

From: [Communications, VCF \(CIV\)](#)
To: [Communications, VCF \(CIV\)](#)
Subject: VCF Policies and Procedures Update - Models
Date: Tuesday, October 1, 2024 10:38:12 AM
Attachments: [image001.png](#)

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Good morning,

The VCF has updated certain components of Policies and Procedures Section 2.3, which details the methodology used to calculate lost earnings. These updates are summarized below and were effective yesterday, September 30, 2024.

1. After-tax income: The effective tax rates have been updated to include IRS data for the most recent tax years available: 2019, 2020, and 2021.
2. Employer-provided benefits: The award for medical benefits has been increased from \$2,400.00 to \$7,280.00 per year.
3. Growth Rates: Age-specific increases have been updated based on data from the 2023 Current Population Survey. Inflation and real overall productivity have increased from 2% and 1% to 2.3% and 1.89%, respectively. Medical inflation has decreased from 1.5% to 0.78% based on current market conditions.
4. Consumption Rates: Expenditure data by income level, used to calculate the consumption rate applied to earnings on a deceased claim, has been updated based on data from the 2022 Consumer Expenditure Survey (published by the Bureau of Labor Statistics).
5. Discount Rates: The three blended after-tax discount rates, used to calculate the present value of projected earnings and benefits, were updated based on more recent weighted averages of historical yields on U.S. Treasury Securities.

When in the claims process do these updated policies apply? These updates apply to all pending claims, which means all claims (initial or on amendment) for which we have not yet decided the award. Any claims that have not reached “Determination Made: Processing” status as of today’s date will be calculated under the updated policies.

Will my client be permitted to appeal or amend their claim to request reconsideration of their previous award under the new policies? No. The VCF reviews claims based on the policy at the time of review and will not allow appeals or amendments based solely on a calculation update.

Thank you.

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