Hampton Roads Sanitation District

Other Post-Employment Benefits

Actuarial Valuation to Determine
the FY2026 Actuarially Determined Contribution

Submitted by:

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Bolton

October 3, 2025

Kassandra Pagan
Chief of Accounting
Hampton Roads Sanitation District
1434 Air Rail Avenue
Virginia Beach, VA 23455

Dear Kassandra:

The following sets forth the Actuarially Determined Contribution (ADC) for Hampton Roads Sanitation District's (HRSD) other post-employment benefits (OPEB) Plan for the fiscal year ending June 30, 2026 (FY2026). Section I of the report provides a high-level summary of the valuation while Section II provides the calculation of the FY2026 ADC, Section III provides the development of the underlying assets used in determining it, and Section IV provides a summary of the amortization payments. Sections V through VII provide summaries of the valuation data, plan provisions, and actuarial methods and assumptions used in the valuation, and Section IX contains a glossary of many of the terms used in this report. A ten-year projection of the ADC is provided in the appendix. The GASB 74 plan accounting and GASB 75 employer accounting disclosure results are provided in a separate report.

The ADC has remained $0 for FY2026. The unfunded liability has increased from $(43,282,000) as of July 1, 2024 to $(32,575,000) as of July 1, 2025. This was largely due to the plan change reducing the monthly contributions for pre-Medicare retirees and both pre-Medicare and Medicare-eligible spouses. We expect the ADC to remain $0 through at least FY2036. Please refer to the ten-year projection in Appendix I for more details.

Methodology, Reliance, and Certification

This report has been prepared for HRSD for the purpose of determining the FY2026 ADC. It is not intended for, nor should it be used for, any other purposes. Bolton Partners, Inc. (Bolton) is not responsible for the consequences of any unauthorized use or the reliance on this information by any other party.

The report is based on July 1, 2025 census data provided by HRSD. The plan provisions, participant data, valuation methods, and actuarial assumptions are detailed in Sections V through VII of this report.

HRSD is responsible for selecting the plan's funding policy and assumptions. For certain assumptions such as retirement, termination, disability, and salary scale, we relied upon those developed for the Virginia Retirement System (VRS). The policies, methods, and assumptions used in this valuation are those that have been so prescribed and can be found in Section VII. HRSD is solely responsible for communicating to Bolton any changes required thereto.

The actuarial methods and assumptions used in this report comply with ASOP 6 and the actuarial standards of practice promulgated by the American Academy of Actuaries and are, in our opinion, reasonable and appropriate for the purposes of this valuation.

HRSD is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Bolton's actuaries have not provided any investment advice to HRSD.

Methodology, Reliance, and Certification

Future medical care cost increase rates are unpredictable and could be volatile. They will depend upon the economy, future health care delivery systems and emerging technologies. The trend assumption used in this valuation is based on an economic model developed by a health care economist for the Society of Actuaries. Future medical trend increases could vary significantly from the model. Model inputs will be updated periodically based on the best estimate of the economy at that time. Small changes in the model inputs can result in large actuarial losses or gains. The sensitivity of results to a one percent increase in trend is shown in the ADC calculation.

The results are based on assets, plan provisions, census data, claims and enrollment information, and premium rates submitted by HRSD. We reviewed the data for reasonableness, but we did not perform an audit. We have relied on this information for the purpose of preparing this report. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information. The plan sponsor is solely responsible for the validity and completeness of this information.

We make every effort to ensure that our calculations are accurately performed. However, given the complexity of these calculations, there may be errors. We reserve the right to correct any potential errors by amending the results of this report or by including the corrections in a future valuation report.

This is a deterministic valuation in that it is based on a single set of assumptions. This set of assumptions is one possible basis for our calculations. Other assumptions may be equally valid. The future is uncertain, and the plan's actual experience will differ from the assumptions; these differences may be significant or material because the results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions. We may consider that some factors are not material to the valuation of the plan and may not provide a specific assumption for those factors. We may have used other assumptions in the past. We will likely consider changes in assumptions at a future date.

The report is conditioned on the assumption of an ongoing plan and is not meant to present the actuarial position of the plan in the case of plan termination. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions, changes in assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions, applicable law, or accounting rules.

The COVID-19 pandemic has impacted many aspects of OPEB valuations, including increasing mortality rates, fluctuating medical plan costs, creating supply shortages which increased inflation, and causing new trends in turnover and retirement rates. The impact of this pandemic through the valuation date is already reflected in HRSD's demographic and claims experience. However, since OPEB valuations are long-term estimates of future costs, we (and more broadly, the actuarial profession) are closely monitoring experience of all assumptions to determine what the long-term impacts of the COVID-19 pandemic will be. Given the current levels of uncertainty, we have not made any changes to the assumptions to account for any potential long-term impacts but will continue to monitor emerging experience and make changes as necessary.

Methodology, Reliance, and Certification

The Inflation Reduction Act (IRA), which was signed into law in August 2022, is expected to make numerous changes to prescription drug costs for Medicare enrollees and plan sponsors, including capping member out of pocket spending and other plan design changes beginning in 2025 and requiring the federal government to negotiate drug prices for certain high-cost drugs starting in 2026. The expected impact of these changes has been reflected in the trend assumption used for Rx costs for Medicare-eligible participants. Further details on how this was done can be found in Section VII.

The valuation was completed using both proprietary and third-party models (including software and tools). We have tested these models to ensure they are used for their intended purposes, within their known limitations, and without any known material inconsistencies unless otherwise stated.

Bolton Partners, Inc. is completely independent of Hampton Roads Sanitation District, their programs, activities, and any of their key personnel. Bolton Partners, Inc. does not have any relationship with Hampton Roads Sanitation District which would impair or appear to impair the objectivity of our work.

Bolton Partners, Inc. does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this report is based reflects Bolton's understanding as an actuarial firm. Bolton recommends that recipients of this report consult with legal counsel when making any decisions regarding compliance with ERISA, the Internal Revenue Code, or any other statute or regulation.

The undersigned credentialed actuary is a Member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Rebecca Trauger

Rebecca Trauger, FSA, FCA, MAAA
Senior Consulting Actuary

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Section I. Executive Summary

Background

Bolton Partners, Inc. (Bolton) has prepared the following report that sets forth the FY2026 Actuarially Determined Contribution (ADC) for Hampton Roads Sanitation District's (HRSD) OPEB Plan. The prior valuation report, which developed the FY2025 ADC, was completed on October 28, 2024. The accounting results under GASB 74 and 75 are presented in a separate report.

This report has been prepared for budgeting purposes. HRSD contributes to the Trust based on an Actuarial Determined Contribution (ADC). HRSD has elected to determine the ADC based on the normal cost plus an amortization of the unfunded actuarial accrued liability (the same method as used to determine the ARC under the prior accounting standard, GASB 45).

OPEB Trust Arrangement and Funding Policy

HRSD has established an irrevocable Trust to pre-fund benefits for its OPEB plan. Their contribution policy is to contribute the ADC to the Trust. Contributions are made monthly based on the estimated expense for the year and adjusted with each annual valuation.

Asset Information

Asset information as of July 1, 2025 as well as the asset reconciliation for the fiscal year ending 2025 was provided by HRSD. The market value of assets (MVA) as of June 30, 2025 was $82,446,158.

The ADC is based on the actuarial value of assets (AVA). The AVA is based on the MVA, with investment gains and losses smoothed over a five-year period. Asset gains and losses are determined by comparing the expected value of assets to the market value of assets. As of June 30, 2025, the actuarial value of assets is $79,186,000.

Plan Provisions

Employees retiring through the Virginia Retirement System (VRS) with at least 15 years of HRSD service, or at least 10 years of HRSD service and 10 years of service with another VRS employer with a retiree health plan, are eligible for benefits through the Plan. Retiring employees must also have been covered by the HRSD group health plan at the time of retirement.

Pre-Medicare retirees and spouses are eligible for medical and Rx coverage through the Sentra POS Equity 2600/0% Plan, and dental and vision benefits through MetLife. Medicare-eligible retirees and spouses are eligible for medical and Rx benefits through an Aetna Medicare Advantage Plan, which includes dental and vision benefits.

Additional details regarding the plan are provided in Section VII.

Section I. Executive Summary

Comparison with Previous Valuation

The prior valuation was based on July 1, 2024 data and completed October 28, 2024. The ADC remained $0 for FY2026; however, the reconciliation below shows the impact on the ADC as if it is allowed to be negative so the impact of each change on the ADC could be shown for illustrative purposes.

The following table compares the data and reconciles the ADC. Amounts shown are rounded to the nearest thousand.

Comparison of Current and Previous Valuations		
Valuation Date	**July 1, 2024**	**July 1, 2025**
Fiscal Year Ending	**2025**	**2026**
Census Data		
Active Employees[1]	855	886
Retirees[2]	252	273
Spouses	46	64
Total	1,153	1,223
Reconciliation of ADC[3]		
FY2025 ADC		$(2,858,000)
Expected Increase/(Decrease) due to the Passage of Time[4]		(391,000)
Increase/(Decrease) due to Investment Experience		(66,000)
Increase/(Decrease) due to Demographic Experience		(182,000)
Increase/(Decrease) due to Updated Per Capita Costs		193,000
Increase/(Decrease) due to Plan Change		1,875,000
FY2026 ADC		**$ (1,429,000)**

The following table reconciles the unfunded accrued liability. Amounts shown are rounded to the nearest thousand.

Reconciliation of Unfunded Accrued Liability (UAL)	
July 1, 2024 Unfunded Accrued Liability (UAL)	$(43,282,000)
Expected Increase/(Decrease) due to Passage of Time	(2,517,000)
Increase/(Decrease) due to Investment Experience	(750,000)
Increase/(Decrease) due to Demographic Experience	(1,766,000)
Increase/(Decrease) due to Updated Per Capita Costs	1,811,000
Increase/(Decrease) due to Plan Change	13,929,000
July 1, 2025 Unfunded Accrued Liability (UAL)	**$(32,575,000)**

[1] Includes 88 employees waiving coverage as of July 1, 2024 and 84 employees waiving coverage as of July 1, 2025.
[2] Includes healthy retirees, disabled retirees, and surviving spouses.
[3] ADC is $0 for FY2025 and FY2026, but is shown as a negative number in the reconciliation table above so the impact of each change on the ADC could be shown for illustrative purposes.
[4] Includes the impact of lower than anticipated benefit payments as well as the impact of recognizing past investment gains as a result of the actuarial smoothing method.

Section I. Executive Summary

Census Data

Census data as of July 1, 2025 was provided by HRSD. This data included current medical coverage for active employees, retirees, and their dependents. Although we have not audited this data, we have no reason to believe that it is inaccurate.

Cost Information

The FY2026 premiums for each plan as well as monthly claims and enrollment information for active employees and pre-Medicare retirees through June 30, 2025 were provided by HRSD. The per capita costs for pre-Medicare retirees were based on their claims experience blended with the age-adjusted premium rates, and the costs for post-65 retirees are based on the premiums provided for the Medicare Advantage plan.

The published insurance rates for persons prior to Medicare eligibility are based on a blend of active and pre-Medicare retiree experience, and because there are significantly more active employees, the rates are primarily based on their healthcare usage. However, because retirees tend to use healthcare at a higher rate than active employees, using these blended rates creates an implicit subsidy for the retiree group. Actuarial Standards of Practice (ASOP) 6 requires that the claims assumption we use for this valuation be based on the retiree cost, which we have done by using retiree-only experience and age-adjusting the premiums provided to determine a retiree-only per capita cost.

Demographic Assumptions

HRSD employees are assumed to participate in the State of Virginia Retirement System (VRS). Therefore, the retirement, termination, and disability assumptions are based on those developed for State Employees in the 2021 experience study for VRS. The mortality assumption is based on the SOA Pub 2010 headcount-weighted mortality tables developed for general employees, projected using mortality improvement scale MP-2021.

95% of employees are assumed to have coverage at the time of retirement and continue that coverage into retirement. 65% of employees are assumed to cover a spouse. The spousal election assumption has been updated since the prior valuation to reflect the expectation that more retirees will elect to cover their spouse as a result of the lower contribution required for spouses.

Additional information regarding these assumptions is provided in Section VII.

Section I. Executive Summary

Economic Assumptions

The expected rate of return assumption of 6.00% was selected by the plan sponsor.

The healthcare cost trend assumption was developed using the 2024 version of the Society of Actuaries (SOA) Getzen Long-Term Healthcare Cost Trend Model with baseline assumptions. This model was designed to estimate the trend after 2025. For 2025, the baseline trend rate was set to 7.0%. This initial trend reflects recent inflation, which we estimate will result in higher medical costs as providers renew their contracts. These baseline trend rates were adjusted to account for the expected impact of the Inflation Reduction Act when projecting the Rx costs for Medicare-eligible participants. The trend for pre-Medicare costs is expected to be 7.00% in 2025 and 6.20% in 2026, decreasing to 5.29% by 2030 and 4.54% by 2050, ultimately leveling off at 4.04% in 2075. The blended medical and Rx trend for Medicare costs is expected to be 5.98% in 2025 and 5.40% in 2026, decreasing to 4.90% by 2030 and 4.41% by 2050, ultimately leveling off at 3.92% in 2075.

The SOA Long-Term Healthcare Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-term baseline projection and input variable ranges have been developed under the guidance of an SOA Project Oversight Group. Model inputs will be updated periodically based on the best estimate of the economy at that time.

Payroll is assumed to increase at 2.5% per annum. This assumption is used to determine the level percentage of payroll amortization factor.

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Section II. FY2026 Determination of ADC

Below is a summary of the calculation of the Plan’s FY2026 ADC based on the current plan provisions and assumptions. Item 6 shows the ADC if the healthcare trend assumption was 1% higher in all years. Amounts shown are rounded to the nearest thousand.

(1)	Expected Rate of Return		6.00%
(2)	Actuarial Accrued Liability		
	(a)	Active Employees	$ 27,391,000
	(b)	Retirees	19,220,000
	(c)	**Total Liability (a + b)**	**$ 46,611,000**
(3)	Actuarial Value of Assets		$ 79,186,000
(4)	Unfunded Accrued Liability (UAL) (2 – 3)		$ (32,575,000)
(5)	Actuarially Determined Contribution (ADC)		
	(a)	Normal Cost	$ 1,678,000
	(b)	Amortization of Unfunded Accrued Liability	(3,107,000)
	(c)	**Total ADC (a + b, not less than 0)**	**$ 0**
(6)	1% Sensitivity (ADC)		$ 0

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Section III. Assets

Market Value of Assets Reconciliation

Below is a reconciliation of market value of assets from last year to this year as well as the asset gain/(loss) development. Amounts shown are rounded to the nearest thousand.

(1)	Expected Rate of Return	6.00%
(2)	Market value of assets as of July 1, 2024	$ 75,756,000
(3)	Employer Contributions	0
(4)	Retiree premiums received by HRSD	676,000
(5)	Investment gains/(losses)	8,279,000
(6)	Benefit payments paid from Trust	(2,235,000)
(7)	Investment expenses	(30,000)
(8)	Market value of assets as of June 30, 2025 *(2) + (3) + (4) + (5) + (6) + (7)*	$ 82,446,000
(9)	Expected investment gains/(losses)	4,498,000
(10)	Asset (gain)/loss *(9) – (5) – (7)*	$ (3,751,000)

Asset Bases

Below are the initial bases for the asset (gains)/losses that are still being recognized. Amounts shown are rounded to the nearest thousand.

Fiscal Year Ending	Asset (Gain)/Loss Base
2025	$(3,751,000)
2024	(4,222,000)
2023	(1,416,000)
2022	14,198,000

Section III. Assets

Actuarial Value of Assets Calculation

Below is a table showing how the actuarial value of assets as of June 30, 2025 was calculated. Amounts shown are rounded to the nearest thousand.

(1)	Market value of assets (MVA) as of June 30, 2025	$ 82,446,000
(2)	Prior asset (gain)/loss deferred	
	(a) 80% of FY2025 (gain)/loss	(3,001,000)
	(b) 60% of FY2024 (gain)/loss	(2,533,000)
	(c) 40% of FY2023 (gain)/loss	(566,000)
	(d) 20% of FY2022 (gain)/loss	2,840,000
	(e) Total deferred asset (gain)/loss	(3,260,000)
(3)	Actuarial value of assets (AVA) as of June 30, 2025 *(1) + (2e)*	$ 79,186,000
(4)	AVA as percent of MVA	96.0%

Section IV. Amortization Payments

Unfunded Amortization Liability (UAL) Bases as of July 1, 2025

An initial unfunded liability base was established on July 1, 2020. This base is amortized over a closed 10-year period as a level percentage of total payroll. Each subsequent year, a new base is established for gains and losses due to actual experience differing from expected, changes in assumptions, and plan changes. Each base will be amortized over a 15-year period as a level percentage of total payroll. Since experience/assumption gains and losses and plan changes are all amortized over the same period, they are determined in aggregate for simplicity.

Below are the initial bases for gains and losses that are still being recognized as of July 1, 2025. Amounts shown are rounded to the nearest thousand.

Date Established	Description	Original Base Amount	Outstanding Base Amount	Years Remaining	Recognized in FY2026
7/1/2020	Initial UAL	$163,000	$100,000	5	$23,000
7/1/2021	Experience/Assumption (gain)/loss	(1,662,000)	(1,432,000)	11	(162,000)
7/1/2022	Experience/Assumption (gain)/loss	209,000	189,000	12	20,000
7/1/2023	Experience/Assumption (gain)/loss	(1,456,000)	(1,368,000)	13	(135,000)
7/1/2024	Experience, Assumption & Plan Change (gain)/loss	(40,678,000)	(39,520,000)	14	(3,688,000)
7/1/2025	Experience, Assumption & Plan Change (gain)/loss	9,457,000	9,457,000	15	835,000
	Total[1]		**$(32,575,000)**		**$(3,107,000)**

Development of (Gain)/Loss Base Established July 1, 2025

The calculation of the new base that was established as of July 1, 2025 due to the difference between expected and actual experience, changes in assumptions, and the plan changes made during FY2025 is detailed below. Amounts shown are rounded to the nearest thousand.

(1)	Expected rate of return	6.00%
(2)	Unfunded Accrued Liability (UAL) as of July 1, 2024	$(43,282,000)
(3)	Interest on UAL	(2,597,000)
(4)	Last year Normal Cost (EOY)	989,000
(5)	Employer Contributions	2,858,000
(6)	Expected UAL *(2) + (3) + (4) + (5)*	(42,032,000)
(7)	Actual UAL *(Section II item 4)*	(32,575,000)
(8)	(Gain)/Loss as of July 1, 2025 (7)-(6)	$ 9,457,000

[1] Totals may not add exactly due to rounding

Section V. Valuation Data

Comparison of Current and Prior Valuation Data

The following table compares the census data used in the current and prior valuations.

Data as of	July 1, 2024	July 1, 2025
Number of Participants		
Active Employees[1]	855	886
Retirees[2]	247	273
Spouses	46	64
Total	**1,153**	**1,223**
Employees in VRS Plan 1		
Number of Employees	254	231
Average Age	53.5	54.1
Average VRS Service	24.7	25.6
Employees in VRS Plan 2 or Hybrid Plan		
Number of Employees	601	655
Average Age	38.8	39.2
Average VRS Service	6.5	6.8
Total Active Employees		
Number of Employees	855	886
Average Age	43.1	43.1
Average VRS Service	11.9	11.7
Retiree Statistics		
Average Age	67.4	68.1

[1] Includes 88 employees waiving coverage as of July 1, 2024 and 84 employees waiving coverage as of July 1, 2025
[2] Includes healthy retirees, disabled retirees, and surviving spouses

Section V. Valuation Data

Active Age – Service Distribution

Shown below is a distribution by age and years of VRS service as of July 1, 2025 for all HRSD active employees who will be eligible for benefits upon retirement.

	Years of VRS Service								
Age	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	Total
<25	13	34	3	0	0	0	0	0	50
25-29	18	53	17	1	0	0	0	0	89
30-34	15	44	39	20	0	0	0	0	118
35-39	14	30	34	37	9	0	0	0	124
40-44	6	24	21	27	29	13	0	0	120
45-49	7	16	14	27	22	13	9	0	108
50-54	3	11	11	20	21	14	15	9	104
55-59	3	4	10	7	19	12	20	16	91
60-64	0	5	3	9	7	2	12	22	60
65+	0	1	3	3	3	4	1	7	22
Total	**79**	**222**	**155**	**151**	**110**	**58**	**57**	**54**	**886**

Retiree and Spouse Age Distribution

Shown below is a distribution by age of retirees and spouses who are currently receiving medical and Rx benefits from HRSD.

Age	Retirees[1]	Spouses	Total
<45	0	0	0
45 – 50	0	2	2
50 – 55	1	2	3
55 – 60	25	7	32
60 – 65	71	18	89
65 – 70	83	23	106
70 – 75	45	5	50
75 – 80	32	7	39
80+	16	0	16
Total	**273**	**64**	**337**

[1] Includes healthy retirees, disabled retirees, and surviving spouses.

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Section VI. Summary of Principal Plan Provisions

The following summary describes the principal plan provisions assumed in calculating the cost of this Plan.

General Eligibility Requirements

In order to receive retiree medical benefits from the HRSD Plan (the "Plan"), an employee of Hampton Roads Sanitation District (HRSD) must:

(1) Qualify for normal, early or disability retirement under the Virginia Retirement System (VRS),
(2) Be covered by the HRSD group health plan at the time of retirement, and
(3) Have 15 or more years of service with HRSD, or have at least 10 years of service with HRSD and 10 or more years of service with a VRS employer with a retiree health plan.

Eligible participants may cover themselves and any eligible dependents in the HRSD Plan. Participating dependents are also entitled to continue coverage under the Plan after the death of the retired employee.

Virginia Retirement System (VRS) Retirement Eligibility

VRS has three benefit structures for members:

- VRS Plan 1 – employees hired prior to July 1, 2010 and vested[1] by January 1, 2013, or previous VRS members who did not take a refund of employee contributions.
- VRS Plan 2 – employees hired on or after July 1, 2010 plus employees not vested by January 1, 2013.
- Hybrid Retirement Plan – any employee hired for the first time in a covered position, with no prior VRS creditable service, on or after January 1, 2014. This includes judges appointed or elected to an original term on or after January 1, 2014, but members of SPORS and VaLORS, as well as political subdivision employees who have enhanced hazardous duty coverage, are exempt from this provision.

Members in VRS Plan 1 or VRS Plan 2 may elect to transfer to the Hybrid Retirement Plan.

Below is a summary of the retirement eligibility conditions from VRS.

VRS Plan 1

Unreduced pension – earlier of:

- Attain age 65 with 5 years of VRS creditable service, or
- Attain age 50 with 30 years of VRS creditable service.

Reduced pension – earlier of:

- Attain age 55 with 5 years of VRS creditable service, or
- Attain age 50 with 10 years of VRS creditable service.

[1] Vesting under VRS (VRS Plan 1, VRS Plan 2 and the Hybrid Retirement Plan) requires 5 years of service credit.

Section VI. Summary of Principal Plan Provisions

General Eligibility Requirements (continued)

Virginia Retirement System (VRS) Retirement Eligibility

VRS Plan 2 and Hybrid Retirement Plan

Unreduced pension – earlier of:

- Attain Social Security Normal Retirement Age with 5 years of VRS creditable service, or
- Age plus years of VRS creditable service equal 90.

Reduced pension:

- Attain age 60 with 5 years of VRS creditable service.

Disability Retirement

There are two types of disability retirement under VRS, work-related and non-work related. There is no age or service requirement for disability retirement. However, the amount of benefit from VRS will depend upon years of service and type of disability retirement.

Participants eligible for disability retirement from VRS must have 15 or more years of service with HRSD to be eligible for this Plan.

Benefits Covered

Retirees are eligible for medical, Rx, dental, and vision benefits through the Plan. HRSD expressly reserves the right to add, modify or eliminate the benefits provided under the Plan.

Pre-Medicare Participants

Pre-Medicare retirees and their dependents are eligible for medical and Rx coverage through the Sentra POS Equity 2600/0% Plan. They are also eligible for dental and vision benefits through MetLife. The pre-Medicare contribution amounts required cover all benefits, including dental and vision.

Medicare-eligible Participants

Effective January 1, 2024, all Medicare-eligible participants were moved to to a Medicare Advantage Plan through Aetna. This plan includes dental and vision benefits.

VRS Health Insurance Credit

The Virginia Retirement System (VRS) offers a Health Insurance Credit (HIC) to eligible members. The HIC is a cash reimbursement to assist members with the cost of retiree health insurance premiums. The credit is added to the member's monthly retirement benefit from VRS.

The monthly credit is calculated as a dollar amount for each year of VRS service. The credit ends upon the member's death and cannot exceed the amount of the member's individual health insurance premium. The credit applies to the retiree portion of the premium only. Currently, the monthly credit is $1.50 per year of VRS service, up to a maximum of $45.

Section IV. Summary of Principal Plan Provisions

VRS Health Insurance Credit (continued)

To be eligible for the HIC, the member must have a minimum of 15 years of VRS creditable service at retirement. Members retiring on VRS disability or receiving a long-term disability benefit through the Virginia Sickness & Disability Program (VSDP) also are eligible.

Disabled participants are eligible for the maximum health insurance credit, regardless of actual years of service.

The VRS HIC reduces the amount a retired employee pays out of pocket. It has no effect on the explicit subsidy provided by HRSD.

Retiree Contributions

HRSD shares the cost of coverage under the Plan with participating retirees. HRSD pays the difference between the contributions it requires retirees to make toward the cost of their coverage and the cost to HRSD of providing that coverage.

A retiree's contribution towards the cost of retiree only coverage corresponds to the typical retiree's VRS HIC. The table below summarizes the monthly retiree health insurance premiums that covered retirees must pay as of June 30, 2025.

Monthly Retiree Contributions		
	Retiree	Spouse
Pre-Medicare	$45	$315
Medicare-eligible	45	120

Surviving spouses pay the same premium as dependent spouses.

The retiree is responsible for the payment of any applicable deductibles and co-payments in addition to the retiree's monthly contribution.

Changes in Plan Provisions Since Prior Valuation

- Effective April 1, 2025, HRSD amended the eligibility requirements for the plan to include early retirement under VRS and eliminate the age 55 requirement.
- Effective April 1, 2025, HRSD further lowered the monthly retiree contributions for pre-Medicare retirees from $120 to $45 per month, pre-Medicare spouses from $415 to $315 per month, and Medicare-eligible spouses from $235 to $120 per month.

Section VII. Valuation Methods and Assumptions

Valuation Date
July 1, 2025

Measurement Date
June 30, 2025

Adjustments for Events After the Measurement date
None

Party Responsible for Assumptions used in this Valuation
HRSD

Actuarial Cost Method
This valuation uses the Projected Unit Credit method, with linear pro-ration to assumed benefit commencement to determine the ADC. However, the GASB 74 and 75 required disclosures (provided in a separate report) use the Entry Age Normal method for the valuation.

Asset Valuation Method
The asset valuation method is the smoothed market value with phase-in method, using a smoothing period of 5 years, as described in paragraph 3.11 of IRS Revenue Procedure 2000-40. This smoothing period is also used by VRS.

The actuarial value of assets will equal the market value of assets with gains subtracted or losses added at the rate described below:

a) 4/5 of the prior year's gain or loss
b) 3/5 of the second preceding year's gain or loss
c) 2/5 of the third preceding year's gain or loss
d) 1/5 of the fourth preceding year's gain or loss

The gain or loss for a year is determined by calculating the difference between the expected value of assets for the year and the market value of assets at the valuation date. The expected value of assets for the year is the market value of assets brought forward with interest at the valuation interest rate to the current valuation date. If the expected value is less than the market value, the difference is a gain. If the expected value is greater than the market value, there is a loss.

Expected Return on Assets
6.00%

Payroll Growth Assumption
2.50%

Section VII. Valuation Methods and Assumptions

Amortization of the Unfunded Liability

An initial unfunded liability base was established on July 1, 2020. This base is amortized over a closed 10-year period as a level percentage of total payroll. Each subsequent year, a new base is established for gains and losses due to actual experience differing from expected, changes in assumptions, and plan changes. Each base will be amortized over a 15-year period as a level percentage of total payroll. Since experience/assumption gains and losses and plan changes are all amortized over the same period, they are determined in aggregate for simplicity.

Election Assumption

For current retirees, actual medical coverage elections provided by HRSD were used.

For future retirees, 95% are assumed to have health insurance at retirement and elect coverage in the Plan.

Spousal Coverage and Age of Spouse

Actual spouse information provided by HRSD is used for current retirees.

For future retirees, 65% of employees are assumed to cover a spouse upon retirement. This assumption was updated since the prior valuation to reflect the expectation that more retirees will elect to cover their spouse as a result of the lower contribution required for spouses effective April 1, 2025.

Spouses were assumed to be the opposite gender of retirees, and females are assumed to be 3 years younger than male spouses.

Future Salary Increases

In addition to assumed inflation of 2.50%, salary is assumed to increase at the following rates based on years of service. This assumption is only used in the calculation of EAN liability (required for disclosures under GASB 74 and 75):

Years of Service	Rate of Salary Increase
1-2	5.35%
3	4.75%
4-6	4.45%
7	4.35%
8	4.25%
9-10	4.00%
11-19	3.65%
20+	3.50%

Section VII. Valuation Methods and Assumptions

Decrement Assumptions

Below is a summary of decrements used in this valuation; sample retirement, termination, and disability rates are illustrated in the tables below. The decrement assumptions are based on those developed for State Employees in the 2021 experience study for the Virginia Retirement System (VRS), with the exception of the mortality assumption.

Mortality

Status	Description
Active Employees	SOA Pub-2010 General Employees Headcount-Weighted Mortality Table projected on a fully generational basis with mortality improvement scale MP-2021
Healthy Retires and Spouses	SOA Pub-2010 General Retirees Headcount-Weighted Mortality Table projected on a fully generational basis with mortality improvement scale MP-2021
Disabled Retirees	SOA Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Table projected on a fully generational basis with mortality improvement scale MP-2021

Retirement[1]

Male Employees in VRS Plan 1

	Years of Service					
Age	5	6-9	10	11-29	30	31+
<50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50	0.00%	0.00%	3.25%	3.25%	12.50%	12.50%
55	4.50%	4.50%	4.50%	3.50%	8.00%	9.00%
60	4.50%	5.00%	5.00%	5.00%	11.50%	9.00%
65	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
70	20.00%	22.00%	22.00%	22.00%	22.00%	22.00%
75	20.00%	22.00%	22.00%	22.00%	22.00%	22.00%
80+	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Retirement decrement begins (and termination decrement ends) when the employee reaches earliest retirement eligibility.

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Section VII. Valuation Methods and Assumptions

Decrement Assumptions

Retirement

Female Employees in VRS Plan 1

	Years of Service					
Age	5	6-9	10	11-29	30	31+
<50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50	0.00%	0.00%	4.00%	4.00%	7.50%	7.50%
55	5.00%	5.00%	5.00%	4.00%	7.50%	8.00%
60	5.00%	5.50%	5.50%	5.50%	12.00%	12.50%
65	27.50%	27.50%	27.50%	27.50%	27.50%	30.00%
70	25.00%	27.00%	27.00%	27.00%	27.00%	27.00%
75	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
80+	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Male Employees in VRS Plan 2 or Hybrid Plan

	Years of Service					
Age	<4	5	6-24	30	35	40+
<50	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
50	0.0%	0.0%	0.0%	0.0%	0.0%	8.0%
55	0.0%	0.0%	0.0%	0.0%	8.0%	8.0%
60	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%
65	0.0%	20.0%	20.0%	25.0%	25.0%	25.0%
70	0.0%	25.0%	20.0%	20.0%	20.0%	20.0%
75	0.0%	25.0%	20.0%	20.0%	20.0%	20.0%
80+	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Female Employees in VRS Plan 2 or Hybrid Plan

	Years of Service					
Age	<4	5	6-24	30	35	40+
<50	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
50	0.0%	0.0%	0.0%	0.0%	0.0%	8.0%
55	0.0%	0.0%	0.0%	0.0%	8.0%	8.0%
60	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%
65	0.0%	20.0%	20.0%	25.0%	25.0%	25.0%
70	0.0%	25.0%	20.0%	20.0%	20.0%	20.0%
75	0.0%	25.0%	20.0%	20.0%	20.0%	20.0%
80+	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Section VII. Valuation Methods and Assumptions

Decrement Assumptions

Termination

Male Employees

	Years of Service					
Age	0	2	4	6	8	10+
15	27.5%	21.9%	17.4%	13.0%	10.7%	13.0%
20	27.5%	21.9%	17.4%	13.0%	10.7%	13.0%
25	24.0%	19.4%	15.5%	12.0%	9.7%	10.7%
30	19.8%	16.0%	13.0%	10.6%	8.5%	7.5%
35	17.7%	13.2%	10.8%	9.4%	7.5%	5.4%
40	16.6%	11.0%	9.0%	8.3%	6.7%	3.9%
45	16.0%	9.3%	7.5%	7.3%	6.1%	3.3%
50	15.5%	8.4%	6.6%	6.6%	5.7%	3.8%
55	15.2%	8.5%	6.7%	6.1%	5.6%	5.4%
60	15.1%	9.7%	8.1%	0.0%	0.0%	0.0%
65	15.3%	12.2%	11.0%	0.0%	0.0%	0.0%
70	16.0%	16.6%	16.4%	0.0%	0.0%	0.0%

Female Employees

	Years of Service					
Age	0	2	4	6	8	10+
15	31.1%	28.1%	20.4%	14.2%	10.8%	16.0%
20	31.1%	28.1%	20.4%	14.2%	10.8%	16.0%
25	27.4%	24.1%	18.0%	13.0%	10.0%	12.9%
30	23.1%	18.9%	14.8%	11.4%	8.9%	8.7%
35	20.8%	15.4%	12.1%	10.0%	8.1%	6.0%
40	19.4%	12.8%	9.9%	8.7%	7.4%	4.4%
45	18.3%	11.0%	8.1%	7.6%	6.9%	4.0%
50	17.2%	9.8%	7.1%	6.9%	6.6%	5.1%
55	16.0%	9.4%	7.1%	6.5%	6.5%	7.8%
60	14.9%	9.9%	8.5%	0.0%	0.0%	0.0%
65	14.1%	11.5%	11.3%	0.0%	0.0%	0.0%
70	13.7%	14.7%	16.5%	0.0%	0.0%	0.0%

Section VII. Valuation Methods and Assumptions

Decrement Assumptions

Disability

Age	Male	Female
15	0.098%	0.083%
20	0.098%	0.083%
25	0.180%	0.250%
30	0.228%	0.528%
35	0.323%	0.703%
40	0.530%	0.885%
45	0.858%	1.185%
50	1.243%	1.573%
55	1.573%	1.855%
60	1.725%	1.838%
65	1.643%	1.633%
70	1.430%	2.103%

The disability rates are equal to 2.5 times the disability rates used in the valuation of VRS. All disability is assumed to be not in the line of duty.

Expected Per Capita Costs

Pre-Medicare

The per capita costs for pre-Medicare participants are based on FY2026 premium rates and retiree claims and enrollment data from July 1, 2021 through June 30, 2025. The claims were split between medical and prescription drug (Rx) benefits, and Rx rebates received since the plan moved to the Sentra POS Equity 2600/0% Plan and the FY2025 administrative fee paid per employee per month were also provided. Claims-based per capita costs were developed as follows:

- Total claims for each year were divided by the average enrollment during the period assuming a 3 month lag for medical and no lag for Rx.
- Average claims for each period were projected to the midpoint of the measurement period using average trends experienced over the period for the industry and the valuation trend assumptions.
- Expected prescription drug costs in FY2025 were decreased by 37% to account for expected Rx rebates. This adjustment was based on average total rebates received as a percentage of the total Rx claims, assuming a six-month lag between when Rx rebates are received and when claims were incurred. Rx claims before the plan moved to the Sentra POS Equity 2600/0% Plan were assumed to be net of rebates.
- Expected per capita costs were developed based on a weighted average of experience during the period, with weights of 10%, 20%, 30%, and 40% applied to FY2022, FY2023, FY2024, and FY2025 experience, respectively.

Section VII. Valuation Methods and Assumptions

Expected Per Capita Costs (continued)

The resulting claims-based per capita costs were age adjusted using the Yamamoto aging curve. However, since the experience for pre-Medicare retirees was not fully credible, these per capita costs were blended with the expected per capita costs based on age-adjusting the premiums. The average premium was calculated by blending the FY2026 premiums based on enrollment as of the valuation date and trending to the midpoint of the projection period using the valuation trend assumptions. The average premium was then age-adjusted using the Yamamoto aging curve to determine a retiree per capita cost. Costs for spouses were calculated separately based on the spouse portion of the Family premiums. The blended per capita costs were developed by applying a 75% weight to the claims experience and a 25% weight to the age-adjusted premiums.

The following chart shows the average premium rates and the total medical and Rx per capita costs for a 65-year-old male:

	Per Capita Costs	Average Premiums
Pre-Medicare Retiree	$ 15,297	$ 8,594
Pre-Medicare Spouse	18,123	14,194

An additional cost of $347 per year was added to the per capita costs above to account for administrative fees.

Medicare

We received 2025 premium rates for the Medicare Advantage plan. Administrative fees were assumed to be included in the rates provided. This premium was trended to the midpoint of the projection period using the valuation trend assumptions, and was not age adjusted based on guidance in the ASOP 6 Practice Note issued in March 2021. Therefore, the expected per capita cost for participants in the Medicare Advantage plan was equal to the trended premium rate of $3,203. This rate was assumed to be the same for both retirees and spouses.

Healthcare Cost Trend Assumption

The baseline healthcare cost trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The current valuation uses the 2024 version of the model with baseline assumptions. The following assumptions were used as input variables into this model:

Rate of Inflation	2.6%
Rate of Growth in Real Income / GDP per capita	1.4%
Excess Medical Growth	0.9%
Expected Health Share of GDP in 2033	19.0%
Health Share of GDP Resistance Point	17.0%
Year for Limiting Cost Growth to GDP Growth	2075

This model was designed to estimate the trend after 2025. For 2025, the baseline trend rate was set to 7.0%. This initial trend reflects recent inflation, which we estimate will result in higher medical costs as providers renew their contracts.

Section VII. Valuation Methods and Assumptions

Healthcare Cost Trend Assumption (continued)

The baseline trend rates developed from the model and inputs described above were adjusted to account for the expected impact of the Inflation Reduction Act as follows:

- The changes to the cost sharing structure for Medicare Part D plans effective in 2025 have already been reflected in the 2025 Medicare Advantage plan premiums used as the basis for the per capita costs for Medicare-eligible participants in this valuation. Therefore, we have not adjusted the expected trend to reflect any increase due to this change in cost sharing.
- The federal government being able to negotiate pricing for certain high-cost drugs starting in 2026 was assumed to result in a 10% savings for the drugs that are selected for negotiations. These drugs were assumed to make up 15% of the market share in 2026, and we expect that the market share for newly selected drugs will decline over time, decreasing to 10% by 2028, 5% by 2032, and ultimately leveling off at 2% in 2041.

These adjustments will only be reflected in the trend assumption for Rx costs for Medicare-eligible participants as the Inflation Reduction Act is not expected to impact medical costs or Rx costs for non-Medicare enrollees.

The blended trend rates for medical and Rx benefits for selected years are shown below:

Year	Pre-Medicare	Medicare
2025	7.00%	5.98%
2026	6.20%	5.40%
2030	5.29%	4.90%
2040	4.60%	4.47%
2050	4.54%	4.41%
2060	4.48%	4.35%
2070	4.24%	4.12%
2075+	4.04%	3.92%

Changes in methods and assumptions since prior valuation

- The per capita cost assumption was updated to reflect FY2026 premium rates and claims and enrollment experience through June 30, 2025.
- The spousal election rate was increased for future retirees from 60% to 65% to reflect the future expectation that more retirees will elect to cover their spouse as a result of the lower contribution required for spouses effective April 1, 2025.
- The retirement rates were no longer adjusted from those used for VRS due to the plan change that allows employees to be eligible for benefits through the Plan if they retire under the early retirement eligibility under VRS.

Section VIII. Glossary

Actuarially Determined Contribution
For Plans with irrevocable trusts, the recommended contribution to the Plan (determined in conformity with Actuarial Standards of Practice) that is projected to result in assets equaling the actuarial accrued liability within a period of time.

Covered Group
Plan members included in an actuarial valuation.

Discount Rate
The rate used to adjust a series of future payments to reflect the time value of money.

Election Rate
The percentage of retiring employees assumed to elect coverage.

Employer's Contributions
Contributions made in relation to the actuarially determined contributions of the employer (ADC). An employer has made a contribution in relation to the ADC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

Entry Age Normal Funding Method
A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit.

Funded Ratio
The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

Healthcare Cost Trend Rate
The rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Measurement Date
A day selected by the entity from the last day of the prior fiscal year to the last day of the current fiscal year. The measurement date is not necessarily the same date as the valuation date.

Other Post-Employment Benefits
Post-employment benefits other than pension benefits. Other post-employment benefits (OPEB) include post-employment healthcare benefits, life insurance, regardless of the type of plan that provides them, and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Section VIII. Glossary

Pay-as-you-go (PAYGO)

A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Payroll Growth Rate

An actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

Plan Liabilities

Obligations payable by the plan at the reporting date, including, primarily, benefits and refunds due and payable to plan members and beneficiaries, and accrued investment and administrative expenses. Plan liabilities do not include actuarial accrued liabilities for benefits that are not due and payable at the reporting date.

Plan Members

The individuals covered by the terms of an OPEB plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.

Post-employment

The period between termination of employment and retirement as well as the period after retirement.

Post-employment Healthcare Benefits

Medical, dental, vision, and other health-related benefits provided to terminated or retired employees and their dependents and beneficiaries.

Select and Ultimate Rates

Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 2000, 7.5% for 2001, and 7% for 2002 and thereafter, then 8% and 7.5% are select rates, and 7% is the ultimate rate.

Service Cost

That portion of the Actuarial Present Value of plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Valuation Date

The as-of date for employee census data. Under GASB 75, the valuation date must be within 30 months of the last day of the fiscal year.

Appendix I. Projections

ADC Projection (based on 2025 Valuation)

FYE	2026 7/01/2025 - 6/30/2026	2027 7/01/2026 - 6/30/2027	2028 7/01/2027 - 6/30/2028	2029 7/01/2028 - 6/30/2029	2030 7/01/2029 - 6/30/2030	2031 7/01/2030 - 6/30/2031	2032 7/01/2031 - 6/30/2032	2033 7/01/2032 - 6/30/2033	2034 7/01/2033 - 6/30/2034	2035 7/01/2034 - 6/30/2035	2036 7/01/2035 - 6/30/2036
Assumptions:											
Trust Investment Return	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Payroll growth	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Ultimate Trend	3.92%	3.92%	3.92%	3.92%	3.92%	3.92%	3.92%	3.92%	3.92%	3.92%	3.92%
Unfunded Accrued Liability:											
APBO BOY	46,611,000	48,922,000	51,238,000	53,515,000	55,949,000	58,498,000	61,101,000	63,810,000	66,507,000	69,203,000	71,958,000
Assets (AVA) BOY	79,186,000	81,006,000	85,635,000	89,900,000	93,429,000	96,270,000	99,105,000	101,980,000	104,770,000	107,479,000	110,159,000
Unfunded APBO (UAL)	(32,575,000)	(32,084,000)	(34,397,000)	(36,385,000)	(37,480,000)	(37,772,000)	(38,004,000)	(38,170,000)	(38,263,000)	(38,276,000)	(38,201,000)
Percent Funded	169.89%	165.58%	167.13%	167.99%	166.99%	164.57%	162.20%	159.82%	157.53%	155.31%	153.09%
End of Year Annual Expense:											
Normal Cost (EOY)	1,678,000	1,744,000	1,812,000	1,883,000	1,957,000	2,034,000	2,114,000	2,197,000	2,283,000	2,372,000	2,465,000
Amortization of unfunded liability	(3,107,000)	(3,184,000)	(3,264,000)	(3,346,000)	(3,429,000)	(3,541,000)	(3,629,000)	(3,720,000)	(3,813,000)	(3,908,000)	(4,006,000)
ADC	-	-	-	-	-	-	-	-	-	-	-
Trust Assets:											
Beginning of Year MVA	82,446,000	85,229,000	87,980,000	90,650,000	93,429,000	96,270,000	99,105,000	101,980,000	104,770,000	107,479,000	110,159,000
Return on Investments	4,947,000	5,114,000	5,279,000	5,439,000	5,606,000	5,776,000	5,946,000	6,119,000	6,286,000	6,449,000	6,610,000
Employer Contributions	-	-	-	-	-	-	-	-	-	-	-
Benefit Payments with Interest	(2,164,000)	(2,363,000)	(2,609,000)	(2,660,000)	(2,765,000)	(2,941,000)	(3,071,000)	(3,329,000)	(3,577,000)	(3,769,000)	(3,951,000)
End of Year MVA	85,229,000	87,980,000	90,650,000	93,429,000	96,270,000	99,105,000	101,980,000	104,770,000	107,479,000	110,159,000	112,818,000
Benefit Payments *(no interest)*	2,102,000	2,295,000	2,534,000	2,584,000	2,686,000	2,857,000	2,983,000	3,233,000	3,474,000	3,661,000	3,838,000

* *These calculations assume (1) a stable population, (2) no changes to plan provisions, methods or assumptions in any future year, (3) HRSD will continue to contribute the ADC to the OPEB Trust in each future year.*

* *The Plan's actual expense may be different than the figures estimated above due to for example, demographic changes, changes in assumptions or methods, asset returns, or changes in laws/regulations.*

* *For these calculations we used the same data, methods, assumptions and plan provisions as described in this valuation report.*