

VSTRS Actuarial Modeling Request

Please model the impacts of the following options
Please show the impacts to the AAL, UAAL, and Normal Balance
Please calculate the present value of the contributions

Option Name

One-Time Revenue \$97,500,000

Recurring Revenue #1 \$32,500,000

Recurring Revenue #2 \$50,000,000

Contribution 1

Contribution 2

COLA 1

COLA 2

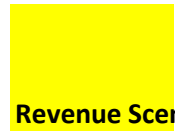
COLA 3

Max Benefit Cap 1



Freeze Option

ons and combined scenarios. Exclude current retirees/beneficiaries from all changes. Apply changes to all act
 mal Cost, and ADEC vs. the "baseline" per the FY20 valuation, and impacts to amortization payments for eac
 bution scenarios from FY23-38.



Revenue Scen

Revenue
Scenario 1

Description

Full sum invested on June 30, 2022 and recognized in subsequent ADEC calculations.

X

Model impacts consistent with the methodology in previous analysis. Sums represent "base year" funding in FY24. FY23 receives 5/12ths of the "base year" revenue. Revenue grows at 2% annually above the "base" beyond FY24. Revenue credited to the pension fund on June 30th of each year.

X

Incremental Increases:

Actives currently paying 5%: Contributions increase 0.25%/year for 4 years, beginning in FY23. By FY26 the contribution rate would be 6%.
 Actives currently paying 6%: Contributions increase 0.25%/year for 2 years, beginning in FY25. By FY26 the contribution rate would be 6.5%.

X

Replace current "flat" rates with Progressive Contributions beginning in FY23:

- 5.5% on first \$40K of income
- 6.25% on income \$40-60k
- 7% on income \$60-80k
- 7.75% on income above \$80K

**Plan Change Scenarios -f
impact when adding the
applies all changes to all
only. Assume changes ar**

Scenario 1

COLA Threshold - COLA (status quo 50% of CPI) only on first \$48K of retirement benefit. 25% of CPI COLA on retirement benefit above \$48,001.

Analyze with
Revenue
Scenario 1

Tiered COLA - 100% of CPI on first \$20K of retirement benefit. 50% of CPI on retirement benefit between \$20,001-\$40,000. 25% of CPI on benefit above \$40K.

Vested COLA - No COLA upon retirement unless the member has at least 15 years of service credit.

Please add a column to the right of each of the COLA scenarios showing the impacts of the max benefit scenario results in a materially different analysis than analyzing it individually.

Increase the Max Benefit Cap by 1% of AFC for each year actually worked beyond 33.34 years (Group C2 only) after July 1, 2022 - all actives.

x

If possible, please model or provide an analysis on the expected impact of offering an option for actives to freeze their pension benefits upon reaching the Rule of 90 or 65 years old and continue working. Upon entering the "freeze", members would keep working but they would stop paying pension contributions and accruing service credits for that time and their AFC would be calculated at the pre-freeze compensation. Pension benefits would not be paid out until the member officially retires and separates from service.

ives unless noted separately.

h year from FY23-38 where possible. It would be especially helpful to see how COLA thresholds and tiered c



enarios (2)

Revenue
Scenario 2

x

x

x

Please analyze impact of each individual option below. Then, please analyze the combined plan change options to the revenue scenarios noted below. Please run two versions: V1 actives, and V2 exempts actives within 5 years of normal retirement from the COLA changes effective July 1 2022.

Scenario 2 Scenario 3

Analyze
with
Revenue
Scenario 2

Analyze
with
Revenue
Scenario 1

Scenario below if combining it with the other scenarios

x x

Contribution rates move the numbers over time due to projected salary growth.