

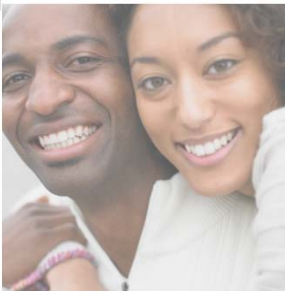
Virginia Retirement System Update

House Appropriations
Subcommittee on Compensation
and Retirement

January 20, 2011
Robert P. Schultze
Director



Virginia
Retirement
System



Agenda

- Line of Duty Act Funding
- Short-Term Disability Claims at Department of Corrections

Line of Duty Act Fund



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Line of Duty Act Fund – 2010 Budget Language

- Item 258 – 2010 Budget Bill:
 - Changed funding mechanism for the program and created the Line of Duty Act Fund
 - Loan from the VRS Group Life Insurance Program to cover expenses/claims for FY2011 and part of FY2012
 - Requires VRS to invest and manage the Fund
 - Establishes funding mechanism based on state and local government contributions, effective July 1, 2011

Line of Duty Act Fund - Time Frame

- Winter/Spring 2011 – Local Election Period
 - Localities choose between two options:
 - Participate in the Fund
 - Opt out of the Fund by choosing to self-fund the benefit: Pay-as-you-go or pre-fund
 - Deadline to opt out of the Fund: 6/30/2011
 - If localities do not take action, they will be enrolled automatically in the Fund

- Fiscal Year 2012
 - VRS will bill state and localities for contributions.

Line of Duty Act Claims by Fiscal Year

Fiscal Year	Total
2005	\$2,518,153 ¹
2006	\$4,230,131 ¹
2007	\$6,288,195 ¹
2008	\$7,015,153 ¹
2009	\$8,258,169 ¹
2010	\$9,339,828 ¹
2011	\$11,321,250 ²
2012	\$13,716,000 ²
2013	\$16,257,000 ²
2014	\$18,958,500 ²
2015	\$21,872,250 ²

Line of Duty Act Fund - Budget Language

“Each participating employer shall make contributions each year to the Fund in accordance with guidelines adopted by the Board. Such contributions shall be for purposes of funding benefits and administrative expenses under the Line of Duty Act. The employer contribution for each participating employer shall be determined by the Board on a current disbursement basis in accordance with the provisions of this section.”

Line of Duty Act Fund - Contribution Rate

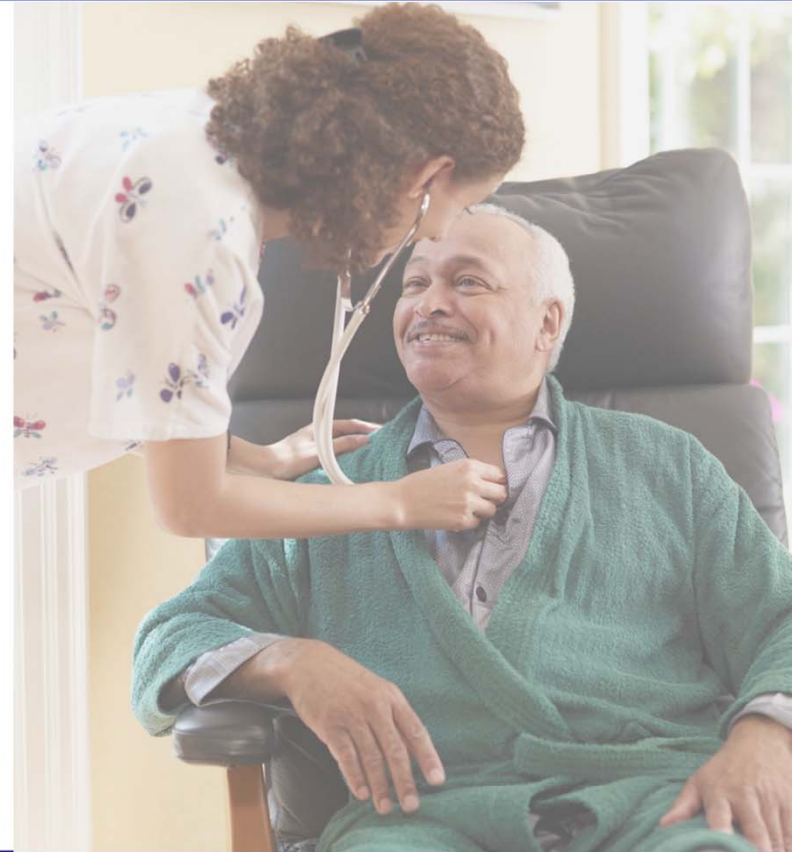
Costs/Contributions Per Active Full-time Employee (\$)*

	Fiscal Year				
	2011	2012	2013	2014	2015
Prefunding Contribution	n/a	n/a	97.19	198.05	297.61
Expected Benefit Payments	150.95	182.88	216.76	252.78	291.63
Loan Repayment	n/a	38.39	38.39	38.39	38.39
Administrative Expenses	6.67	6.87	7.07	7.28	7.50
IBNR/Margin	5.20	5.75	6.29	6.83	7.34
Total	162.82	233.89	365.70	503.33	642.47
*Based upon 75,000 covered full-time employees					
Pay-as-you-go Rate	162.82	233.89	268.51	305.28	344.86

8 Note: Volunteers will be 25% of the full-time rate. Part-time service personnel in the National Guard will be 10% of the full-time rate.

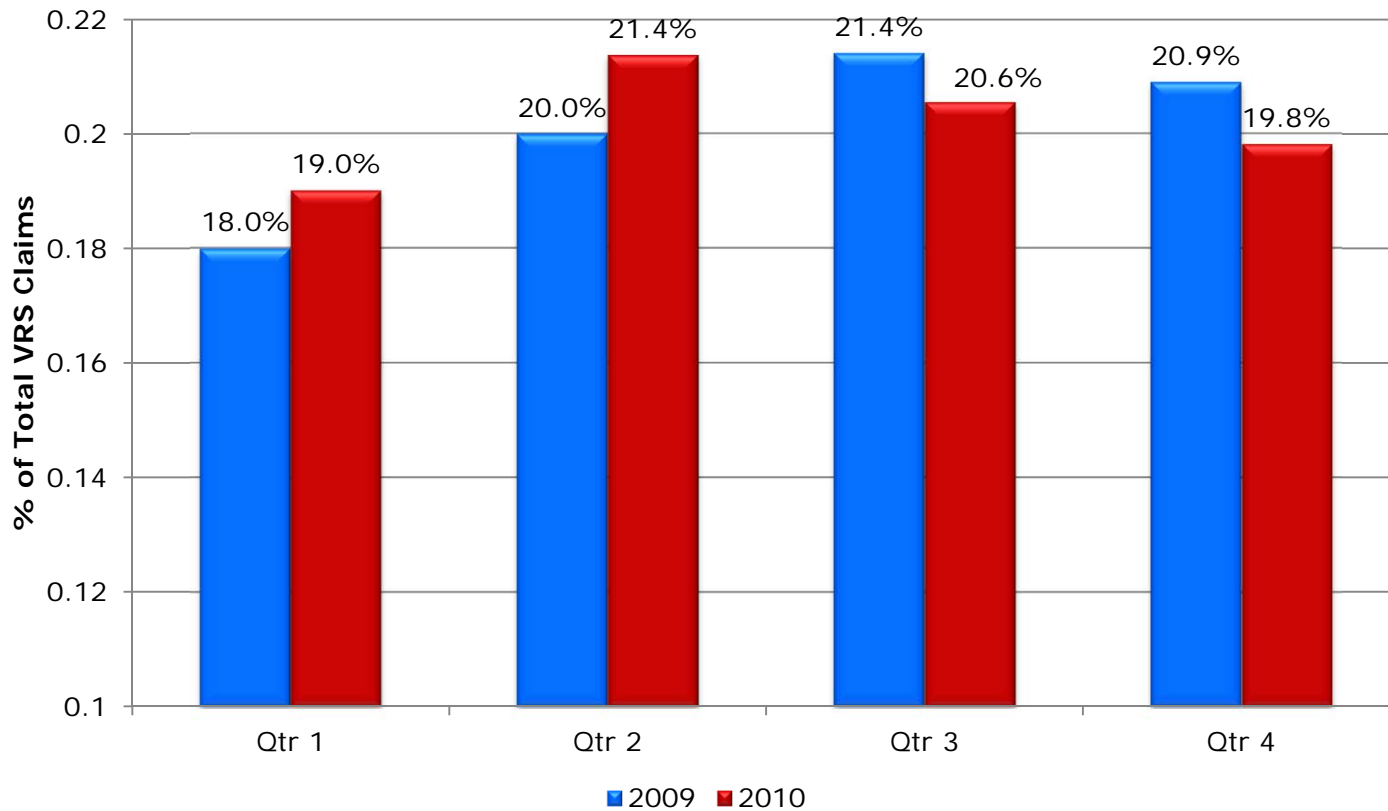


Dept. of Corrections Usage of VSDP



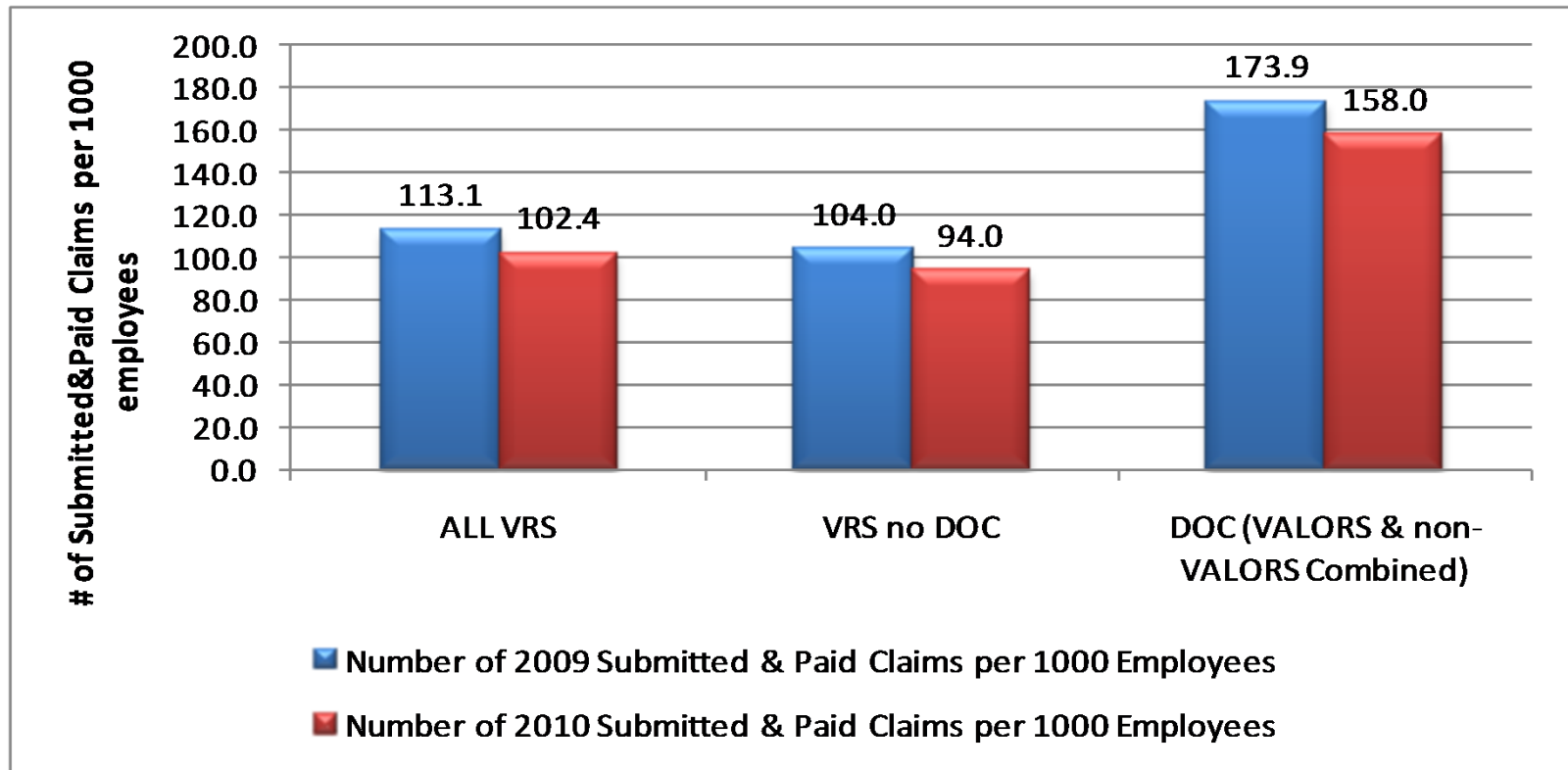
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All DOC STD Claims as a Percentage of Total VRS STD Claims



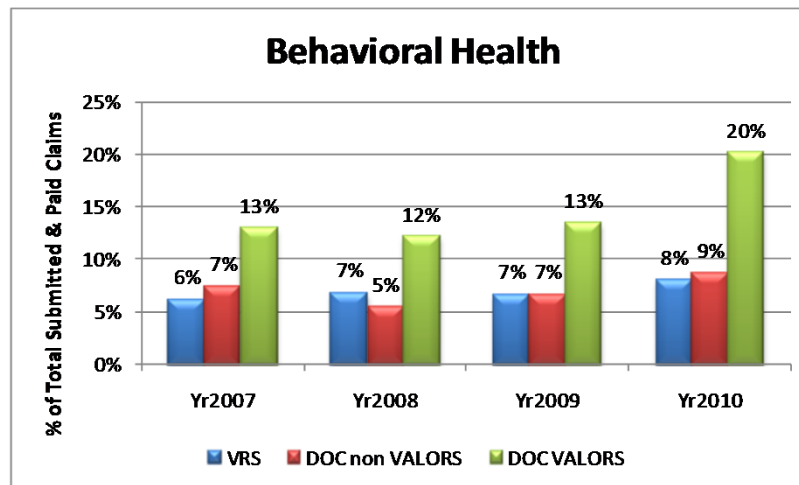
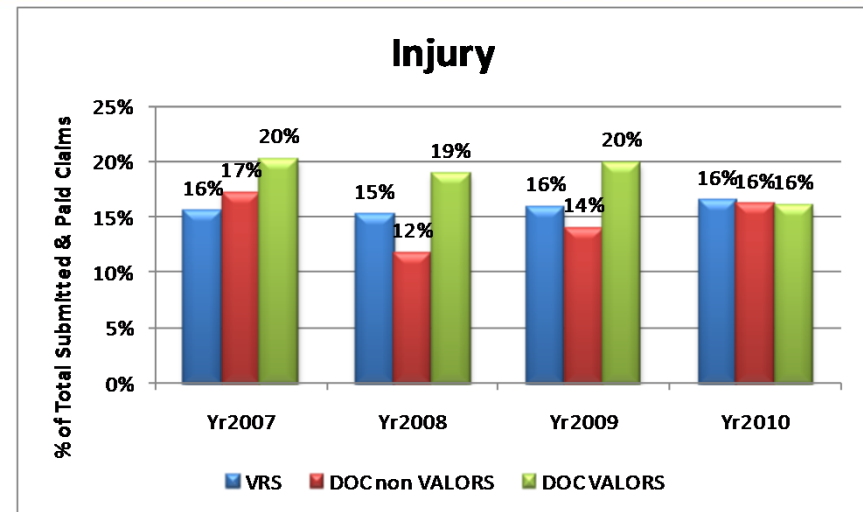
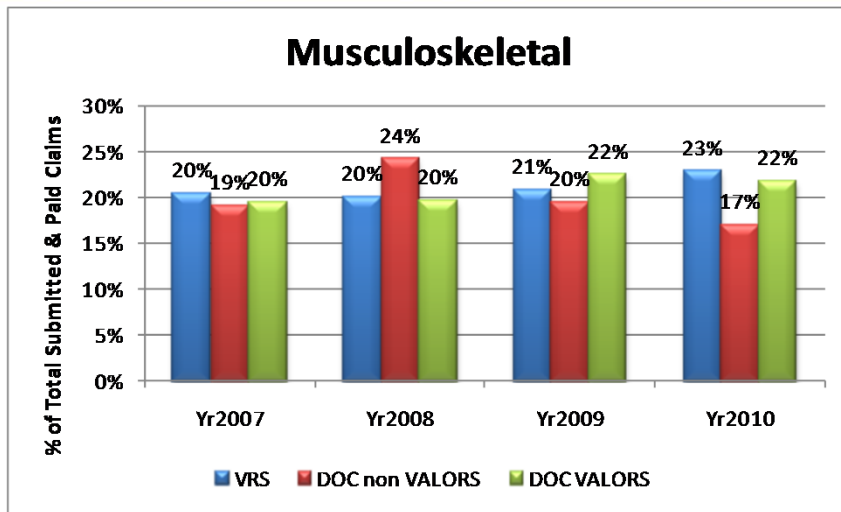
Data as of January 5, 2010

Submitted and Paid STD Claims per 1000 Employees



Claims received by Unum during the year that were deemed payable

Leading Diagnostic Trends for DOC



DOC & VRS Initiatives

- Meeting held with key stakeholders (VRS/DHRM/UNUM/DOC)
 - UNUM dedicated specific staff to work with DOC claims
 - UNUM and DOC to enhance efforts on investigations, surveillance and return-to-work accommodations
 - UNUM will contact doctors to ensure that they understand work accommodations available
 - DOC and DHRM will examine preventive care options and other related policies
 - Agreed to hold quarterly meetings to review progress

Thank you!



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