



We welcome visitors and remind you that public comment is not received at VRS meetings.

Written comments may be sent by:

- Email: trustees@varetire.org
- Mail: P.O. Box 2500, Richmond, VA 23218

About VRS

The Virginia Retirement System, an independent state agency, delivers retirement and other benefits to covered Virginia public sector employees. Learn more at varetire.org.



Administration, Finance and Talent Management Committee Meeting

**901 East Cary Street
James Center, 4th floor
Richmond, VA 23219
Wednesday, 6/17/2026
10:30 - 11:30 AM ET**

I. Approve Minutes

• **April 23, 2026**

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VI. Discussion and Consideration of FY 2027 Agency Performance Outcomes (APOs) and Operational Measures (OMs)

• **RBA - Approve FY27 APOs and OMs**

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Minutes

A regular meeting of the Virginia Retirement System Administration, Finance and Talent Management Committee was held on April 23, 2026, with the following members participating:

A. Scott Andrews, Chair
Lawrence A. Bernert III, Vice Chair
John M. Bennett (*attended remotely from Richmond, VA under § 2.2-3708.3(B)(2)*)

Board members present:
William H. Leighty

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Ty Bowers, Dorothy Chiddo, Michael Cooper, David Cotter, Valerie Disanto, Curtis Doughtie, Jonathan Farmer, Laurie Fennell, Laura Fields, Josh Fox, J. T. Grier, Dorothy Harmer, Rachel Hayes, Dane Honrado, KC Howell, Robert Irving, Sandy Jack, LaShaunda King, Leslie LaBrie, Daniel Lipok, Chung Ma, Curt Mattson, Scott Mootz, Angela Payne, Matt Priestas, Paula Reid, Mark Rein, Gregory Salvati, Amethyst Sloane, Virginia Sowers and Melanie Zaremba.

Guests:

Peter Grant and Tim Stephens, Mercer; and Kimberly Sarte, Joint Legislative Audit and Review Commission.

The meeting convened at 11:30 a.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the April 23, 2026, meeting of the Administration, Finance and Talent Management Committee.

Approval of Minutes

Following a motion by Mr. Bernert, with a second by Mr. Leighty, the Committee approved the minutes of its September 24, 2025, meeting.

RBA – Reappointment of IAC Members

Andrew Junkin, Chief Investment Officer, informed the committee of three Investment Advisory Committee (IAC) members terms available for reappointment. Mr. Junkin indicated that William ‘Hance’ West, Nancy G. Leake and W. Bryan Lewis have been active and engaged participants of the IAC, and each are willing to continue their service on the IAC.

The Committee recommends approval of the following action to the full Board:

Request for Board Action: *The Board reappoints to the Investment Advisory Committee William “Hance” West and Nancy G. Leake, each for a two-year term ending December 31, 2027, and W. Bryan Lewis for a two-year term ending March 31, 2028.*

Mr. Andrews thanked Mr. Junkin for his presentation.

Proposed Benchmark Changes

Mr. Junkin gave a presentation on benchmark recommendations. Mr. Junkin began his presentation by reviewing the current investment benchmarks. He then described the characteristics of a good benchmark per the CFA Institute: specified in advance, appropriate, measurable, unambiguous, reflective of current investment opinions, accountable and investable. Mr. Junkin then discussed the proposed enhancements to the Private Equity, Credit Strategies and Diversifying Strategies program benchmarks that would become effective, if approved by the Board, no sooner than July 1, 2026. Mr. Junkin concluded the proposed changes would allow the Board to more clearly distinguish between allocation outcomes and implementation decisions.

Mr. Andrews thanked Mr. Junkin for the presentation.

Independent Consultant Review of Investment Benchmarks and Hurdles

Peter Grant and Tom Stephens with Mercer, an independent consulting firm, presented the results of the Benchmark and Incentive Hurdle Analysis, a study in which Mercer completed a detailed evaluation of the benchmarks and incentive hurdles used by VRS for the Total Fund and underlying asset classes. Mr. Grant and Mr. Stephens stated their analysis indicated the current benchmarks used by VRS are generally suitable though recent data suggests that some changes may be appropriate. They noted their agreement with the proposed changes to the Private Equity, Credit Strategies and Diversifying Strategies benchmarks. In addition, they stated each proposed change was conceptually sound and supported by quantitative evidence. Further, Mr. Grant and Mr. Stephens proposed adjusting the incentive hurdles for Private Equity and the Total Fund due to the proposed change in the Private Equity benchmark. Last, Mr. Grant and Mr. Stephens proposed an incentive hurdle for Diversifying Strategies.

Quarterly Budget Update

Jon Farmer, Budget and Performance Reporting Manager, provided an update on the FY 2026 budget. Mr. Farmer advised the Committee that VRS has a current budget of approximately \$143 million and has expended approximately \$89 million. Mr. Farmer noted that the agency is on track to conclude the fiscal year with an estimated \$10 million in unexpended appropriation, which will remain in the Fund.

One View Program Overview

Dorothy Harmer, Investments Project Manager, provided an overview of the OneView Project. OneView is intended to establish an integrated platform supporting investment risk, leverage, treasury and data management that will provide capabilities that scale as the portfolio grows in size and complexity. Ms.

Harmer then described the objectives, program structure, timeline, budget and project risks, as well as mitigation information to the Committee.

Mr. Andrews thanked Ms. Harmer for her presentation.

Administration and Investment Operations Incentive Compensation Initiative

Michael Cooper, Chief Operating Officer, and Paula Reid, Human Resources Director, provided a presentation on a performance compensation initiative for the agency. The agency is working with a consultant to evaluate enhancements to its performance compensation policies for administrative and investment operations staff. Additional updates will be provided at the May and June Committee meetings.

Adjournment

There being no further business and following a motion by Mr. Leighty, with a second by Mr. Bernert the Committee agreed to adjourn the meeting at 12:47 p.m.

Chair

Date

Reappointment of DCPAC Members.

Requested Action

The Board reappoints Monique G. Barnes, Ravindra Deo, C. Matt Harris, Kate Jonas, and Brenda Madden to the Defined Contribution Plans Advisory Committee (DCPAC), each for a two-year term ending June 20, 2028.

Rationale for Requested Action

Ms. Barnes, Mr. Deo, Mr. Harris, Ms. Jonas, and Ms. Madden currently serve on the DCPAC and are willing to be reappointed for another two-year term.

- Ms. Barnes is the Director of Budget for Henrico County Public Schools.
- Mr. Deo is the Executive Director of the Federal Retirement Thrift Investment Board.
- Mr. Harris is the Deputy County Administrator for Finance and Administration at Chesterfield County.
- Ms. Jonas is the Head of Consultant Relations at L&G – Asset Management, America.
- Ms. Madden is a Senior Vice President and the Human Resources Director of Davenport & Company.

Copies of their biographies are attached.

Authority for Requested Action

Code of Virginia § 51.1-124.26 authorizes the Board to appoint such other advisory committees as it deems necessary. Each member appointment requires a two-thirds vote of the Board, and advisory committee members serve at the pleasure of the Board.

The above action is approved.

Susan T. Gooden, Ph.D., Chair
VRS Board of Trustees

Date

Ms. Barnes is currently the Director of Budget for Henrico County Public Schools and has held that position since July 2024. Prior to that, she served as the Chief Financial Officer for Prince George County Public Schools and had previously served in similar capacities for Williamsburg-James City County Public Schools, Hopewell Public Schools, and Surry Public Schools. Ms. Barnes has more than 18 years of experience in overseeing and managing the financial needs of public school systems in Virginia and has been awarded the Meritorious Budget Award from the Virginia Association of School Business Officials (VASBO) on multiple occasions. Ms. Barnes is skilled in government budgeting, procurement, management, corporate and managerial finance, and strategic planning.

Ms. Barnes is a Certified Administrator of School Finance and Operations and a Certified Government Financial Manager. Ms. Barnes is also a Certified Virginia Finance Officer and has received the Virginia Association of School Business Officers Certificate.

Ms. Barnes was recently elected to serve as a Director on the Executive Board of VASBO, beginning in FY27, and currently serves on the Management Team.

Ms. Barnes earned an associate degree in Applied Science – Accounting from Tidewater Community College, an undergraduate degree in Music from Virginia Commonwealth University, and an MBA with a concentration in Accounting from the College of William and Mary.

Ravindra Deo Ravindra Deo serves as the Executive Director of the largest defined contribution plan in the world. Ravindra joined the FRTIB in 2015 as the Chief Investment Officer. During his time at FRTIB, he also served as acting COO from June 2016 to February 2017, and acting Executive Director from May 2017 to August 2017. Ravindra started his career in 1986 and worked in the asset management industry for 29 years prior to joining the FRTIB. He has worked in a variety of roles including as an overlay asset allocator focused on risk reduction, as part of a team that worked on the creation of the first ETFs, as a team leader focused on lifestyle funds, and as an investment advisory consultant to some of the largest institutional investors in the world. He has been the lead on investment and manager research teams and has conducted extensive manager research on both alternative and traditional asset classes. Ravindra has a Bachelor of Technology from the Indian Institute of Technology, Delhi and an MBA from the University of California, Berkeley

Matt Harris, Deputy County Administrator for Finance and Administration

Matt Harris was appointed Deputy County Administrator for Finance and Administration in March 2018. He supervises and coordinates the operations of the County Administrator's Office and the Office of Constituent and Media Services to help ensure integrated support and interaction with the County Administrator, Board of Supervisors, employees and residents of the County. Mr. Harris also provides strategic direction and supervision to major county functions such as Intergovernmental Relations (the liaison function with state and Federal officials), the Learning and Performance Center, Sports, Visitation and Entertainment and Finance (Accounting, Budget and Management, Purchasing, Real Estate Assessment). He also helps coordinate special events and serves as liaison with the Registrar, Commissioner of the Revenue and Treasurer. In addition, Mr. Harris serves on the Board of Directors for the Riverside Regional Jail, the finance committee for the Greater Richmond Convention Center Authority, the Board of Directors for the VML-VACo OPEB Trust, the Board of Directors for the Chesterfield County SRP Trust, the Board of Directors for the Chesterfield County Schools SRP Trust, the Board of Directors for VRS Deferred Compensation Advisory Board, and is a member of the VACo Finance Steering Committee.

Prior to being appointed Deputy, Mr. Harris served as the county's Budget and Management Director where he led the department and served as a key advisor to the County Administrator and the Board of Supervisors.

Mr. Harris received a Bachelor's degree in Economics from Virginia Tech and a Master's degree from the University of North Carolina – Chapel Hill. He lives in Midlothian with his wife, Meghan, and five children.

Biographies



Kate Jonas, Head of Consultant Relations, L&G – Asset Management, America

Kate Jonas is Head of Consultant Relations at L&G – Asset Management, America. In her role, she is responsible for developing and maintaining relationships with global consultants across all asset classes, helping drive the retention and growth of assets across the business.

Kate joined the firm in 2025. Previously, Kate was Senior Managing Director, Head of Global Consultant Relations at Nuveen where she recruited to build a world class Institutional Consultant Relations effort amidst the accelerated integration of Nuveen and TIAA. Prior to this, Kate spent over a decade in several client-facing leadership roles at BlackRock, most recently as Managing Director, Head of Defined Contribution Consultant Relations. Kate has also held roles at AQR Capital Management, JP Morgan Asset Management, Insight Investment and Morgan Stanley Asset Management.

Kate earned a BA in Government and American Studies from Smith College and MBA, Strategic Planning and Accounting from The Wharton School of the University of Pennsylvania.



Professional Biography for:

Brenda O. Madden, SPHR, SHRM-SCP
SVP, Human Resources Director
Davenport & Company LLC
Richmond Virginia

Brenda Madden is a Human Resources Executive with 35 years of Human Resources experience with various Richmond-based companies. She is certified as a Senior Professional in Human Resources (SPHR, SHRM-SCP).

She has been in her current role for 19 years as Director of Human Resources with Davenport & Company, an employee-owned, regional Investment Brokerage firm with over 525 employees, primarily in Virginia and North Carolina. She is responsible for providing strategic guidance and leadership for all aspects of Human Resources. She oversees all aspects of human resources management including benefits administration with emphasis on health & welfare benefits, defined contribution retirement plans, talent management, compensation, performance management, regulatory compliance, employee relations and organizational development, while being a trusted business partner to managers and associates of the firm.

In her role, she also serves on Davenport’s Profit-Sharing Committee, which meets quarterly and reviews investment performance and plan administration matters for its 401k, and Profit-Sharing retirement plans. The Human Resources department handles day-to-day interaction with employees related to these plans to include everything from new employee education/enrollment, distributions, loans, rollovers, RMD’s, to retirement options and communication.

Prior to joining Davenport & Company, she worked at The Colony Group (part of Argonaut Insurance Company), Virginia Mutual Insurance Company (now Alfa Mutual) and Heritage Savings Bank.

She has served on the board of the Virginia Society of Human Resources State Council for 17 years and has been in her current role of Treasurer for past 7 years.

She received a Bachelor’s degree in Business Administration from Virginia Commonwealth University.



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**Approve amended Administrative Pay Plan
and Investment Operations and Administration
Staff Pay Plan**

Requested Action

The VRS Board of Trustees approves amendments to the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan.

Description/Background

The VRS Board of Trustees approved the current Administrative Pay Plan on June 10, 2025, and the current Investment Operations and Administration Staff Pay Plan on September 25, 2025. Item 469 of the introduced version of House Bill 30 (the Appropriation Act) requires the Department of Human Resource Management (DHRM) to increase the minimum and maximum of each of the salary bands in the Commonwealth's Classified Compensation Plan by 2%, effective July 10, 2026, and by an additional 2%, effective June 10, 2027. During the 2026 Regular Session of the General Assembly, the Senate of Virginia proposed increasing these percentages to 3% while the House of Delegates maintained the 2% increases contained in the introduced version of the bill.

As of June 17, 2026, the General Assembly has not adopted a final version of the Appropriation Act. Generally, the VRS Board of Trustees adjusts the salary scales in its pay plans in accordance with the requirements of the Appropriation Act. Upon approval of the final version of the Appropriations Act, the minimum and maximum of each grade of the salary scales of the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan shall be amended in an amount consistent with changes to be made to the Commonwealth's Classified Compensation Plan in the 2026 Appropriation Act as of the effective dates of the changes specified in such legislation.

Rationale for Requested Action

The amendments to the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan are made pursuant to the provisions of the 2026 Appropriation Act and in keeping with the salary band adjustments made to the Commonwealth's Classified Compensation Plan.

Authority for Requested Action

Code of Virginia § 51.1-124.22(A)(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

Susan T. Gooden, Ph. D., Chair
VRS Board of Trustees

Date

Approve amended Investment Professionals' Pay Plan

Requested Action

The VRS Board of Trustees approves amendments to the Investment Professionals' Pay Plan ("Pay Plan"), effective July 1, 2026.

Description/Background

The VRS Board of Trustees approved the current Pay Plan on June 10, 2025. The proposed amendments update the descriptions for certain VRS' investment professional job classes/positions to better reflect their roles and responsibilities with regard to the application of the pay plan.

In addition, as directed by the Board, staff recently engaged Mercer (A Marsh Business), a global professional services independent consulting firm serving sophisticated institutional investment clients, to review the appropriateness of the benchmarks and the excess return objectives for the individual asset classes and the total fund. Mercer presented the results of their review to the Board at the April 23, 2026, meeting. The proposed amendments adjust the excess return objectives used in the incentive compensation calculation under the Pay Plan in accordance with Mercer's recommendations.

Finally, Item 469 of the introduced version of House Bill 30 (the Appropriation Act) requires the Department of Human Resource Management (DHRM) to increase the minimum and maximum of each of the salary bands in the Commonwealth's Classified Compensation Plan by 2%, effective July 10, 2026, and by an additional 2%, effective June 10, 2027. During the 2026 Regular Session of the General Assembly, the Senate of Virginia proposed increasing these percentages to 3% while the House of Delegates maintained the 2% increases contained in the introduced version of the bill.

As of June 17, 2026, the General Assembly has not adopted a final version of the Appropriation Act. Generally, the VRS Board of Trustees adjusts the salary scales in its pay plans in accordance with the requirements of the Appropriation Act. Upon approval of the final version of the Appropriations Act, the minimum and maximum of each grade of the salary scales of the Pay Plan shall be amended in an amount consistent with changes to be made to the Commonwealth's Classified Compensation Plan in the 2026 Appropriation Act as of the effective dates of the changes specified in such legislation.

Rationale for Requested Action

The amendments to the Pay Plan are made in accordance with Mercer's recommendations. Additional amendments are made pursuant to the provisions of the 2026 Appropriation Act and in keeping with the salary band adjustments made to the Commonwealth's Classified Compensation Plan.

Authority for Requested Action

Code of Virginia § 51.1-124.22(A)(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

Susan T. Gooden, Ph.D., Chair
VRS Board of Trustees

Date



VIRGINIA RETIREMENT SYSTEM
INVESTMENT PROFESSIONALS'
PAY PLAN

Effective July 1, 2026 ~~June 10, 2025~~

OVERVIEW & PAY PHILOSOPHY

The Virginia Retirement System's (VRS) Board of Trustees (Board) has designed this Investment Professionals' Pay Plan (Plan) after working with an independent compensation consultant. In addition, the Board has adopted benchmarks, recommended by an independent investment consultant, to be used as part of this Plan.

This Plan includes three core elements:

- Base Salary (described in Section I)
- Incentive Pay (described in Section II)
- Deferred Compensation Plan for VRS Personnel (DCIP) (described in Section III)

Overall, this Plan is designed to:

- Attract, motivate, and retain skilled investment professionals by offering competitive compensation opportunities.
- Directly align compensation with long-term, superior relative and absolute investment performance.
- Reinforce risk management priorities and standards.
- Attract and retain senior investment professionals by deferring a portion of incentive compensation on a tax-deferred basis.
- Benefit all stakeholders – VRS' beneficiaries, VRS' employees, and Virginia's taxpayers – through a compensation plan that is clear, aligned with performance, competitive and cost effective.

Importantly, this Plan anchors on two broad and long-standing philosophical principles:

1. VRS should pay base salaries consistent with the 75th percentile of a peer group of other leading public funds. The primary guidelines for determining VRS' leading public fund peer group will be (1) funds of similar size (AUM) as VRS and (2) funds with significant (>25%) assets managed internally. Additional criteria the Board may consider is asset allocation / diverse portfolio similar to VRS, degree of delegation to the Chief Investment Officer (CIO) and staff, use of outside investment consultants, and Board pay decision making authority.
2. VRS should provide incentive compensation opportunities such that, in combination with base salary, total compensation levels approximate the median (50th percentile) of a blended group weighted 75% to the total compensation levels of leading peer group public funds and 25% to the total compensation levels of a broad range of private-sector firms that employ investment professionals.

I. Base Salary

SALARY RANGES

This Plan establishes a salary range for each job class taking into account its relative importance to VRS and the salaries paid for comparable types of jobs in other leading public funds.

Minimum, midpoint, and maximum salary rates define the salary range for each job class/position. The midpoint of each job class/position approximates the 75th percentile of salaries of a peer group of leading public pension funds. Actual salaries can be higher or lower than the midpoint depending on factors such as job performance, professional education and certifications, the willingness to assume new and higher-level duties and responsibilities, the ability to learn quickly and apply new knowledge and skills, being a team player, and the length of time in the position.

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Investment Professionals' Pay Plan
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Each position's salary range includes a defined:

- **Minimum** - the lowest base salary paid for a job within the job class/position.
- **Midpoint** - represents the market salary paid to a fully qualified employee, who has the institutional knowledge and practical experience to fulfill independently all of the responsibilities of the job/position.
- **Maximum** - the highest salary rate for the job class/position.

Grade	Position	Salary Range (\$ Thousands)		
		Min (\$)	Mid (\$)	Max (\$)
11	Chief Investment Officer	\$395,716	\$528,328	\$659,880
10	Deputy Chief Investment Officer	\$358,584	\$477,405	\$597,287
9	Managing Director	\$328,086	\$435,458	\$542,832
8	Program Director	\$280,364	\$375,807	\$471,250
7	Director— Strategy, Research, Risk and/or Investment Decision Support	\$244,572	\$328,086	\$411,597
6	Senior Portfolio Manager	\$244,572	\$328,086	\$411,597
5	Portfolio Manager	\$190,886	\$256,503	\$322,120
4	Senior Investment Officer	\$161,060	\$214,747	\$268,718
3	Investment Officer	\$125,269	\$167,025	\$208,782
2	Senior Investment Analyst	\$95,443	\$125,269	\$155,095
1	Investment Analyst	\$77,548	\$101,409	\$125,269

In considering the above salary range, it important to note the following:

- **Market Pay Reviews:** The VRS normally conducts a comparative market total pay study generally every two to three years to ensure competitiveness of the salary and incentive structures. Typically, the VRS conducts the study in the 1st quarter of the calendar year with an effective date of July 1 (the

Investment Professionals' Pay Plan

Effective ~~July 1, 2026~~ ~~June 10, 2025~~

(beginning of the fiscal year).

- **Changes in Salary Ranges:** The Board must approve changes to the salary scale and incentive structure.

Salary Adjustments

Oversight & Administration

VRS will implement pay actions, including any bonuses, consistent with the provisions of the Appropriation Act. The VRS Board, however, approves across-the-board performance-based salary increases, market-based salary increases and incentive pools, for VRS investment professionals, consistent with the Code of Virginia and the Appropriation Act. The CIO approves salary adjustments for individual investment professionals and, as described later in the Plan, sign-on bonuses, incentive payments, and relocation expenses subject to the limitations in the Code of Virginia and other applicable state or federal law and regulation.

Merit Increases

- Salary increases are based on meeting individual performance standards. The supervisor completes the evaluation after the end of the fiscal year. If a participant in the investment employees' pay plan does not meet overall performance standards, then the participant is ineligible for performance increases to their base salary and market adjustments to their base salary for that performance cycle. Performance cycles are on a fiscal year basis (July 1 through June 30) and typically begin with an effective date of performance plans in the first quarter of the new fiscal year.
- The CIO will receive base salary increases as approved by the VRS Board and in accordance with the terms in the CIO's Employment Agreement, with approved effective dates established by the VRS Board.

Starting Salaries

The starting salary for a new employee considers the rates presently paid to other employees in the department and those in the same job class (when applicable), the candidate's education, skills, work experience, and salary history. The starting salary normally does not exceed the salary grade midpoint.

Reallocation

Reallocation occurs when a job classification is reviewed by Human Resources, and it is determined that the job duties and responsibilities have changed significantly enough to place the job in a different job title and job class. Unless the CIO authorizes an exception, this would not exceed a 15% increase. However, the individual's salary will always be at least at the minimum of the range of the new job, regardless of the amount of the increase.

In-grade Adjustments

In-grade adjustments occur to ensure competitiveness, retention, and to recognize increased skills, abilities, knowledge, attainment of a degree or certification, or significant increases in responsibilities within the job class. Unless the CIO authorizes an exception, adjustments will not exceed a 10% increase.

Promotions

Promotions occur when an individual moves into a position in a higher job class. Promotions can be competitive (selected through a recruitment and hiring process) or non-competitive (through a job reclassification or reallocation). Unless the CIO approves an exception, promotions will not exceed a 15% increase. However, the individual's salary will always be at least at the minimum of the range of the new job, regardless of the amount of the increase.

Downward Assignment

Downward adjustment occurs when an employee changes positions whether voluntarily, or because of unsatisfactory performance, resulting in a downward change in job class. A reduction in salary may occur

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Investment Professionals' Pay Plan

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based on a review of the salary and range and the circumstances associated with the downward move. In downward assignments, an individual's salary cannot exceed the maximum of the new salary range.

II. Incentive Pay Plan

ADMINISTRATION

The VRS Board of Trustees, as Plan Administrator, administers incentive pay under the Plan through the Administration, Finance and Talent Management (AFT) Committee and retains full and complete discretion:

- To increase or decrease incentives for any and/or all Plan participants.
- To modify, amend or rescind any aspect of the Plan at any time for any and/or all Plan participants.
- While the Plan Administrator remains mindful of the value that staff adds to the organization and supports the Plan, the Plan Administrator also specifically reserves the right to cancel, reduce, or delay the amount of any incentives payable under this Plan when, in the sole discretion of the Plan Administrator, extreme budgetary pressures, economic, market or other conditions are such that the Plan Administrator deems such action necessary under the circumstances.

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Investment Professionals' Pay Plan
Effective ~~July 1, 2026~~ ~~June 10, 2025~~

- Consistent with the preceding paragraph, payment of incentives under this Plan is not guaranteed.

The Plan Administrator may delegate certain aspects of this Plan's day-to-day operation to the VRS CIO and the VRS Director of Human Resources. However, any substantive Plan-related questions or issues impacting incentive payouts for the CIO require the Plan Administrator's prior approval.

PLAN ELIGIBILITY

Incumbents in the positions listed below are eligible for incentive pay under the Plan, provided they:

- Are active VRS employees.
- Work for VRS at least forty hours per week. Plan participants who work less than full-time may be eligible to receive a prorated incentive payment. Wage employees are not eligible to participate in the Plan.
- Receive an individual performance evaluation of at least "meets expectations" for the relevant performance year (i.e., the year preceding the normally scheduled year of payment).
- Remain in compliance with the VRS Investment Department Code of Ethics and Standards of Professional Conduct Policy.

Chief Investment Officer
Deputy Chief Investment Officer
Managing Director – Portfolio Solutions Group
Managing Director – Private Market Assets and Defined Contribution (DC) Plans
Managing Director – Public Market Assets
Program Director
Director—~~Strategy, Research, Risk and/or Investment Decision Support~~
Senior Portfolio Manager
Portfolio Manager
Senior Investment Officer
Investment Officer
Senior Investment Analyst
Investment Analyst

The CIO will determine the design of the incentive pay structure for the positions supporting the DC Plans, with both quantitative and qualitative elements.

Generally, employees on an approved leave of absence are considered active employees. The CIO will resolve all questions regarding eligibility, or in the case of the CIO, eligibility will be determined by the Board.

Participation in this Plan in any one year does not confer the right to participate in this Plan in any other year or to receive Plan payouts for the current and/or any future year. Participation in this Plan does not confer the right to continued employment. Subject to the provisions of this Plan, only active VRS employees may receive payments under this Plan.

OVERALL INCENTIVE PLAN MECHANICS

As described in more detail throughout this document, under the terms of this Plan:

- Eligible Plan participants will be assigned an incentive opportunity, expressed as a percentage of their actual earned base salary.

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Investment Professionals' Pay Plan
Effective **July 1, 2026** ~~June 10, 2025~~

- Incentive opportunities vary by position, with the level of such opportunities increasing with the degree to which the position directly affects VRS' investment performance.
- Incentives are weighted or allocated to separate Plan components, described below, with the specific components and weightings varying by position:
 1. Total Fund relative investment performance
 2. Asset Class relative investment performance
 3. Average of Asset Class Multipliers (for positions that support multiple asset classes)
 4. Qualitative – focuses on individual achievement of assigned objectives.
- After year-end, payouts under each Plan component would be determined based on performance.
- Each participant's preliminary award would equal the sum of all of their performance adjusted Plan components.
- Final awards would equal preliminary awards adjusted, up or down, based on the Total Fund's one-year absolute return. Specifically, there will be no adjustment for returns between 0% and the assumed rate of return, currently 6.75%. There will be a positive one-for-one adjustment for returns in excess of the assumed rate of return (e.g., if Total Fund one-year actual absolute return equals +9.75%, then the preliminary awards will be increased by 3%). There will be a negative one-for-one adjustment for a return less than 0% (e.g., if Total Fund one-year actual absolute return equals -15%, then the preliminary awards will be reduced by 15%). This adjustment is specifically intended to systematically take into account, in the shorter term, the effect of market cycles on the health of the pension plan by providing a mechanism to reflect the impact of up and down markets on incentive compensation.

Generally, a participant must be employed on the date of payment of the award. However, see INCENTIVE PLAN PROVISIONS, *Termination of Employment Due to Death, Disability or Retirement*.

INCENTIVE OPPORTUNITIES

Incentive opportunities will vary by position based on multiple criteria:

- The position's potential effect on the VRS' investment performance.
- Competitive market pay requirements.
- Internal equity considerations.
- Other factors determined by the CIO or, in the case of the CIO's position, by VRS' Board.

Actual awards can vary based on performance.

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For the fiscal year ending June 30, 2023, and all subsequent years, unless as otherwise determined, the Plan’s incentive opportunities are as follows:

Incentive Levels	
VRS Position	Incentive ¹ (% Salary)
Chief Investment Officer	70 ²
Deputy Chief Investment Officer	65 ²
Managing Director – Portfolio Solutions Group	65 ²
Managing Director – Private Market Assets and DC Plans	65 ²
Managing Director – Public Market Assets	65 ²
Program Director	60 ²
Director – Strategy, Research, Risk and/or Investment Decision Support	50
Senior Portfolio Manager	50
Portfolio Manager	40
Senior Investment Officer	30
Investment Officer	30
Senior Investment Analyst	20
Investment Analyst	10

¹Performance-adjusted preliminary awards can vary from zero to two times the incentive.
²A portion, up to 50%, of the positions’ earned incentives is subject to mandatory deferral.

INCENTIVE WEIGHTINGS

Each participant’s incentive award will be weighted or allocated to separate, stand-alone Plan components. Importantly, all participants have a portion of their incentive opportunities weighted:

- To the Total Fund Plan component – which helps reinforce the importance of collective success as measured by the Total Fund’s relative investment results.
- To the Qualitative Plan component – this helps reinforce achievement of specific initiatives and professional development.

Described below are the specific Plan weightings and the approach for determining awards under each of these Plan components.

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Investment Professionals' Pay Plan
Effective July 1, 2026 June 10, 2025

Incentive Weightings by Plan Component					
VRS Position	Total Fund %	Asset Class Multipliers %	Asset Class %	Qualitative %	Total
	(% of total incentive weighted to each component)				
Chief Investment Officer	60	20 ¹		20	100
Deputy Chief Investment Officer	60	20 ¹		20	100
Managing Director – Portfolio Solutions Group	60	20 ¹		20	100
Managing Director – Private Market Assets and DC Plans	40	40 ²		20	100
Managing Director – Public Market Assets	40	40 ³		20	100
Program Director	30	50 ⁴	50 ⁴	20	100
Director – Strategy, Research, Risk and/or Investment Decision Support	30	50 ⁴	50 ⁴	20	100
Senior Portfolio Manager	20	60 ⁴	60 ⁴	20	100
Portfolio Manager	20	60 ⁴	60 ⁴	20	100
Senior Investment Officer	20	60 ⁴	60 ⁴	20	100
Investment Officer	20	60 ⁴	60 ⁴	20	100
Senior Investment Analyst	20	30 ⁴	30 ⁴	50	100
Investment Analyst	20	30 ⁴	30 ⁴	50	100

¹Average multiplier based on the multipliers of all asset classes under the incumbent's purview.

²The MD Private Market Assets and DC Plans average multiplier is based on the multipliers of private market asset classes under the incumbent's purview.

³The MD Public Market Assets average multiplier is based on the multipliers of the public market asset classes under the incumbent's purview.

⁴These positions may support a specific asset class or multiple asset classes. If the position supports a specific asset class, then the multiplier is based on the asset class multiplier. If the position supports multiple asset classes, then the multiplier is based on the average of the multipliers of the asset classes supported.

QUANTITATIVE PLAN COMPONENTS

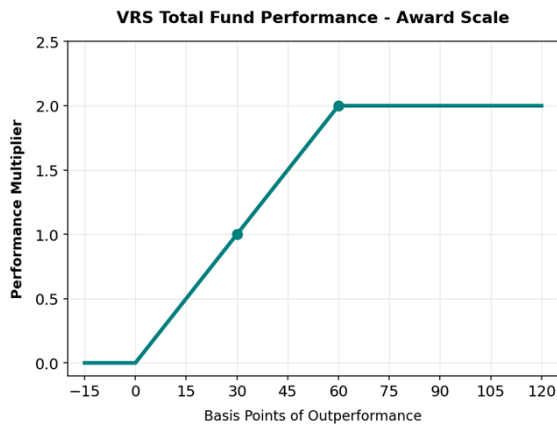
These Plan components link participants' incentive compensation to relative investment performance or, more specifically, the extent by which the Total Fund and/or Asset Class performance exceeds passive benchmarks (indices) as measured over trailing three- and five-year annualized periods (each weighted 50%).

For purposes of this Plan:

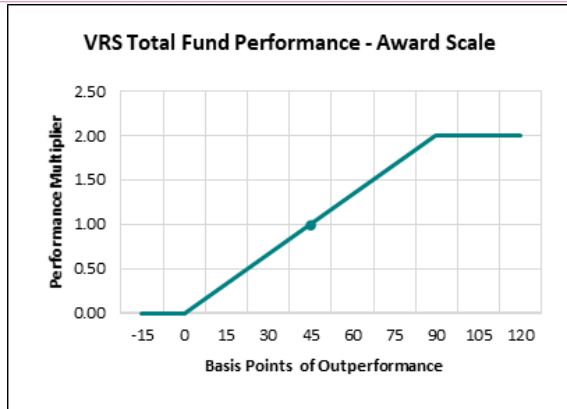
- Measurement of relative investment performance is net of third-party fees, which consist of investment management fees and performance fees paid to investment managers, custodian fees, legal fees, internal investment staff administrative expenses, and miscellaneous fees.
- A performance-award scale defines the linkage between relative investment performance and a corresponding Performance Multiplier. Illustrating this approach at the Total Fund level, when VRS' relative investment performance:
 - Equals zero or less (i.e., no relative value added), then the VRS Performance Multiplier will equal zero and there will be no incentive payouts under this Plan component.
 - Equals ~~4530~~ bps, then the VRS Performance Multiplier will equal 1.00 and there will be a 100% payout of this Plan component.
 - Equals ~~9060~~ bps or more, then the VRS Performance Multiplier will equal 2.00 and there will be a 200% payout of this Plan component.
 - Is anywhere between zero and ~~9060~~ bps, then the VRS Performance Multiplier is determined on an interpolated, straight-line basis.

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Investment Professionals' Pay Plan
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Note: The Board approved the MercerVerus recommended excess return objective (3045 basis points) for the Total Fund at the June 17⁵, 2020⁶ meeting with an effective date of July 1, 2020⁶. For implementation purposes, the Total Fund excess return objective will be a blend of the former excess return objective (4530 basis points) to be used until June 30, 2020⁶, and the new excess return objective (3045 basis points) to be used from July 1, 2020⁶ onward.



Commented [LF1]: This graph should be deleted - the one showing the 45 basis points.



- Selected participants whose responsibilities span multiple asset classes may have a portion of their incentive weighted to a component that is determined based on the average multipliers of asset classes they support. The intent of this Plan component is to recognize and reward superior relative

2

Investment Professionals' Pay Plan

Effective July 1, 2026~~ne 10, 2025~~

investment performance, regardless of the level of the associated assets.

The Board is responsible for setting the basis point outperformance standards for the Total Fund. The CIO is responsible for setting the basis point outperformance standards for individual asset classes, subject to the Board's final review and approval.

QUALITATIVE PLAN COMPONENT

The qualitative incentive multiplier can range from 0.00 to 2.00 at the CIO's discretion. The CIO obtains input from applicable senior staff regarding individual performance levels to help determine the qualitative rating. The qualitative rating is separate and distinct from the individual's annual performance evaluation rating requirement for plan eligibility. This Plan component links participants' incentive compensation to achievement of individual and/or position-specific performance objectives and VRS' overall performance objectives. Actual awards under this Plan component will reflect:

- Position and/or incumbent-specific performance criteria.
- Achievement of key VRS performance objectives, including:
 - Building an effective organization
 - Enhancing investment excellence
 - Developing staff

The Board will annually determine the CIO's qualitative incentive multiplier after assessing attainment of the qualitative performance objectives, considering input and recommendations provided by the AFT Committee.

Investment Professionals' Pay Plan
Effective July 1, 2026 to 10, 2025

DETERMINING PRELIMINARY AWARDS

After the end of each fiscal year, a preliminary award will be determined for each Plan participant by aggregating all of their performance multiplier-adjusted weighted Plan components. In particular:

- Performance multipliers will be determined for each Plan component based on actual results.
- Preliminary payouts under each weighted Plan component will be determined by multiplying the incentive dollars weighted to that component by the associated performance multiplier.
- Total preliminary awards would be determined by adding up all of that participant's weighted Plan components.

Illustrated below is this approach for a position with an incentive of \$80,000.

Plan Component	Weighted Portion of Incentive		Performance Multiplier	=	
Total Fund	\$16,000	X	1.50	=	\$24,000
Asset Class	48,000	X	1.00	=	48,000
Qualitative	16,000	X	1.20	=	19,200

Preliminary Award **\$91,200**

DETERMINING FINAL AWARDS

Final awards, if any, would be determined after each fiscal year-end by adjusting the sum of each participant's preliminary award, up or down, based on VRS' one-year absolute return for the most recently completed fiscal year. Specifically, there will be no adjustment for returns between 0% and the assumed rate of return, currently 6.75%. There will be a positive one-for-one adjustment for returns in excess of the assumed rate of return. There will be a negative one-for-one adjustment for returns less than 0%. Illustrated below is the process for determining final awards.

Scenario #1: The Total Fund's One-Year Absolute Return Is +5%

Plan Component	Weighted Portion of Incentive		Performance Multiplier	=	Actual Award
Total Fund	\$16,000	X	1.50	=	\$24,000
Asset Class	48,000	X	1.00	=	48,000
Qualitative	16,000	X	1.20	=	19,200

Preliminary Award **\$91,200**
 X no adjustment **0%**

Final Award **\$91,200**

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Scenario #2: The Total Fund's One-Year Absolute Return Is 9.75%

Plan Component	Weighted Portion of Incentive		Performance Multiplier	=	Actual Award
Total Fund	\$16,000	X	1.50	=	\$24,000
Asset Class	48,000	X	1.00	=	48,000
Qualitative	16,000	X	1.20	=	19,200

Preliminary Award \$91,200

X 1+ Total Fund's One-Year Rate of Return
 Less Assumed Rate of Return **103%**

Final Award \$93,936

Scenario #3: The Total Fund's One-Year Absolute Return Is -15%

Plan Component	Weighted Portion of Incentive		Performance Multiplier	=	Actual Award
Total Fund	\$16,000	X	1.50	=	\$24,000
Asset Class	48,000	X	1.00	=	48,000
Qualitative	16,000	X	1.20	=	19,200

Preliminary Award \$91,200

X 1+ Total Fund's One-Year Rate of Return **85%**

Final Award \$77,520

PAYING OUT FINAL AWARDS

Board Review

Prior to payout of any and/or all awards, the CIO will present a schedule of aggregate incentives to the Board of Trustees, through the AFT Committee, in advance. This report will include, in aggregate, the awards, the multipliers awarded for each component, the actual dollar awards earned for each component and the total awards. Internal Audit and Human Resources will review the calculations. As requested by the AFT Committee, the CIO will provide additional information prior to the Board approving the payout of any and/or all awards.

Final Award Payout

Final awards will be paid out as follows:

- For the CIO, Deputy CIO, Managing Directors, and Program Directors, 50% of the total award amounts up to the Internal Revenue Code (IRC) § 415(c)(1)(A) plan limits will be contributed to the DCIP plan. For the CIO only, any portion of this amount that cannot be contributed to the DCIP due to the IRC plan limits will instead be contributed to the § 415(m) plan. All other amounts are paid in cash. See Section III.
- For all other Plan participants, awards are paid 100% in cash.

Timing of Cash Payouts

When the Board approves incentive awards, the VRS will make payments between July 1 and December 31 after VRS' fiscal year end.

Investment Professionals' Pay Plan
Effective ~~July 1, 2026~~ **July 1, 2025**

INCENTIVE PLAN PROVISIONS

- **New employees, promoted employees and other employees who transfer into another position covered in this pay plan:**
 - Employees who join the VRS Investment Department after the commencement of the fiscal year may be eligible to participate in the Plan. Incentives will be computed on the incentive percentage and their actual earned salary for the year.
 - Promoted employees and employees who transfer into another position covered in this Plan will have their incentives calculated based on their actual earned salary for the year and a proportional incentive percentage for each position held during the fiscal year.
- **Minimum Individual Performance Standard:** Employees with an individual performance rating of “Does Not Meet Expectations” are not eligible to receive any incentive payment under the Plan.
- **Termination of Employment Due to Death, Disability, or Retirement:** Terminated employees may be eligible to receive a time-weighted portion of their final award for the current performance year. Plan participants who terminate employment due to death or disability or who retire during a fiscal year will be eligible to receive a time-weighted portion of their Board approved award (1/12 for each complete month worked in their last year of service). Notwithstanding any other provision of this Plan, the incentive payments for the year in which death, disability or retirement occurs shall be paid 100% in cash to such employee or his representative between July 1 and December 31 following the end of the fiscal year in which such death, disability or retirement occurs.
- **Termination for all Other Reasons:** Except as specifically determined by the CIO for all positions other than the CIO, and by the AFT Committee for the CIO’s position, participants who terminate employment with VRS for all other reasons prior to the normally scheduled date of payout forfeit all rights under the Plan.
- **Clawback:** In the event of termination for malfeasance related to duties as an investment professional, VRS retains the right to seek repayment for any and/or all paid incentive awards.

III. Defined Contribution Incentive Plan for VRS Personnel (DCIP) PARTICIPATION

The DCIP covers, in relevant part, VRS investment professionals who meet the definition of eligible participant. “Eligible participants” in the DCIP are the CIO, Deputy CIO, Managing Directors, and Program Directors. The Board retains the discretion to amend, at any time, the positions that are eligible to participate in the DCIP.

AMOUNTS SUBJECT TO ANNUAL DEFERRAL

- Contributions to the DCIP only occur in years when VRS’ Board decides, at its full and complete discretion, to allow payment of incentive awards.
- In years when VRS’ Board decides to pay incentive awards, 50% of the final awards up to specified IRC § 415(c)(1)(A) limits will be contributed to the DCIP for each eligible participant. For the CIO only, any portion of the incentive award that cannot be contributed to the DCIP due to the IRC plan limits will instead be contributed to the § 415(m) plan. All other amounts are paid in cash.

INVESTMENT RETURN

Eligible participants’ accounts in the DCIP and, if applicable, the § 415(m) plan, will earn an “investment return” (positive or negative) equaling the current annual rate of return of the VRS Fund. However, upon attaining age 55, the DCIP permits eligible participants who have established accounts in the Commonwealth of Virginia 457 Deferred Compensation Plan, to transfer a portion (but not all) of their account to the Virginia Cash Match Plan. This transfer right allows eligible participants in the DCIP who are age 55 or older to direct their own investments among the investment options available under the Virginia Cash Match Plan. Notwithstanding the transfer right, eligible participants must leave at least a minimal balance amount in their DCIP account in order to keep the account open for future contributions. The VRS Defined Contribution Plan Administrator will assist eligible participants with these transfers.

The CIO cannot transfer funds from the § 415(m) plan to the Virginia Cash Match Plan because the §

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415(m) plan is a non-qualified "excess benefit plan" not permitted to be held in trust for the exclusive benefit of the plan participants.

DISTRIBUTIONS

The eligible participant's DCIP account will be distributed to the eligible participant as soon as administratively practicable following the last day of the quarter in which the eligible participant terminates employment with the Commonwealth of Virginia. The eligible participant may elect to receive the balance in the DCIP either in cash or as a "rollover" into another retirement plan or IRA. All distributions/rollovers will be credited with earnings through the latest quarter end for which finalized performance is available by the date of the distribution/rollover.

The distribution of the CIO's account in the § 415(m) plan will be made in cash to the CIO within 180 days of the CIO's termination of employment, and is not eligible for rollover.

For any eligible participant who transferred a portion of their DCIP account to the Virginia Cash Match Plan, the terms of the Cash Match Plan will govern distributions.

All applicable laws and regulations will govern the creation, funding, and distributions of the DCIP and § 415(m) plan. Detailed plan documents are on file with the Human Resources Director and the Chief Financial Officer, which will control over any inconsistencies or discrepancies with this summary

TAXATION

Taxation of the contributions to the DCIP and § 415(m) plans is deferred until distribution from the respective plan.

IV. Other Compensation Plan Information

Competitive Pay Increases

Competitive pay increases are an option available to retain a highly valued employee who has received a job offer from another employer. Requests for competitive pay increases should take into consideration the employee's experience, level of education, performance and contribution to the agency, and the salaries of other employees in comparable jobs. A written job offer must be received to provide a competitive pay increase.

Sign-on Bonuses

Investment professionals hired at the VRS may be eligible for sign-on bonuses, as described in the VRS Employee Sign-on Bonus Program Policy.

Relocation Expenses

Investment professionals hired at the VRS may be eligible for reimbursement of relocation expenses, if approved by the CIO. The reimbursement of the expenses must comply with the Department of Accounts Moving and Relocation Policy.

Employment at Will

The investment employees covered by this Plan are exempt from the provisions of the Virginia Personnel Act and employment in these positions is at will. Just as the employee retains the right to resign at any time, the VRS has a similar right to end at will employment with or without cause. An at-will employee does not serve an introductory period. An at-will employee is not eligible to use the agency's grievance procedure to resolve employment disputes.

Investment employees covered by this Plan are eligible for all other employment benefits and subject to agency policies that do not contradict their "at will" status.

Investment Professionals' Pay Plan
Effective July 1, 2026ne 10, 2025

409A Compliance

The intent of the Board is that payments and benefits under this Plan either comply with Section 409A of the Internal Revenue Code and applicable guidance issued thereunder ("Code Section 409A") or qualify for an exemption from Code Section 409A and, accordingly, all provisions of this Plan shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A. The Board shall not take any action to accelerate or delay the payment of any monies and/or provision of any benefits in any matter which would not be in compliance with Code Section 409A to the extent Code Section 409A applies to such payment or benefit. Notwithstanding any of the provisions of this Plan, the Board shall not be liable to the employee if any payment or benefit which is to be provided pursuant to this Plan and which is considered deferred compensation subject to Code Section 409A otherwise fails to comply with, or be exempt from, the requirements of Code Section 409A.

CLASS STRUCTURE

The following descriptions are the summaries of VRS' investment professional job classes/positions:

Chief Investment Officer

The CIO manages and directs investment programs, determines appropriate program structure, implementation, and monitoring. The CIO manages investment professionals who are directly responsible for internal and external investment programs. The CIO heads the Executive and Management Committees, which are responsible for reviewing all investment recommendations. The CIO collaborates with the VRS Board-appointed Investment Advisory Committee (IAC) and delivers frequent reports and updates to the VRS Board.

Deputy Chief Investment Officer

The Deputy CIO assists the CIO in managing and directing investment programs, determines appropriate program structure, implementation, and monitoring. The Deputy CIO manages investment professionals who are directly responsible for internal and external investment programs. The Deputy CIO is a member of the Executive and Management Committees, which are responsible for reviewing all investment recommendations. The Deputy CIO collaborates with the CIO and the VRS Board-appointed IAC.

Managing Director

The Managing Director is a senior investment position reporting directly to the CIO. This position serves on the Investment Executive and Management Committees. The Executive Committee is a department wide resource to the CIO for management and administrative issues. The Management Committee participates in asset allocation and manager/fund allocation decisions.

Program Director

The Program Director has deep asset class knowledge and carries full managerial responsibility for a VRS investment program, including all internally and externally managed assets. The Program Director may also support multiple asset classes. The Program Director participates on the Investment Management Committee and regularly presents information to the IAC and the Board. The Program Director, as applicable, operates within an explicit risk budget and has investment performance objectives that are regularly measured. The Program Director has full responsibility for negotiating on behalf of VRS.

Director/Senior Portfolio Manager—Strategy, Research, Risk and/or Investment Decision Support

The Director or Senior Portfolio Manager position is a senior investment leadership position responsible for the oversight of multiple portfolio strategies, an asset class, or an investment function and may provide direct supervision for one or more investment staff. Positions at this level carry dual accountability: driving investment excellence within their particular mandates while contributing directly to the broader Total Fund objectives.

Strategy—The position within Strategy identifies and evaluates relative value-based tilt opportunities that have the potential to 1) improve the fund's return without materially increasing

Investment Professionals' Pay Plan

Effective July 1, 2026 to 10, 2025

the risk, 2) reduce the fund's risk without materially reducing the return, or 3) some combination of these objectives. In addition, staff within Strategy 1) review and evaluate the implications of macro-economic conditions, 2) analyze current conditions and opportunities within major asset classes and key asset class subsectors, 3) monitor and evaluate the tactical and strategic tilts of key VRS investment partners, and 4) identify strategy ideas including risk and return expectations for

base case and alternative scenarios.

Research—The position within Research has responsibility to support both basic and applied research efforts for all VRS investment staff. This effort includes monitoring, coordinating, facilitating, and implementing current best practices and methods to ensure optimal investment performance and risk management at both the program and plan level.

Risk—The position within Risk has responsibility in the design, implementation, and management of the risk management program including project management (solicitation and queueing of projects from clients), guidance and coordination within the group, mathematical and statistical analysis of empirical problems, risk management, and high-level programming. Additionally, staff within Risk assist with the design and implementation of a diverse collection of strategies designed to have low or negative correlation to other VRS asset classes.

Investment Decision Support—The position within Investment Decision Support has responsibility for the design and delivery of investment program, risk management, strategy, and research analytic systems. As a component of this, staff is responsible for all investments data as well as the design, development, and implementation of the quantitative infrastructure for the VRS investment programs. This includes a data warehouse, various data retrieval tools, quantitative analysis tools, program level reporting tools and support applications that retrieve, consolidate and report information.

Senior Portfolio Manager

The Senior Portfolio Manager positions have responsibility for multiple portfolio strategies and/or may supervise one or more Senior Investment Officers or Portfolio Managers. The Senior Portfolio Manager positions provide a potential career progression ladder for Portfolio Managers over time, considering the contributions, experience, and sustained performance for the incumbents.

Portfolio Manager

The Portfolio Manager provides critical input to strategy development and is responsible for the more complicated and higher risk investments. The Portfolio Manager may delegate to the Senior Investment Officer certain portions of the investment program. The Portfolio Manager will begin to negotiate terms on behalf of VRS. The Portfolio Manager, from time to time, makes presentations and recommendations to the Management Committee, and perhaps the IAC and Board.

The Portfolio Manager supporting the DC Plans is a senior investment position reporting directly to the Managing Director - Private Market Assets and DC Plans. This position provides critical input to the design, implementation, and monitoring of all investment related aspects of the VRS DC Plans.

Responsibilities include (1) evaluation and selection of new investment strategies, managers and/or funds, (2) negotiating terms on behalf of VRS, (3) monitoring and management of relationships with existing DC investment managers, (4) implementing investment policy as determined by the VRS Board, (5) presenting to the Defined Contribution Plans Advisory Committee and the Board, and (6) any other projects or duties relating to the DC Plans as may be assigned from time to time.

Senior Investment Officer

Investment Professionals' Pay Plan

Effective July 1, 2026~~ne 10, 2025~~

The Senior Investment Officer has higher level monitoring responsibilities that tend to involve higher risk and strategies that are more complicated. Some Senior Investment Officers may have day-to-day responsibilities for managing internal portfolios, subject to risk limits prescribed by the program director. The Senior Investment Officer will increasingly become involved in strategy development and formal recommendations to the Program Director.

Investment Officer

The Investment Officer, in addition to analytical responsibilities, may have direct responsibility for monitoring some portion of the existing portfolio, or some strategies or managers under consideration in the future. Such assignments will typically be in lower risk and less complicated strategies. The Investment Officer may continue to be involved in monitoring, compliance, and administration, but will also begin to make formal investment recommendations to the Program Director.

Senior Investment Analyst

The Senior Investment Analyst performs various types of analysis at the direction of more senior staff members. Analyst activities are geared around providing support for senior staff members more directly involved in the decision-making process. Such activities will include research, reporting, monitoring, compliance, and administration.

Investment Analyst

The Investment Analyst assists other investment professionals in their daily operations, including investment research and analysis, trading, and portfolio management. Analysts follow and report current market information relating to assigned sectors of the market. In addition, the Analyst conducts independent research on various topics, performs data maintenance, integrity, and report generation tasks.



VRS Performance Compensation Initiative

June 2026 Update

Why Are We Here?



To enhance our current bonus structure to better reflect the contribution made by all individuals to the organization



To build **the expertise of our managers** by providing education and training that will allow them to be more dynamic participants in performance goals and outcomes



To reward specific, individual contributions that drive agency-wide outcomes

VRS Performance Compensation Plan

PROGRAM OBJECTIVE

To dynamically enhance the employee experience by rewarding them for their direct contribution to the success of agency priorities, while simultaneously empowering managers to impact the same through direct involvement and coaching.

BENEFITS

RECRUITMENT & RETENTION

- Reduces employee turnover & increases loyalty
- Motivates employees by mapping direct impact to agency success
- Attracts and retains top talent

TEAMWORK

- Rewards **Teamwork** by acknowledging successful collaboration
- Differentiates high performers
- Develops manager skills

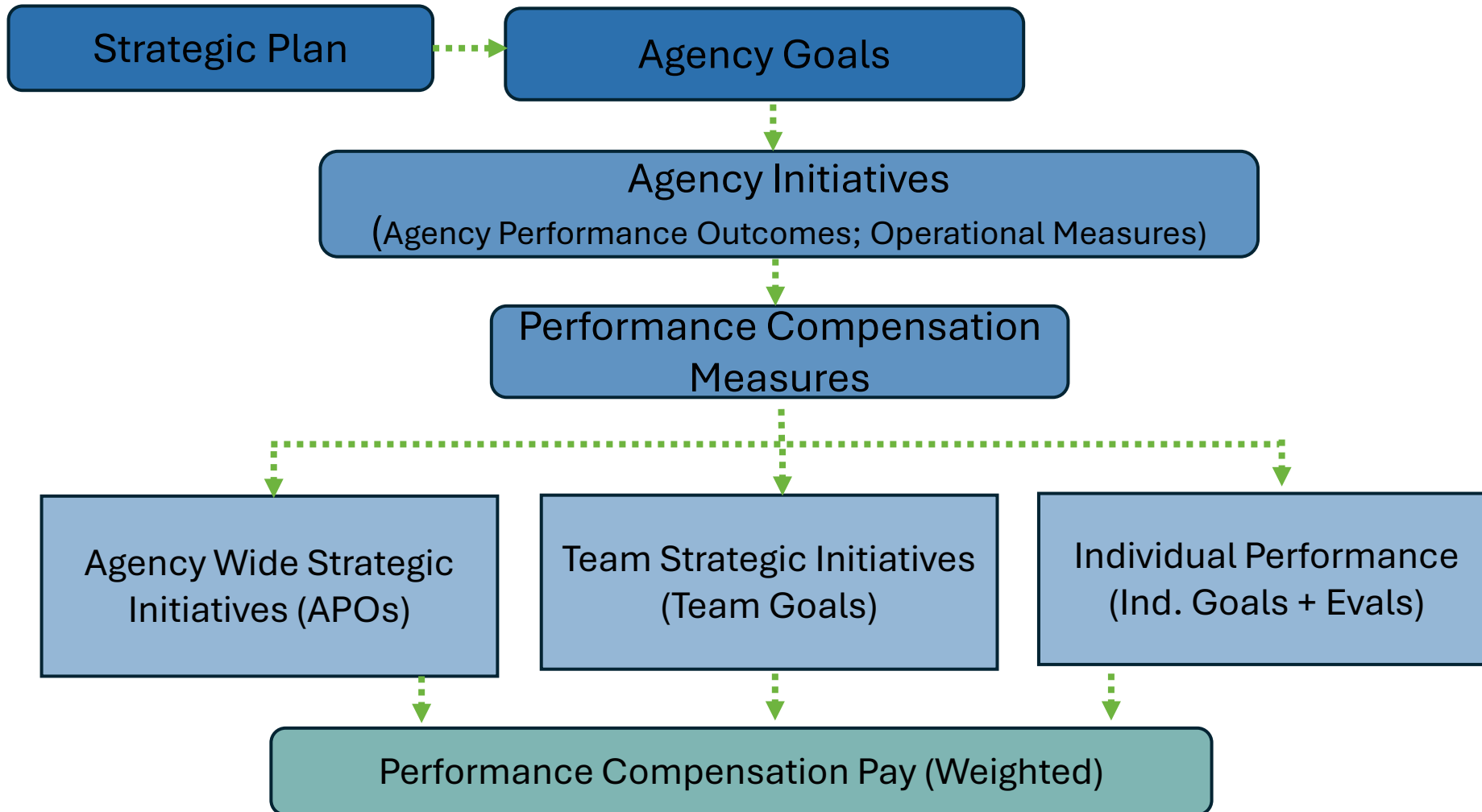
PERFORMANCE

- Directly aligns with Organizational success
- Motivates employees to exceed goals
- Allows managers to coach to performance metrics

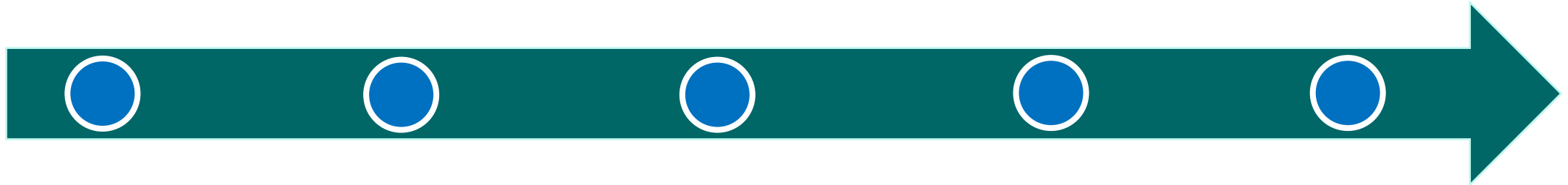
ACCOUNTABILITY

- Reinforces **Integrity** by tying incentives more closely to actual contributions
- Allows for **Agility** as projects evolve
- Provides clear and fair **Accountability**

Cascading Measurement



Process Overview



DEC members work with their direct reports to set Team Strategic Initiatives.

Managers then meet with their direct reports to discuss Team Strategic Initiatives, the employees' role in those initiatives and the employees' individual goals for the forthcoming year.

At the end of the fiscal year, each business unit will show goals have been accomplished by producing artifacts.

Managers conduct individual performance reviews. The performance rating determines bonus eligibility and percentage.

The Board approves payment of incentive compensation.

Current Performance Compensation

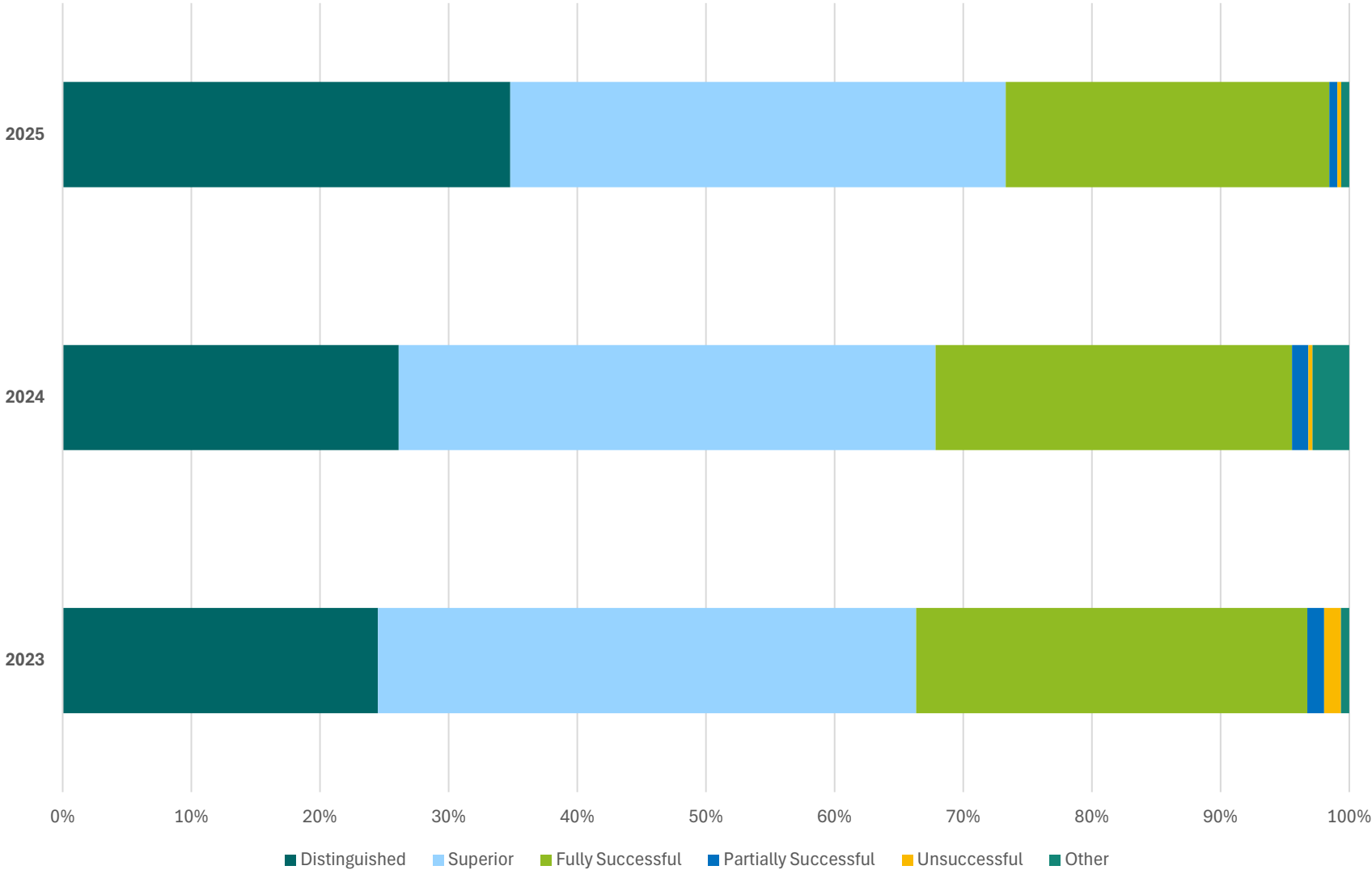
Performance Rating	Bonus Potential	Bonus Components
Meets	2.5%	APOs (2.5%)
Superior/Role Model	4.5%	Individual (2%) + APOs (2.5%)
Distinguished	6.5%	Increased Individual (4%) + APOs (2.5%)

Proposed Weightings

Job Level	Agency-Wide Strategies (APOs)	Team Strategic Initiatives	Individual Performance
Executives	40%	30%	30%
Managers & Supervisors	30%	40%	30%
Individual Contributors	20%	30%	50%

Performance Evaluations FY23 – FY25

3 Year Performance Evaluation Rating Distribution



Next Steps

June 2026

Finalize Plan structure.

Summer
2026

Meet with Managers and Supervisors to share an overview, answer questions and discuss expectations.

Summer
2026

Socialize the Plan with the full staff.

Fall 2026 –
Winter 2027

Administer Pilot Year to run concurrently with current Incentive Compensation Model.

Fall 2026 –
Winter 2027

Conduct peer research and outreach analysis with compensation consultant to finalize bonus targets.

Spring
2027

Evaluate and adjust the Plan.

Late Spring
2027

Bring final recommendation and Administrative Pay Plan changes to the Board in Spring 2027.

Questions?



Virginia
Retirement
System®



Approve FY 2027 APOs and Operational Measures.

Requested Action

The VRS Board of Trustees approves the FY 2027 Agency Performance Outcomes and Agency Operational Measures.

Description/Background

Each year the VRS Board of Trustees approves Agency Performance Outcomes (APOs) and Operational Measures. The APOs are stretch goals for the Administrative staff. The Operational Measures are agency performance measures.

APOs (see attachment 1). The FY 2027 APOs have four stated outcomes summarized as follows:

1. **Data Quality Enhancements – Phase 3**
2. **Demographic Data Collection and Maintenance Initiative – Phase 2**
3. **VNAV Enhancements – Phase 3**
4. **Enhanced Employee Engagement Initiative**

The objective is to attain three of the four APOs. Successful attainment of the APOs is the gainsharing portion of the performance management program of the Administrative Pay Plan for administrative staff. Under the gainsharing portion of the performance management program of the Investment Operations and Administration Pay Plan, investment operations staff are eligible for a bonus if their performance meets or exceeds expectations or is exceptional, as rated in their annual performance assessment, and the employee consistently works, as a team member, to accomplish the goals of the Investment Department. Both bonuses are normally paid as a lump sum equal to 2.5% of salary.

Operational Measures (see attachment 2). VRS also identifies key operational measures each year. These measures are coupled with the APOs as part of the gainsharing portion of the performance management program. The objective is to meet or exceed the target goal for at least 15 of the 18 measures. Note: there are three additional operational measures that will be piloted in FY 2027. The pilot measures will not count towards meeting the overall operational measure target. Again, the expectation is that all employees will work collaboratively and contribute to accomplishing key functions of the agency.

Satisfying the APO and operational measure targets is required to earn the gainsharing bonus.

Rationale for Requested Action

The APOs are stretch goals for VRS, and VRS identifies key operational measures as organizational performance expectations for the fiscal year that must be maintained while working to satisfy the APOs and maintaining key agency functions. Both the Administrative and Investment Operations and Administration Staff Pay Plans contain gainsharing language to reward teamwork, collaboration, and organizational results.

Although satisfaction of the APOs and Operational Measures is not an explicit condition for a gainsharing bonus to be paid to Investment Operations and Administration staff, the agency's practice is that no gainsharing bonus is paid to Investment Operations and Administration staff in a year that Administrative staff is not eligible for a gainsharing bonus.

Authority for Requested Action

Code of Virginia § 51.1-124.22 (A)(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

Susan T. Gooden, Ph.D., Chair
VRS Board of Trustees

Date



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2027

Summary

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S Not started

Overall Measure: 3 of 4 completed

APO #	APO Description	Strategic Goal	July	August	September	October	November	December	January	February	March	April	May	June
1	Data Quality Enhancements – Phase 3 DEC Owner: Michael Cooper <i>(Measure: 3 of 3 completed)</i>	Digital Transformation and Secure Service Delivery												
2	Demographic Data Collection and Maintenance - Phase 2 DEC Owner: Michael Cooper <i>(Measure: 3 of 4 completed)</i>	Member, Retiree and Employer Education, Outreach and Partnership												
3	VNAV Enhancements - Phase 3 DEC Owner: Matt Salapka <i>(Measure: 4 of 5 completed)</i>	Digital Transformation and Secure Service Delivery												
4	Enhanced Employee Engagement Initiative DEC Owner: Paula Reid <i>(Measure: 4 of 5 completed)</i>	Organizational Strength, Culture and Engagement												



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2027

APO 1

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- Not started
- N/S

APO 1 Measure: 3 of 3 completed

Data Quality Enhancements – Phase 3							DEC Owner: Michael Cooper		Strategic Goal: Digital Transformation and Secure Service Delivery				
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
1.1	Implement a process to identify additional critical data elements and improve data quality through proactive monitoring and correction.												
1.2	Implement a proof-of-concept data correction platform to improve operational efficiency and auditability.												
1.3	Establish foundational data governance and literacy to support sustainable data quality.												



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2027

APO 2

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

APO 2 Measure: 3 of 4 completed

Demographic Data Collection and Maintenance - Phase 2								DEC Owner: Michael Cooper		Strategic Goal: Member, Retiree and Employer Education, Outreach and Partnership			
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
2.1	Consistent with the Contact Data Collection and Maintenance Policy, initiate implementation of updated enrollment data collection processes for employers.												
2.2	Employ targeted communication methods to further address missing or erroneous data for existing member accounts.												
2.3	Establish baseline for data elements and create targets to monitor the health of critical contact information components.												
2.4	Initiate redesign of new member onboarding approach to enhance new member engagement.												



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2027

APO 3

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

APO 3 Measure: 4 of 5 completed

VNAV Enhancements - Phase 3							DEC Owner: Matt Salapka		Strategic Goal: Digital Transformation and Secure Service Delivery				
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
3.1	Finalize governance and staffing models for VNAV next generation program team and commence staffing process, including roles and responsibilities.												
3.2	Explore and document lessons learned from similar public pension systems regarding their approach, governance, development, implementation, and post go-live experiences.												
3.3	Engage a strategic partner to guide and support the planning phase and prepare business and functional requirements for RFP development.												
3.4	Initiate process to capture current state analysis including business requirements, functional requirements, and pain points.												
3.5	Produce a conversion readiness gap analysis document with remediation actions.												



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2027

APO 4

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

APO 4 Measure: 4 of 5 completed

Enhanced Employee Engagement Initiative								DEC Owner: Paula Reid		Strategic Goal: Organizational Strength, Culture and Engagement			
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
4.1	Successfully pilot the new Administration and Investment Operations Incentive Compensation Program.												
4.2	Conduct agency-wide engagement survey to solicit feedback and opportunities for improvement.												
4.3	Successfully develop new agency strategic plan, including identifying key initiatives to support stated goals.												
4.4	Initiate the development of employee engagement activities, including training courses for managers related to employee engagement initiatives.												
4.5	Enhance bench strength development and succession management efforts by providing opportunities for knowledge transfer, training, and mentoring to expand and foster competitive pools of internal candidates to fill identified critical roles.												

July-26



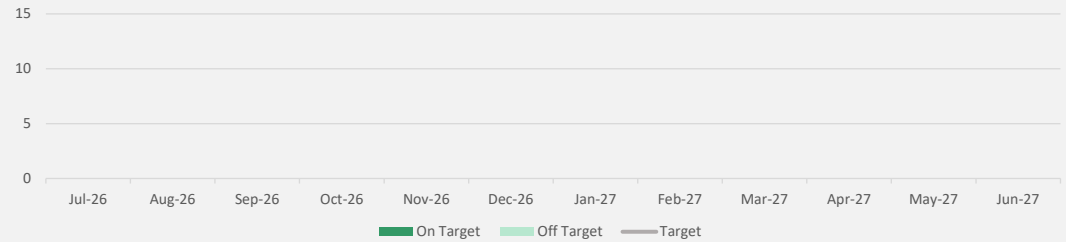
OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
1	Timeliness of Monthly Financial Account Reconciliations	Percentage of monthly financial control reconciliations completed by last business day of the following month	Superior Governance and Long-Term Financial Health	> 98.00%	-	-	Monthly	
2	Average Abandoned Call Rate	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue	Member, Retiree and Employer Education, Outreach and Partnership	< 5.00%	-	-	Monthly	
3	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)	Average response time to emails received by the CCC	Member, Retiree and Employer Education, Outreach and Partnership	.50 business days	-	-	Monthly	
4	Timeliness of Monthly Retirement Disbursements	Percentage of monthly retirement disbursements processed no later than the first business day of the month	Superior Governance and Long-Term Financial Health	100.00%	-	-	Monthly	
5	Timeliness of Service Retirements Processed	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible	Superior Governance and Long-Term Financial Health	98.00%	-	-	Monthly	
6	Accuracy of Service Retirements Processed	Percentage of service retirements processed for which the corresponding benefit payment correctly reflects the member's service record	Superior Governance and Long-Term Financial Health	99.00%	-	-	Monthly	
7	Timeliness of Disability Retirements Processed	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board	Superior Governance and Long-Term Financial Health	98.00%	-	-	Monthly	
8	Accuracy of Disability Retirements Processed	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record	Superior Governance and Long-Term Financial Health	99.00%	-	-	Monthly	
9	Timeliness of Workflow Documentation Imaging	Percentage of workflow documents imaged within one business day of receipt	Digital Transformation and Secure Service Delivery	99.50%	-	-	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Technology Infrastructure	99.50%	-	-	Monthly	
11	Timeliness of Employer Contribution Confirmations	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due	Superior Governance and Long-Term Financial Health	99.00%	-	-	Monthly	
12	Customer Satisfaction - Calls	Percentage of respondents indicating a positive overall customer service experience with a contact center call.	Member, Retiree and Employer Education, Outreach and Partnership	>90%	-	-	Monthly	
13	Customer Satisfaction - Counseling	Percentage of respondents indicating a positive overall counseling experience.	Member, Retiree and Employer Education, Outreach and Partnership	>90%	-	-	Monthly	

July-26

Current Status - All Operational Measures

■ On Target
 ■ Off Target

YTD Status - All Operational Measures



OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
14	Implementation of Corrective Action to Audit Recommendations	Percentage of audit recommendations for which VRS management represents that corrective action has been implemented by the approved target date	Superior Governance and Long-Term Financial Health	> 95.00%			Quarterly	
15	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Organizational Strength, Culture and Engagement	< 10.00%	-	-	Annual	
16	Cost to Administer Defined Benefit Plans	Annual pension administration cost for defined benefit plans, as compared to peer group median reported by CEM Benchmarking, Inc.	Superior Governance and Long-Term Financial Health	Lower than the FY 2026 CEM Peer Cost Average	-	-	Annual	Will not know FY 2026 CEM peer cost until spring 2027
17	Systems Security Awareness	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies	Digital Transformation and Secure Service Delivery	100.00%	-	-	Annual	Measure reported on an annual basis
18	Employee Professional Development	Percentage of full-time VRS administration employees receiving at least 10 hours of professional development	Organizational Strength, Culture and Engagement	90.00%	-	-	Annual	Measure reported on an annual basis

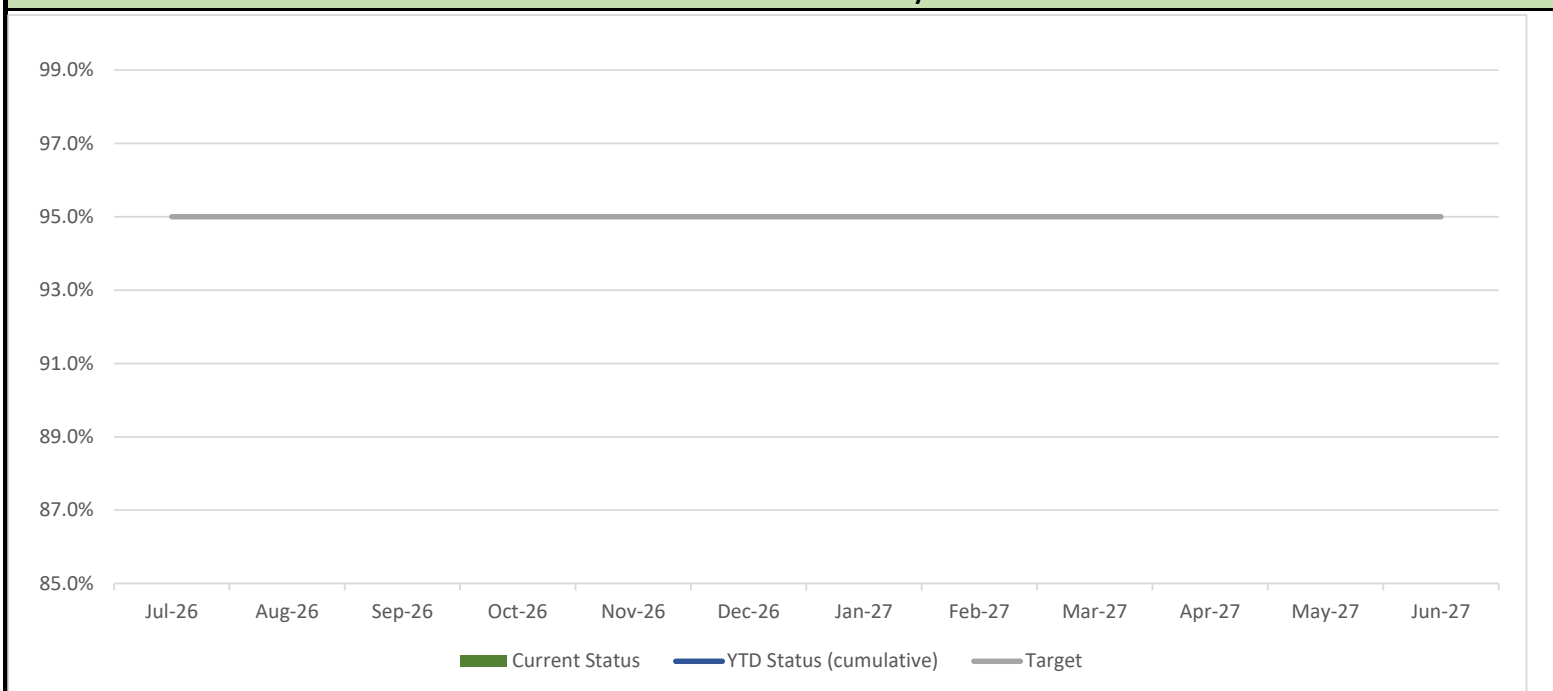
Overall Measure: 15 of 18 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Reporting Period: July-26

Operational Measure	Timeliness of Monthly Financial Account Reconciliations		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of monthly financial control reconciliations completed by last business day of the following month		
Calculation Methodology	The number of financial account reconciliations completed by the last business day of the month, divided by the total accounts requiring reconciliation each month.		
Data Source	Finance Control Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	> 98.00%	Baseline (Performance History)	99%
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = 99%	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	VNAV Next Generation project impacts workload and systems	Identify alternative processes to work around disruptions, and cross-train staff for backup as needed	
2	Potential technology issues related to interdependency with Cardinal and other 3rd party systems	Enact business continuity plan for technology outages	
3	Unanticipated external/internal requests for new programs that expand the overall number of reconciliations	Streamline process for approving and implementing new programs to expedite roll-out and ensure accurate reconciliation reporting	

YTD Performance History



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

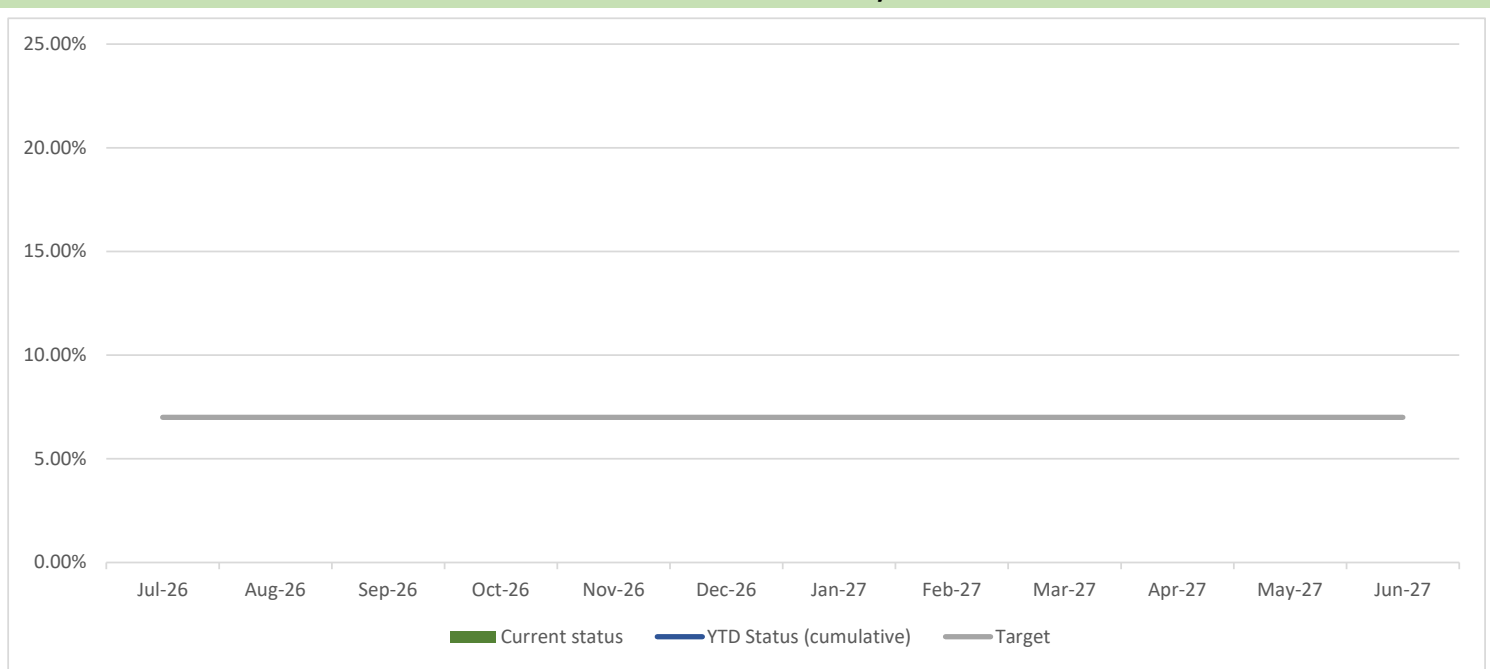
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Average Abandoned Call Rate		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue		
Calculation Methodology	The number of abandoned calls (defined as a caller hanging up prior to reaching a knowledgeable person), divided by the total number of calls received by the CCC support teams. Average rate is calculated on a cumulative basis.		
Data Source	Customer Counseling Center Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	< 5.00%	Baseline (Performance History)	1277.00%
<i>Target Rationale: To account for anticipated high call volume due to system changes.</i>		<i>Baseline Rationale: 3 year average = 12.77%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Regulatory or legislative changes that impact customer benefits and result in increased call volumes (i.e. federal tax code change)	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes	
2	Ongoing system enhancements, including VNAV Next Generation	Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes	
3	Need for increased security requirements for accessing members' records in accordance with industry best practices which cause longer call times	Identify opportunities to expedite the requisite validation process while still ensuring compliance with VRS security protocols to protect member data	

YTD Performance History

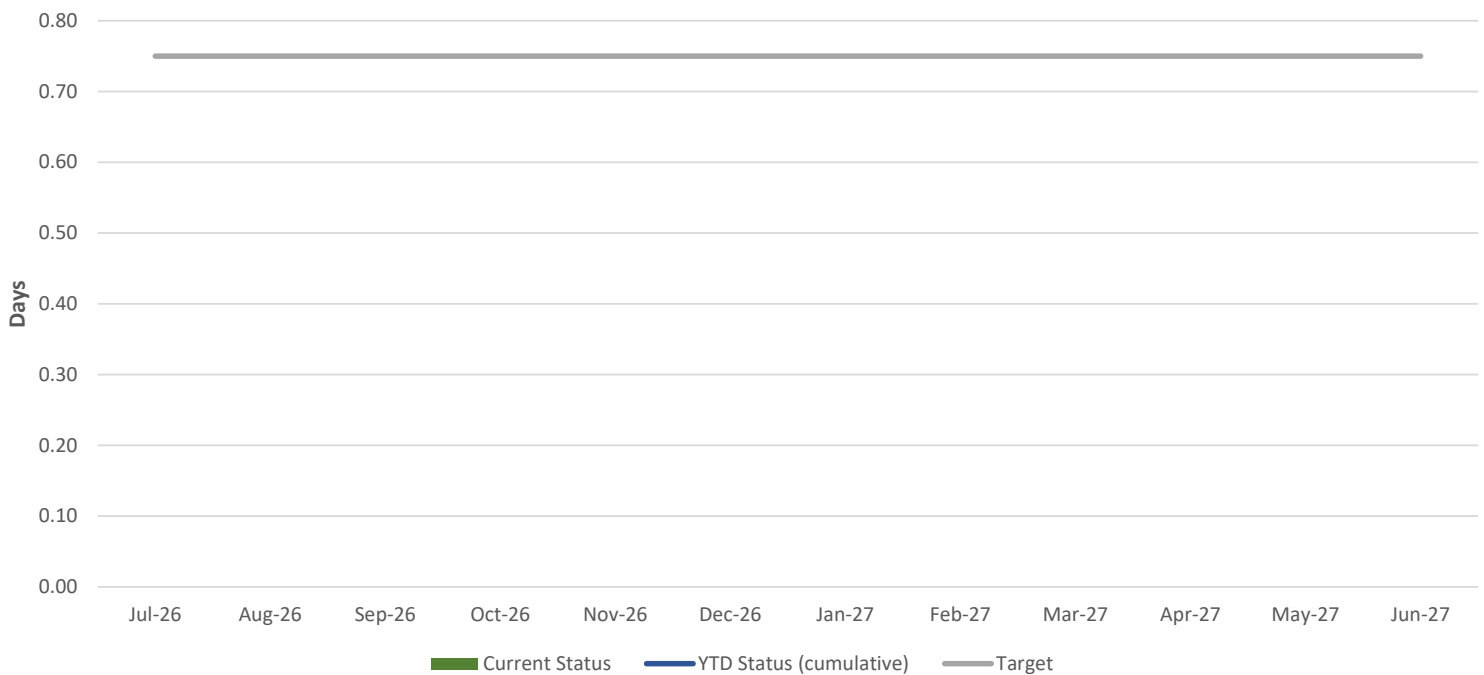


VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Operational Measure	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Average response time to emails received by the CCC		
Calculation Methodology	The number of messages responded to within 0.5 business days, divided by the total number of messages responded to by the CCC.		
Data Source	Customer Counseling Center Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	.50 business days	Baseline (Performance History)	.38 business days
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = .38 days</i>	
Current Reporting Month Status	0.00	YTD Status <small>(Cumulative; used at year-end to determine whether target has been met)</small>	0.00
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Regulatory or legislative changes that impact customer benefits and result in increased call volumes (i.e. federal tax code change)	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to email influxes due to external causes	
2	Ongoing system enhancements, including VNAV Next Generation	Prepare a staff augmentation plan for times when additional resources are needed to address email backlogs resulting from system outages	
3	Historically high rate of turnover of CCC staff	Continue recruitment and retention measures to attract and retain CCC staff	

YTD Performance History



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

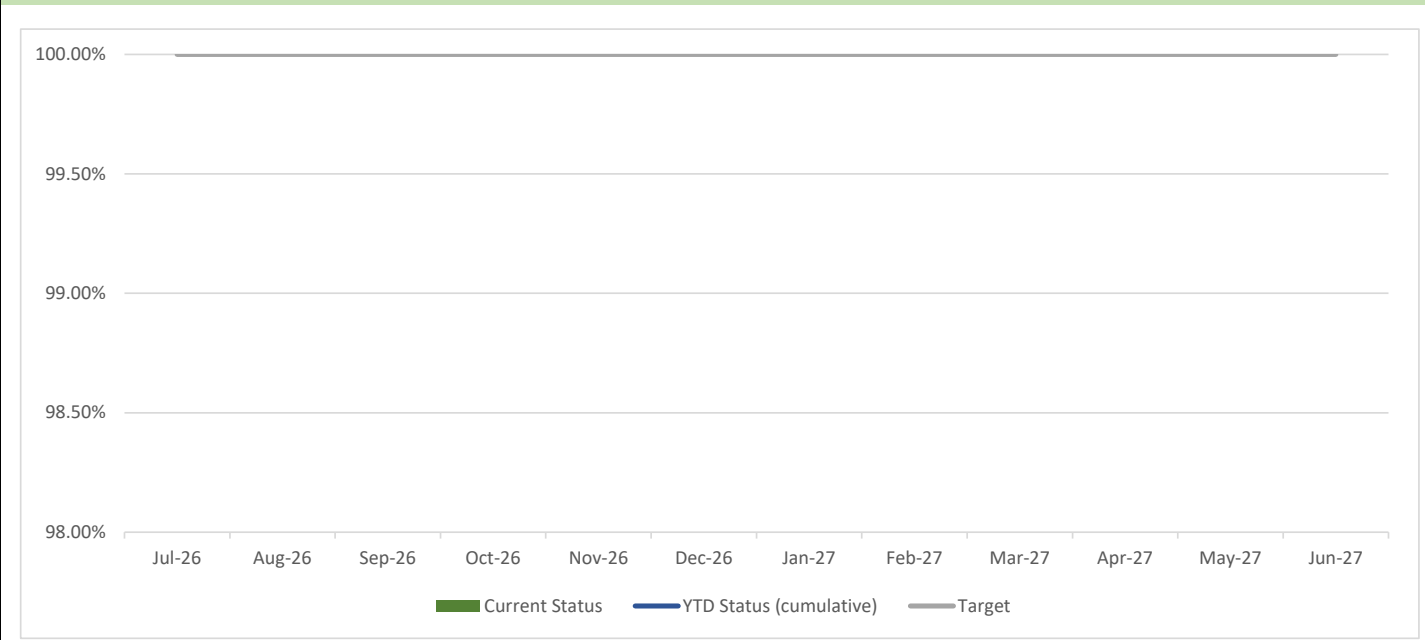
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Timeliness of Monthly Retirement Disbursements		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of monthly retirement disbursements processed no later than the first business day of the month		
Calculation Methodology	The number of monthly retirement disbursements processed so that the payment date is no later than the first business day of the month, divided by the total number of monthly retirement disbursements that require processing each month. "Processed" is defined as funds having been disbursed to retirees; "disbursed" is defined as the funds having been paid out of the VRS account. This process requires VRS to submit documentation to external partners (Virginia Department of Treasury, banking partner) in sufficient time to meet the first business day of the month requirement.		
Data Source	Benefit Disbursements Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	100.00%	Baseline (Performance History)	100.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 100%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		100	
1	Dependence upon external parties who are integral to the process (i.e., Virginia Department of Treasury and banking partner)	Develop contingency plan in concert with external parties to ensure open lines of communication and alternate processes in the event of a potential delay	
2	Ongoing system enhancements, including VNAV Next Generation	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements	

YTD Performance History



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

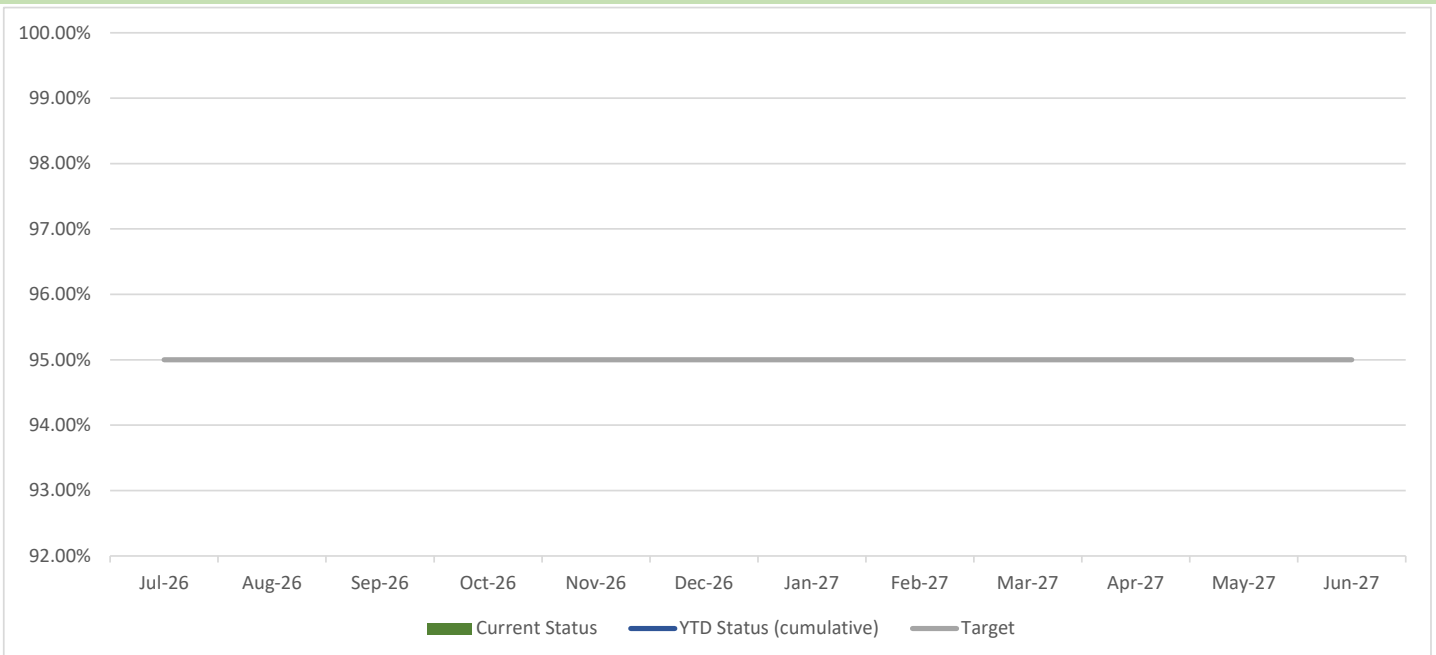
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Timeliness of Service Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible		
Calculation Methodology	The number of service retirement payments processed by the first payment date on which the member is eligible to receive retirement benefits, divided by the total number of initial payments made for the same time period. The "first payment date on which the member is eligible to receive retirement benefits" is based on the date by which VRS receives a member's retirement application that is determined by VRS to be complete, accurate, and ready for payment processing. "Processed" is defined as funds having been paid to retirees; "disbursed" is defined as the funds having been paid out of the VRS account.		
Data Source	Service Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	98.00%	Baseline (Performance History)	99.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 99%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition	
2	Ongoing system enhancements, including VNAV Next Generation	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy-of staff authorized to approve retirements	

YTD Performance History



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

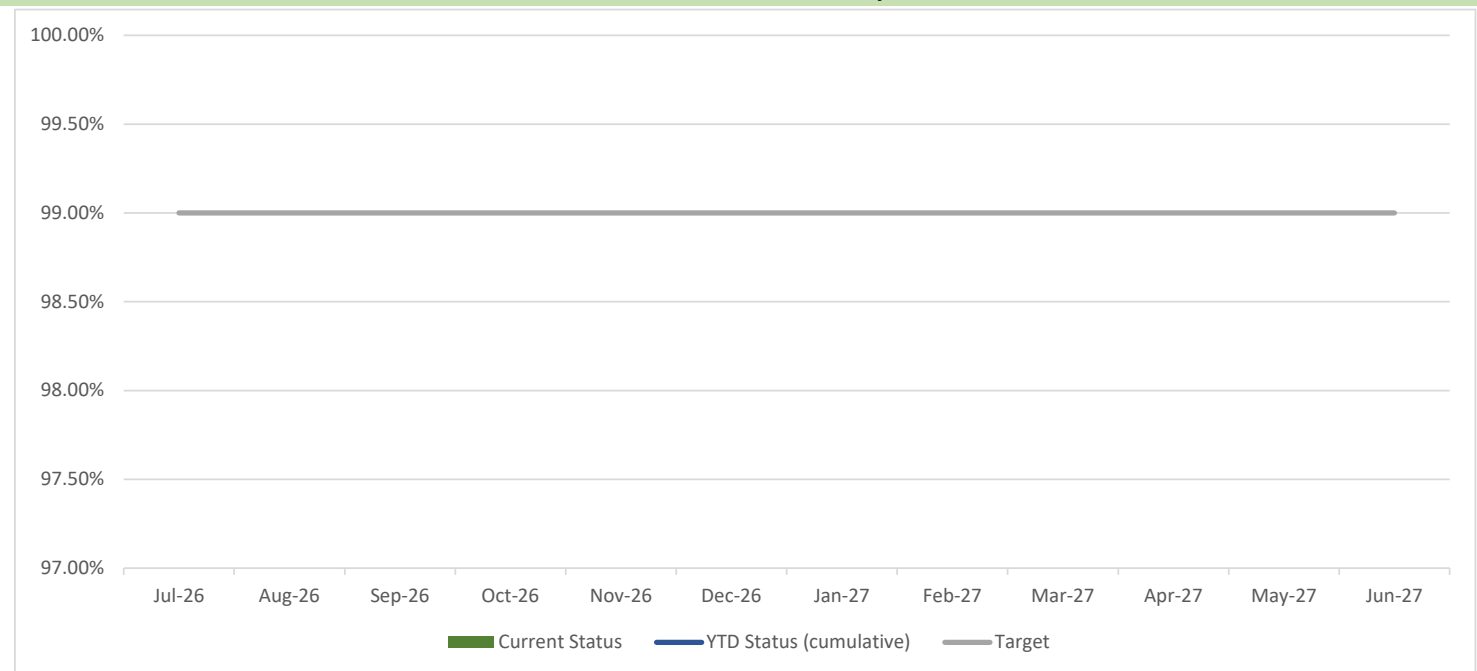
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Accuracy of Service Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of service retirements processed for which the corresponding benefit payment correctly reflects the member's service record		
Calculation Methodology	The number of service retirement applications processed and corresponding benefit paid accurately, divided by the total number of initial service retirement benefits processed and paid. An accurate benefit payment is defined as the benefit amount correctly reflecting the member's service record. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Service Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.00%	Baseline (Performance History)	99.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 99%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition	
2	Ongoing system enhancements, including VNAV Next Generation	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements	

YTD Performance History



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

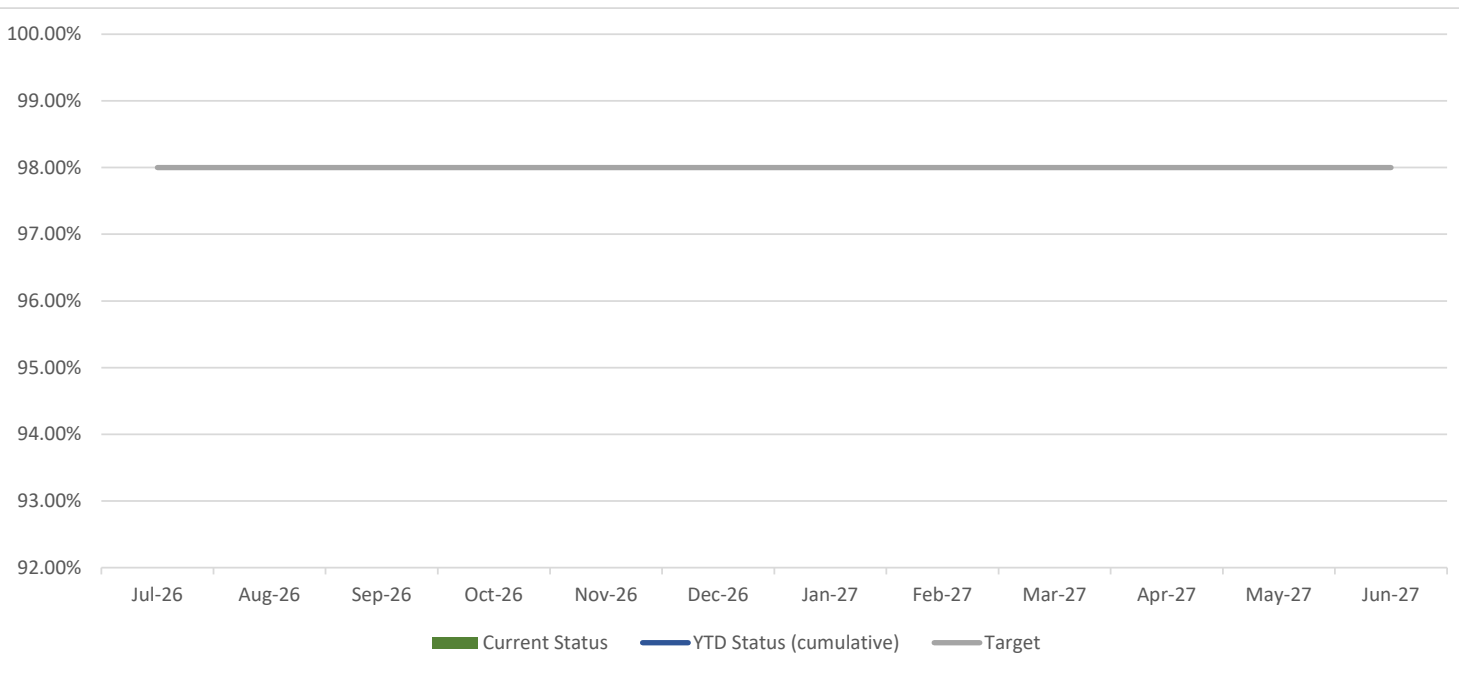
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Timeliness of Disability Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board		
Calculation Methodology	The number of disability retirements processed within 30 days after VRS receives notice of approval of the application by the Medical Review Board. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Disability Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	98.00%	Baseline (Performance History)	98.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 98%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition	
2	Ongoing system enhancements, including VNAV Next Generation	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements	

YTD Performance History



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

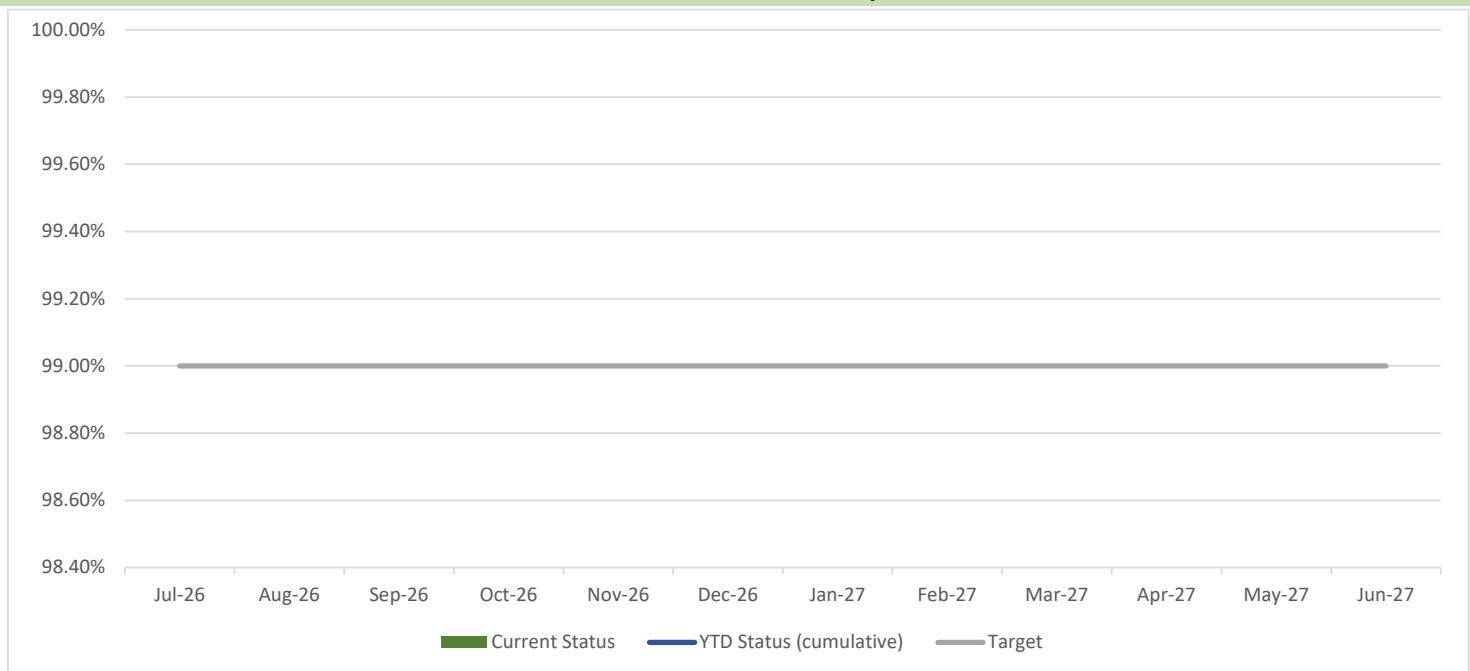
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Accuracy of Disability Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record		
Calculation Methodology	The number of disability retirement applications processed and corresponding benefit paid accurately, divided by the total number of initial disability retirement benefits processed and paid. An accurate benefit payment is defined as the benefit amount correctly reflecting the member's service record. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Disability Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.00%	Baseline (Performance History)	99.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 99%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition	
2	Ongoing system enhancements, including VNAV Next Generation	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements	

YTD Performance History



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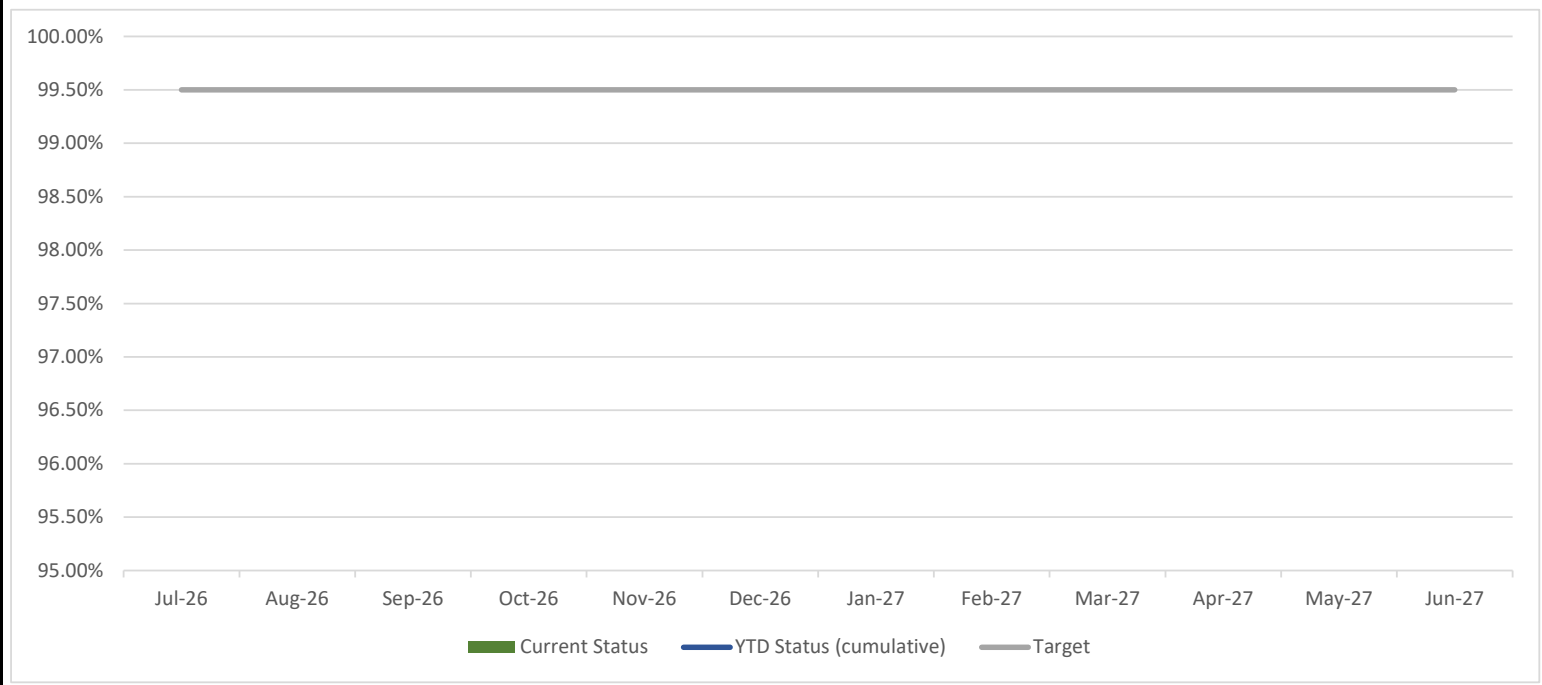
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Timeliness of Workflow Documentation Imaging		
Strategic Goal	Digital Transformation and Secure Service Delivery		
Description	Percentage of workflow documents imaged within one business day of receipt		
Calculation Methodology	The number of documents imaged within one business day of receipt by the Imaging business unit, divided by the number of documents received by the Imaging unit within the same timeframe. Currently, an average of 20,000 documents are imaged per month.		
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.50%	Baseline (Performance History)	100.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 100%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing implementation of new ECM system impacts staff time and other resources.	Enact business continuity plan as applicable and leverage supporting business unit resources.	
2	Ongoing system enhancements, including VNAV Next Generation	Enact business continuity plan for technology outages	
3	Staffing constraints; specific skill set required limits feasibility for untrained staff to produce results with same efficiency and effectiveness	Establish a routine cross-training program to ensure well-trained staff are available at all times	

YTD Performance History



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Operational Measure	Planned IT System Availability		
Strategic Goal	Technology Infrastructure		
Description	Percentage of time critical systems are available during periods of planned availability		
Calculation Methodology	Percentage of time during which critical business systems are available for use by VRS staff and customers, divided by the total time for which it was planned that said systems would be available. Critical business systems include: VNAV, telephone, email, internet, myVRS, Imaging, Investments, D365, Customer Counseling Center Cisco phone system, and remote access. Note: business systems deemed "critical" may change periodically depending on business needs or system changes (ex: RIMS was decommissioned in spring 2019 and is no longer considered a critical business system as of that time). Periods of availability are pre-determined based on business needs and requirements regarding routine system testing, maintenance and upgrades. "Availability" is defined as being able to be used by the majority of persons for whom it is intended and for the majority of purposes for the system's intended use.		
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.50%	Baseline (Performance History)	99.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 99%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Failure on the part of third party business partners to provide dependent services	Implement back-up plans (ex: different phone line)	
2	Ongoing system enhancements, including VNAV Next Generation	Enact business continuity plan for technology outages	
3	Timing of a potential system failure that limits staff resources available to respond immediately	Strategically plan staffing availability to address potential system failures in the most effective manner	
YTD Performance History			

VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

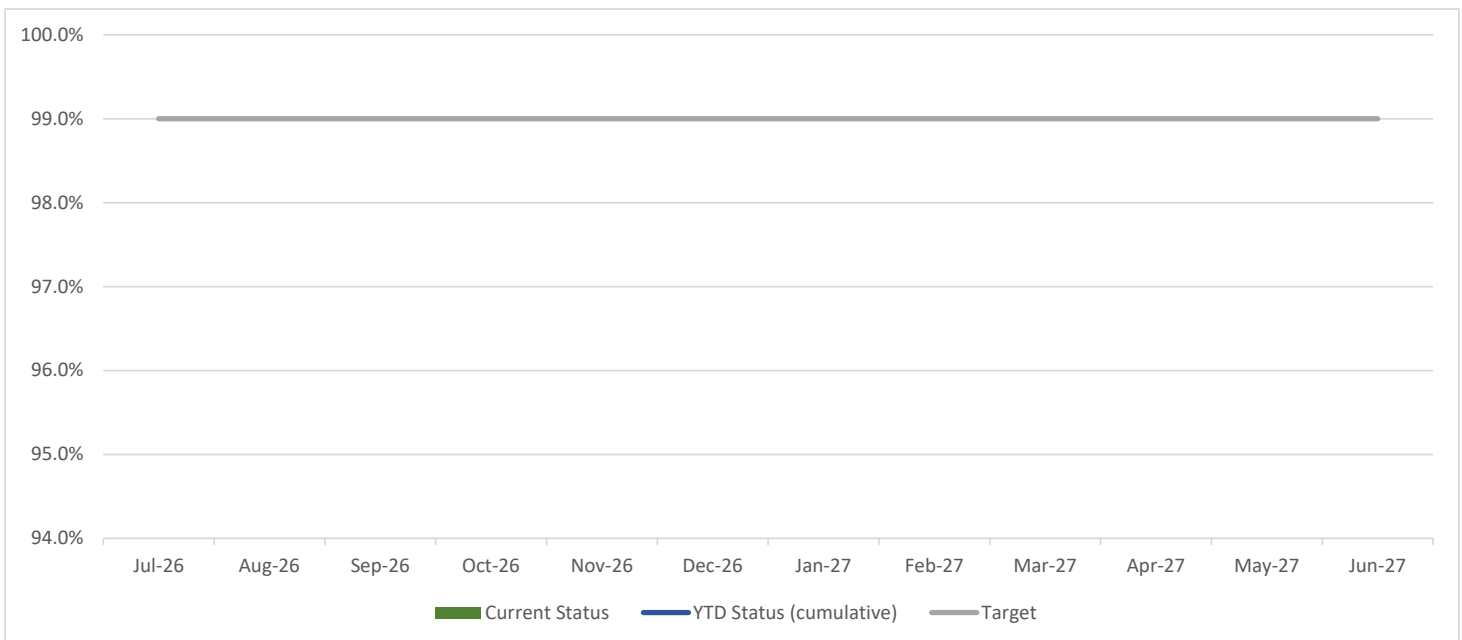
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Timeliness of Employer Contribution Confirmations		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due		
Calculation Methodology	The number of employer CC snapshots received by the end of the month in which they are due, divided by the total number of employer CC snapshots required for the same time period. VRS works with employers to ensure that monthly CC snapshots are posted in a timely fashion. There are over 1,000 employers reporting to VRS for which CC snapshots are required on a monthly basis.		
Data Source	Employer Reporting Contribution Confirmation and Payment Status Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.00%	Baseline (Performance History)	100.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 100.00%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Dependence on over 1,000 employers to submit their confirmations on time every month	Proactively communicate with employers with a focus on those with a history of delinquent submissions to mediate potential causes for delay	
2	Ongoing system enhancements, including VNAV Next Generation	Proactively communicate with employers to identify potential impacts and assist as appropriate with the submission process	
3	Potential technology issues related to interdependency with Cardinal and other 3rd party systems	Provide notice to state employers of potential for delay due to Cardinal implementation and advise that they prepare to ensure timely report submission	

YTD Performance History



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VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.



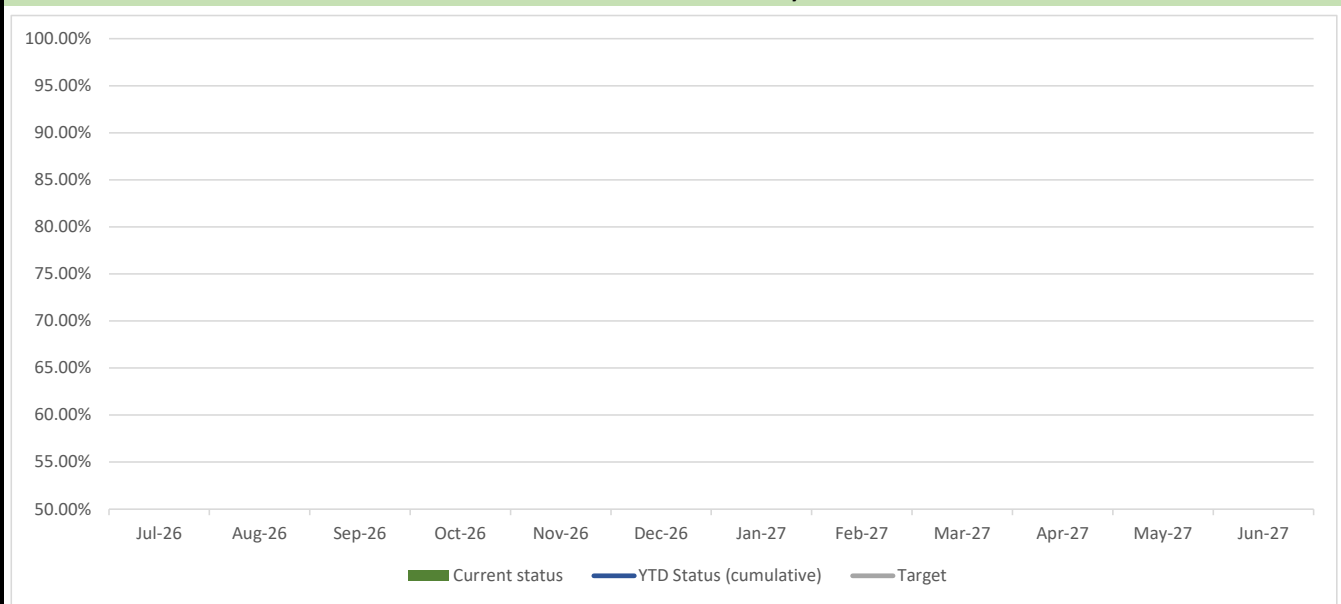
Fiscal Year 2027 Operational Measures

Reporting Period: July-26

OM
12

Operational Measure	Customer Satisfaction - Calls		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of respondents indicating a positive overall customer service experience with a contact center call.		
Calculation Methodology	The number of survey responses to Question 1 of the post-counseling survey rating of 4 or higher (the scale is 1-5, with 5 being the highest score), divided by the total number of responses to that question, reported on a cumulative basis. Question = "Overall, my experience was." 4=Very Good, 5 = Excellent.		
Data Source	Telephony System Reporting Module	Reporting Frequency	Monthly
Target (Performance Goal)	>90%	Baseline (Performance History)	-
<i>Target Rationale: Based on initial data after system implemented in 2024.</i>		<i>Baseline Rationale: N/A</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Resources constraints that impact the ability to respond to customers in a timely manner, resulting in lower customer satisfaction scores	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes	
2	Ongoing system enhancements, including VNAV Next Generation	Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes	
3	Need for increased security requirements for accessing members' records in accordance with industry best practices which cause longer customer interaction times	Identify opportunities to expedite the requisite validation process while still ensuring compliance with VRS security protocols to protect member data	

YTD Performance History



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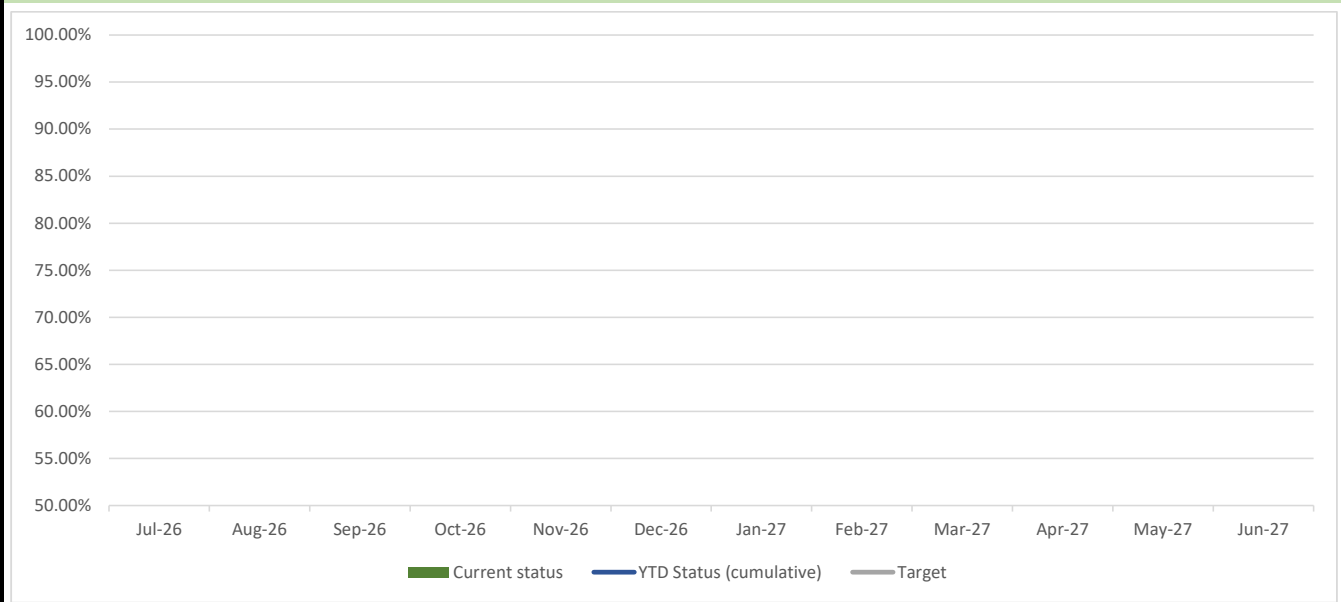
Fiscal Year 2027 Operational Measures

Reporting Period: July-26

OM
13

Operational Measure	Customer Satisfaction - Counseling		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of respondents indicating a positive overall counseling experience.		
Calculation Methodology	The number of responses to Question 4 of the post-call interaction survey rating 4 or higher (the scale is 1-5, with 5 being the highest score), divided by the total number of survey responses. Average rate is calculated on a cumulative basis. Question = "The overall customer service experience I received met my expectations."		
Data Source	Post-Counseling Survey Tool	Reporting Frequency	Monthly
Target (Performance Goal)	>90%	Baseline (Performance History)	-
<i>Target Rationale: Based on initial data after system implemented in 2024.</i>		<i>Baseline Rationale: N/A</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Resources constraints that impact the ability to respond to customers in a timely manner, resulting in lower customer satisfaction scores	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes	
2	Ongoing system enhancements, including VNAV Next Generation	Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes	
3	Need for increased security requirements for accessing members' records in accordance with industry best practices which cause longer customer interaction times	Identify opportunities to expedite the requisite validation process while still ensuring compliance with VRS security protocols to protect member data	

YTD Performance History

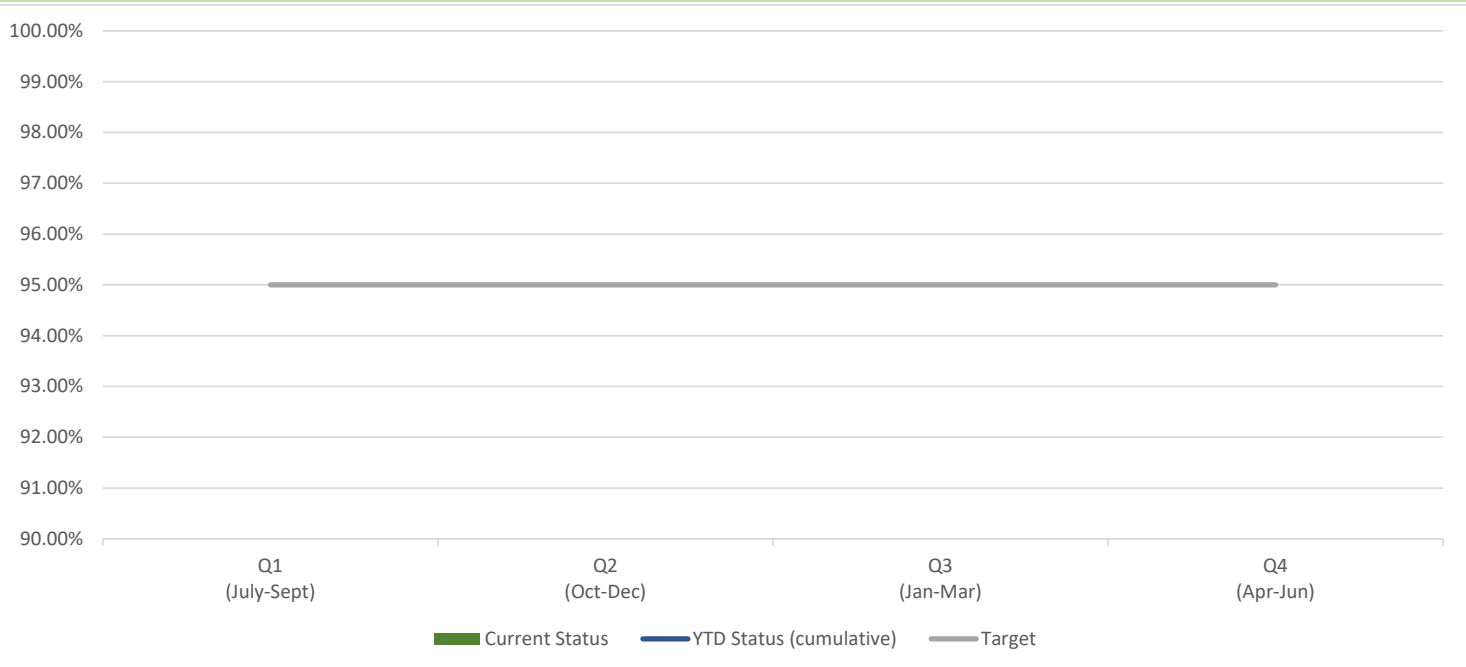


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Operational Measure	Implementation of Corrective Action to Audit Recommendations		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of audit recommendations for which VRS management represents that corrective action has been implemented by the approved target date		
Calculation Methodology	The number of audit recommendations for which VRS management has represented that corrective action has been implemented, divided by the total number of audit recommendations for which corrective action is needed as of the date the measure is calculated. VRS management establishes target dates and provides periodic updates to Audit regarding whether actions have been taken. Audit tracks responses in the Audit Recommendation Follow-Up System (ARFUS).		
Data Source	ARFUS	Reporting Frequency	Quarterly
Target (Performance Goal)	> 95.00%	Baseline (Performance History)	100.00%
<i>Target Rationale: Maintain recent performance and account for ongoing system and process changes impacting implementation.</i>		<i>Baseline Rationale: 3 year average = 100%</i>	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%

Potential Constraints to Meeting Target		Mitigation Strategies
1	High cost to implement necessary corrective action	Work within existing agency allocations and, if necessary, also with state budgetary processes to obtain resources needed to effectuate corrective action
2	Limited staff resources to effectively implement necessary corrective action	Adjust allocation of staffing resources to enable corrective action implementation
3	External factors that delay ability to take necessary corrective action (ex: legislative mandates that redirect agency resources)	Communicate with DEC and Audit regarding possible adjustment of target date to accommodate timeline of when resources will be available

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

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Operational Measure	Preventable Employee Turnover		
Strategic Goal	Organizational Strength, Culture and Engagement		
Description	Percentage of employees voluntarily separating VRS employment due to preventable experiences		
Calculation Methodology	The number of Administration employees who voluntarily separate from VRS employment due to preventable reasons, divided by the total number of Administration employees who voluntarily separate VRS employment, when total employee turnover exceeds 5% within the same period of time. Preventable turnover is determined from exit interview results, and includes substantiated reports of unsuccessful supervision or management, unsatisfactory work environment, insufficient resources to complete one's job effectively, and unavailability of training opportunities.		
Data Source	Human Resources Department Exit Interview Survey Results	Reporting Frequency	Annual
Target (Performance Goal)	< 10.00%	Baseline (Performance History)	27.27%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: FY 2024 results</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Unrealistic employee expectations regarding VRS work environment and responsibilities	Provide clear position descriptions and responsibilities upon hire; outline organization culture and expectations on a regular basis; ensure open communication between employees, managers and supervisors	
2	Reorganization due to myVRS enhancements may alter current work responsibilities for some employees	Provide clear and open communication throughout the implementation process; Offer sufficient training opportunities for employees tasked with new responsibilities	
3	Internal and external factors impacting employee morale	Continue direct outreach to employees, provide EAP resources and implement employee engagement activities	
YTD Performance History			
[Reported as an annual measure]			

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Overall Measure: 13 of 16 meet or exceed target

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Fiscal Year 2027 Operational Measures

Reporting Period: July-26

Operational Measure	Cost to Administer Defined Benefit Plans		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Annual pension administration cost for defined benefit plans, as compared to peer group median reported by CEM Benchmarking, Inc.		
Calculation Methodology	VRS pension administration cost per active member and annuitant for defined benefit plans as compared to that of its peer group, as calculated by CEM Benchmarking, Inc. The average peer cost calculated by CEM is available on delay and will not be known until spring 2025. At that time the FY 2026 annual agency cost will be compared to the to the FY 2025 CEM peer cost to determine whether VRS's cost is lower than the peer average.		
Data Source	CEM Benchmarking, Inc.	Reporting Frequency	Annual
Target (Performance Goal)	Lower than the FY 2026 CEM Peer Cost Average	Baseline (Performance History)	N/A
<i>Target Rationale: Measuring VRS annual administrative cost for FY 2024 against the most current peer data as provided by CEM Benchmarking, Inc.</i>		<i>Baseline Rationale: N/A</i>	
Current Reporting Month Status	-	YTD Status (Used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Significant unanticipated costs to administer pension plans due to external influences	Work within existing agency allocations and prioritize spending plans to ensure administrative expenditures remain reasonable	
2	Dependent upon expenditure patterns for the CEM Peer group for administrative cost average	Maintain communications with CEM peers to stay informed on any spending abnormalities that may skew CEM-calculated peer costing	
3	FY 2026 CEM cost not known until late into FY 2025 (limiting agency ability to react if missing target)	Proactively calculate and monitor agency administrative cost in anticipation of receiving the FY 2026 CEM cost; adjust agency spending if out of line with recent CEM peer cost averages	
YTD Performance History			
[Average Pension Administration Cost for VRS' Peer Group, as provided by CEM Benchmarking, will be known in spring 2027]			
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Overall Measure: 13 of 16 meet or exceed target

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Operational Measure	Systems Security Awareness		
Strategic Goal	Digital Transformation and Secure Service Delivery		
Description	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies		
Calculation Methodology	Percentage of eligible staff who have completed the agency's annual security training, VRS User IT Security Policy Training ("security training"), divided by the total eligible agency staff. Employees who join the agency during FY 2027 are required to complete security training within 30 days after their start date. All staff are required to complete the training during the annual training window. The training provides information on such critical security practices as protecting sensitive data, utilizing effective passphrases, reviewing acceptable technology use policies, being on alert for phishing and other malpractices, and more. The percentage is calculated on a cumulative basis and reported annually (with the total requirement recalculated monthly as new staff are hired and required to obtain security training).		
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Annual
Target (Performance Goal)	100.00%	Baseline (Performance History)	100.00%
<i>Target Rationale: Maintain high security awareness</i>		<i>Baseline Rationale: All VRS staff completed security training in FY 2025</i>	
Current Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Unavailability of the Virginia Learning Center (VLC, a non-VRS application) for training	Provide sufficient time for staff to obtain training within prescribed timeline to allow for possible VLC system unavailability	
2	Ongoing system enhancements	Enact business continuity plan for technology outages	
3	New training requirements as set-forth by the Commonwealth Security Policy that require changes to the prepared security training	Proactively coordinate with different units within VRS to ensure sufficient time and resources to make necessary changes to the prepared training	
YTD Performance History			
[Reported as an annual measure]			
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Operational Measure	Employee Professional Development		
Strategic Goal	Organizational Strength, Culture and Engagement		
Description	Percentage of full-time VRS administration employees receiving at least 10 hours of professional development		
Calculation Methodology	The number of eligible full-time VRS administration employees who have completed at least 10 hours of professional development, divided by the total number of eligible full-time administration employees. Eligible employees are full-time administration staff hired as of July 1, 2026 who are not on short- or long-term disability or FMLA during FY 2027. Qualifying professional development includes courses designated in the Virginia Learning Center (VLC), as well as conferences, webinars, college or trade school classes, and any other professional development as approved by the Human Resources Director. Number of hours received is tracked on a cumulative basis and reported quarterly.		
Data Source	Human Resources Performance Report	Reporting Frequency	Annual
Target (Performance Goal)	90.00%	Baseline (Performance History)	92.00%
<i>Target Rationale: Maintain recent performance and increased total # of hours</i>		<i>Baseline Rationale: 3 year average = 92%</i>	
Current Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Limited staff flexibility to obtain professional development due to significant staff time dedicated to new software solution implementations and other system enhancements.	Encourage staff to plan for professional development opportunities before and/or after periods of time dedicated to software solution implementations and other system enhancements.	
2	Dependence on IT system availability/accessibility for trainings and/or time tracking	Advise staff to plan to be proactive about obtaining professional development and reporting their hours earned as they go	
3	Limited progressive course availability on relevant subject matter area	Ongoing communication between managers and staff to expand and identify new learning opportunities	

YTD Performance History

[Reported as an annual measure]

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Virginia Retirement System (VRS) FY 2026 Budget to Actual Projections

	Current Budget ¹	Expenses through 4/30/2026	Projected Remaining Expenses	Projected Total Expenses ²	Projected Variance Favorable/ (Unfavorable)	Projected % Remaining
	A	B	C	D = B + C	E = A - D	F = E / A
Administration						
Personnel						
Salaries & Wages	24,474,000	19,890,000	3,915,000	23,805,000	669,000	2.7%
Fringe Benefits	9,902,000	8,125,000	1,567,000	9,692,000	210,000	2.1%
Incentive Compensation	1,431,000	1,185,000	8,000	1,193,000	238,000	16.6%
Contractual Services						
Management & Administration ³	3,593,000	1,270,000	1,084,000	2,354,000	1,239,000	34.5%
Professional Services ⁴	5,032,000	3,576,000	678,000	4,254,000	778,000	15.5%
Technical Services ⁵	4,448,000	3,009,000	781,000	3,790,000	658,000	14.8%
Travel & Training	711,000	317,000	65,000	382,000	329,000	46.3%
Network Infrastructure	2,399,000	1,527,000	387,000	1,914,000	485,000	20.2%
Equipment & Supplies	2,240,000	1,851,000	321,000	2,172,000	68,000	3.0%
Facility	4,990,000	3,010,000	421,000	3,431,000	1,559,000	31.2%
Administration Total	59,220,000	43,760,000	9,227,000	52,987,000	6,233,000	10.5%
Information Technology						
Personnel						
Salaries & Wages	8,157,000	6,262,000	1,523,000	7,785,000	372,000	4.6%
Fringe Benefits	3,029,000	2,437,000	558,000	2,995,000	34,000	1.1%
Incentive Compensation	343,000	298,000	2,000	300,000	43,000	12.5%
Contractual Services						
Management & Administration ³	1,234,000	1,043,000	130,000	1,173,000	61,000	4.9%
Professional Services ⁴	113,000	48,000	15,000	63,000	50,000	44.2%
Technical Services ⁵	11,802,000	8,787,000	2,856,000	11,643,000	159,000	1.3%
Travel & Training	129,000	87,000	22,000	109,000	20,000	15.5%
Network Infrastructure	8,802,000	5,238,000	3,100,000	8,338,000	464,000	5.3%
Equipment & Supplies	82,000	56,000	10,000	66,000	16,000	19.5%
Facility	306,000	248,000	47,000	295,000	11,000	3.6%
Information Technology Total⁶	33,997,000	24,504,000	8,263,000	32,767,000	1,230,000	3.6%



Virginia Retirement System (VRS) FY 2026 Budget to Actual Projections

	Current Budget ¹	Expenses through 4/30/2026	Projected Remaining Expenses	Projected Total Expenses ²	Projected Variance Favorable/ (Unfavorable)	Projected % Remaining
	A	B	C	D = B + C	E = A - D	E / A
Investment Management						
Personnel						
Salaries & Wages	18,809,000	15,655,000	3,135,000	18,790,000	19,000	0.1%
Fringe Benefits	6,126,000	5,077,000	1,037,000	6,114,000	12,000	0.2%
Incentive Compensation	7,989,000	7,978,000	4,000	7,982,000	7,000	0.1%
Contractual Services						
Management & Administration ³	546,000	187,000	189,000	376,000	170,000	31.1%
Professional Services ⁴	2,435,000	1,490,000	890,000	2,380,000	55,000	2.3%
Technical Services ⁵	12,818,000	6,465,000	3,640,000	10,105,000	2,713,000	21.2%
Travel & Training	814,000	417,000	70,000	487,000	327,000	40.2%
Network Infrastructure	359,000	255,000	73,000	328,000	31,000	8.6%
Equipment & Supplies	18,000	6,000	3,000	9,000	9,000	50.0%
Facility	802,000	633,000	154,000	787,000	15,000	1.9%
Investment Management Total	50,716,000	38,163,000	9,195,000	47,358,000	3,358,000	6.6%
VRS Subtotal	143,933,000	106,427,000	26,685,000	133,112,000	10,821,000	7.5%

¹ Original budget plus/minus transfers

² Projected Total Expenses are best estimates as of the creation of this report and are subject to change

³ Management & Administration includes postage, printing, communications, memberships, subscriptions, insurance, claims and bonds

⁴ Professional Services includes fiscal services, management services, legal services, media services, medical services, and auditing services

⁵ Technical Services includes computer operating services, contractors and data feeds

⁶ Does not include funds obligated through POs, but not yet paid