

VIRGINIA BANKERS ASSOCIATION

Benefits Corporation

VBA BENEFITS CORPORATION BOARD

Agenda

VBA Benefits Corporation Board Meeting
February 23, 2024 10:30am
VBA Office

- I. Welcome and Call to Order
- II. Approval of November 17, 2023 Minutes
- III. Virginia General Assembly Legislative Update – Matt Bruning, VBA
- IV. Year-end 2023 Retirement Plans Investment Performance and VBA Group Medical and Dental Trust – Ken Barnes, Dee Spivey, SageView Advisory Group
- V. Update on VBA 2023 Master Defined Benefit Pension Plan & Trust Audit Report – Tom Cherry, VBA Audit Committee
- VI. 2024 VBA Member Relations Report – John Snead, VBA
- VII. COO Report – Laurie Milligan, VBA
- VIII. Financial Report – Stacy Puckett, VBA
 - Financial Results for 2023 and Final 2024 Budget
- IX. VBA Group Medical & Dental Trust Reserves – Tom Mackay, Jennifer Doyle, MMA
- X. Other Business
- XI. Executive Session

**Minutes of the
VBA Benefits Corporation
Board Meeting
November 17, 2023 at 10:00am
Blue Ridge Room**

In attendance: Chairman John R. Caldwell, Michelle R. Austin, Elizabeth T. Beale, Thomas F. Cherry, Barry C. Elswick, Melody D. Emswiler, James E. Hendricks, Jr., Brandon C. Lorey, W. Mark Nelson, Jay A. Stafford

VBA Staff: Laurie Milligan, Stacy Puckett, John Snead

Guests: SageView Consulting – Bill Reid

Call to Order

A quorum being present, Chairman Caldwell called the meeting to order. Notice of the meeting was properly given more than five days before the meeting and materials were also sent in advance, including:

- August 18, 2023 meeting minutes
- September 19, 2023 meeting minutes approving Williams Mullen as new ERISA law firm
- Draft of VBA Benefits Corp. November 9, 2023 Investment Committee meeting minutes
- COO Report
- Financial Report of 3rd Quarter 2023 Results; Preliminary 2024 Budget
- 3rd Quarter 2023 Investment Performance Board Report
- VBA Master Defined Benefit Plans Update

Approval of Minutes

The minutes from the August 18th and September 19th meetings were approved as written.

COO Report

Laurie Milligan updated the Board on 2023 health and welfare initiatives that included the status of the DOL audit, completion and filing of 990 tax returns and future wellbeing strategies. Board members discussed and approved adding the Hello Heart pilot program for 2024. Laurie shared 2023 retirement plan initiatives that included a SECURE Act 2.0 update, 2024 Non-Qualified Deferred Compensation open enrollment and Benefits Corporation's 2024 retirement fees. Board members discussed and approved VBA's 2024 retirement fees.

Financial Report

Stacy Puckett presented 3rd quarter 2023 financial results for the Trusts, VBA Benefits Corporation, and retirement plans. Stacy also reviewed the preliminary 2024 budget for the Trusts and Benefits Corporation and updated the Board on the VBA's reserves. The Board members discussed and approved the financials as written.

VBA Benefits Corporation Investment Committee Report

Michelle Austin updated the Board on items discussed at the VBA Benefits Corporation Investment Committee meeting held on November 9, 2023. She updated the Board on litigation and regulatory updates; investment assets and performance for all retirement plans; and a project SageView had

completed in reviewing cost benchmarks for three banks in the SBA Master Defined Contribution Plan and Trust. The total cost in each plan was below benchmark.

VBA Master Defined Benefit Plans Update

Bill Reid reviewed the 2024 contribution and benefit limits for retirement plans and provided an update on the VBA Master Defined Benefit and Cash Balance plans. Board members discussed and asked questions about the materials presented.

Adjourn to Executive Session

There being no other business, the meeting adjourned to executive session.

Submitted by: John Snead, Vice President, Member Relations

VBA Benefits Corporation Investment Plan Committee Meeting
3rd Quarter 2023 Meeting Minutes

Meeting Date: November 9, 2023
Time: 9:00 A.M. ET
Location: Virtual Meeting / Zoom

Meeting Attendees

Committee Chair: Michelle Austin
Voting Members: John Caldwell, Thomas Cherry, Laurie Milligan, Jay Stafford, Matt Vance, Bruce Whitehurst, Leesa Christian, Jay Hendricks
VBA Staff: DeMarion Johnston, Stacy Puckett, John Snead
SageView Advisory Group: Ken Barnes, Dee Spivey
Absent:

Meeting Topics

- Prior Meeting Minutes
- Follow-Up Items from Prior Meeting
- Investment Review (All Plans)
- Plan Fee Review and Benchmarking
- Administrative Items

Open Items

Approval of Prior Meeting Minutes: The minutes from the prior meeting were approved by the Committee with no changes.

Morningstar Managed Accounts Update: SageView provided a brief overview of a recent system error on the Morningstar platform. SBA participants impacted by this error have been notified and will have a correction by Morningstar.

Investment Review

Economic & Industry Update: SageView provided a general summary of the market, the federal reserve expectations, and performance of the major market indexes. Included was an overview of the most recent legislative and regulatory activity.

Summary: Equity markets retreated in the third quarter, with the S&P 500 falling nearly 5%. Despite the difficult quarter, the equity markets remain positive for the year. 10-year Treasury yields rose to 16-year highs. US economy keeps humming, and the third-quarter GDP projections remain strong.

Defined Benefit Plans

Total Plan Assets: \$80,088,511.74

Investment Performance: SageView provided an overview of the performance of the Plan's investment alternatives.

Core Option Investment Review:

- 13 of the 16 core investment funds passed SageView scoring criteria.
- Average core option SageView score is 20th percentile.

Watch List Summary: SageView reviewed the Plan's investment alternatives designated for the *Watch List*.

Investment Name	Watch List Date	Qualitative / Quantitative	SageView 3(38) Action
PIMCO Long Duration Total Return Instl	6/30/23 9/30/22	Quantitative / Qualitative	Continue on Quantitative Watch Remove from Qualitative Watch
PIMCO Long-Term Credit Bond Instl	6/30/22	Quantitative	Remove from Watch
PIMCO Investment Grade Credit Bond Instl	3/31/22	Quantitative	Replace*
MFS Growth Equity Fund CL S	9/30/23 3/31/23	Quantitative / Qualitative	Continue on Watch

*On 11/01/2023 replaced the PIMCO Investment Grade Credit Bond with PIMCO Moderate Duration Fund. SageView also rebalanced the portfolios and changed the weighting in the LDI investments to better align with overall liabilities in the plans.

Defined Contribution Plans

Total Plan Assets: \$371,545,828.13

Investment Performance: SageView provided an overview of the performance of the Plan's investment alternatives.

Core Option Investment Review:

- 16 of the 17 core investments passed SageView scoring criteria.
- Average core option SageView score is 18th percentile.

Target-Date Fund Review:

- 12 of the 12 Vanguard Target Retire Target Date funds passed SageView scoring criteria.
- Average target date SageView score is 17th percentile.
- 61.39% of assets are allocated to a target date option.

Watch List Summary: SageView reviewed the Plan's investment alternatives designated for the *Watch List*.

Investment Name	Watch List Date	Qualitative / Quantitative	SageView 3(38) Action
MFS Growth Fund CL S	9/30/23 3/31/23	Quantitative/ Qualitative	Continue on Watch

Plan Portfolio Weighted Expense:

- **Weighted Expense Ratio:** 0.16%

Non-Qualified Plans

Total Plan Assets: \$73,415,276.40

Investment Performance: SageView provided an overview of the performance of the Plan's investment alternatives.

Core Option Investment Review:

- 15 of the 15 core investment funds passed SageView scoring criteria.
- Average core option SageView score is 12th percentile.

Asset Allocation Fund Review:

- 3 of the 4 Vanguard LifeStrategy funds passed SageView scoring criteria.
- Average asset allocation investment SageView score is 38th percentile.

Watch List Summary: SageView reviewed the Plan's investment alternatives designated for the *Watch List*.

Investment Name	Watch List Date	Qualitative / Quantitative	SageView 3(38) Action
MFS Growth R6	3/31/23	Qualitative	Continue on Watch
Vanguard LifeStrategy Income Inv	12/31/22	Quantitative	Continue on Watch
Vanguard LifeStrategy Moderate Gr Inv	12/31/22	Quantitative	Continue on Watch

Plan Portfolio Weighted Expense:

- **Weighted Expense Ratio:** 0.20%

VEBA Plan

Total Plan Assets: \$7,704,243

Plan Portfolio Performance: -3.97% in Q3.

Plan Fee Review & Benchmarking

Fee Benchmarking Report: The Committee reviewed a sample of cost benchmarking provided to individual plan sponsors earlier this year as part of the stewardship review. The benchmarks are provided by 401(k) Averages using similar plan characteristics.

Administrative Items

Schedule 2024 Committee Meetings: The 2024 Committee Meeting Schedule was presented.

Follow-Up Items

Follow-Up Items: The following items will be addressed following the meeting:

- SageView will email the Q3 2023 Meeting Minutes for review and approval.
- Meeting invites for the 2024 Committee meetings will be sent.

As there was no further business, the meeting was adjourned.

Adopted on:

Board of Directors Retirement Plan Update

February 2024

VIRGINIA BANKERS
ASSOCIATION
Benefits Corporation

The State Bankers Association follows industry best practices in meeting its fiduciary responsibilities to the State Bankers Association Retirement Plans (the “Plan”) and its employees:

- The Investment Committee (the “Committee”), as directed by the Board, is authorized to manage the Plan investment menu and investment-related services, including any retirement plan service providers.
- The Committee meets quarterly to review the Plan’s investments, legislative and litigation updates, administrative/governance procedures, vendor services and associated fees. The Committee documents these meetings with formal minutes.
- To assist with prudent investment oversight, strategic planning, and plan service provider evaluation, the Committee retains SageView Advisory Group as a discretionary investment manager as provided for in ERISA §3(38).
- The Committee adheres to a written *Investment Policy Statement*, which establishes the policies for evaluating, selecting, and monitoring investment options that are available to plan participants.
- To assist with prudent administration of the Plan, the Committee retains Voya for recordkeeping.
- To assist with Plan level consulting, the Committee retains PRM Consulting.



Discretionary Investment Manager

- Dee Spivey, AIF[®], CPFC[®] – Retirement Plan Consultant
 - Ken Barnes, CFP[®], CIMA[®] – Senior Investment Consultant
-



Recordkeeper

- Brian Hill – Client Relations Manager
 - Doug Wilke – Regional Vice President, Sales
-



Consultant

- Michael Rhim – Principal
- P.K. Andrews – Retirement Consultant

Defined Contribution Plan Statistics

Total Plan Assets:	\$403,759,085.98
2023 YTD Contributions	\$33,241,524
2023 YTD Distributions	\$39,701,668

Total Participants with Balance:	5,616*
Total Active Participants:	1,155
Average Account Balance:	\$66,028

Data as of 09/30/2023

Plan Asset Allocation By Fund



Master Defined Benefit Plan

Fund	% of Plan Assets	Total Assets
PIMCO Moderate Duration Instl	18.10%	\$15,646,899.97
PIMCO Long-Term Credit Bond Instl	15.22%	\$13,159,376.40
PIMCO Long Duration Total Return Instl	8.73%	\$7,543,102.70
Fidelity® 500 Index	8.51%	\$7,358,505.01
MFS Growth Equity Fund CL S	7.68%	\$6,641,562.72
Vanguard Equity-Income Adm	7.61%	\$6,577,093.08
T. Rowe Price Overseas Stock I	6.74%	\$5,826,750.31
Fidelity® Total International Index	6.73%	\$5,815,049.19
Cohen & Steers Real Estate Securities Z	5.98%	\$5,165,334.18
JPMorgan Emerging Markets Equity R6	4.65%	\$4,021,923.18
Fidelity® Extended Market Index	2.09%	\$1,805,997.85
JPMorgan Mid Cap Growth R6	2.04%	\$1,763,863.78
Wasatch Core Growth Institutional	1.97%	\$1,702,722.40
Victory Sycamore Established Value R6	1.97%	\$1,700,707.61
PIMCO RAE US Small Instl	1.85%	\$1,595,360.93
Voya Fixed Account	0.14%	\$116,954.38
Total Market Value:	100.00%	\$86,441,203.69

Master Defined Contribution Plan

Fund	% of Plan Assets	Total Assets
Vanguard Target Retire 2030 Tr II	11.76%	\$47,484,587.15
Vanguard Target Retire 2025 Tr II	10.81%	\$43,637,910.19
Vanguard Target Retire 2035 Tr II	10.54%	\$42,575,064.98
Fidelity® 500 Index	8.18%	\$33,015,507.57
Goldman Sachs Stable Value Inst Cl S	7.19%	\$29,017,461.77
Vanguard Target Retire 2040 Tr II	6.62%	\$26,735,012.25
Vanguard Target Retire 2045 Tr II	6.43%	\$25,960,363.23
MFS Growth Equity Fund CL S	5.32%	\$21,481,792.29
Vanguard Target Retirement 2050 Trust II	4.70%	\$18,985,302.48
Vanguard Equity-Income Adm	3.00%	\$12,114,602.81
Vanguard Target Retirement Inc Trust II	2.95%	\$11,900,861.91
Vanguard Target Retirement 2055 Trust II	2.63%	\$10,624,081.71
Vanguard Target Retire 2020 Tr II	2.35%	\$9,504,910.79
Voya Intermediate Bond R6	1.75%	\$7,048,131.66
JPMorgan Mid Cap Growth R6	1.65%	\$6,670,558.31
Fidelity® Extended Market Index	1.59%	\$6,406,277.32
Wasatch Core Growth Institutional	1.52%	\$6,155,615.47
Fidelity® US Bond Index	1.39%	\$5,608,827.15
Fidelity® Total International Index	1.31%	\$5,289,300.81
American Funds Europacific Growth R6	1.30%	\$5,263,150.35
Victory Sycamore Established Value R6	1.13%	\$4,570,549.75
Vanguard Target Retire 2060 Tr II	1.07%	\$4,311,137.20
PIMCO RAE US Small Instl	1.05%	\$4,248,280.90
Company Stock	0.86%	\$3,468,557.42
Vanguard Target Retirement 2070 Trust II	0.85%	\$3,441,671.80
JPMorgan Emerging Markets Equity R6	0.69%	\$2,794,490.97
Cohen & Steers Real Estate Securities Z	0.56%	\$2,273,743.54
PIMCO Real Return Instl	0.30%	\$1,229,867.96
Vanguard Target Retirement 2065 Trust II	0.29%	\$1,155,975.77
Voya Government Money Market A	0.19%	\$785,490.47
Total Market Value:	100.00%	\$403,759,085.98

* 3 Pension Plans terminated in 2024

Plan Asset Allocation By Fund



Master Non-Qualified Plan

Fund	% of Plan Assets	Total Assets
Company Stock	46.33%	\$38,453,828.73
Vanguard LifeStrategy Growth Inv	18.12%	\$15,039,741.49
Vanguard Federal Money Market Investor	5.99%	\$4,971,748.82
Vanguard LifeStrategy Mod Gr Inv Shrs	5.27%	\$4,370,418.78
Fidelity® 500 Index	4.31%	\$3,574,004.98
MFS Growth R6	3.10%	\$2,569,016.46
Vanguard Equity-Income Adm	2.57%	\$2,129,466.35
Vanguard LifeStrategy Cnsvr Gr Inv	2.53%	\$2,095,915.01
Vanguard LifeStrategy Income Inv	2.36%	\$1,960,348.31
Fidelity® US Bond Index	2.20%	\$1,823,104.65
Wasatch Core Growth Institutional	1.23%	\$1,018,692.50
American Funds Europacific Growth R6	1.10%	\$912,535.58
Cohen & Steers Real Estate Securities Z	1.02%	\$849,752.45
JPMorgan Mid Cap Growth R6	1.02%	\$849,065.10
PIMCO RAE US Small Instl	0.80%	\$663,898.20
Victory Sycamore Established Value R6	0.70%	\$582,320.86
JPMorgan Emerging Markets Equity R6	0.54%	\$444,128.11
Voya Intermediate Bond R6	0.45%	\$375,312.55
Fidelity® Extended Market Index	0.22%	\$179,245.76
Fidelity® Total International Index	0.16%	\$131,554.23
Total Market Value:	100.00%	\$82,994,098.92

Medical & Dental Plan Trust (Managed)

Fund	% of Plan Assets	Total Assets
Vanguard Russell 1000 Growth ETF	16.30%	\$1,367,800.33
Vanguard Russell 1000 Value ETF	15.97%	\$1,340,544.29
Fidelity® International Small Cap	9.36%	\$785,781.66
PGIM Global Real Estate Z	8.86%	\$743,889.38
Schwab Emerging Markets Equity ETF™	7.41%	\$622,302.55
American Century Small Cap Value I	7.35%	\$616,920.72
JPMorgan Mid Cap Growth I	7.18%	\$602,214.69
Schwab International Equity ETF™	6.91%	\$579,992.09
ClearBridge International Growth I	6.87%	\$576,351.98
Loomis Sayles Core Plus Bond Y	5.25%	\$440,443.35
iShares Core US Aggregate Bond ETF	5.20%	\$436,042.53
iShares Core International Aggt Bd ETF	1.94%	\$162,609.91
MFS Emerging Markets Debt I	0.77%	\$64,504.00
BlackRock High Yield Bond Instl	0.54%	\$45,737.61
Cash	0.10%	\$8,040.59
Total Market Value:	100.00%	\$8,393,175.68

Plan Investment Summary



	Average SageView Score	Weighted Average Expense Ratio
Defined Contribution Plan Investments	20 th Percentile	0.16%
Defined Benefit Plan Investments	20 th Percentile	0.62%
Non-Qualified Plan Investments	18 th Percentile	0.21%
Medical and Dental Trust Investments	17 th Percentile	0.44%

- Defined Benefit Plan: 2 investments on quantitative watch and none on qualitative watch
- Defined Contribution Plan: 1 investment on quantitative watch and none on qualitative watch
- Non-Qualified Plan: 2 investments on quantitative watch and non on qualitative watch
- No investments from the Medical and Dental Trust on watch list

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Defined Benefit Plan Performance



Portfolio Name	3 month	1 Year	Inception
SV Fiduciary 25	9.58%	8.34%	-1.02
SV Fiduciary 25 Benchmark	9.80%	7.95%	-2.28%
SV Fiduciary 40	9.84%	10.46%	1.45%
SV Fiduciary 40 Benchmark	10.10%	10.76%	0.67%
SV Fiduciary 50	10.19%	11.82%	3.15%
SV Fiduciary 50 Benchmark	10.31%	12.68%	2.68%
SV Fiduciary 60	10.56%	13.23%	4.71%
SV Fiduciary 60 Benchmark	10.47%	14.43%	4.59%
SV Fiduciary 70	10.73%	14.44%	6.26%
SV Fiduciary 70 Benchmark	10.65%	16.29%	6.56%

- The Pension Plans converted to Voya and the new asset allocation and investments at the beginning of June. Since inception is 6/1/2020.
- Benchmarks are a blend of the following indexes: Russell 3000, MSCI ACWI ex USA and Barclays Capital Long Government/Credit Index. As of 11/1/2023 Fixed Income benchmark changed to 45% Bloomberg US Agg Bond and 55% Barclays Capital Long Government/Credit Index.
- Performance is not actual plan performance as it does not account for cash flows and portfolios moving from the strategic allocations.

DC Plan Portfolio Return vs. Custom Benchmarks



Performance As Of September 30, 2023	3 Month	YTD	1 Year	3 Year	5 Year	Std Dev 5 Yr	Prospectus Exp Ratio
State Bankers Association Master Defined Contribution Plan	9.57	17.21	17.21	3.97	9.81	13.91	0.16
State Bankers Association Master Defined Contribution Plan Custom Benchmark	9.55	17.08	17.08	4.47	9.68	13.91	NA
State Bankers Association Master Defined Contribution Plan Custom Category Averages Benchmark	9.42	16.07	16.07	3.50	8.99	14.61	0.74
Institutional Portfolio 60-30-10	9.03	16.25	16.25	3.71	8.54	11.97	NA
MSCI World NR USD	11.42	23.79	23.79	7.27	12.80	18.26	NA

Custom Index Benchmark performance is calculated using benchmark indexes applied to State Bankers Association Plan specific asset weighting. **Custom Category Averages Benchmark** performance is calculated using Morningstar® asset category average fund performance applied to State Bankers Association Retirement Plans specific asset weighting.

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Recent Plan Accomplishments



- 3 new Banks with over \$50M in assets were added to the Master Defined Contribution Plan
- Independent overview of SageView's investment process completed by PRM Consulting
- Investment Policy Statements reviewed and updated in January 2023
- Moved from two mutual funds to the comparable CIT investment in 2023 savings participants over 0.10% on one investment.
- Revised the Defined Benefit Plan asset allocation in November 2023 to better align the duration of the portfolio with the duration of the aggregate liabilities
- Terminated 3 Pension Plans during 2023
- 2022 plan year audit and 5500 filing were successful
- Cost benchmarking completed for banks participating in the Defined Contribution Master Trust
- Fiduciary Training and onboarding of two new Investment Committee members in 2023
- Voya and SageView continued to conduct financial wellness webinars for VBA Banks in 2023

SageView Response to PRM Investment Report



FIDELITY EXTENDED MARKET INDEX FUND

The fund tracks the Dow Jones US Completion Total Stock Market Index, which constructs a market-cap weighted portfolio of the entire U.S. equity market outside of the S&P 500. The fund holds roughly 3,650 total stocks. A result of its broad scope, the fund goes further down the market-cap ladder than its average mid-cap blend peer, favoring small-cap stocks. Small- and micro-cap companies constituted over 19% more of this portfolio than the average peer as of December 2023. During periods of small cap underperformance, the fund will trail the Mid Cap Blend peer group. The fund has tightly tracked the Dow Jones US Completion Total Stock Market Index (its stated objective) at a low expense of .035%. The investment also passes SageView index fund scoring criteria.

SageView recommends retaining the investment in the plan investment lineup.

MFS GROWTH CIT

The investment currently fails SageView's quantitative scoring criteria. The R6 share class for MFS Growth passes SageView's scoring criteria as of 12/31/23 with a score of 22. The CIT share class utilized in the SBA plan is 0.12% less expensive than the R6 share class and has outperformed the R6 share class since its inception in July 2020. The CIT share class fails SageView's scoring criteria because of the more recent inception which means the investment's strong performance in 2018 and 2019 are not included in the CIT's SageView score calculation.

SageView recommends retaining the investment on Quantitative Watch List. SageView will be removing the investment from Qualitative watch list this quarter.

JPMORGAN EMERGING MARKET EQUITY

As of 12/31/2023, the investment receives a passing SageView score of 44. Performance in 2021 – 2023 fell in the bottom quartile relative to Emerging Market category peers. Despite the poor recent performance, the investment does finish in the top quartile relative to category peers over the trailing 10-year period.

SageView recommends retaining the investment in the plan investment lineup

FIDELITY TOTAL INTERNATIONAL INDEX

The fund tracks the MSCI ACWI ex USA Investable Market Index. The fund includes emerging-markets stocks to ensure the portfolio captures the entire foreign stock market, but it leads to country and regional allocation discrepancies relative to the category average. The fund's 19% stake in emerging-markets stocks is about 3 times that of the typical category peer. Overall, the fund has tightly tracked its index at a low expense.

SageView recommends retaining the investment in the plan investment lineup.



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2023 Member Relations Report

VBA Benefits Corporation Board Meeting

February 23, 2024



2023 Benefits Activity

Wins Breakdown

- 3 new 401(k) plans (\$49.8 million in assets)
- 3 banks added voluntary benefits for first time with change to Securian

Losses Breakdown

- 2 minimum premium banks dropped H&W benefits
- 2 pool banks dropped H&W benefits related to M&A activity
- 3 pension plans terminated

North Carolina – Disability Partnership

- Added 1 STD plan
- Since inception have partnered with 10 NC banks (10 LTD plans, 7 STD plans)
- LTD - \$137,498 annual premium / 525 participants
- STD - \$77,095 annual premium / 367 participants

Kentucky – Retirement Partnership

- Added 1 401(k) plan (start-up)
- Since inception have partnered with 5 KY banks for 401(k) plans
- \$19,840,672 aggregate assets / 174 participants

2023 Benefit Plan Enrollment

Line of Coverage	2023 Total Participants (effective 1/1/23)	2024 Total Participants (effective 1/1/24)	% Change
401(k)	4,811	5,213	8.4%
Accident	1,142	1,008	-11.7%
Critical Illness	936	879	-6.1%
Deferred Compensation	505	518	2.6%
Dental	7,017	4,959	-29.3%
Hospital Indemnity	952	745	-21.7%
Legal Assistance	655	452	-31.0%
Life	8,600	6,030	-29.9%
Long Term Care	194	152	-21.6%
LTD	8,822	6,514	-26.2%
Medical	7,385	5,125	-30.6%
Pension	1,177	982	-16.6%
Pet	27	41	51.9%
STD	5,097	2,786	-45.3%
Vision	5,112	3,682	-28.0%

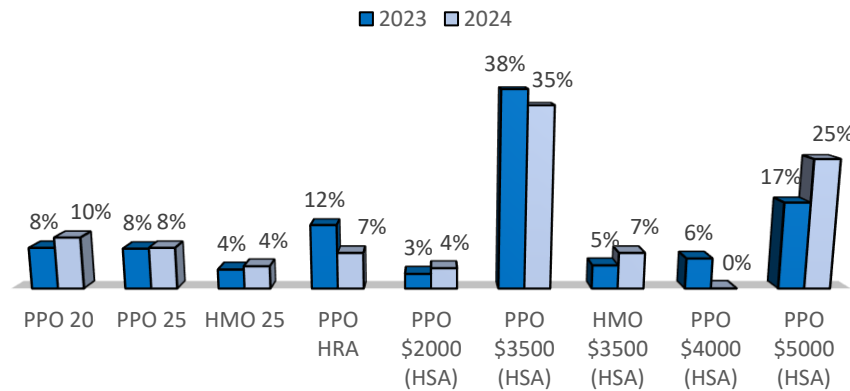
Note:

- **8.4%** 401(k) enrollment increase
- Average enrollment loss of 30% in Core H&W plans
- Average enrollment loss of 13% in Voluntary Benefits

Medical Plan Enrollment Migration

Plan	Jan 2023	2023 % of Total	Jan 2024	2024 % of Total
PPO 20	590	8%	509	10%
PPO 25	578	8%	441	9%
HMO 25	276	4%	225	4%
PPO HRA	917	12%	336	7%
PPO \$2000 (HSA)	212	3%	212	4%
PPO \$3500 (HSA)	2,803	38%	1,803	35%
HMO \$3500 (HSA)	337	5%	340	7%
PPO \$4000 (HSA)	437	6%		0%
PPO \$5000 (HSA)	1,235	17%	1,259	25%
TOTAL ALL PLANS	7,385	100%	5,125	100%

VBA MEDICAL ENROLLMENT MIGRATION

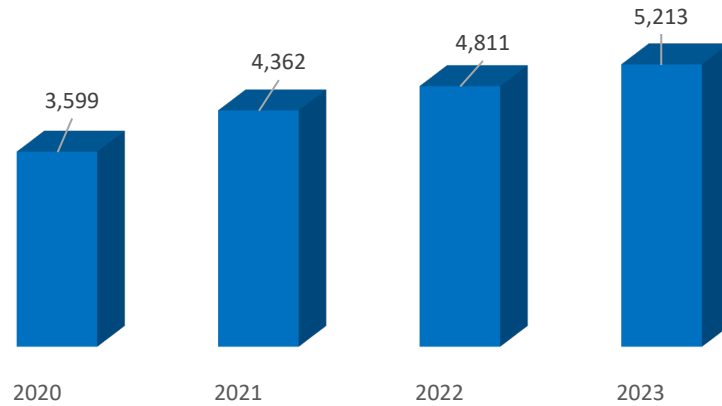


Total Population % in HSA Plans

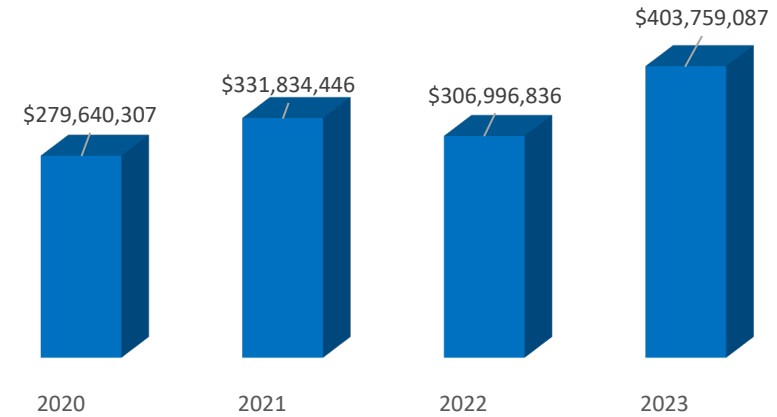
- 2022 – 65%
- 2023 – 68%
- 2024 – 71%

401(k) Enrollment & Total Assets

VBA Total 401(k) Participant Accounts



VBA Total 401(k) Assets (12/31)



Note:

- VBA transitioned to Voya/SageView in 2020

2024 Engagement Goals

- Member relations visits with senior executives of participating banks
- Touchpoint opportunities
 - Wellness Summit
 - Strategic Peer Group Meetings
 - Medical Financial Dashboards
 - Renewal/Open Enrollment Meetings
 - 401(k) Stewardship Reports
 - VBA Conferences/Committee Meetings
- Continue to develop and grow partnerships with other state banking associations
 - NCBA HR Conference on March 26
 - Evaluating KBA speaking opportunities

COO Report

VBA Benefits Corporation Board Meeting

February 23, 2024



2024 Health & Welfare Strategic and Operational Initiatives

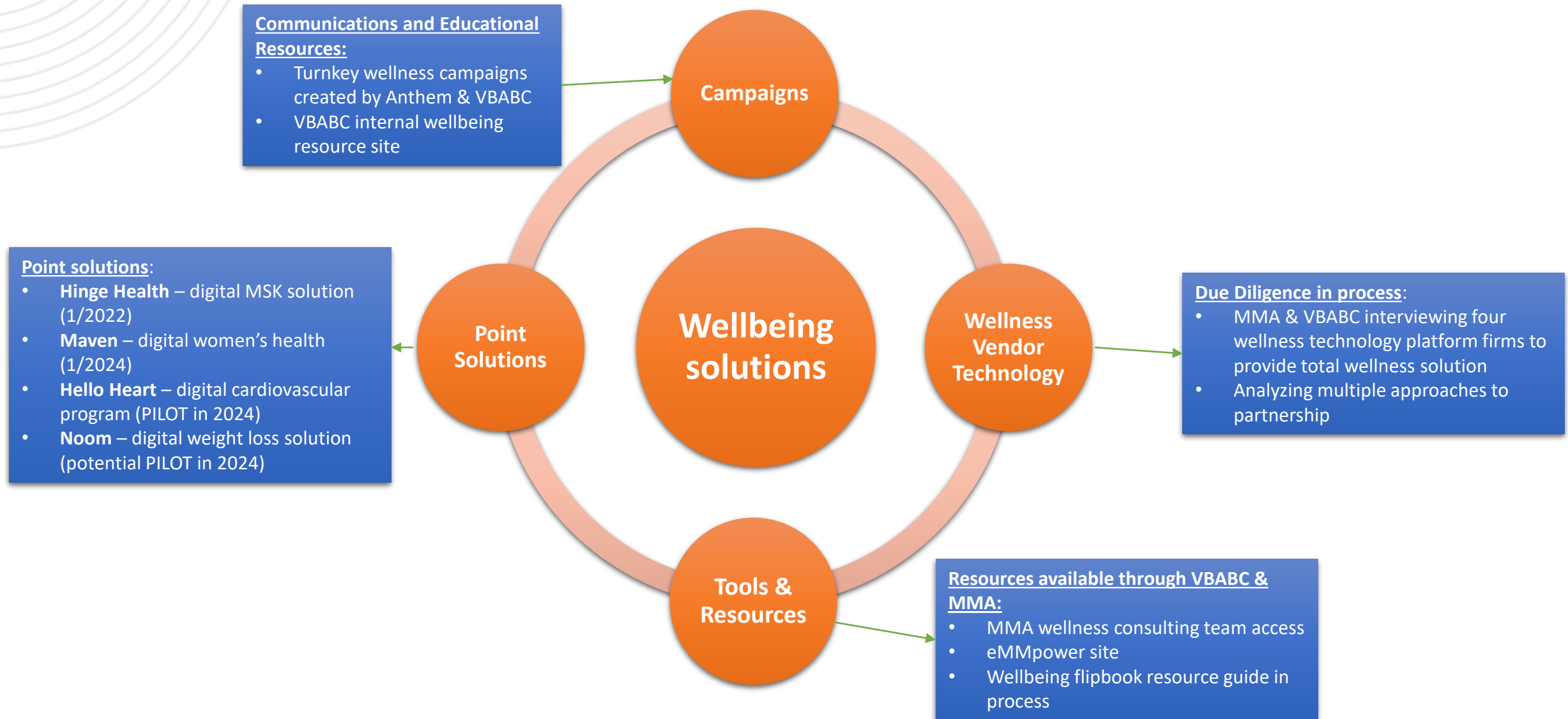
Department of Labor Audit – wrapping up

HR Administrator Training Opportunities/Touchpoints

Wellbeing Initiatives and Data-Driven Solutions

Explore Cyber-Safety Identity Theft Voluntary Benefit: LifeLock

2024 Benefits Corp. Wellbeing Initiatives



VBA- Pilot and Hello Heart: Take control of heart health



Key Statistics for VBA- Pilot Population



70 Pilot enrolled members in year 1

\$111,790 Projected Net Savings
after 1 year of participation
(see slide 4)

2.7:1 Projected ROI¹

Best-in-Class Outcomes

↓21
mmHG

average reduction in
systolic BP over 3
years for members
with baseline over
140/90³

↓67
mg/dL

average reduction in
LDL cholesterol over
13 months for members
with baseline high LDL⁴

Program Highlights

- Mobile app & connected monitor with digital coaching to effectively manage heart health
- Workflows for flagged critical irregularities
- Shareable clinician reports & program integrated with client ecosystem
- Focus on health equity and women's heart health
- Assets to support events and drive high engagement
- Simplified billing, contracting, & eligibility direct or through a partner
- Up to 100% fees at risk

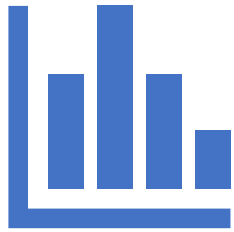
³ Gazit T, et al. Assessment of Hypertension Control Among Adults Participating in a Mobile Technology Blood Pressure Self-management Program. *JAMA Netw Open*. 2021; 4(10).

(Some study authors are employed by Hello Heart. Because of the observational nature of the study, causal conclusions cannot be made. There were 108 participants with baseline blood pressure over 140/90 who had been enrolled in the program for 3 years and had application activity during weeks 148-163. See additional important study limitations in the publication.)

⁴ Based on data on file at Hello Heart analyzed by Hello Heart researchers. The analysis has not been subject to peer review. Because of the observational nature of this research, causal conclusions cannot be drawn. (NOTE: High LDL cholesterol defined as ≥ 160 mg/dL, and obese BMI defined as ≥ 30 kg/m²)

¹ Based on data on file at Hello Heart. Results may vary from employer to employer.

Hello Heart PILOT – Launched 2/1/2024



VBA statistics from PATH data analytics:

1,037 adult members have a medical claim for hypertension

699 adult members have a pharmacy claim for hypertension

Average cost is \$1,564 per year



Introduce Hello Heart pilot (similar to Maine Bankers Association):

Provide 70 pilot spots for entire population in 2024

\$588 per enrolled

Total spend absorbed by Trust is \$41,160

Market pilot to all employees; engagement criteria will be:

(1) BP reading of 130/80 (2) taking blood pressure medication OR (3) females ages 52 or older

All 70 spots filled within 10 minutes of launch on February 1, American Heart Month; 45 members on wait list

Board Approval: Request for additional reserve funds to add wait list members to the program in 2024. 50 spots at \$588 per enrolled = \$29,400

Virginia Bankers Association Executive Summary

Hypertension: 1452 members
Hyperlipidemia: 425 members
Diabetes: 749 members

WEIGHT MANAGEMENT

Healthy weight loss adds up to **healthcare savings**

Personalized, mind-first approach that **combines technology and human support** to create healthier daily habits.

- Teaches the why behind bad habits and how to change them.
- Daily lessons tailored to each user's goals.
- 1:1 coaching and peer support.

Healthier habits, lasting results



25% employee adoption rate¹



40%+ of engaged users lost more than 5% of their body weight²



64% of users maintained weight loss for 2 years³

We help you meet your population where they are with turnkey assets

Traditional

Flyers, posters, direct mail



Digital

Digital signage, enrollment emails, QR codes



Interactive

Webinars, videos



Board approval: Offer pilot program with 100 licenses to members in 2024; include in 2025 renewal to cover all employees. 100 licenses at \$175 each = \$17,500.

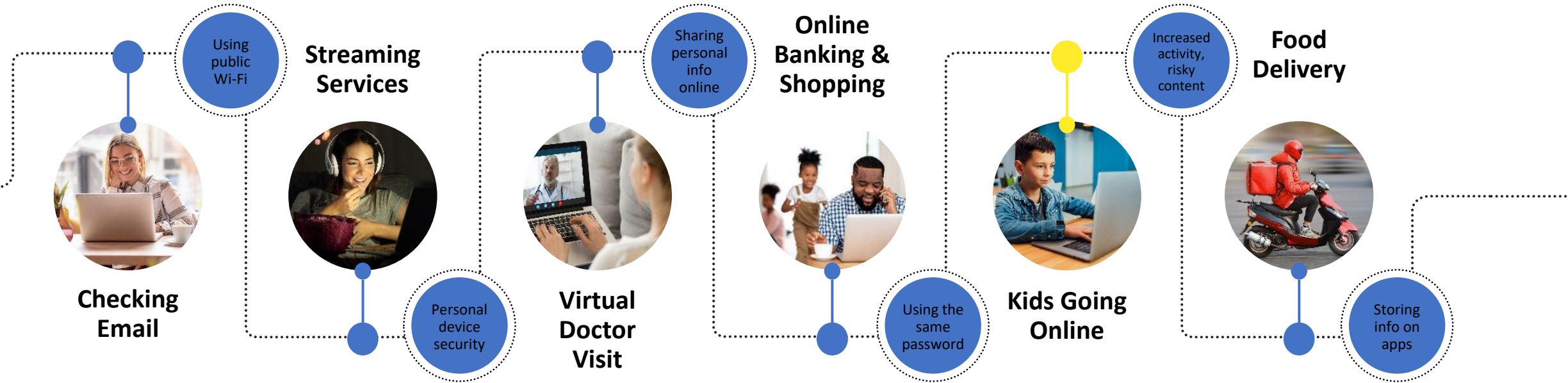


Cyber Safety for the Digital Generation

CONFIDENTIAL – FOR PARTNER OR BROKER INTERNAL USE ONLY. Not for use with consumers - all consumer facing materials concerning Norton LifeLock Benefit Solutions offerings require prior review and approval.

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We Are Vulnerable with Everyday Activities



344x

The average amount of times Americans check their phones (once every 4 minutes)

73%

of passwords are duplicated across work and personal accounts

Norton LifeLock Employee Benefit Plans



**DEVICE
SECURITY**



IDENTITY



**ONLINE
PRIVACY**



**HOME
& FAMILY**

Voluntary Benefit Plans Overview

LifeLock with Norton Benefit Essential	LifeLock with Norton Benefit Premier	LifeLock with Norton Benefit Premier Plus	Norton Executive Benefit Program
1B Credit Monitoring & Alerts	3B Credit Report & Score (On-Demand, 1B Daily, 3B Annual)	3B Credit Report & Score (On-Demand, 1B Daily, 3B Annual)	LifeLock with Norton Benefit Premier Plus
1B Credit Report & Score (On-Demand Monthly)	3B Credit Monitoring + 1B Application Alerts	3B Credit Monitoring + 1B Application Alerts	ExecutivePrivacy by ReputationDefender®
Norton Device Security (3 individual / 6 family)	Norton Device Security (5 individual / 10 family)	Norton Device Security (Unlimited devices)	Personalized Onboarding & Concierge Support
10 GB Cloud Backup	50 GB Cloud Backup	500 GB Cloud Backup	Norton™ Ultimate Help Desk
	Home Title Protection	Home Title Protection	<div>Employer-paid benefit</div> <div> <u>Annual Cost</u> <u>Tier 1: Quarterly Monitoring</u> <ul style="list-style-type: none"> Employee only: \$2,400 Family: \$4,200 <u>Tier 2: Monthly Monitoring</u> <ul style="list-style-type: none"> Family: \$4,200 </div>
	Court Records Scanning	Court Records Scanning	
	Checking & Savings Account Application Alerts	Checking & Savings Account Application Alerts	
	Bank Account Takeover Alerts	Bank Account Takeover Alerts	
		Cyber Crime Coverage	
		AntiTrack and Private Email	
<div>Employee-paid options</div> <div> <u>Monthly Rate</u> <ul style="list-style-type: none"> Employee only: \$6.99 Family: \$13.98 </div>	<div> <u>Monthly Rate</u> <ul style="list-style-type: none"> Employee only: \$9.99 Family: \$18.98 </div>	<div> <u>Monthly Rate</u> <ul style="list-style-type: none"> Employee only: \$12.49 Family: \$21.48 </div>	

Next Steps

Complete due diligence process and begin implementation for July 1, 2024 effective date

No implementation fees due to MMA and bswift relationships

70%/30% commission split with MMA

Post-tax benefit so can be added off renewal date

Additional voluntary benefits revenue for Benefits Corp. in 2024

Board approval: Assuming due diligence process is completed and acceptable, approval to roll out the Norton LifeLock Benefit Plans to banks and members as voluntary benefit mid-year 2024.

2024 Retirement Plan Strategic and Operational Initiatives

PRM Independent Investment Review –
January 2024

Participant financial wellbeing focus

Retirement plan workshop – May 21, 2024

Master Defined Contribution Plan & Trust
IRS Restatement Submission – June 30, 2024

SECURE Act 2.0 Implementation



Appendix

- **2023 Health Plan Utilization**
- **2023 Dental Plan Utilization**
- **VBA Risk Assessment Snapshot (updated 11/2023)**

Dashboard

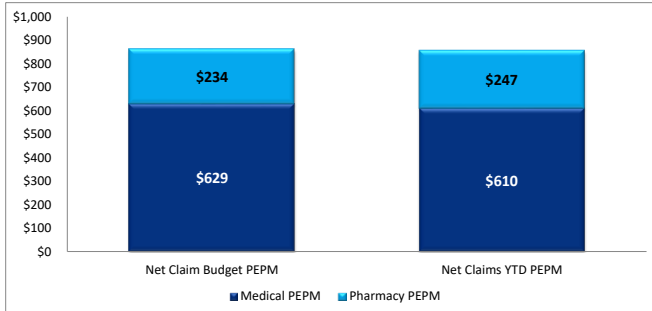
Group: **Virginia Bankers Association**
 Plan Year: **1/1/2023**
 Current Period: **December**

Stop Loss Terms:

Specific Coverage	\$400,000	Paid	Med-Rx
Aggregate Coverage	115%	Paid	Med-Rx

	December	YTD
Total Subscribers	7,260	87,829
Medical Claims	\$5,080,422	\$54,353,636
Pharmacy Claims	\$2,160,724	\$21,655,983
Stop Loss Claim Credits	(\$238,643)	(\$789,023)
Rx Rebates & Reconciliation*	(\$1,910,900)	(\$7,641,088)
Administration Fees	\$316,175	\$3,824,982
VBA Admin Fees	\$57,649	\$696,808
Stop Loss & RxAssurance Premium	\$437,270	\$5,289,941
ACA Fees	\$2,977	\$36,010
Total Claims & Fixed Expenses	\$5,905,674	\$77,427,249
Total Budget	\$6,610,832	\$79,943,205
Over / (Under) Total Budget	(\$705,158)	(\$2,515,956)
PEPM Over / (Under) Total Budget	(\$97.13)	(\$28.65)
Percent Over / Under Budget	-10.7%	-3.1%

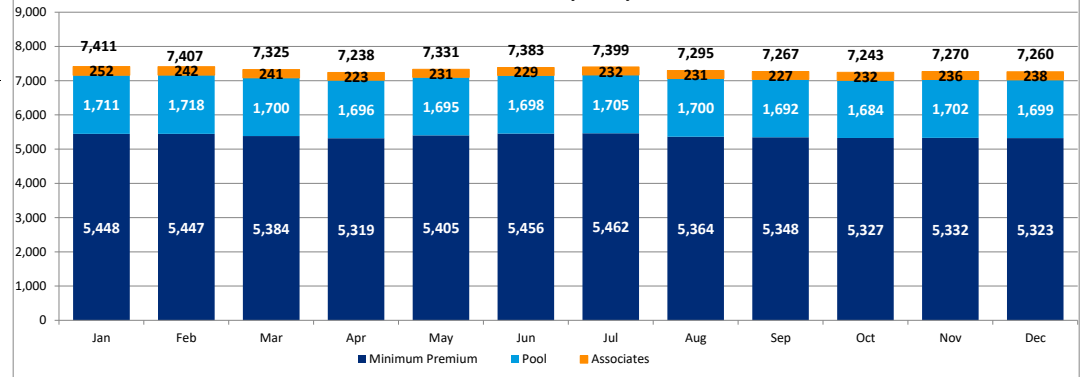
* Rx rebates are shown in the month paid.



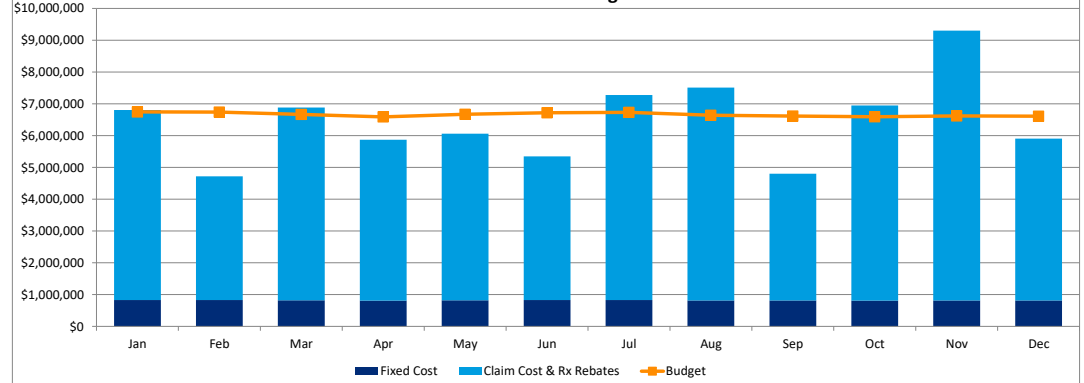
MMA Commentary

- 1) December total costs were 10.7% below budget (\$705,158 below), bringing plan year to date total costs to 3.1% below budget (\$2,515,956 below).
- 2) Medical claims PEPM for the plan year to date were 3.0% below expected.
- 3) Pharmacy claims PEPM for the plan year to date were 5.4% above expected.
- 4) There were 60 claimants over \$150,000 through December.
- 5) The Pool and Associates had a combined estimated surplus of \$3,400,404.
- 6) The Minimum Premium Banks had an estimated deficit of \$884,448.
- 7) The Minimum Premium banks had an estimated \$7,641,370 in internal pooling fees with internal pooling claims of \$9,402,358 resulting in a deficit of \$1,760,988.
- 8) The Pool and Associates had an estimated \$4,317,804 in internal pooling fees with internal pooling claims of \$2,099,884 resulting in a surplus of \$2,124,832.

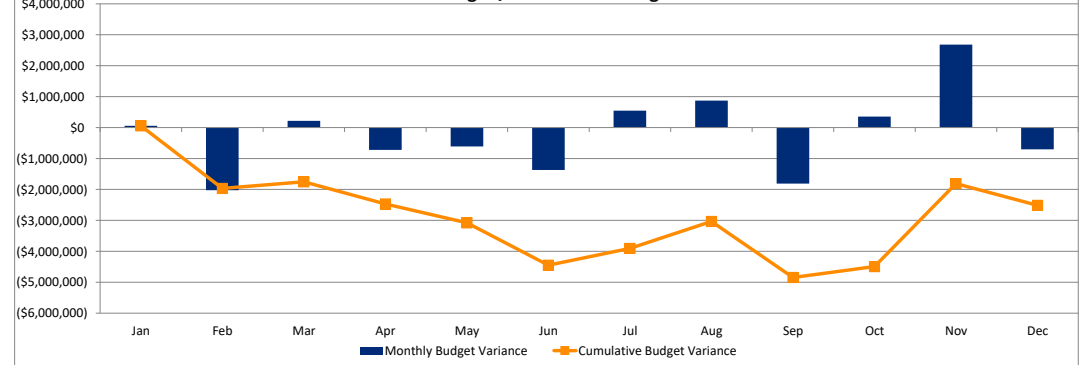
Enrollment by Entity



Total Cost vs. Budget

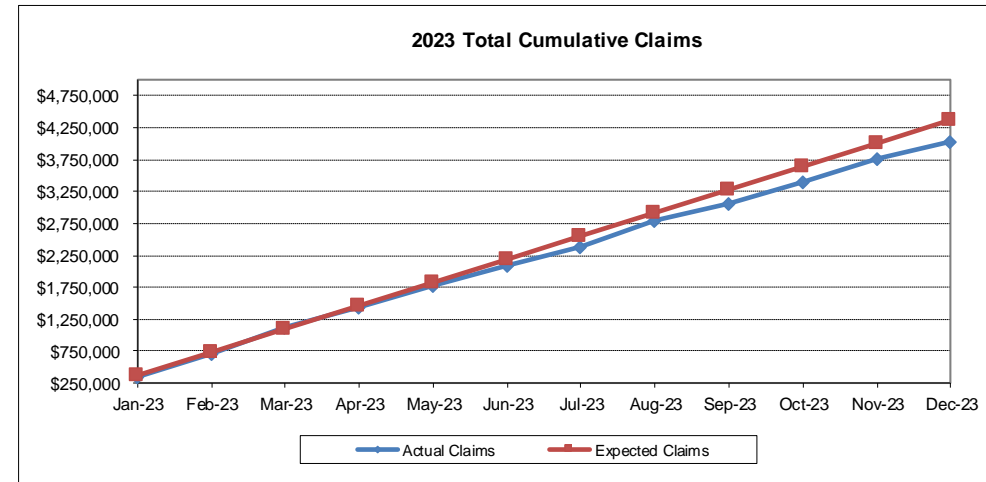
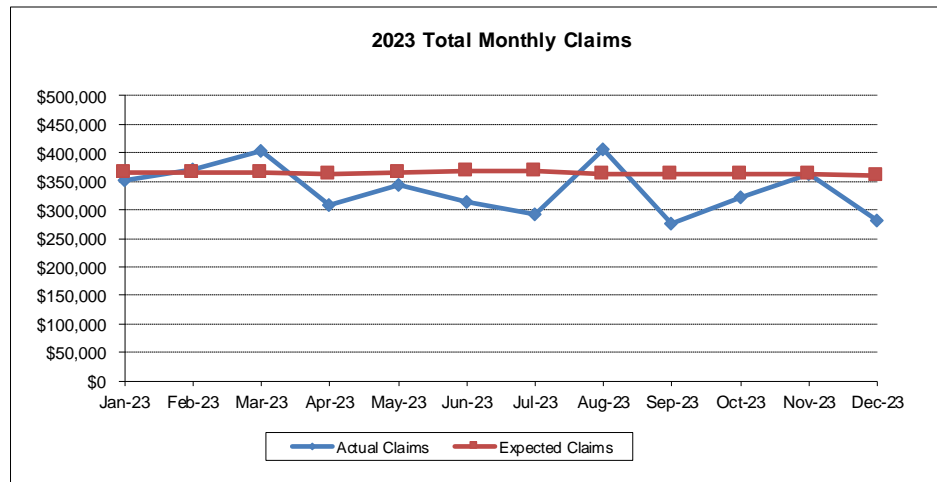


Budget / Forecast Tracking



Plan Year 2023 Dental Plan Claims Experience

		Monthly Claims		Cumulative Claims	
2023 Policy Year	Monthly Enrollment	Actual Claims	Expected Claims	Total Actual Claims	Total Expected Claims
Jan-23	7,135	\$353,256	\$365,383	\$353,256	\$365,383
Feb-23	7,140	\$369,863	\$365,639	\$723,118	\$731,022
Mar-23	7,120	\$403,863	\$364,615	\$1,126,981	\$1,095,637
Apr-23	7,089	\$308,784	\$363,028	\$1,435,765	\$1,458,665
May-23	7,161	\$344,885	\$366,715	\$1,780,650	\$1,825,380
Jun-23	7,171	\$314,119	\$367,227	\$2,094,769	\$2,192,607
Jul-23	7,172	\$292,006	\$367,278	\$2,386,775	\$2,559,885
Aug-23	7,105	\$406,556	\$363,847	\$2,793,331	\$2,923,732
Sep-23	7,071	\$276,724	\$362,106	\$3,070,055	\$3,285,838
Oct-23	7,062	\$322,080	\$361,645	\$3,392,135	\$3,647,483
Nov-23	7,067	\$363,692	\$361,901	\$3,755,827	\$4,009,384
Dec-23	7,056	\$281,960	\$361,338	\$4,037,788	\$4,370,722
Total		\$4,037,788	\$4,370,722		



VIRGINIA BANKERS ASSOCIATION

Enterprise Risk Assessment Snapshot

Updated November 2023

	Risk	Probability of Occurrence (H, M, L)	Potential Impact/Severity (H, M, L)	Inherent Risk Rating (H, M, L)	Residual Risk Rating (H, M, L)	Risk Trend (↑ or ↓)
	FINANCIAL RISKS					
1.	Financial fraud/embezzlement	M	H	M	M+	
2.	Financial reporting errors	M	L	L	L	
3.	Liquidity issues in all companies	L	H	L	L	
4.	Liquidity issues in trusts	M	H	M	L	
	HUMAN RESOURCES RISKS					
5.	Workforce Issues <ul style="list-style-type: none"> Employee Turnover Employee Retention Employee Burnout Recruitment Lack of Engagement Workplace Conflict & Harassment 	M	M	M	L	
6.	HR Compliance <ul style="list-style-type: none"> I-9 Audits EE Files Payroll Records Records Retention Labor Employment Posters 	M	M	M	L	
7.	Management of Employee Data <ul style="list-style-type: none"> Breach of Confidential Information 	M	M	M	L	
8.	Policies and Procedures <ul style="list-style-type: none"> Breach of VBA's Employee Policies and Procedures 	M	M	M	L	

	Risk	Probability of Occurrence (H, M, L)	Potential Impact/Severity (H, M, L)	Inherent Risk Rating (H, M, L)	Residual Risk Rating (H, M, L)	Risk Trend (↑ or ↓)
	LEGAL & REGULATORY COMPLIANCE RISKS					
9.	Fail to comply with an applicable law or regulation. Important risk areas include: <ul style="list-style-type: none"> • Privacy and data security; • Antitrust; • Political financing and lobbying; • Employment and discrimination; • Employee benefits, ERISA, ACA; • Insurance and title insurance; • Participant at VBA event liability; Office health and safety. 	M	H	M	L	
10.	A compliance failure is not corrected due to a failure to detect the issue or take corrective action.	M	H	M	L	
11.	Records and information management. Risks include: <ul style="list-style-type: none"> • Fail to store documents for appropriate time periods; • Store unnecessary documents for excessive time periods; • Fail to organize or index documents for retrieval; and • Fail to protect documents from unauthorized access of use. 	M	M	M	L	
12.	Contracting risks: <ul style="list-style-type: none"> • Failure to draft or negotiate appropriate contract provisions to protect the organization. • Failure to satisfy contractual obligations. 	M	M	M	L	
	TECHNOLOGY RISKS					
13.	Breach of Physical Security	M	H	M	L	
14.	Information Security	M	H	M	M	
15.	Breach of Data/Information by Human Intervention	M	H	H	M	
16.	Hardware and Software Failure due to Environmental or Manmade Disaster	L	H	L	L	

	Risk	Probability of Occurrence (H, M, L)	Potential Impact/Severity (H, M, L)	Inherent Risk Rating (H, M, L)	Residual Risk Rating (H, M, L)	Risk Trend (↑ or ↓)
	VENDOR MANAGEMENT RISKS					
17.	Inadequate due diligence and oversight of vendors that cause negative impact to member banks; cause financial and reputational harm to the VBA	M	H	M	L	
18.	Vendors' non-compliance with regulations, laws and standards (e.g. GLB, ERISA, ACA, HIPAA); system breaches	M	H	M	L	
19.	Vendors' systems fail for prolonged period of time	L	H	M	L	

VBA Group Medical and Dental Trust
Statement of Net Assets
12/31/2023

	<u>12/31/2023</u>	<u>12/31/2022</u>
Assets		
Checking Account	15,236	102,539
Investments	18,856,386	14,594,264
Sageview Investment	8,531,856	7,505,130
Accrued Interest Receivable	101,941	166,376
Accounts Receivable - General	8,532,189	6,308,193
Total Assets	36,037,608	28,676,502
Liabilities		
Accounts Payable	4,075,674	4,376,010
Medical IBNR	6,609,612	6,667,020
Dental IBNR	196,000	178,000
Total Liabilities	10,881,286	11,221,030
Net Assets	<u>25,156,322</u>	<u>17,455,472</u>
Prior year end net assets	17,455,471	20,604,513
Year to date net income	<u>7,700,851</u>	<u>(3,149,041)</u>
Current net assets	<u>25,156,322</u>	<u>17,455,472</u>

VBA Group Medical and Dental Trust
Statement of Changes in Net Assets
(self-funded trust)

	Forecast 2023	2023 Annual Budget	2024 Budget
Income:			
Premium from members:			
Medical Premiums	80,597,167	82,935,000	53,735,000
Dental Premiums	4,822,135	4,844,000	3,139,500
Total premiums from members:	85,419,302	87,779,000	56,874,500
Investment Return	1,180,304	50,000	800,000
Total Income	86,599,606	87,829,000	57,674,500
Expenses:			
Paid to insurance companies:			
Medical Claims & Fixed Costs	75,871,158	82,935,000	53,735,000
Dental Claims & Fixed Costs	4,415,349	4,844,000	3,139,500
Total premiums paid:	80,286,507	87,779,000	56,874,500
Increase (decrease) in provision for IBNR	(628,724)	-	-
VEBA Investment Fees	25,521	30,000	30,000
Total Other Deductions:	(603,203)	30,000	30,000
Total Expenses	79,683,304	87,809,000	56,904,500
Income before unrealized gains/(losses)	6,916,302	20,000	770,000
Unrealized Gain/Loss on Investments	784,549		
Net Income	7,700,851	20,000	770,000

SBA Group Insurance Trust
Statement of Net Assets
12/31/2023

	<u>12/31/2023</u>	<u>12/31/2022</u>
Assets		
Investments	39,578	38,317
Accounts Receivable - General	-	765
Total Assets	39,578	39,082
Liabilities		
Accounts Payable	410	653
Total Liabilities	410	653
Net Assets	<u>39,168</u>	<u>38,429</u>
Prior year end net assets	38,428	23,355
Year to date net income	740	15,074
Current net assets	<u>39,168</u>	<u>38,429</u>

State Bankers Association Group Insurance Trust
Statement of Changes in Net Assets
(fully-insured trust)

	Forecast 2023	2023 Annual Budget	2024 Budget
Income:			
Premiums from members:			
Medicare Supp Premiums	448,198	439,800	281,500
Group Life Premiums	2,879,488	2,912,000	1,867,000
Long Term Care Premiums	69,531	75,000	65,000
Long Term Disability Premiums	1,658,680	1,595,000	1,175,000
Short Term Disability Premiums	398,372	350,000	360,000
Vision Premiums	810,375	800,000	524,000
Voluntary Benefits	1,098,826	950,000	647,000
Total premiums from members:	7,363,470	7,121,800	4,919,500
Investment Return	3,480	750	3,000
Total Income	7,366,950	7,122,550	4,922,500
Expenses:			
Premiums paid to insurance companies:			
Medicare Supplement Premiums	448,198	439,800	281,500
Group Life Premiums	2,879,488	2,912,000	1,867,000
Long Term Care Premiums	69,531	75,000	65,000
Long Term Disability Premiums	1,658,680	1,595,000	1,175,000
Short Term Disability Premiums	398,372	350,000	360,000
Vision Premiums	810,375	800,000	524,000
Voluntary Benefits	1,098,251	950,000	647,000
Total premiums paid:	7,362,895	7,121,800	4,919,500
VEBA Investment Fees	3,315	2,500	3,500
Total Expenses	7,366,210	7,124,300	4,923,000
Net Income	740	(1,750)	(500)

VBA Benefits Corporation
Balance Sheet
12/31/2023

	<u>12/31/2023</u>	<u>12/31/2022</u>
Assets		
Cash & Cash Equivalents	745,659	563,837
Investments	3,587,499	3,307,646
Accounts Receivable	366,327	298,455
Accrued Interest Receivable	17,115	2,699
Deferred Tax Asset/Liability	135,992	135,992
Income Tax Receivable	104,964	98,964
Prepaid Assets	11,777	21,660
Current Assets	4,969,333	4,429,253
Furniture & Fixtures	168,114	165,938
Automobiles	45,000	-
Less: Accumulated Depreciation	(163,372)	(155,056)
Current Value	49,742	10,882
Investment in LLC	1,045,000	1,045,000
Total Assets	<u>6,064,075</u>	<u>5,485,135</u>
Liabilities		
Accounts Payable	185,355	236,457
Accrued Pension Liability	(26,683)	(8,852)
Total Liabilities	158,672	227,605
Owners Equity		
Retained Earnings	5,256,529	5,532,477
Common Stock	1,000	1,000
Current Year Earnings	647,874	(275,947)
Total Owners Equity	<u>5,905,403</u>	<u>5,257,530</u>
Total Liabilities & Equity	<u>6,064,075</u>	<u>5,485,135</u>

VBA Benefits Corporation
Income Statement

	Forecasted 2023	2023 Budget	2024 Budget
Income:			
Medical Fees	704,189	707,000	664,250
Dental Fees	127,369	128,400	115,800
Group Life & AD&D Fees	577,464	585,000	460,000
Vision Fees	51,848	52,000	48,500
Long Term Care Fees	56,631	60,000	40,000
Long Term Disability Fees	188,159	191,500	168,500
Short Term Disability Commissions	15,308	19,000	15,000
Flex Cafeteria Fees	37,418	34,200	33,000
Voluntary Benefits Commission	116,184	75,000	60,000
Health and welfare fees	1,874,570	1,852,100	1,605,050
Management Fees-DB	78,156	68,000	77,000
Management Fees-DC	812,973	690,000	850,000
Non-Qualified Fees	304,181	292,000	300,000
Defined benefit, contribution and nonqualifie	1,195,310	1,050,000	1,227,000
Investment Return	91,814	38,000	90,000
HSA Income	2,945	1,200	2,000
Miscellaneous Income	-	1,500	1,500
Subtotal Other Income	94,759	40,700	93,500
Total Income	3,164,639	2,942,800	2,925,550

VBA Benefits Corporation
Income Statement

	Forecasted 2023	2023 Budget	2024 Budget
Expenses:			
Salaries & Benefits	1,519,547	1,540,750	1,635,000
Benefits Administration			
Cobra Administration	30,444	40,000	30,000
PCORI Fees	-	-	20,000
Recordkeeping NQ	248,647	266,550	237,500
	279,091	306,550	287,500
Office Expenses			
Memberships & Subscriptions	8,044	8,200	9,000
Postage	180	1,500	500
Property Taxes & Bus. Licenses	1,969	2,700	2,400
Office Supplies	6,784	7,200	7,700
Equipment Maintenance	34,453	34,000	37,500
Telephone	17,310	16,000	14,000
	68,740	69,600	71,100
Consulting			
Consulting & Technology	388,675	485,200	337,500
Health Renewal	160,200	160,500	167,000
Section 125 discrimination testing	13,950	30,000	32,600
Other Consulting	40,800	41,000	41,000
	603,625	716,700	578,100
Professional fees			
Audit & Tax Fees	71,650	72,850	67,750
Legal Fees - Troutman Sanders	123,772	117,000	160,000
	195,422	189,850	227,750
Meetings			
Benefits Seminars	238	15,000	15,000
Board of Directors	1,374	1,200	1,200
	1,612	16,200	16,200
Insurance	27,843	24,700	28,050
Marketing	3,510	8,500	8,000
Education & Training	2,033	6,000	11,850
Travel	41,276	37,000	35,000
Travel and Education	43,309	43,000	46,850
Depreciation	15,761	17,950	20,000
Other Operating Expenses			
Miscellaneous Expense	7,076	6,000	6,000
	7,076	6,000	6,000
Total Expenses	2,765,536	2,939,800	2,924,550
Pretax Income/(Loss)	399,103	3,000	1,000
Unrealized Gain\Loss on Investment	248,771		
Tax Expense			
Net Income/(Loss)	647,874	3,000	1,000

RETIREMENT PLAN TRUSTS UNDER VBA BENEFITS OVERSIGHT

December 31, 2023

Statement of Changes in Net Assets Available for Benefits (Trust basis, excludes contribution accruals)

	12 mos Plan yr ended 12/31/23	12 mos Plan yr ended 12/31/22	3 mos Plan yr ended 9/30/24	12 mos Plan yr ended 9/30/23	NonQualified Plans 12/31/23	NonQualified Plans 12/31/22
	Defined Contribution 1/1-12/31/23	Defined Contribution 1/1-12/31/22	Defined Benefit 10/1/22-9/30/23	Defined Benefit 10/1/22-9/30/23		
Increase (decrease) in net assets resulting from investment income	53,643,633	(52,908,769)	8,183,249	7,650,852		
Employer contributions	12,708,766	14,757,969	200,000	7,852,000		
Employee contributions	24,813,300	18,373,908	-	-		
Transfers from other trust	48,873,845	29,369,591	-	-		
Total employee/employer contributions	86,395,911	62,501,468	200,000	7,852,000		
Total additions	140,039,544	9,592,699	8,383,249	15,502,852		
Benefits paid to participants	43,277,293	27,063,729	2,030,557	15,155,537		
Plan terminations	-	7,366,580	-	1,632,972		
Increase (decrease) in net assets	96,762,251	(24,837,610)	6,352,692	(1,285,657)		
Net assets - beginning of period	306,996,836	331,834,446	80,088,512	81,374,169		
Net assets - end of period	403,759,086	306,996,836	86,441,204	80,088,512	82,994,099	78,420,298

VBA Group Medical & Dental Trust Reserve Analysis

VBA Benefits Corp. Board Meeting

February 23, 2024

1. Healthcare Pressures
2. Historical Reserves
3. Reserve Spend down Options

Agenda

Healthcare Pressures

Rising costs of care are attributed to an evolving (and increasingly expensive) Rx marketplace, increased utilization, general inflationary pressure, health care staffing challenges, provider consolidation, costly new treatments/technologies, and the continued impact of **pent-up demand from COVID**.

Rising costs from specialty pharma are fueling the overall market uptick. Who foots the bill for all of this turns into a delicate dance. Employees struggle as rising overall life expenses make meeting their health costs more difficult. And employers need to figure out how to continue updating their offerings while protecting their margins.

1

Inflation and ballooning health care costs

2

A health care industry under strain

3

The role of rising non-medical costs

4

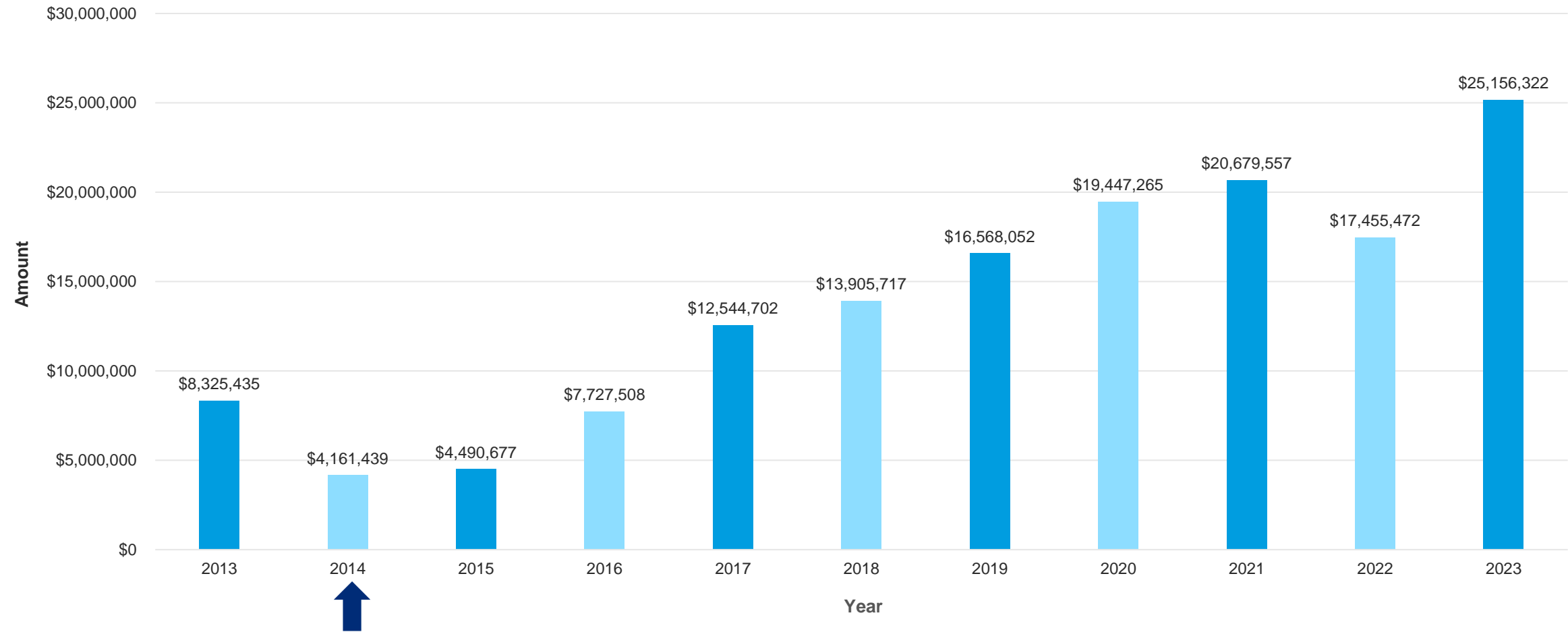
Prescription drug prices and health care costs

5

Generational lens

Historical YE Reserves

Year-End Reserves History



Last year for minimum premium and where half of the reserves were lost in Q4

Reserve Spend Down Options

VBA Group Medical & Dental Trust Reserve Goals

	2023		2024	
	2023 Projected Claims	2023 Reserve Goal Range	2024 Projected Claims	2024 Reserve Goal Range
Pooled Bank/Associate Members (3-6 mths of claims)	\$24,100,000	\$6,025,000 - \$12,050,000	\$25,900,000	\$6,475,000 - \$12,950,000
Minimum Premium Banks (10%-15% of claims)	\$53,200,000	\$5,320,000 - \$7,980,000	\$33,500,000	\$3,350,000 - \$5,025,000
TOTAL	\$77,300,000	\$11,345,000 - \$20,030,000	\$59,400,000	\$9,825,000 - \$17,975,000

- Be aggressive in renewal calculations (removing all margin) – 1/1/2025 renewals
- Use reserves to buy down rate increases (Rate increase when reserves are depleted could be significant) – 1/1/2025 renewals
- Offer a Premium Holiday– applies to employers and employees (1 month equals \$5,220,000) – 12/1/2024 premium
- Make investments in wellbeing and point solutions programs, not included in renewal projections but paid from Trust reserves – 1/1/2025 renewals. Examples include:
 - Hello Heart: \$588/member/year with estimated 660 members equals \$388,080 (# identified through claims).
 - Noom: \$1.70 per employee per month with estimated 5,000 EEs equals \$102,000.
 - Wellness technology platform: \$1.50 - \$2.00 per employee per month with estimated 5,000 EEs equals \$90,000 - \$120,000.

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