



Fairfax County Uniformed Retirement System 2025 Actuarial Valuation

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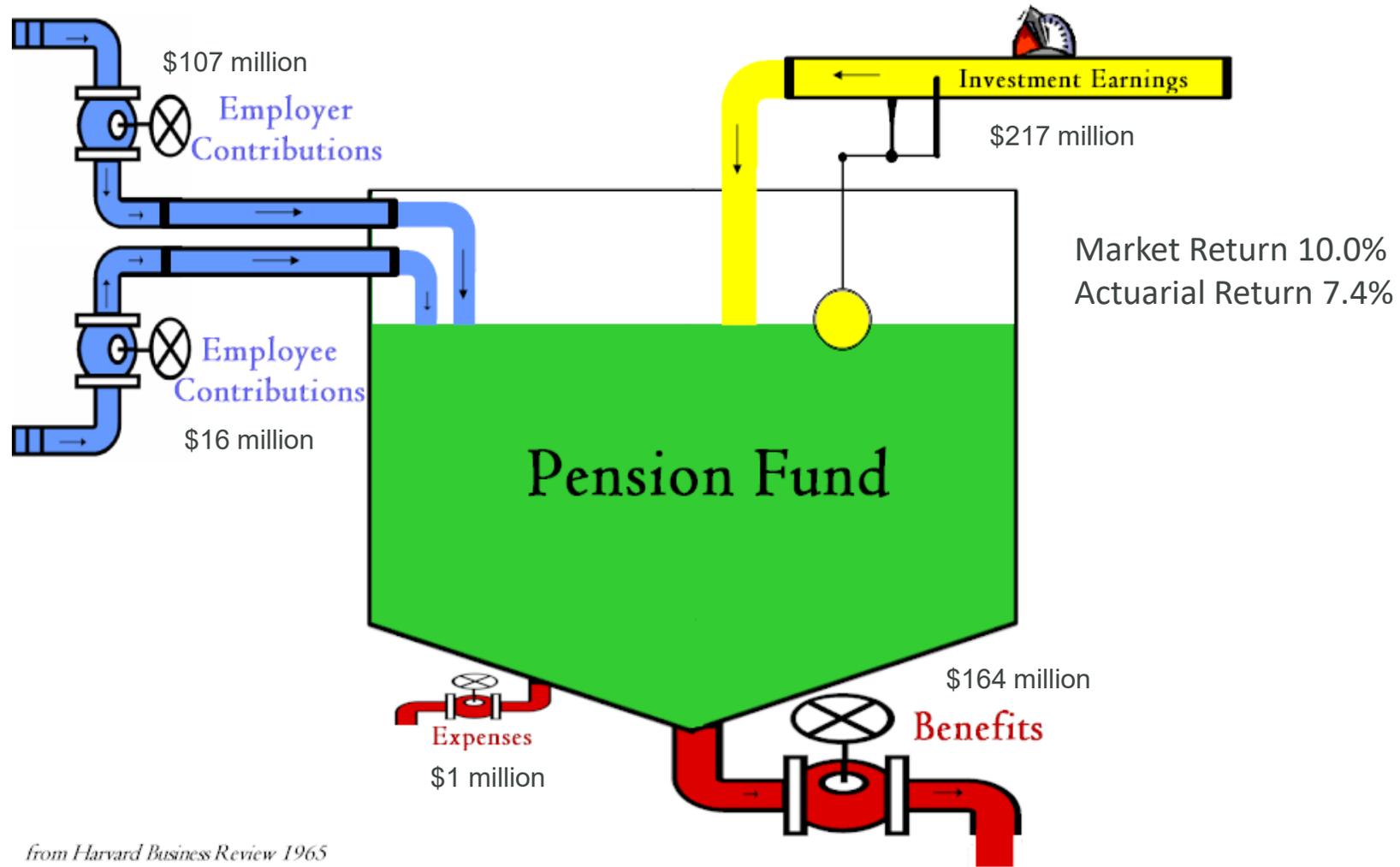
September 24, 2025

Agenda



- **Historical Review**
- **Principal 2025 Valuation Results**
- **Stress Testing**
- **GASB 67/68**

Pension Plan Funding

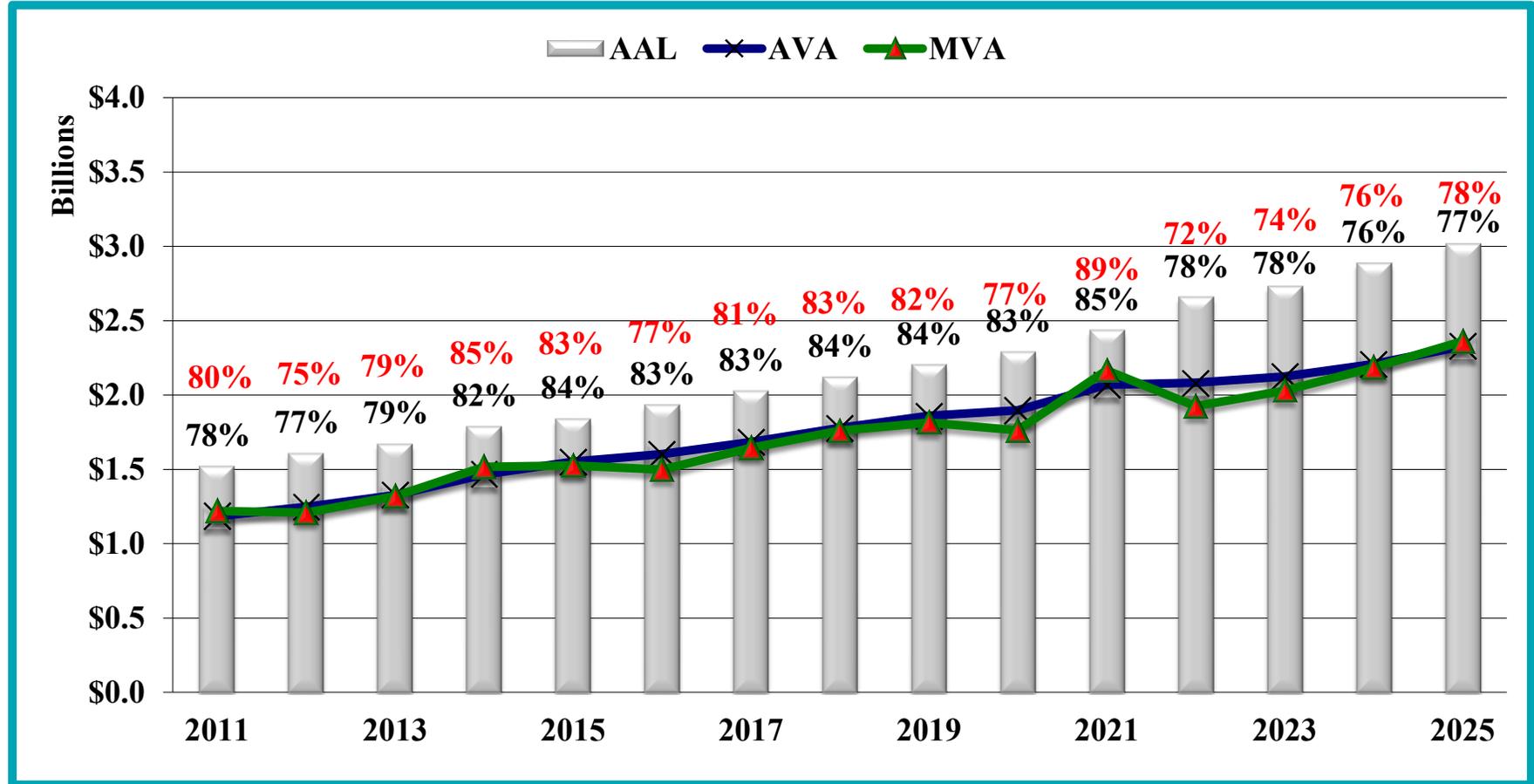


from Harvard Business Review 1965

Historical Review

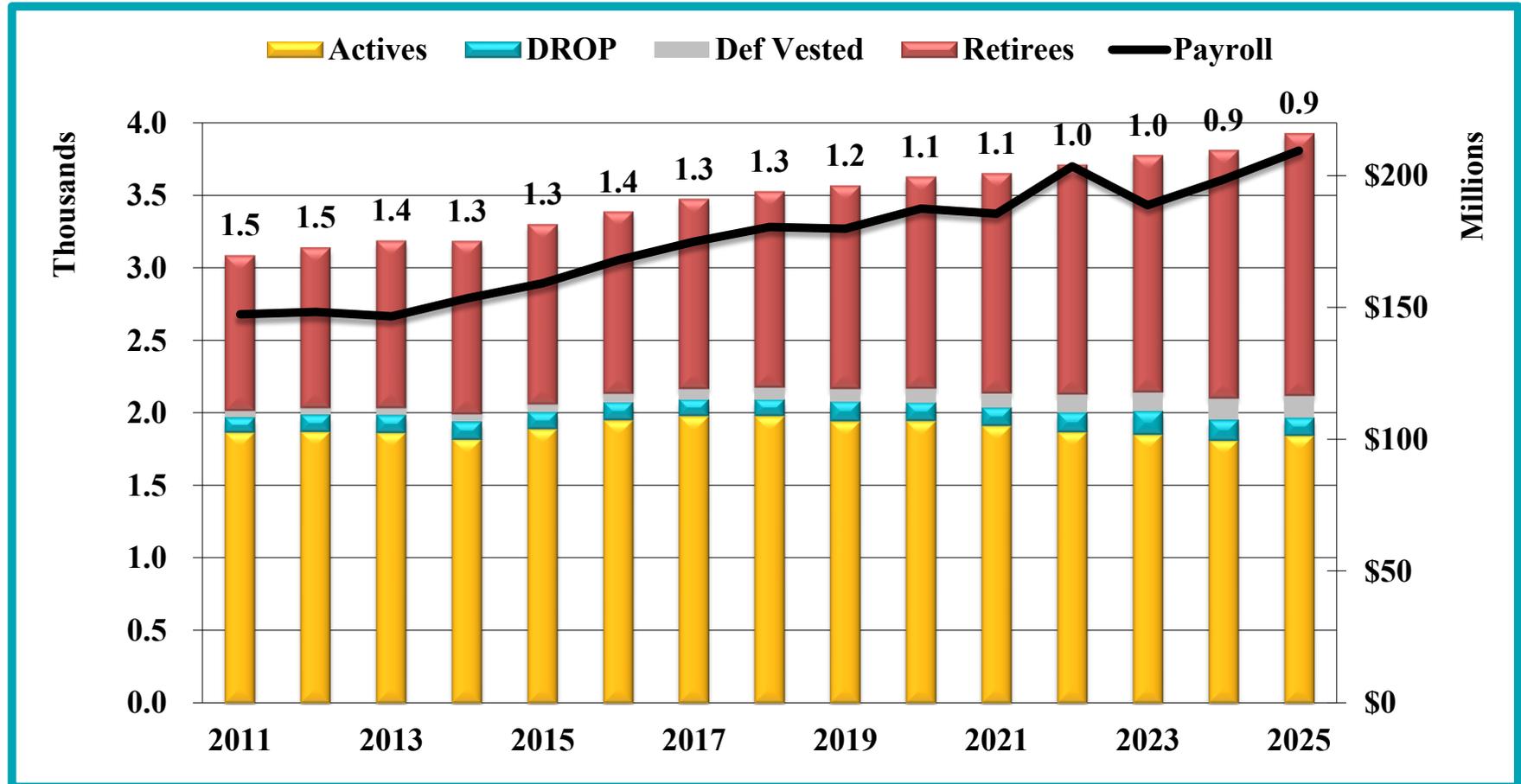


Key Actuarial Indicators: Assets & Liabilities



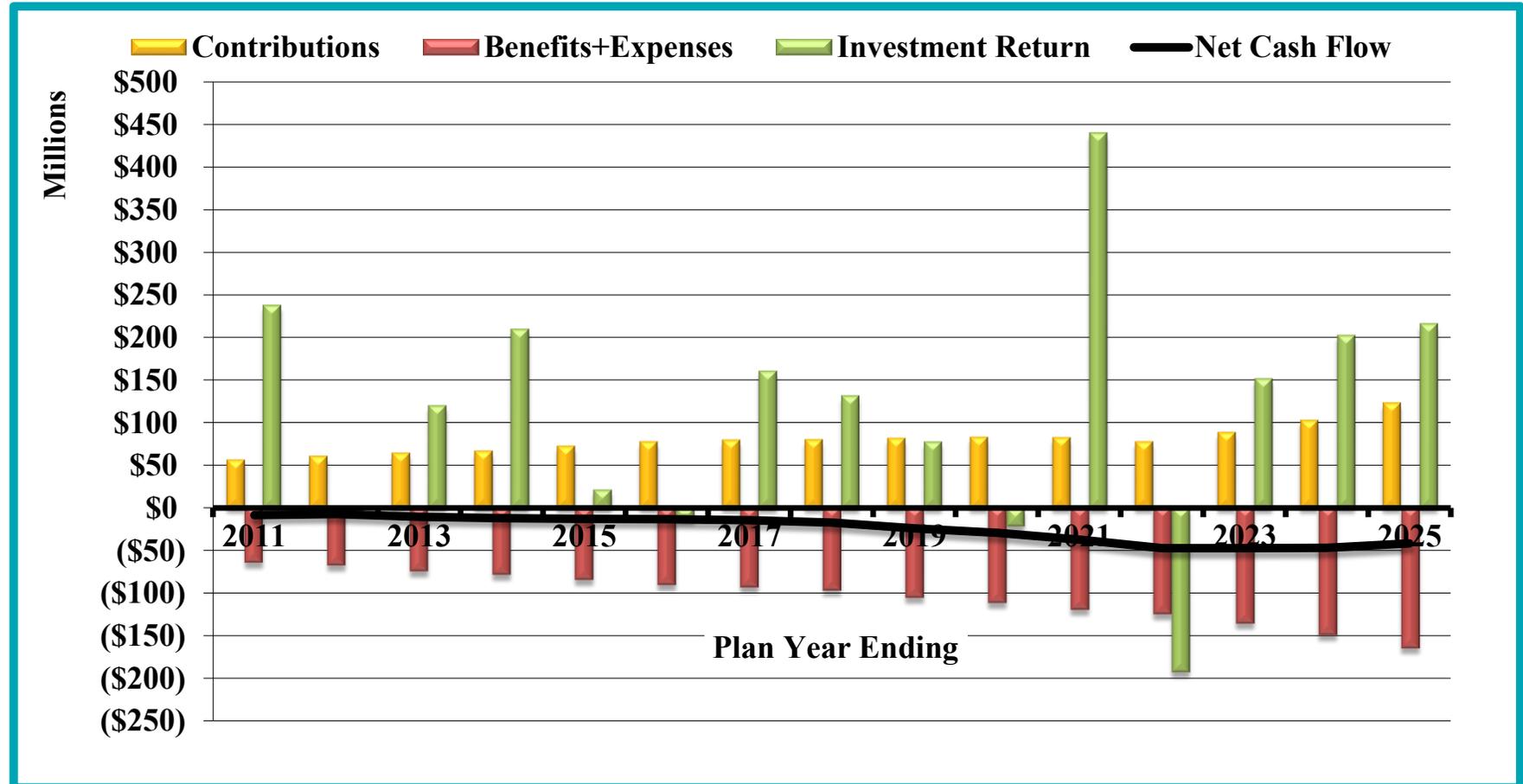
Ratios in red represent the GASB funding ratio which uses the Market Value of Assets. The ratios in black are based on Actuarial Value of Assets.

Plan Maturity Indicators: Participation

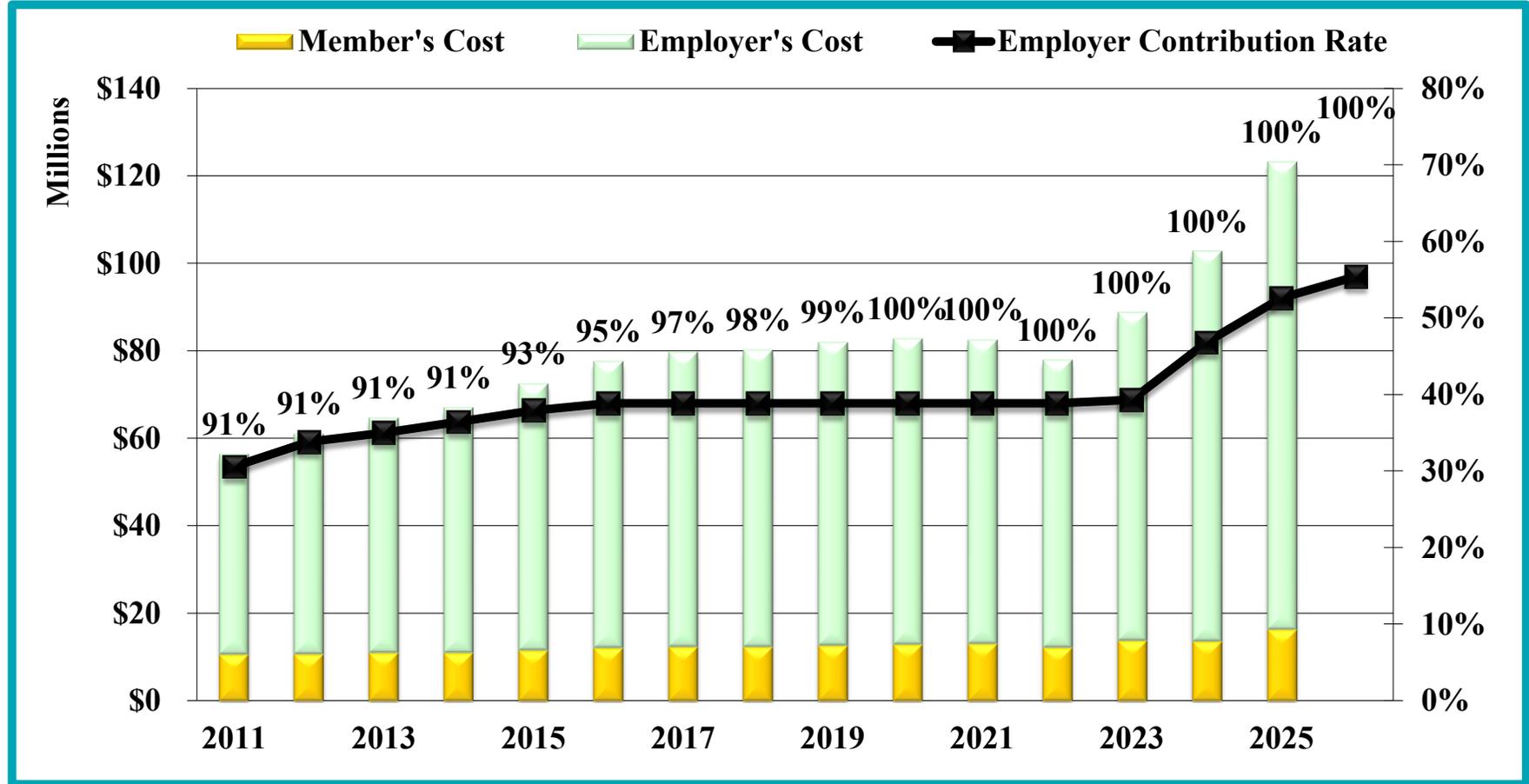


Ratios reflect the number of actives per inactive. The 2016 valuation used revised data techniques which no longer adjust for January – June retirements. There is a one-time increase in both active counts and covered payroll.

Plan Maturity Indicators: Annual Cash Flow

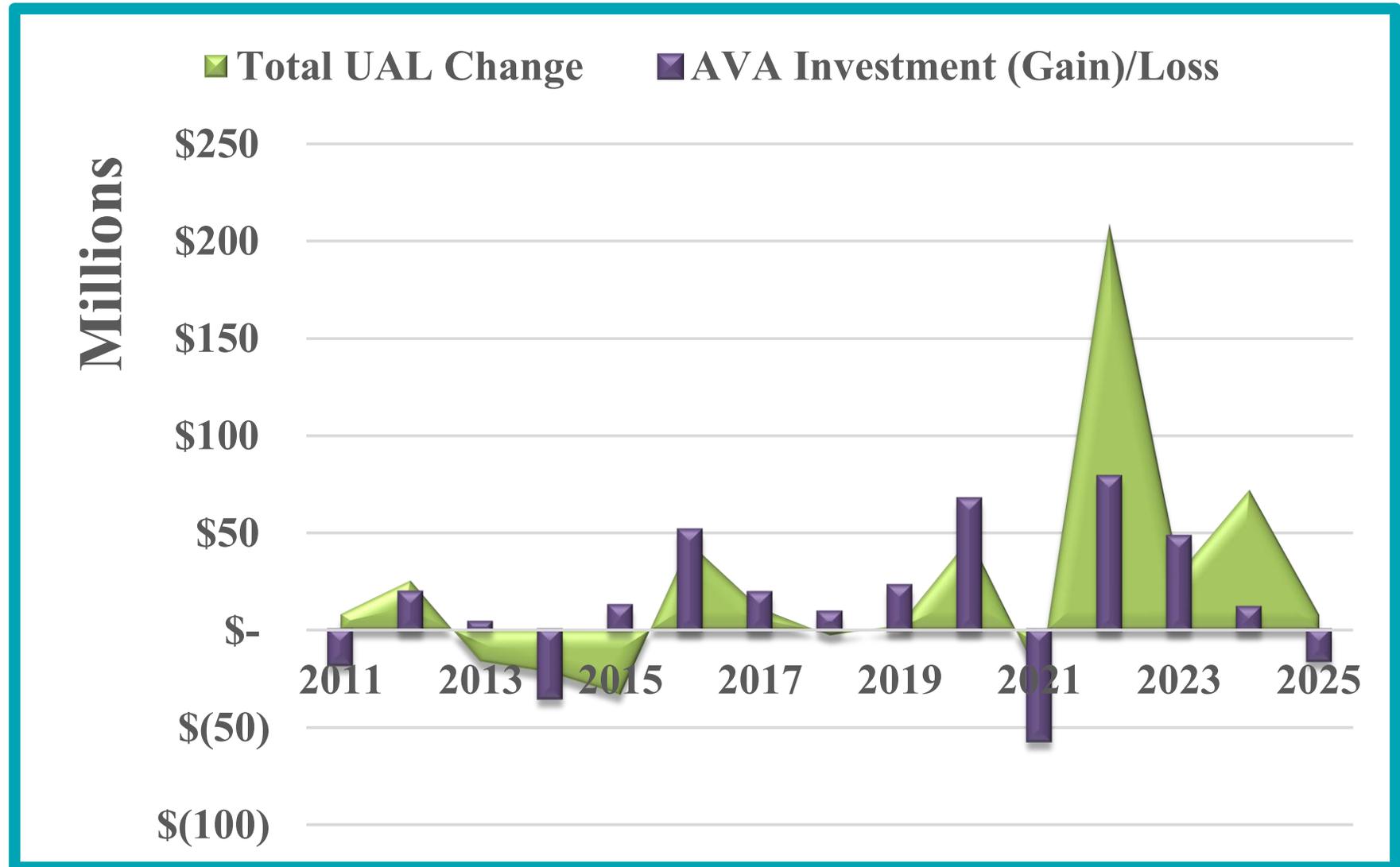


Key Actuarial Indicators: Contribution Rates

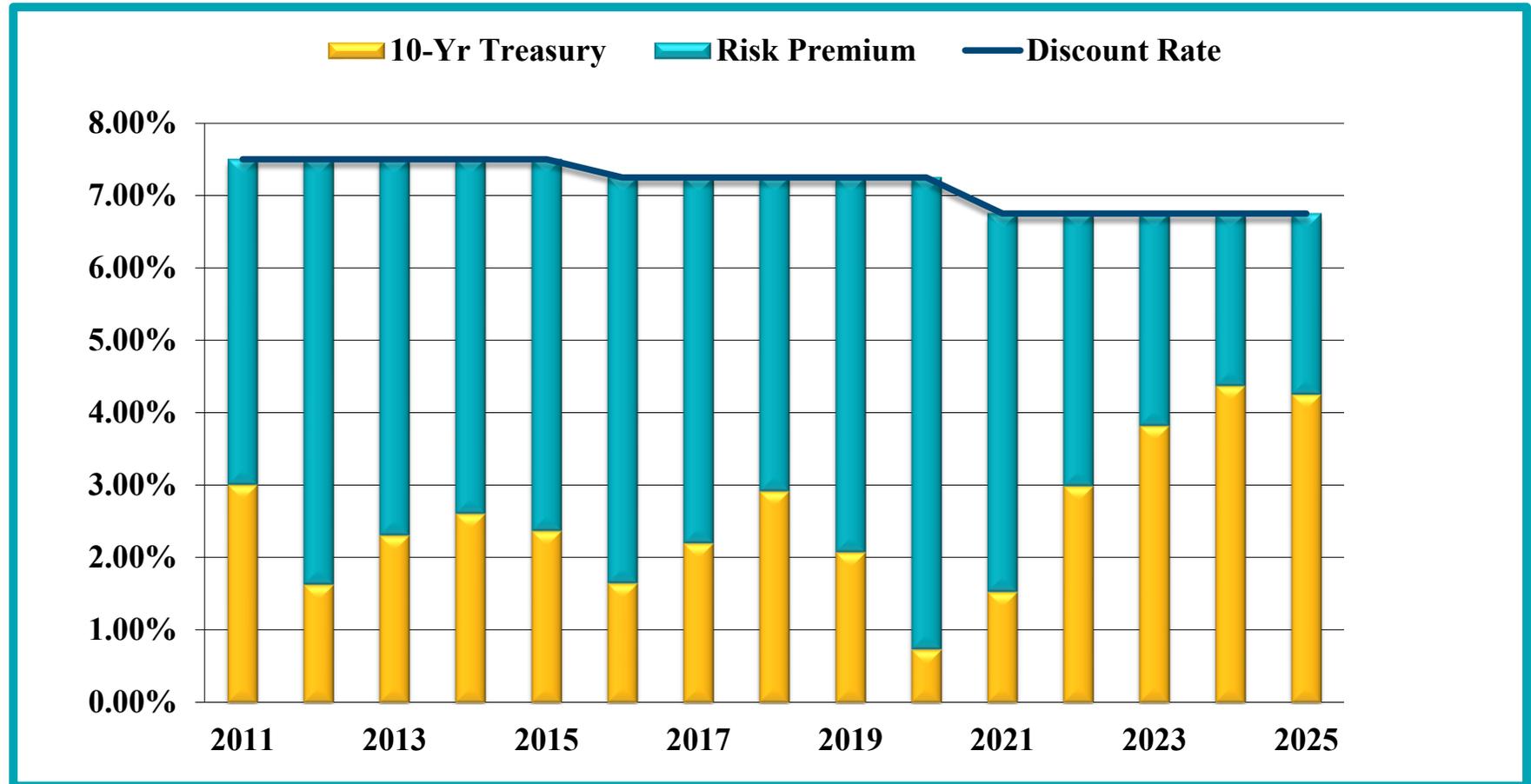


Amounts shown in the bars above represent the amortization target funding ratio used in developing the contribution rate.

Key Risk Factors: Investment Risk



Key Risk Factors: Interest Rate



Valuation Results



Key Statistics: Actives

	2024	2025	% Change
Number of Actives	1,810	1,843	1.8%
Number Active & DROP	1,953	1,968	0.8%
Total Salary	\$198 mill.	\$209 mill.	5.5%
Average Salary	\$109,639	\$113,641	3.6%

Reconciliation	Count	2024 avg W-2	2025 avg W-2
Matches*	1,656	\$111,605	\$120,762
New	187		\$82,476
Left	154	\$125,195	

* Expected average salary to increase 4.7% (\$116,851) vs. actual increase of 8.2%.

Key Statistics: Retired/Disabled/Beneficiaries

	2024	2025	% Change
Number of Retired/Disabled/Beneficiaries	1,713	1,809	5.6%
Base Benefits	\$128 mill.	\$139 mill.	8.4%
Average Base Benefit	\$74,651	\$76,661	2.7%

Reconciliation	Count	2024 Benefits	2025 Benefits
Matches*	1,686	\$76,613	\$77,608
New **	123		\$79,888
Left	27	\$72,333	

* Expected average benefit to increase 2.1% (\$78,222) vs. actual increase of 2.4%.

** 30 of the 123 new retirees came from active status.

Key Statistics: DROP

	2024	2025	% Change
Number of DROP	143	125	(12.6%)
Total DROP Base Benefits	\$12 mill.	\$11 mill.	(9.4%)
Average DROP Base Benefit	\$84,837	\$87,936	3.7%

Reconciliation	Count	2024 Benefits	2025 Benefits
Matches*	65	\$82,912	\$83,886
New **	60		\$94,664
Left	78	\$90,651	

* Expected average benefit to increase 2.1% (\$84,653) vs. actual increase of 2.2%.

Principal 6/30/2025 Valuation Results

(In \$ Millions) Valuation Date	6/30/2024	6/30/2025
Actuarial Accrued Liability	\$2,892	\$3,021
Actuarial Value of Assets	\$2,208	\$2,329
Unfunded Actuarial Liability	\$684	\$692
Funded Ratio AVA/AL	76.4%	77.1%
Market Value of Assets	\$2,185	\$2,360
Funded Ratio MVA/AL	75.6%	78.1%
(% of Payroll) Fiscal Year for Contribution	2026	2027
County Contribution Rate	55.42%	55.54%

Demonstrate Losses/(Gains)

(In \$ Millions)	Liability A	Actuarial Assets B	UAL C = A-B
6/30/2024	\$2,892	\$2,208	\$684
Expected Change	79*	106**	(27)
Assumption/Method Change	0	0	0
Plan Change	0	0	0
Expected at 6/30/2025	\$2,971	\$2,314	\$657
Actual at 6/30/2025	\$3,021	\$2,329	\$692
(Gain)/Loss	\$50	\$15	\$35
Contribution Impact (% of pay)	2.31%	0.70%	1.61%

* Expected liability changes include Normal Cost, Benefit and Interest.

**Asset changes include Contributions, Benefit and Interest.

Sources of Liability Loss/(Gain)

	(\$ in millions) Liability Loss/(Gain)
Salary Increases	\$34
New Hires/Rehires	\$2
COLA 2.4% vs assumed 2.1%	\$5
Other	<u>\$9</u>
Total Net Loss/(Gain)	\$50

	Actual	Expected	Difference
DROP	60	35	25
Retirement	<u>30</u>	<u>12</u>	<u>18</u>
Total	90	47	43

Sources of Change in Rate

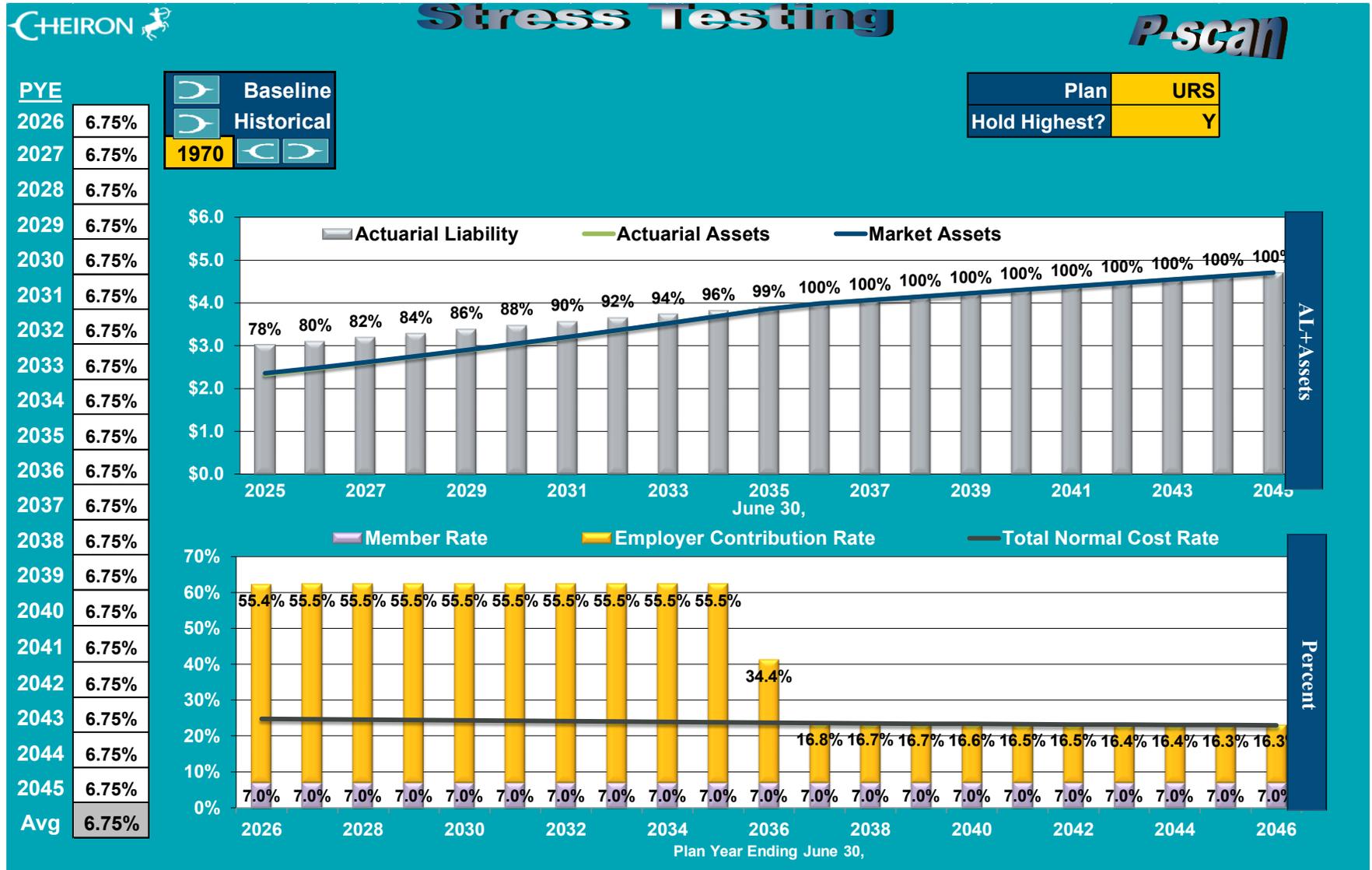
Rate Impact	
COLA Loss	0.23%
Asset Gain	(0.70)%
Prior Base Exhaustion	0.00%
Change in Normal Cost	(0.08%)
<i>SUM OF NON-PAYROLL SOURCES</i>	<u><i>(0.55%)</i></u>
Other Liability L/(G) (mainly payroll)	2.08%
Impact of Overpayment to UAL FY 24	(0.02%)
Payroll Impact on Rate	(1.39%)
<i>SUM OF PAYROLL SOURCES</i>	<u><i>0.67%</i></u>
Net Increase in Rate	0.12%

Contribution Rate

For Fiscal Year	2026	2027
Normal Cost	17.74%	17.66%
Amortized Charges	37.33%	37.53%
Expense	<u>0.35%</u>	<u>0.35%</u>
Total County Rate	55.42%	55.54%

	FY 2026	FY 2027
Estimated Dollar Amount of Contribution (In millions)	\$116	\$119

Baseline Projection



FY 2025 System Disclosure

	Change in Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2024	\$ 2,892,117,143	\$ 2,185,308,912	\$ 706,808,231
Changes for the year:			
Service cost	49,144,363		49,144,363
Interest	193,095,586		193,095,586
Changes of benefits	0		0
Differences between expected and actual experience	50,601,657		50,601,657
Changes of assumptions	0		0
Contributions - employer		106,901,813	(106,901,813)
Contributions - member		16,171,371	(16,171,371)
Net investment income		216,658,400	(216,658,400)
Benefit payments	(163,847,701)	(163,847,701)	0
Administrative expense		(1,054,594)	1,054,594
Net changes	<u>128,993,905</u>	<u>174,829,289</u>	<u>(45,835,384)</u>
Balances at 6/30/2025	<u>\$ 3,021,111,048</u>	<u>\$ 2,360,138,201</u>	<u>\$ 660,972,847</u>

Required Disclosures

The purpose of this presentation is to provide results of the June 30, 2025 actuarial valuation of the Uniformed Retirement System. This presentation was prepared exclusively for the Fairfax County Retirement Systems for the purpose described herein. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

In preparing our presentation, we relied on information supplied by the Fairfax County Retirement Agency. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with the Actuarial Standard of Practice No. 23.

The actuarial assumptions, data, and methods are those used in the preparation of the latest actuarial valuation report prepared for this System as of June 30, 2025.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices, and our understanding of the Code of Professional Conduct, and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

The assumptions reflect our understanding of the likely future experience of the System, and the assumptions as a whole represent our best estimate for the future experience of the System. The results of this presentation are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the service purchased may vary from our results.

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Classic Values, Innovative Advice.

Contact us if you have any questions

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