

VRS 101

AN INTRODUCTION TO THE VIRGINIA RETIREMENT SYSTEM

Helping VRS Members Plan for Tomorrow, Today

The Virginia Retirement System (VRS) serves those who serve others by delivering retirement and other benefits to Virginia public employees. In addition, we help our members plan for tomorrow, today with retirement education, counseling and communications.

Much of our work is described through financial statements, investment returns, actuarial tables and statistics. Yet, our broader story is about delivering benefits to more than 861,000 retirees, and state and local government employees, teachers, law enforcement personnel and judges who serve their communities every day across the commonwealth. Additionally, we work with more than 860 employers, our partners in delivering benefits to VRS members.

We invite you to become better acquainted with our agency through this introduction, which includes a summary of our retirement plans, membership, funding and resources.

VRS at a Glance

AT JUNE 30, 2025



TOTAL
RETIRES AND
BENEFICIARIES
244,738



TOTAL ACTIVE
MEMBERS
378,060



TRUST FUND
NET POSITION*
**\$124.0
billion**



EMPLOYERS
864

* The net position reflects the balance of resources available to pay benefits at the end of the fiscal year.

VISION

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

MISSION

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

VRS by the Numbers



15th
LARGEST*

among public and private pension systems in the United States, based on assets.



36th
LARGEST*

among public and private pension systems in the world, based on assets.



APPROXIMATELY
84%

of retirees remain in Virginia. Of the \$6.8 billion paid out by VRS in fiscal year 2025, the majority stays in Virginia, where retirees contribute to the local economy.

*As ranked by Pensions & Investments in 2025



Virginia
Retirement
System®

An Independent Agency of the
Commonwealth of Virginia

JANUARY 2026

Investments

Overview

The VRS managed investment portfolio ended fiscal year 2025 with a total fair value of \$128.6 billion. VRS investment professionals have the unique responsibility for the strategic long-term investment of the trust. The trust supports the future retirements and benefits of active and retired public employees in Virginia.

VRS Investment Team

VRS' investment professionals have added approximately \$7.1 billion to the VRS Trust Fund over the past decade that would not have been realized from investing in a passive, indexed portfolio.

By managing some assets internally, the team saves the fund about \$122.4 million in external management fees annually compared to the cost paid by our peers for similar services. These funds are invested to pay for future benefits.

Investment earnings fund approximately two-thirds of benefit payments for VRS retirees and beneficiaries.

Investment Diversification

VRS strategically manages the portfolio, focusing on returns and performance over the long term.

From that long-term perspective, the VRS fund continues to exceed the current 6.75% assumed actuarial rate of return for the 20-year period.

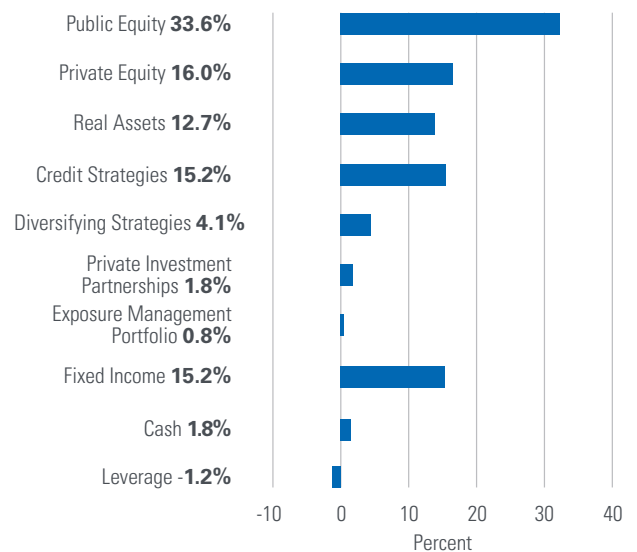
VRS uses stocks, bonds, real estate, cash and other investments to diversify the fund portfolio.

Diversification:

- Combines a variety of investments to limit risk.
- Creates a stable foundation to moderate market volatility.
- Helps prevent frequent shifts in employers' contribution rates.

Asset Allocation

AT JUNE 30, 2025



How Benefits Are Funded

Defined Benefit Plan

- While working, members contribute to their Member Contribution Account, which earns 4% interest annually.
- Employers make contributions to VRS based on actuarial rates.
- The VRS Investment Department invests employee and employer contributions.
- Approximately two-thirds of benefit payments come from investment earnings.

Defined Contribution Plan

- Based on member and employer contributions (if applicable) and any net investment earnings.



How Benefits Are Paid

Defined Benefit Plan Payments

- Members who retire from Plan 1, Plan 2 or the Hybrid Retirement Plan (defined benefit component) will receive a lifetime monthly benefit.
- The monthly retirement benefit is first paid from the Member Contribution Account.
- After this account is exhausted, a member's benefit comes from the VRS Trust Fund.

Defined Contribution Plan Payments

- Participants can request a distribution from their plan. A variety of distribution options are available.

Online Service Solutions

myVRS

VRS is delivering innovative solutions through myVRS to help members prepare for the future throughout their careers. In addition to providing a comprehensive account overview, the secure online system offers a variety of self-service features:



- Online retirement
- Beneficiary management
- Direct deposit management
- Survivor access
- Goal-based Retirement Planner
- Benefit Estimator
- Purchase of prior service
- Refunds
- Optional Retirement Plan election
- myVRS Financial Wellness

When members transition to retirement, they can use myVRS to monitor their benefits, change tax withholdings, download income verification statements and more.

Focus on Financial Wellness

myVRS Financial Wellness helps members and retirees become more knowledgeable about financial matters, building their skill and confidence at every stage of their career or during retirement.



After signing up, members and retirees have free access to a host of articles, videos and courses to increase financial knowledge and reduce anxiety about money matters. Popular topics include planning for retirement and tackling personal debt. The Money Mindfulness Program helps users become more thoughtful and comfortable with their financial decisions.

Find all these features and more at varetire.org/financial-wellness.

Defined Contribution Plan Savings

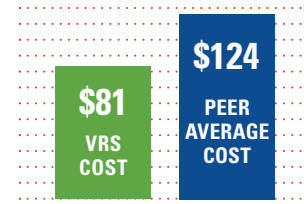
Participants can manage their defined contribution plans through their online DCP Account. In addition to secure access and easy management, they can view account balances, add beneficiaries and update investment options.

For more information, visit dcp.varetire.org.



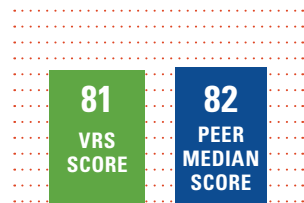
Higher Service and Lower Cost Compared to Peers

Pension Administration Cost Per Active Member and Annuitant



VRS' pension administration costs per active member and retiree are below the peer average.

Total Service Score



VRS' total service score is in line with the peer median.

*Defined Benefit Administration Benchmarking Analysis
Fiscal Year 2024 – © 2025 CEM Benchmarking Inc.*

Board of Trustees



The nine-member VRS Board of Trustees sets the retirement plan funding policy and adopts contribution rates based on recommendations from the plan actuary.

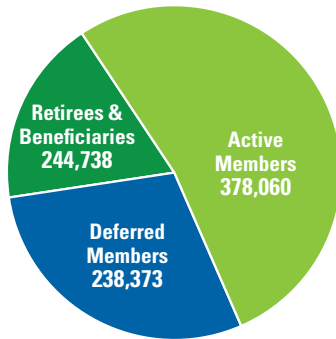
The Board also sets investment policy with the objective of maximizing returns while managing risk within an acceptable range.

- Governor appoints five members, including the chair
- Joint Rules Committee appoints four members
- General Assembly confirms all appointments
- The Board includes:
 - Four investment experts
 - One experienced in employee benefit plans
 - One local government employee
 - One higher education employee
 - One state employee
 - One teacher

Who We Serve

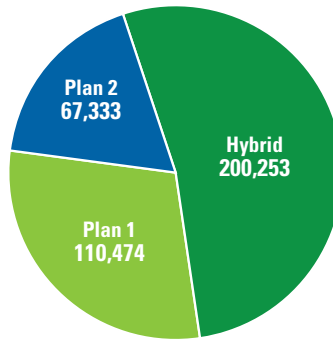
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VRS Population



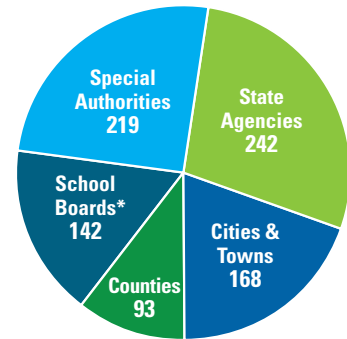
Total 861,171

VRS Active Members



Total 378,060

VRS-Participating Employers



Total 864

* Of the 142 school boards, 131 also provide coverage for non-professional employees and are treated as political subdivisions.

Learn More About the Virginia Retirement System

The 2025 VRS *Annual Comprehensive Financial Report (Annual Report)* provides complete, audited financial statements.

Visit varetire.org/publications to view or download a copy.



VRS Retirement Plans and Benefits

VRS administers three retirement plans:

Plan 1

Plan 2

Hybrid

Membership date and position type determine a member's plan.

Contact VRS:



Call

888-827-3847

Monday–Friday, 8:30 a.m.–5 p.m.



Online

varetire.org



Connect

[linkedin.com/company/virginia-retirement-system](https://www.linkedin.com/company/virginia-retirement-system)



Watch

[youtube.com/@VARetirementSystem](https://www.youtube.com/@VARetirementSystem)

Defined Contribution Plans

- Hybrid Retirement Plan (defined contribution component)
- Commonwealth of Virginia 457 Deferred Compensation Plan
- Virginia Cash Match Plan 401(a)
- Virginia Supplemental Retirement Plan
- Optional Retirement Plan for Higher Education
- Optional Retirement Plan for Political Appointees
- Optional Retirement Plan for School Superintendents

Other VRS Benefits

- Basic Group Life Insurance
- Optional Group Life Insurance
- Health Insurance Credit
- Long-Term Care Programs
- Virginia Local Disability Program
- Virginia Sickness and Disability Program



PRO TIPS

- ▶ **A deferred member** has left covered employment but has not withdrawn funds and has service credit in VRS or an account balance in a Virginia optional retirement plan.
- ▶ **A defined benefit plan** provides a monthly benefit during retirement based on age, total service credit and average final compensation.
- ▶ **A defined contribution plan** provides a benefit based on contributions and any net investment returns on contributions.
- ▶ **For more detailed information on VRS active members**, please refer to the *2025 Annual Report*.

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