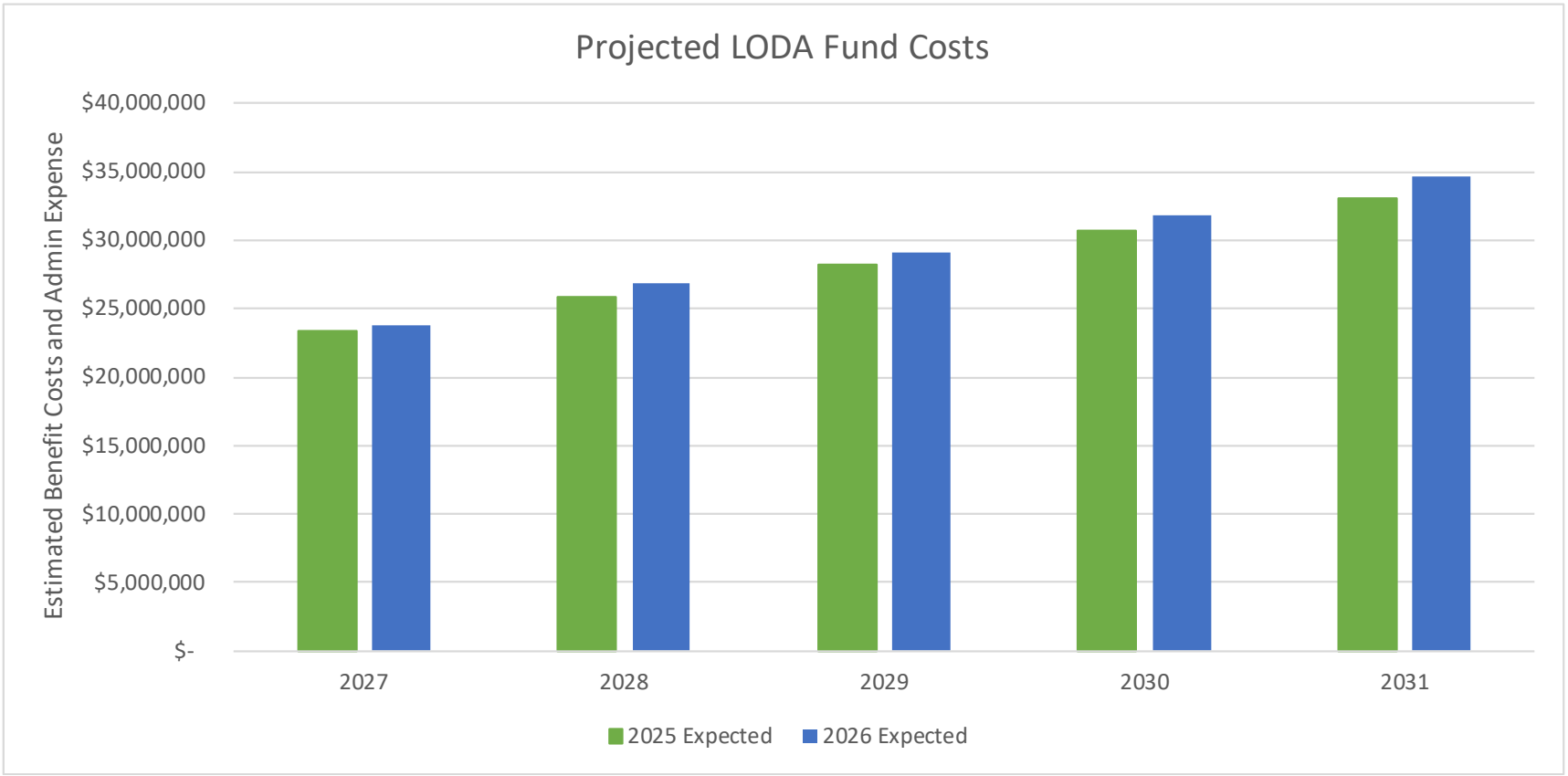
Assumed trend for future health care costs is reviewed each valuation year

- Forward looking best estimate based upon national surveys
- Prior Year Rates
  - Pre-65: 7.75% initially, decreasing over 12 years to a 4.25% ult.
  - Post-65: 6.50% initially, decreasing over 10 years to a 4.25% ult.
- Current Year Rates
  - Pre-65: 8.00% initially, decreasing over 15 years to a 4.25% ult.
  - Post-65: 6.50% initially, decreasing over 10 years to a 4.25% ult.

Actual vs. Expected Benefit Payments

FY 2026		
Type of Benefit	**Expected**	**Actual**
Health Insurance Benefits	$20,509,621	$20,521,826
Death Benefits	$616,243	$418,999
HIC Offsets	($528,762)	($556,539)
Total	$20,597,102	$20,384,286

Putting It All Together: Projected Benefit Payments



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