



**BOARD FOR VOLUNTEER FIRE FIGHTERS (BVFF)
 OCTOBER MEETING HANDOUT**

October 21, 2024

Highlights from the 2023 VFF Actuarial Valuation Letter

- ❖ As of two years ago, we started producing roll-forward valuation letters in odd-numbered years rather than full actuarial valuation reports.
- ❖ We estimated June 30, 2023, liabilities by rolling forward the figures from our [2022 VFF Actuarial Valuation Report](#) (VAVR). We relied on actual assets as of June 30, 2023.

Change in Combined Funded Status for Pension and Relief Plans		
(Dollars in Millions)	2023	2022
a. EAN Accrued Liability	\$267.5	\$263.1
b. Actuarial Value of Assets	273.0	271.1
c. Unfunded Liability (b-a)	(\$5.5)	(\$8.0)
d. Funded Ratio (b/a)	102%	103%

- ❖ In August 2023, RLEOs were removed from the VFF/EMT plan and placed in a new plan. Approximately \$3.6 million in assets were transferred to the new plan. We estimate the Entry Age Normal (EAN) Accrued Liability for RLEOs was \$2.6 million as of June 30, 2023.

Background for Contribution Rate Adoption

- ❖ The following table provides similar information to what we shared as part of this agenda item last year. We do not update the contribution rate calculations in roll-forward valuation letters, but by their nature, EAN Normal Cost (NC) Rates tend to remain relatively stable over time.

Per Person Annual Contribution Rates					
Valuation Year	2018	2019	2020	2021	2022
Pension Rate					
Calculated (EAN NC)	\$100	\$108	\$123	N/A	\$123
Adopted*	\$135	\$135	\$135	\$135	\$140
Relief Rate					
Calculated (Aggregate)	(\$412)	(\$94)	\$22	N/A	\$66
Calculated (EAN NC)	N/A	N/A	\$218	N/A	\$239
Adopted*	\$235	\$235	\$235	\$235	\$240

*Applies to EMTs and RLEOs.

Note: We prepared this information exclusively to supplement a verbal discussion with the Board. This handout is not meant to be a standalone reference. Please see the 2023 VFF Actuarial Valuation letter for additional information and actuarial disclosures (available on our [website](#) after this meeting).



Highlights from the 2024 VFF Relief Experience Study

- ❖ Conducted roughly every six years with the primary purpose of evaluating the continued reasonableness of the current relief assumptions.
- ❖ Structure of the assumptions aim to balance complexity and materiality – relief benefits comprise <10% of VFF’s total liability as of the 2022 VAVR.

Summary of Changes in Assumptions*		
Assumption	Current Value	New Value
Healthcare Expenses	\$165.11 for medical claims. \$11.43 for temporary disability. \$11.00 for physical exams.	\$180 total
Duty-Related Death	0.5 occurrences per year.	No change
Duty-Related Disability	0.5 occurrences per year.	No change
Percent Married	65%	No change
Spousal Duty-Benefit Duration	Death benefits paid for spouse’s lifetime. Disability benefits paid for member’s lifetime.	No change
Child Duty-Benefit Load	10% load for death benefits. 5% load for disability benefits.	No change

*Please see the 2024 VFF Relief Experience Study for details (available on our [website](#) in November).

Other Items of Note

- ❖ This year’s accounting measurements will capture RLEOs separate from VFFs and EMTs, which will impact the “proportionate shares” allocated to RLEO employers.
- ❖ We are in the process of updating the VFF administrative factors (e.g., factors for joint-and-survivor option and service credit purchases).
- ❖ We are currently working with BVFF staff on a handful of data security items and data layout changes. We hope to receive data under this new layout by the end of this year.
- ❖ In July, OSA presented to the Board on funding methods and suggested the Board consider switching to an EAN NC method for calculating relief rates for EMTs and RLEOs. Any change here would need to be adopted before it can be reflected in the actuarial valuations.
 - We would also appreciate additional clarity from the Board on their policy for distributing annual Fire Insurance Premium Taxes to the RLEO fund.