

Agenda

VBA Benefits Corporation Board Meeting
November 19, 2021, 10:30am
Virginia Room, VBA Office

- I. Welcome and Call to Order
- II. Approval of August 27, 2021 Minutes
- III. COO Report and VBA Risk Management Committee Update – Laurie Milligan, VBA
- IV. Financial Report – Stacy Puckett, VBA
 - o Financial Results through September 2021 and Preliminary 2022 Budget
- V. VBABC Investment Committee Report (3rd Quarter 2021 Investment Performance Board Report – ([click here for full report](#)) – John Caldwell, Chairman
- VI. VBA Master Defined Benefit Plans Update – Bill Dowd and Bill Reid, SageView Consulting Group
- VII. Other Business
- VIII. Executive Session

**Minutes of the
VBA Benefits Corporation
Board Meeting
August 27, 2021 at 10:30am
Virtual Meeting**

In attendance: Chairman Thomas F. Cherry, Michelle A. Austin, John R. Caldwell, Robert R. Chapman, III, J. Peter Clements, Barry C. Elswick, Robert M. Gorman, Mark C. Hanna, James Hendricks, Mark Nelson, Patricia R. Lewis, Jay A. Stafford

VBA Staff: Bruce Whitehurst, DeMarion Johnston, Laurie Milligan, Stacy Puckett, John Snead

Guests: MMA – Jennifer Doyle, Dawn Hall, Tom Mackay

Call to Order

A quorum being present, Chairman Cherry 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:

- May 21, 2021 Minutes
- 2nd Quarter 2021 Investment Performance Board Report
- Financial Report; 2nd Quarter 2021 Results
- COO Report and Board Administrative Issues
- August 16, 2021 Health & Welfare Committee Meeting Minutes
- 2022 Health & Welfare Plan Renewal Recommendations

Approval of Minutes

The minutes from the May 21, 2021 meeting were approved as written.

VBA Benefits Corporation Investment Committee Report

Mr. Caldwell updated the Board on items discussed at the VBA Benefits Corporation Investment Committee meeting held immediately prior to the August 27, 2021 Board meeting. The Committee approved the May 21st meeting minutes as written. SageView presented the 2nd quarter 2021 investment performance and provided a legislative update to the Committee. The Investment Committee recommended adding managed accounts to the VBA Master Defined Contribution Trust plan. Board members asked questions and approved adding managed accounts.

Financial Report

Ms. Puckett presented second quarter 2021 financial results for the Group Medical and Dental Trust, Group Insurance Trust, VBA Benefits Corporation, and Retirement Plan Trusts. The Board members discussed and approved the financials as written.

COO Report and Board Administrative Issues

Ms. Milligan presented the VBA Benefits Corporation's proposed administrative fees to be charged to members in 2022 for health and welfare coverages. The Board approved fees as written. Ms. Milligan updated the Board on the health and welfare initiatives that included participant Medicare education and aggregate VBA medical claims data analytics. Ms. Milligan also updated the Board on 2021 retirement initiatives that included amendments related to hardship withdrawals to VBA

Master Defined Contribution Trust plan documents. The Board approved making the hardship withdrawal amendments as written in the materials. Ms. Milligan then reviewed Board members' role as a plan fiduciary for the employee benefit programs as defined by ERISA. The Board approved authorization of the 2021-2022 VBA Benefits Corporation Officers and Board Committee appointments as presented in the meeting materials.

Health & Welfare Plans Update

MMA presented the VBA's 2022 proposed health and welfare renewals that included the Health & Welfare Committee's recommended plan changes. The Board asked questions and approved the recommended plan changes for 2022.

Adjourn to Executive Session

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

Submitted by: John Snead, Vice President, Member Relations

COO Report

VBA Benefits Corporation Board Meeting
November 19, 2021

**VIRGINIA BANKERS
ASSOCIATION**

2021 Health & Welfare Initiatives

- DOL Audit Update
 - The DOL conducted virtual interviews with VBABC and Troutman
 - Asked for more information about Mental Health Parity compliance; held calls with Anthem and DOL
 - In wait and see mode; multiple state associations in audit status (GA in fourth year of audit) or just completed (IA and FL received letters after three years)
- 2020 990 tax returns for Group Medical & Dental Trust and Group Insurance Trust filed on November 15, 2021 (sent to H&W Committee on November 10th)
- COBRA and Flexible Spending Account Administration Change
 - We transitioned COBRA administrators to LD&B effective January 1, 2020 (FSA transitioned January 1, 2016)
 - Informed us in mid-September that they were no longer administering COBRA as of December 31, 2021 and FSAs as of December 31, 2022
 - Transitioning book of business to NueSynergy, <https://nuesynergy.com> , who will conduct 2022 COBRA open enrollment through contract basis with LD&B and take over VBABC's administration effective January 1, 2022.

2021 Health & Welfare Initiatives

- Anthem 2022 FINAL Specific Stop Loss Renewal
 - Specific stop-loss market very difficult, driven by increased large claims activities with prescription drugs that tend to re-occur every year
 - 2021 is the fourth consecutive year that stop loss claims have exceeded premiums paid by VBA (running at an average of 125.7% loss ratio)
 - Preliminary Anthem renewal released in July increased SSL premium by 25% for current \$300,000 limit
 - Final SSL renewal on November 5th is 30% increase and laser of \$950,000 for one member on a high cost prescription drug
 - Added liability to the Trust of \$814,000 (\$650,000 laser exposure and \$164,000 premium increase)
 - 3% margin built into 2022 renewal of approximately \$2M.
- Options to Consider:
 - Alternative SSL levels and negotiations with Anthem. MMA is doing an actuarial analysis on alternative SSL options.
 - Rx Assurance Captive Stop Loss Program for 36 conditions treated with high cost drugs.
 - Capitated program for Gene Therapy treatment that costs between \$1M and \$4M; currently only two approved for use today but more in the pipeline.
 - Exclude gene therapy coverage from VBA plan.

2021 Retirement Plan Initiatives

- Non-Qualified Deferred Compensation (NQDC) Plan Documents **Board Approval**
 - Conducted due diligence with Voya to determine where their plan document and adoption agreements may vary from the VBA model plan documents.
 - Voya appears to have more flexibility in eligibility, employee and employer deferrals and vesting. Distributions vary in both form and timing, but Voya's documents align with best practices.
 - Transition to their documents would be for the 2023 NQDC plan open enrollment period.
 - VBABC maintains two sets of documents for deferrals made prior to 2023.
 - Advantages to Voya documents are lower legal fees, administrative ease and align with best practices
- Evelyn Traub's retirement date: December 31, 2022

TENTATIVE 2022 Board and Investment Committee Meeting Dates

10:00am – 12:00pm - Board
TBD – Investment Committee

- Friday, February 25, 2022
- Friday, May 20, 2022
- Friday, August 26, 2022
- Friday, November 18, 2022

2021 Executive Committee

Tom Cherry
John Caldwell
Barry Elswick
Rob Gorman
Mark Hanna

2021 Investment Committee:

John Caldwell, Chair
Michelle Austin
Jeff Brugh, CFO, Bankers Insurance
Tom Cherry
Matt Vance, Kentucky Bankers
Jay Stafford

2021 Health & Welfare Committee:

Tom Cherry
Bob Chapman
Jay Hendricks
Pat Lewis
Mark Nelson

Appendix

YTD 2021 Health Plan Utilization

YTD 2021 Dental Plan Utilization

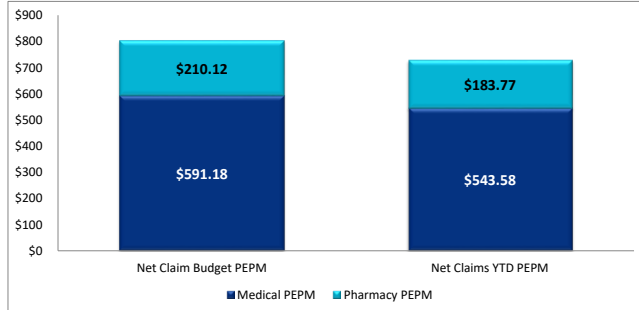
Dashboard

Group: **Virginia Bankers Association**
 Plan Year: 1/1/2021
 Current Period: September

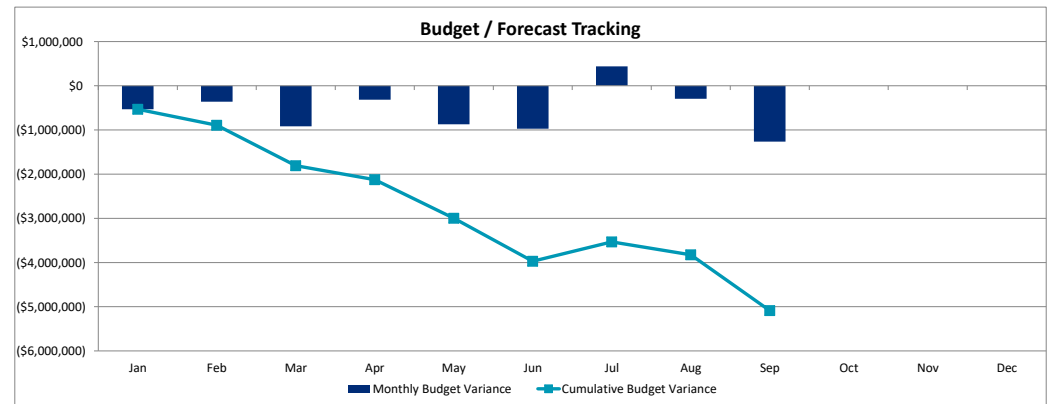
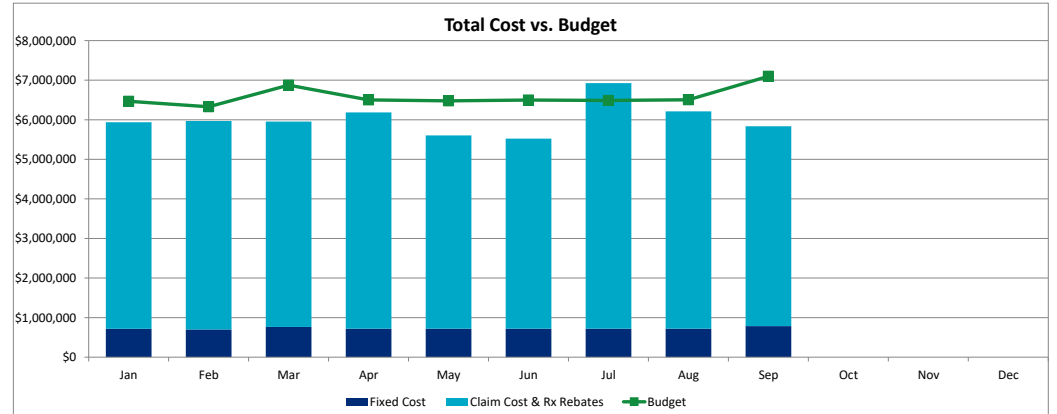
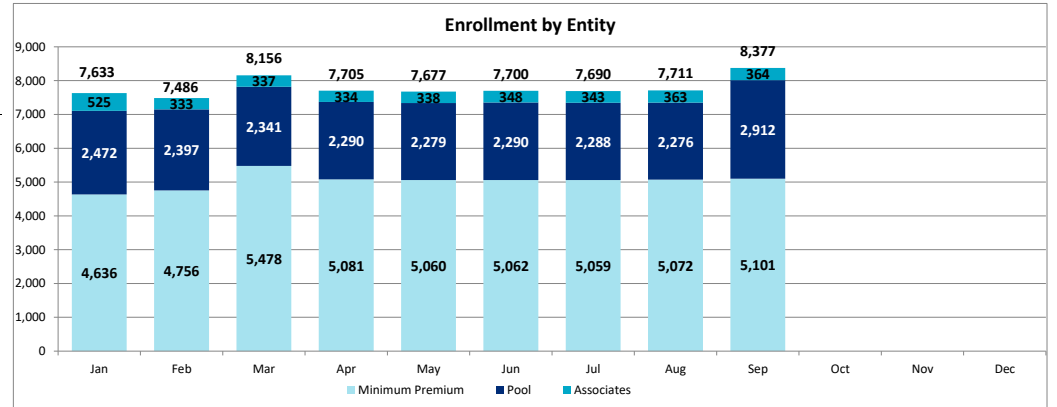
Stop Loss Terms:
 Specific Coverage \$300,000 Paid Med-Rx
 Aggregate Coverage 115% Paid Med-Rx

	September	YTD
Total Subscribers	8,377	70,135
Medical Claims	\$5,219,137	\$40,397,640
Pharmacy Claims	\$1,371,452	\$12,888,974
Stop Loss Claim Credits	(\$514,859)	(\$2,273,524)
Rx Rebates & Reconciliation*	(\$1,026,645)	(\$3,433,233)
Administration Fees	\$378,199	\$3,166,402
VBA Admin Fees	\$68,497	\$565,703
Stop Loss Premium	\$335,415	\$2,808,205
ACA Fees	\$3,065	\$25,662
Total Claims & Fixed Expenses	\$5,834,262	\$54,145,830
Total Budget	\$7,097,247	\$59,233,682
Over / (Under) Total Budget	(\$1,262,985)	(\$5,087,851)
PEPM Over / (Under) Total Budget	(\$150.77)	(\$72.54)
Percent Over / Under Budget	-17.8%	-8.6%

* Rx rebates are shown in the month paid.

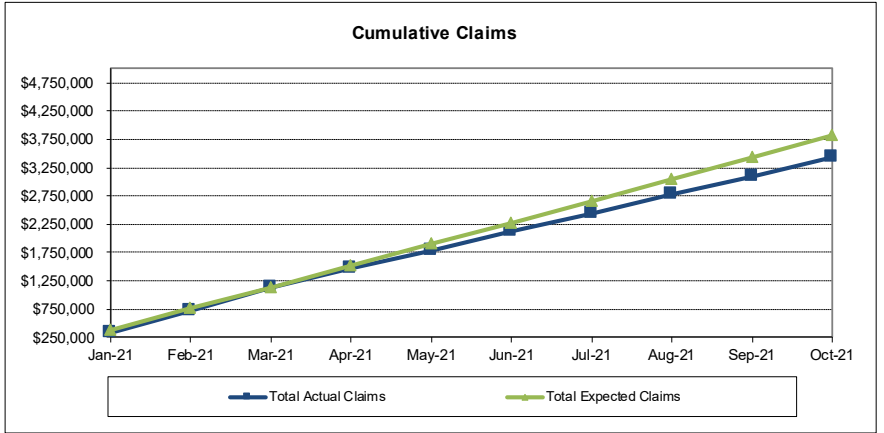
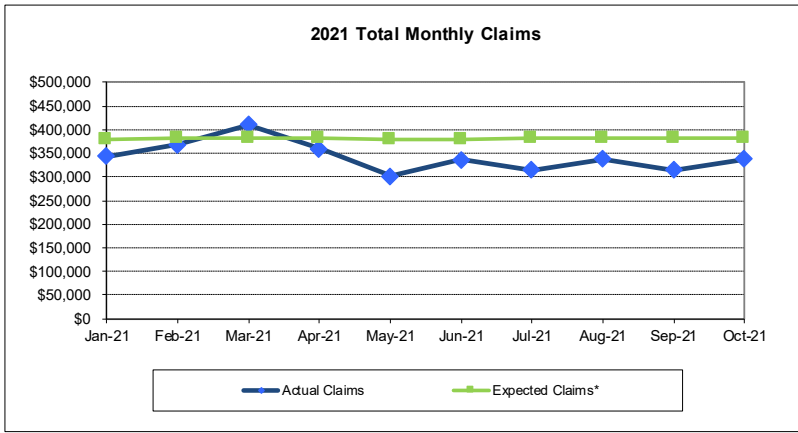


- ### MMA Commentary
- September total costs were 17.8% below budget (\$1,262,985 below), bringing the plan year to 8.3% below budget (\$5,087,851 below). September included an rx rebate payment of \$1,026,645.
 - Medical claims PEPM for the plan year were 8.1% below expected.
 - Pharmacy claims PEPM for the plan year were 12.5% below expected.
 - There were 45 claimants over \$150,000 through September, and 16 claimants hit the \$300,000 SSL.
 - The Pool and Associates had a combined estimated surplus of \$1,356,309.
 - The Minimum Premium Banks had an estimated surplus of \$3,731,543.
 - The Minimum Premium banks had an estimated \$4,376,916 in internal pooling fees with internal pooling claims of \$4,625,797 resulting in a deficit of \$248,881.



YTD 2021 Dental Plan Claims Experience

2021 Policy Year	Monthly Enrollment	Monthly Claims		Cumulative Claims	
		Actual Claims	Expected Claims*	Total Actual Claims	Total Expected Claims
Jan-21	7,559	\$343,781	\$379,311	\$343,781	\$379,311
Feb-21	7,622	\$368,719	\$382,472	\$712,499	\$761,783
Mar-21	7,603	\$409,562	\$381,519	\$1,122,061	\$1,143,302
Apr-21	7,591	\$360,035	\$380,916	\$1,482,096	\$1,524,218
May-21	7,547	\$301,343	\$378,708	\$1,783,439	\$1,902,926
Jun-21	7,565	\$335,639	\$379,612	\$2,119,078	\$2,282,538
Jul-21	7,593	\$314,989	\$381,017	\$2,434,067	\$2,663,555
Aug-21	7,601	\$337,836	\$381,418	\$2,771,903	\$3,044,973
Sep-21	7,639	\$314,305	\$383,325	\$3,086,208	\$3,428,298
Oct-21	7,610	\$338,031	\$381,870	\$3,424,240	\$3,810,168
Total	75,930	\$3,424,240	\$3,810,168		



VIRGINIA BANKERS ASSOCIATION

Enterprise Risk Assessment Snapshot

Updated November 2021

	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.	Hiring the Wrong Employee	M	M	M	L	
6.	Hiring and Retaining Talented Individuals	M	M	M	L	
7.	Breach of VBA’s Employee Policies and Procedures	M	M	M	L	
8.	Breach of Confidential Information	M	H	M	L	
	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	

	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 ↓)
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	H	M	M -	
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 and Information Security	M	H	M	M	
14.	Breach of Data/Information by Human Intervention	M	H	H	M	↓
15.	Hardware and Software Failure due to Environmental or Manmade Disaster	L	H	M	L	
VENDOR MANAGEMENT RISKS						
16.	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	M	
17.	Vendors' non-compliance with regulations, laws and standards (e.g. GLB, ERISA, ACA, HIPAA); system breaches	M	H	M	M	
18.	Vendors' systems fail for prolonged period of time	L	H	M	L	

VBA Group Medical and Dental Trust
Statement of Net Assets
9/30/2021

	9/30/2021	9/30/2020
Assets		
Checking Account	56,844	5,874
Investments	28,234,224	24,382,383
Accrued Interest Receivable	156,272	175,616
Accounts Receivable - General	5,459,340	5,904,193
Total Assets	33,906,680	30,468,066
Liabilities		
Accounts Payable	6,216,854	3,504,594
Medical IBNR	7,406,420	6,266,797
Dental IBNR	199,000	161,400
Total Liabilities	13,822,274	9,932,791
Net Assets	20,084,406	20,535,275
Prior year end net assets	19,447,265	16,462,956
Year to date net income	637,141	4,072,319
Current net assets	<u>20,084,406</u>	<u>20,535,275</u>

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

	Actual 9/30/2021	Preliminary 12/31/2021	2021 Annual Budget	2022 Budget
Income:				
Premium from members:				
Major Medical Premiums	54,563,067	72,670,000	80,275,000	77,800,000
Dental Premiums	3,826,880	5,102,000	5,314,500	5,000,000
Total premiums from members:	58,389,947	77,772,000	85,589,500	82,800,000
Investment Return	52,693	69,500	100,000	50,000
Total Income	58,442,640	77,841,500	85,689,500	82,850,000
Expenses:				
Paid to insurance companies:				
Medical Claims & Fixed Costs	54,066,515	72,212,000	80,275,000	77,800,000
Dental Claims & Fixed Costs	3,357,010	4,482,000	5,314,500	5,000,000
Total premiums paid:	57,423,525	76,694,000	85,589,500	82,800,000
Increase (decrease) in provision for IBNR	358,722	460,000	-	-
VEBA Investment Fees	23,252	31,000	25,000	20,000
Total Other Deductions:	381,974	491,000	25,000	20,000
Total Expenses	57,805,499	77,185,000	85,614,500	82,820,000
Net Income	637,141	656,500	75,000	30,000

SBA Group Insurance Trust
Statement of Net Assets
9/30/2021

	9/30/2021	9/30/2020
Assets		
Investments	7,163	8,748
Accounts Receivable - General	-	-
Total Assets	7,163	8,748
Liabilities		
Accounts Payable	452	827
Total Liabilities	452	827
Net Assets	6,711	7,921
Prior year end net assets	7,938	9,033
Year to date net income	(1,227)	(1,112)
Current net assets	6,711	7,921

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

	Actual 9/30/2021	Forecast 2021	2021 Annual Budget	2022 Budget
Income:				
Premiums from members:				
Medicare Supp Premiums	402,983	529,625	523,750	528,000
Group Life Premiums	2,526,254	3,364,410	3,371,500	2,747,000
Long Term Care Premiums	71,731	96,500	120,000	120,000
Long Term Disability Premiums	1,317,991	1,756,000	1,845,000	1,765,000
Short Term Disability Premiums	355,612	480,000	300,000	300,000
Vision Premiums	630,909	843,000	838,000	851,650
Voluntary Benefits	766,422	1,023,000	895,000	895,000
Total premiums from members:	6,071,902	8,092,535	7,893,250	7,206,650
Investment Return	4	6	300	-
Total Income	6,071,906	8,092,541	7,893,550	7,206,650
Expenses:				
Premiums paid to insurance companies:				
Medicare Supplement Premiums	402,983	529,625	523,750	528,000
Group Life Premiums	2,526,254	3,364,410	3,371,500	2,747,000
Long Term Care Premiums	71,731	96,500	120,000	120,000
Long Term Disability Premiums	1,317,991	1,756,000	1,845,000	1,765,000
Short Term Disability Premiums	355,612	480,000	300,000	300,000
Vision Premiums	630,909	843,000	838,000	851,650
Voluntary Benefits	766,422	1,023,000	895,000	895,000
Total premiums paid:	6,071,902	8,092,535	7,893,250	7,206,650
VEBA Investment Fees	1,231	1,601	2,500	2,500
Total Expenses	6,073,133	8,094,136	7,895,750	7,209,150
Net Income	<u>(1,227)</u>	<u>(1,595)</u>	<u>(2,200)</u>	<u>(2,500)</u>

VBA Benefits Corporation
Balance Sheet
9/30/2021

	9/30/2021	9/30/2020
Assets		
Cash & Cash Equivalents	1,065,878	2,043,859
Investments	3,104,613	2,156,417
Accounts Receivable	318,972	180,074
Accrued Interest Receivable	22,814	31,250
Deferred Tax Asset/Liability	58,499	37,374
Income Tax Receivable	174,219	33,628
Prepaid Assets	26,577	31,773
Current Assets	4,771,572	4,514,375
Furniture & Fixtures	164,987	160,458
Less: Accumulated Depreciation	(149,753)	(143,234)
Current Value	15,234	17,224
Investment in LLC	1,045,000	1,045,000
Total Assets	5,831,806	5,576,599
Liabilities		
Accounts Payable	285,481	219,574
Accrued Pension Liability	78,608	53,635
Total Liabilities	364,089	273,209
Owners Equity		
Retained Earnings	5,188,954	4,965,608
Common Stock	1,000	1,000
Current Year Earnings	277,763	336,782
Total Owners Equity	5,467,717	5,303,390
Total Liabilities & Equity	5,831,806	5,576,599

**VBA Benefits Corporation
Income Statement**

	Actual 9/30/2021	Forecasted 2021	2021 Budget	2022 Budget
Income:				
Medical Fees	574,895	766,955	773,700	728,600
Dental Fees	102,164	136,000	142,000	133,500
Group Life & AD&D Fees	466,461	621,500	610,000	546,000
Vision Fees	40,355	53,530	53,650	54,475
Long Term Care Fees	47,099	62,560	60,000	60,000
Long Term Disability Fees	173,064	230,000	250,000	221,000
Short Term Disability Commissions	15,551	20,624	20,000	19,000
Flex Cafeteria Fees	30,168	40,576	35,800	34,500
Voluntary Benefits Commission	59,953	80,165	101,500	81,000
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Health and welfare fees	1,509,710	2,011,910	2,046,650	1,878,075
Management Fees-DB	93,089	122,900	94,500	100,000
Management Fees-DC	524,708	689,725	600,000	676,000
Non-Qualified Fees	113,358	146,375	172,500	140,000
Revenue Share - DC	4	4	0	-
Revenue Share - NQ	59,118	59,118	26,000	-
<hr/>				
Defined benefit, contribution and nonqualified	790,277	1,018,122	893,000	916,000
Interest/Dividend Income	36,858	47,000	31,950	35,000
HSA Income	1,782	1,782	1,200	1,200
Gain/Loss on Investments	48,176	72,938	-	-
Miscellaneous Income	1,832	1,832	1,500	1,500
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Subtotal Other Income	88,648	123,552	34,650	37,700
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Total Income	2,388,635	3,153,584	2,974,300	2,831,775

**VBA Benefits Corporation
Income Statement**

	Actual 9/30/2021	Forecasted 2021	2021 Budget	2022 Budget
Expenses:				
Salaries & Benefits	958,400	1,294,850	1,360,000	1,390,000
Benefits Administration				
Cobra Administration	22,988	32,000	30,000	50,000
Recordkeeping NQ	226,074	302,000	255,000	153,670
	249,062	334,000	285,000	203,670
Occupancy Expense	26,213	34,950	34,950	36,805
Office Expenses				
Memberships & Subscriptions	4,533	6,350	6,300	8,000
Postage	151	453	2,000	1,500
Property Taxes & Bus. Licenses	1,410	1,410	2,000	2,000
Office Supplies	4,827	6,280	7,200	7,200
Equipment Maintenance	28,414	31,653	32,300	30,400
Telephone	7,718	10,090	11,600	18,900
	47,053	56,236	61,400	68,000
Consulting				
Consulting & Technology	355,951	485,885	520,000	496,300
Health Renewal	117,586	160,500	163,000	163,000
Section 125 discrimination testing	1,600	30,000	40,000	30,000
Retirement Plan Consulting	39,600	52,800	53,000	53,000
	514,737	729,185	776,000	742,300
Professional fees				
Audit & Tax Fees	62,371	70,600	62,600	67,000
Legal Fees - Troutman Sanders	203,731	225,000	215,000	220,000
	266,102	295,600	277,600	287,000
Meetings				
Benefits Seminars	-	-	23,100	16,500
Board of Directors	8	200	2,000	1,500
	8	200	25,100	18,000
Insurance	16,811	19,615	19,950	18,620
Marketing	4,000	7,000	14,000	11,000
Education & Training	4,579	5,000	10,000	5,500
Travel	6,822	11,000	35,000	35,000
Travel and Education	11,401	16,000	45,000	40,500
Depreciation	12,934	17,500	19,300	9,880
Other Operating Expenses				
Miscellaneous Expense	4,151	6,100	6,000	4,500
	4,151	6,100	6,000	4,500
Total Expenses	2,110,872	2,811,236	2,924,300	2,830,275
Pretax Income/(Loss)	277,763	342,348	50,000	1,500

RETIREMENT PLAN TRUSTS UNDER VBA BENEFITS OVERSIGHT

September 30, 2021

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

	9 mos Plan yr ended 12/31/21	12 mos Plan yr ended 12/31/20	12 mos Plan yr ended 9/30/21	12 mos Plan yr ended 9/30/20	NonQualified Plans 9/30/21	NonQualified Plans 9/30/20
	Defined Contribution 1/1-12/31/21	Defined Contribution 1/1-12/31/20	Defined Benefit 10/1/20-9/30/21	Defined Benefit 10/1/19-9/30/20		
Increase (decrease) in net assets resulting from investment income	22,075,868	26,504,848	17,228,590	7,270,727		
Employer contributions	6,994,546	4,569,237	9,625,378	3,965,558		
Employee contributions	15,375,316	14,900,720	-	-		
Transfers from other trust	9,717,700	7,794,025	-	-		
Total employee/employer contributions	32,087,562	27,263,982	9,625,378	4,000,231		
Total additions	54,163,430	53,768,830	26,853,968	11,270,958		
Benefits paid to participants	10,640,290	27,374,788	8,371,910	6,411,539		
Plan terminations	5,175,268	19,854,572	2,574,350			
Increase (decrease) in net assets	38,347,872	6,539,470	15,907,708	4,859,419		
Net assets - beginning of period	279,640,307	273,100,837	106,141,062	101,281,643		
Net assets - end of period	317,988,179	279,640,307	122,048,769	106,141,062	85,069,370	58,074,637

VBA Benefits Corporation Investment Committee Meeting

Meeting Date: August 27, 2021

Time: 8:30 am

Committee members in attendance

**John Caldwell, Chairman
Thomas Cherry
Jeff Brugh
Bruce Whitehurst
Laurie Milligan
Jay Stafford
Michelle Austin
Matt Vance**

VBA staff in attendance

**DeMarion Johnston
Stacy Puckett
John Snead**

SageView Advisory Group:

**Nichole Labott
Ken Barnes
Dee Spivey**

Plan Governance

- I. The minutes from the previous meeting were approved as written.

Legislative Update

- II. SageView provided a brief legislative update including Secure 2.0 and an overview of the current retirement plan litigation. SageView also shared information on the current webinars and upcoming financial wellness workshop available for participants.

Defined Contribution Plans Investment Review

- III. The fund performance summary for the investment report was reviewed as of June 30, 2021. The total plan assets were \$307,655,114.45 and the weighted average investment expense is 0.18%. SageView provided an overview of the current investment performance and of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Continue on Watch
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Continue on Watch
T. Rowe Price Mid-Cap Growth I	06/30/2021	Quantitative	Place on Watch

Defined Benefit Plans Investment Review

- IV. The fund performance summary for the investment report was reviewed as of June 30, 2021. The total plan assets were \$124,063,972.87. SageView provided an overview of the current investment performance and current allocations. Of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Continue on Watch
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Continue on Watch
T. Rowe Price Mid-Cap Growth I	06/30/2021	Quantitative	Place on Watch

Non-qualified Plans Investment Review

- V. The fund performance summary for the investment report was reviewed as of June 30, 2021. The total plan assets were \$84,436,729.46. SageView provided an overview of the current investment performance and current allocations. Of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Continue on Watch
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Continue on Watch
T. Rowe Price Mid-Cap Growth I	06/30/2021	Quantitative	Place on Watch

Additional Items

- VI. SageView presented an overview of Advisor Managed Accounts. The Committee was reminded that Managed Accounts is included in the VOYA deliverable at conversion. The additional data points that are unique to participants were discussed as well as industry benchmarking of utilization of managed accounts. The further reduction in price was discussed as well as the 3(38) discretionary management role of SageView within the product. The Committee discussed further and voted to approve the implementation for 1/1/2022.

Follow-Up/Topics for Next Review

- VII. The next Committee meeting is scheduled for November 19, 2021.

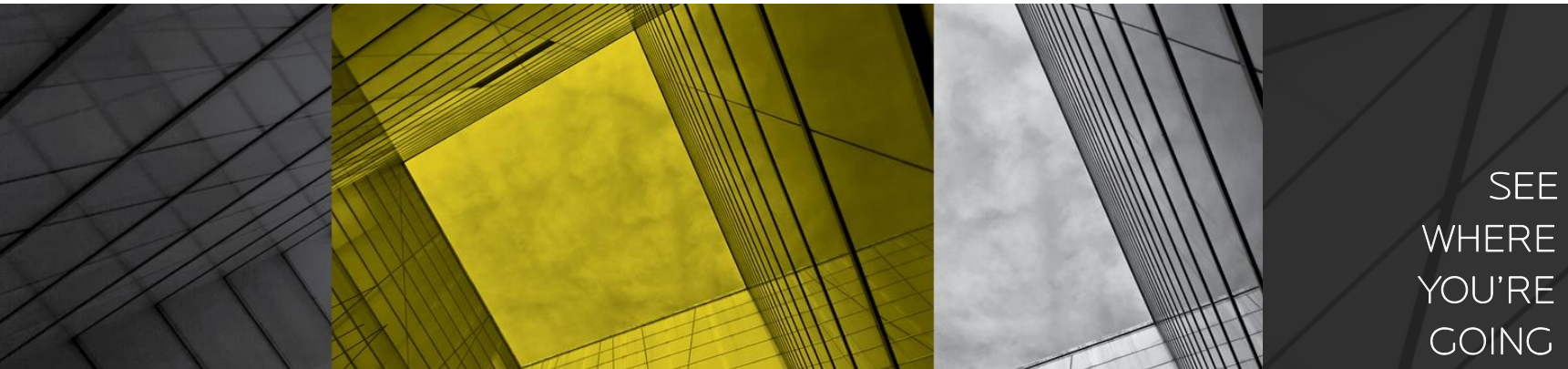
As there was no further business, the meeting was adjourned.



VBA Master Defined Benefit and Cash Balance Plans

2021 Update

November 19, 2021



Topics



- » Contribution and Benefit Limits for 2022
- » Membership
- » Recent Initiatives
- » Changes Since Last Year
- » PBGC Premiums
- » Investment Performance
- » 2021/2022 Valuation Process

Contribution and Benefit Limits for 2022



Area of Impact	2022	2021	2020
Pre-tax Dollar Limit			
401(k) Contributions	\$20,500	\$19,500	\$19,500
403(b) Contributions	\$20,500	\$19,500	\$19,500
457 Contributions	\$20,500	\$19,500	\$19,500
Highly Compensated Employee			
Compensation	\$135,000	\$130,000	\$130,000
Section 415 Limitations			
Defined Benefit Plan	\$245,000	\$230,000	\$230,000
Defined Contribution Plan	\$61,000	\$58,000	\$57,000
Key Employees (Top Heavy)			
Officer	\$200,000	\$185,000	\$185,000
Taxable Wage Base			
Social Security	\$147,000	\$142,800	\$137,700
Medicare	Unlimited	Unlimited	Unlimited
Compensation Limit			
	\$305,000	\$290,000	\$285,000
Catch-up Contributions			
401(k), 403(b), 457	\$6,500	\$6,500	\$6,500
Health Savings Accounts			
Annual Contribution Limit			
Individual Coverage	\$3,650	\$3,600	\$3,550
Family Coverage	\$7,300	\$7,200	\$7,100
Catch-up Contributions	\$1,000	\$1,000	\$1,000
High Deductible Plan			
Maximum Out-Of-Pocket Limit			
Individual Coverage	\$7,050	\$7,000	\$6,900
Family Coverage	\$14,100	\$14,000	\$13,800
Minimum Deductible			
Individual Coverage	\$1,400	\$1,400	\$1,400
Family Coverage	\$2,800	\$2,800	\$2,800

Membership



October 1 Plan Year (Traditional Plans)	
Number, 10/1/20	7
Terminations	-
Additions	-
Mergers	(1)
Cash Balance Conversions	-
Number, 10/1/21	6
January 1 Plan Year (Cash Balance Plans)	
Number, 1/1/21	6
Terminations	-
Additions	-
Mergers	-
Cash Balance Conversions	-
Number, 1/1/22	6
Plan Termination in Process	3
Plans Currently Under Review (Soft Freeze, Termination)	1
Total Number of Participants	
Last Valuation	1,256
Terminating Plans	(156)
Remaining	1,100
Market Value of Assets	
12/31/2020	\$118,800,000
9/30/2021	\$122,000,000
Terminating Plans	\$12,300,000
Remaining Balance 9/30/21	\$109,700,000

Recent Initiatives



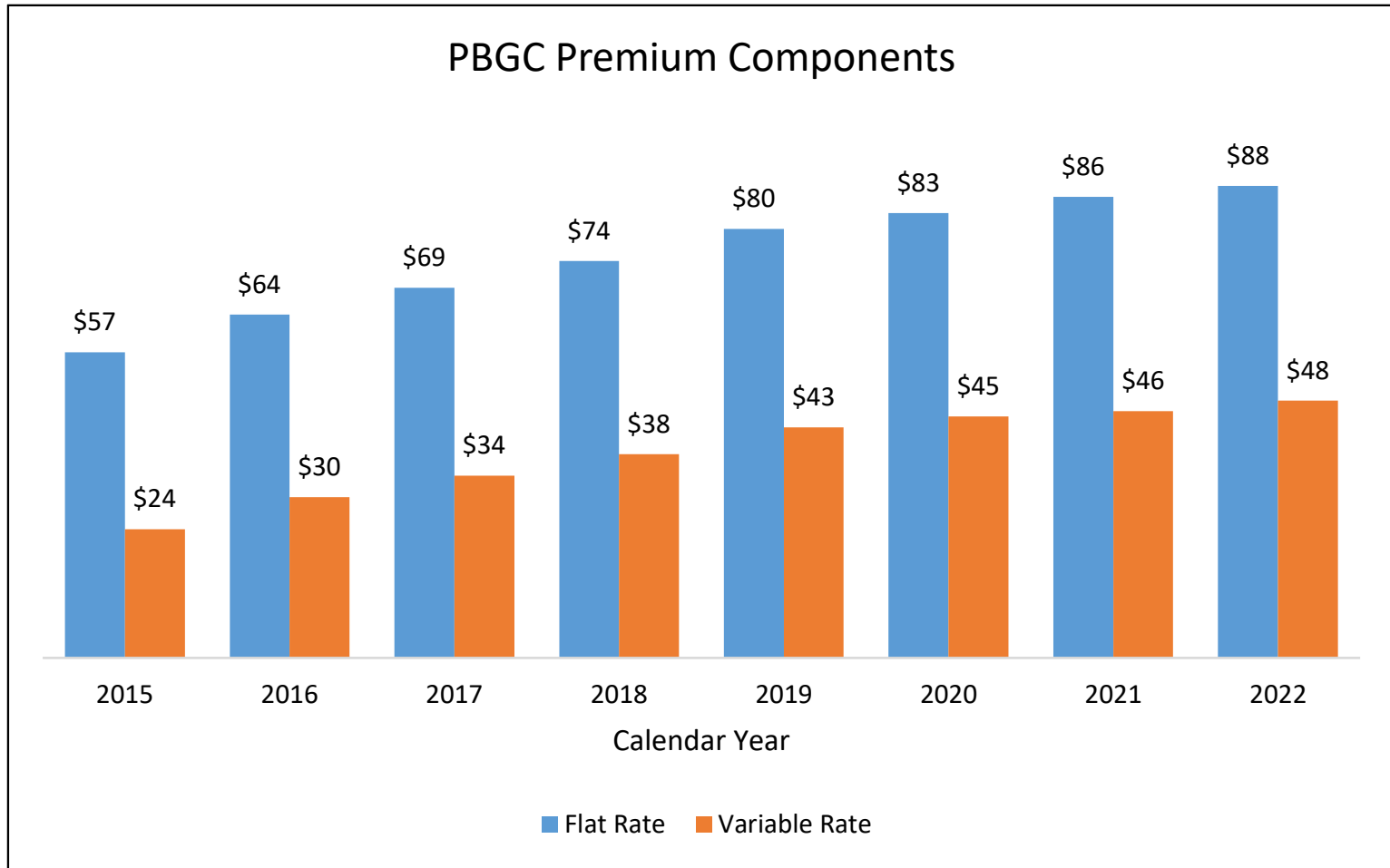
- » Visited with each participating bank via Zoom to discuss valuation results and overall plan operation
- » Worked with the Investment Committee and SageView Advisory Group to review portfolio structure for terminating plans
- » Assisted several banks with merger-related strategies applicable to pension plans
- » Participated in employee meetings with one bank to explain in-service distribution opportunity
- » Uploaded pension information to VOYA for inclusion on participant website
- » Continued to work with VOYA and VBA staff on transition issues

Changes Since Last Year



- » Financial statement expense and disclosure
 - Discount rates have increased approximately 25 bps since 12/31/2020 (through 10/31/2021)
 - Higher discount rates mean lower liabilities and vice-versa
- » Cash contributions
 - Discount rates will remain inflated due to pension provisions included in the American Rescue Plan Act
 - Minimum required contributions are \$0 for all but one bank
- » Cash Balance Plan interest crediting rate
 - Most plans based on December 10-Year Treasury rates with a 3% minimum
 - » 3% minimum applied to 2012-2021 and will likely apply to 2022
 - Actual investment performance in excess of the crediting rate helps subsidize plan costs

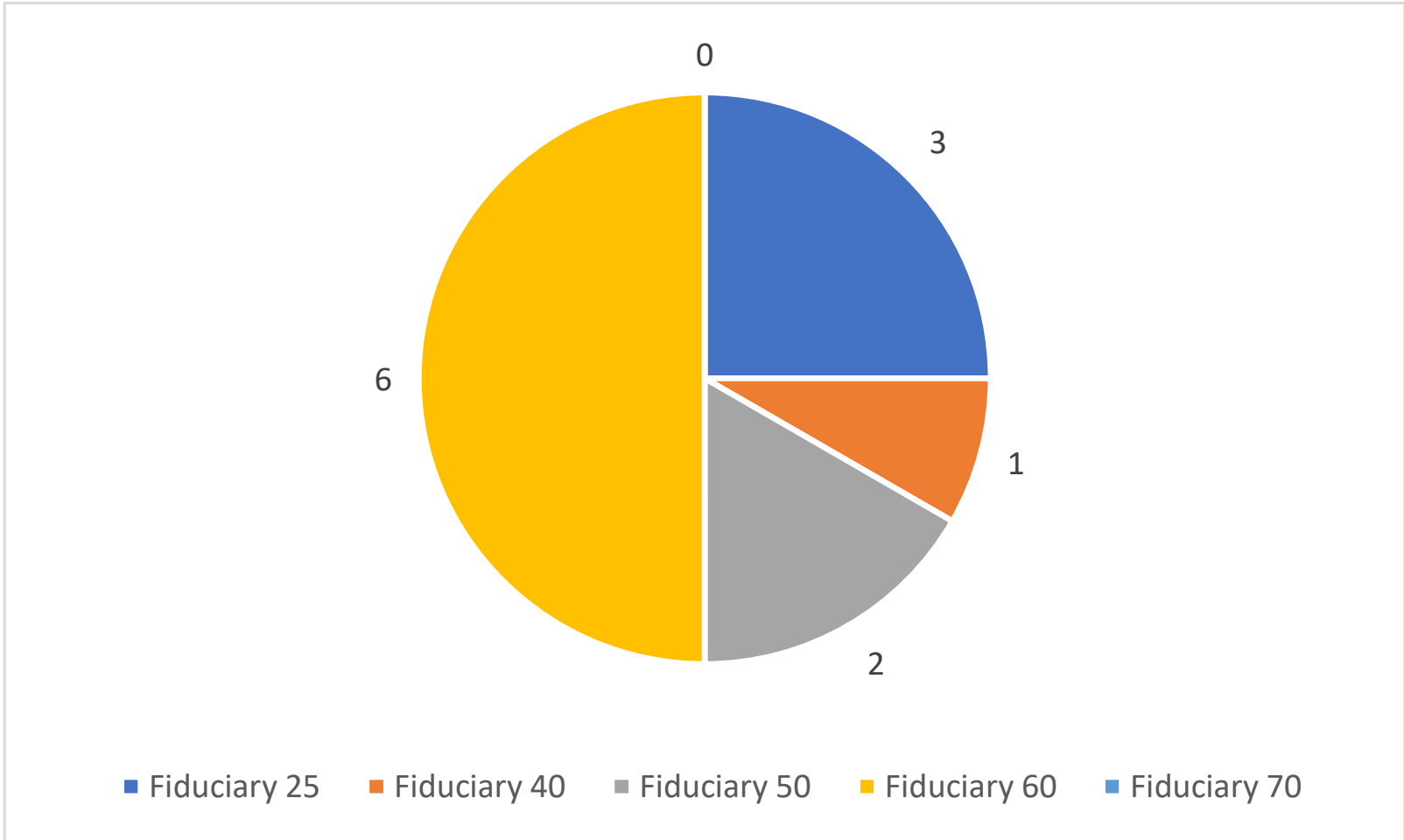
PBGC Premiums



» Variable rate premium rate is per \$1,000 of unfunded vested benefits

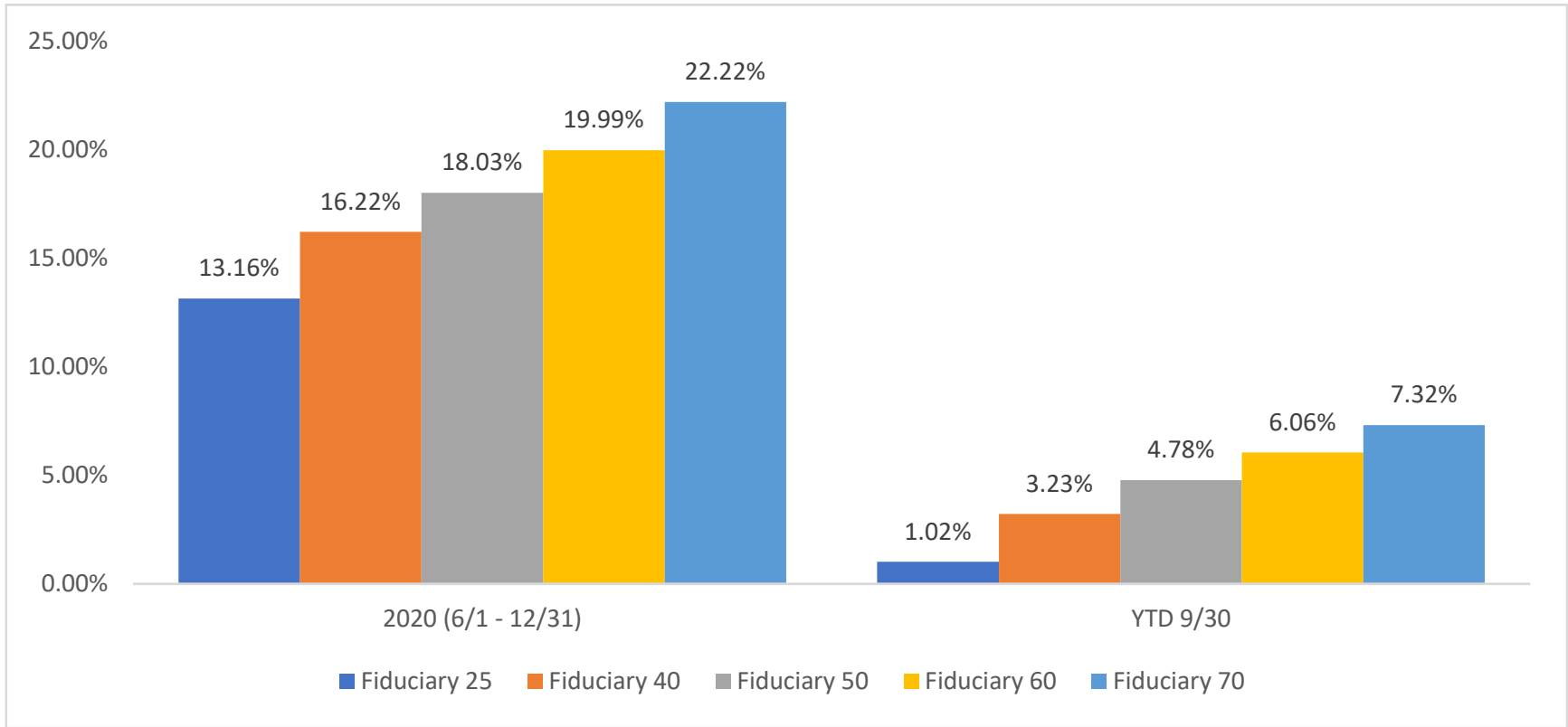
Investment Performance

Portfolio Elections



- » Banks were all given the opportunity to revisit their portfolio election effective with the transition to VOYA
- » Two banks in the process of terminating have moved to the Fiduciary 25 portfolio

Investment Performance



- » Returns for 2020 are since inception with VOYA (6/1/20)
- » 2021 assumed rate of return for expense purposes ranged from 5.50% to 7.25% depending on the portfolio

2021/2022 Valuation Process



- » 2021 financial statement disclosures
 - Will utilize 12/31/2021 asset information and discount rate
 - Target delivery 3rd week in January 2022

- » ERISA funding reports, benefit statements, etc.
 - Issued by 3rd week in December for October 1 plan years
 - Cash balance plans issued Q2 of 2022 for January 1 plan years

- » Annual certification of funding percentage
 - 110% or more to avoid restrictions on lump sum payments to top paid group
 - » 3 banks below this level last year
 - 80% or more to avoid restrictions on lump sum payments to other participants
 - » No banks below this level
 - 60% or more to continue benefit accruals

- » Annual valuation summary and meeting with each bank in Q2 of 2022