



September 19, 2025

**MEMORANDUM**

**TO:** VRS Board of Trustees

**FROM:** Patricia S. Bishop  
Director

**RE:** Agenda Materials for September 25<sup>th</sup> Board Meeting

We are looking forward to the September 25<sup>th</sup> Board meeting beginning at 1:00 p.m. in the VRS Boardroom (Chesapeake conference room) located at 1111 East Main Street, Bank of America - Pavilion Building, 3<sup>rd</sup> floor. Enclosed are the agenda and meeting materials. Boxed lunches will be available beginning at 12:00 p.m.

Listed below is a recap of the meetings scheduled for next week:

Meeting	Date	Location
Audit and Compliance Committee	Wednesday, September 24 <sup>th</sup> , 10:00 a.m.	Bank of America Pavilion, 1111 E. Main St., 3 <sup>rd</sup> floor, Chesapeake Conference Room
Administration, Finance and Talent Management Committee	Wednesday, September 24 <sup>th</sup> , 1:00 p.m.	Bank of America Pavilion, 1111 E. Main St., 3 <sup>rd</sup> floor, Chesapeake Conference Room
Board of Trustees	Thursday, September 25 <sup>th</sup> , 1:00 p.m.	Bank of America Pavilion, 1111 E. Main St., 3 <sup>rd</sup> floor, Chesapeake Conference Room

Again, we look forward to seeing you next week. If you have any questions, please feel free to contact me.

Attachments





**Board of Trustees Meeting**  
**VRS, 1111 E. Main St., 3rd Floor Board Room**  
**Thursday, 9/25/2025**  
**1:00 - 3:30 PM ET**

**I. Approve Minutes**

- **June 18, 2025**

- 6.18.25 Board Minutes - Page 4*

**II. Report of the Investment Advisory Committee**

**III. Report of the Chief Investment Officer**

- CIO Report - September 2025 - Page 16*

- CIO Quarterly Report - QE June 2025 - Page 27*

- Performance Summary 6.30.25 - Page 36*

- Performance Summary 7.31.25 - Page 37*

- Asset Allocation Report - July 2025 - Page 38*

- Daily Asset Allocation Report 9.15.25 - Page 39*

- New Investments and Terminations 9.25.25 - Page 40*

- DIME Quarterly Summary - QE June 2025 - Page 41*

- External Manager Referral Quarterly Summary - QE June 2025 - Page 46*

**IV. Annual CEM Benchmarking Report on Administration**

- CEM 2024 Pension Administration Benchmark Report - Page 47*

**V. Report of the Defined Contribution Plans Advisory Committee**

- Report of the Defined Contribution Plans Advisory Committee - 9.11.25 - Page 74*

- **RBA – Review ORPHE Contribution Rates**

- RBA - Review ORPHE Contribution Rates - Page 77*

- 2025 ORPHE Review of Contribution Rates Report - Page 78*

**VI. Report of the Audit and Compliance Committee**

- Report of the A&CC - Page 89*

- **RBA – Approve FY 2026 Audit Plan**

- RBA - Approve FY26 Annual Plan - Page 92*

- Proposed FY 2026 Annual Plan - Page 93*

- **RBA – FY 2025 Internal Audit Director's Performance Review**

- RBA - Audit Directors Performance Review - Page 95*

**VII. VII. Report of the Administration, Finance and Talent Management Committee**

- Report of the AFT Committee - Page 96*

- **RBA – Attainment of FY 2025 Agency Performance Outcomes (APOs) and Operational Measures**

- RBA - Attainment of FY2025 APOs and Operational Measures - Page 99*

- FY25 APO and OM Memorandum - Page 101*

- FY25 APO Final - Page 102*

- FY25 Operational Measures Final - Page 108*

- **RBA – FY 2025 Performance Bonuses for Eligible Administrative and Investment Operations and Administration Employees**

- RBA - Performance Bonuses (Eligible Administrative and Investment Operations and Administration Employees) - Page 126*



- **RBA – FY 2025 Incentive Pay for Investment Professionals**

*RBA - Approve Investment Incentive Pay FY2025 - Page 127*

*FY2025 Incentive Compensation Information - Page 129*

*FY25 Incentive Compensation Memorandum - Final - Page 130*

- **RBA – FY 2025 Director’s Performance Review**

*RBA - Approve Director's Performance Review - Page 131*

*DirectorReportFY25\_FINAL - Page 133*

- **RBA – Approve Amended Investment Operations and Administrative Pay Plan**

*RBA - Approve revised Investment Operations and Administration Staff Pay Plan - Page 156*

*Investment Operations and Administrative Pay Plan - Final September Redline - Page 157*

*Investment Operations and Administrative Pay Plan - Final September Clean - Page 169*

*4 25 25 - VRS - Investment Operations Benchmark Summary\_April 25 - Page 181*

- **RBA – Review and Authorize Budget Request to the Department of Planning and Budget**

*RBA - Authorize Budget Request to DPB Fall 2025 - Page 199*

- **RBA – Reapprove FOIA Electronic Meeting Policy**

*RBA - Affirm FOIA Electronic Meeting Policy - Page 200*

*FOIA Electronic Attendance Meeting Policy Final 2024 - Page 201*

**VIII. New Lease Space Update**

*Lease Space Update\_9-25-25 - Page 205*

**IX. Report of the Director**

*FY26 Agency Roadmap Update - August - Page 216*

*Director's Report - Page 218*



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## Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on June 18, 2025, in Richmond, Virginia with the following members participating:

Board members:

A. Scott Andrews, Chair  
Hon. J. Brandon Bell, II  
John M. Bennett (departed at 1:57 p.m.)  
J. Clifford Foster, IV  
Susan T. Gooden, Ph.D.  
Jessica L. Hood  
Hon. Matthew James (arrived at 1:03 p.m.)

VRS Staff:

Patricia Bishop, Jennifer Schreck, Andrew Junkin, Stephen Adelaar, John Alouf, Rory Badura, Parham Behrooz, Matt Bennett, Lee Buchanan, Jessica Budd, Caroline Cardwell, Dorothy Chiddo, Michael Cooper, David Cotter, Juanita Cribbs, Sara Denson, Valerie Disanto, Clara Falkenheim, Laurie Fennell, Laura Fields, Antonio Fisher, Holly Glass, Katie Grawe, JT Grier, Mehtab Haleem, Dane Honrado, K.C. Howell, Robert Irving, Sandy Jack, Ross Kasarda, LaShaunda King, Kristina Koutrakos, Austin Ledergerber, Chung Ma, Curt Mattson, Marvin Mendiola, Scott Mootz, Allison Nkansah, Walker Noland, Laura Pugliese, Paula Reid, Mark Rein, Garrett Rhodes, Jummai Sarki-Hurd, Dan Schlusser, Michael Scott, Richard Slate, Virginia Sowers, Emily Trent, Korey Turner, Leslie Weldon and Dan Whitlock.

Guests:

Lauren Albanese, Financial Investment News; Merrill Bajana, Osmosis; Graham Bippart, PEI Global; Alexandra Jansson and Kimberly Sarte, Joint Legislative Audit and Review Commission; Elizabeth Myers, Office of the Attorney General; Andrew Roper, Proto; and Bea Snidow, Virginia Education Association.

The meeting convened at 1:00 p.m.

### Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the June 18, 2025, meeting of the Virginia Retirement System Board of Trustees.

### Approval of Minutes

Following a motion by Mr. Bennett, and a second by Dr. Gooden, the VRS Board of Trustees unanimously approved the minutes from its April 16, 2025, meeting.



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### Report of the Chief Investment Officer

Andrew Junkin, Chief Investment Officer, began his report with a market overview and discussed asset allocation, total fund performance and tracking error, concluding that risk measures are within Board-approved levels. Mr. Junkin then discussed the New Investments and Terminations report. Mr. Junkin next presented changes to the Defined Benefit Plan Strategic Asset Allocation, the VRS Foreign Adversaries Policy, benchmarks for Public Equity, Private Equity and Private Investment Partnerships, and revisions to the Defined Benefit Plan Investment Policy Statement.

Upon a motion by Mr. Bennett, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

#### **RBA: Approve FY2026 Defined Benefit Plan Strategic Asset Allocation**

***Request for Board Action 2025-06-6:** The VRS Board of Trustees approves the FY2026 Defined Benefit Plan Strategic Asset Allocation and Allowable Ranges, effective July 1, 2025.*

Upon a motion by Delegate James, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

#### **RBA: Approve VRS Foreign Adversaries Policy**

***Request for Board Action 2025-06-7:** The VRS Board of Trustees approves the VRS Foreign Adversaries Policy.*

Upon a motion by Senator Bell, with a second by Delegate James, the VRS Board of Trustees approved the following action:

#### **RBA: Approve Benchmarks for Public Equity, Private Equity, and Private Investment Partnerships**

***Request for Board Action 2025-06-8:** The VRS Board of Trustees approves the recommended benchmarks for Public Equity, Private Equity, and Private Investment Partnerships.*

Upon a motion by Mr. Bennett, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

#### **RBA: Approve Revised Defined Benefit Plan Investment Policy Statement**

***Request for Board Action 2025-06-9:** The VRS Board of Trustees approves the revised Defined Benefit Plan Investment Policy Statement.*

Mr. Andrews thanked Mr. Junkin for his report.



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### **Report of the Defined Contribution Plans Advisory Committee**

The VRS Board of Trustees received the report of the Defined Contribution Plans Advisory Committee following its meeting on May 15, 2025, and placed it on file.

Del. James welcomed Committee members, Board members, agency officials, representatives from stakeholder groups, and other members of the public joining in person and through electronic means, to the DCPAC.

#### APPROVAL OF MINUTES

The Committee approved the minutes of its March 6, 2025, meeting.

#### ADMINISTRATION

##### Administrative Reports & Communications

Staff provided an overview of the Defined Contribution Plans, as well as an update on administrative reports for the first quarter of 2025, which included reviewing assets and accounts across the various plans. Staff advised the Committee that total Plan accounts were up slightly with assets remaining mostly unchanged since the end of the year due to market conditions.

Staff provided an update on the federal SECURE 2.0 legislation. Specifically, Section 603, which requires that age-based catch-up contributions made by employees earning wages greater than \$145,000 in the previous year be made as Roth contributions. This provision has a delayed implementation of January 2026. Voya will have webinars and targeted communications for employers regarding their responsibilities for administering this provision. Staff will work with Voya to create additional resources to help employers and participants manage contribution limits.

Staff provided an update on auto-escalation with the next escalation cycle being January 2026. It is estimated that there will be a 40% increase in the number of members being escalated since the last cycle. It was noted that hybrid voluntary contribution changes have moved from quarterly to monthly and hybrid plan members can opt out during the month of December.

##### DC Plans Recordkeeper Transition Update

Staff provided updates and statistics since the transition to Voya for web access, employer payroll processing, advice/managed accounts, communications, and education. VRS staff will continue to closely monitor participant and employer experience.

#### INVESTMENTS

##### Performance Reports

Staff provided an overview of the March 31, 2025, performance reports to the DCPAC, including the unbundled DC plans investment options and the bundled TIAA investment menu for ORPHE. Staff addressed market uncertainty and volatility. Staff shared that although the frequency of participant



trading recently increased, trading amounts were not material when considering each fund's total assets.

#### Morningstar 2025 Target Date Landscape Highlights

Staff provided highlights of Morningstar's Target Date Landscape report. Staff reported collective investment trusts (CITs) took over from mutual funds as the most used investment vehicle. Staff discussed the trend of favoring low-priced, index-based/passive offerings over active and blend alternatives, fees continuing a downward trend and asset allocation (equity) glidepaths becoming more aggressive and similar over time. Staff shared that notable new product launches included target date funds with features to address retirement income.

#### Foreign Adversaries Update

Staff provided an update on the foreign adversary policy approved by the Board last November and will be implemented July 1<sup>st</sup>. The policy will impact both DB and DC plans. The approved policy focuses on existing exposure to foreign adversaries as currently defined by the Secretary of Commerce. The Virginia Retirement System Board of Trustees authorized the CIO to pursue a policy related to current and future investments in countries designated as foreign adversaries by the Office of the Secretary of Commerce. This policy may include restricting some or all of such investments, and the relevant benchmarks used by VRS for such investments, in the designated countries. The Board further determined that such a policy is consistent with VRS' fiduciary duty. The current foreign adversaries list includes Russia, North Korea, Iran, Cuba of which we have no exposure. China is the primary exposure in the VRS portfolio.

#### OTHER BUSINESS

##### DCPAC Appointments

Staff informed the Committee that both Dave Winter and Rick Larson will be retiring. Their current terms will expire June 20, 2025.

Staff further informed the Committee of the request for appointment of Rebecca Fentress and September Sanderlin, each to a two-year term ending June 20, 2027.

##### *Recommend RBA for Appointment of DCPAC Member*

The Committee recommended approval of the following action to the Administration, Finance and Talent Management Committee. The Administration, Finance and Talent Management Committee will provide their recommendation to the Board.

#### DISCUSSION OF NEW IDEAS

Staff discussed Lifetime Retirement Income. The investment team has been speaking to providers and will be collaborating with internal teams to see what works better for members. The committee will be engaged in this process once more information is received.

#### 2025 MEETINGS



Del. James confirmed the remaining DCPAC meeting dates in 2025, all at 1:00 p.m.:

- Thursday, September 11<sup>th</sup>
- Thursday, December 4<sup>th</sup>

There was no other business to come before the Committee.

Mr. Andrews thanked Delegate James for his report.

### **Report of the Benefits and Actuarial Committee**

The VRS Board of Trustees received the report of the Benefits and Actuarial Committee following its meeting on June 9, 2025, and placed it on file.

### APPROVAL OF MINUTES

The Committee approved the minutes of its April 15, 2025, meeting.

### ELECTION OF COMMITTEE VICE CHAIR

The Committee unanimously approved the nomination of Lindsey Pantele to continue serving as Committee Vice Chair.

### PURCHASE OF PRIOR SERVICE NORMAL COST ADJUSTMENTS

Rory Badura, Senior Staff Actuary, presented the proposed normal cost rates for the purchase of prior service for Plan 1, Plan 2, and Hybrid Plan members. Mr. Badura explained that members are eligible to purchase prior service at any point while employed as an active VRS member, however, there is a two-year period of time to purchase most types of service at approximate normal cost rates before the cost changes to an actuarial equivalent cost. The approximate normal cost rates are updated every four years following the Board's acceptance of the new assumptions associated with the quadrennial experience study. The actuarial equivalent cost rates are developed by the Plan Actuary based on the assumptions and demographic data from the prior year valuations.

The following are the proposed normal cost rates for current active members across each of the plans and their respective member groups:

- Plan 1: 12.50% for regular VRS members, 23.78% for Hazardous Duty employees, and 31.97% for judges.
- Plan 2: 10.74% for regular VRS members, 19.15% for Hazardous Duty employees, and 29.67% for judges.
- Hybrid Plan: 6.68% for regular VRS members and 19.21% for judges.
- Alternate Hazardous Duty: 10.01% for certain hazardous duty employees whose employers have not adopted all hazardous duty benefits for their hazardous duty employees.



Upon a motion by Mr. Bennett, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

**RBA: Approve Updated Rates for Purchase of Prior Service for Plan 1, Plan 2, and Hybrid Members, effective July 1, 2025**

***Request for Board Action 2025-06-10:** The Board determines, after considering the recommendations of the Plan Actuary, that effective July 1, 2025, the rates for Plan 1 members to purchase prior service shall be 12.50% for regular VRS members, 23.78% for hazardous duty employees, and 31.97% for judges; that the rates for Plan 2 members to purchase prior service shall be 10.74% for regular VRS members, 19.15% for hazardous duty employees, and 29.67% for judges; that the rates for Hybrid Plan members to purchase prior service shall be 6.68% for regular VRS members and 19.21% for judges, and an alternative rate of 10.01% for certain affected hazardous duty employees whose employers have not adopted all the enhanced benefits for their hazardous duty employees.*

RECOMMENDATIONS FROM EXPERIENCE STUDY – ADJUSTMENTS TO FUNDING POLICY

Mr. Badura reviewed the recommended changes to the VRS Funding Policy as a result of the recent Experience Study conducted by the Plan Actuary, Gabriel, Roeder, Smith & Company (GRS). The proposed changes establish strategies for amortizing surpluses in the statewide pension and other postemployment benefit plans once a plan reaches 100% funded status. These strategies help to protect the plan's funded status by requiring plans to achieve 120% funded status prior to recognizing or amortizing funding surpluses.

Upon a motion by Mr. Bennett, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

**RBA: Amend VRS Funding Policy Statement Regarding the Surplus Funding Policy for Statewide Plans**

***Request for Board Action 2025-06-11:** The Board approves the changes to the VRS Funding Policy Statement (Funding Policy) regarding how to amortize surpluses in the statewide pension and other postemployment benefit (OPEB) plans once any such plan reaches 100% funded status. Effective July 1, 2025, a surplus credit in the derivation of the employer contribution amount will be recognized for a plan once the plan reaches a funded status of 120% on an actuarial value of assets (AVA) basis. The amortization of any overfunding over 100% funded status will use a rolling 20-year period.*

INFORMATION ITEM

FACTORS STUDY: EARLY RETIREMENT FACTORS ANALYSIS UPDATE

Mr. Badura presented an update on the Early Retirement Factors (ERF) Study to the Committee. Mr. Badura advised that generally pension plans are designed to provide a benefit that begins at normal retirement age, however, VRS plans allow members to retire earlier than the normal age if certain criteria is met. Members who satisfy these criteria and retire early will have the early retirement factors applied to their benefit to offset the increased cost to the retirement plan of paying benefits for a longer



period of time. The early retirement factors are calculated based on the length of time before normal retirement age, the member's age and the amount of service credit.

Mr. Badura advised the first phase of the retirement factors reviews was implemented in August 2024 and involved the optional form factors for joint and survivors, Partial Lump-sum Options (PLOP), and the Advanced Pension Option (APO). Next steps include reviewing the early retirement reduction factors, analyzing the factors by benefit tier and comparing VRS factors to other public section plans. Staff will then develop a proposal if it is determined that an update on the early retirement factors is needed.

#### OTHER BUSINESS

Mr. Bennett advised the Committee is scheduled to meet next in October to receive the actuarial valuations presented by the plan actuary, Gabriel, Roeder, Smith & Company (GRS). In preparation of the meeting, staff will provide an update on the pension dashboard to include in the September Board of Trustees meeting.

Mr. Andrews thanked Mr. Bennett for his report.

#### **Reports of the Administration, Finance and Talent Committee**

The VRS Board of Trustees received the report of the Administration, Finance and Talent Committee following its meeting on May 20, 2025, and placed it on file.

#### APPROVAL OF MINUTES

The Committee approved the minutes of its April 16, 2025, meeting.

#### DISCUSSION AND CONSIDERATION OF FY 2026 AGENCY PERFORMANCE OUTCOMES (APOS) AND OPERATIONAL MEASURES (OMS)

Michael Cooper, Chief Operating Officer, reviewed the proposed agency performance outcomes (APOS) and operational measures (OMS) for fiscal year 2026. Mr. Cooper noted that the APOS are considered stretch goals for the organization, requiring input across all business units, and operational measures reflect the agency's day-to-day business operations. Meeting the targets for the APOS and OMS is required in order for staff to be eligible for the agency's gainsharing bonus.

Mr. Cooper advised that there are 16 operational measures, with a goal of meeting the target for at least 13 of the 16 measures. In addition, the agency is piloting three new measures in FY 2026 that do not count toward the OM target. Four APOS are proposed for FY 2026, with a goal of accomplishing at least three to meet the gainsharing bonus requirement. Mr. Cooper advised that a placeholder was provided for an APO related to the VNAV initiative and the components will be provided at the committee's June 17 meeting after the conclusion of the ongoing VNAV visioning work being conducted by staff.



The APOs and OMs will be presented again at the June 17 committee meeting, at which time a Request for Board Action (RBA) will be considered.

#### REAPPOINTMENT OF INVESTMENT ADVISORY COMMITTEE (IAC) CHAIRPERSON

Andrew Junkin, Chief Investment Officer, informed the committee that Lawrence Kochard's current term as Chairperson of the Investment Advisory Committee (IAC) expires June 1, 2025. Mr. Kochard is willing to continue to serve in the role of Chairperson.

Upon a motion by Mr. Bennett, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

#### **RBA: Reappoint IAC Chairperson**

***Request for Board Action 2025-06-13: The Board reappoints Lawrence E. Kochard as Chairperson of the Investment Advisory Committee (IAC) for a two-year term ending May 31, 2027.***

#### APPOINTMENT OF DEFINED CONTRIBUTION PLANS ADVISORY COMMITTEE (DCPAC) MEMBERS

Trish Bishop, Director, informed the committee of two new appointments proposed for the Defined Contribution Plans Advisory Committee (DCPAC). Ms. Bishop advised that current members Rick Larson and David Winter are retiring and, therefore, wish to have their expiring terms on DCPAC be filled by new members.

Upon a motion by Dr. Gooden, with a second by Mr. Bennett, the VRS Board of Trustees approved the following action:

#### **RBA: Appointment of DCPAC Members**

***Request for Board Action 2025-06-14: The Board appoints Rebecca Fentress and September Sanderlin to the Defined Contribution Plans Advisory Committee (DCPAC) for two-year terms ending June 20, 2027.***

#### SUCCESSION MANAGEMENT UPDATE

Paula Reid, Human Resources Director, provided an update on the agency's succession management program. Ms. Reid outlined VRS' planned efforts to support succession management, including an increased emphasis on establishing standard operating procedures, further enhancing ways to capture knowledge, reviewing job descriptions and identifying career ladders, as appropriate, and continuing senior leadership discussions about succession management and bench strength.

#### LEASE SPACE UPDATE

Mr. Cooper presented an update on the agency's transition to new lease space. Mr. Cooper shared that the feedback on the new member counseling center at Reynolds Crossing is overwhelmingly positive, including its location and ease of access for visitors. The agency has also entered into a lease agreement for approximately 60,000 square feet of space in One James Center, to relocate staff currently working in the Bank of America building as that lease has expired. The new space will be modern, bright and



collaborative, and will also include a state-of-the-art board room. The current project schedule estimates a move to the new space in January 2026.

Mr. Andrews concluded the Report of the Administration, Finance and Talent Committee from the May 20, 2025, meeting.

The VRS Board of Trustees next received the report of the Administration, Finance and Talent Committee following its meeting on June 17, 2025, and placed it on file.

#### APPROVAL OF MINUTES

The Committee approved the minutes of its May 20, 2025, meeting.

#### APPOINTMENT OF INVESTMENT ADVISORY COMMITTEE (IAC) MEMBER

Andrew Junkin, Chief Investment Officer, informed the committee that Mr. Eric Baggesen has agreed to serve on the Investment Advisory Committee (IAC), filling the existing vacancy. Mr. Junkin advised that Mr. Baggesen has significant experience in managing asset allocations and risk management in the public pension space, including in his most recent role as the Chief Investment Officer with the Rhode Island Office of the General Treasurer.

Upon a motion by Dr. Gooden, with a second by Mr. Bennett, the VRS Board of Trustees approved the following action:

#### **RBA: Appointment of IAC Member**

***Request for Board Action 2025-06-15:*** The Board appoints Eric B. Baggesen for a two-year term ending June 20, 2027.

#### DISCUSSION AND CONSIDERATION OF FY 2026 AGENCY PERFORMANCE OUTCOMES (APOS) AND OPERATIONAL MEASURES (OMS)

Michael Cooper, Chief Operating Officer, reviewed the proposed agency performance outcomes (APOs) and operational measures (OMs) for fiscal year 2026, which were previously presented at the committee's May 20<sup>th</sup> meeting. Mr. Cooper provided the components for the APO related to VNAV, which was not available at the May meeting as staff was completing its VNAV visioning initiative. Staff must complete three of the four APOs and meet the target for at least 13 of the 16 OMs to be eligible for the agency's gainsharing bonus.

Upon a motion by Dr. Gooden, with a second by Mr. Bennett, the VRS Board of Trustees approved the following action:

#### **RBA: Approve FY 2026 APOs and Operational Measures**

***Request for Board Action 2025-06-12:*** The Board approves the FY 2026 Agency Performance Outcomes and Agency Operational Measures.



Mr. Andrews concluded the Report of the Administration, Finance and Talent Committee from the June 17, 2025, meeting.

### **Report of the Audit and Compliance Committee**

The VRS Board of Trustees received the report of the Audit and Compliance Committee following its meeting on June 17, 2025, and placed it on file.

#### APPROVAL OF MINUTES

The committee approved the minutes of its April 15, 2025, meeting.

#### ELECTION OF COMMITTEE VICE CHAIR

The committee nominated and elected Mr. J. Clifford Foster to serve as the committee's vice chair.

#### STATUS UPDATE ON THE 2024 EMPLOYER ASSURANCES REVIEW

The Auditor of Public Accounts (APA) reported the Employer Assurances Review, covering GASB Statements No. 68 and 75, is progressing as planned. The APA indicated they should conclude their work over the pension and other post-employment benefit plans and issue the related opinions later this month and in July, respectively.

#### ENTRANCE WITH THE APA FOR THE VRS 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT AUDIT

The committee held its annual entrance conference with the APA to review the approach and scope of the examination of VRS' Annual Comprehensive Financial Report for the fiscal year ending June 30, 2025.

#### AUDIT REPORT

The committee received one audit report.

- The review of *Retirement Disbursements* determined VRS monthly disbursement processes are working as expected and changes to monthly benefits are valid and accurate.

#### TRANSITIONAL INTERNAL AUDIT FY 2026 – FY 2027 STRATEGIC PLAN AND PERFORMANCE MEASURES

The Internal Audit Director presented the Internal Audit Strategic Plan for FY 2026 through FY 2027 including three goals and related initiatives, measures and targets aligned with VRS' Strategic Plan for 2022 – 2026. The director also discussed the planned departmental performance reporting with the committee. The committee approved the plan and measures.

#### MISCELLANEOUS UPDATES

The committee received the following miscellaneous updates:

##### Quarterly Report on Fraud, Waste and Abuse Hotline Cases



There were no Fraud, Waste and Abuse Hotline complaints reported to Internal Audit via the Office of the State Inspector General or other sources during the period of February 1, 2025, through April 30, 2025.

Management's Quarterly Travel Expense and Per Diem Report

The committee received management's Quarterly Travel Expense and Per Diem report.

NEXT COMMITTEE MEETING DATE

The committee's next meeting is scheduled for Wednesday, September 24, 2025, at 10 a.m.

Mr. Andrews thanked Senator Bell for his report.

**Custodial and Signature Authorization Resolutions**

Trish Bishop, VRS Director, presented an amendment for consideration to the Resolution for Master Custodial Services to add the Investments Information Quality Manager, which is a new title, to those permitted to open and close accounts. Further, Ms. Bishop presented an amendment to the Resolution for Payment of Retirement System Funds in the State Treasury and Signing Official Documents to add the Senior Procurement Analyst to sign purchase orders or contracts not exceeding \$30,000.00. Upon a motion by Mr. Andrews, with a second by Senator Bell, the VRS Board of Trustees approved the amendments as presented to the Resolution for Master Custodial Services and the Resolution for Payment of Retirement System Funds in the State Treasury and Signing Official Documents.

**Report of the Director**

Ms. Bishop, Director, began her report with an update on the agency road map for FY 2025, noting all projects are progressing and will be accomplished as planned, as well as a review of New Coverage Elections.

Ms. Bishop then provided the following updates to the Board:

- Conflict of Interest training is required by all board members every two years. Communication will be sent with instructions and the completion deadline.
- VRS was recently recognized with the Philanthropy Excellence Award for the highest amount donated to the 2024 Commonwealth of Virginia Campaign (CVC) in the agency size 100-500 category. Acknowledgement of individual staff contributions were announced.
- An overview of Actuarial Measures and Key Indicators for fiscal year 2025 was provided. The overview included a comparison of the actual fund market value versus the expected market value based on plan assumptions for FY 2025, a comparison of pension cash flows for fiscal year 2024 versus 2025, as well as the average increase in CPI year to date.
- The Joint Legislative Audit & Review Commission (JLARC) will hold its annual review on July 14, 2025. Mr. Junkin, Ms. Sandy Jack and Mr. Andrews will be presenting the annual VRS agency update.
- Summer interns contributing to several areas at VRS, including Finance, Customer Programs, Public Relations, Agency Operations and Investments were introduced to the Board.
- A preview of upcoming board and committee meetings was provided.



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DPB Deficit Provision Acknowledgement Form

Ms. Bishop noted that annually VRS and other state agencies are required to confirm that their obligations and expenditures do not exceed their appropriations. She advised that VRS expenditures and obligations do not exceed appropriations. The reporting form specifically states that each member of the Board has been provided with a copy of the notice. The executed form will be sent to the Department of Planning and Budget.

Mr. Andrews thanked Ms. Bishop for her report.

**Other Business**

Lastly, Mr. Andrews confirmed the following meeting schedule:

- Board of Trustees – July 10 – Cancelled.
- Investment Advisory Committee – August 20 at 9:00 a.m.
- Defined Contribution Plans Advisory Committee – September 11 at 1:00 p.m.
- Audit and Compliance Committee – September 24 at 10:00 a.m.
- Administration, Finance and Talent Management Committee – September 24 at 1:00 p.m.
- Board of Trustees – September 25 at 1:00 p.m.

**Adjournment**

There being no further business and following a motion by Senator Bell, with a second by Delegate James, the VRS Board of Trustees agreed to adjourn the meeting at 2:10 p.m.

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Chair

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Secretary





# Chief Investment Officer Report

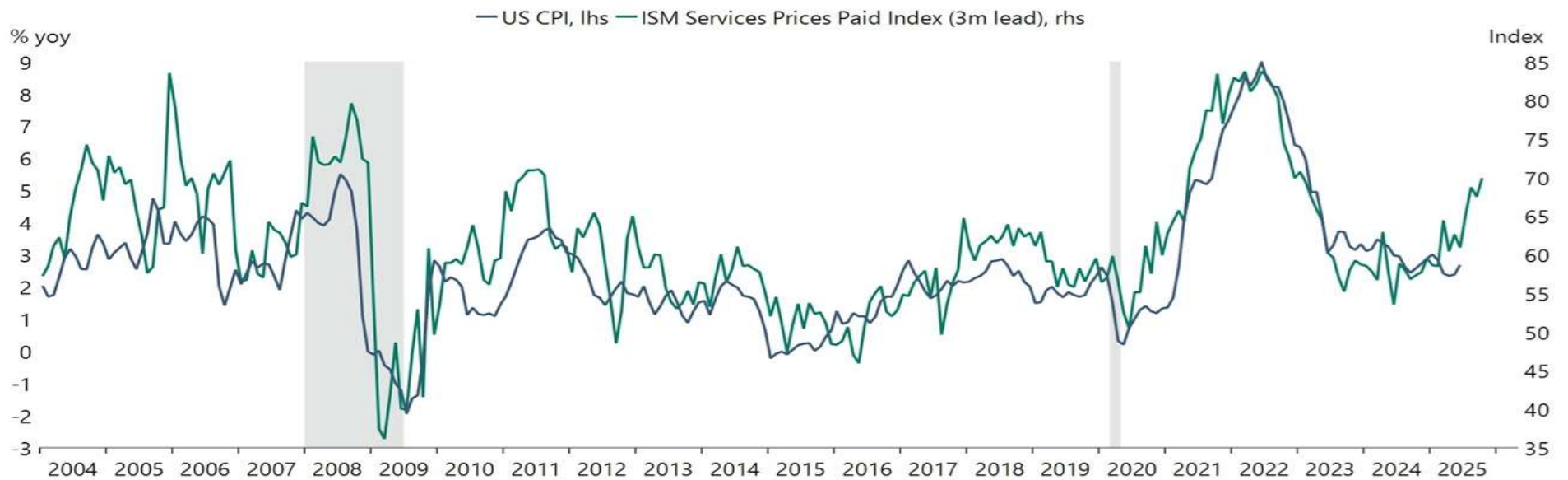
Market Review – September 2025  
Andrew Junkin



# Indicator of potential inflation

Inflation pressures intensifying

APOLLO





# Tariff effect not fully evident yet?

Who Is Feeling the Tariff Pain: % Impact by Key Channel from Feb to June							
	Exporter	Retailer	Consumer	Total (Exporter + Retailer + Consumer)	Expected Tariff-Driven Increase	Percentage Absorbed	Remaining (% Pts)
Toys & Games	-0.1	1.2	2.4	3.4	19.2	17.7%	15.8
Furniture	-0.7	0.0	1.6	0.9	14.8	6.3%	13.8
Computers	0.4	0.2	3.5	4.1	17.5	23.2%	13.5
Footwear	0.4	0.0	-0.4	0.0	12.8	0.0%	12.9
Apparel	1.9	0.0	0.2	2.1	12.8	16.1%	10.8
Autos	-0.3	0.0	-0.5	-0.9	8.2	0.0%	9.1
Audio & Video Equip	0.2	3.9	2.1	6.1	13.5	45.4%	7.4
Sporting Goods	-0.1	0.0	1.8	1.7	8.4	20.5%	6.7
Personal Care Products	1.4	0.0	0.0	1.4	6.7	20.6%	5.3
Cleaning Products	0.7	0.0	0.7	1.4	6.7	21.2%	5.3
Auto Parts	0.1	0.0	1.2	1.3	4.1	30.5%	2.9
Office Supplies	1.0	3.5	-0.5	4.0	6.9	58.6%	2.9
Major HH Appliances	-0.5	0.0	5.7	5.2	7.0	74.1%	1.8
Garden Equip	-1.2	7.3	0.5	6.7	8.3	80.1%	1.7
<b>AVERAGE</b>	<b>0.2</b>	<b>1.1</b>	<b>1.3</b>	<b>2.7</b>	<b>10.5</b>	<b>29.6%</b>	<b>7.8</b>

Note: We use the following proxies, and dark grey means > absorption via lower import prices and margins, or higher inflation:

Exporter = Import Price x Import Share x -1

Retailer = PPI Retail Margin x -1, if the margin has declined

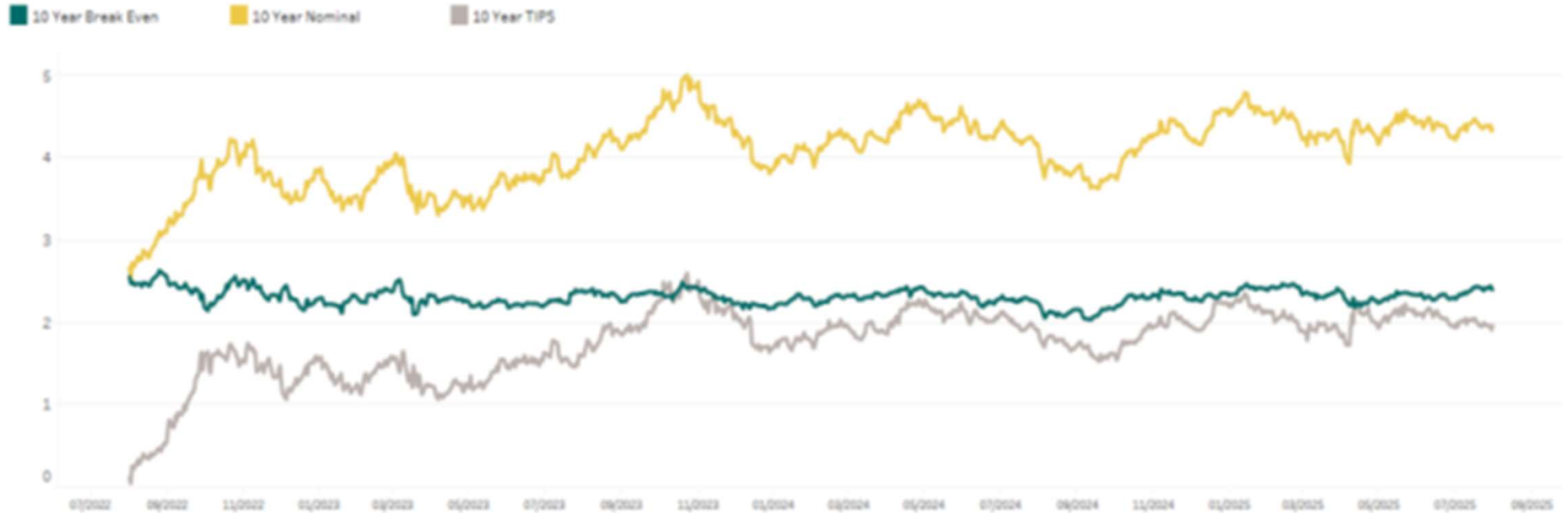
Consumer = CPI

Source: Wolfe Research, Haver Analytics as of 6/30/2025, assumes Section 232 tariffs.



# Rate Moves (10Y Nominal, Real & BEI)

Effective Date  
To 7/31/2025 12:00:00 AM



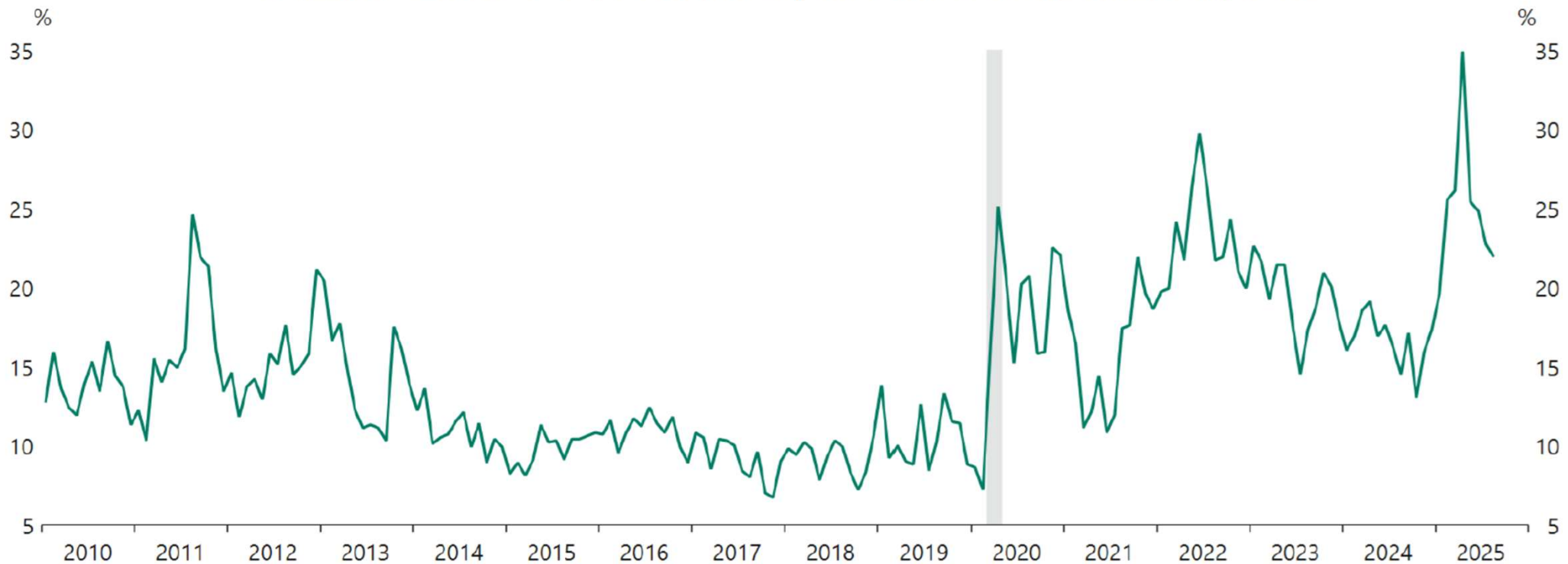
Data Source: Bloomberg

\*\* Implied curve replaced with Dec 2024 index which started in June 2023.



# Consumer Health

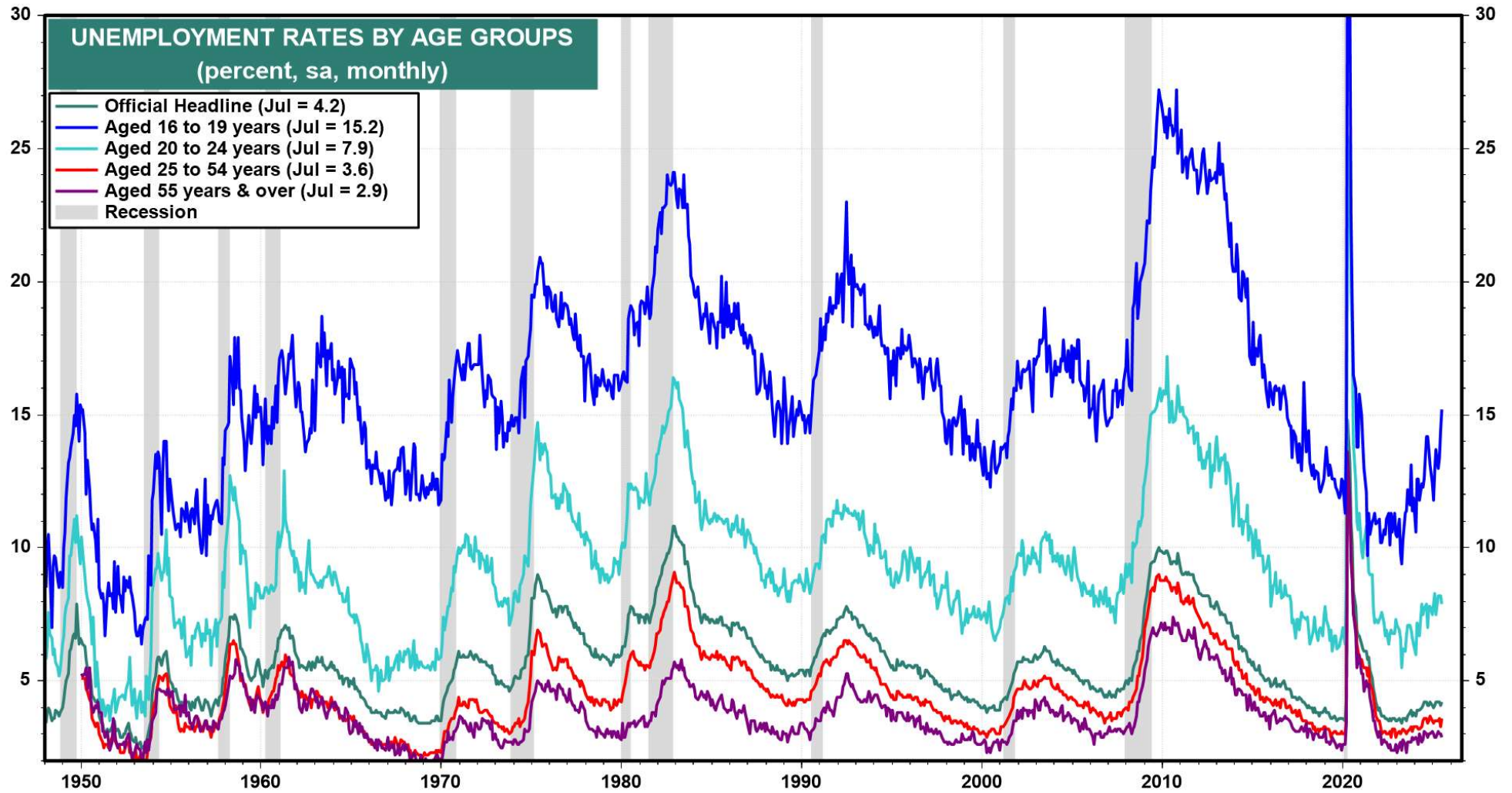
Consumer Confidence next 6 months expectations: Business conditions, worse



Source: Conference Board, Macrobond, Apollo Chief Economist



# Unemployment

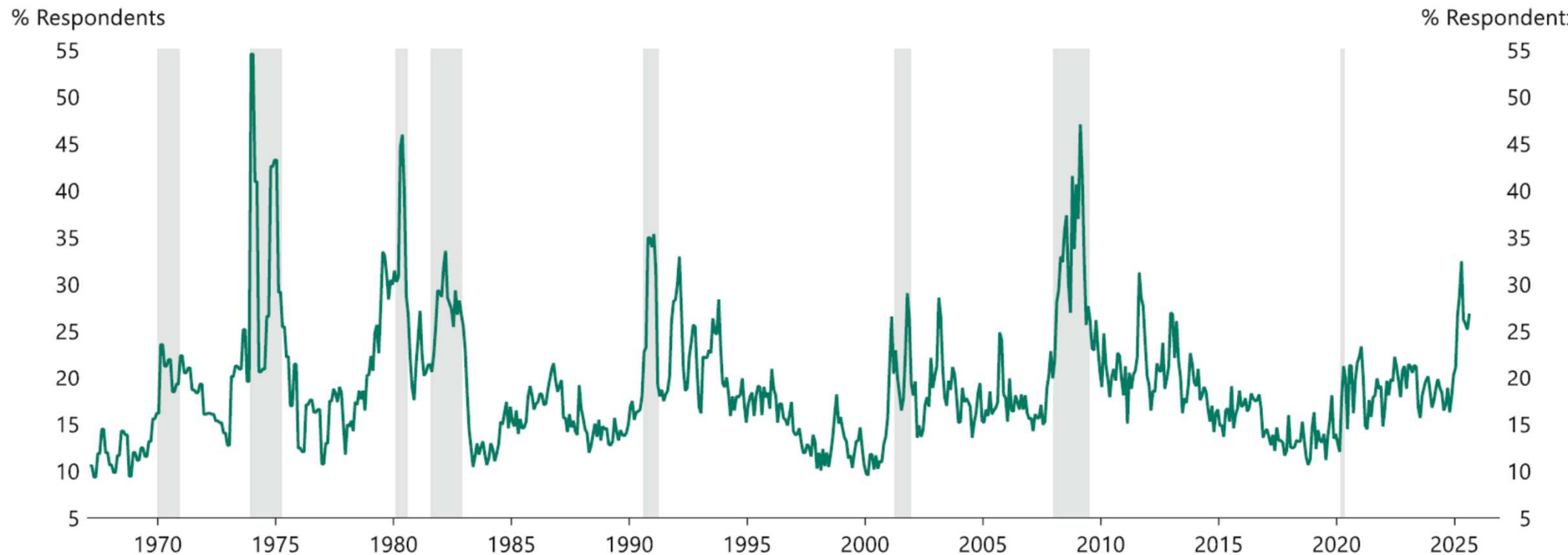


Source: LSEG Datastream and © Yardeni Research. Bureau of Labor Statistics.



# Employment Expectations

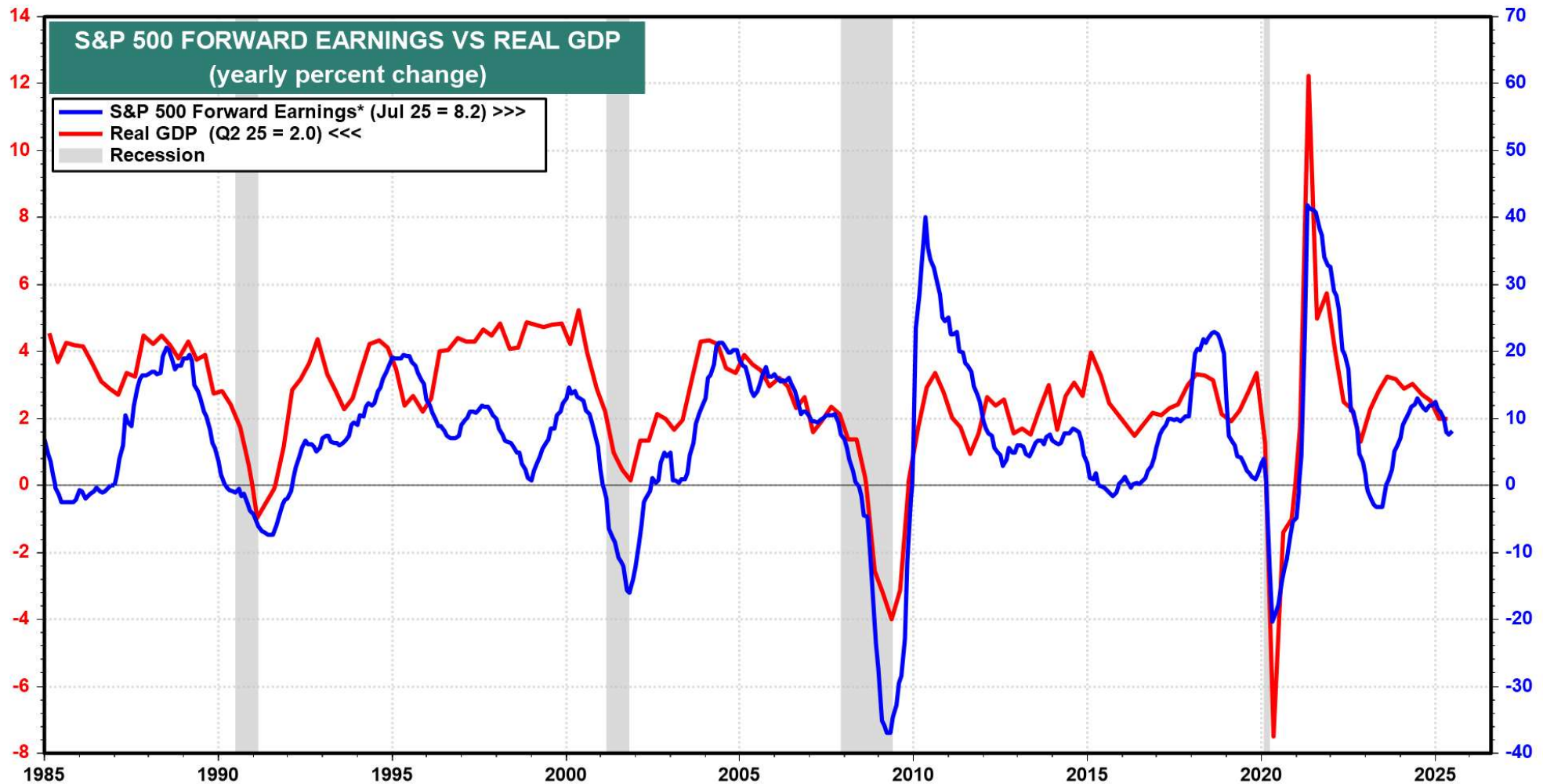
Consumer Confidence next 6 months expectations: Employment, fewer jobs



Source: Conference Board, Macrobond, Apollo Chief Economist



# Earnings growth forecast remains positive

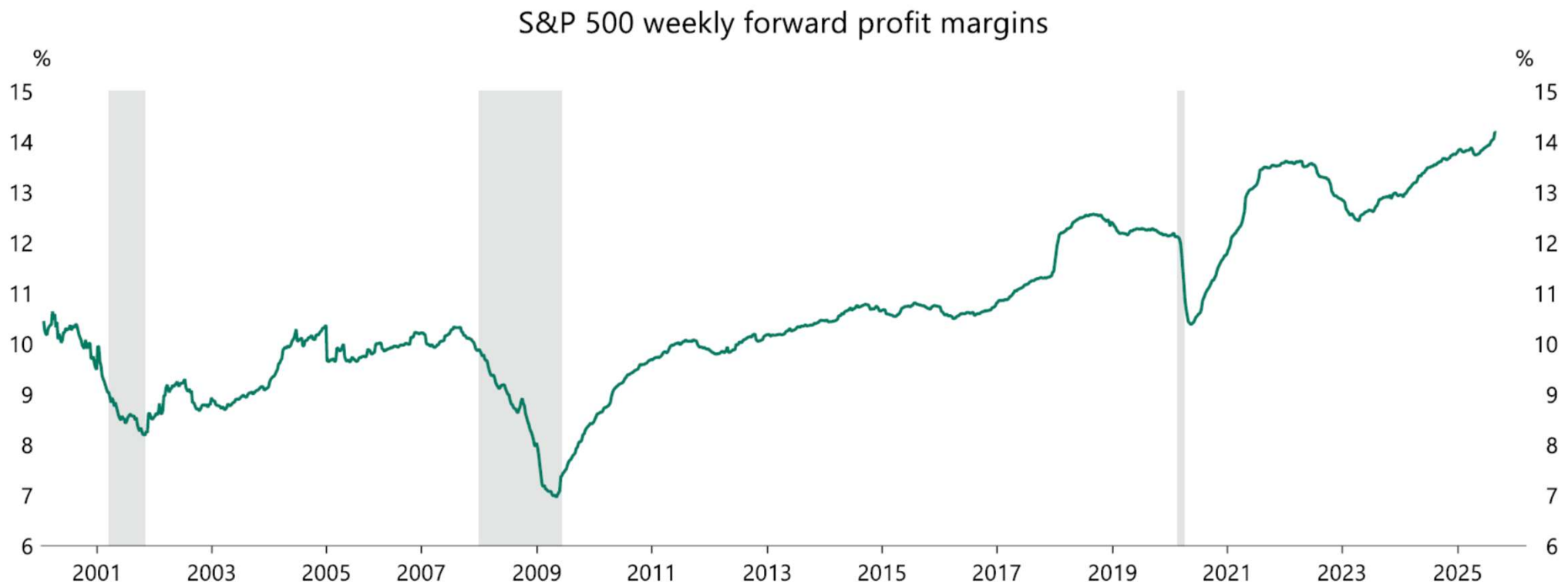


Source: LSEG Datastream and © Yardeni Research, and Bureau of Economic Analysis.

\* Time-weighted average of analysts' consensus estimates for S&P 500 earnings per share for current and next year.



# Profit margins at record highs

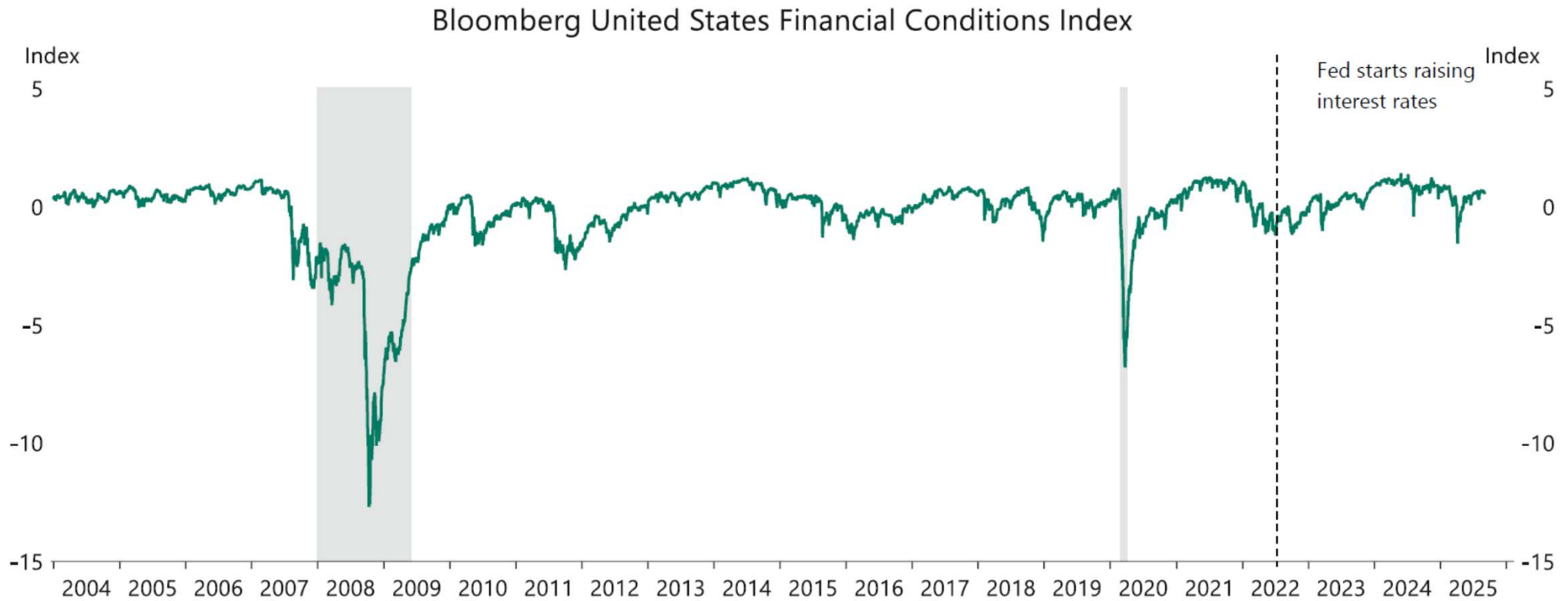


Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: The 12 months forward profit margins are calculated by using the weighted average of 1FY (current year estimate) and 2FY (next year estimate) to smooth out fiscal year transitions.



# Federal Reserve

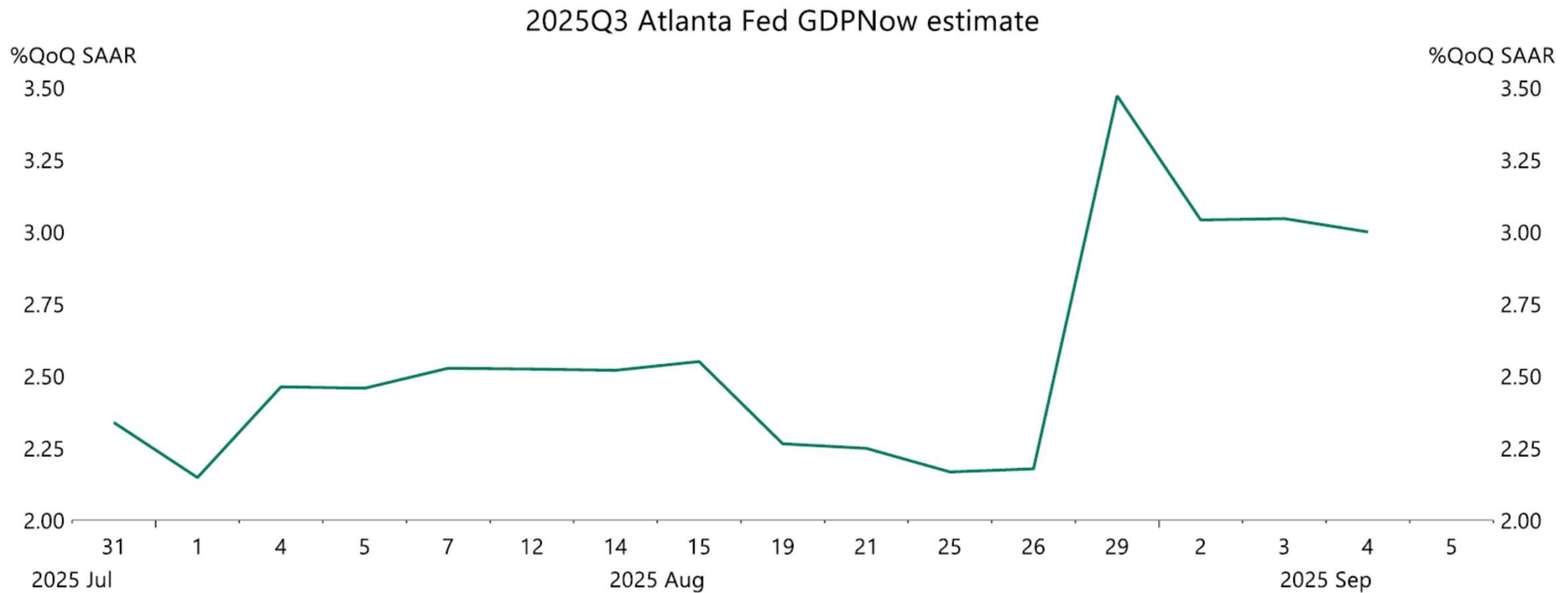
Financial conditions today are easier than when the Fed started raising interest rates



Source: Bloomberg, Macrobond, Apollo Chief Economist



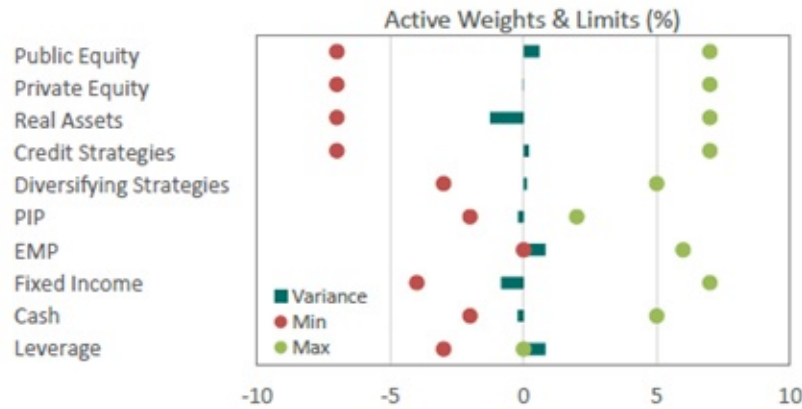
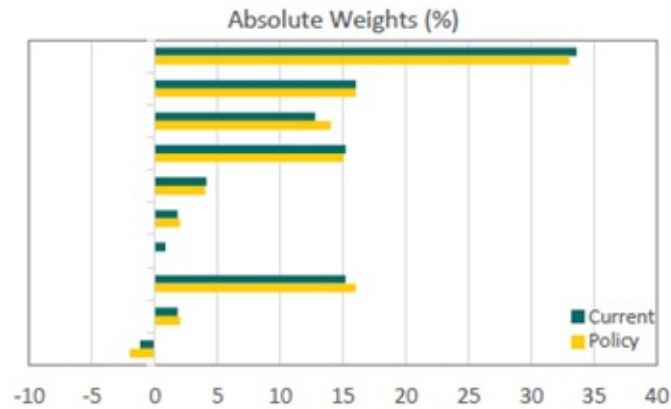
# Economy is still growing



Source: Federal Reserve Bank of Atlanta, Macrobond, Apollo Chief Economist



# Asset Allocation - June 30, 2025



Tracking Error (%)	
5Yr Fund	2.4
5Yr Public	1.6

Asset Class	Billions (\$)	Weights (%)					
		Current	Policy	Variance	Min	Max	Internal
Public Equity	41.3	33.6	33.0	0.6	26	40	51
Private Equity	19.6	16.0	16.0	0.0	9	23	12
Real Assets	15.7	12.7	14.0	-1.3	7	21	17
Credit Strategies	18.7	15.2	15.0	0.2	8	22	5
Diversifying Strategies	5.0	4.1	4.0	0.1	1	9	0
Private Investment Partnerships (PIP)	2.2	1.8	2.0	-0.2	0	4	0
Exposure Management Portfolio (EMP)	1.0	0.8	0.0	0.8	0	6	0
Fixed Income	18.6	15.2	16.0	-0.8	12	23	95
Cash	2.2	1.8	2.0	-0.2	0	7	0
Leverage	-1.5	-1.2	-2.0	0.8	-3	0	0
<b>Total Fund (Net Market Value)</b>	<b>122.8</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	n.a.	n.a.	<b>37</b>
<b>Total Fund (Gross Market Value)</b>	<b>124.3</b>	<b>101.2</b>	<b>102.0</b>	<b>-0.8</b>	n.a.	n.a.	<b>0</b>

Exposures by Policy Groups							
Public + Private Equity	60.9	49.6	49	0.6	39	59	n.a.
Fixed Income + Cash	20.8	16.9	18	-1.1	12	27	n.a.

Total Fund includes the following amount held by the Treasurer of VA: \$490 million

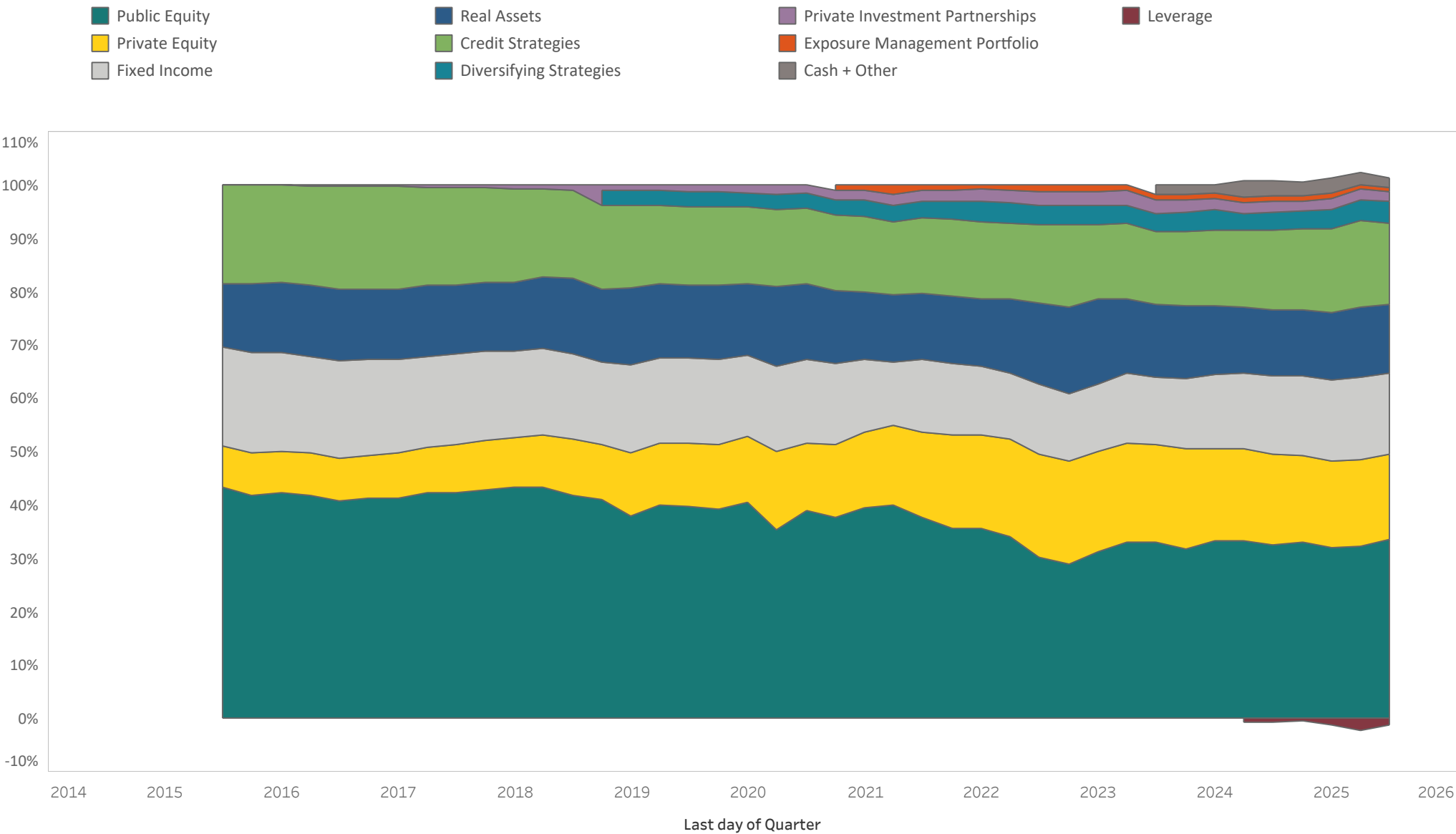
The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied)

The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history as of 6/30/2025.

Differences in totals are due to rounding



# Asset Allocation Rolling 10-Year





# Performance - June 30, 2025

	(Net of Fees)						Fiscal YTD	Cal YTD	Market Value (\$MM)
	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month			
<b>Total Public Equity</b>	<b>9.8</b>	<b>14.5</b>	<b>17.9</b>	<b>17.8</b>	<b>10.9</b>	<b>4.1</b>	<b>17.8</b>	<b>11.5</b>	<b>41,258</b>
<i>Benchmark</i>	9.8	13.7	17.1	16.7	10.4	3.9	16.7	10.3	
<b>Total Private Equity</b>	<b>14.1</b>	<b>16.9</b>	<b>3.6</b>	<b>5.7</b>	<b>1.8</b>	<b>1.5</b>	<b>5.7</b>	<b>3.3</b>	<b>19,643</b>
<i>Benchmark</i>	11.1	15.8	7.3	7.4	-1.4	-4.3	7.4	-1.9	
<b>Total Real Assets</b>	<b>7.4</b>	<b>6.7</b>	<b>0.7</b>	<b>3.7</b>	<b>1.3</b>	<b>1.3</b>	<b>3.7</b>	<b>2.2</b>	<b>15,653</b>
<i>Benchmark</i>	5.4	3.9	-1.3	2.9	1.3	0.4	2.9	2.3	
<b>Total Credit Strategies</b>	<b>6.9</b>	<b>9.1</b>	<b>8.8</b>	<b>9.1</b>	<b>1.8</b>	<b>1.4</b>	<b>9.1</b>	<b>3.7</b>	<b>18,665</b>
<i>Benchmark</i>	5.6	6.4	9.4	8.3	2.9	1.3	8.3	3.8	
<b>Total Diversifying Strategies</b>	<b>n/a</b>	<b>7.0</b>	<b>7.0</b>	<b>3.6</b>	<b>-0.5</b>	<b>0.0</b>	<b>3.6</b>	<b>2.6</b>	<b>5,044</b>
<i>Benchmark</i>	n/a	6.1	7.9	7.2	1.7	0.5	7.2	3.3	
<b>Total Private Investment Partnerships</b>	<b>9.0</b>	<b>12.9</b>	<b>6.3</b>	<b>8.8</b>	<b>2.6</b>	<b>2.8</b>	<b>8.8</b>	<b>2.4</b>	<b>2,215</b>
<i>Benchmark</i>	7.8	9.3	5.3	6.2	1.0	-0.9	6.2	1.5	
<b>Total Fixed Income</b>	<b>2.7</b>	<b>0.6</b>	<b>3.7</b>	<b>6.9</b>	<b>1.3</b>	<b>1.7</b>	<b>6.9</b>	<b>4.4</b>	<b>18,615</b>
<i>Benchmark</i>	1.9	-0.3	3.2	6.4	1.4	1.6	6.4	4.1	
<b>Total Fund</b>	<b>8.1</b>	<b>10.4</b>	<b>8.6</b>	<b>9.9</b>	<b>4.4</b>	<b>2.3</b>	<b>9.9</b>	<b>5.9</b>	<b>122,827</b>
<i>VRS Custom Benchmark</i>	7.3	9.0	9.2	9.7	4.0	1.1	9.7	4.8	

Effective July 2013, the VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

Effective January 2024, the Total Fund includes leverage.

The VRS Cash Account, the Treasurer Short-Term Investment Account, the VRS Rebalancing Account, transition activity and accounts with market values of less than \$1 million are included in the Total Fund's market value. Differences in market value totals are due to rounding.

The Performance Report may differ from the VRS Annual Comprehensive Financial Report (ACFR) due to each report's requirements and objectives.

## **Leverage Cost Measurement Information** (Information provided for purposes of monitoring the cost effectiveness of leverage implementation.)

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
<b>Leverage</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>5.5</b>	<b>1.2</b>	<b>0.4</b>	<b>5.5</b>	<b>2.5</b>	<b>(1,458)</b>
<i>Benchmark</i>	n/a	n/a	n/a	5.4	1.2	0.4	5.4	2.4	

Effective January 2024, the Leverage Custom Benchmark is the Secured Overnight Financing Rate (SOFR) plus 50 basis points per annum.



# Performance Attribution

Fiscal Year-To-Date, ending June 30, 2025

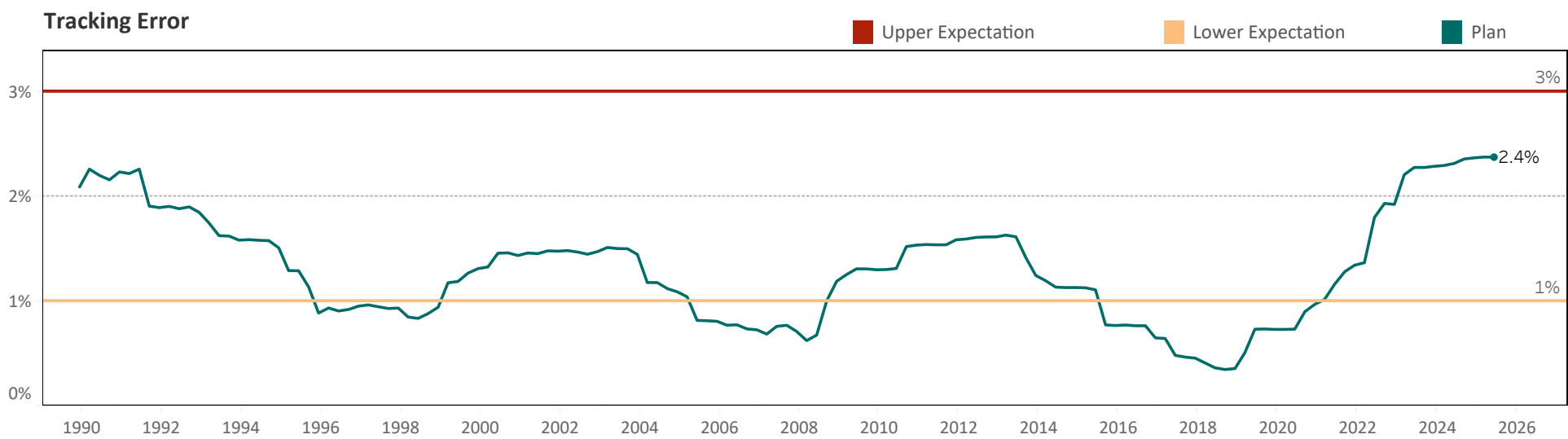
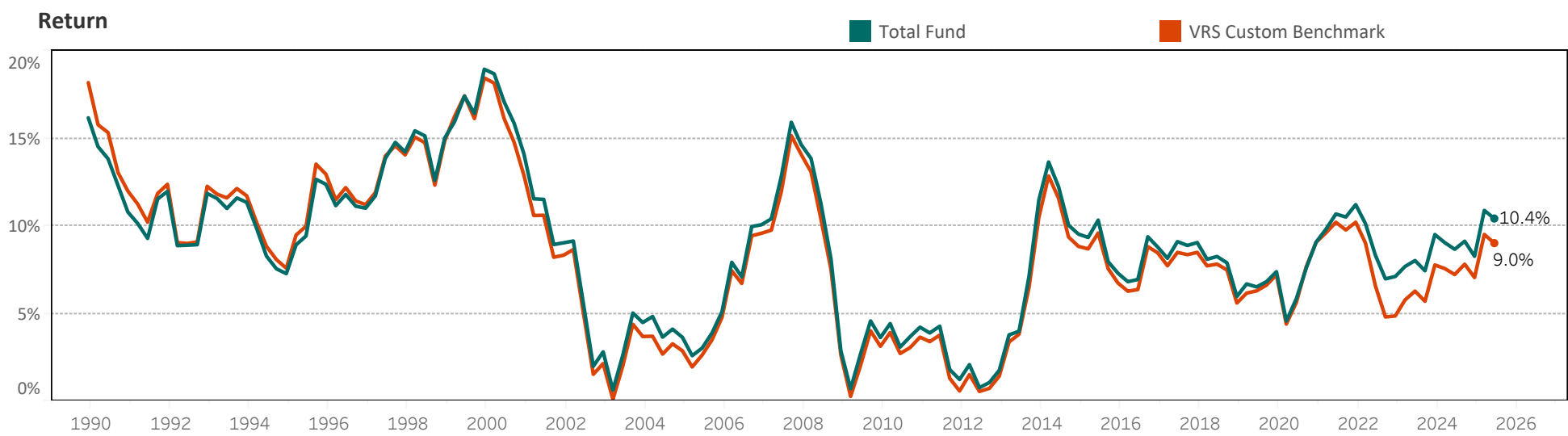
	Portfolio		Policy		Attribution		
	Weight	Return	Weight	Return	Allocation	Selection	Total
TOTAL	100.0	9.9	100.0	9.8	-0.1	0.2	0.1
Public Equity	32.9	17.9	33.0	16.7	0.0	0.4	0.3
Private Equity	16.3	5.7	16.0	7.4	0.0	-0.4	-0.4
Real Assets	12.6	3.7	14.0	2.9	0.1	0.1	0.2
Credit Strategies	15.6	9.1	14.5	8.3	0.0	0.2	0.1
Diversifying Strategies	3.7	3.5	4.0	7.2	0.0	-0.1	-0.1
Private Investment Partnerships	2.0	8.8	2.0	6.2	0.0	0.1	0.1
Exposure Management Portfolio	0.9	-3.0	0.0		-0.1	0.0	-0.1
Fixed Income	15.3	6.9	16.0	6.4	0.0	0.1	0.1
Cash	0.9	-0.8	2.0	4.7	0.1	-0.1	0.0
Other	1.2	3.9			-0.1	0.0	-0.1
Leverage	-1.3	5.5	-1.5	5.4	0.0	0.0	0.0

Differences in totals are due to rounding.

In return attribution, **allocation** refers to the value added by having different asset class weights in the portfolio than the asset class weights in the benchmark. **Selection** refers to the value added by holding individual securities or instruments within the asset class in different than benchmark weights.



# Total Fund Rolling 5-Year

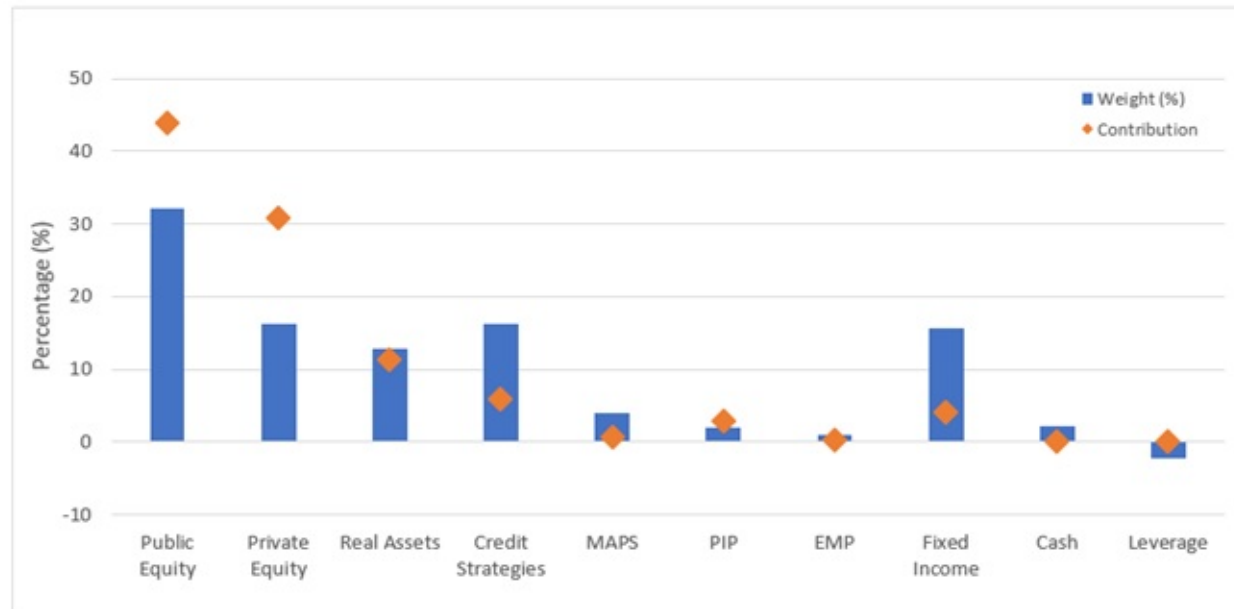


As of June 30, 2025

The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history.



# Projected Volatility and Risk Contribution - March 31, 2025

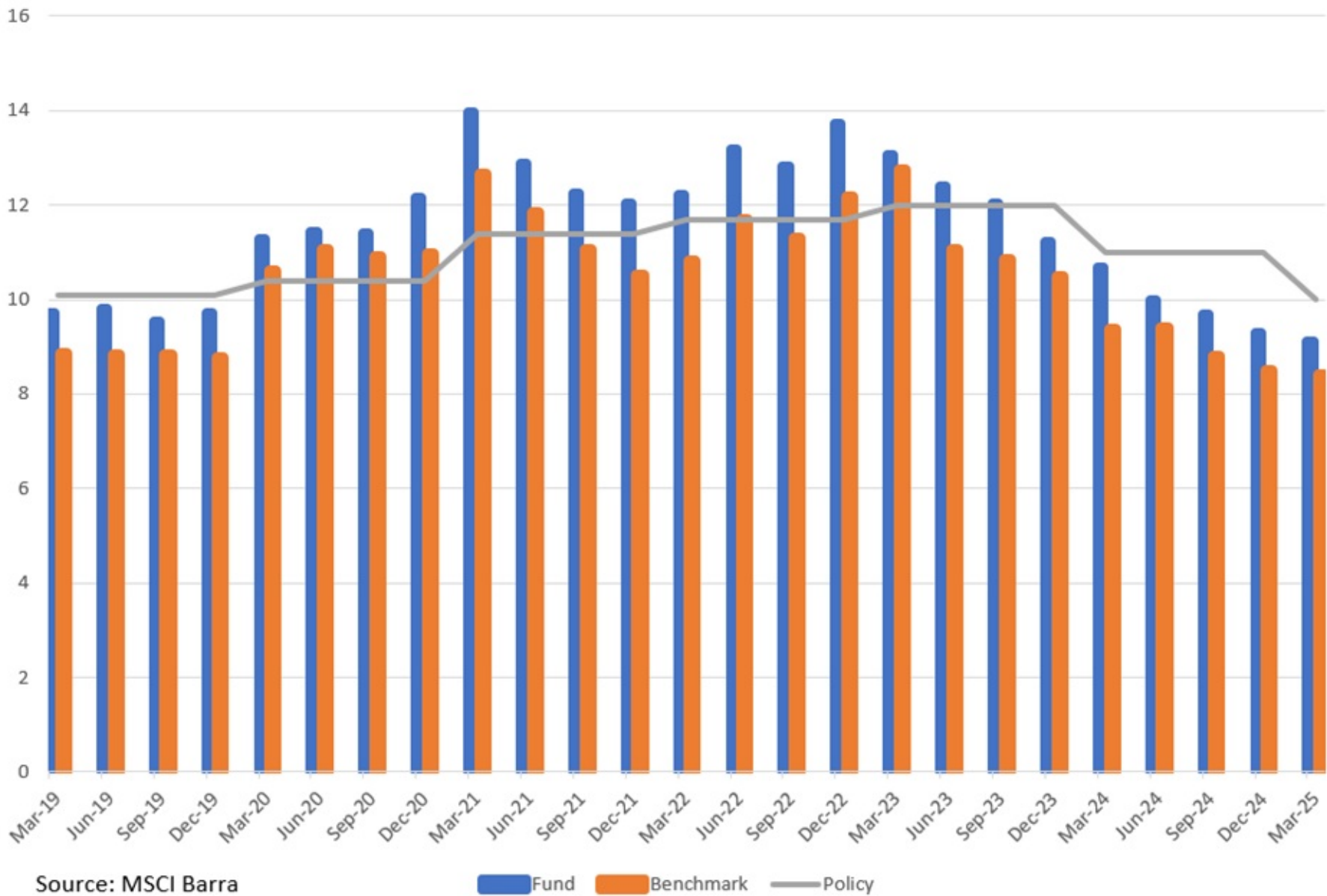


Asset Class	Market Value		Volatility (%)	
	Billions (\$)	Weight (%)	Projected	Contribution
Public Equity	38.0	32.2	13.0	43.9
Private Equity	19.3	16.3	19.2	30.9
Real Assets	15.2	12.9	10.2	11.4
Credit Strategies	19.2	16.3	4.3	5.9
Diversifying Strategies	4.7	4.0	2.5	0.7
Private Investment Partnership (PIP)	2.3	1.9	13.8	2.8
Exposure Management Portfolio (EMP)	1.1	0.9	15.2	0.3
Fixed Income	18.4	15.6	6.8	4.1
Cash	2.6	2.2	0.2	0.0
Leverage	-2.7	-2.3	0.0	0.0
<b>Total Fund (Net Market Value)</b>	<b>118.1</b>	<b>100.0</b>	<b>9.1</b>	<b>100.0</b>

Source: BNY Mellon, MSCI Barra

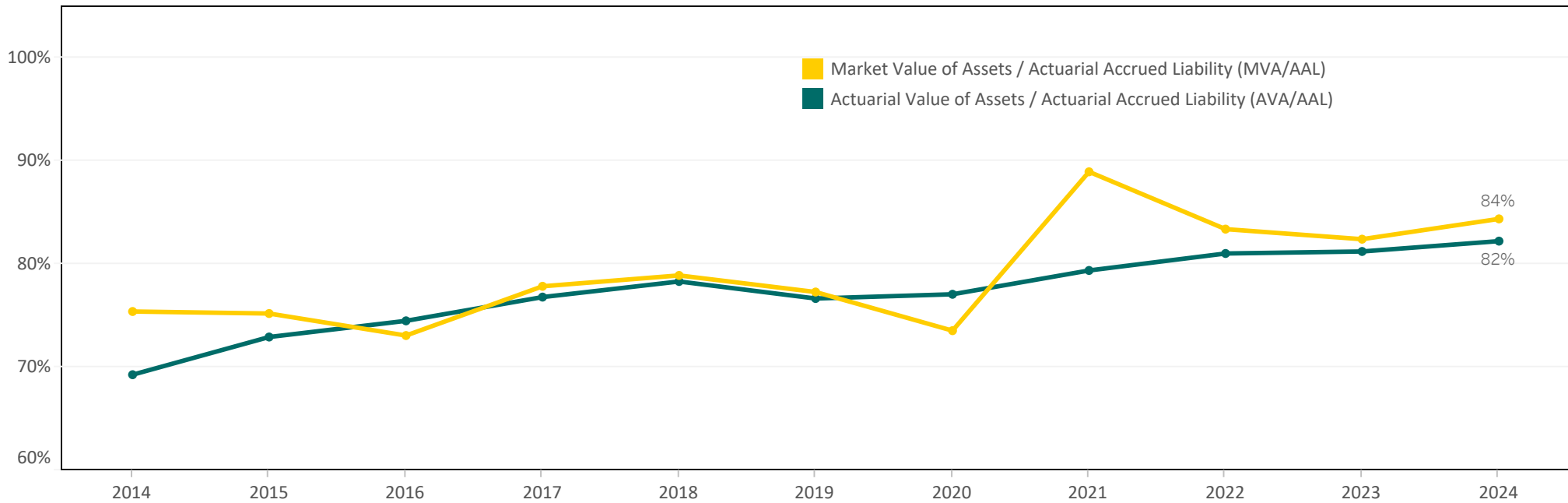


# VRS Fund Projected Volatility - March 31, 2025





# Funded Status - Assets/Liabilities



As of end of fiscal year.

Market Value of Assets (MVA) - The value at which assets could be traded on the market.

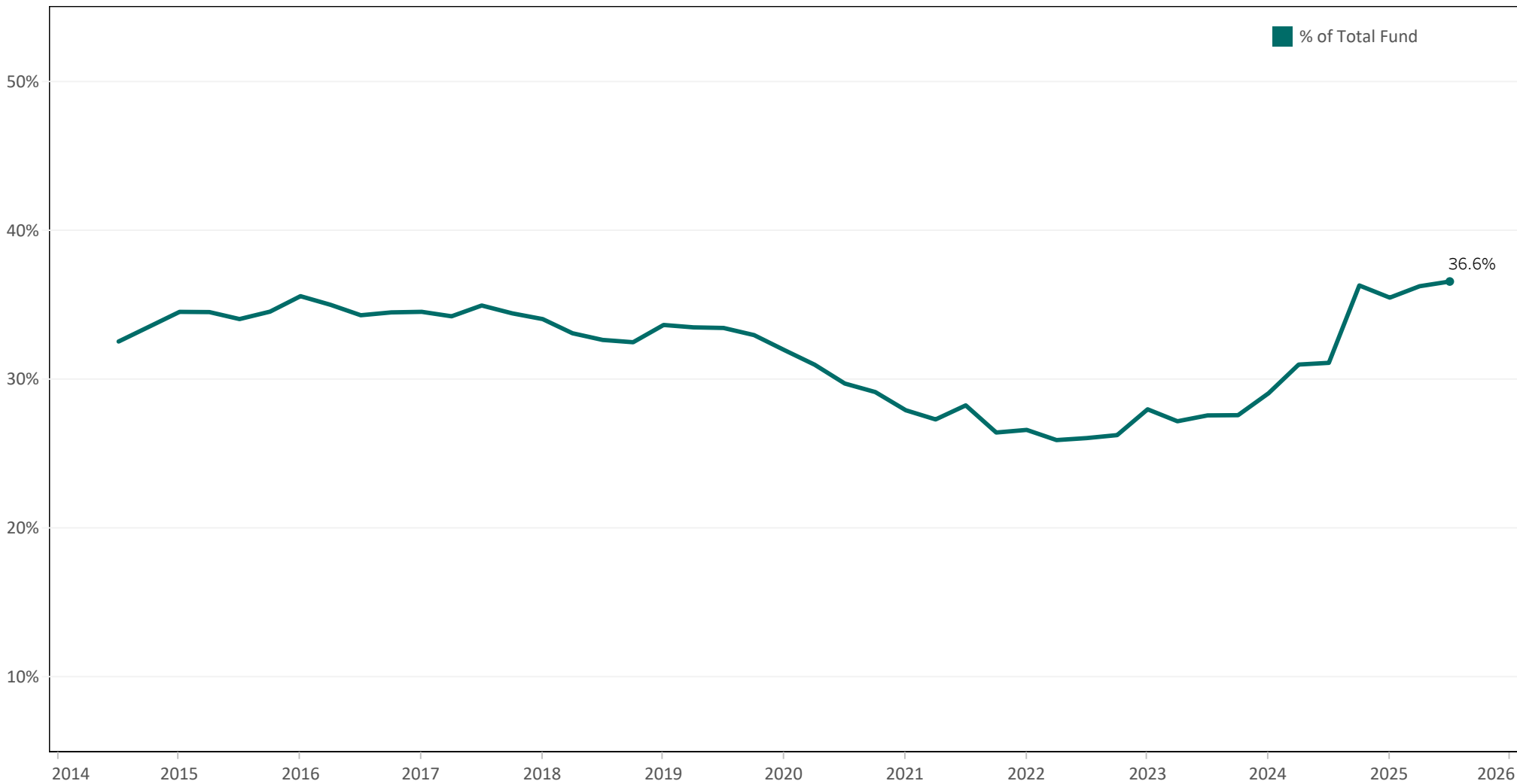
Actuarial Value of Assets (AVA) - VRS generally uses a smoothed value of assets for actuarial value. The smoothed value phases-in investment gains and losses over a five year period to reduce volatility.

Actuarial Accrued Liability (AAL) - represents the portion of the Present Value of Future Projected Benefits attributable to service earned (or accrued) as of the valuation date.

Funded Status - The ratio of a plan's current assets to the actuarial accrued liability (AAL). In financial reporting of public pension plans, funded status is reported using the MVA and the liabilities as of the reporting date. When referring to funding of the plan, the funded status equals the actuarial value of assets divided by the actuarial accrued liability as of the valuation date.



# Internally Managed Assets



As of 9/30/2024, the percentage includes both internally managed Public Market Assets and Private Market Assets where VRS has full discretion.



**PERFORMANCE SUMMARY**  
**Rolling Periods Ending**  
**June 30, 2025**



**TOTAL FUND PERFORMANCE**  
*(Net of Fees)*

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
<b>Total Public Equity</b>	<b>9.8</b>	<b>14.5</b>	<b>17.9</b>	<b>17.8</b>	<b>10.9</b>	<b>4.1</b>	<b>17.8</b>	<b>11.5</b>	<b>41,258</b>
<i>Benchmark</i>	9.8	13.7	17.1	16.7	10.4	3.9	16.7	10.3	
<b>Total Private Equity</b>	<b>14.1</b>	<b>16.9</b>	<b>3.6</b>	<b>5.7</b>	<b>1.8</b>	<b>1.5</b>	<b>5.7</b>	<b>3.3</b>	<b>19,643</b>
<i>Benchmark</i>	11.1	15.8	7.3	7.4	-1.4	-4.3	7.4	-1.9	
<b>Total Real Assets</b>	<b>7.4</b>	<b>6.7</b>	<b>0.7</b>	<b>3.7</b>	<b>1.3</b>	<b>1.3</b>	<b>3.7</b>	<b>2.2</b>	<b>15,653</b>
<i>Benchmark</i>	5.4	3.9	-1.3	2.9	1.3	0.4	2.9	2.3	
<b>Total Credit Strategies</b>	<b>6.9</b>	<b>9.1</b>	<b>8.8</b>	<b>9.1</b>	<b>1.8</b>	<b>1.4</b>	<b>9.1</b>	<b>3.7</b>	<b>18,665</b>
<i>Benchmark</i>	5.6	6.4	9.4	8.3	2.9	1.3	8.3	3.8	
<b>Total Diversifying Strategies</b>	<b>n/a</b>	<b>7.0</b>	<b>7.0</b>	<b>3.6</b>	<b>-0.5</b>	<b>0.0</b>	<b>3.6</b>	<b>2.6</b>	<b>5,044</b>
<i>Benchmark</i>	n/a	6.1	7.9	7.2	1.7	0.5	7.2	3.3	
<b>Total Private Investment Partnerships</b>	<b>9.0</b>	<b>12.9</b>	<b>6.3</b>	<b>8.8</b>	<b>2.6</b>	<b>2.8</b>	<b>8.8</b>	<b>2.4</b>	<b>2,215</b>
<i>Benchmark</i>	7.8	9.3	5.3	6.2	1.0	-0.9	6.2	1.5	
<b>Total Fixed Income</b>	<b>2.7</b>	<b>0.6</b>	<b>3.7</b>	<b>6.9</b>	<b>1.3</b>	<b>1.7</b>	<b>6.9</b>	<b>4.4</b>	<b>18,615</b>
<i>Benchmark</i>	1.9	-0.3	3.2	6.4	1.4	1.6	6.4	4.1	
<b>Total Fund</b>	<b>8.1</b>	<b>10.4</b>	<b>8.6</b>	<b>9.9</b>	<b>4.4</b>	<b>2.3</b>	<b>9.9</b>	<b>5.9</b>	<b>122,827</b>
<i>VRS Custom Benchmark</i>	7.3	9.0	9.2	9.7	4.0	1.1	9.7	4.8	

Effective July 2013, the VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

Effective January 2024, the Total Fund includes leverage.

The VRS Cash Account, the Treasurer Short-Term Investment Account, the VRS Rebalancing Account, transition activity and accounts with market values of less than \$1 million are included in the Total Fund's market value. Differences in market value totals are due to rounding.

The Performance Report may differ from the VRS Annual Comprehensive Financial Report (ACFR) due to each report's requirements and objectives.

**Leverage Cost Measurement Information**

*(Information provided for purposes of monitoring the cost effectiveness of leverage implementation.)*

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
<b>Leverage</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>5.5</b>	<b>1.2</b>	<b>0.4</b>	<b>5.5</b>	<b>2.5</b>	<b>(1,458)</b>
<i>Benchmark</i>	n/a	n/a	n/a	5.4	1.2	0.4	5.4	2.4	

Effective January 2024, the Leverage Custom Benchmark is the Secured Overnight Financing Rate (SOFR) plus 50 basis points per annum.



**PERFORMANCE SUMMARY**  
**Rolling Periods Ending**  
**July 31, 2025**



**TOTAL FUND PERFORMANCE**  
*(Net of Fees)*

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
<b>Total Public Equity</b>	<b>9.7</b>	<b>13.7</b>	<b>15.9</b>	<b>16.3</b>	<b>10.7</b>	<b>0.8</b>	<b>0.8</b>	<b>12.4</b>	<b>40,509</b>
<i>Benchmark</i>	9.8	12.7	14.7	14.6	10.1	0.7	0.7	11.1	
<b>Total Private Equity</b>	<b>14.1</b>	<b>16.7</b>	<b>3.6</b>	<b>5.5</b>	<b>1.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>3.1</b>	<b>19,577</b>
<i>Benchmark</i>	11.0	13.7	10.6	12.3	-4.3	0.7	0.7	-1.1	
<b>Total Real Assets</b>	<b>7.4</b>	<b>6.6</b>	<b>0.4</b>	<b>3.7</b>	<b>1.4</b>	<b>0.1</b>	<b>0.1</b>	<b>2.2</b>	<b>15,773</b>
<i>Benchmark</i>	5.3	4.0	-1.8	3.2	1.2	0.4	0.4	2.7	
<b>Total Credit Strategies</b>	<b>6.9</b>	<b>8.7</b>	<b>8.4</b>	<b>9.1</b>	<b>2.5</b>	<b>0.5</b>	<b>0.5</b>	<b>4.2</b>	<b>18,564</b>
<i>Benchmark</i>	5.6	5.9	8.4	7.6	3.5	0.6	0.6	4.4	
<b>Total Diversifying Strategies</b>	<b>n/a</b>	<b>6.2</b>	<b>5.8</b>	<b>3.8</b>	<b>0.1</b>	<b>-0.5</b>	<b>-0.5</b>	<b>2.0</b>	<b>5,135</b>
<i>Benchmark</i>	n/a	5.7	6.7	7.1	1.7	0.5	0.5	3.9	
<b>Total Private Investment Partnerships</b>	<b>9.0</b>	<b>12.9</b>	<b>6.3</b>	<b>8.8</b>	<b>2.8</b>	<b>0.0</b>	<b>0.0</b>	<b>2.4</b>	<b>2,194</b>
<i>Benchmark</i>	7.8	8.3	5.7	7.6	0.1	0.6	0.6	2.0	
<b>Total Fixed Income</b>	<b>2.6</b>	<b>0.1</b>	<b>2.8</b>	<b>4.5</b>	<b>0.9</b>	<b>-0.1</b>	<b>-0.1</b>	<b>4.3</b>	<b>18,588</b>
<i>Benchmark</i>	1.8	-0.7	2.2	3.9	0.9	-0.2	-0.2	4.0	
<b>Total Fund</b>	<b>8.1</b>	<b>9.9</b>	<b>7.8</b>	<b>9.0</b>	<b>4.5</b>	<b>0.3</b>	<b>0.3</b>	<b>6.2</b>	<b>122,953</b>
<i>VRS Custom Benchmark</i>	7.3	8.3	8.5	9.4	3.4	0.5	0.5	5.3	

Effective July 2013, the VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

Effective January 2024, the Total Fund includes leverage.

The VRS Cash Account, the Treasurer Short-Term Investment Account, the VRS Rebalancing Account, transition activity and accounts with market values of less than \$1 million are included in the Total Fund's market value. Differences in market value totals are due to rounding.

The Performance Report may differ from the VRS Annual Comprehensive Financial Report (ACFR) due to each report's requirements and objectives.

**Leverage Cost Measurement Information**

*(Information provided for purposes of monitoring the cost effectiveness of leverage implementation.)*

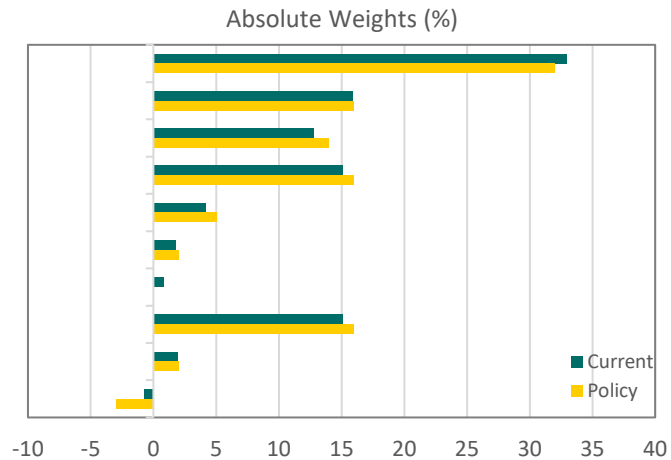
	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
<b>Leverage</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>5.4</b>	<b>1.2</b>	<b>0.4</b>	<b>0.4</b>	<b>2.9</b>	<b>(854)</b>
<i>Benchmark</i>	n/a	n/a	n/a	5.2	1.2	0.4	0.4	2.9	

Effective January 2024, the Leverage Custom Benchmark is the Secured Overnight Financing Rate (SOFR) plus 50 basis points per annum.

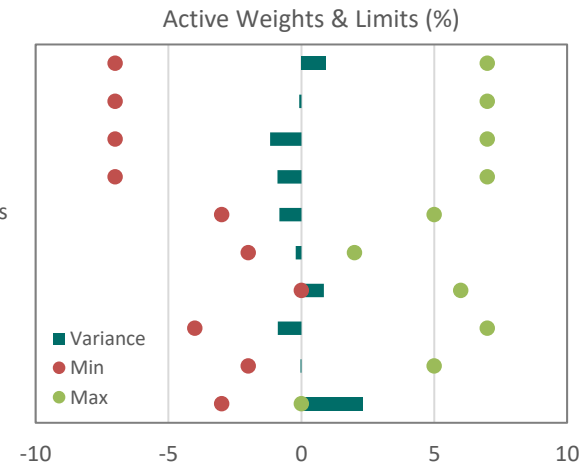


# Asset Allocation Report

July 31, 2025



Public Equity  
Private Equity  
Real Assets  
Credit Strategies  
Diversifying Strategies  
PIP  
EMP  
Fixed Income  
Cash  
Leverage



Tracking Error (%)	
5Yr Fund	2.4
5Yr Public	1.6

Asset Class	Billions (\$)	Weights (%)					
		Current	Policy	Variance	Min	Max	Internal
Public Equity	40.5	32.9	32.0	0.9	25	39	52
Private Equity	19.6	15.9	16.0	-0.1	9	23	13
Real Assets	15.8	12.8	14.0	-1.2	7	21	16
Credit Strategies	18.6	15.1	16.0	-0.9	9	23	5
Diversifying Strategies	5.1	4.2	5.0	-0.8	2	10	0
Private Investment Partnerships (PIP)	2.2	1.8	2.0	-0.2	0	4	0
Exposure Management Portfolio (EMP)	1.0	0.8	0.0	0.8	0	6	0
Fixed Income	18.6	15.1	16.0	-0.9	12	23	95
Cash	2.4	2.0	2.0	0.0	0	7	0
Leverage	-0.9	-0.7	-3.0	2.3	-4	0	0
<b>Total Fund (Net Market Value)</b>	<b>123.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>n.a.</b>	<b>n.a.</b>	<b>36</b>
Total Fund (Gross Market Value)	123.8	100.7	103.0	-2.3	n.a.	n.a.	0

## Exposures by Policy Groups

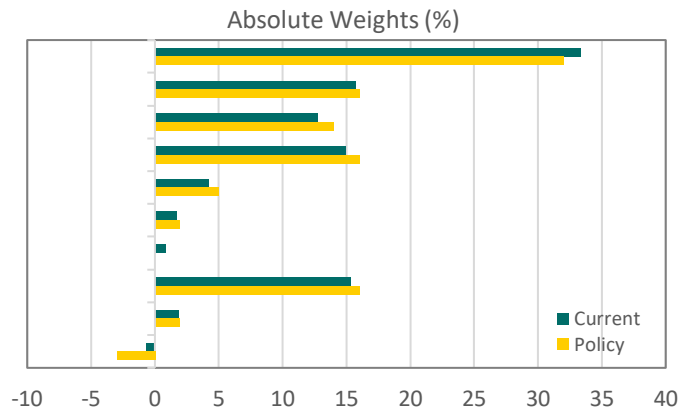
Public + Private Equity	60.1	48.9	48.0	0.9	38	58	n.a.
Fixed Income + Cash	21.0	17.1	18.0	-0.9	12	27	n.a.

- Total Fund includes the following amount held by the Treasurer of VA: \$ 407 million
- The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied)
- The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history as of 6/30/2025.
- Differences in totals are due to rounding

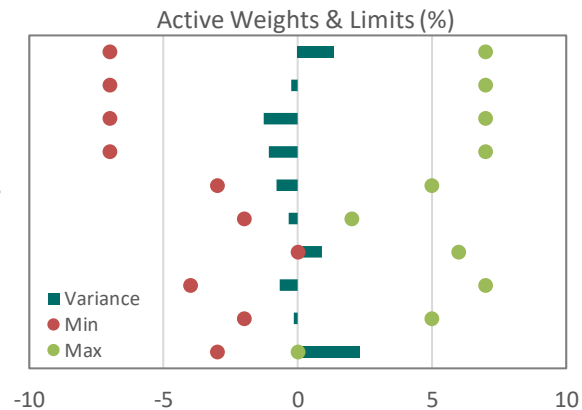


# Daily Asset Allocation Report

September 15, 2025



Public Equity  
Private Equity  
Real Assets  
Credit Strategies  
Diversifying Strategies  
PIP  
EMP  
Fixed Income  
Cash  
Leverage



Tracking Error (%)	
5Yr Fund	2.4
5Yr Public	1.6

Asset Class	Billions (\$)	Weights (%)					
		Current	Policy	Variance	Min	Max	Internal
Public Equity	41.6	33.3	32.0	1.3	25	39	53
Private Equity	19.7	15.7	16.0	-0.3	9	23	13
Real Assets	15.9	12.7	14.0	-1.3	7	21	16
Credit Strategies	18.6	14.9	16.0	-1.1	9	23	5
Diversifying Strategies	5.3	4.2	5.0	-0.8	2	10	0
Private Investment Partnerships (PIP)	2.1	1.7	2.0	-0.3	0	4	0
Exposure Management Portfolio (EMP)	1.1	0.9	0.0	0.9	0	6	0
Fixed Income	19.1	15.3	16.0	-0.7	12	23	95
Cash	2.3	1.8	2.0	-0.2	0	7	0
Leverage	-0.9	-0.7	-3.0	2.3	-4	0	0
<b>Total Fund (Net Market Value)</b>	<b>124.9</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>n.a.</b>	<b>n.a.</b>	<b>37</b>
Total Fund (Gross Market Value)	125.7	100.7	103.0	-2.3	n.a.	n.a.	0

## Exposures by Policy Groups

Public + Private Equity	61.3	49.1	48	1.1	38	58	n.a.
Fixed Income + Cash	21.4	17.2	18	-0.8	12	27	n.a.

- Total Fund includes the following amount held by the Treasurer of VA: \$ 237 million
- The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied)
- The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history as of 6/30/2025
- Differences in totals are due to rounding



Program	Action	Effective Date	Commitment/ Current Value	Funding/ Defunding Period	Description
Private Equity	Hired	06/12/2025	\$300 Million	6 years	<b>Advent International GPE XI</b> – A global mega buyout fund focused on 5 core sectors: business & financial services, healthcare, industrials, consumer, and technology. Investments will be made primarily in European and North American companies.
Private Equity	Hired	06/12/2025	\$20 Million	6 years	<b>Advent Global Technology III</b> – A mid-market technology focused growth fund that is a companion fund to Advent International GPE XI (“GPE XI”). The fund will invest alongside GPE XI in large technology investments and will make standalone minority and majority technology investments in smaller growth companies.
Private Equity	Hired	06/26/2025	\$175 Million	6 years	<b>Arlington Capital Partners VII</b> – A mid-market buyout fund with a growth-oriented investment strategy in government-regulated and adjacent sectors.
Private Equity	Hired	07/01/2025	\$100 Million	5 years	<b>Ridgemont V</b> – A mid-market buyout fund that targets service companies or distributors, falling within the industrials, business services, or healthcare verticals.
Private Equity	Hired	07/24/2025	\$105 Million	5 years	<b>JMI Equity Fund XII</b> – A mid-market software growth equity fund that will invest in minority and majority equity positions.
Private Equity	Hired	07/29/2025	\$200 Million	5 years	<b>*Vista Foundation Fund V</b> – A mid-market specialist buyout fund focused on the enterprise software sector.
Real Assets	Hired	06/30/2025	\$150 Million	3 years	<b>Silver Creek Cambio Manufactured Housing Fund</b> – A closed-end commingled fund investing in manufactured housing communities in the United States.
Exposure Management Portfolio	Hired	08/26/2025	\$45 Million	5 years	<b>ICONIQ</b> – A private placement in an AI related tech company.
Credit Strategies	Hired	08/29/2025	\$250 Million	5 years	<b>Barings Infrastructure Debt SMA</b> – A separately managed account that will invest in public and private infrastructure debt.
Public Equity	Terminated	06/05/2025	\$334 Million	Immediate	<b>Jackson Square</b> – A fundamentals driven U.S. small cap growth manager with a concentrated portfolio built on high conviction names.

\* The manager is considered Diverse Investment Management Engagement (DIME) under the Commonwealth of Virginia definition, which defines ownership threshold of 51% or more.



VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending June 30, 2025

Investment Program	Activity	Manager Name	Description	VRS Action
Public Equity	On-Going Monitoring of Current VRS Manager	Ariel Global (minority and women-owned firm) <sup>1</sup>	Current VRS global equity manager.	Staff performed on-going due diligence and monitoring of this current VRS manager during the quarter.
Public Equity	Manager Meeting	Double Duty (minority and women-owned firm) <sup>1</sup>	Manager focused on emerging market strategies.	Staff had an introductory call to discuss their company and strategy.
Public Equity	Manager Meeting	Impactive Capital (minority and women-owned firm) <sup>1</sup>	Manager focused on activist investment management.	Staff had an update meeting with this manager to discuss their firm and strategy.
Public Equity	Manager Meeting	XN (minority-owned firm) <sup>1</sup>	Manager focused on long/short and long-only global strategies.	Staff had an update meeting with this manager to discuss their firm and strategy.
Public Equity and Credit Strategies	Periodic Update Communication with Consultant	N/A	Aon Hewitt Investment Consulting is the consultant used by these two investment programs.	Staff had periodic communication to review the DIME monitoring activity done on behalf of VRS as well as industry trends.
Credit Strategies	Communication with Manager	Drona Partners (minority-owned firm) <sup>1</sup>	Manager is raising an absolute return, asset-backed private credit fund.	Staff reviewed materials associated with the fund.
Credit Strategies	Communication with Manager	I Squared Capital (minority-owned firm) <sup>1</sup>	Manager is raising a global infrastructure credit fund.	Staff reviewed materials associated with the fund.
Credit Strategies	Communication with Manager	SVP Global (minority-owned firm) <sup>1</sup>	Manager is raising a special situations/distressed fund.	Staff reviewed materials associated with the fund.

September 25, 2025 Board Meeting



VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending June 30, 2025

Investment Program	Activity	Manager Name	Description	VRS Action
Credit Strategies and Diversifying Strategies	Periodic Communication with Fund-of-Funds Manager	N/A	Aksia is the consultant used by these two investment programs.	Staff had periodic communication to review DIME and other emerging managers along with other opportunities more broadly.
Fixed Income	On-Going Monitoring of Current VRS Manager	Payden & Rygel (women-owned firm) <sup>1</sup>	Current VRS emerging market debt manager.	Staff had various interactions with the manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Artemis Real Estate	Current VRS real estate manager and fund-of-funds manager.	Staff had periodic communication with the manager to discuss potential DIME firms in their market.
Real Assets	On-Going Monitoring of Current VRS Manager	Capri EGM (minority-owned firm) <sup>1</sup>	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Grain Management (minority-owned firm) <sup>1</sup>	Current VRS infrastructure manager.	Staff performed on-going due diligence and monitoring during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Hamilton Lane	Current VRS real estate fund-of-funds manager.	Staff had periodic communication with the manager to discuss potential DIME firms in their market.
Real Assets	On-Going Monitoring of Current VRS Manager	Pantheon Ventures	Current VRS infrastructure and natural resource fund-of-funds manager.	Staff had periodic communication with the manager to discuss potential DIME firms in their market.



VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending June 30, 2025

Investment Program	Activity	Manager Name	Description	VRS Action
Real Assets	On-Going Monitoring of Current VRS Manager	Pritzker Realty Group (women-owned firm) <sup>1</sup>	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Sheridan Production Partners (women-owned firm) <sup>1</sup>	Current VRS natural resources manager.	Staff performed on-going due diligence and monitoring during the quarter.
Real Assets	Virtual Manager Meeting	American South Real Estate (women-owned firm) <sup>1</sup>	Southern U.S. focused real estate debt provider focused on multifamily.	Staff held a virtual update meeting with this manager.
Real Assets	Virtual Manager Meeting	American Triple I Infrastructure (minority-owned firm) <sup>1</sup>	U.S. focused middle-market infrastructure manager.	Staff held a virtual update meeting with this manager.
Real Assets	Virtual Manager Meeting	Basis Investment Group (minority and women-owned firm) <sup>1</sup>	U.S. focused, real estate debt manager.	Staff held a virtual update meeting with this manager.
Real Assets	Virtual Manager Meeting	MCB Real Estate (minority-owned firm) <sup>2</sup>	U.S. focused, middle-market real estate manager.	Staff held a virtual introductory meeting with this manager.
Real Assets	Communication with Manager	Mural Real Estate Partners (minority and women-owned firm) <sup>1</sup>	Manager focused on mixed-use real estate development and neighborhood development in the U.S.	Staff had communication with the manager during the quarter.



VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending June 30, 2025

Investment Program	Activity	Manager Name	Description	VRS Action
Private Equity	On-Going Monitoring of Current VRS Manager	Clearlake Capital Partners (minority-owned firm) <sup>1</sup>	Large market buyout fund targeting companies across various industry sectors.	Staff had a meeting with the manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	ICV Capital Partners (minority-owned firm) <sup>1</sup>	A private equity fund investing in market leaders in stable to growing niches in smaller middle market companies with a value theme at the purchase.	Staff had communication with the manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	SIRIS Capital (minority-owned firm) <sup>1</sup>	A middle market buyout firm making control investments in data/telecommunications, technology, and technology-enabled business service companies in North America.	Staff had communication with the manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Veritas Capital (minority-owned firm) <sup>2</sup>	Middle market buyout fund targeting primarily technology or technology-enabled solutions to government.	Staff had a meeting with the manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Vista Equity Partners (minority-owned firm) <sup>1</sup>	Large market buyout fund targeting enterprise software companies.	Staff had a meeting with the manager during the quarter.
Private Equity	Virtual Manager Meeting	Arcline (minority-owned firm) <sup>1</sup>	A private equity firm investing in niche, tech driven business in defense, aerospace, industrial tech, life sciences, energy transition, and specialty materials.	Staff had communication with the manager during the quarter.



VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending June 30, 2025

Investment Program	Activity	Manager Name	Description	VRS Action
Private Equity	Virtual Manager Meeting	GenNx360 Capital Partners (minority-owned firm) <sup>1</sup>	Manager investing in middle market business-to-business services and industrial companies.	Staff had communication with the manager during the quarter.
Private Equity	Virtual Manager Meeting	K1 Investment Management (minority-owned firm) <sup>1</sup>	Firm investing in enterprise software companies.	Staff had communication with the manager during the quarter.
Private Equity	Virtual Manager Meeting	Levine Leichtman Management (women-owned firm) <sup>1</sup>	A private equity firm focused on providing structured equity to small and medium sized companies.	Staff had communication with the manager during the quarter.
Private Equity	Virtual Manager Meeting	Palladium Equity Partners (minority-owned firm) <sup>1</sup>	A middle market buyout fund investing in founder owned rollups with Hispanic themes.	Staff had communication with the manager during the quarter.
Private Equity	Periodic Update Communication with Consultant	N/A	Grosvenor Capital Management Customized Fund Investment Group is the consultant used by Private Equity.	Staff had periodic communication to review the DIME monitoring activity done on behalf of VRS as well as industry trends.

Index:

- 1 – The manager is considered Diverse Investment Management Engagement (DIME) under the Commonwealth of Virginia definition, which defines ownership threshold of 51% or more.
- 2 – The manager is considered DIME under the definition that considers industry best practices and defines an ownership threshold of greater than or equal to 33% and less than 51% of firm ownership or carry.



VRS Investment Department  
Quarterly External Investment Manager Referral Report  
Activity for Quarter Ending June 30, 2025

Investment Program	Type of Contact	Investment Manager Name	Official Making Referral	VRS Action
Private Equity	Email	137 Ventures	Garrison Coward, Deputy Chief Transformation Officer-Office of the Governor	Upon receipt of the referral, all required communications were made.





Virginia Retirement System

# CEM Pension Administration Benchmark Report - 2024

September 25, 2025



## Key takeaways:

### Cost

- Your total pension administration cost of \$81 per active member and annuitant was \$43 below the peer average of \$124.
- This is mainly because you had lower support costs per member.
- Your total pension administration costs per active member and annuitant decreased by 1.9% in the year, and increased by 1.4% per annum over the last 8 year.
- For your peers the average cost increased by 5.3% in the year, and increased by 3.3% per annum over the past 8 years.

### Service

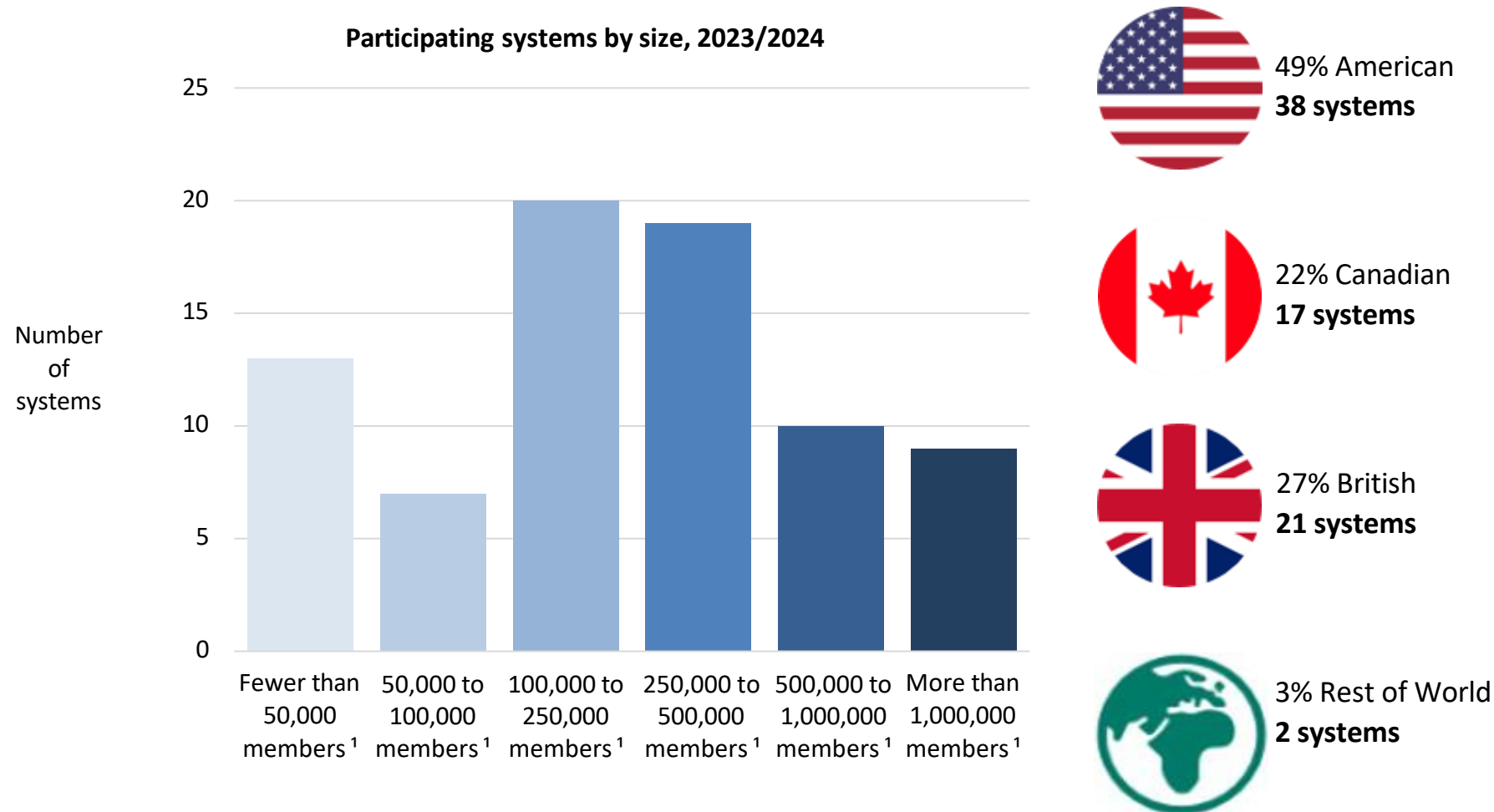
- Your total service score was 81. This was below the peer median of 82.
- You scored well for service in these areas:
  - Pension Inceptions - Members
  - Pension Estimates - Self Service and Written
  - Retirement Applications - Online
- You scored below your peers in these areas:
  - Pension Inceptions - Survivors
  - Secure Messaging Portal
  - Feedback
- Your service score has increased from 74 to 81 between 2017 and 2024.

### Cost effectiveness

- You were lower cost and higher service than the average participant in the CEM universe.



Insights are based on the 78 global pension systems that participate in the benchmarking subscription.



1. Members is equal to the number of active members and annuitants.  
2. UK and Local Government systems complete a different benchmarking survey. Their data is not included in this report.



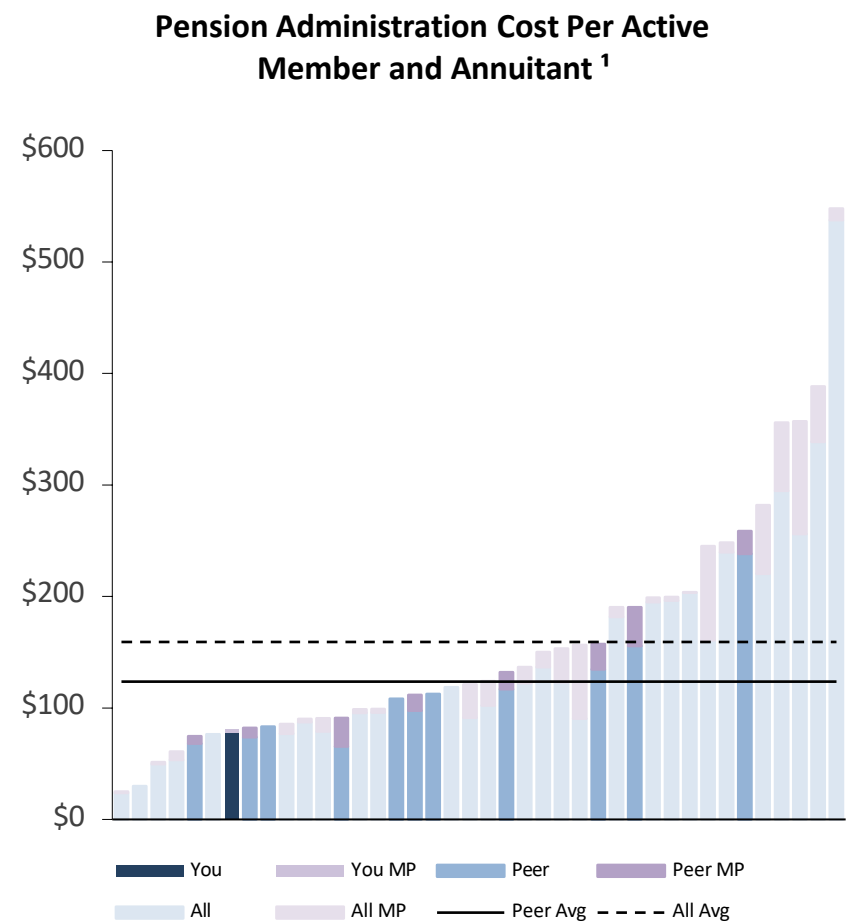
**This report compares your pension administration costs and member service to a custom peer group.**

Custom Peer Group for Virginia RS				
#	System	Number of members (in 000s)		
		Active Members	Annuitants	Total <sup>1</sup>
1	NYSLRS	514	515	1,029
2	CalSTRS	467	333	801
3	<b>Virginia RS</b>	<b>368</b>	<b>241</b>	<b>608</b>
4	Washington state DRS	363	233	595
5	Ohio PERS	308	221	529
6	Pennsylvania PSERS	262	252	514
7	Michigan ORS	161	287	449
8	Indiana PRS	253	177	430
9	Arizona SRS	221	175	396
10	Colorado PERA	245	137	382
11	Oregon PERS	192	168	359
12	STRS Ohio	192	157	349
	Median	257	227	481
	Average	295	241	537

1. Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than active members or annuitants.



**Your total pension administration cost of \$81 per active member and annuitant was \$43 below the peer average of \$124.**



1. Major project costs are denoted by the lighter shading on the bars. These one-off costs correspond to administration projects only.

Category	\$000s	\$ per Active Member and Annuitant	
	You	You	Peer Avg
Business-As-Usual Costs	47,328	78	111
Major Project Costs <sup>1</sup>	2,014	3	13
Total Pension Administration	49,342	81	124

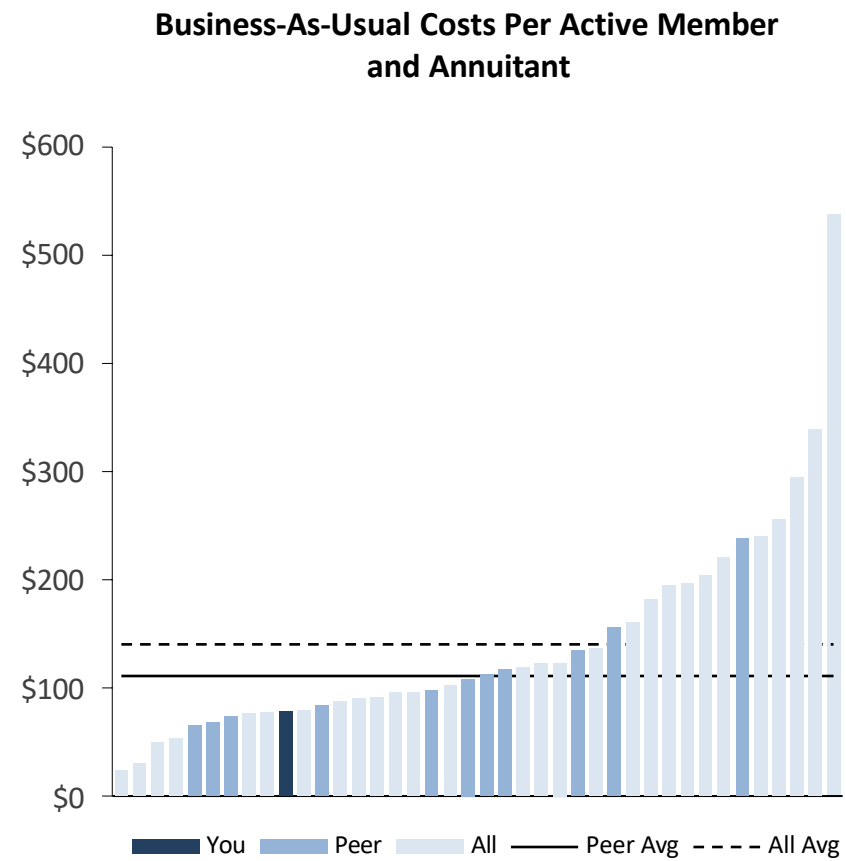
We include costs that are directly related to pension administration (e.g., staff costs or an third-party costs) plus attributions of governance, financial control, IT, building and utilities, HR, support services and other costs.

The costs associated with investment operations and investment management are specifically excluded.

Your total pension administration cost of \$49.3 million also excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of \$14.3 million.



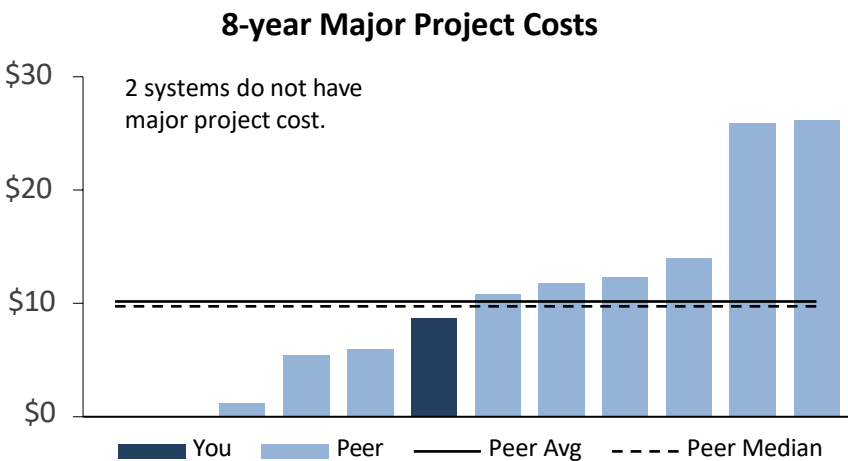
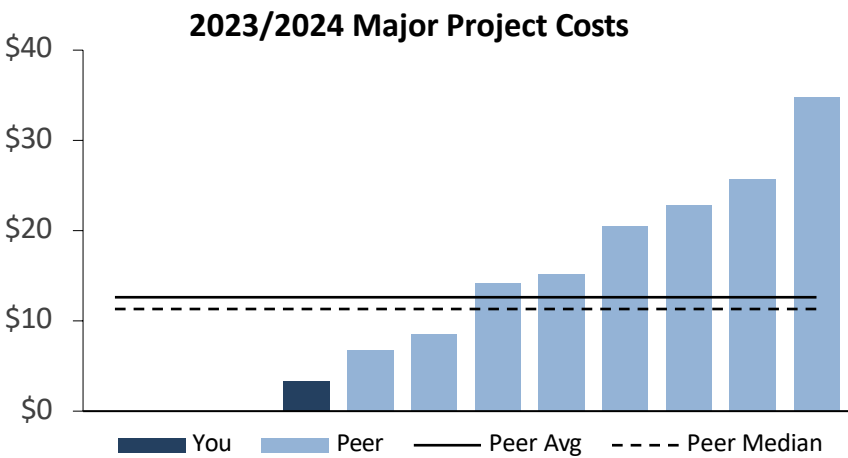
Your Business-As-Usual (BAU) costs of \$78 per active member and annuitant was \$33 below the peer average of \$111.



		\$ per Active Member and Annuitant	
Category	\$000s You	You	Peer Avg
<u>Front office</u>			
Member Transactions	5,120	8	15
Member Communication	9,801	16	19
Collections & Data Maintenance	3,109	5	9
<u>Governance and support</u>			
Governance and Financial Control	3,249	5	8
Information Technology	21,018	35	37
Building	1,322	2	5
HR	526	1	3
Actuarial	700	1	2
Legal	1,357	2	5
Audit	1,125	2	2
Other Support Services	0	0	6
Total Pension Administration	47,328	78	111



Your Major Project costs of \$3 per active member and annuitant was \$9 below the peer average of \$13.



Category	Major Project Cost \$000s	\$ per Active Member and Annuitant	
	You	You	Peer Avg
Single year 2023/2024	2,014	3	13
Multi-year average <sup>1</sup>	5,295	9	10

What is included in major project costs:

- One-off costs that were not capitalized.
- Current year amortization on capitalized costs.
- Excluding attributed costs for healthcare, and optional and third-party administered benefits, if applicable.

Project costs reported this year by you:

- 2024 Data Center Project

1. These costs are averaged over as many years as possible based on the system participation record, with a maximum of 8 years. Systems that have submitted less than 8 years of data are excluded.



## Reasons why your total cost per member was \$43 below the peer average:

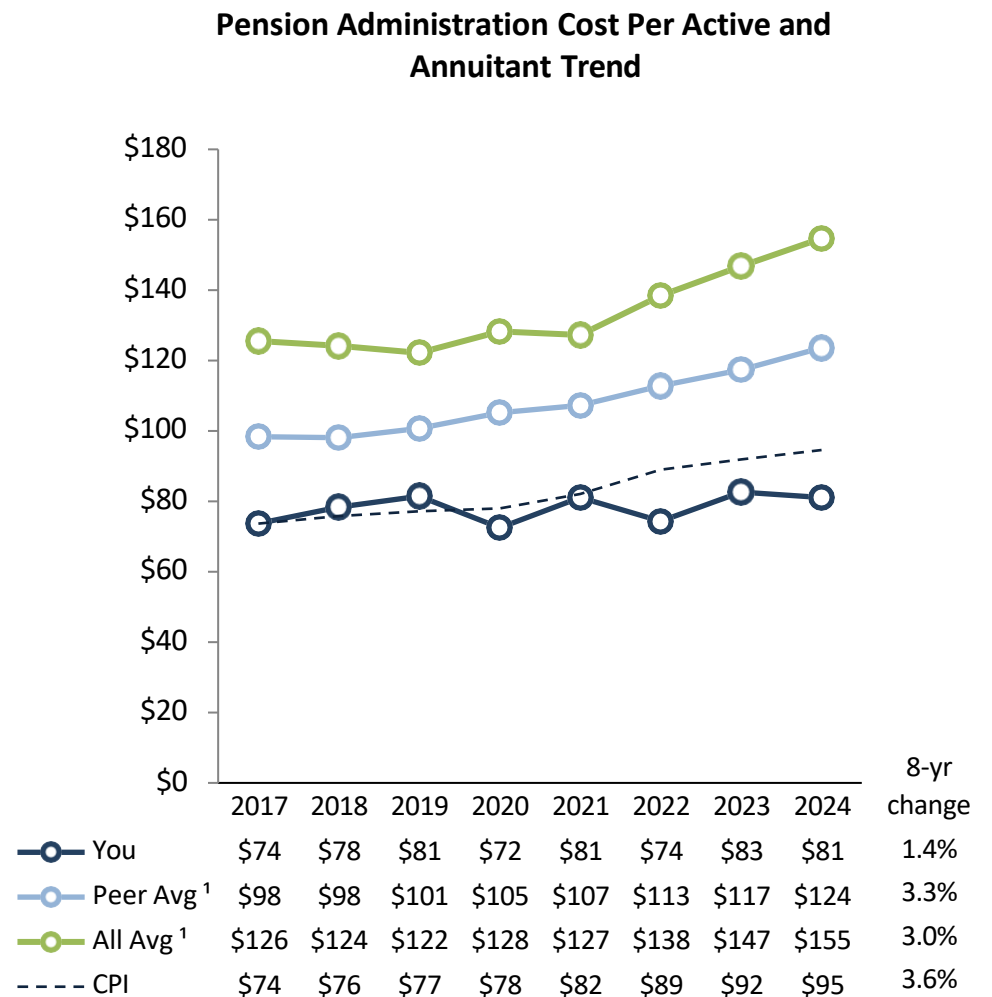
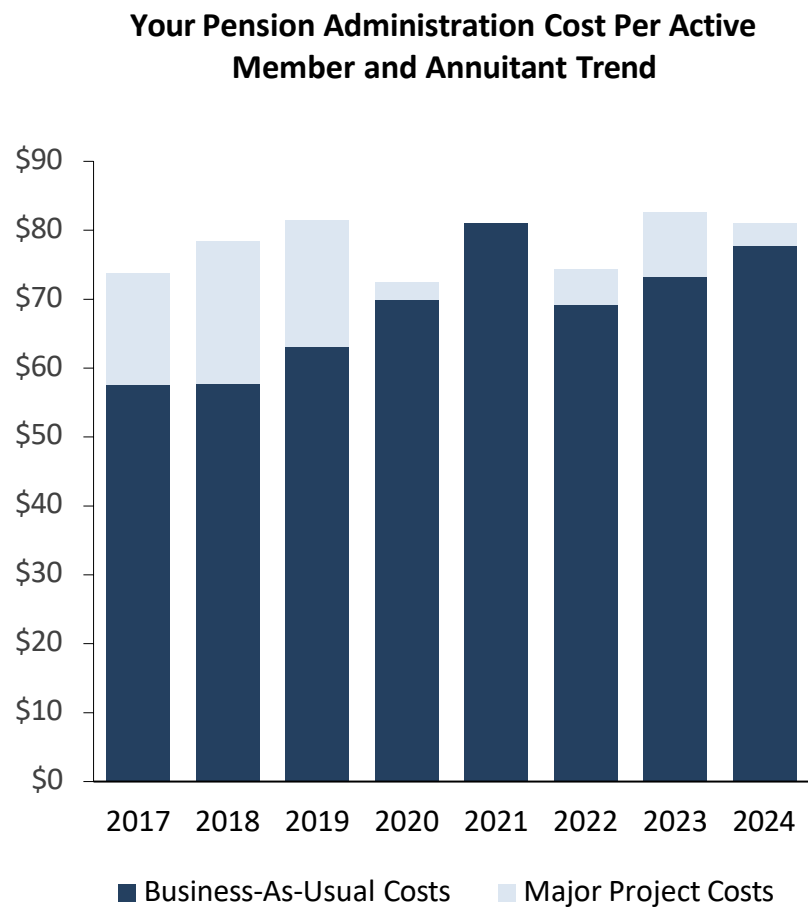
Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 Fewer front office FTE per 10,000 members	2.4 FTE	3.4 FTE	-\$15
2 Lower third party costs per member in the front office	\$4	\$6	-\$2
3 Higher costs per FTE			
Salaries and Benefits <sup>1</sup>	\$123,335	\$121,516	
Building and Utilities	\$6,290	\$8,690	
HR	\$2,504	\$4,977	
IT Desktop, Networks, Telecom	<u>\$33,588</u>	<u>\$18,324</u>	
Total	\$165,716	\$153,507	\$7
4 Lower support costs per member <sup>2</sup>			
Governance and Financial Control	\$7	\$9	
Major Projects	\$3	\$15	
IT Strategy, Database, Applications	\$14	\$28	
IT Security	\$10	\$5	
Actuarial, Legal, Audit, Other	<u>\$6</u>	<u>\$17</u>	
Total	\$41	\$73	-\$32
Total			-\$43

1. 26% of your total salaries and benefits relates to benefits. This compares to a peer average of 34%.

2. To avoid double counting, governance and support costs are adjusted for differences in cost per FTE.



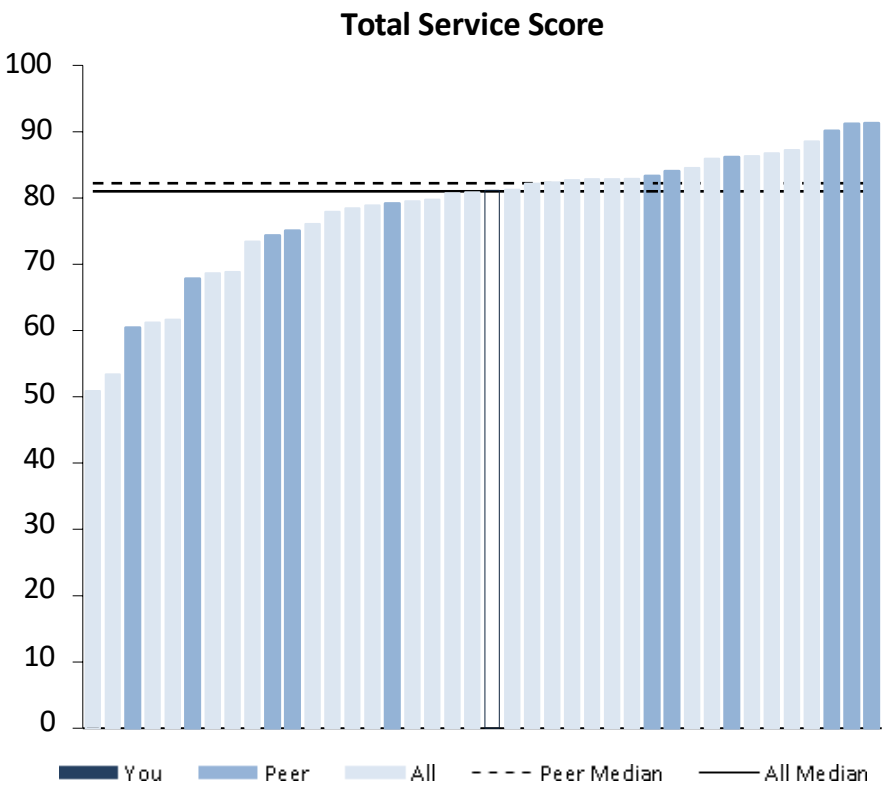
Your total pension administration costs per active member and annuitant decreased by 1.9% in the year, and increased by 1.4% per annum over the last 8 year.



1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 33 of the 40 systems in the universe).



Your total service score was 81. This was below the peer median of 82.



Looking at cost in isolation is unhelpful. Context is required, as is a means to measure value for money. CEM believes the right measure is member service, or the service score.

Service is defined from a member’s perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

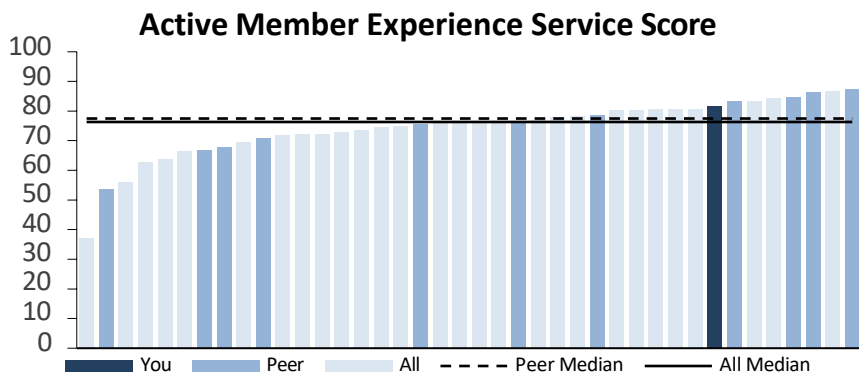
Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

Your total service score is the weighted average of the service scores for each of the four member journeys below.

Service Scores by Journey			
Journey	Weight	You	Peer Median
Active member experience	30%	82	77
Inactive member experience	5%	69	72
Retiring experience	35%	80	82
Annuitant experience	30%	83	88
Total service score	100%	81	82



## Your service score for the active member experience of 82 was above the peer median of 77.



Activity	Weight	Peer	
		You	Median
Targeted campaigns	7.5%	43	51
Purchases and Transfers-in	10.0%	100	63
Member statements	12.5%	65	63
Personal information	5.0%	70	94
Salary and service credit information	5.0%	100	75
Secure website accessibility	30.0%	99	92
Contact center: accessibility	7.5%	46	48
Contact center: capability	5.0%	85	88
Contact center: call quality	5.0%	85	90
1-on-1 counseling	5.0%	100	95
Member presentations	2.5%	100	100
Feedback	5.0%	50	63
Active member experience service score	100.0%	82	77

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

### Purchases and Transfers-In

Your members have access to an online calculator for both prior service credit (Peers: 83%) and in-service-leaves (Peers: 64%) and can obtain an estimate over the phone (Peers: 67%). Your members can also apply for a transfer-in online (Peers: 46%). You process service credit estimates in 1 day (Peers: 42 days).

### 1on1 Counseling

You provided more 1on1 sessions with members 'in the field' than your peers (You: 51%, Peers: 43%).

### Your opportunities

#### Activity

#### Key drivers

#### Personal Information

You do not have a secure messaging portal. Most of your peers do allowing for members to upload documents (67%) and have access to a history of correspondence (Peers: 75%).

#### Contact Center: Accessibility

Your call wait time was 685 secs (Peers: 593 secs), however, you have 1 menu layer (Peers: 2.1), you notify callers of the expected wait time (Peers: 75%) and your undesired call outcomes were 17.8% (Peers: 18.4%).

#### Contact Center: Capability

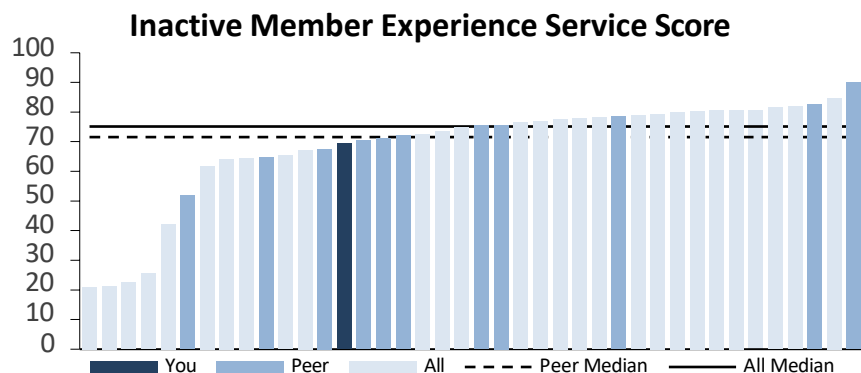
Your contact center agents have access to all the required tools, however, we are starting to see peers introduce co-browsing, chatbots and live web chat.

### Feedback

While you, like your peers, survey your active members, calls and presentations, 75% of your peers also survey 1-on-1 counseling and half survey the secure website.



## Your service score for the inactive member experience of 69 was below the peer median of 72.



### Your strengths

#### Activity

Transfers-Out

#### Key drivers

Your members can apply for a transfer-out online (Peers: 83%) and can obtain a transfer value quote over the phone (Peers: 92%). You processed your transfer-outs in 3 days (Peers: 54 days).

Activity	Weight	You	Peer Median
Targeted campaigns	10.0%	0	16
Tracking inactive members	10.0%	51	91
Transfers-out	5.0%	100	95
Personal information	7.5%	70	94
Salary and service credit information	5.0%	100	75
Secure website accessibility	40.0%	86	85
Contact center: accessibility	7.5%	46	48
Contact center: capability	5.0%	85	88
Contact center: call quality	5.0%	85	90
Feedback	5.0%	50	63
Inactive member experience service score	100.0%	69	72

### Your opportunities

#### Activity

Tracking Inactive Members

#### Key drivers

You have email addresses for 35% of your inactive members (Peers: 51%). You were unable to provide the number of inactive members that reached retirement age and did not receive benefits, negatively impacting your score. Most peers could.

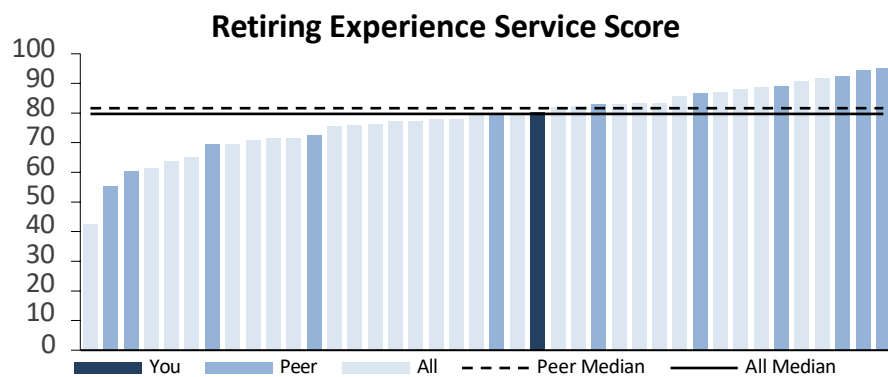
Targeted Campaigns

A number of your peers engage with inactive members with various communications; sending paper statements, newsletters or targeted communications. You do not.

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.



## Your service score for the retiring member experience of 80 was below the peer median of 82.



Activity	Weight	You	Peer Median
Targeted campaigns	7.5%	10	94
Pension estimates: self-service	7.5%	94	86
Pension estimates: assisted service	2.5%	90	90
Retirement applications	7.5%	100	75
Pension inception	10.0%	94	92
Disability inception	5.0%	80	80
Personal information	2.5%	70	94
Salary and service credit information	2.5%	100	75
Secure website accessibility	20.0%	97	97
Contact center: accessibility	7.5%	46	48
Contact center: capability	5.0%	85	88
Contact center: call quality	5.0%	85	90
1-on-1 counseling	7.5%	100	95
Member presentations	5.0%	100	100
Feedback	5.0%	25	65
Retiring experience service score	100.0%	80	82

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

### Your strengths

Activity	Key drivers
Pen Est: Self Service	Your online pension estimate calculator has full capabilities allowing your members to model various retirement options.
Pen Est: Assisted Service	Your turnaround time for processing written pension estimates is 10 days (Peers: 15 days). Your members can obtain a complete estimate over the phone and during 1on1 counseling sessions (Peers: 75%).

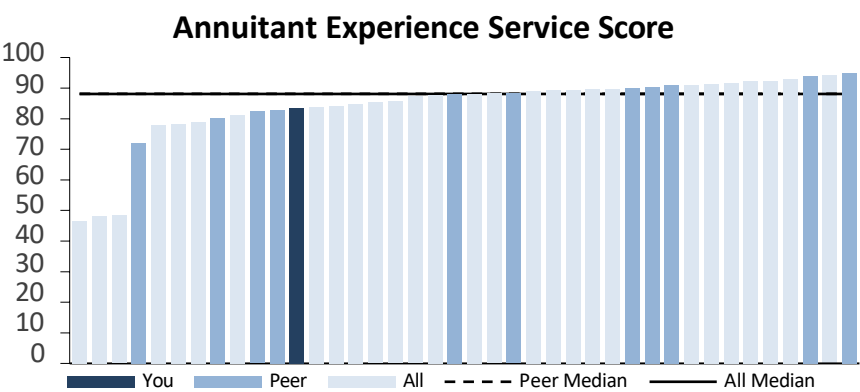
Retirement Applications	Your members can apply/process their retirement online (Peers: 83%) and you have streamlined your process regarding required documentation.
Pension Inceptions	100% of your member pensions were set up without cashflow interruption (Peers: 86%).
Salary and Service Credit	Your score full points for the salary and service credit information activity. Not all peers have the salary and service credit up-to-date to the most recent pay period or a complete history available.

### Your opportunities

Activity	Key drivers
Targeted Campaigns	58% of your peers sent targeted communication to both active and inactive members to engage with them as they approached retirement. You did not.
Pension Inceptions	60% of your survivor pensions were set up without cashflow interruption (Peers: 70%).



Your service score for the annuitant experience of 83 was below the peer median of 88.



**Your strengths**

**Activity**

Pension Payments

**Key drivers**

Your annuitants have a full suite of tools to self service online, including, changing banking information, change withholding tax amounts, and updating beneficiary as do most of your peers.

**Your opportunities**

**Activity**

Secure Website

Accessibility

**Key drivers**

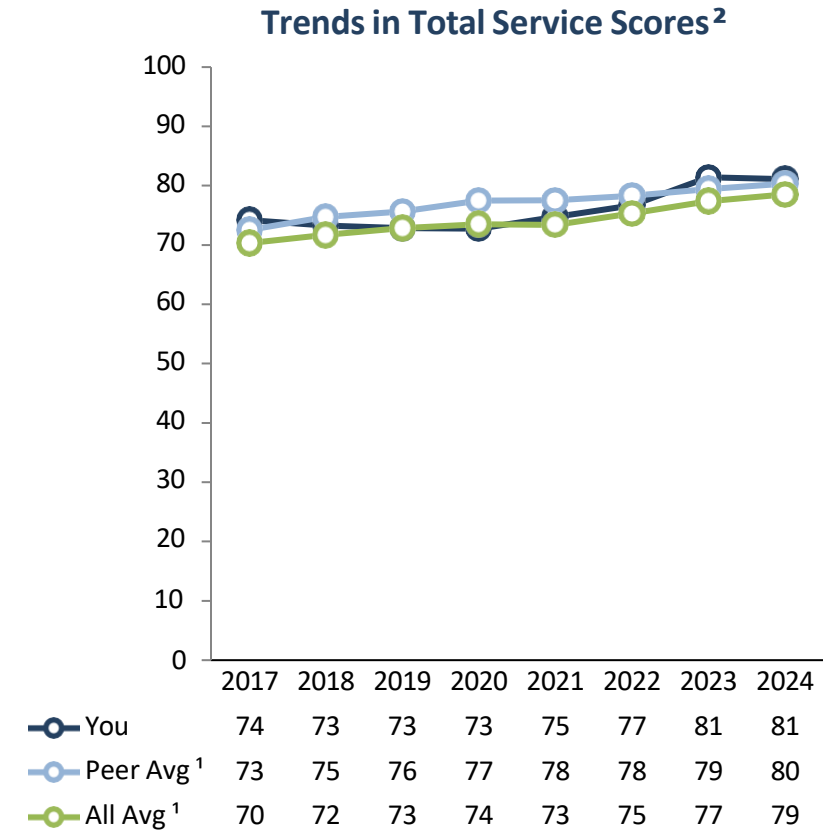
Your annuitants access your secure website less than your peers (You: 24%, Peers: 36%).

Activity	Weight	You	Peer Median
Targeted campaigns	10.0%	63	64
Pension payments	30.0%	98	98
Personal information	5.0%	70	94
Secure website accessibility	32.5%	88	100
Contact center: accessibility	7.5%	46	48
Contact center: capability	5.0%	85	88
Contact center: call quality	5.0%	85	90
Feedback	5.0%	70	70
Annuitant experience service score	100.0%	83	88

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.



**Your service score has increased from 74 to 81 between 2017 and 2024.**



1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 33 of the 40 systems in the universe).
2. Historic scores have been restated to reflect changes in methodology. Your historic service scores will differ from previous reports.

**Your service score remained unchanged with minor fluctuations compared to last year**

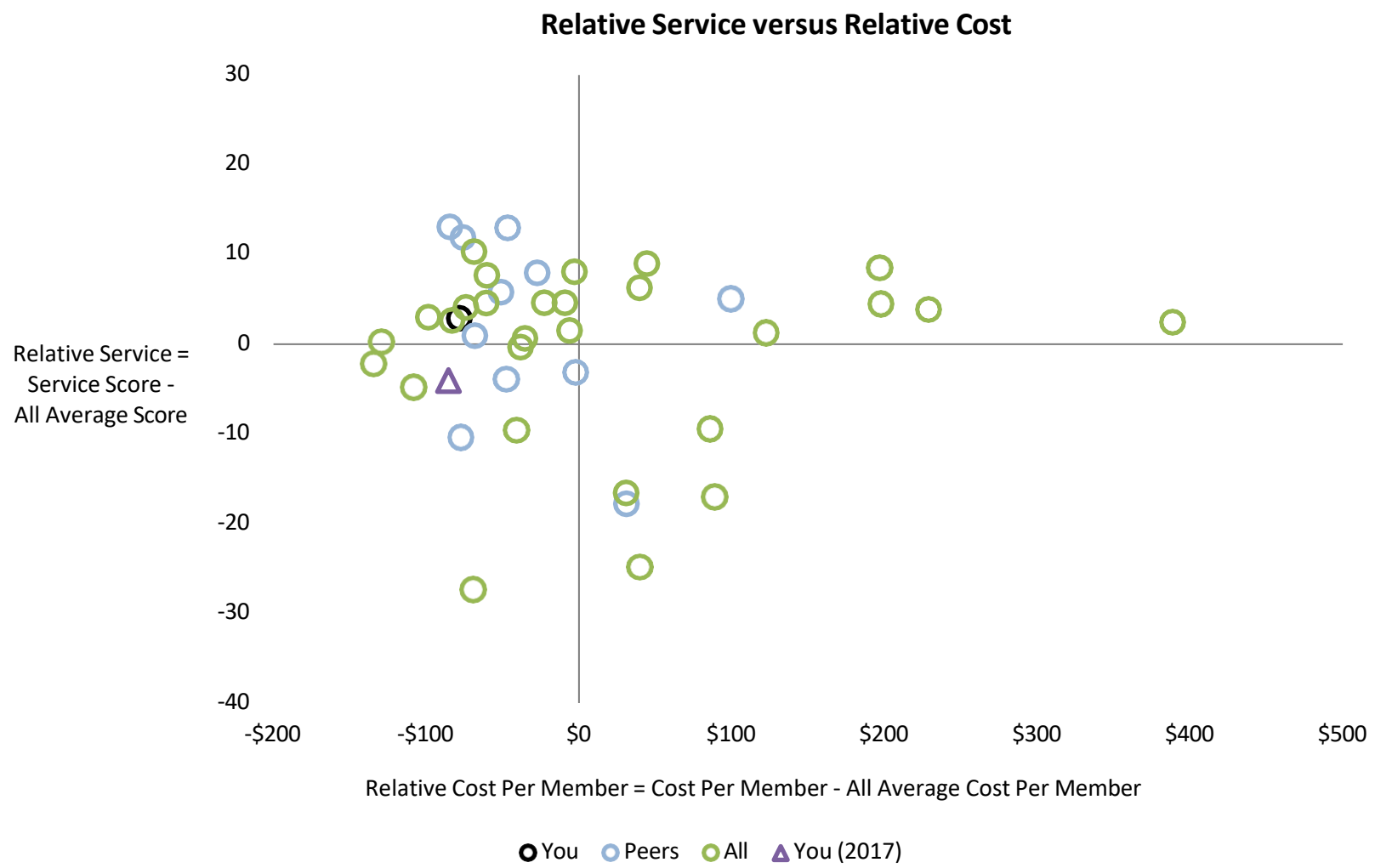
- Call wait times increased to 685 secs in 2024 from 583 secs in 2023. This is above CEM threshold of 120 secs so it did not impact your score.
- More members attended 1on1 counseling sessions and group presentations in 2024 compared to 2023. However you scored full points in both years.
- The number of survivor pensions set up without cashflow interruption decreased from 69% in 2023 to 60% in 2024.

**Longer term changes**

- Contact center challenges due to Covid and last year members had to contact you as their VRS accounts were locked due to inactivity have negatively impacted your score. This has been offset by 1on1 counseling and member presentations returning to pre-Covid levels, increase in members using your secure site, introducing a VoC program and online retirement processing.



You were lower cost and higher service than the average participant in the CEM universe.





## Key takeaways:

### Cost

- Your total pension administration cost of \$81 per active member and annuitant was \$43 below the peer average of \$124.
- This is mainly because you had lower support costs per member.
- Your total pension administration costs per active member and annuitant decreased by 1.9% in the year, and increased by 1.4% per annum over the last 8 year.
- For your peers the average cost increased by 5.3% in the year, and increased by 3.3% per annum over the past 8 years.

### Service

- Your total service score was 81. This was below the peer median of 82.
- You scored well for service in these areas:
  - Pension Inceptions - Members
  - Pension Estimates - Self Service and Written
  - Retirement Applications - Online
- You scored below your peers in these areas:
  - Pension Inceptions - Survivors
  - Secure Messaging Portal
  - Feedback
- Your service score has increased from 74 to 81 between 2017 and 2024.

### Cost effectiveness

- You were lower cost and higher service than the average participant in the CEM universe.



**Pension service organizations globally are experiencing significant changes.**

Legacy system modernization AI  
Service digitalization Cybersecurity  
Data quality management Operational Excellence  
Customer Experience Member engagement  
Hybrid work Employee recruitment and retention  
Regulatory change

### **Digitalization**

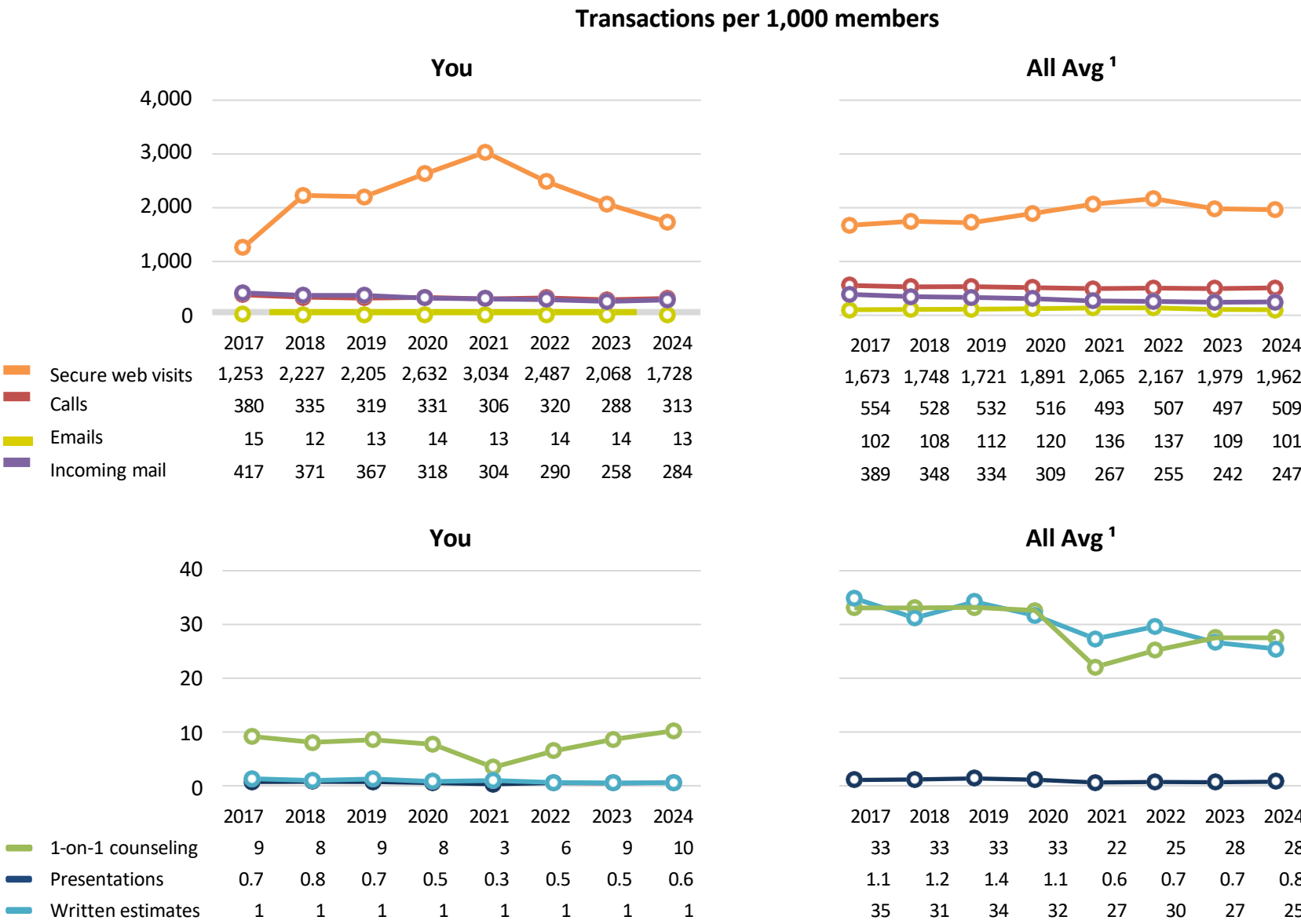
- Members have higher expectations based on their interactions with companies in other industries.
- Upgrading or replacing legacy systems is impacting the costs for most organizations.
- As digitalization increases, there is a growing concern about cybersecurity and data quality...
- ... and there are opportunities with robotic automation and AI.

### **Post-pandemic impacts**

- More transactions are happening on secure websites.
- Organizations continue to adjust to hybrid work models.
- Employee recruitment and retention challenges are disrupting pension operations.
- There has been a substantial decrease in call service levels.



Greater digitalization is the key driver for higher service scores.



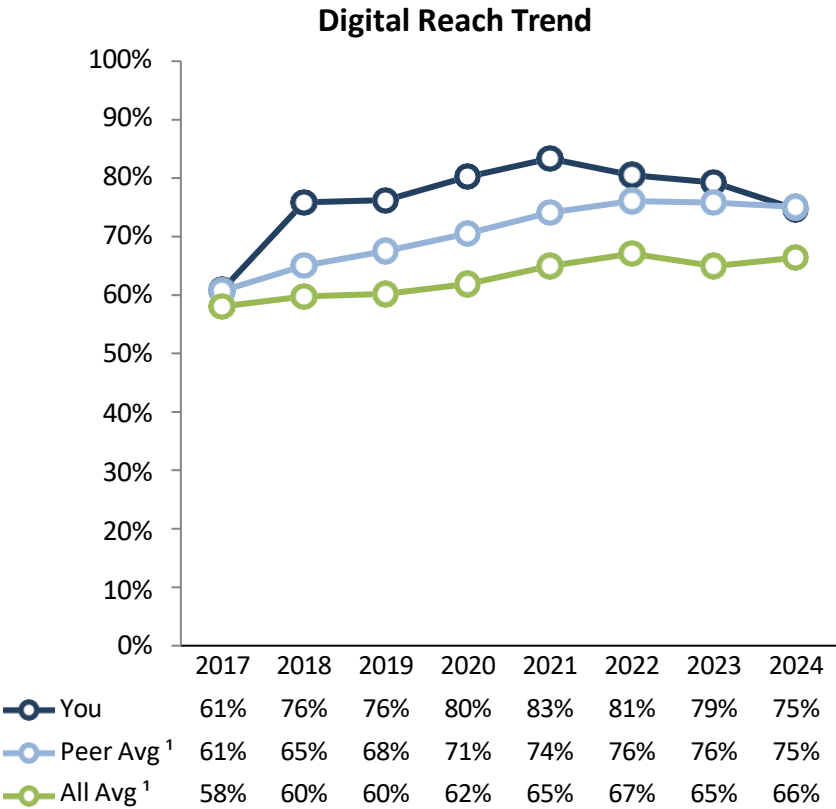
**All Avg <sup>1</sup>**

	2017	2018	2019	2020	2021	2022	2023	2024
1-on-1 counseling	33	33	33	33	22	25	28	28
Presentations	1.1	1.2	1.4	1.1	0.6	0.7	0.7	0.8
Written estimates	35	31	34	32	27	30	27	25

1. Trend analysis is based on 33 systems that provided 8 consecutive years of data.



Between 2017 and 2024 your digital reach increased 1.9% per year. The digital reach of peers with eight consecutive years of data increased by 0.5% per year in the same period.



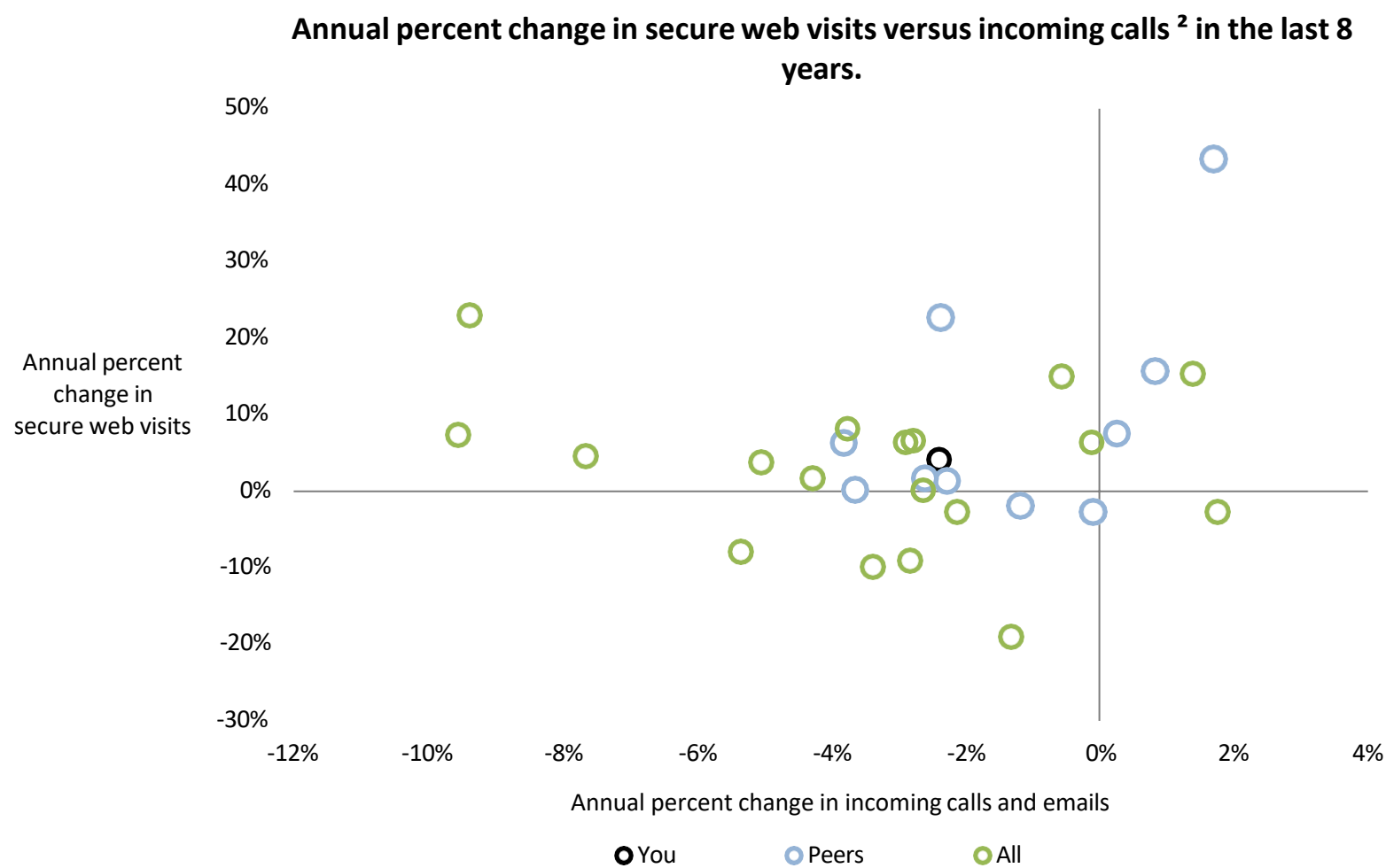
Digital reach measures the proportion of your self-service volumes versus self-service and assisted service transactions, as follows.

Digital reach	
Activity	Volume
Total secure website visits (A)	1,051,640
Incoming calls (B)	175,410
Incoming emails/secure messages (C)	7,874
Incoming letters (D)	172,582
Digital reach [A / (A + B + C + D)]	75%

1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 33 of the 40 systems in the universe).



59% of plans with eight consecutive years of data have increased secure web visits while decreasing incoming call and email volumes.

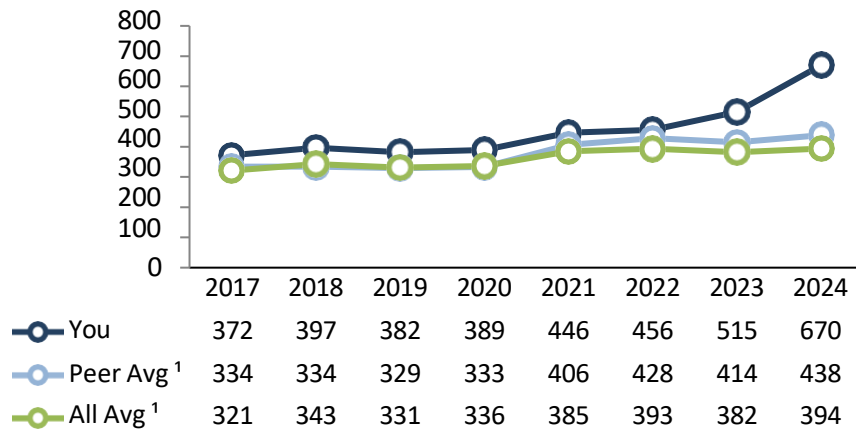


1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 33 of the 40 systems in the universe).  
2. Volumes are calculated per 1,000 active members and annuitants.

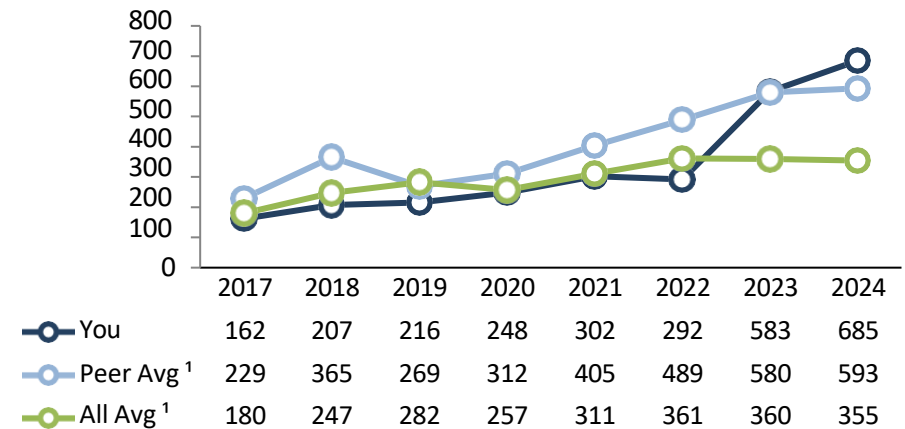


## The nature of member calls has changed in the last eight years.

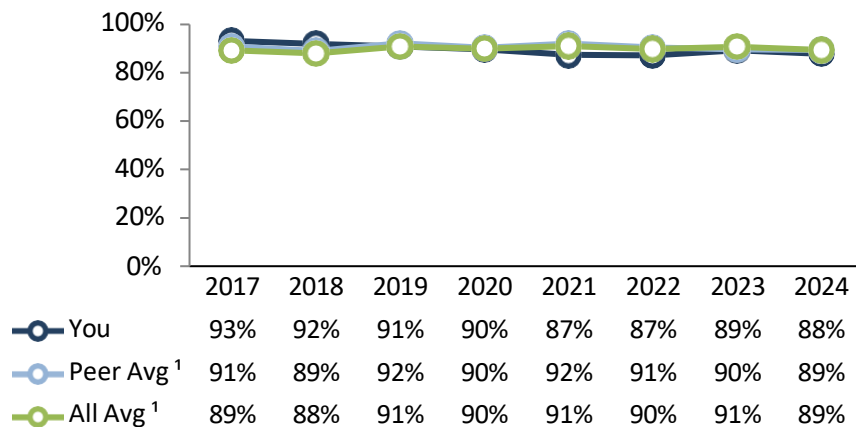
**Time on Call, in Seconds**



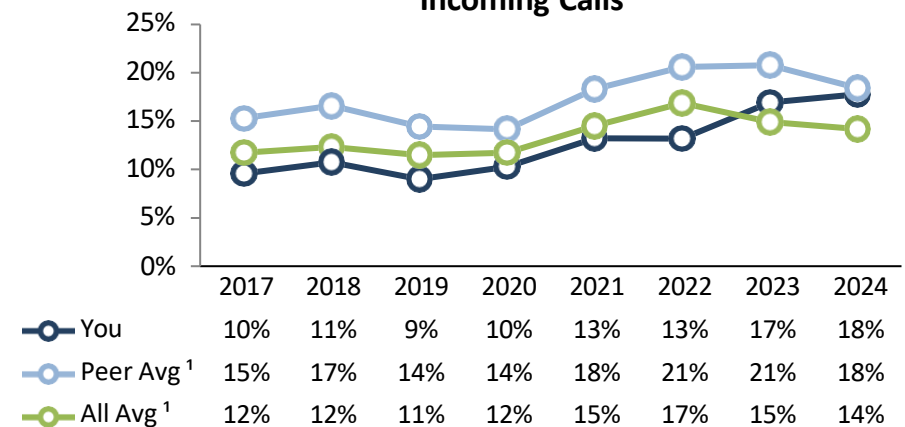
**Call Wait Time, in Seconds**



**Percentage of calls satisfied by the first contact**



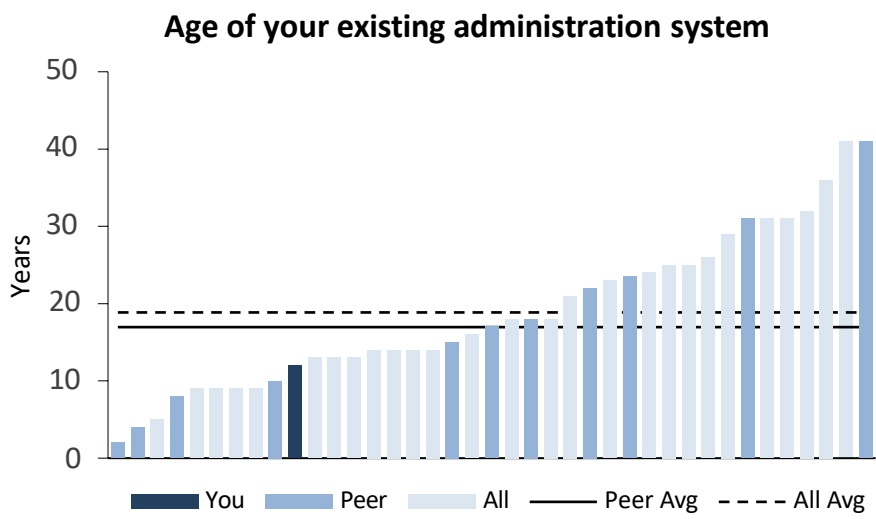
**Undesired Call Outcomes as a Percent of Incoming Calls**



1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 33 of the 40 systems in the universe).



You are not replacing your existing pension administration system. A total of 17 systems are replacing their administration system.

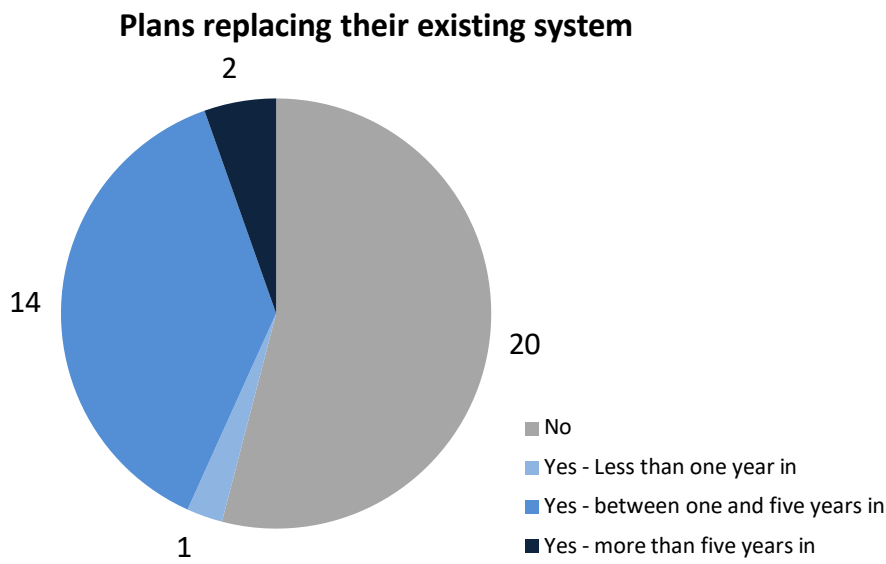


The core pension administration system:

- For 43% of plans, the current system was built in-house.
- For 40% of plans, the current system was built a third-party.
- For 15% of plans, their in-house solution was built by a third-party.

System customization:

- 30% of plans whose current system is third-party, required greater than 90% customization on the third-party solution.
- On average, 53% customization was required on third-party solutions.





**Plans with cloud access are using AI to improve their operations. Most commonly, plans start with low-risk AI use cases in their contact centers to support their service agents.**

## **Common use cases**

### Contact center

- Automatically create a call transcript and add the post-call summary to the Client Relationship Management (CRM) system.
- Perform call quality assurance and sentiment assessments.

### Document management

- Aggregate internal documents into discrete repositories, with meta data, so staff can easily query these repositories for the data they need.

### Automation

- Robotic automation of routine back-office tasks.

### Proof-of-life verification

- Tracking/identifying members with facial recognition technology.

## **Less common or higher risk use cases**

### Contact center

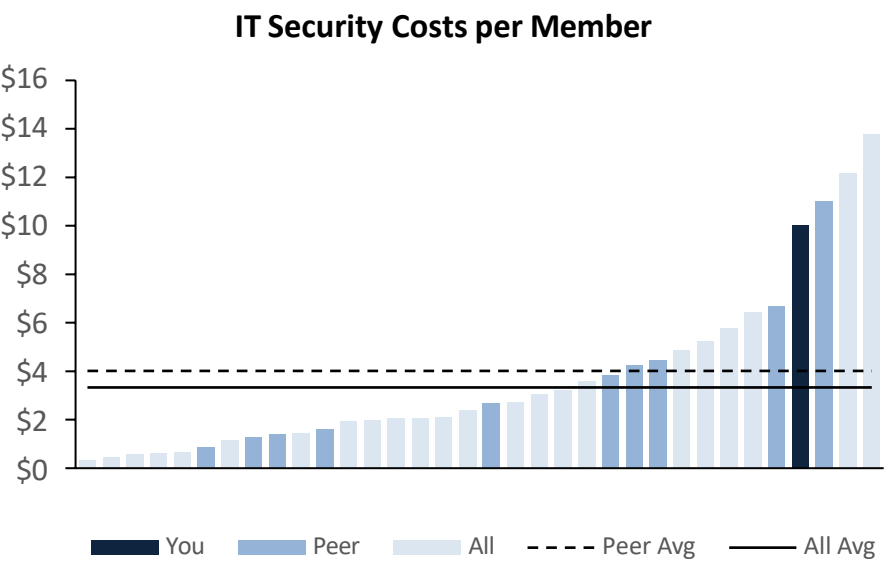
- Redirect members to digital channels and guide workflow with an AI assistant that integrates CRM and browser-based solutions.
- Chatbots for processing member information and answering their questions.
- Predicting a member's next question real-time, on call.
- Real-time, on-call member satisfaction metrics based on voice recognition.

### Data quality management

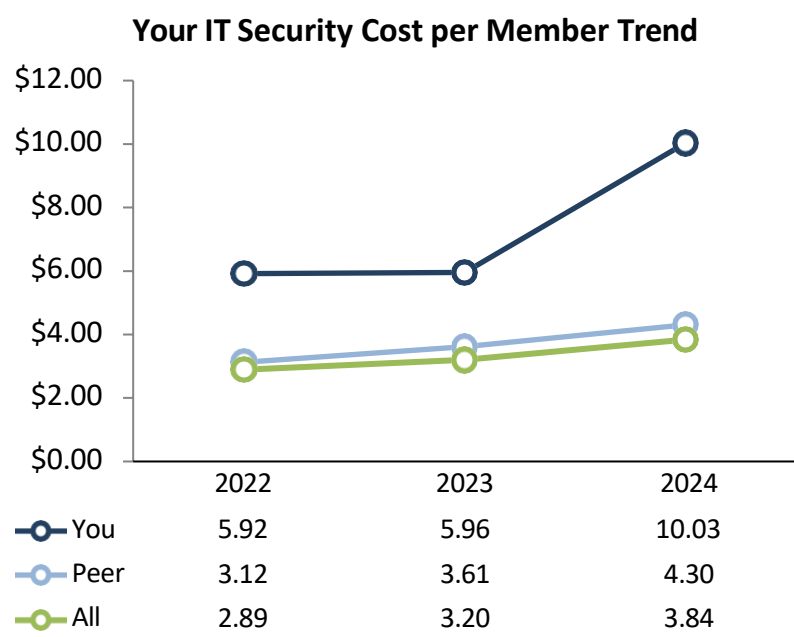
- Large-scale analysis and cleaning of member data.



IT security is an increasing concern for all systems. Your costs and staffing of IT security compare to your peers as follows:



Your IT security cost per member was \$10.03 versus a peer average of \$4.01.



1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 33 of the 40 systems in the universe).



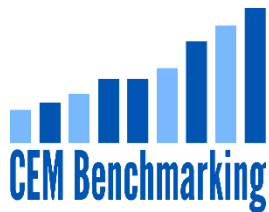
# Thank you



Christopher Doll  
Co-Head, Client Coverage

—

ChrisD@cembenchmarking.com  
CEMbenchmarking.com









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## Report

The Defined Contribution Plans Advisory Committee (DCPAC) convened on September 11, 2025, at 1:00 p.m. and took up the following matters:

### **WELCOME AND INTRODUCTION**

Dr. Gooden welcomed two new members of the DCPAC, September Sanderlin and Rebecca Fentress. September Sanderlin has been the Vice President for Talent and Culture at Old Dominion University since 2013. Rebecca Fentress is the Senior Director of Benefits at Capital One and has over 15 years of experience managing comprehensive employee benefits programs for large, publicly traded corporations.

Committee members, Board members, agency officials, representatives from stakeholder groups, and other members of the public joining in person and through electronic means were welcomed to the DCPAC.

### **APPROVAL OF MINUTES**

The Committee approved the minutes of its May 15, 2025, meeting.

### **INVESTMENTS**

#### Annual Investment Review

Staff provided the Committee with its annual review as of June 30, 2025, which included a review of DC governing documents, investment performance and investment fund expenses for the unbundled DC plans and the bundled TIAA ORPHE. Staff highlighted the plans' target date portfolios, which serve as the plan's default investment option, and the various asset classes used within the portfolios. Staff also outlined the wide range of asset classes and types of funds used as standalone investment options for those participants who desire to construct their own portfolios. Staff explained the breakdown of the unbundled DC plans as it pertains to the use of collective investment trusts (CITs), white label funds, passively managed investments, and the VRS investment portfolio (VRSIP). Staff shared the TIAA ORPHE investment program includes passively managed funds as well as TIAA's proprietary fixed annuity and real estate variable annuity product offerings.

#### Callan 2025 DC Trends Survey

Staff provided an overview of highlights from the Callan 2025 DC Trends survey, which was included in the Appendix of the meeting materials. Staff noted there was about a 33% decrease in the number of responders compared to last year's survey and explained some year-over-year result differences may be due to the type of plan sponsors who responded to the survey this year compared to last year. Staff reported on responses from various topical areas that included Fiduciary Initiatives, Default Investments, Target Date Funds, Investment Menus & Investment Types, Fee Calculation & Benchmarking, Managed Accounts & Advice and Retirement Income Solutions.



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### Retirement Income

Staff provided an overview of how the retirement income landscape continues to evolve and the various considerations plan sponsors need to address when evaluating product offerings in this space. Staff shared with the Committee the population of VRS members participating in DC plans and eligibility for participation in the various plans. There are also some employers who may not use VRS plans but instead have their own 457 or 403(b) plans. Staff discussed Social Security Replacement Income at different income levels. Staff reviewed the various resources currently available through the DC plans to participants for retirement income – annuities, periodic payments, managed accounts (unbundled DC plans) and the Voya Be Ready financial planning platform. Staff informed the Committee that it will continue to monitor developments in this area, gather additional VRS plans retirement metrics, identify gaps, if any, in retirement income for VRS DC participants and share the results with the Committee.

### ADMINISTRATION

#### Administrative Report & Communications

Staff provided an overview of the Defined Contribution Plans, as well as an update on administrative reports for the second quarter of 2025, which included reviewing assets and accounts across the various plans. Staff advised the Committee that plan assets increased, as did the total number of plan accounts.

Staff provided an update on advice and managed accounts, including the number of participants for each based on age, salary and account balance. Voya will provide data; however, VRS will begin using focus groups and individual meetings over the coming year to better understand how and why participants utilize the service.

Staff provided an update on auto-escalation with the next escalation cycle beginning in January 2026. Communications are going out to prepare employers and participants for auto-escalation. VRS is anticipating an approximately 40% increase in the number of participants who will be auto escalated. It was noted that hybrid voluntary contribution changes have moved from a quarterly frequency to monthly frequency and hybrid plan members can opt out during the month of December.

Staff provided an update on ORPHE accounts with the DCP and TIAA platforms.

#### ORPHE Contribution Rates Review

As required by *Code of Virginia §51.1-126.F.3*, VRS staff recently completed a comprehensive review of employee and employer defined contribution retirement plan contributions at peer higher education institutions across the United States as compared to those required in the ORPHE plan. 622 Peer institutions were identified by the State Council of Higher Education (SCHEV) and staff reviewed various plan attributes, including contribution rates, for 614 institutions. The analysis showed that ORPHE contribution rates are comparable to those of peer institutions and no changes were recommended at this time.

#### *Recommend RBA for the ORPHE Contribution Rates Report*

The Committee recommended approval of the following action to the Board of Trustees:



***Request for Board Action:*** *The Board accepts, after considering the recommendation of the Defined Contribution Plans Advisory Committee (DCPAC), the VRS staff report entitled “Optional Retirement Plan for Higher Education – Review of Contribution Rates.”*

**OTHER BUSINESS**

**DISCUSSION OF NEW IDEAS**

No new ideas were presented.

**2025 MEETINGS**

Dr. Gooden confirmed the remaining DCPAC meeting date in 2025, at 1:00 p.m. on Thursday, December 4, 2025.

Additionally, the ORPHE Annual Employer Update is scheduled for September 17, 2025, and will appear on the DCPAC agenda as an upcoming event. This is not a DCPAC meeting; however, members may attend if interested.

There was no other business to come before the Committee.

Submitted to the Board of Trustees on September 25, 2025.

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Susan T. Gooden, Chair  
Defined Contribution Plans Advisory Committee



**Accept VRS staff review of ORPHE contribution rates.**

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**Requested Action**

The Board accepts, after considering the recommendation of the Defined Contribution Plans Advisory Committee (DCPAC), the VRS staff report entitled “Optional Retirement Plan for Higher Education – Review of Contribution Rates.”

**Rationale for Requested Action**

In accordance with *Code of Virginia* § 51.1-126(F)(3), the VRS Board of Trustees examines the contribution rates for the Optional Retirement Plan for Higher Education (ORPHE) every six years. The examination considers the mean contributions of the salary peer group as determined by the State Council of Higher Education and the VRS actuary. VRS staff performed this examination, reported the results of its review of the contribution rates to the DCPAC, and the DCPAC has recommended acceptance of the report, a copy of which is attached to this RBA.

**Authority for Requested Action**

*Code of Virginia* § 51.1-126(F)(3) requires the Board to examine the contribution rate for the ORPHE at least once every six years.

The above action is approved.

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A. Scott Andrews, Chair  
VRS Board of Trustees

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Date





Virginia  
Retirement  
System



**Report to the  
Defined Contribution Plans  
Advisory Committee  
(DCPAC)**



**Optional Retirement Plan  
for Higher Education  
Review of Contribution Rates**



**September 2025**





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# Optional Retirement Plan for Higher Education

## 2025 Review of Contribution Rates

### Introduction

The Board of Trustees of the Virginia Retirement System (VRS) is required by *Code of Virginia §51.1-126.F.3* to review contribution rates for the Optional Retirement Plan for Higher Education (ORPHE) at least once every six years. The previous periodic contribution rate review was completed in 2019.

*The contribution rates established pursuant to subdivision 1 shall be examined by the Board at least once every six years. The examination shall consider the salary peer group mean contribution as determined by the State Council of Higher Education and the Virginia Retirement System actuary, and, if deemed advisable, recommend a revision to the rate of contribution by the Commonwealth.*

To support the review process, VRS staff gathered employer and employee contribution data from peer institutions across the country designated by the State Council of Higher Education for Virginia (SCHEV). This data was used to calculate the average contribution rate for the salary peer group as of July 2025.

VRS reviewed contribution rates for faculty members participating in ORPHE, a defined contribution plan. Under [§51.1-126](#), faculty members contribute 5% and employers contribute 8.5%. This rate structure has been in place for eligible new hires since July 1, 2010. Employers may choose to make an additional employer contribution of up to 0.4%, totaling 8.9%. Currently, the only institution doing so is the University of Virginia.

The results of the analysis determined that the current employee and employer contribution rate was competitive with the peer group average.

**At this time, a revision to the current rates is not recommended.**



## Methodology

SCHEV developed a set of peer institutions in 2007 for each public college and university in Virginia in order to assess the Commonwealth's funding of faculty salaries. Using cluster analysis, SCHEV set 19 quantitative characteristics to identify institutions similar to each Virginia institution.

In total, 622 peer institutions were identified by SCHEV, including 272 four-year institutions and 350 community colleges. For most institutions, information related to retirement benefits was available on their public websites. For others, VRS staff reached out via email and/or phone.

VRS was able to obtain data from 614 of the 622 institutions. (Of the eight institutions that did not provide data, five were private.)

Responding peers represented a mix of public (505) and private (109) institutions. In some areas, there are key differences between these types of institutions, which are highlighted in relevant sections.

Additionally, there are often differences between four-year institutions and community colleges, which this report also compares.

Although current ORPHE contributions rates differ from an earlier tier of the plan, which included only a 10.4% employer contribution, VRS only considered the current tier in its review and analysis. The current tier has been in place since 2010 and is the only option available for new hires. Likewise, only the current retirement plan available at peer institutions was considered.

The following plan attributes were reviewed:

- Primary retirement plan offerings:
  - IRS plan type for the defined contribution plans
  - Availability of an alternate plan choice
- Contribution rates
- Waiting period
- Vesting schedule
- Shared plan status (Additional information provided on page 8.)



## Findings

### Primary Retirement Plan Offerings

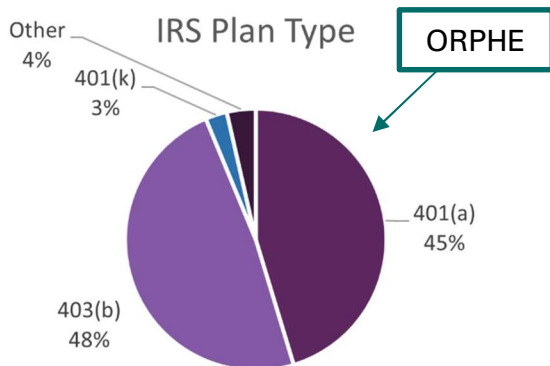
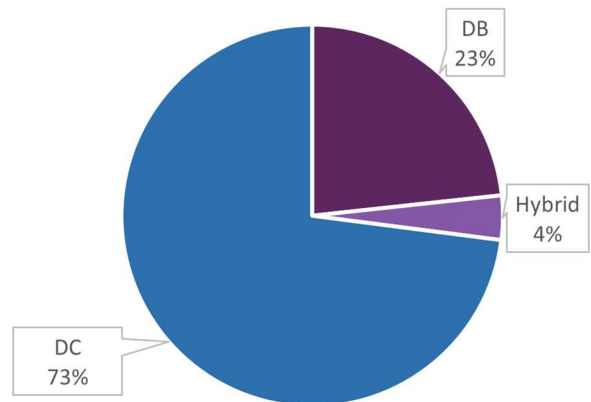
Of key consideration is the type(s) of plans offered to employees as a primary retirement benefit. For the purpose of this review, primary plans include those with required employer and/or employee contributions, as opposed to supplemental retirement plans, to which employees may choose to contribute. Analysis is limited to primary retirement plans.

Of the responding institutions, 143 offered only a defined benefit (DB) plan. A DB offering was a much more common feature in public sector plans.

Twenty-three of the responding institutions only offered a hybrid plan.

**The most common offering was a primary defined contribution (DC) plan, which is offered by 73% (448) of the peer institutions.** When focusing on four-year institutions, the percentage jumps to 93%.

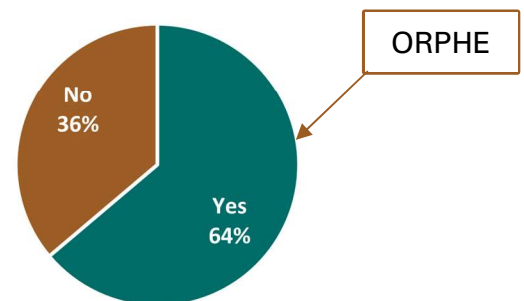
Primary Plan Type



**IRS Plan Types:** For institutions offering a DC plan, there were several types in use. The most common, however, were 401(a) and 403(b) plans. Fewer than 10% offered a different plan type.

**Availability of an Alternate Plan:** At many institutions, employees are given a choice between plans. Among the institutions offering a DC plan as a primary retirement plan, 84% public institutions offered an alternative. None of the private institutions did so.

Alternative Plan Available

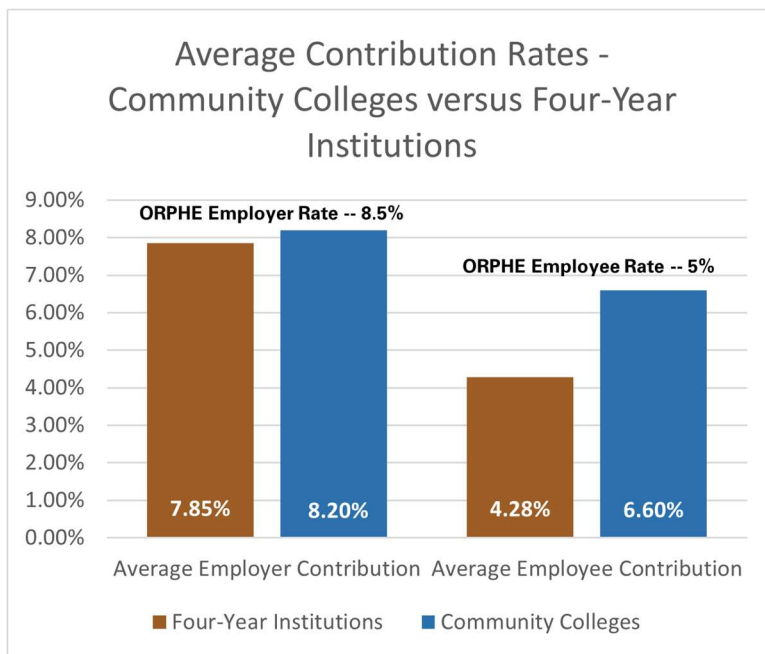
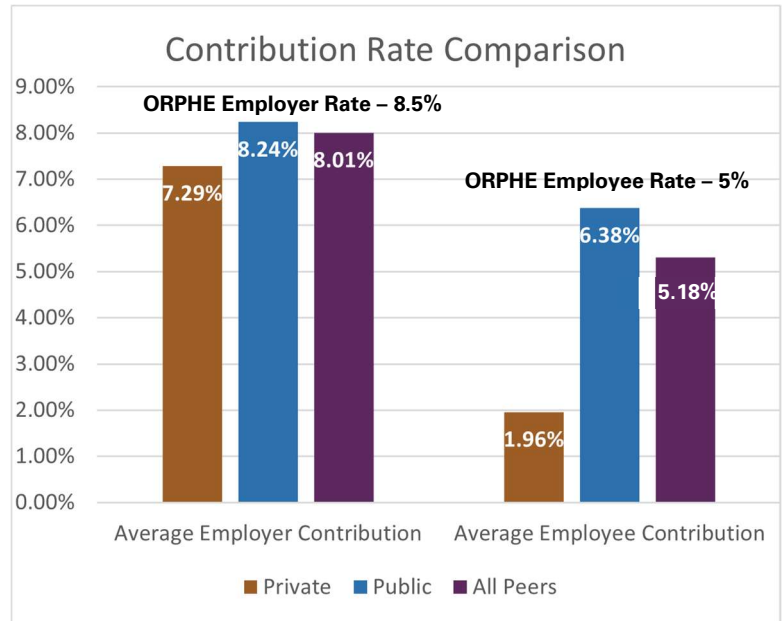




## Contribution Rates

Contribution rates for primary DC plans were reviewed in a number of different ways. Across all peers, the mean contribution was 8.01% for employer contributions and 5.31% for employee contributions. This ratio of employer to employee contributions aligns with the current ORPHE contribution rates of 8.5% employer and 5% employee.

**Public versus Private Institutions:** When comparing rates between public and private institutions, there is a difference in the average employee contribution; where private institutions are approximately 4.4% less than public institutions. The ORPHE employee contribution rate of 5% is below the average of all peers, both public and private.



### Community Colleges versus Four-Year Institutions:

There were minimal differences in employer contribution rates when comparing four-year institutions and community colleges. The average employee contribution rate was higher for community colleges than for four-year institutions. These differences are largely because all the community colleges are public institutions, which on average have higher employer and employee contribution rates.

Current contribution rates to ORPHE include an 8.5% employer contribution and a 5% employee contribution. [§51.1-126. F.1](#) allows for an employer contribution up to 8.9%. Currently, only one institution, the University of Virginia, has opted to use the 8.9% maximum contribution rate.



Of the 249 four-year institutions with a primary defined contribution plan, 17% (43) did not require an employee contribution. Contributions ranged between 0.5% to 17.5% for those requiring it.

Of the 199 community colleges offering a primary defined contribution plan, 8% (15) did not require an employee contribution. For those requiring it, employee contributions ranged between 2.0% and 17.5%.

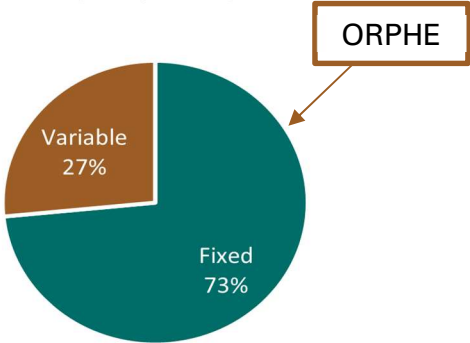
	Mean	Median	Mode	Mean	Median	Mode
Community Colleges	8.20%	7.60%	6.60%	6.60%	6.65%	6.65%
Four-Year Institutions	7.85%	8.00%	10.00%	4.28%	4.38%	0.00%
ORPHE		8.5%			5%	

**Fixed versus Variable Rates:** Another plan attribute that varies from one defined contribution plan to another is whether contribution rates change based on factors like age, salary and/or tenure. Of the plans reviewed, 73% included fixed contribution rates, like ORPHE, that are the same for all participating employees, and 27% included variable rates. Fixed contribution rates were more common in public sector plans at 84%, but only 43% of private sector plans used a fixed rate. The specific factors determining how or why rates varied within a plan were not part of the analysis. For plans with variable rates, only the mean contribution rate was considered.

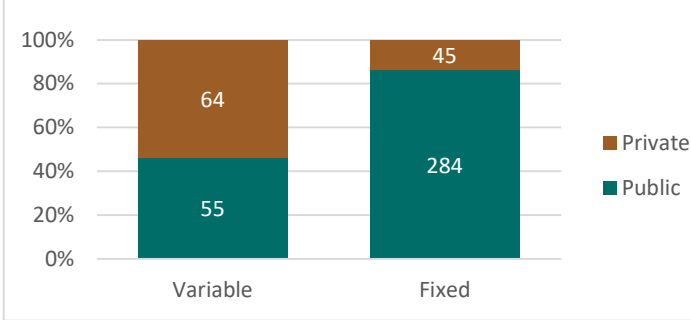
A few examples of variable contribution rates include:

- The State University of New York (SUNY) Optional Retirement Plan includes a fixed employer contribution rate of 8% and a variable employee contribution ranging from 3% to 6% based on salary.
- The University of Pennsylvania’s employer contributions vary based on the employee’s age and range from 2.5% to 5%.
- Boston College’s defined contribution plan offers employer contributions of either 8% or 10%, depending on years of service.

Contribution Rate Structure  
(All plans)



Contribution Rate Structure  
Public versus Private





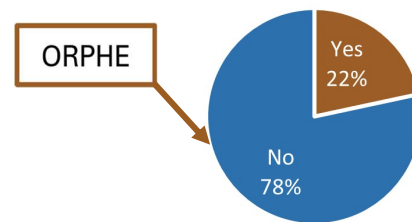
## Waiting Periods and Vesting Schedules

In addition to contribution rates and plan type, other waiting periods and vesting schedules.

**Waiting Period:** Waiting periods are a period of employment before an employee can enroll in the retirement plan. For all peers, this was only a requirement in private institutions; in public institutions, it is much more common. In private institutions, 78% required a waiting period compared to only 22% in public institutions.

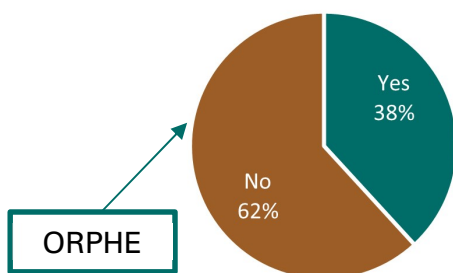
**ORPHE does not include a waiting period. Employee**

Waiting Period - All peers



**Vesting Schedule:** In a defined contribution plan, a vesting schedule determines when a participant gains full ownership of employer contributions made to their retirement account. While employees are always immediately vested to their own contributions, employer contributions may be subject to a vesting schedule. This means that the longer an employee remains with the organization, the greater the portion of employer contributions they retain. For example, an employee might earn 25% ownership after one year, 50% after two years and become fully vested after four years of service. If the employee leaves before becoming fully vested, any unvested employer contributions are typically forfeited. Plan vesting schedules vary. This study did not consider the different types of vesting schedules institutions had in place, only if they had one.

Vesting Schedule - All peers



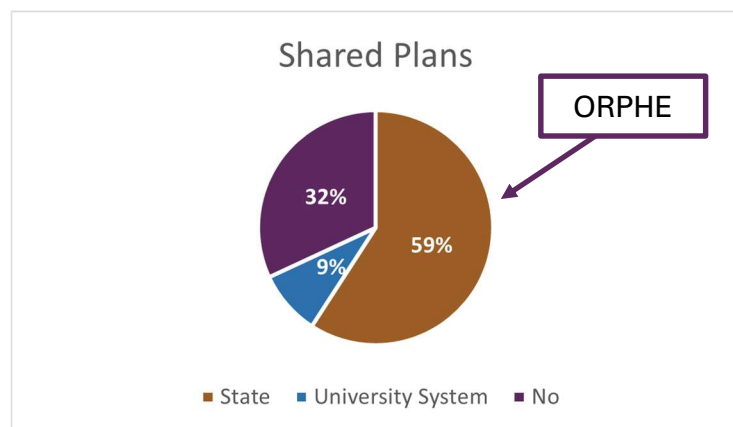
Across all peers, 38% require a vesting schedule before employees are fully entitled to all employer contributions. This feature also varied greatly between public and private institutions, with 44% of public institutions requiring a vesting schedule compared to 19% of private institutions.

**In general, ORPHE does not include a vesting schedule, and employees are 100% vested in all employer contributions from day one.** However, the Code of Virginia ([§51.1-126. F.2](#)) allows institutions administering their own ORPHE to implement a vesting schedule. Currently, only the University of Virginia has done so.



## Shared Plan Status

A shared plan is a retirement plan administered by a central entity with participation by multiple employers. Most attributes of the plan are shared and do not vary from one employer to another, although some variation may be allowed. Most commonly, shared plans can be administered at the state level, as is the case in Virginia, or shared across a university system. In the private sector, shared plans can be administered by a third party on behalf of participating employers.



As an example, public institutions in Virginia take part in the Optional Retirement Plan for Higher Education, which is administered by VRS. Individual institutions have limited flexibility to modify plan attributes, although some modification is permitted.

Of the peer institutions reviewed, 59% (265 institutions) were part of a state-administered plan; 9% (40 institutions) were part of a university-administered plan; and 32% (143 colleges) were not part of a shared plan. Only one private institution was part of a shared university plan.

Of the public institutions with a defined contribution plan, the most common structures were those administered at the state level, which accounted for about 78% of the public institutions.

The peer group reviewed included public sector plans administered by the following states:

- Colorado
- Connecticut
- Florida
- Georgia
- Idaho
- Illinois
- Kansas
- Louisiana
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Mississippi
- Missouri
- New Jersey
- New Mexico
- Nevada
- New York
- Ohio
- North Carolina
- Pennsylvania
- Rhode Island
- South Carolina
- Tennessee
- Texas
- Utah
- Washington
- West Virginia



## Conclusion

*Code of Virginia* §51.1-126 requires the VRS Board of Trustees to examine the contribution rates for the Optional Retirement Plan for Higher Education at least once every six years. Based on the analysis set forth above, VRS staff has concluded that contribution rates are comparable to peer institutions identified by SCHEV.

**No changes are recommended at this time.**



## Virginia Public Higher Education Institutions

### Community Colleges

Blue Ridge Community College  
Brightpoint Community College  
Central Virginia Community College  
Danville Community College  
Dabney S. Lancaster Community College  
Eastern Shore Community College  
Germanna Community College  
J. Sargeant Reynolds Community College  
Laurel Ridge Community College  
Mountain Empire Community College  
New River Community College  
Northern Virginia Community College  
Paul D. Camp Community College  
Patrick Henry Community College  
Piedmont Virginia Community College  
Rappahannock Community College  
Southside Virginia Community College  
Tidewater Community College  
Virginia Highlands Community College  
Virginia Peninsula Community College

Virginia Western Community College

Wytheville Community College

### Four-Year Colleges and Universities

Christopher Newport University  
College of William and Mary  
George Mason University  
James Madison University  
Longwood University  
Norfolk State University  
Old Dominion University  
Radford University  
Richard Bland College\*  
University of Mary Washington  
University of Virginia  
University of Virginia's College at Wise  
Virginia Commonwealth University  
Virginia Military Institute  
Virginia State University  
Virginia Tech

\*Richard Bland is a junior college associated with the College of William & Mary.



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## Report

The Audit and Compliance Committee (committee) met on September 24, 2025. Senator Bell welcomed committee members, board members, agency officials, representatives from stakeholder groups and other members of the public joining in person and through electronic means. The committee discussed the following:

### **APPROVAL OF MINUTES**

The committee approved the minutes of its June 17, 2025, meeting.

### **RESULTS OF INDEPENDENT VALIDATION OF INTERNAL AUDIT'S QUALITY ASSURANCE REVIEW**

The committee received the results of the independent validation of Internal Audit's quality assurance review. The results concluded the internal audit activity at VRS generally conforms with the *International Standards for the Professional Practice of Internal Auditing*, which denotes the Institute of Internal Auditor's highest rating of conformance.

### **EXIT ON THE 2024 EMPLOYER ASSURANCES REVIEW AND UPDATE ON THE 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AUDIT**

The Auditor of Public Accounts (APA) reported the 2024 Employer Assurances Review, covering GASB Statements No. 68 and 75, has concluded. The APA has issued their related opinions for the pension and other post-employment benefit plans.

The APA also reported the 2025 VRS ACFR Audit is progressing as planned and is on schedule to be finished in advance of December 15, 2025.

### **AUDIT REPORTS**

The committee received one audit report.

- The review of the *Leverage Program* determined adequate oversight and controls exist over the program. There was one formal recommendation resulting from this review.

### **INTERNAL AUDIT LIMITED ASSURANCE REVIEWS**

The committee received the results for the following reviews completed by the Internal Audit department:

#### **Agency Performance Outcomes and Operational Measures**

The Internal Audit Director discussed Internal Audit's review of management's representations regarding the agency performance outcomes and operational measures for the fiscal year ended June 30, 2025, noting nothing came to Internal Audit's attention that indicated the outcomes and measures were not appropriately represented for the fiscal year.

#### **VRS' Investment Incentive Compensation**

The Internal Audit Director noted Internal Audit completed its review of the Investment department's proposed incentive compensation amounts and determined they were accurately calculated in accordance with the authorized pay plan and related eligibility requirements were met.



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**ADVISORY SERVICES OVERVIEW**

The committee received an overview of Internal Audit's advisory services, including a summary of a recently completed engagement focused on the Virginia Sickness and Disability and Virginia Local Disability Long-Term Care Programs.

**INTERNAL AUDIT DEPARTMENT'S ANNUAL PROGRESS REPORTS FOR FISCAL YEAR 2025**

The committee received the following updates:

**Internal Audit Department's Annual Report**

The Internal Audit Director provided the committee with a summary of Internal Audit's accomplishments over the past year. She recognized the contributions of the internal audit team, highlighting their internal and external service during the year. The Internal Audit Director explicitly confirmed the department and its staff are organizationally independent of the activities they examine.

**Annual Report on the Audit Recommendation Follow-Up System (ARFUS)**

The annual ARFUS report as of June 30, 2025, was presented. The Internal Audit Director noted ARFUS contained eight recommendations, four were represented as implemented, two of which were issued by the APA. Four recommendations were released, one with comment, leaving four outstanding as of June 30, 2025.

**Annual Plan and Long-Range Plan Progress**

The Internal Audit Director discussed the fiscal year 2025 annual plan results as of June 30, 2025, along with the status of the long-range plan for the three years ending June 30, 2027.

**PROPOSED FY 2026 ANNUAL PLAN**

The Internal Audit Director presented the proposed annual plan for fiscal year 2026, noting it was derived from the approved long-range plan with some adjustments to address activities carried from fiscal year 2025 to fiscal year 2026. The Committee recommended approval of the following action to the full board:

***Request for Board Action:*** *The VRS Board of Trustees approves the proposed FY 2026 Annual Plan.*

**MISCELLANEOUS UPDATES**

The committee received the following miscellaneous updates:

**Quarterly Report on Fraud, Waste and Abuse Hotline Cases**

The Internal Audit Director shared there were no Fraud, Waste and Abuse Hotline complaints reported to Internal Audit during the period of May 1, 2025, through July 31, 2025.

**Management's Quarterly Travel Expense and Per Diem Report**

The committee received Management's Quarterly Travel Expense and Per Diem report.

**Committee Meeting Schedule for Calendar Year 2026**

The committee received a schedule of Audit and Compliance Committee meeting dates for 2026.



**Next Committee Meeting Date**

The final 2025 committee meeting is scheduled for Thursday, December 11, 2025, at 10:30 a.m.

**AUDIT DIRECTOR'S PERFORMANCE EVALUATION (CLOSED SESSION)**

The committee went into closed session to review the Internal Audit Director's performance for the fiscal year ended June 30, 2025.

Upon returning to open meeting, the committee voted to recommend approval of the following action to the full board:

***Request for Board Action:*** *The VRS Board of Trustees approves a 7% performance bonus for the audit director.*

Respectfully submitted to the Board of Trustees on September 25, 2025.

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Sen. J. Brandon Bell, II, Chair  
Audit and Compliance Committee



**Approve FY 2026 Annual Audit Plan.**

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**Requested Action**

The VRS Board of Trustees approves the proposed FY 2026 Annual Audit Plan.

**Description/Background**

The Audit Director has developed a comprehensive risk assessment process to identify and prioritize the work of the Internal Audit Department in line with organizational and operational risk priorities of the Board of Trustees and VRS management. The process is applied against a universe of potential audit projects within the limitations created by the available audit resources and results in the creation of a Long-Range three-year audit plan.

Annually the Audit Director looks to the guidance provided by the Long-Range plan and develops the Annual Audit plan. FY 2026 is the second year in the Long-Range plan, as a result certain adjustments have been proposed based on the changing risk environment within the organization.

**Rationale for Requested Action**

The proposed Annual Audit Plan, derived from the approved Long-Range plan, is brought forward annually for Board consideration and approval, ensuring the work of the Internal Audit Department remains in alignment with organizational and operational risk priorities.

**Authority for Requested Action**

Section V.C.6 of the VRS Board of Trustees' Governance Policy delegates the responsibility of developing a comprehensive annual audit plan to the Audit Director and providing that plan to the Audit and Compliance Committee and the Board of Trustees for review and approval.

The above action is approved.

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A. Scott Andrews, Chair  
VRS Board of Trustees

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Date





# Proposed FY 2026 Internal Audit Annual Plan

September 24, 2025



# FY 2026 Annual Plan Proposed

Derived from FY 2025 FY 2027 Long Range Plan. Risk priority (High, Med, Low) is based on the risk assessment performed to support the development of the Long Range Plan. This includes various organizational risks as well as risks related to time since the area was last audited and prior audit findings.

## Benefits <sup>1</sup>

Deferred Compensation and  
Cash Match Programs

High

Group Life Insurance and  
Death Processing

Med

Service Retirements

Med

## Investments <sup>1</sup>

Investment Compliance and  
Legal and Regulatory Oversight

Med

Private Equity

Med

## Information Technology <sup>2</sup>

myVRS

High

IT Governance

High

Backup and Recovery

High

## Carried Over Projects from Prior Year Plan <sup>1</sup>

Leverage Program

High

Health Insurance Credit and  
Premium Benefits

Med

Long Term Care Program

Low

Networking and Computing

High

## Other Assurance Reporting

Audit Recommendation Follow Up System  
(Quarterly and Annual Review) <sup>3</sup>

Quality Assurance Improvement Program <sup>3</sup>

Fraud, Waste and Abuse Reporting <sup>4</sup>

Review of Incentive Compensation <sup>4</sup>

Review of Agency Performance Outcomes  
and Operational Measures <sup>4</sup>

Verification of Cost of Living Adjustments <sup>4</sup>

Legend: <sup>1</sup> Risk Based Projects <sup>3</sup> Standards Mandated  
<sup>2</sup> Sensitive Systems <sup>4</sup> Board Mandated



**Audit Director's Performance Review.**

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**Requested Action**

The VRS Board of Trustees approves a 7% performance bonus for the Audit Director.

**Description/Background**

The Audit and Compliance Committee reviewed and evaluated the performance of the Audit Director. Based on this review and evaluation, the Committee recommends that the Board approve a 7% performance bonus for the Audit Director payable October 31, 2025.

**Rationale for Requested Action**

The Audit and Compliance Committee recommends that the Board approve a 7% performance bonus for the Audit Director, payable October 31, 2025, based on the Committee's review and evaluation of the Audit Director's performance during FY 2025. The Audit and Compliance Committee Charter in paragraph 18 of the duties and responsibilities section states "Review and make recommendations to the Board regarding the performance of the Audit Director." Section IV.H.8 of the Board Governance Policy provides that the Board may review, monitor and oversee the performance of the Audit Director. Also, the Executive Pay Plan contemplates granting a performance bonus to the Audit Director.

**Authority for Requested Action**

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

The above action is approved.

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A. Scott Andrews, Chair  
VRS Board of Trustees

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Date



## Report

The Administration, Finance and Talent Management Committee met on September 24, 2025, and discussed the following:

### **APPROVAL OF MINUTES**

The Committee approved the minutes of its June 17, 2025, meeting.

### **REVIEW ATTAINMENT OF FY2025 AGENCY PERFORMANCE OUTCOMES (APOS) AND OPERATIONAL MEASURES**

Michael Cooper, Chief Operating Officer, reviewed the results of the FY 2025 agency performance outcomes (APOS) and operational measures. Mr. Cooper noted that the agency had five APOs for the fiscal year, with a target of completing at least four. Staff met this goal by successfully completing all five APOs. In addition, there were sixteen operational measures for the year, of which thirteen had to be met to meet the target for the year. Staff successfully met its target for fifteen of the sixteen operational measures. The only measure not met for the year was the timeliness of workflow documentation imaging, which resulted from one month in which staff faced significant resource constraints. Staff also met the call abandonment rate target this year, which has been a challenge over the last couple of years.

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

***Request for Board Action:*** The VRS Board of Trustees approves the attainment of FY 2025 APOs and Operational Measures and a lump-sum bonus equal to 2.5% of salary for eligible administrative employees and eligible Investment Department operations and administration employees.

### **REVIEW PERFORMANCE BONUSES FOR ELIGIBLE ADMINISTRATIVE AND INVESTMENT OPERATIONS AND ADMINISTRATION EMPLOYEES**

Paula Reid, Director of Human Resources, presented a request for board action to approve the performance bonuses for eligible administrative and investment operations and administration employees. Eligible employees who earn an “exceptional” rating on their performance evaluation qualify for a 4% bonus. Employees who earn an “exceeds” rating on their performance evaluation are eligible for a 2% bonus. The bonus amount is based on their salary as of June 30, 2025.

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

***Request for Board Action:*** The VRS Board of Trustees approves performance lump-sum bonuses for eligible administrative employees and eligible Investment Department operations and administration employees.

### **BUDGET UPDATE**



Jon Farmer, Budget and Reporting Manager, presented the FY 2025 year-end budget results, explaining that VRS finished with an unexpended appropriation of \$10,457,000 million, which will be returned to the Fund. Mr. Farmer noted that most of the unexpended appropriation was due to delays in completing several initiatives due to resource constraints and competing priorities. As a result, VRS requested and received a carryover appropriation in the amount of \$9,563,675 from the Department of Planning and Budget to complete the initiatives in FY 2026, which was reflected in an updated FY 2026 budget presented to the Committee. Next, Mr. Farmer presented the proposed FY 2027-2028 biennium budget, detailing the requests outlined in six decision packages. Following discussion with the Committee members, a request for board action was considered.

***Request for Board Action:*** *The VRS Board of Trustees authorizes staff to request spending authority from the Department of Planning and Budget and legislature, as applicable, to execute planned initiatives for the next two fiscal years.*

#### **AMENDED INVESTMENT OPERATIONS AND ADMINISTRATIVE PAY PLAN**

Ms. Reid presented proposed changes to the Investment Operations and Administrative Pay Plan. She advised that the changes were based on recommendations made by Mercer.

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

***Request for Board Action:*** *The Virginia Retirement System Board of Trustees approves an amended Investment Operations and Administration Staff Pay Plan ("Pay Plan"), effective September 25, 2025, which includes recommendations from the compensation market study for investments administration and operations positions conducted by Mercer.*

#### **INFORMATIONAL ITEM (INTERNAL AUDIT DIRECTOR'S PERFORMANCE REVIEW)**

Mr. Andrews informed the Committee that the Audit and Compliance (A&C) Committee reviewed the Internal Audit Director's performance at its September 24, 2025, meeting. Each year, the A&C Committee reviews the Internal Audit Director's performance and makes a recommendation for a performance bonus to the Board of Trustees. A copy of the request for board action to provide a performance bonus in the amount of 7% was shared with the Committee for informational purposes.

#### **FOIA ELECTRONIC MEETING ATTENDANCE POLICY**

Sandy Jack, Director of Policy, Planning and Compliance, advised the Committee that in accordance with Va. Code § 2.2-3708.3(D) as amended in 2024, the Board must approve its remote meeting policy by recorded vote at a public meeting at least once annually. No changes are proposed this year. Therefore, the Board will affirm its current FOIA Electronic Meeting Attendance Policy.

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

***Request for Board Action:*** *The Board affirms its "FOIA Electronic Meeting Attendance Policy."*



**COMPENSATION AND BENEFITS (CLOSED SESSION)**

The Committee went into closed session to discuss benefits and compensation related to specific individuals.

Upon returning to open meeting, the Committee recommended approval of the following actions to the full Board:

***Request for Board Action:*** *The VRS Board of Trustees approves payment of an incentive amount of approximately \$8,700,836.10 for FY 2025 to VRS investment professionals as authorized by the Investment Professionals' Pay Plan.*

Internal Audit reviewed the proposed investment incentive compensation for the fiscal year that ended June 30, 2025, and found that the aggregate amount was accurately computed in accordance with the Investment Professionals' Pay Plan.

***Request for Board Action:*** *The VRS Board of Trustees approves a performance bonus of 5% for the VRS Director payable on October 31, 2025, and a supplemental payment of \$99,750.00 made December 1, 2025, as authorized in the 2025 Appropriation Act.*

Submitted to the Board of Trustees on September 25, 2025.

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A. Scott Andrews, Chair  
Administration, Finance and Talent Management Committee



**Attainment of FY 2025 APOs and Operational Measures (and corresponding lump-sum bonus).**

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**Requested Action**

The VRS Board of Trustees approves the attainment of FY 2025 APOs and Operational Measures and a lump-sum bonus equal to 2.5% of salary for eligible administrative employees and eligible Investment Department operations and administration employees.

**Description/Background**

VRS' Agency Performance Outcomes (APOs): The Board approves APOs for each fiscal year. Successful attainment of the APOs is one-half of the gainsharing portion of the performance management program, and it is to be paid as a lump-sum bonus equal to 2.5% of salary for FY 2025, as set forth in the Administrative Pay Plan. The expectation is that all employees will work collaboratively and contribute to attaining the annual APOs. The goal is to complete four of the five APOs for FY 2025.

VRS' Annual Operational Measures: VRS also identifies key operational measures each year. The operational measures are the other part of the gainsharing portion of the performance management program. The goal is to meet the target for at least 13 of the 16 measures set for the year. Again, the expectation is that all employees will work collaboratively and contribute to accomplishing key functions of the agency.

The agency achieved 15 of the 16 operational measures for FY 2025. Additionally, VRS successfully completed all five of the FY 2025 APOs.

Investment Department Gainsharing: The Investment Department's operations and administration staff employees are eligible to receive a lump-sum bonus equal to 2.5% of salary if their performance at least meets expectations, as rated in their annual performance assessment, and the employee consistently works, as a team member, to accomplish the goals of the Investment Department.

Cost: The approximate total cost for the 2.5% bonus payments to eligible employees is \$826,786.43 to be paid from the FY 2026 budget.

**Rationale for Requested Action**

Both the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan contain gainsharing language, as outlined previously, to reward teamwork, collaboration and organizational results.



**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.

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A. Scott Andrews, Chair  
VRS Board of Trustees

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Date





P.O. Box 2500, Richmond, Virginia 23218-2500  
Toll-free: 1-888-VARETIR (827-3847)  
Website: [www.varetire.org](http://www.varetire.org)

**Date:** September 11, 2025

**To:** Trish Bishop, Director

**From:** Jennifer Schreck, Internal Audit Director  
Krystal Groff, Principal Auditor

**Subject:** Review of FY 2025 Agency Performance Outcomes and Operational Measures

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As part of our annual process, Internal Audit has reviewed the status of the FY 2025 Agency Performance Outcomes (APOs) and Operational Measures (OMs), as set forth by management for the fiscal year ended June 30, 2025. The purpose of our review was to obtain reasonable, but not absolute assurance, the status of such outcomes and measures were fairly represented in management's status reports.

Based upon our review of available documentation, attendance at VRS Board and Committee meetings and discussions with various VRS personnel, nothing came to our attention to cause us to question the representations set forth by management with respect to either the APOs or the OMs. Accordingly, we have no reason to believe that the APOs and OMs were not appropriately represented as satisfied for the fiscal year ended June 30, 2025.

We provided minor feedback to management for consideration to further strengthen and clarify VRS' operational measures.

I would like to commend the management team and staff for their accomplishments this past year. Please feel free to share this information with the Administration, Finance and Talent Management Committee as well as the full Board of Trustees, as you deem appropriate.





# AGENCY PERFORMANCE OUTCOMES STATUS REPORT FISCAL YEAR 2025 Summary

**APO Status Indicator**

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

*Overall Measure: 4 of 5 completed*

APO #	APO Description	Strategic Goal	July	August	September	October	November	December	January	February	March	April	May	June
1	<b>Customer Experience Enhancements: Call Management System (CMS) - Phase 2</b> DEC Owner: Robert Irving <i>(Measure: 3 of 4 completed)</i>	Member, Retiree and Employer Education, Outreach and Partnership												
2	<b>Data Quality Enhancements – Phase 1</b> DEC Owner: Michael Cooper <i>(Measure: 3 of 4 completed)</i>	Digital Transformation and Secure Service Delivery												
3	<b>Identity Proofing Initiative - Phase 1</b> DEC Owner: Michael Cooper <i>(Measure: 3 of 4 completed)</i>	Digital Transformation and Secure Service Delivery												
4	<b>VNAV Enhancements</b> DEC Owner: Robert Irving, Mark Rein, Leslie Weldon <i>(Measure: 3 of 3 completed)</i>	Digital Transformation and Secure Service Delivery	N/S											
5	<b>Human Resource Information System (HRIS) Implementation – Phase 2</b> DEC Owner: Paula Reid <i>(Measure: 4 of 5 completed)</i>	Organizational Strength, Culture and Engagement												





# AGENCY PERFORMANCE OUTCOMES STATUS REPORT

## FISCAL YEAR 2025

### APO 1

#### APO Status Indicator

- Proceeding as planned
- Off plan, mitigation in place
- Off plan, mitigation needed
- Completed
- Not started

APO 1 Measure: 3 of 4 completed

Customer Experience Enhancements: Call Management System (CMS) - Phase 2

DEC Owner:

Robert Irving

Strategic Goal:

Member, Retiree and Employer Education, Outreach and Partnership

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
1.1	Develop a project plan to support the continued and phased implementation of a new CMS.												
1.2	Document standard operating procedures for new system.												
1.3	Craft training materials and conduct employee training on the new system.												
1.4	Establish a project team to evaluate the implementation of secure email messaging.												





## AGENCY PERFORMANCE OUTCOMES STATUS REPORT

### FISCAL YEAR 2025

#### 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*

Data Quality Enhancements – Phase 1							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
2.1	Establish a data quality task force.	●	●	●	●	★	★	★	★	★	★	★	★
2.2	Create a task force charter, including responsibilities and authority.	●	●	●	●	★	★	★	★	★	★	★	★
2.3	Develop a work plan to identify key priorities, resources and timelines.	N/S	N/S	N/S	N/S	●	●	●	●	●	●	●	★
2.4	Initiate the development of a data dictionary.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	●	●	●	★





## AGENCY PERFORMANCE OUTCOMES STATUS REPORT

### FISCAL YEAR 2025

#### 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: 3 of 4 completed*

Identity Proofing Initiative - Phase 1							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
3.1	Establish a project team to enhance agency identity standards and fraud mitigation strategies.	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
3.2	Identify and document stakeholder business needs and industry best practices related to identity standards.	N/S	N/S	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
3.3	Conduct evaluation of agency identity standards.	N/S	N/S	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
3.4	Develop a project implementation plan and timeline for completion of a multi-phase initiative to enhance agency identity standards and fraud mitigation strategies.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	<div></div>	<div></div>	<div></div>	<div></div>





## AGENCY PERFORMANCE OUTCOMES STATUS REPORT

### FISCAL YEAR 2025

#### 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: 3 of 3 completed*

VNAV Enhancements							DEC Owner: Robert Irving, Mark Rein, Leslie Weldon		Strategic Goal: Digital Transformation and Secure Service Delivery				
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
4.1	Establish a formal vision statement for the next generation of VNAV.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	<div></div>	<div></div>	<div></div>
4.2	Develop a high-level project plan for completion of a multi-phase initiative.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	<div></div>	<div></div>	<div></div>
4.3	Initiate the identification of stakeholder business needs and technology requirements.	N/S	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>





## AGENCY PERFORMANCE OUTCOMES STATUS REPORT



































### FISCAL YEAR 2025

#### APO 5

#### APO Status Indicator

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

*APO 5 Measure: 4 of 5 completed*

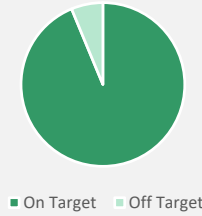
Human Resource Information System (HRIS) Implementation – Phase 2							DEC Owner:  Paula Reid		Strategic Goal:  Organizational Strength, Culture and Engagement				
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
5.1	Finalize the Operational Assessment, including a current state application assessment, best practices for HR service delivery, and future state recommendations.												
5.2	Develop final requirements documentation.												
5.3	Conduct the Informal Request for Proposal (IFRP) process.	N/S	N/S	N/S	N/S	N/S	N/S	N/S					
5.4	Begin contract negotiations with selected vendor.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S			
5.5	Initiate the implementation of the selected HRIS system.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S		



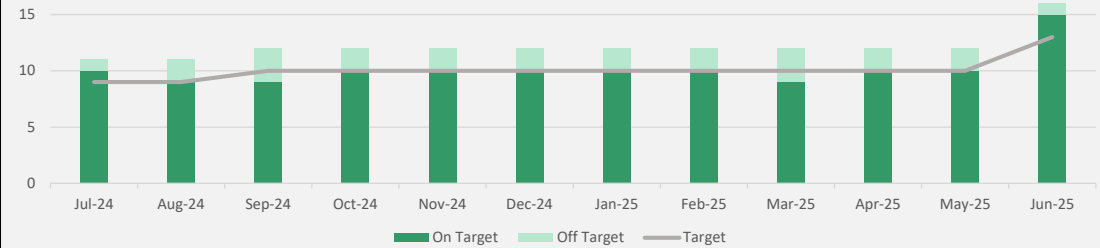
# FISCAL YEAR 2025 OPERATIONAL MEASURES STATUS REPORT

June-25

Current Status - All Operational Measures



YTD Status - All Operational Measures



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%	100.00%	100.00%	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	< 7.00%	2.82%	6.91%	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	0.40	0.40	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%	100.00%	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%	98.99%	99.72%	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%	99.49%	99.89%	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%	97.67%	98.19%	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%	100.00%	100.00%	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%	100.00%	98.70%	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Technology Infrastructure	99.50%	99.99%	99.96%	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%	99.81%	99.93%	Monthly	
12	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%	100.00%	100.00%	Quarterly	

Overall Measure: 13 of 16 meet or exceed target

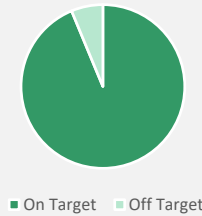
Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.



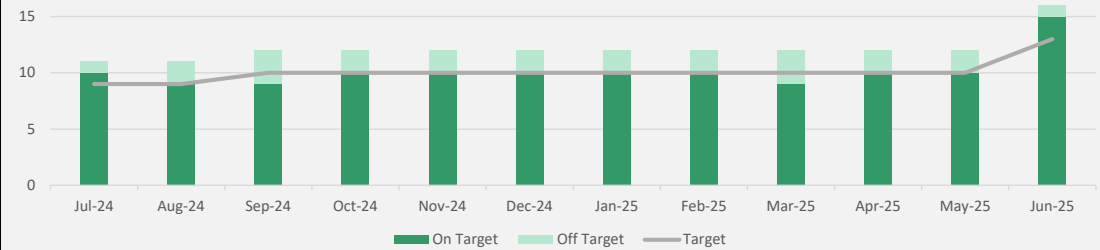
# FISCAL YEAR 2025 OPERATIONAL MEASURES STATUS REPORT

June-25

Current Status - All Operational Measures



YTD Status - All Operational Measures



OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
13	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Organizational Strength, Culture and Engagement	< 10.00%	0.00%	0.00%	Annual	
14	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	FY 2024 CEM Peer Cost Average	\$ 81.00	\$ 81.00	Annual	Will not know FY 2024 CEM peer cost until spring 2025
15	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%	100.00%	100.00%	Annual	Measure reported on an annual basis
16	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%	94.00%	94.00%	Annual	Measure reported on an annual basis


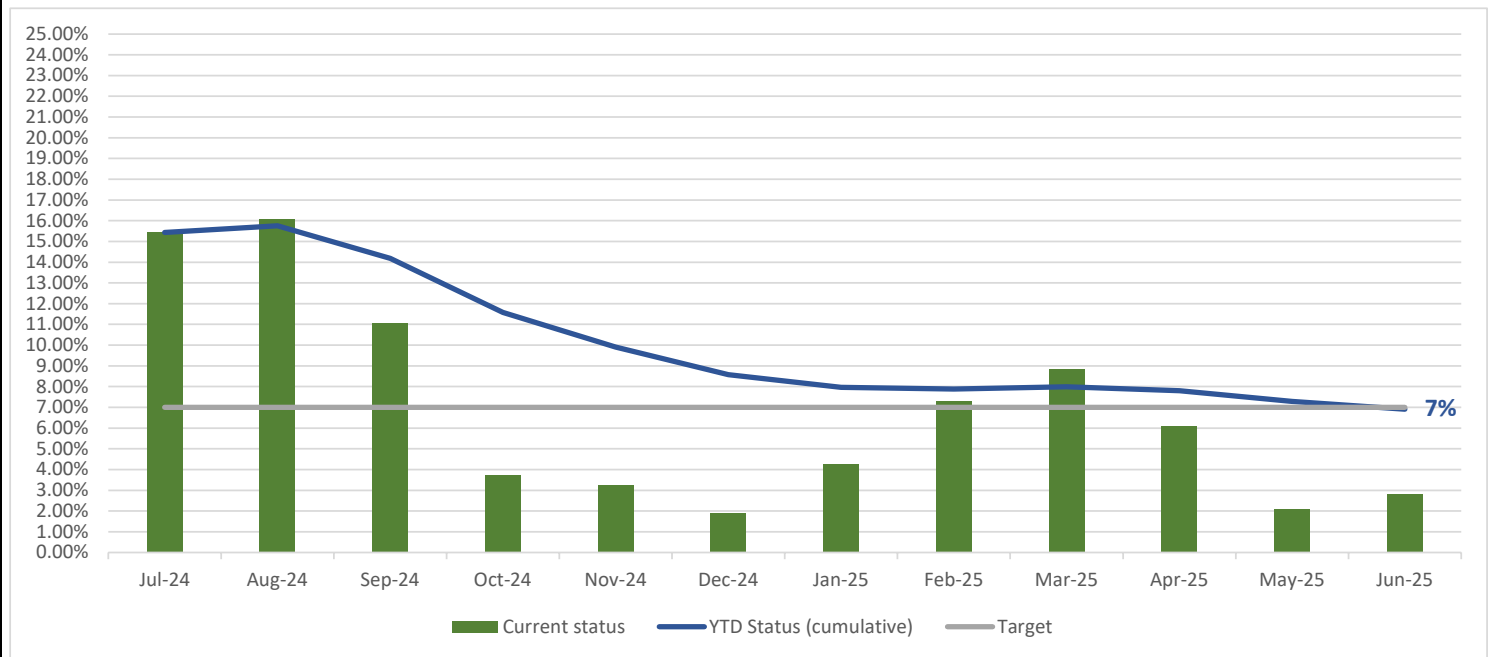
Overall Measure: 13 of 16 meet or exceed target

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



<div><div><div><div>V</div><div>RS</div></div><div>Virginia Retirement System</div></div><div><div>Fiscal Year 2025 Operational Measures</div><div>Reporting Period: June-25</div></div><div><div>OM</div><div>1</div></div></div>			
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	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing system enhancements	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			
<div><div><div><div><div></div><div>99.0%</div></div><div><div></div><div>97.0%</div></div><div><div></div><div>95.0%</div></div><div><div></div><div>93.0%</div></div><div><div></div><div>91.0%</div></div><div><div></div><div>89.0%</div></div><div><div></div><div>87.0%</div></div><div><div></div><div>85.0%</div></div></div><div><div>Jul-24</div><div>Aug-24</div><div>Sep-24</div><div>Oct-24</div><div>Nov-24</div><div>Dec-24</div><div>Jan-25</div><div>Feb-25</div><div>Mar-25</div><div>Apr-25</div><div>May-25</div><div>Jun-25</div></div><div><div>Current Status</div><div>YTD Status (cumulative)</div><div>Target</div></div></div></div>			
<div><div><div>VRS Mission:</div><div>VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.</div></div><div><div>VRS Vision:</div><div>To be the trusted leader in the delivery of benefits and services to those we serve.</div></div></div>			


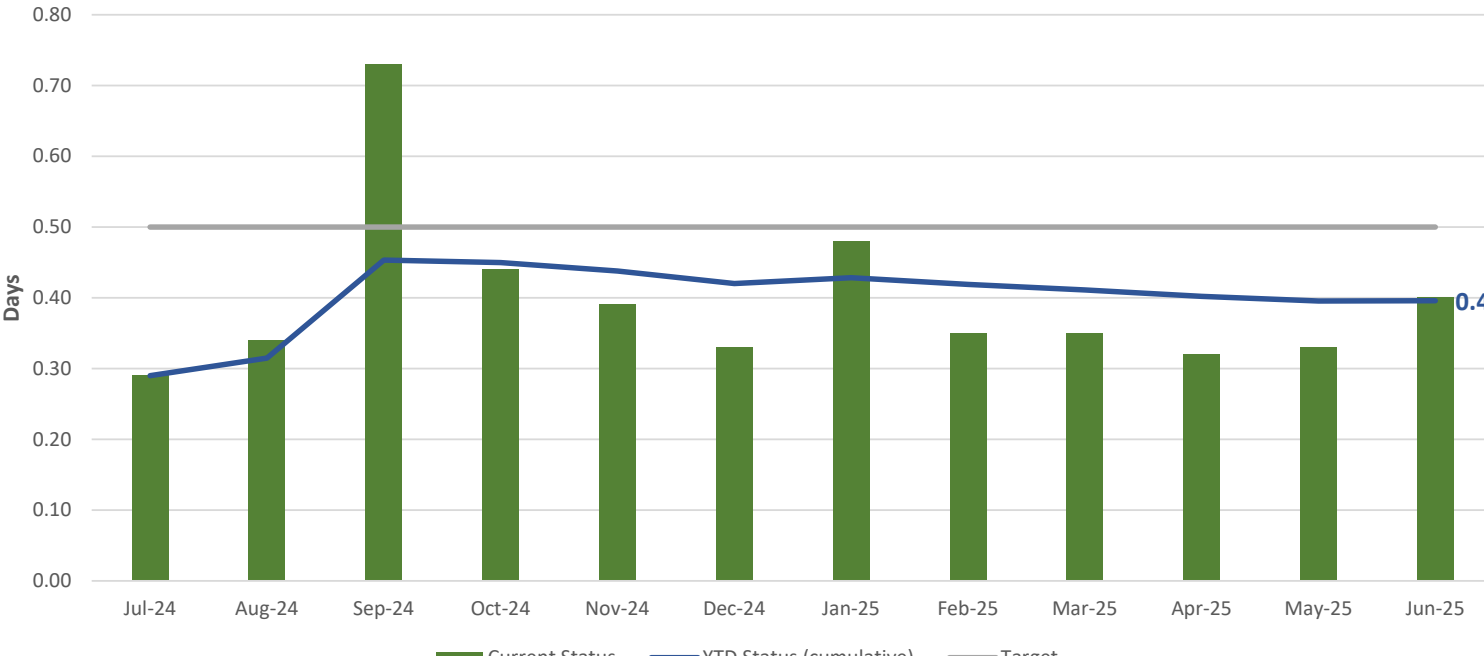


		<b>Fiscal Year 2025 Operational Measures</b>		<b>OM</b> <b>2</b>
Reporting Period: June-25				
Operational Measure		Average Abandoned Call Rate		
Strategic Goal		Member, Retiree and Employer Education, Outreach and Partnership		
Description		Percentage of calls to the Customer Counseling Center (CCC) 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)		< 7.00%	Baseline (Performance History)	10.30%
Target Rationale: To account for anticipated high call volume due to system changes.			Baseline Rationale: 3 year average = 10.3%	
Current Reporting Month Status		2.82%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	6.91%
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		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.				

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.



 Virginia Retirement System		<b>Fiscal Year 2025 Operational Measures</b>		<b>OM</b> <b>3</b>																																																				
Reporting Period: June-25																																																								
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)	.39 business days																																																					
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = .39 days																																																						
Current Reporting Month Status	0.40	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.40																																																					
Potential Constraints to Meeting Target		Mitigation Strategies																																																						
1	Transition may occur in FY 2025 from traditional emails to secure messaging through the MyVRS portal	Proactively train CCC staff on the process changes that will occur when secure messaging is implemented																																																						
2	Ongoing system enhancements	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																																																								
 <table><thead><tr><th>Month</th><th>Current Status</th><th>YTD Status (cumulative)</th><th>Target</th></tr></thead><tbody><tr><td>Jul-24</td><td>0.29</td><td>0.29</td><td>0.50</td></tr><tr><td>Aug-24</td><td>0.34</td><td>0.32</td><td>0.50</td></tr><tr><td>Sep-24</td><td>0.73</td><td>0.45</td><td>0.50</td></tr><tr><td>Oct-24</td><td>0.44</td><td>0.45</td><td>0.50</td></tr><tr><td>Nov-24</td><td>0.39</td><td>0.44</td><td>0.50</td></tr><tr><td>Dec-24</td><td>0.33</td><td>0.42</td><td>0.50</td></tr><tr><td>Jan-25</td><td>0.48</td><td>0.43</td><td>0.50</td></tr><tr><td>Feb-25</td><td>0.35</td><td>0.42</td><td>0.50</td></tr><tr><td>Mar-25</td><td>0.35</td><td>0.41</td><td>0.50</td></tr><tr><td>Apr-25</td><td>0.32</td><td>0.40</td><td>0.50</td></tr><tr><td>May-25</td><td>0.33</td><td>0.39</td><td>0.50</td></tr><tr><td>Jun-25</td><td>0.40</td><td>0.40</td><td>0.50</td></tr></tbody></table>					Month	Current Status	YTD Status (cumulative)	Target	Jul-24	0.29	0.29	0.50	Aug-24	0.34	0.32	0.50	Sep-24	0.73	0.45	0.50	Oct-24	0.44	0.45	0.50	Nov-24	0.39	0.44	0.50	Dec-24	0.33	0.42	0.50	Jan-25	0.48	0.43	0.50	Feb-25	0.35	0.42	0.50	Mar-25	0.35	0.41	0.50	Apr-25	0.32	0.40	0.50	May-25	0.33	0.39	0.50	Jun-25	0.40	0.40	0.50
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Fiscal Year 2025 Operational Measures			OM 4
Reporting Period: June-25			
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%
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = 100%	
Current Reporting Month Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%
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	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

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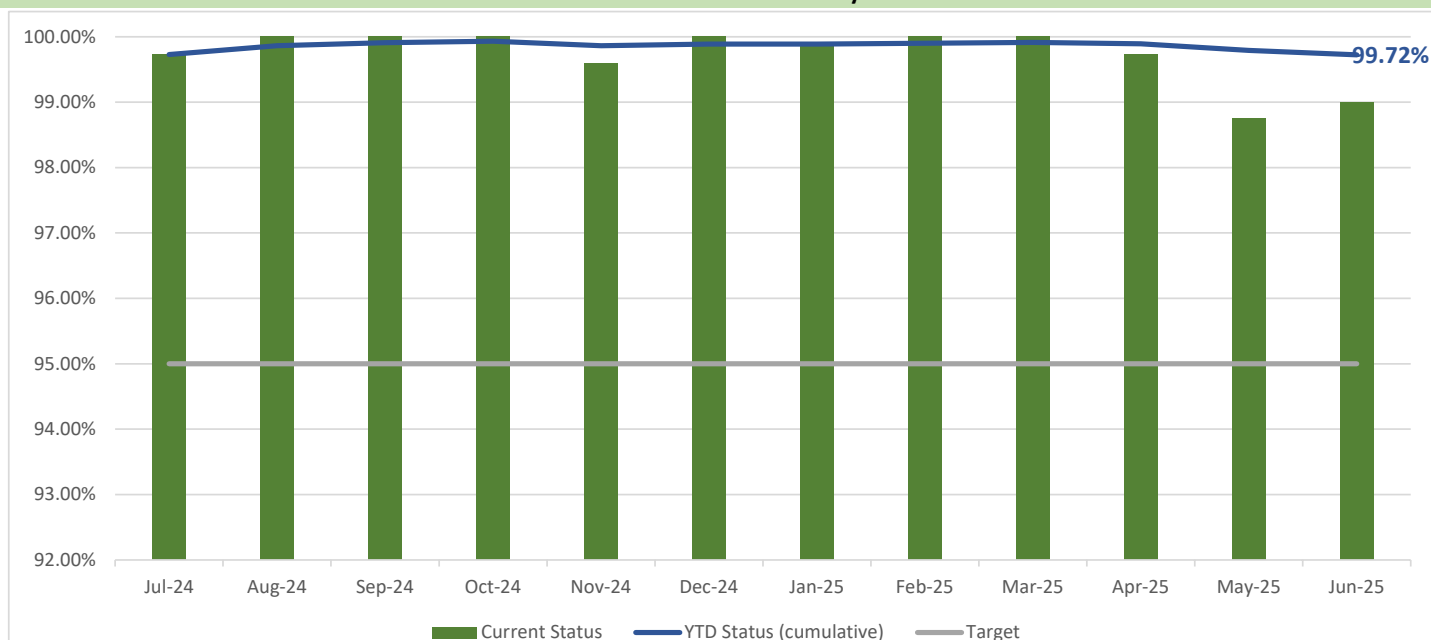
# Fiscal Year 2025 Operational Measures

Reporting Period: June-25

OM  
5

<b>Operational Measure</b>	Timeliness of Service Retirements Processed		
<b>Strategic Goal</b>	Superior Governance and Long-Term Financial Health		
<b>Description</b>	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		
<b>Calculation Methodology</b>	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.		
<b>Data Source</b>	Service Retirement Performance Report	<b>Reporting Frequency</b>	Monthly
<b>Target</b> (Performance Goal)	98.00%	<b>Baseline</b> (Performance History)	99.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 99%</i>	
<b>Current Reporting Month Status</b>	98.99%	<b>YTD Status</b> (Cumulative; used at year-end to determine whether target has been met)	99.72%
<b>Potential Constraints to Meeting Target</b>		<b>Mitigation Strategies</b>	
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	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



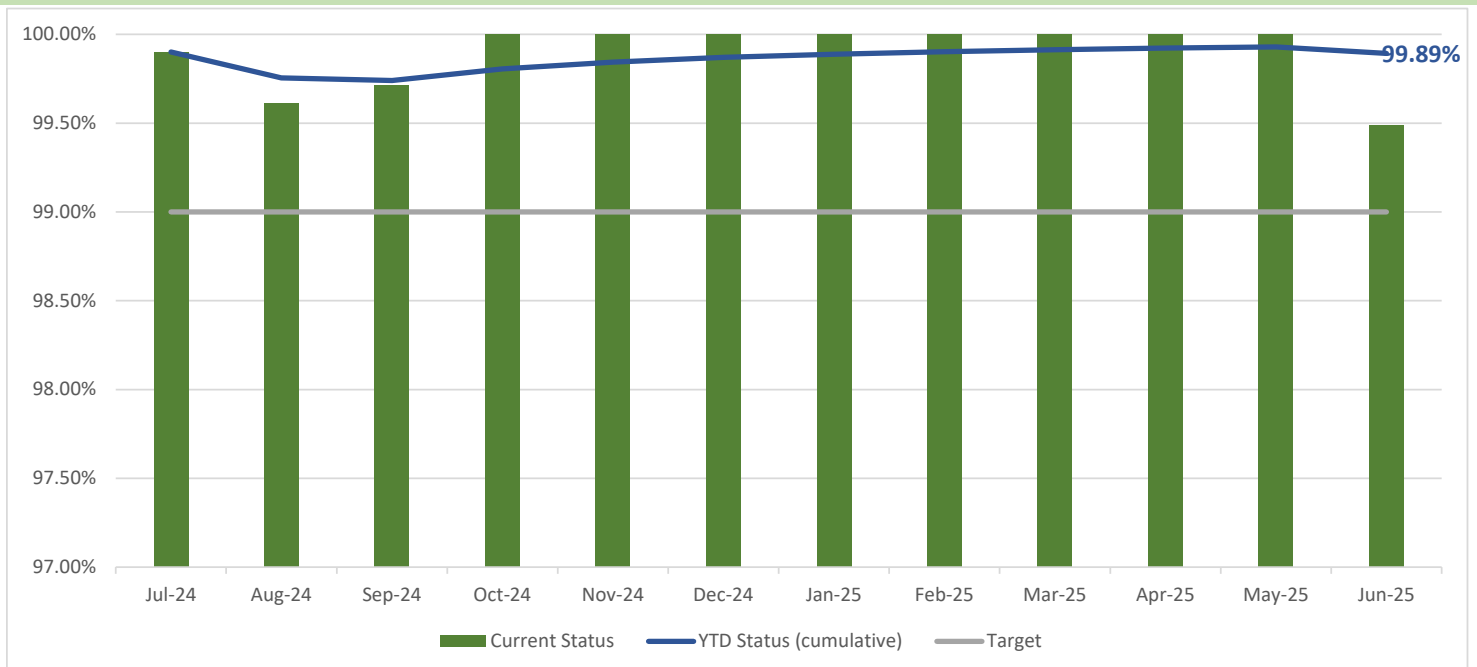
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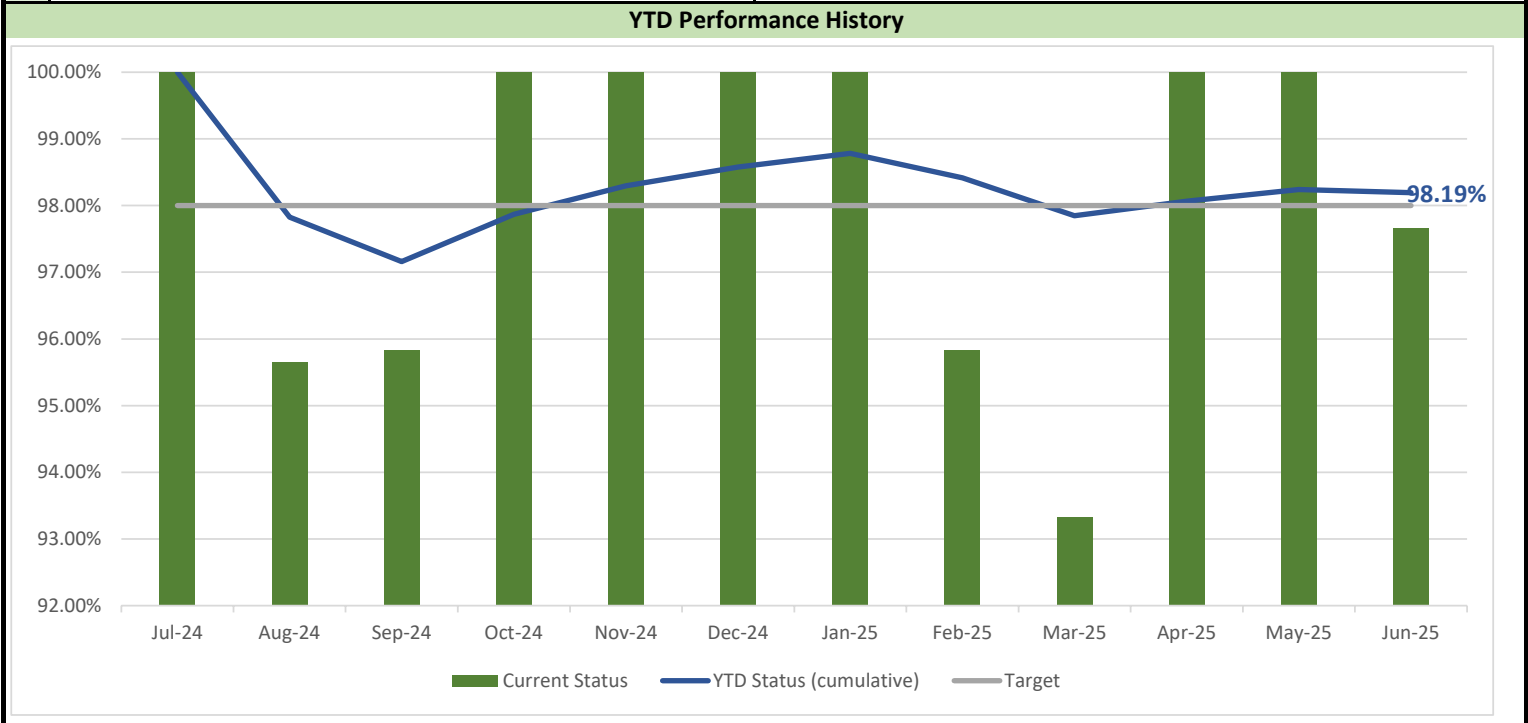
Virginia Retirement System			Fiscal Year 2025 Operational Measures		OM 6
			Reporting Period: June-25		
Operational Measure		Accuracy of Service Retirements Processed			
Strategic Goal		Superior Governance and Long-Term Financial Health			
Description		Percentage of service retirements processed for 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%	
Target Rationale: Maintain recent performance			Baseline Rationale: 3 year average = 99%		
Current Reporting Month Status		99.49%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	99.89%	
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		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)	98.95%
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = 98.95%	
Current Reporting Month Status	97.67%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	98.19%
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	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	



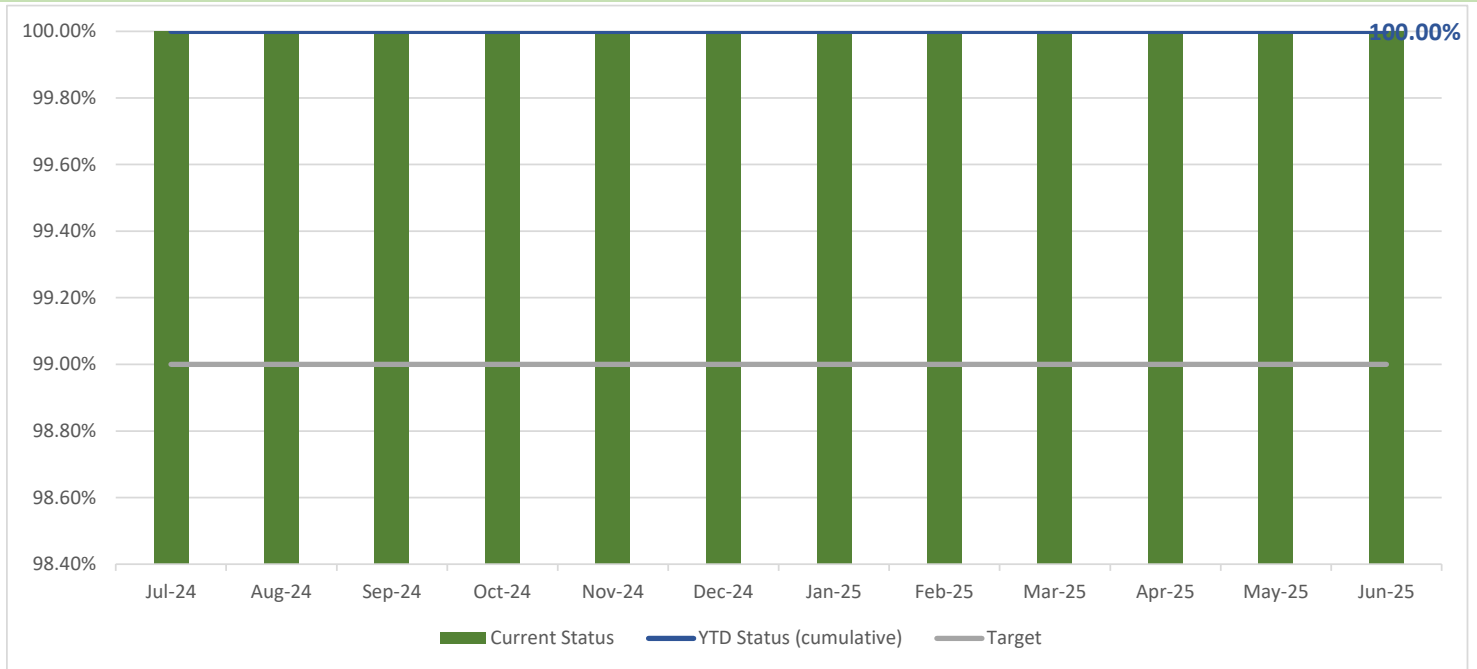
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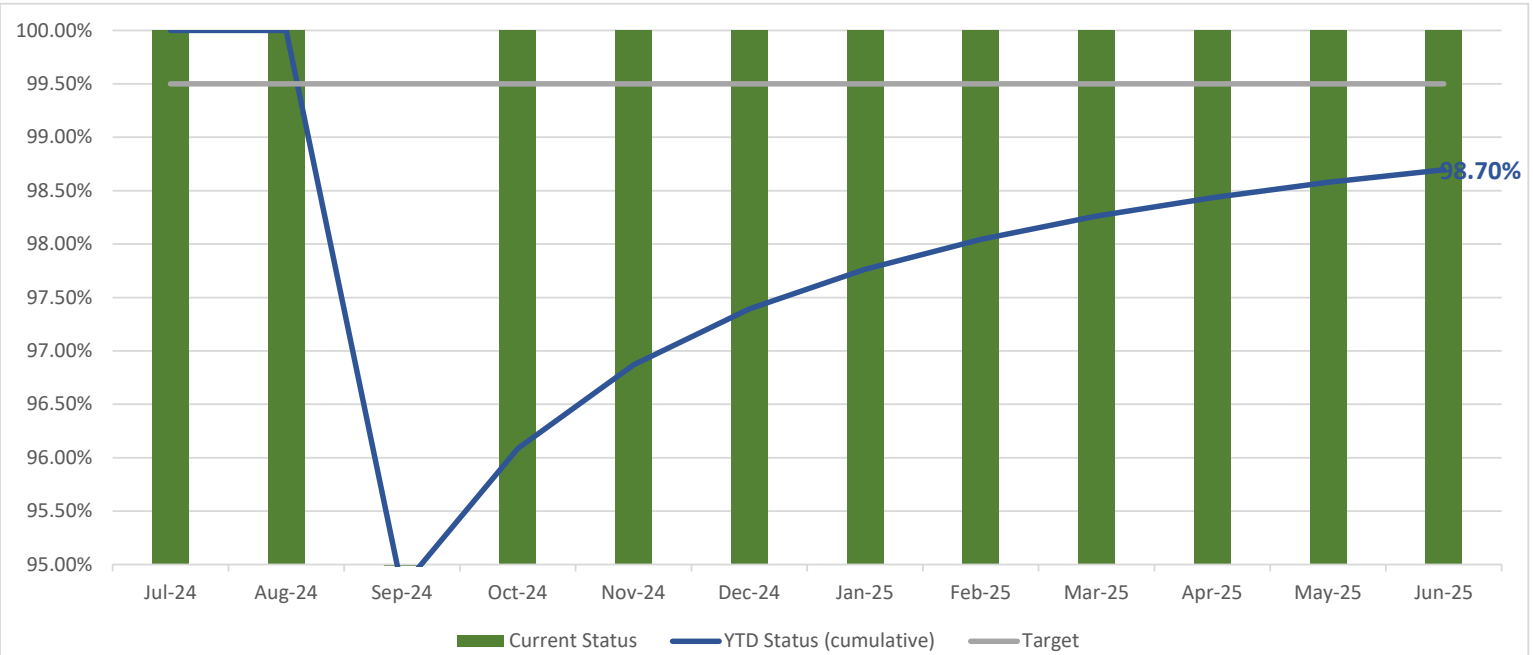


Virginia Retirement System		Fiscal Year 2025 Operational Measures			OM 8																																																				
		Reporting Period: June-25																																																							
Operational Measure		Accuracy of Disability Retirements Processed																																																							
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%																																																				
Target Rationale: Maintain recent performance			Baseline Rationale: 3 year average = 99%																																																						
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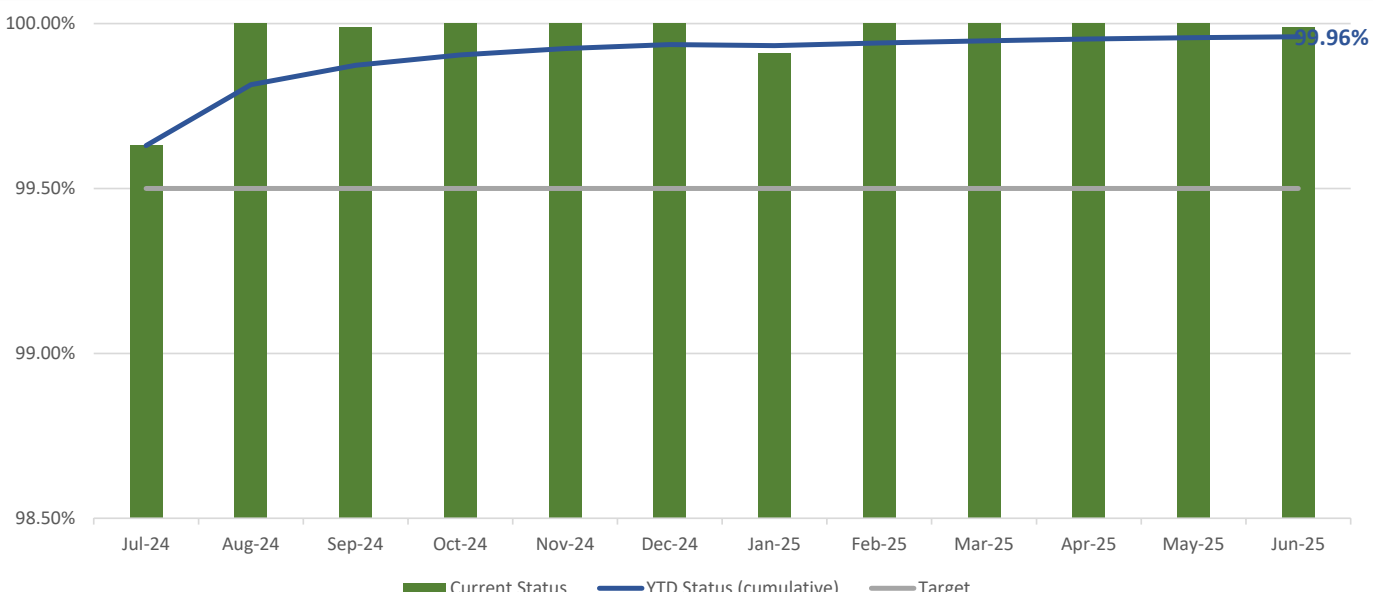


Fiscal Year 2025 Operational Measures				OM 9																																																				
Reporting Period: June-25																																																								
Operational Measure		Timeliness of Workflow Documentation Imaging																																																						
Strategic 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%																																																				
Target Rationale: Maintain recent performance			Baseline Rationale: 3 year average = 100%																																																					
Current Reporting Month Status		100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	98.70%																																																				
Potential Constraints to Meeting Target			Mitigation Strategies																																																					
1	Dependence upon current Imaging unit staffing level to ensure expedient and accurate processing within the prescribed turnaround time		Prescribe duties that merit the continuance of the current Imaging unit staffing level (with respect to the ongoing transition to online retirements that should reduce paper form intake levels)																																																					
2	Ongoing system enhancements		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																																																					
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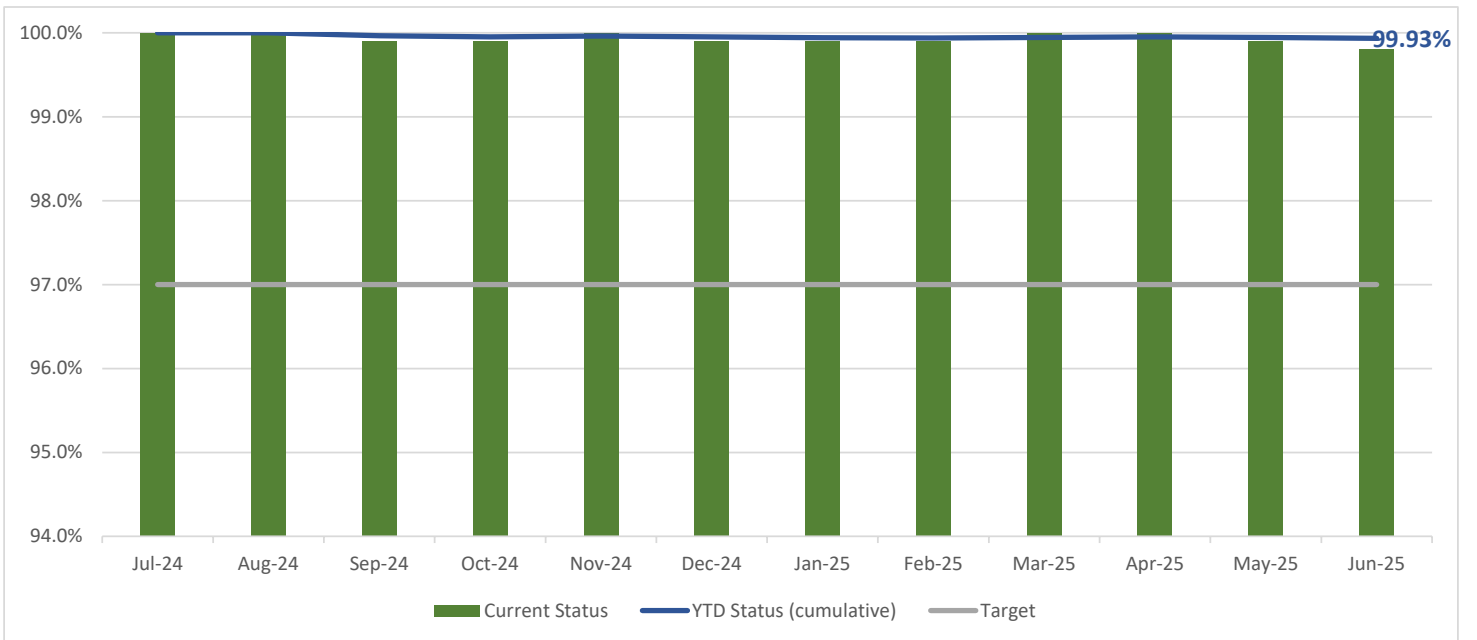


Virginia Retirement System		Fiscal Year 2025 Operational Measures		OM 10																																																					
		Reporting Period: June-25																																																							
Operational Measure		Planned IT System Availability																																																							
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)		99.96%																																																				
Target Rationale: Maintain recent performance			Baseline Rationale: 3 year average = 99.96%																																																						
Current Reporting Month Status		99.99%	YTD Status (Cumulative; used at year-end to determine whether target has been met)		99.96%																																																				
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		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																																																						
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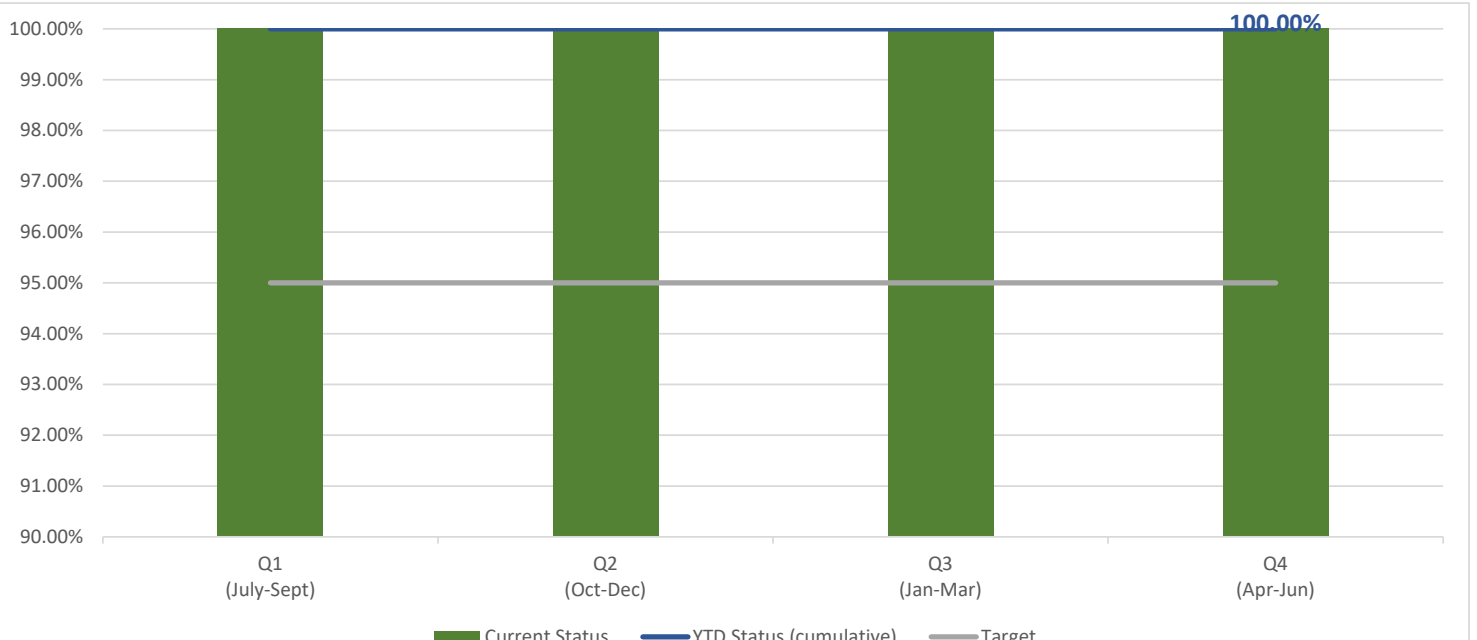


Virginia Retirement System		Fiscal Year 2025 Operational Measures		OM 11	
		Reporting Period: June-25			
Operational Measure		Timeliness of Employer Contribution Confirmations			
Strategic Goal		Superior Governance and Long-Term Financial Health			
Description		Percentage of Employer Contribution Confirmation (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%
Target Rationale: Maintain recent performance			Baseline Rationale: 3 year average = 100.00%		
Current Reporting Month Status		99.81%	YTD Status (Cumulative; used at year-end to determine whether target has been met)		99.93%
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		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.					

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Virginia Retirement System		Fiscal Year 2025 Operational Measures		OM 12	
Reporting Period: June-25					
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%
Target Rationale: Maintain recent performance and account for ongoing system and process changes impacting implementation.			Baseline Rationale: 3 year average = 100%		
Current Reporting Month Status		100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)		100.00%
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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# Fiscal Year 2025 Operational Measures

Reporting Period: June-25


OM  
13

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)	5.45%
Target Rationale: Maintain recent performance		Baseline Rationale: FY 2023 results	
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	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]			
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.



 Virginia Retirement System		<b>Fiscal Year 2025 Operational Measures</b>		<b>OM 14</b>	
Reporting Period: June-25					
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 2024 annual agency cost will be compared to the to the FY 2024 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 2024 CEM Peer Cost Average	Baseline (Performance History)		N/A
Target Rationale: Measuring VRS annual administrative cost for FY 2024 against the most current peer data as provided by CEM Benchmarking, Inc.			Baseline Rationale: N/A		
Current Reporting Month Status		\$81	YTD Status (Used at year-end to determine whether target has been met)		\$81
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 2024 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 2024 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 2025]					
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.



# Fiscal Year 2025 Operational Measures

Reporting Period: June-25


OM  
15

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 2025 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. <b>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).</b>	
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Annual
Target (Performance Goal)	100.00%	Baseline (Performance History)	100.00%
Target Rationale: Maintain high security awareness		Baseline Rationale: All VRS staff completed security training in FY 2023	
Current Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100%
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]			
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.



 Virginia Retirement System		<b>Fiscal Year 2025 Operational Measures</b> Reporting Period: June-25		<b>OM 16</b>	
<b>Operational Measure</b>		Employee Professional Development			
<b>Strategic Goal</b>		Organizational Strength, Culture and Engagement			
<b>Description</b>		Percentage of full-time VRS administration employees receiving at least 10 hours of professional development			
<b>Calculation Methodology</b>		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 after July 1, 2024 who are not on short- or long-term disability or FMLA during FY 2025. 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.			
<b>Data Source</b>		Human Resources Performance Report	<b>Reporting Frequency</b>		Annual
<b>Target</b> (Performance Goal)		90.00%	<b>Baseline</b> (Performance History)		98.00%
<b>Target Rationale:</b> Maintain recent performance and increased total # of hours			<b>Baseline Rationale:</b> 3 year average = 98%		
<b>Current Status</b>		<b>94.00%</b>	<b>YTD Status</b> (Cumulative; used at year-end to determine whether target has been met)		<b>94%</b>
<b>Potential Constraints to Meeting Target</b>			<b>Mitigation Strategies</b>		
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		
<b>YTD Performance History</b>					
[Reported as an annual measure]					
<b>VRS Mission:</b> VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.					
<b>VRS Vision:</b> 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.





**Performance bonuses for eligible administrative employees and Investment Department operations and administration employees.**

---

**Requested Action**

The VRS Board of Trustees approves performance lump-sum bonuses for eligible administrative employees and eligible Investment Department operations and administration employees.

**Description/Background**

The Board approved the current Administrative Pay Plan and the current Investment Operations and Administration Staff Pay Plan on April 16, 2025, and the plans became effective on June 10, 2025. Each of the plans state:

Subject to the approval of the VRS Board of Trustees, eligible employees who receive an overall rating of “exceptional” will receive a 4% bonus and employees who receive an overall rating of “exceeds” will receive a 2% bonus, based on their salary as of June 30.

**Cost:** The approximate total cost for the FY 2025 performance bonus payments to eligible employees is \$797,455.19 to be paid from the FY 2026 budget.

**Rationale for Requested Action**

Bonus payments recognize and reward the positive contributions of individual performance that enable VRS to achieve and exceed its goals and objectives.

**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.

---

A. Scott Andrews, Chair  
VRS Board of Trustees

---

Date



**Approve FY 2025 incentive payments for VRS investment professionals.**

---

**Requested Action**

The VRS Board of Trustees approves payment of an incentive amount of approximately \$8,700,836.10 for FY 2025 to VRS investment professionals as authorized by the Investment Professionals' Pay Plan.

**Description/Background**

The VRS Board of Trustees approved the applicable Investment Professionals' Pay Plan (the "Plan") on April 16, 2025, and the Plan became effective on June 10, 2025. Overall, this pay 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 pay plan remains anchored on two broad and long-standing philosophical principles:

1. VRS should pay base salaries consistent with the 75<sup>th</sup> percentile of a peer group of other leading public funds.
2. VRS should provide incentive compensation opportunities such that, in combination with base salary, total compensation levels approximate the median (50<sup>th</sup> 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.

The VRS Board of Trustees, through the Administration, Finance and Talent Management Committee ("AFT"), administers the Plan. As Plan Administrator, the Board retains full and complete discretion:

- To increase or decrease target incentives for any or all Plan participants.
- To modify, amend or rescind any aspect of the Plan at any time for any or all Plan participants.

The Plan Administrator may delegate certain aspects of the Plan's day-to-day operations 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.



The Plan also provides for advance review by the Plan Administrator of incentive 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.

Internal Audit notified Human Resources in a September 11, 2025, memorandum, a copy of which is attached to this RBA, that the aggregate amount and the proposed payment amounts for each individual are accurately computed and in accordance with the Plan.

**Rationale for Requested Action**

The aggregate recommended incentive award amount for the Board of Trustees to approve is approximately \$8,700,836.10 for 57 investment professionals eligible to participate in the pay plan during FY 2025.

**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.

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A. Scott Andrews, Chair  
VRS Board of Trustees

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Date



### Fiscal Year 2025 Incentive Compensation Summary

Target Incentive Levels	
VRS Position	Target Incentive
Chief Investment Officer	70%
Managing Director/Deputy Chief Investment Officer	65%
Program Director	60%
Director	50%
Senior Portfolio Manager	50%
Portfolio Manager	40%
Senior Investment Officer	30%
Investment Officer	30%
Senior Investment Analyst	20%
Investment Analyst	10%

Multipliers		
	3 Year	5 Year
Total Fund	0.00	2.00
Public Equity	2.00	2.00
Fixed Income	2.00	2.00
Credit Strategies	0.00	2.00
Real Assets	2.00	2.00
Private Equity	0.00	0.54
Internal Equity Management	2.00	2.00
Average of All Asset Class Multipliers	1.33	1.76
Average of Public Market Assets	2.00	2.00
Average of Private Market Assets	0.67	1.51
Defined Contribution Plans	1.44	2.00
The Qualitative Multiplier is determined by the CIO and can range from 0.0 to 2.0.		
The Total Fund One-Year Return Adjustment was 3.13%.		

Aggregate Incentives	
Total Fund	\$1,898,403.56
Specific Fund	\$3,670,813.91
Average Specific Fund	\$1,467,792.84
Qualitative	\$1,399,755.02
Preliminary Total	\$8,436,765.33
1 Year Absolute Return Adjustment	\$264,070.77
Total	\$8,700,836.10





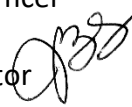
Virginia  
Retirement  
System

P.O. Box 2500, Richmond, Virginia 23218-2500  
Toll-free: 1-888-VARETIR (827-3847)  
Website: [www.varetire.org](http://www.varetire.org)

**Date:** September 11, 2025

**To:** Paula Reid, Director of Human Resources

**CC:** Trish Bishop, Director  
Andrew Junkin, Chief Investment Officer  
Curt Mattson, Chief Administrative Officer

**From:** Jennifer Schreck, Internal Audit Director   
Joshua Fox, Principal Auditor

**Subject:** **Review of FY2025 Investment Incentive Compensation**

---

Internal Audit has reviewed the proposed Investment Incentive Compensation for the fiscal year ended June 30, 2025. As presented, the Investment Incentive Compensation amount, in aggregate, is **\$8,700,836.10** where a qualitative multiplier of **1.0** is used for the Chief Investment Officer.

We confirmed all Investment Professionals met the eligibility requirements as outlined in the Investment Professionals' Pay Plan. Further, we found the aggregate amount and the proposed individual payment amounts were accurately computed in accordance with the Investment Professionals' Pay Plan effective **June 10, 2025**.

Please share this information with the Administration, Finance and Talent Management Committee as well as the Board of Trustees, as you deem appropriate.



**VRS Director's performance review.**

---

**Requested Action**

The VRS Board of Trustees approves a performance bonus for the VRS Director payable on October 31, 2025, and a supplemental payment made December 1, 2025, as authorized in the 2025 Appropriation Act.

**Description/Background**

A performance bonus may be paid to the VRS Director pursuant to § 4-6.01(c)(2)(b)(1) of the 2025 Appropriation Act:

The appointing or governing authority may grant performance bonuses of 0-5 percent for positions whose salaries are listed in §§ 1-1 through 1-9, and 4-6.01 b, c, and d of this act, based on an annual assessment of performance, in accordance with policies and procedures established by such appointing or governing authority. Such performance bonuses shall be over and above the salaries listed in this act and shall not become part of the base rate of pay.

A 5% performance bonus is payable October 31, 2025.

The Board may supplement the salary of the Director pursuant to § 4-6.01(c)(8) of the 2025 Appropriation Act:

Notwithstanding any provision of this Act, the Board of Trustees of the Virginia Retirement System may supplement the salary of its Director. The Board should be guided by criteria, which provide a reasonable limit on the total additional income of the Director. The criteria should include, without limitation, a consideration of the salaries paid to similar officials in comparable public pension plans. The Board shall report such criteria and potential supplement level to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

A supplement of \$99,750.00 will be paid on December 1, 2025, with an amount up to the applicable Internal Revenue Code § 415(c) limits paid to the Defined Contribution Incentive Plan for VRS Personnel as an employer contribution, and the remainder paid in taxable compensation to the Director.

**Rationale for Requested Action**

This RBA, which recommends a performance bonus and the award of supplemental compensation for the VRS Director, considers the salaries paid to similar officials in comparable public pension plans, which in 2024 was an average salary of \$324,500. Total average compensation in 2023 (most recent data available) for comparable Directors without CIO responsibilities was \$358,500. The combined salary, performance bonus and supplemental compensation for the VRS Director is intended to make her total compensation comparable to the salary of other similarly situated officials in comparable public pension plans. The statutory base salary for the VRS Director is \$239, 241.



The current limitation for 401(a) contributions under Internal Revenue Code § 415(c)(1)(A) is \$70,000 so no more than this amount (taking into account any other 401(a) contributions) may be paid into the DCPIP.

Additionally, the timing of the payment of the supplement complies with the 2025 Appropriation Act. The supplement will be paid on December 1, 2025, which allows more than 60 days' notice to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees.

**Authority for Requested Action**

Section 4-6.01(c)(2)(b)(1) and (c)(8) of the 2025 Appropriation Act.

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

The above action is approved.

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A. Scott Andrews, Chair  
VRS Board of Trustees

---

Date





# FISCAL YEAR 2025 REPORT



Trish Bishop, Director





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# EXECUTIVE SUMMARY

I'm pleased to present VRS' benefit administration highlights for fiscal year 2025. This year, we focused on elevating the customer experience, strengthening data quality and security, and modernizing operations through technology. We met 15 of 16 operational targets and achieved all five agency performance outcomes, reflecting our commitment to excellence and continuous improvement. A new Customer Experience Manager led efforts to gather staff feedback, implement satisfaction surveys and deliver a comprehensive strategy as we prepare to update our system of record.

Technology played a central role in transforming service delivery. We deployed scalable remote-access solutions, enhanced cybersecurity and automated workflows. The successful transition of Defined Contribution Plans to Voya increased flexibility for participants, while customer relations saw a 40% increase in in-person and virtual counseling sessions following the move to Henrico and additional efficiencies in appointment management.

VRS continues to deliver high service at low cost, maintaining its leadership position in peer benchmarking. We advanced data governance, improved accessibility across digital platforms and expanded outreach through strategic communications. These achievements reflect the dedication of our staff and our ongoing mission to serve Virginia's public workforce with integrity, innovation and care.

## EXECUTIVE OUTREACH



- **Executive staff met with 18 stakeholder groups to provide education and build awareness of VRS resources and services.** Stakeholders included the Joint Legislative Audit and Review Commission, Virginia Retired Teachers Association, Virginia Government Finance Officers Association, Virginia Governmental Employees Association, Virginia Council on Economic Education, Virginia Association of Counties, Virginia Association of School Superintendents and the Virginia Association of School Business Officials.



- **Worked with the Strategic and Digital Communications department to film a series of Benefit Tip videos from the director,** providing members with timely guidance on making the most of their VRS membership and resources available to them. The videos were published in quarterly issues of *Member News* and shared on VRS social media, totaling more than 2,900 views and impressions.

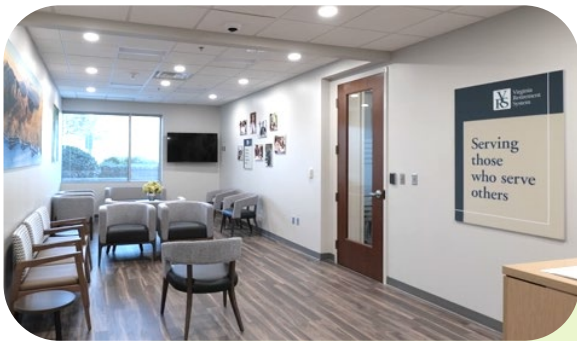


- **Having a seat at the table among industry professionals positions VRS as a leader and enables the exchange of ideas with peers.** VRS Director Patricia Bishop served in the following capacities this year:
  - Immediate Past President of the National Association of State Retirement Administrators.
  - Administrator Education Committee Chair of the National Council on Teacher Retirement.



# AGENCY OPERATIONS

- Met 15 of 16 operational targets, which measure overall effectiveness in delivering services to members.
- Accomplished all five agency performance outcomes (APOs).
- Hired a new Customer Experience manager position to lead CX efforts.
- Completed the move-in at Reynolds Crossing for the new member counseling center and negotiated a lease for a new downtown space at One James Center.



Reynolds Crossing



One James Center



# AGENCY OPERATIONS

## RECORDS MANAGEMENT

- Created standard operating procedures for records management outlining responsibilities and describing key tasks.
- Implemented an agency-wide records management policy to support compliance and promote teamwork through a network of departmental records coordinators.
- Selected a content management system to transition member records to a new system that will enhance management, storage, retrieval and governance of the agency's records and information.

## RECORDS MANAGEMENT BY THE NUMBERS



**2,186**

records boxes  
disposed



**7**

obsolete VRS  
retention  
schedules  
updated



**100%**

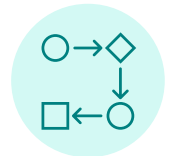
positive feedback  
on EDGE records  
management  
training



# AGENCY OPERATIONS

## BUDGET & PERFORMANCE REPORTING

- Selected Workday as the new budgeting software, the same solution chosen for the new human resource information system. This will allow for better coordination and reporting. Implementation begins this fall.
- Redesigned the biennial budget process, creating more efficiency through new workflows. Additional automation will be achieved through Workday.
- Delivered more accurate reporting to the Board of Trustees and Director's Executive Committee and streamlined quarterly budget meetings using project-specific data to better track spending, identify savings or gaps, and improve forecasting.
- Implemented a job-shadowing program to better understand budget requests and identify opportunities to enhance workflows.





# AGENCY OPERATIONS

## DATA QUALITY

- Developed a data-quality framework aligned with industry standards and formed cross-functional teams to lead improvements.
- Initiated and increased collaboration between Internal Audit and the Data Office through regular meetings and sharing of insights.
- Identified critical data elements, collaborated with stakeholders to define quality rules, built dashboards to enhance data visibility and reduce manual effort, and initiated a data dictionary.

## DATA QUALITY BY THE NUMBERS



19

critical data elements  
identified



30

data quality rules  
implemented on

24

data quality dashboards



72

data quality rules  
documented



7

data dashboards  
developed to  
improve access  
to information  
while reducing  
manual work



138

data elements used by  
the various dashboards  
are defined in the data  
dictionary



# AGENCY OPERATIONS

## CUSTOMER EXPERIENCE

- Gathered feedback from 35% of staff to incorporate into the customer experience strategy.
- CX manager delved into core VRS services and experienced them as a customer by attending internal training sessions and customer-facing meetings.
- Delivered VNAV future vision, strategy, governance structure, roadmap, roles and responsibilities, staffing plan and budget.
- Reconfigured customer feedback development process and implemented post-counseling session satisfaction survey.

## CUSTOMER EXPERIENCE BY THE NUMBERS



Coordinated:

**10** interviews

**4** leadership meetings

**3** Core Strategy team meetings  
for VNAV project



Attended:

**6** weeks of contact center training

**3** in-person employer roundtables

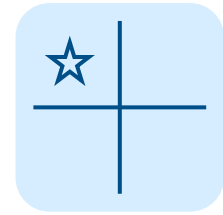
**Multiple** online VRS  
seminars and workshops



# 2024 PEER BENCHMARKING ANALYSIS

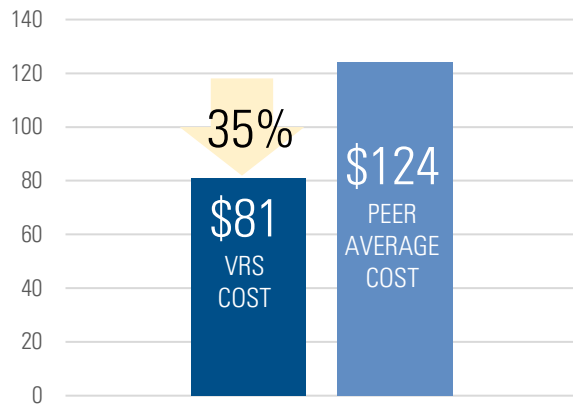
VRS maintains its position in the most coveted quadrant of CEM's cost-effective services chart, where we deliver high service at a low cost in comparison to our peers.

We have consistently improved our scores over time. Looking ahead, we expect that initiatives implemented in fiscal year 2025, such as introducing a web chat option for members to connect with us, and surveying customers after counseling sessions, will further enhance our service scores.



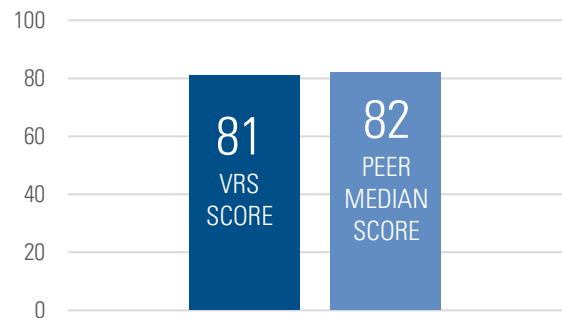
## Pension Administration Cost Per Member

35% below the peer average cost



## Total Service Score

In line with the peer median service score



© 2025 CEM Benchmarking Inc.



- Managed VRS-related legislation during the General Assembly session by tracking bills, leading staff communications related to legislation, attending committee meetings and responding to requests for information.
- Provided fiscal analysis and support to the Department of Human Resource Management for studies on hybrid plan impacts and VaLORS compensation.
- Developed and implemented a formal FOIA procedure document, including new protocols for out-of-state requests.
- Participated in 28 foreign securities cases, recovering \$115,000 in settlements and \$185,000 from a U.S. antitrust case.
- Supported successful legislation (SB 934) to transfer unclaimed VOLSAP funds to the Unclaimed Property Program and conducted a comprehensive review of inactive accounts.
- Drafted four new directives covering topics such as group life insurance, prior service purchases, VaLORS membership eligibility and elected official coverage.
- Participated in a workgroup and other activities related to improving the agency's procurement process.

## POLICY BY THE NUMBERS



**33**

fiscal impact  
statements submitted

**+14**

FY 2024



**164**

Freedom of  
Information Act  
requests processed

**+66**

FY 2024



**134**

correspondence  
responses



**69**

final case decisions  
issued



**54**

appeals  
managed



**285**

contracts  
reviewed



# CUSTOMER RELATIONS

- Despite a 42% increase in correspondence, staff response exceeded the 0.5 day agency standard at 0.4 days. SMS and live chat are also now available on the website to enhance engagement.
- Enhanced contact forms with smart call routing to improve efficiency and connect customers with the right representative faster.
- Conducted 3,855 in person and virtual member counseling sessions, an increase of 40%, attributed to the relocation of the counseling center, additional staffing and online appointment management.
- Held successful Retirement Education Seminar pilots in two regions (southwest and western) to support members within five years of retirement. The new format is a half-day event scheduled and executed internally. Topics covered by guest speakers included Social Security, Medicare, estate planning, VRS Defined Contribution Plans and health insurance. Fall events are scheduled for all regions.
- Implemented a post-appointment customer survey for counseling appointments to capture feedback and identify trends, which is a best practice among retirement systems.
- Implemented a post-call survey and same-day call back feature for customers, who no longer need to wait on hold. The customer rating average is 4.5, which indicates high satisfaction.
- Implemented a new Spanish language option for callers.
- Supported the myVRS Financial Wellness program by sharing successes with other retirement systems, attending the National Conference on Public Employee Retirement Systems conference as a guest speaker and answering inquiries about the program from other state agencies.
- myVRS Financial Wellness continued to provide VRS members with resources to build their confidence and capabilities in financial matters. Use of myVRS Financial Wellness resources this year included:
  - 76,902 total platform users and 78,596 sessions logged
  - 4,985 new registrations
  - 2,447 completed Financial Wellness checkups
  - 937 completed Your Money Personality assessments

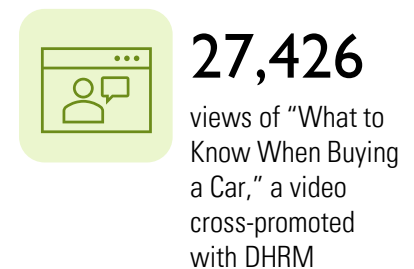
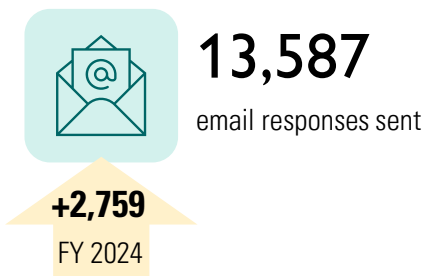
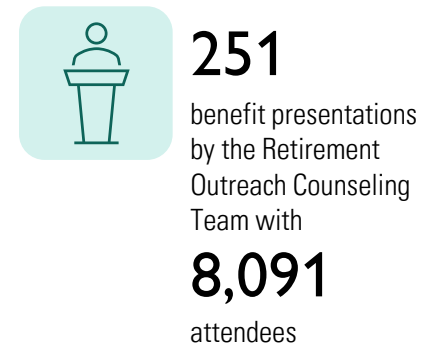
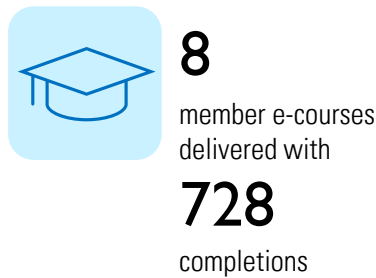
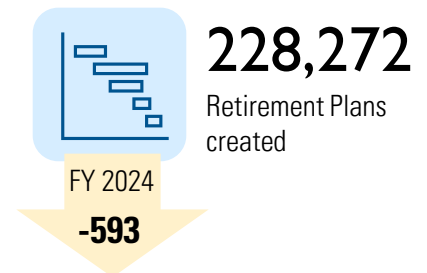
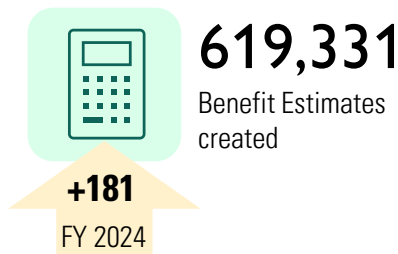
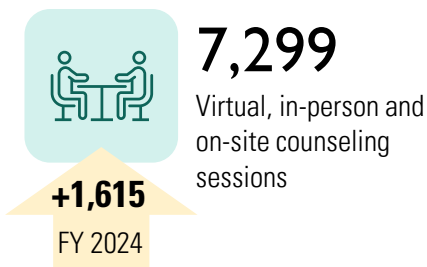
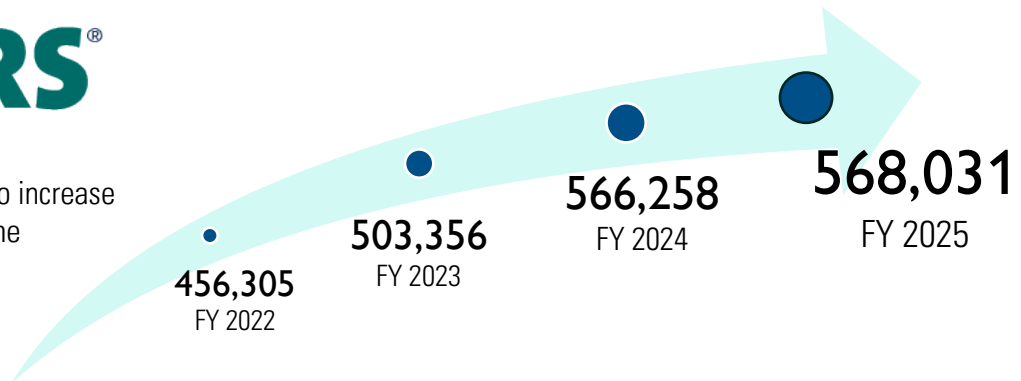




# CUSTOMER RELATIONS BY THE NUMBERS



Registrations continue to increase steadily over time





# INFORMATION TECHNOLOGY

- Ernst and Young's review of the VRS security program illustrated the addition of 13 controls to "Implemented" status in 2025. 103 of 120 controls are now fully implemented as compared to 90 in 2024.
- Transformed the ease, speed and reliability of remote connectivity with new and scalable cloud-based VPN, privileged remote access, remote support and Okta FastPass seamless login.
- Implemented a new digital Envoy Visitors sign-in system at building entrances, which provides at-a-glance analytics and printable badges.
- Automated processes across multiple business units using Power Platform technology and an electronic signature solution to improve efficiency and support business goals.
- Conducted several proofs of concept using AI and machine learning technology.
- Deployed several agency-wide technology solutions including:
  - Okta identity and access management solution.
  - iPhone plan delivering more than \$70,000 in annual savings.
  - Windows 11 operating system.
  - Five9 enabling chat, SMS and intelligent call routing for the customer contact center and integrated into Microsoft Teams Voice.
  - Replaced legacy VoIP voice system with Microsoft Teams Voice. Successfully consolidated support and reduced technology complexity saving \$30,000 per year.
- Launched BigFix, a discovery, management and remediation platform for VRS systems that will update and patch faster, minimize downtime, eliminate reboot requests and reduce the time required to issue new laptops.
- Adopted best practices framework for D365 and Power Platform application lifecycle management.
- Completed myVRS Navigator updates to implement legislation for the health insurance credit and the Virginia Law Officers' Retirement System.
- By implementing a well-documented governance program that includes an architectural review committee, change management board, and a project management organization the VRS technology examines ways to remain cost efficient even as the price of security tools escalate.





# INFORMATION TECHNOLOGY BY THE NUMBERS



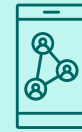
**19+**

essential projects  
completed



**20+**

professional  
certifications earned



**99.9%**

uptime for myVRS  
and VNAV



**99.9%**

potentially malicious  
emails blocked



**< 5%**

click rate on phishing  
campaigns



**100/100**

security score for  
public website  
firewall



# CUSTOMER PROGRAMS

- Ensured a positive customer experience for more than 11,000 new retirees by processing retirement applications resulting in accurate, on-time benefit payments with no interruption to the retiring member's income stream.
  - Monitored the growing volume of online retirement applications.
  - Approved paper retirement applications that often require careful analysis and follow-up tasks to ensure retiring members complete the process successfully.
- Supported VRS members at vulnerable times by facilitating short-term and long-term income replacement through the Virginia Sickness and Disability Program and the Virginia Local Disability Program.
- Extended compassionate support and empathetic service to family members of VRS retirees and members who have lost their loved ones and need assistance with death benefits and life insurance.
- Contributed to building and enhancing employer knowledge of VRS benefits and programs by providing virtual and in-person training on the Virginia Sickness and Disability Program, Virginia Local Disability Program and Line of Duty Act benefits.
- Completed the RFP process that secured continuity of third-party administration services for three programs that provide important benefits for members, retirees and their families during difficult and often disrupting life events.
  - Group Life Insurance Program
  - Virginia Sickness and Disability Program
  - Virginia Local Disability Program





## CUSTOMER PROGRAMS BY THE NUMBERS



**49.7%**

July retirements  
submitted online

**+5.7%**

FY 2024



**4,761**

online retirement  
applications  
submitted in FY 2025

**+503**

FY 2024



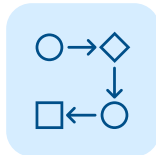
**99.7%** Service  
retirement applications  
processed timely with

**99.8%** accuracy



**8,809**

group life  
insurance claims  
processed



**299**

optional group life  
insurance claims  
processed



**68,950**

optional group life  
insurance  
member/retiree  
participants



**45,154**

spouses and  
dependents in  
optional group life  
insurance



VSDP:

**6,464**

short-term  
disability claims

**+69 STD**

**-39 LTD**

FY 2024

**975**

long-term disability  
claims



VLDP:

**1,848**

short-term  
disability claims

**+242 STD**

**+6 LTD**

FY 2024

**162**

long-term disability  
claims



- Automated retiree payroll cash-forecasting process, reducing manual effort.
- Rolled out two data dashboards in collaboration with the VRS Data Officer to improve transparency, one for retiree payroll statistics and one for employer confirmations.
- Completed solicitations for group life insurance, disability services and service desk contracts.
- Brought facility payments in-house to improve compliance.
- Collaborated with multiple departments to implement system changes supporting new legislation, ensuring compliance and operational readiness.
- Delivered GASB reports ahead of deadlines with minimal auditor comments.

## FINANCE BY THE NUMBERS



**94**

code fixes completed, including strategic data consolidation improvements



**1,342**

data fixes closed, representing  
**76%** of agency-wide fixes



**99.8%**

prompt pay rate, exceeding Commonwealth standards



**150**

employer balances cleared through Member Reserve Reconciliation project using data analytics



**9,759**

refunds processed



**308,553**

tax forms processed






**451**

purchase orders created



# STRATEGIC & DIGITAL COMMUNICATIONS

- Added Cision media monitoring services to support our reputation management and strategic intelligence efforts. The web-based platform allows global monitoring of news related to VRS and provides insight into trends and legislation affecting peer retirement systems. 
- Increased annual outreach to new benefit administrators by 6%, offering technical assistance and information on VRS programs and services at 669 participating employers. 
- Assisted eight employers electing the enhanced benefits for hazardous duty employees; six employers electing the enhanced retirement multiplier for hazardous duty employees; two employers electing the Group Life Insurance Program; one employer electing the Commonwealth of Virginia 457 Deferred Compensation Plan; two state agencies joining the Virginia Law Officers' Retirement System (VaLORS) for their firefighters and conservation officers; and one community college joining VaLORS for its campus police officers. 
- Used strategic storytelling to produce a video profile of Keith Schinabeck, VADOC Agribusiness Manager, featured in VRS Member News and social media. The video earned 1,063 views and reached more than 45,000 followers on VADOC's social channels—boosting VRS visibility and highlighting agribusiness in corrections.
- Supported executive team with external presentations, talking points, Member Tips videos, news releases and media relations.
- Managed content for VRS' publications, including handbooks and guides, the *Annual Comprehensive Financial Report*, *Member News*, *Retiree News*, *Employer Update* and articles for external partner publications like the Virginia Journal of Education.
- Provided communication strategies and reinforced brand integrity by supporting business unit projects including the DCP record keeper transition, 2025 legislation implementation, VOLSAP, LODA, investment education, agency annual report and sensitive issues.
- Surpassed the government industry standard with a website accessibility score of 89%. The web team completed various accessibility courses and certified training and resolved nearly 650 accessibility issues across 17 websites.
- Streamlined web request tracking by migrating to the MS PowerApps platform, delivering improved performance through data archiving, enhanced user experience with file uploads and subscriber options, better email visibility via subject emojis, full legacy data retention, app cloning for the communications team, and robust native reporting capabilities through Power BI.
- Realized significant improvements within one year of migrating to the new Web CMS, including streamlined development processes, optimized layouts and mirrored content. These enhancements enabled the complete redesign of the Benefits Kit landing page, Member Chat and volsap.org, contributing to an increase in accessibility score from 85% to nearly 94%. Once fully complete, the new CMS will create better efficiency for managing and editing content.



# STRATEGIC & DIGITAL COMMUNICATIONS

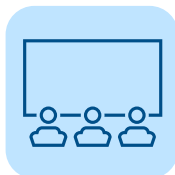
## BY THE NUMBERS



**21**

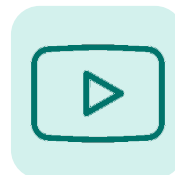
videos produced in FY 2025 — a 200% increase from the previous year's total of seven

**+200%**  
FY 2024



**40,093**

total views of videos across all platforms



**424**

subscribers to the VRS YouTube channel, reflecting steady audience growth and engagement



**53.4%**

average open rate achieved in FY 2025 — 13% higher than the industry benchmark of 47.1% (MailerLite)



**11%**

average click-through rate for VRS newsletters, more than double the industry average of 4.3%



**1.5 million**

visits to varetire.org, and **4.4 million** to the myVRS homepage

**+400,000**  
varetire.org  
**+1 million**  
myVRS.org  
FY 2024



**879,742**

DCP website pageviews since launching the transition to Voya in late October

**+179,742**  
FY 2024

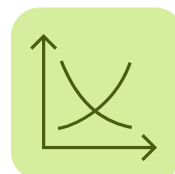


**138**

employer roundtable and site visits held with

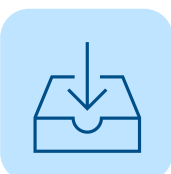
**1,831**

participants



**9**

actuarial studies conducted



**746**

Web Requests completed



# HUMAN RESOURCES

- Selected Workday as VRS' new Human Resources Information System. Guidehouse was chosen as the system integrator. Strategy and planning work has begun.
- Completed the third year of EDGE (Empower, Develop, Grow and Engage), VRS' in-house professional development program. Courses are aligned with employee engagement survey feedback. HR implemented Level II certification criteria this year.
  - 60 courses
  - 925 enrollments
- Awarded seven Level I certifications at the agency annual meeting.
- Established strategic partnerships with colleges and universities and launched a comprehensive recruitment and onboarding process for interns based on industry best practices. The program sought to introduce youth to public sector careers and support a future talent pipeline. VRS welcomed five interns.
- Continued to develop career ladders within business units. Promoted employee growth opportunities with mock interviews resulting in staff development, promotions and hiring from within. Continued succession management discussions with executive leadership.
- Conducted 12 managing with intention meetings for managers and supervisors, which are designed to foster manager success and strengthen relationships with employees. Manager feedback was used to adapt the sessions as the year progressed.
- Hosted agency-wide events to educate while also boosting morale and employee engagement: Black History Month, Diwali, Veterans' Day; Benefits Fair for Open Enrollment; Customer Service Week and Public Service Week; Agency Annual Meeting and Breakfast and receptions for retiring employees. Employees also gave back and generously supported CVC and our food drive.
- Led major communication campaigns to keep our workforce informed and supported through significant organizational changes. Our strategy was driven by analytics and employee feedback. Engagement with communication tools remained strong.
- We enhanced automation by integrating direct news feeds from other SharePoint sites. And we expanded the use of our digital signage. Meeting formats evolved to encourage greater interaction and to introduce a broader range of speakers from across the agency.





# HUMAN RESOURCES BY THE NUMBERS



**7,925**

applications managed to recruit high-quality candidates



**153**

interviews, up from 100

**+53**

FY 2024



**67**

job postings, up from 51

**+16**

FY 2024



**49**

new hires, up from 39, including one executive recruitment

**+10**

FY 2024



**15**

promotions; hiring from within



**6.4%**

overall turnover rate: down from 7.4%

**-7.4%**

FY 2024



**13K+**

average visits to the Newscenter per month, a 10% increase

**+10%**

FY 2024



**278**

VRS Today average attendance of employees and contractors



# DEFINED CONTRIBUTION PLANS

- Achieved a 6% increase in total accounts and an 18% increase in assets year-over-year, reaching 657,456 accounts and \$9.66 billion in assets across eight plans.
- Successfully transitioned 1.4 million accounts and \$8.85 billion in assets from MissionSquare to Voya, with full restoration completed by January 6, 2025.
- As part of the transition to Voya, Hybrid Retirement Plan members are now able to change voluntary contributions on a monthly basis (versus quarterly), allowing them to save sooner.
- Pre-transition outreach included more than 600,000 participant notifications, along with targeted employer training sessions. Participant and employer websites were redesigned and all related communications and manuals were updated.
- Completed necessary system updates across VRS to support new provider infrastructure and services.
- Voya Retirement Advisors, a new service, provided plan-related investment advice through 518 no-cost participant calls, 2,129 using online advice tools, and 2,068 participants enrolling in paid professional account management.
- A new emergency withdrawal provision was added to the Hybrid 457 Deferred Compensation Plan, which allows members to access contributions they have made to the plan in the event of a qualified event, like major medical bills or home repairs.



## DEFINED CONTRIBUTION PLANS BY THE NUMBERS



**61%**

of hybrid plan members making voluntary contributions



**33%**

active election rate; approximately

**66,044**

participants



**55,257**

new DCP Account registrations post-transition



**392,323**

account logins recorded January-June 2025



**2,400+**

participants since January in group meetings and webinars



**3,543**

individual account reviews



**45,966**

calls received by Voya's call center January-June, indicating higher engagement compared to MissionSquare's 2024 annual total of 68,791



# AWARDS AND RECOGNITION



## 2024 SWaM Award, Virginia Department of Small Business and Supplier Diversity

VRS was honored as the agency with the highest spend percentage for service-disabled veteran-owned businesses in Virginia, reflecting our commitment to support small, women-owned, minority-owned, service-disabled veteran-owned and micro-businesses



## Philanthropy Excellence Award, Combined Virginia Campaign

VRS received the award for the highest amount donated (\$51,354.75) to the 2024 CVC campaign in the agency size 100-500 category



*Nicole Morlette (L), CVC campaign team lead, accepted the award on behalf of VRS*



*VRS Procurement Manager Robert Robinson, VCO, and VRS Senior Procurement Specialist Melissa Ryan*



## Honorable Mention, MarCom Awards, The Association of Marketing & Communication Professionals (AMCP)

VRS was recognized for our outstanding beneficiary campaign (with MissionSquare Retirement) in fiscal year 2024, which engaged participants to designate a beneficiary with a targeted age group approach



## Public Pension Standards Award for Funding and Administration, Public Pension Coordinating Council (PPCC)

The 22nd award for VRS



## Certificate of Transparency, National Conference on Public Employee Retirement Systems (NCPERS)

Fostering an "atmosphere of openness" between public pension systems and the general population

## Certificate of Achievement for Excellence in Financial Reporting, Government Finance Officers Association (GFOA)

*VRS Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2024; the 43rd consecutive award for VRS



## Award for Outstanding Achievement in Financial Reporting, Government Finance Officers Association (GFOA)

*VRS Popular Annual Financial Report* for the fiscal year ended June 30, 2024; the ninth consecutive award for VRS





## Approve changes to Investment Operations And Administration Staff Pay Plan

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### Requested Action

The Virginia Retirement System Board of Trustees approves an amended Investment Operations and Administration Staff Pay Plan ("Pay Plan"), effective September 25, 2025, which includes recommendations from the compensation market study for investments administration and operations positions conducted by Mercer.

### Description/Background

The VRS Board of Trustees approved the current Pay Plan on April 16, 2025, and it became effective on June 10, 2025.

VRS engaged Mercer to conduct a compensation market study for investment administration and operations positions to review how VRS can remain competitive in the employment market. VRS recently received study recommendations from Mercer to adjust the salary grade for the positions of (i) Regulatory and Legal Officer, (ii) Portfolio Assistant, and (iii) Executive Assistant. Consistent with the recommendations, the salary grade for each of these positions will be increased by one grade. All other positions will remain at their current level.

In addition, the Pay Plan is amended to add a new position, Information Quality Manager, to the positions included in the Pay Plan and to assign this position its appropriate salary grade. This position was recently created as the result of internal reorganization efforts.

Clean and redlined versions of the revised Pay Plan and a copy of the Mercer study recommendations are attached.

### 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.

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A. Scott Andrews, Chair  
VRS Board of Trustees

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Date



**Supersedes:** 06/10/~~2024~~2025

**Effective Date:** ~~0609/1025~~/2025

## I. Purpose

The pay plan (the “Plan”) applies to all full and part-time (non-wage) Investment Department operations and administration staff and associated positions. This includes all Investment Department employees who are not included in the Investment Professionals’ Pay Plan. Wage employees’ pay complies with the provisions of the state classification and pay plan. The Plan recognizes that Investment Department supervisors and managers are in the best position to assess, appraise and reward the performance of individuals under their supervision. The objective of the Plan is to compensate employees reasonably and equitably, to encourage constructive individual and team effort, and to recognize that these positions require specialized experience and expertise.

The Plan ensures that Investment Department operations and administration salaries are competitive with the market average of a mix of public and private sector organizations. Human Resources (HR) contracts for comparative market salary data about every two years, to ensure competitiveness of the salary structure.

## II. Policy

The salary for each position has a minimum, midpoint and maximum:

- **Minimum** is the lowest salary paid for a position within the salary grade.
- **Midpoint** represents the target market salary paid to employees who are fully qualified and meet all competencies required to fulfill each of the position’s responsibilities.
- **Maximum** is the highest salary paid for a position within the salary grade.

The midpoint of each grade is set equal to the market average. Individual performance, time in the position, previous related work experience, and other factors can influence earnings that are higher or lower than the midpoint.

The expectation is that employees with salaries closer to the maximum for their position are more tenured, have been a consistently exceptional performer or have more work experience.

During the job placement process, Fair Labor Standards Act (FLSA) exemption statuses (exempt or non-exempt) are determined based on the FLSA job duties test.

See Salary Ranges and Position Titles and Salary Grades tables in the Appendix.



**Performance Assessment**

Investment Department operations and administration staff will receive a formal performance assessment annually, using the following five-point rating scale: “Does Not Meet Expectations,” “Needs Improvement,” “Meets Expectations,” “Exceeds Expectations,” and “Exceptional,” based on the criteria described in employees’ position descriptions.

However, the VRS expects supervisors and managers to give informal performance feedback at least quarterly and more frequently to co-workers who are inexperienced in their position or who are not meeting the performance expectations of their supervisor or manager. In the latter case, the feedback must be in writing to employees.

**The Rating Scale definitions are as follows.**

- **Does Not Meet Expectations** - Performance must improve substantially within a reasonable period if the individual is to remain in this position. The employee is not meeting the job requirements. The person consistently fails to meet the objective(s) described in the goal area.
- **Needs Improvement** - Performance is noticeably less than expected. The employee generally meets most job requirements, but struggles to meet them all. The need for further development and improvement is clearly recognized.
- **Meets Expectations** - Performance clearly and fully meets all the requirements of the position in terms of quality, timeliness, and quantity of work. The assessment is a good, solid performance. While minor deviations may occur, the overall level of performance meets all position requirements. The person consistently meets and may occasionally exceed the objective(s) described in the goal area. Employees that attain and maintain this rating are performing their jobs as expected, meeting deadlines, and delivering good quality results.
- **Exceeds Expectations** - Performance frequently exceeds job requirements. Accomplishments are regularly above expected levels. Performance is sustained and uniformly high with thorough and on-time results. Tasks assigned are consistently completed with good quality and on time or ahead of schedule, and the tasks are sometimes completed even if they are not directly assigned. The person will often perform tasks that fall outside their job description.
- **Exceptional** - Performance levels and accomplishments far exceed normal expectations. This category is for the employee who truly stands out and clearly and consistently demonstrates exceptional accomplishments in terms of quality and quantity of work that is easily recognized, as truly exceptional by others. This rating is very difficult to achieve in the regular execution of one’s job. An opportunity has to present itself and the person needs to identify it and take full advantage of it. It is difficult to define the precise criteria on a performance plan that will allow a person to achieve an exceptional rating, but “you will know it when you see it.”



**Starting Salary**

The VRS Chief Investment Officer (CIO) approves a position's grade and salary range when signing the VRS Position Approval form. Hiring supervisors and second-line supervisors recommend the starting salary for new employees, with the final approval by the CIO, in coordination with HR. When making salary offers, consider salaries presently paid to employees in the department and the candidate's education, skills and work experience. Starting salaries typically do not exceed the salary grade midpoint of the job. Additional justification is required to support offering salaries above the midpoint.

**Salary Adjustments****A. Introductory Period**

The introductory period for new employees is normally six months from the date of hire but can be up to a year for selected positions. This is the adjustment period for employees to establish a working relationship with their supervisors and to acclimate to their new job duties.

When employees successfully complete the introductory period, they typically receive a pay increase of 2% if they are at least meeting expectations. The VRS may discharge employees with or without cause at any time during the introductory period.

In situations that warrant additional time to evaluate employees' performance, skill level or suitability for the job, VRS may extend the introductory period up to an additional six months. Supervisors will communicate the extension of the introductory period in writing to the employee and HR prior to the conclusion of the employee's initial introductory period. Communications should include reasons for the extension and improvements needed by the employee to meet performance expectations successfully during the extended introductory period. VRS expects these employees to improve their performance to "Meets" or they face termination, demotion, or transfer to a suitable job, if such an opportunity exists.

**B. Promotions**

A promotion occurs when an employee transitions to a different position assigned to a higher salary grade. A promotion can be competitive (selected through a recruitment and hiring process) or non-competitive (i.e., through the career development process).

When employees compete and are hired into a job in a higher grade, they are typically eligible for a salary increase between 5% and 15%. For non-competitive promotions, the salary will be subject to review to ensure internal equity. Promotional salaries must be at or above the minimum of the new salary grade. Promotional pay cannot place an employees' salary above the maximum of the salary grade.



### **C. Lateral**

A lateral occurs when an employee moves into a position with a different job title and classification which is in the same salary grade. This movement constitutes a lateral move or a transfer.

For a competitive (posted and selected) lateral move/transfer, a salary increase may be considered only if duties of the new position are substantially different. If an increase is approved the increase amount shall not exceed 5%, provided the increase does not exceed the maximum salary range. Any exception to this guideline requires additional justification, an internal equity review and approval of the CIO in coordination with HR.

### **D. Downward Assignments (Voluntary or Performance Related)**

Downward assignments occur when an employee transitions to a position within a salary grade lower than the current grade.

- **Voluntary** – An employee-initiated request to transition to a position within a lower salary grade.
- **Involuntary** – A management-initiated request to transition an employee to a position within a lower salary grade, typically due to performance, corrective action or restructuring.

A downward assignment would typically result in the salary being placed at any pay rate within the lower classification, not to exceed the maximum or fall below the minimum of the new salary range. Any exception to this guideline will require additional justification, an internal equity review and approval of the CIO in coordination with HR.

In unique situations, such as job abolishment or agency reorganization, an employee's salary may exceed the maximum of the lower grade and the salary remain unchanged. Salaries remain frozen until market adjustments allow additional increases. These employees remain eligible to receive applicable performance or gainsharing bonus awards if performance criteria are met.

### **E. Job Reclassifications**

Job reclassifications occur when the employee's duties and responsibilities change substantially, which may result in a different pay grade. Reclassification is based on job content and not the performance of the incumbent. Job studies are performed by HR, with input by management.

- **Reclassification Upward:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within a higher salary grade. Employees typically receive salary increases between 2% and 15%. Reclassification increases are approved by the CIO, in coordination with HR. Salaries must be at or above the minimum of the new pay grade.



- **Reclassification Laterally:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within the same salary grade. No salary increase is awarded. Any exception to this guideline will require additional justification, an internal equity review, and approval of the CIO, in coordination with HR.
- **Reclassification Downward:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within a lower salary grade.

This will result in the salary being placed at any pay rate within the lower classification, not to exceed the maximum or fall below the minimum of the new salary range. Any exception to this guideline will require additional justification, an internal equity review and approval of the CIO, in coordination with HR.

#### **F. Regrade**

Regrades occur when the classification is determined to warrant a different pay grade. This is typically determined by a market analysis or internal classification review, performed by HR in coordination with the CIO. Employees typically receive salary increases between 2% and 15%. Regrade increases are approved by the CIO, in coordination with HR. Salaries must be at or above the minimum of the new pay grade.

#### **G. Acting Pay**

Acting pay is provided when an employee is temporarily assigned to assume the responsibilities of a position in a higher salary grade.

- **Less Than Two Years Duration:** The employee will receive at least a 5% salary adjustment while serving in an acting position. If the 5% increase does not place the employee at the minimum salary of the acting position, the salary must be increased to the minimum of the acting range. The acting amount shall not exceed the maximum of the acting range. When the employee returns to the former position, his or her salary will be reduced by the dollar amount received while performing the "acting" job responsibilities.
- **Beyond Two Years Duration:** When employees are deemed to be "acting" by performing the full duties of a position for more than two years, the supervisor may choose to promote the individual without going through a competitive process. If the employee is promoted, the employee is eligible for a promotional increase. Otherwise, the position will be open for recruitment. The permanent filling of the position may involve no change in current salary or could include a pay increase, depending upon the circumstances and available budget. If an employee is acting in a position that is the same salary grade, acting pay would not be provided unless there is sufficient justification to support that the duties of the acting position are substantially different.



## H. In-grade Adjustments

In-grade salary adjustments occur when employees receive an increase in base pay to ensure competitiveness, retention, and to recognize increased skills, abilities, knowledge, or responsibilities outside of the position classification process. These adjustments should only be provided once per fiscal year. Listed below are the categories and descriptions of in-grade salary adjustments.

- **Market adjustment:** Warranted in cases where external market forces exist due to high demand for a particular skill or position which may result in significantly higher turnover. Market adjustments may also occur if it is determined that an individual's salary is significantly lower than market study findings. Salary adjustments can apply to an individual or classification of employees to ensure competitiveness and retention of staff. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Internal alignment adjustment:** Warranted when employees' salaries are unusually low or out of comparability with other employees in the work unit. Factors considered include experience, education, knowledge, skills and abilities. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Individual accomplishment adjustment:** May be awarded to recognize the attainment of a higher level of expertise through professional certification requiring continuing education credits (CEUs). In-grade adjustments are awarded at the time of the original certification. If the certification does not require CEUs, an in-grade adjustment will not be provided; however, a bonus may be considered. Additionally, an in-grade adjustment for completion of a degree that relates to a current or career path position may be provided. Other similar situations may be considered as justification for an individual accomplishment adjustment. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Skill acquisition and application adjustment:** May be awarded to recognize the acquisition and application of relevant, pre-defined, job-based skills, resulting in increased value to the organization. Typically, an Individual Development Plan identifies the needed skills and the skill acquisition plan. Formal assessments, through testing or demonstration of the skills acquired and applied to the job, may result in an in-grade adjustment. An in-grade adjustment of 1% to 4% of salary is typically provided.

The employee's supervisor must request the in-grade adjustment in writing and include documentation supporting the need for a pay adjustment. The CIO approves in-grade adjustments, in coordination with HR.

When an employee's salary is at or above the salary maximum for his/her job grade, a bonus payment may be awarded. The CIO approves the bonus, in coordination with HR.



## **I. Competitive Pay Increases**

A competitive pay increase is an option available to supervisors to retain top performers, who have received an external job offer, when the loss is determined to be detrimental to the organization. Employees must furnish a copy of the respective job offer.

The supervisor requests, in writing, a competitive pay increase and includes documentation supporting the need for an adjustment and justification for the increase. The CIO approves the increase, in coordination with HR.

Competitive pay increases apply to base salary and may not exceed the salary maximum for the salary range. In extraordinary circumstances, when an employee's base salary is at maximum, a bonus is an option. In these situations, the CIO approves the action, in coordination with HR.

## **J. Increases Governed by the Appropriation Act**

VRS will implement pay actions consistent with the provisions of the Appropriation Act.

### **Bonuses**

#### **A. Sign-on**

Sign-on bonuses may be provided to qualified external candidates when the position is determined to be hard-to-fill, or when there is a demonstrated need to provide supplemental pay to compete with the market.

The amount of the sign-on bonus will vary depending on the position and the supply of candidates. The amount of the bonus typically ranges from 1% to 20% of the midpoint of the salary range.

Fifty percent of the sign-on bonus will be paid in the first paycheck with the remainder of the bonus being paid following the successful completion of the introductory period.

Refer to the Employee Sign-on Bonus Program Policy.

#### **B. Referral**

Referral bonuses may be provided to full and part-time employees who refer a candidate hired into a full-time position. The amount of the referral bonus is \$1,000. Fifty percent is paid in the paycheck following the referred employee's first full pay cycle with the remainder of the bonus being paid following the successful completion of the referred employee's introductory period.

Refer to the Employee Referral Program Policy.



### **C. Performance**

Performance bonuses, where applicable, are provided to the Investment operations and administration staff following the annual review process.

Subject to the approval of the VRS Board of Trustees, eligible employees who receive an overall rating of “exceptional” will receive a 4% bonus and employees who receive an overall rating of “exceeds” will receive a 2% bonus, based on their salary as of June 30.

Employees who receive an overall “meets,” “does not meet” or “needs improvement” rating will not receive a performance bonus.

The performance cycle and thus, bonus payments, align with the fiscal year, July 1 through June 30. While the VRS Board of Trustees remains mindful of the value that staff adds to the organization and supportive of the pay plan, the VRS Board of Trustees also specifically reserves the right to cancel, reduce, or delay the amount of any bonuses payable under this plan when, in the sole discretion of the VRS Board of Trustees, extreme budgetary pressures, economic, market or other conditions are such that the VRS Board of Trustees deems such action necessary under the circumstances.

Consistent with preceding paragraph, payment of performance bonuses under this plan is not guaranteed.

### **D. Gainsharing**

The Investment Department’s operations and administration staff employees may receive a lump-sum bonus equal to 2.5% of salary if their performance “meets expectations”, “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.

Additionally, Investment Department’s operations and administration staff employees are eligible to be recognized and rewarded under the provisions of the VRS Recognition and Awards Program.

While the VRS Board of Trustees remains mindful of the value that staff adds to the organization and supportive of the pay plan, the VRS Board of Trustees also specifically reserves the right to cancel, reduce, or delay the amount of any bonuses payable under this plan when, in the sole discretion of the VRS Board of Trustees, extreme budgetary pressures, economic, market or other conditions are such that the VRS Board of Trustees deems such action necessary under the circumstances.

Consistent with the preceding paragraph, payment of gainsharing bonuses under this plan is not guaranteed.



## **E. Bonuses Governed by the Appropriation Act**

VRS will implement pay actions consistent with the provisions of the Appropriation Act.

### **Other VRS Pay Plans**

In addition to the Investment Operations and Administration Staff Pay Plan, VRS maintains several other pay plans to meet specific employment and compensation needs. These plans are as follows:

- **Administrative Pay Plan** - This pay plan is separate from the investment operations and administration staff pay plan and includes its own salary and classification structure.
- **Investment Professionals' Pay Plan** - This pay plan is separate from the administrative plan and includes its own salary and classification structure as well as incentive pay guidelines.
- **Executive Pay Plan** – This pay plan provides the annual salary and bonus amounts provided to the Agency Director, Chief Investment Officer and Audit Director by the VRS Board of Trustees.



### Salary Ranges

Grade	Minimum	Midpoint	Maximum
1	\$48,793	\$60,990	\$73,189
2	\$54,893	\$68,614	\$82,336
3	\$61,752	\$77,191	\$92,629
4	\$69,596	\$86,994	\$104,393
5	\$78,432	\$98,040	\$117,649
6	\$88,375	\$110,469	\$132,562
7	\$99,421	\$124,276	\$149,133
8	\$111,574	\$139,467	\$167,360
9	\$125,935	\$157,416	\$188,901
10	\$141,397	\$176,751	\$212,101
11	\$159,075	\$198,844	\$238,611
12	\$178,959	\$223,697	\$268,439
Minimum is 80% of midpoint. Maximum is 120% of midpoint.			
Bandwidth is 50%.			
Difference between grades is 10-15%.			



**Administrative Policies**

**Policy Title:** Investment Operations and Administration Staff Pay Plan

**Appendix**





## Position Titles and Salary Grades

Group	Title	Grade
Executive	Chief Administrative Officer	12
Executive	Deputy Chief Administrative Officer	11
Regulatory and Legal	Regulatory and Legal Officer	<del>10</del> 11
Regulatory and Legal	Regulatory and Legal Lead Senior Analyst	9
Regulatory and Legal	Regulatory and Legal Analyst III	8
Regulatory and Legal	Regulatory and Legal Analyst II	6
Regulatory and Legal	Regulatory and Legal Analyst I	4
Regulatory and Legal	Office Administrator	6
Compliance	Compliance Officer	10
Compliance	Compliance Lead Senior Analyst	9
Compliance	Compliance Analyst III	8
Compliance	Compliance Analyst II	6
Compliance	Compliance Analyst I	5
<u>Operations</u>	<u>Information Quality Manager</u>	<u>10</u>
Operations	Operations Manager	10
Operations	Operations Lead Senior Analyst	9
Operations	Operations Analyst III	8
Operations	Operations Analyst II	6
Operations	Operations Analyst I	4
Systems	Decision Systems Manager	10
Systems	Decision Systems Principal	10
Systems	Decision Systems Analyst III	9
Systems	Decision Systems Analyst II	8
Systems	Decision Systems Analyst I	7
Systems	Decision Data Analyst II	6
Systems	Decision Data Analyst I	4
Admin	Portfolio Assistant	<del>34</del>
Admin	Executive Assistant	<del>34</del>
Admin	Administrative Assistant	1



**Supersedes:** 06/10/2025**Effective Date:** 09/25/2025

## **I. Purpose**

The pay plan (the “Plan”) applies to all full and part-time (non-wage) Investment Department operations and administration staff and associated positions. This includes all Investment Department employees who are not included in the Investment Professionals’ Pay Plan. Wage employees’ pay complies with the provisions of the state classification and pay plan. The Plan recognizes that Investment Department supervisors and managers are in the best position to assess, appraise and reward the performance of individuals under their supervision. The objective of the Plan is to compensate employees reasonably and equitably, to encourage constructive individual and team effort, and to recognize that these positions require specialized experience and expertise.

The Plan ensures that Investment Department operations and administration salaries are competitive with the market average of a mix of public and private sector organizations. Human Resources (HR) contracts for comparative market salary data about every two years, to ensure competitiveness of the salary structure.

## **II. Policy**

The salary for each position has a minimum, midpoint and maximum:

- **Minimum** is the lowest salary paid for a position within the salary grade.
- **Midpoint** represents the target market salary paid to employees who are fully qualified and meet all competencies required to fulfill each of the position’s responsibilities.
- **Maximum** is the highest salary paid for a position within the salary grade.

The midpoint of each grade is set equal to the market average. Individual performance, time in the position, previous related work experience, and other factors can influence earnings that are higher or lower than the midpoint.

The expectation is that employees with salaries closer to the maximum for their position are more tenured, have been a consistently exceptional performer or have more work experience.

During the job placement process, Fair Labor Standards Act (FLSA) exemption statuses (exempt or non-exempt) are determined based on the FLSA job duties test.

See Salary Ranges and Position Titles and Salary Grades tables in the Appendix.



**Performance Assessment**

Investment Department operations and administration staff will receive a formal performance assessment annually, using the following five-point rating scale: “Does Not Meet Expectations,” “Needs Improvement,” “Meets Expectations,” “Exceeds Expectations,” and “Exceptional,” based on the criteria described in employees’ position descriptions.

However, the VRS expects supervisors and managers to give informal performance feedback at least quarterly and more frequently to co-workers who are inexperienced in their position or who are not meeting the performance expectations of their supervisor or manager. In the latter case, the feedback must be in writing to employees.

**The Rating Scale definitions are as follows.**

- **Does Not Meet Expectations** - Performance must improve substantially within a reasonable period if the individual is to remain in this position. The employee is not meeting the job requirements. The person consistently fails to meet the objective(s) described in the goal area.
- **Needs Improvement** - Performance is noticeably less than expected. The employee generally meets most job requirements, but struggles to meet them all. The need for further development and improvement is clearly recognized.
- **Meets Expectations** - Performance clearly and fully meets all the requirements of the position in terms of quality, timeliness, and quantity of work. The assessment is a good, solid performance. While minor deviations may occur, the overall level of performance meets all position requirements. The person consistently meets and may occasionally exceed the objective(s) described in the goal area. Employees that attain and maintain this rating are performing their jobs as expected, meeting deadlines, and delivering good quality results.
- **Exceeds Expectations** - Performance frequently exceeds job requirements. Accomplishments are regularly above expected levels. Performance is sustained and uniformly high with thorough and on-time results. Tasks assigned are consistently completed with good quality and on time or ahead of schedule, and the tasks are sometimes completed even if they are not directly assigned. The person will often perform tasks that fall outside their job description.
- **Exceptional** - Performance levels and accomplishments far exceed normal expectations. This category is for the employee who truly stands out and clearly and consistently demonstrates exceptional accomplishments in terms of quality and quantity of work that is easily recognized, as truly exceptional by others. This rating is very difficult to achieve in the regular execution of one’s job. An opportunity has to present itself and the person needs to identify it and take full advantage of it. It is difficult to define the precise criteria on a performance plan that will allow a person to achieve an exceptional rating, but “you will know it when you see it.”



**Starting Salary**

The VRS Chief Investment Officer (CIO) approves a position's grade and salary range when signing the VRS Position Approval form. Hiring supervisors and second-line supervisors recommend the starting salary for new employees, with the final approval by the CIO, in coordination with HR. When making salary offers, consider salaries presently paid to employees in the department and the candidate's education, skills and work experience. Starting salaries typically do not exceed the salary grade midpoint of the job. Additional justification is required to support offering salaries above the midpoint.

**Salary Adjustments****A. Introductory Period**

The introductory period for new employees is normally six months from the date of hire but can be up to a year for selected positions. This is the adjustment period for employees to establish a working relationship with their supervisors and to acclimate to their new job duties.

When employees successfully complete the introductory period, they typically receive a pay increase of 2% if they are at least meeting expectations. The VRS may discharge employees with or without cause at any time during the introductory period.

In situations that warrant additional time to evaluate employees' performance, skill level or suitability for the job, VRS may extend the introductory period up to an additional six months. Supervisors will communicate the extension of the introductory period in writing to the employee and HR prior to the conclusion of the employee's initial introductory period. Communications should include reasons for the extension and improvements needed by the employee to meet performance expectations successfully during the extended introductory period. VRS expects these employees to improve their performance to "Meets" or they face termination, demotion, or transfer to a suitable job, if such an opportunity exists.

**B. Promotions**

A promotion occurs when an employee transitions to a different position assigned to a higher salary grade. A promotion can be competitive (selected through a recruitment and hiring process) or non-competitive (i.e., through the career development process).

When employees compete and are hired into a job in a higher grade, they are typically eligible for a salary increase between 5% and 15%. For non-competitive promotions, the salary will be subject to review to ensure internal equity. Promotional salaries must be at or above the minimum of the new salary grade. Promotional pay cannot place an employees' salary above the maximum of the salary grade.



### **C. Lateral**

A lateral occurs when an employee moves into a position with a different job title and classification which is in the same salary grade. This movement constitutes a lateral move or a transfer.

For a competitive (posted and selected) lateral move/transfer, a salary increase may be considered only if duties of the new position are substantially different. If an increase is approved the increase amount shall not exceed 5%, provided the increase does not exceed the maximum salary range. Any exception to this guideline requires additional justification, an internal equity review and approval of the CIO in coordination with HR.

### **D. Downward Assignments (Voluntary or Performance Related)**

Downward assignments occur when an employee transitions to a position within a salary grade lower than the current grade.

- **Voluntary** – An employee-initiated request to transition to a position within a lower salary grade.
- **Involuntary** – A management-initiated request to transition an employee to a position within a lower salary grade, typically due to performance, corrective action or restructuring.

A downward assignment would typically result in the salary being placed at any pay rate within the lower classification, not to exceed the maximum or fall below the minimum of the new salary range. Any exception to this guideline will require additional justification, an internal equity review and approval of the CIO in coordination with HR.

In unique situations, such as job abolishment or agency reorganization, an employee's salary may exceed the maximum of the lower grade and the salary remain unchanged. Salaries remain frozen until market adjustments allow additional increases. These employees remain eligible to receive applicable performance or gainsharing bonus awards if performance criteria are met.

### **E. Job Reclassifications**

Job reclassifications occur when the employee's duties and responsibilities change substantially, which may result in a different pay grade. Reclassification is based on job content and not the performance of the incumbent. Job studies are performed by HR, with input by management.

- **Reclassification Upward:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within a higher salary grade. Employees typically receive salary increases between 2% and 15%. Reclassification increases are approved by the CIO, in coordination with HR. Salaries must be at or above the minimum of the new pay grade.



- **Reclassification Laterally:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within the same salary grade. No salary increase is awarded. Any exception to this guideline will require additional justification, an internal equity review, and approval of the CIO, in coordination with HR.
- **Reclassification Downward:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within a lower salary grade.

This will result in the salary being placed at any pay rate within the lower classification, not to exceed the maximum or fall below the minimum of the new salary range. Any exception to this guideline will require additional justification, an internal equity review and approval of the CIO, in coordination with HR.

#### **F. Regrade**

Regrades occur when the classification is determined to warrant a different pay grade. This is typically determined by a market analysis or internal classification review, performed by HR in coordination with the CIO. Employees typically receive salary increases between 2% and 15%. Regrade increases are approved by the CIO, in coordination with HR. Salaries must be at or above the minimum of the new pay grade.

#### **G. Acting Pay**

Acting pay is provided when an employee is temporarily assigned to assume the responsibilities of a position in a higher salary grade.

- **Less Than Two Years Duration:** The employee will receive at least a 5% salary adjustment while serving in an acting position. If the 5% increase does not place the employee at the minimum salary of the acting position, the salary must be increased to the minimum of the acting range. The acting amount shall not exceed the maximum of the acting range. When the employee returns to the former position, his or her salary will be reduced by the dollar amount received while performing the "acting" job responsibilities.
- **Beyond Two Years Duration:** When employees are deemed to be "acting" by performing the full duties of a position for more than two years, the supervisor may choose to promote the individual without going through a competitive process. If the employee is promoted, the employee is eligible for a promotional increase. Otherwise, the position will be open for recruitment. The permanent filling of the position may involve no change in current salary or could include a pay increase, depending upon the circumstances and available budget. If an employee is acting in a position that is the same salary grade, acting pay would not be provided unless there is sufficient justification to support that the duties of the acting position are substantially different.



## H. In-grade Adjustments

In-grade salary adjustments occur when employees receive an increase in base pay to ensure competitiveness, retention, and to recognize increased skills, abilities, knowledge, or responsibilities outside of the position classification process. These adjustments should only be provided once per fiscal year. Listed below are the categories and descriptions of in-grade salary adjustments.

- **Market adjustment:** Warranted in cases where external market forces exist due to high demand for a particular skill or position which may result in significantly higher turnover. Market adjustments may also occur if it is determined that an individual's salary is significantly lower than market study findings. Salary adjustments can apply to an individual or classification of employees to ensure competitiveness and retention of staff. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Internal alignment adjustment:** Warranted when employees' salaries are unusually low or out of comparability with other employees in the work unit. Factors considered include experience, education, knowledge, skills and abilities. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Individual accomplishment adjustment:** May be awarded to recognize the attainment of a higher level of expertise through professional certification requiring continuing education credits (CEUs). In-grade adjustments are awarded at the time of the original certification. If the certification does not require CEUs, an in-grade adjustment will not be provided; however, a bonus may be considered. Additionally, an in-grade adjustment for completion of a degree that relates to a current or career path position may be provided. Other similar situations may be considered as justification for an individual accomplishment adjustment. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Skill acquisition and application adjustment:** May be awarded to recognize the acquisition and application of relevant, pre-defined, job-based skills, resulting in increased value to the organization. Typically, an Individual Development Plan identifies the needed skills and the skill acquisition plan. Formal assessments, through testing or demonstration of the skills acquired and applied to the job, may result in an in-grade adjustment. An in-grade adjustment of 1% to 4% of salary is typically provided.

The employee's supervisor must request the in-grade adjustment in writing and include documentation supporting the need for a pay adjustment. The CIO approves in-grade adjustments, in coordination with HR.

When an employee's salary is at or above the salary maximum for his/her job grade, a bonus payment may be awarded. The CIO approves the bonus, in coordination with HR.



## **I. Competitive Pay Increases**

A competitive pay increase is an option available to supervisors to retain top performers, who have received an external job offer, when the loss is determined to be detrimental to the organization. Employees must furnish a copy of the respective job offer.

The supervisor requests, in writing, a competitive pay increase and includes documentation supporting the need for an adjustment and justification for the increase. The CIO approves the increase, in coordination with HR.

Competitive pay increases apply to base salary and may not exceed the salary maximum for the salary range. In extraordinary circumstances, when an employee's base salary is at maximum, a bonus is an option. In these situations, the CIO approves the action, in coordination with HR.

## **J. Increases Governed by the Appropriation Act**

VRS will implement pay actions consistent with the provisions of the Appropriation Act.

### **Bonuses**

#### **A. Sign-on**

Sign-on bonuses may be provided to qualified external candidates when the position is determined to be hard-to-fill, or when there is a demonstrated need to provide supplemental pay to compete with the market.

The amount of the sign-on bonus will vary depending on the position and the supply of candidates. The amount of the bonus typically ranges from 1% to 20% of the midpoint of the salary range.

Fifty percent of the sign-on bonus will be paid in the first paycheck with the remainder of the bonus being paid following the successful completion of the introductory period.

Refer to the Employee Sign-on Bonus Program Policy.

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Referral bonuses may be provided to full and part-time employees who refer a candidate hired into a full-time position. The amount of the referral bonus is \$1,000. Fifty percent is paid in the paycheck following the referred employee's first full pay cycle with the remainder of the bonus being paid following the successful completion of the referred employee's introductory period.

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Subject to the approval of the VRS Board of Trustees, eligible employees who receive an overall rating of “exceptional” will receive a 4% bonus and employees who receive an overall rating of “exceeds” will receive a 2% bonus, based on their salary as of June 30.

Employees who receive an overall “meets,” “does not meet” or “needs improvement” rating will not receive a performance bonus.

The performance cycle and thus, bonus payments, align with the fiscal year, July 1 through June 30. While the VRS Board of Trustees remains mindful of the value that staff adds to the organization and supportive of the pay plan, the VRS Board of Trustees also specifically reserves the right to cancel, reduce, or delay the amount of any bonuses payable under this plan when, in the sole discretion of the VRS Board of Trustees, extreme budgetary pressures, economic, market or other conditions are such that the VRS Board of Trustees deems such action necessary under the circumstances.

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### **D. Gainsharing**

The Investment Department’s operations and administration staff employees may receive a lump-sum bonus equal to 2.5% of salary if their performance “meets expectations”, “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.

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## **E. Bonuses Governed by the Appropriation Act**

VRS will implement pay actions consistent with the provisions of the Appropriation Act.

### **Other VRS Pay Plans**

In addition to the Investment Operations and Administration Staff Pay Plan, VRS maintains several other pay plans to meet specific employment and compensation needs. These plans are as follows:

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- **Executive Pay Plan** – This pay plan provides the annual salary and bonus amounts provided to the Agency Director, Chief Investment Officer and Audit Director by the VRS Board of Trustees.



### Salary Ranges

Grade	Minimum	Midpoint	Maximum
1	\$48,793	\$60,990	\$73,189
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11	\$159,075	\$198,844	\$238,611
12	\$178,959	\$223,697	\$268,439
Minimum is 80% of midpoint. Maximum is 120% of midpoint.			
Bandwidth is 50%.			
Difference between grades is 10-15%.			



**Administrative Policies**

**Policy Title:** Investment Operations and Administration Staff Pay Plan

**Appendix**





## Position Titles and Salary Grades

Group	Title	Grade
Executive	Chief Administrative Officer	12
Executive	Deputy Chief Administrative Officer	11
Regulatory and Legal	Regulatory and Legal Officer	11
Regulatory and Legal	Regulatory and Legal Lead Senior Analyst	9
Regulatory and Legal	Regulatory and Legal Analyst III	8
Regulatory and Legal	Regulatory and Legal Analyst II	6
Regulatory and Legal	Regulatory and Legal Analyst I	4
Regulatory and Legal	Office Administrator	6
Compliance	Compliance Officer	10
Compliance	Compliance Lead Senior Analyst	9
Compliance	Compliance Analyst III	8
Compliance	Compliance Analyst II	6
Compliance	Compliance Analyst I	5
Operations	Information Quality Manager	10
Operations	Operations Manager	10
Operations	Operations Lead Senior Analyst	9
Operations	Operations Analyst III	8
Operations	Operations Analyst II	6
Operations	Operations Analyst I	4
Systems	Decision Systems Manager	10
Systems	Decision Systems Principal	10
Systems	Decision Systems Analyst III	9
Systems	Decision Systems Analyst II	8
Systems	Decision Systems Analyst I	7
Systems	Decision Data Analyst II	6
Systems	Decision Data Analyst I	4
Admin	Portfolio Assistant	4
Admin	Executive Assistant	4
Admin	Administrative Assistant	1



# Investment Operations Benchmark Summary

## *Market Pricing Methodology and Compensation Comparisons*

April 25, 2025

Josh Wilson, Partner  
Susan Lemke, Senior Principal  
Grant Holloman, Senior Associate  
CC Gruber, Senior Analyst

A business of Marsh McLennan





1 Introduction & Executive Summary

4 Market Compensation Comparisons

- Base Salary
- Target Short-Term Incentive (STI) % of Base Salary
- Target Total Cash Compensation

2 Market Pricing Methodology

3 Market Survey Matches

# Agenda



# Introduction & Executive Summary

- Virginia Retirement System (“VRS”), engaged Mercer (“Mercer” or “we”) to review the market competitiveness of the organization’s Investment Operations positions.
- Mercer’s compensation review includes a full competitive assessment of each of the following compensation elements by role: base salary, target short-term incentives (“STI”), and target total cash compensation (“TTC”)
- Although some of VRS’ positions are aligned within the market competitive range (+/- 15%), not all positions are aligned to market. It is important to review each position, as individual variances may apply.
- Additionally, while reviewing the market competitiveness of VRS’ Investment Operations positions, Mercer also identified positions that could potentially move into a higher salary grade within the organization’s current structure. We did not propose for any positions to have their salary grade reduced, even if the market data was aligned to a lower salary grade. The positions identified for a proposed salary grade increase were based on the base salary survey market data composites. These positions are detailed below:
  - CIO Executive Assistant & Portfolio Assistants – Currently Grade 3s but are more aligned with Grade 4 based on the survey market data
  - Compliance Manager & Investments Regulatory and Legal Officer – Currently Grade 10s but are more aligned with Grade 11 based on the survey market data
- The following pages detail Mercer’s market pricing methodology, as well as the resulting competitiveness details



# Market Pricing Methodology



# Market Pricing Methodology

Item	Benchmark Match Titles
Effective Date	<ul style="list-style-type: none"><li>July 1, 2025</li></ul>
Target Market Positioning	<ul style="list-style-type: none"><li>Base Salary: 50<sup>th</sup> percentile</li><li>Target Total Cash Compensation: 50<sup>th</sup> percentile</li></ul>
Industry / Specialty	<ul style="list-style-type: none"><li>Mercer Benchmark Database (MBD): General Industry</li><li>Public Pension Fund Investment Professionals Survey (PPS)</li><li>Endowments and Foundation Investment Groups Survey (IGS): Information Technology, Legal, and Gen Ops, Fin/Acct, &amp; Other</li></ul>
Geography	<ul style="list-style-type: none"><li>National data</li></ul>
Data Elements	<p>The following pay elements are included in the market pricing results, at the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles (where available):</p> <ul style="list-style-type: none"><li>Base Salary</li><li>Target Short-Term Incentive (STI) as a % of base</li><li>Target Total Cash Compensation (TTC): Base + Target STI</li></ul>
Survey Sources	<ul style="list-style-type: none"><li>2024 Mercer Benchmark Database (MBD) (data effective April 1, 2024)</li><li>2024 Public Pension Fund Investment Professionals Survey (PPS) (data effective January 1, 2024)</li><li>Endowments and Foundation Investment Groups Survey (IGS) (data effective January 1, 2024)</li></ul>
Aging	<p>The following annual increase percentages are expected for 2024/2025 and exclude companies whose increase was 0% in any year: 2024 United States: 3.5%; 2025 United States: 3.5%</p> <p><i>Mercer's 2024/25 Global Compensation Planning Report (March 2025 update)</i></p>



# Market Survey Matches



# Market Survey Matches (1 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Decision Data Analyst I	33%	MBD	All Data	--	Database Report Development - Entry Professional (P1)
	33%	MBD	All Data	--	Data Analytics - Entry Professional (P1)
	33%	IGS	Information Technology	-10%	Investment Operations Analyst - 8A
Decision Systems Analyst II	33%	MBD	All Data	--	Data Science - Experienced Professional (P2)
	33%	MBD	All Data	--	Data Analytics - Experienced Professional (P2)
	33%	IGS	Information Technology	--	Investment Operations Analyst - 8A
Decision Systems Analyst III	33%	MBD	All Data	--	Data Science – Senior Professional (P3)
	33%	MBD	All Data	--	Data Analytics – Senior Professional (P3)
	33%	IGS	Information Technology	+10%	Investment Operations Analyst - 8A
Decision Systems Principal	33%	MBD	All Data	--	Data Science – Specialist Professional (P4)
	33%	MBD	All Data	--	Data Analytics – Specialist Professional (P4)
	33%	IGS	Information Technology	+20%	Investment Operations Analyst - 8A
Decision Systems Manager	33%	MBD	All Data	--	Data Science – Manager (M3)
	33%	MBD	All Data	--	Data Analytics – Manager (M3)
	33%	IGS	Information Technology	--	Investment Operations Director / Manager - 8



# Market Survey Matches (2 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Investments Compliance Analyst I	33%	MBD	All Data	--	General Compliance - Entry Professional (P1)
	33%	MBD	All Data	--	Internal Audit: Internal Financial Controls – Entry Professional (P1)
	33%	IGS	Legal	-10%	Investment Operations Analyst - 8A
Investments Compliance Analyst II	33%	MBD	All Data	--	General Compliance – Experienced Professional (P2)
	33%	MBD	All Data	--	Internal Audit: Internal Financial Controls – Experienced Professional (P2)
	33%	IGS	Legal	--	Investment Operations Analyst - 8A
Investments Compliance Analyst III	33%	MBD	All Data	--	General Compliance – Senior Professional (P3)
	33%	MBD	All Data	--	Internal Audit: Internal Financial Controls – Senior Professional (P3)
	33%	IGS	Legal	+10%	Investment Operations Analyst - 8A
Compliance Manager	33%	MBD	All Data	--	General Compliance – Manager (M3)
	33%	MBD	All Data	--	Internal Audit: Internal Financial Controls – Manager (M3)
	33%	IGS	Legal	--	Investment Operations Director / Manager - 8



# Market Survey Matches (3 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Investments Regulatory and Legal Analyst I	50%	MBD	All Data	--	General Legal Contract Management - Entry Professional (P1)
	50%	IGS	Legal	-10%	Investment Operations Analyst - 8A
Regulatory Legal Analyst I	50%	MBD	All Data	--	General Legal Contract Management - Entry Professional (P1)
	50%	IGS	Legal	-10%	Investment Operations Analyst - 8A
Investments Regulatory and Legal Analyst II	50%	MBD	All Data	--	General Legal Contract Management – Experienced Professional (P2)
	50%	IGS	Legal	--	Investment Operations Analyst - 8A
Investments Regulatory and Legal Analyst III	50%	MBD	All Data	--	General Legal Contract Management – Senior Professional (P3)
	50%	IGS	Legal	+10%	Investment Operations Analyst - 8A
Investments Regulatory and Legal Officer	100%	MBD	All Data	--	General Legal Contract Management - Director (M5)



# Market Survey Matches (4 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Investment Operations Analyst	25%	MBD	All Data	--	Cash Management - Entry Professional (P1)
	25%	MBD	All Data	--	Investments - Entry Professional (P1)
	25%	PPS	All Data	-10%	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	-10%	Investment Operations Analyst - 8A
Investment Operations Analyst II	25%	MBD	All Data	--	Cash Management – Experienced Professional (P2)
	25%	MBD	All Data	--	Investments - Experienced Professional (P2)
	25%	PPS	All Data	--	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	--	Investment Operations Analyst - 8A
Senior Investment Operations Analyst III	25%	MBD	All Data	--	Cash Management – Senior Professional (P3)
	25%	MBD	All Data	--	Investments - Senior Professional (P3)
	25%	PPS	All Data	+10%	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	+10%	Investment Operations Analyst - 8A
Senior Operations Analyst III	25%	MBD	All Data	--	Cash Management - Senior Professional (P3)
	25%	MBD	All Data	--	Investments - Senior Professional (P3)
	25%	PPS	All Data	+10%	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	+10%	Investment Operations Analyst - 8A



# Market Survey Matches (5 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Operations Lead Senior Analyst	25%	MBD	All Data	--	Cash Management – Team Leader (Professionals) (M2)
	25%	MBD	All Data	--	Investments – Specialist Professional (P4)
	25%	PPS	All Data	+20%	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	+20%	Investment Operations Analyst - 8A
Operations Manager	25%	MBD	All Data	--	Cash Management – Manager (M3)
	25%	MBD	All Data	--	Investments – Manager (M3)
	25%	PPS	All Data	--	Investment Operations Manager – 9
	25%	IGS	Gen Ops, Fin/Acct, & Other	--	Investment Operations Director / Manager - 8
Chief Administrative Officer	50%	MBD	All Data	--	Head of Administration - Executive Tier 3 (ET3)
	50%	PPS	All Data	--	Investment Operations Director – 8
Senior Project Manager – IDS	100%	MBD	All Data	--	Technical Project Management - Senior Professional (P3)
CIO Executive Assistant	100%	MBD	All Data	--	Secretary/Administrative Assistant - Specialist Para-Professional (S4)
Portfolio Assistant	100%	MBD	All Data	--	Secretary/Administrative Assistant - Specialist Para-Professional (S4)



# Market Compensation Comparisons



# Market Compensation Comparison

## Base Salary (1 of 2)

- Base salaries for the majority of role are positioned close to or above the market 50<sup>th</sup> percentile.
- The Decision Data Analyst I, Decision Systems Manager, and Regulatory Legal Analyst I jobs are positioned the lowest in the market at -9%, -12%, and -15% below the market 50<sup>th</sup> percentile, respectively.

VRS		Market Data			VRS Data Variance to Market		
Job Title	Avg Base Salary	25 <sup>th</sup> %ile	50 <sup>th</sup> %ile	75 <sup>th</sup> %ile	Variance to 25 <sup>th</sup> %ile	Variance to 50 <sup>th</sup> %ile	Variance to 75 <sup>th</sup> %ile
Decision Data Analyst I	\$75,550	\$70,934	\$82,725	\$97,082	7%	-9%	-22%
Decision Systems Analyst II	\$134,066	\$92,047	\$107,037	\$124,948	46%	25%	7%
Decision Systems Analyst III	\$157,481	\$110,874	\$129,770	\$151,516	42%	21%	4%
Decision Systems Principal	\$179,203	\$133,218	\$155,161	\$180,474	35%	15%	-1%
Decision Systems Manager	\$164,051	\$154,475	\$187,284	\$220,728	6%	-12%	-26%
Investments Compliance Analyst I <sup>(1)</sup>	--	--	\$82,273	--	--	--	--
Investments Compliance Analyst II <sup>(1)</sup>	\$97,352	--	\$96,953	--	--	0%	--
Investments Senior Compliance Analyst III <sup>(1)</sup>	\$139,467	--	\$113,921	--	--	22%	--
Compliance Manager	\$202,800	\$169,619	\$197,102	\$220,475	20%	3%	-8%
Investments Regulatory and Legal Analyst I <sup>(1)</sup>	\$87,444	--	\$92,300	--	--	-5%	--
Regulatory Legal Analyst I <sup>(1)</sup>	\$78,466	--	\$92,300	--	--	-15%	--
Investments Regulatory and Legal Analyst II <sup>(1)</sup>	--	--	\$105,204	--	--	--	--
Investments Regulatory and Legal Analyst III <sup>(1)</sup>	\$124,301	--	\$121,307	--	--	2%	--
Investments Regulatory and Legal Officer	\$205,574	\$179,220	\$208,750	\$233,016	15%	-2%	-12%

### Notes:

(1) Market 25<sup>th</sup> and 75<sup>th</sup> percentile data was not available for at least one of the matches.



# Market Compensation Comparison

## Base Salary (2 of 2)

- The data shows the Chief Administration Officer's compensation is falling 16% below the market 50<sup>th</sup> percentile; however, when reviewing the PPS data and removing the MBD match data weighting (\$261,792), we see an increase in competitiveness with VRS current compensation for the Chief Administration Officer only falling 3% below the market 50<sup>th</sup> percentile.

		Market Data			VRS Data Variance to Market		
Job Title	Avg Base Salary	25 <sup>th</sup> %ile	50 <sup>th</sup> %ile	75 <sup>th</sup> %ile	Variance to 25 <sup>th</sup> %ile	Variance to 50 <sup>th</sup> %ile	Variance to 75 <sup>th</sup> %ile
Investment Operations Analyst	\$74,160	\$69,610	\$79,949	\$97,174	7%	-7%	-24%
Investment Operations Analyst II	--	\$82,454	\$96,192	\$114,702	--	--	--
Senior Investment Operations Analyst III	\$118,701	\$99,571	\$114,364	\$135,642	19%	4%	-12%
Senior Operations Analyst III	\$111,574	\$99,571	\$114,364	\$135,642	12%	-2%	-18%
Operations Lead Senior Analyst	\$144,777	\$108,281	\$130,960	\$158,212	34%	11%	-8%
Operations Manager	\$198,895	\$148,790	\$171,267	\$204,903	34%	16%	-3%
Chief Administrative Officer	\$253,621	\$236,116	\$300,349	\$409,571	7%	-16%	-38%
Senior Project Manager - IDS	--	\$115,851	\$119,758	\$123,292	--	--	--
CIO Executive Assistant	\$79,678	\$71,470	\$84,257	\$95,524	11%	-5%	-17%
Portfolio Assistant	\$76,742	\$71,470	\$84,257	\$95,524	7%	-9%	-20%



# Market Compensation Comparison

## Short-Term Incentive (STI) (% of Base Salary) (1 of 2)

- In aggregate, VRS' short-term incentives/bonuses are below market when compared to survey market data composites. There are a few cases where the average STI by position is aligned with the market 50<sup>th</sup> percentile but the majority of positions range from the 25<sup>th</sup> percentile to several percentage points ("p.p") below the 25<sup>th</sup> percentile.

VRS		Market Data			VRS Data Variance to Market		
Job Title	Avg STI (% of Base Salary)	25 <sup>th</sup> %ile	50 <sup>th</sup> %ile	75 <sup>th</sup> %ile	Variance to 25 <sup>th</sup> %ile	Variance to 50 <sup>th</sup> %ile	Variance to 75 <sup>th</sup> %ile
Decision Data Analyst I	3%	5%	7%	8%	-2p.p	-4p.p	-5p.p
Decision Systems Analyst II	3%	6%	8%	10%	-3p.p	-5p.p	-7p.p
Decision Systems Analyst III	5%	9%	9%	14%	-4p.p	-5p.p	-9p.p
Decision Systems Principal	6%	9%	12%	17%	-3p.p	-6p.p	-10p.p
Decision Systems Manager	4%	16%	23%	35%	-12p.p	-19p.p	-31p.p
Investments Compliance Analyst I <sup>(1)</sup>	--	--	7%	--	--	--	--
Investments Compliance Analyst II <sup>(1)</sup>	2%	--	7%	--	--	-5p.p	--
Investments Senior Compliance Analyst III <sup>(1)</sup>	6%	--	9%	--	--	-3p.p	--
Compliance Manager	7%	17%	22%	34%	-10p.p	-15p.p	-27p.p
Investments Regulatory and Legal Analyst I <sup>(1)</sup>	7%	--	6%	--	--	1p.p	--
Regulatory Legal Analyst I <sup>(1)</sup>	6%	--	6%	--	--	1p.p	--
Investments Regulatory and Legal Analyst II <sup>(1)</sup>	--	--	6%	--	--	--	--
Investments Regulatory and Legal Analyst III <sup>(1)</sup>	6%	--	7%	--	--	-1p.p	--
Investments Regulatory and Legal Officer	6%	20%	20%	25%	-13p.p	-14p.p	-19p.p

**Notes:**

(1) Market 25<sup>th</sup> and 75<sup>th</sup> percentile data was not available for at least one of the matches.



# Market Compensation Comparison

## Short-Term Incentive (STI) (% of Base Salary) (2 of 2)

- In aggregate, VRS' short-term incentives/bonuses are below market when compared to survey market data composites. There are a few cases where the average STI by position is aligned with the market 50<sup>th</sup> percentile but the majority of positions range from the 25<sup>th</sup> percentile to several percentage points below the 25<sup>th</sup> percentile.

		Market Data			VRS Data Variance to Market		
Job Title	Avg STI (% of Base Salary)	25 <sup>th</sup> %ile	50 <sup>th</sup> %ile	75 <sup>th</sup> %ile	Variance to 25 <sup>th</sup> %ile	Variance to 50 <sup>th</sup> %ile	Variance to 75 <sup>th</sup> %ile
Investment Operations Analyst	0%	8%	10%	15%	-8p.p	-10p.p	-15p.p
Investment Operations Analyst II	--	7%	11%	13%	--	--	--
Senior Investment Operations Analyst III	4%	8%	12%	15%	-5p.p	-8p.p	-11p.p
Senior Operations Analyst III	0%	8%	12%	15%	-8p.p	-12p.p	-15p.p
Operations Lead Senior Analyst	6%	9%	13%	18%	-2p.p	-7p.p	-11p.p
Operations Manager	3%	14%	21%	36%	-10p.p	-18p.p	-32p.p
Chief Administrative Officer	7%	36%	44%	69%	-30p.p	-38p.p	-62p.p
Senior Project Manager - IDS	--	4%	9%	12%	--	--	--
CIO Executive Assistant	5%	4%	5%	7%	1p.p	0p.p	-2p.p
Portfolio Assistant	2%	4%	5%	7%	-2p.p	-3p.p	-5p.p



# Market Compensation Comparison

## Target Total Cash Compensation (TTC) (1 of 2)

- While the majority of positions were aligned to market from a base salary perspective, below market short-term incentives/bonuses leads to a decreased market competitiveness from a total target cash compensation perspective.
- The impact of the below market short-term incentives is most evident in senior positions such as the Compliance Manager and the Investments Regulatory and Legal Officer.

VRS		Market Data			VRS Data Variance to Market		
Job Title	Avg TTC	25 <sup>th</sup> %ile	50 <sup>th</sup> %ile	75 <sup>th</sup> %ile	Variance to 25 <sup>th</sup> %ile	Variance to 50 <sup>th</sup> %ile	Variance to 75 <sup>th</sup> %ile
Decision Data Analyst I	\$77,683	\$74,480 <sup>(2)</sup>	\$86,511	\$105,092 <sup>(2)</sup>	4%	-10%	-26%
Decision Systems Analyst II	\$138,931	\$97,477 <sup>(2)</sup>	\$112,732	\$137,443 <sup>(2)</sup>	43%	23%	1%
Decision Systems Analyst III	\$164,567	\$120,853 <sup>(2)</sup>	\$138,399	\$172,349 <sup>(2)</sup>	36%	19%	-5%
Decision Systems Principal	\$190,851	\$151,243	\$168,340	\$204,827	26%	13%	-7%
Decision Systems Manager	\$170,323	\$181,562	\$237,287	\$305,028	-6%	-28%	-44%
Investments Compliance Analyst I <sup>(1)</sup>	--	--	\$86,815 <sup>(2)</sup>	--	--	--	--
Investments Compliance Analyst II <sup>(1)</sup>	\$99,785	--	\$104,083 <sup>(2)</sup>	--	--	-4%	--
Investments Senior Compliance Analyst III <sup>(1)</sup>	\$147,138	--	\$124,160 <sup>(2)</sup>	--	--	19%	--
Compliance Manager	\$215,982	\$192,290	\$249,924	\$310,539	12%	-14%	-30%
Investments Regulatory and Legal Analyst I <sup>(1)</sup>	\$93,128	--	\$97,821 <sup>(2)</sup>	--	--	-5%	--
Regulatory Legal Analyst I <sup>(1)</sup>	\$83,566	--	\$97,821 <sup>(2)</sup>	--	--	-15%	--
Investments Regulatory and Legal Analyst II <sup>(1)</sup>	--	--	\$111,549 <sup>(2)</sup>	--	--	--	--
Investments Regulatory and Legal Analyst III <sup>(1)</sup>	\$132,381	--	\$130,383 <sup>(2)</sup>	--	--	2%	--
Investments Regulatory and Legal Officer	\$218,937	\$207,373	\$250,695	\$292,627	6%	-13%	-25%

### Notes:

(1) Market 25<sup>th</sup> and 75<sup>th</sup> percentile data was not available for at least one of the matches.

(2) Data calculated using Consolidated Base & STI% due to limited data availability for some matches.



# Market Compensation Comparison

## Target Total Cash Compensation (TTC) (2 of 2)

- While the majority of positions were aligned to market from a base salary perspective, below market short-term incentives/bonuses leads to a decreased market competitiveness from a total target cash compensation perspective.
- The impact of the below market short-term incentives is most evident in senior positions such as the Operations Manager and the Chief Administrative Officer.

		Market Data			VRS Data Variance to Market		
Job Title	Avg TTC	25 <sup>th</sup> %ile	50 <sup>th</sup> %ile	75 <sup>th</sup> %ile	Variance to 25 <sup>th</sup> %ile	Variance to 50 <sup>th</sup> %ile	Variance to 75 <sup>th</sup> %ile
Investment Operations Analyst	\$74,160	\$74,443	\$86,901	\$105,275	0%	-15%	-30%
Investment Operations Analyst II	--	\$89,958	\$104,137	\$125,994	--	--	--
Senior Investment Operations Analyst III	\$122,924	\$106,351	\$124,191	\$149,690	16%	-1%	-18%
Senior Operations Analyst III	\$111,574	\$106,351	\$124,191	\$149,690	5%	-10%	-25%
Operations Lead Senior Analyst	\$154,188	\$119,896	\$142,545	\$175,285	29%	8%	-12%
Operations Manager	\$205,630	\$166,890	\$202,778	\$255,352	23%	1%	-19%
Chief Administrative Officer	\$270,107	\$296,269	\$398,449	\$597,008	-9%	-32%	-55%
Senior Project Manager - IDS	--	\$119,090	\$124,232	\$131,513	--	--	--
CIO Executive Assistant	\$83,264	\$70,666	\$85,265	\$97,500	18%	-2%	-15%
Portfolio Assistant	\$78,543	\$70,666	\$85,265	\$97,500	11%	-8%	-19%





**Authorize staff to request spending authority from the  
Department of Planning and Budget.**

**Requested Action**

The VRS Board of Trustees authorizes staff to request spending authority from the Department of Planning and Budget and legislature, as applicable, to execute planned initiatives for the next two fiscal years.

**Description/Background**

VRS staff notified the Administration, Finance and Talent Management Committee on September 24, 2025, that additional appropriation authority will be needed in FY 2027 and FY 2028 to accommodate planned spending. The Committee concurred with the planned spending line items and recommended that this RBA be presented to the entire Board for approval.

**Rationale for Requested Action**

This RBA seeks Board authority for staff to seek nineteen additional full-time positions and the necessary non-general fund appropriation for the following expenses:

Initiative	FY 2027 cost (in millions)	FY 2028 cost (in millions)
• Reinforcing Member, Retiree & Employer Outreach	\$1.17	\$1.27
• Enhancing Data Quality	\$2.24	\$2.01
• Elevating Business Systems & Service Delivery	\$7.33	\$9.35
• Investing in Organizational Infrastructure & Talent	\$4.45	\$3.52
• Optimizing Asset Management	\$10.59	\$13.69
• Advancing Strategic Investment Processes & Efficiency	<u>\$2.81</u>	<u>\$3.69</u>
	<b>\$28.59</b>	<b>\$33.53</b>

**Authority for Requested Action**

*Code of Virginia* § 51.1-124.22(A)(8) authorizes the Board to promulgate regulations and procedures and make determinations necessary to carry out the provisions of Title 51.1.

The above action is approved.

\_\_\_\_\_  
A. Scott Andrews, Chair  
VRS Board of Trustees

\_\_\_\_\_  
Date





**Affirm “FOIA Electronic Meeting  
Attendance Policy.”**

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**Requested Action**

The Board affirms its “FOIA Electronic Meeting Attendance Policy.”

**Description/Background**

Pursuant to Va. Code § 2.2-3708.3(D) as amended in 2024, the Board must approve its remote meeting policy by recorded vote at a public meeting at least once annually.

The Board adopted a remote meeting policy at its May 4, 2015, meeting to comply with the Virginia Freedom of Information Act (FOIA) and, at its June 8, 2017, November 14, 2018, September 21, 2021, September 22, 2022, and June 20, 2024, meetings, approved revisions related to statutory changes. At its 2025 session, the General Assembly made no changes to the methods by which public bodies may meet virtually.

A copy of the current policy is attached to this RBA.

**Authority for Requested Action**

*Code of Virginia* § 51.1-124.22(A)(8) authorizes the Board to promulgate regulations and procedures and make determinations necessary to carry out the provisions of Title 51.1 of the *Code of Virginia*.

*Code of Virginia* § 2.2-3708.3 requires a public body to adopt a written policy in order to be able to allow individuals to meet remotely or the public body to hold an all-virtual meeting as provided under FOIA.

The above action is approved and will be effective September 25, 2025.

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A. Scott Andrews, Chair  
VRS Board of Trustees

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Date



## Introduction

Section 2.2-3708.3 of the *Code of Virginia* (the Virginia Freedom of Information Act, or FOIA) requires VRS to develop a remote participation policy prior to allowing remote electronic participation under subsection B or subsection C. The policy must be applied uniformly to all members and all requests. Effective July 1, 2024, § 2.2-3708.3(D) of the *Code of Virginia* requires that this policy must be adopted at least annually by recorded vote.

## Policy

It is the policy of Virginia Retirement System Board of Trustees that individual Board members or members of a Committee of the Board may participate in meetings of the Board or Committee by electronic means as permitted by § 2.2-3708.3 of the *Code of Virginia*. The Board of Trustees as well as standing, advisory, and ad hoc committees of the Board, may also elect to hold an all-virtual public meeting without a quorum physically assembled, as permitted by § 2.2-3708.3(C) of the *Code of Virginia*. This policy shall apply to the entire membership and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

Effective September 1, 2022, the following definitions in the *Code of Virginia* apply:

- "All-virtual public meeting" means a public meeting (i) conducted by a public body, other than those excepted pursuant to subsection C of § 2.2-3708.3, using electronic communication means, (ii) during which all members of the public body who participate do so remotely rather than being assembled in one physical location, and (iii) to which public access is provided through electronic communication means.
- "Remote participation" means participation by an individual member of a public body by electronic communication means in a public meeting where a quorum of the public body is otherwise physically assembled.

In accordance with state law, this policy does not prohibit or restrict any individual member of the public body who is participating in an all-virtual public meeting or who is using remote participation from voting on matters before the public body.

### **Remote Participation by Individual Members**

Individual members may participate remotely for the following reasons under § 2.2-3708.3 B<sup>1</sup>:

1. A temporary or permanent disability or medical condition that prevents the member's physical attendance, under § 2.2-3708.3(B)(1) of the *Code of Virginia*. For purposes of determining

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<sup>1</sup> Note: As of September 1, 2022, former § 2.2-3708.2(D) of the *Code of Virginia*, allowing an individual to participate remotely for any reason with public notice at least three working days in advance of the meeting, has been removed. Accordingly, the *Code of Virginia* also no longer requires a public body to provide FOIA public comment forms for electronic meetings or an annual electronic meeting report to the FOIA Council.



whether a quorum is physically assembled, an individual member of a public body who is a person with a disability as defined in § 51.5-40.1 of the *Code of Virginia* and uses remote participation counts toward the quorum as if the individual was physically present.

In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a temporary or permanent disability or medical condition that prevents his or her physical presence.

2. A family member's medical condition that requires the member to provide care that prevents the member's physical attendance, or the member is a caregiver who must provide care for a person with a disability at the time the public meeting is being held thereby preventing the member's physical attendance, under § 2.2-3708.3(B)(2) of the *Code of Virginia*. For purposes of determining whether a quorum is physically assembled, an individual member of a public body who is a caregiver for a person with a disability and uses remote participation counts toward the quorum as if the individual was physically present.

In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a family member's medical condition that requires the member to provide care that prevents his or her physical presence.

3. The member's principal residence is more than 60 miles from the meeting location identified in the required notice for such meeting, under § 2.2-3708.3(B)(3) of the *Code of Virginia*.

In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to the member's residence being more than 60 miles from the meeting location.

4. A personal matter, under § 2.2-3708.3(B)(4) of the *Code of Virginia*.
  - a. In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a personal matter. The member must identify with specificity the nature of the personal matter.
  - b. When such individual participation is due to a personal matter, such participation is limited by law to two meetings of the public body or 25% of the meetings held rounded up to the next whole number, whichever is greater, per member each calendar year. Participation limits are counted separately for the VRS Board of Trustees and each Committee of the Board.

Whenever an individual member wishes to participate from a remote location (other than the all-virtual option or state of emergency exemption), the law requires a quorum of the Board or Committee to be physically assembled at the primary or central meeting location, and there must be arrangements for the voice of the remote participant to be heard by all persons at the primary or central meeting location. The minutes shall record the specific nature of the personal matter, the fact of the disability or other condition, the fact of the family member's medical condition, or the fact of the distance from the member's principal residence, and the remote location from which the absent member participated.

The specific requirements and limitations on electronic participation described in this policy apply only to the members of the public body holding a public meeting. Procedural requirements for remote participation that apply to members of the public body do not apply to the general public or other meeting attendees, including employees (unless such employee is a named member of the public body), guest

FOIA Electronic Meeting Attendance Policy Adopted May 4, 2015  
Revised June 8, 2017; November 14, 2018; September 21, 2021;  
September 22, 2022; July 1, 2024

Page 2



presenters, attendees from other public or private organizations, or members of other, non-VRS public bodies.

Automatic Approval of Remote Participation:

VRS' FOIA Officer is responsible for tracking and approving individual remote participation for all VRS-related public bodies. Individual participation from a remote location shall be approved unless such participation would violate this policy or the provisions of the Virginia Freedom of Information Act. If a member's participation from a remote location is challenged, then the Board or Committee shall vote on whether to allow such participation. If a member's participation from a remote location is disapproved because such participation would violate this policy, such disapproval shall be recorded in the minutes with specificity. The member may then monitor the meeting, but may not participate in actions of the Board or Committee.

All-Virtual Public Meetings of the Entire Public Body

There are two exceptions to the requirement that a quorum be physically assembled at the primary or central meeting location, described in § 2.2-3708.2 and § 2.2-3708.3(C) of the *Code of Virginia*.

Under § 2.2-3708.2 of the *Code of Virginia*, a public body may meet remotely without a quorum assembled when the Governor has declared a state of emergency in accordance with *Code of Virginia* § 44-146.17 or the locality in which the public body is located has declared a local state of emergency pursuant to § 44-146.21, provided that (i) the catastrophic nature of the declared emergency makes it impracticable or unsafe to assemble a quorum in a single location and (ii) the purpose of the meeting is to provide for the continuity of operations of the public body or the discharge of its purposes, duties, and responsibilities. The public body must follow the requirements established in §2.2-3708.2 of the *Code of Virginia* regarding access, notice and minutes.

Under § 2.2-3708.3(C) of the *Code of Virginia*, certain public bodies, including VRS, may hold an all-virtual public meeting with no members of the public body participating in person. The public body may not convene an all-virtual meeting more than two times per calendar year or 50% of the meetings held per calendar year, rounded up to the next whole number, whichever is greater, or consecutively with another all-virtual public meeting. When the public body chooses to meet remotely:

- the public must have access to the meeting and be able to hear and, when possible, see the members participating;
- if visual communication is voluntarily disconnected or fails, or if audio communication fails, the member shall be considered absent for purposes of a quorum;
- a phone number or other live contact information must be provided to the public to alert the public body if the audio or video transmission of the meeting fails. The public body must take a recess until access is restored if the audio or video transmission fails for the public;
- all materials must be made available to the public electronically at the same time that materials are provided to the public body;
- no more than two members of the public body may be together in one remote location unless that location is open to the public to physically access it;
- transmission of the meeting must resume after a closed session is held, before the public body certifies the closed meeting under § 2.2-3712 of the *Code of Virginia*; and
- minutes must be taken as required under § 2.2-3707 of the *Code of Virginia* and include that the



meeting was held by electronic communication as well as the type of electronic communication used. If a member's participation was disapproved under this subsection of the *Code of Virginia*, that shall also be included in the minutes with specificity.

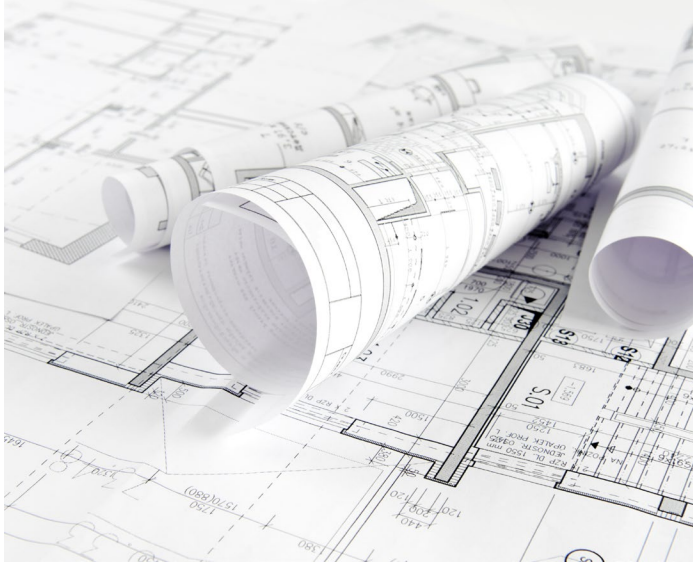
Approval of Requests for All-Virtual Public Meetings

The Board Secretary or designee is responsible for processing requests for all-virtual meetings for all VRS-related public bodies. Requests for all-virtual meetings shall be considered by the Board Secretary or designee and the Chair of the Board of Trustees or relevant Committee Chair and approved in appropriate circumstances unless such participation would violate this policy or the provisions of the Virginia Freedom of Information Act.

If a request is disapproved because participation would violate this policy, the Board or Committee must reschedule a regular meeting with appropriate notice.

Individual member use of remote meeting participation for a specific public body under § 2.2-3708.3(B) of the *Code of Virginia* does not affect requirements for all-virtual remote meetings of the public body under § 2.2-3708.3(C) of the *Code of Virginia*.





# Office Space Update

VRS Board of Trustees

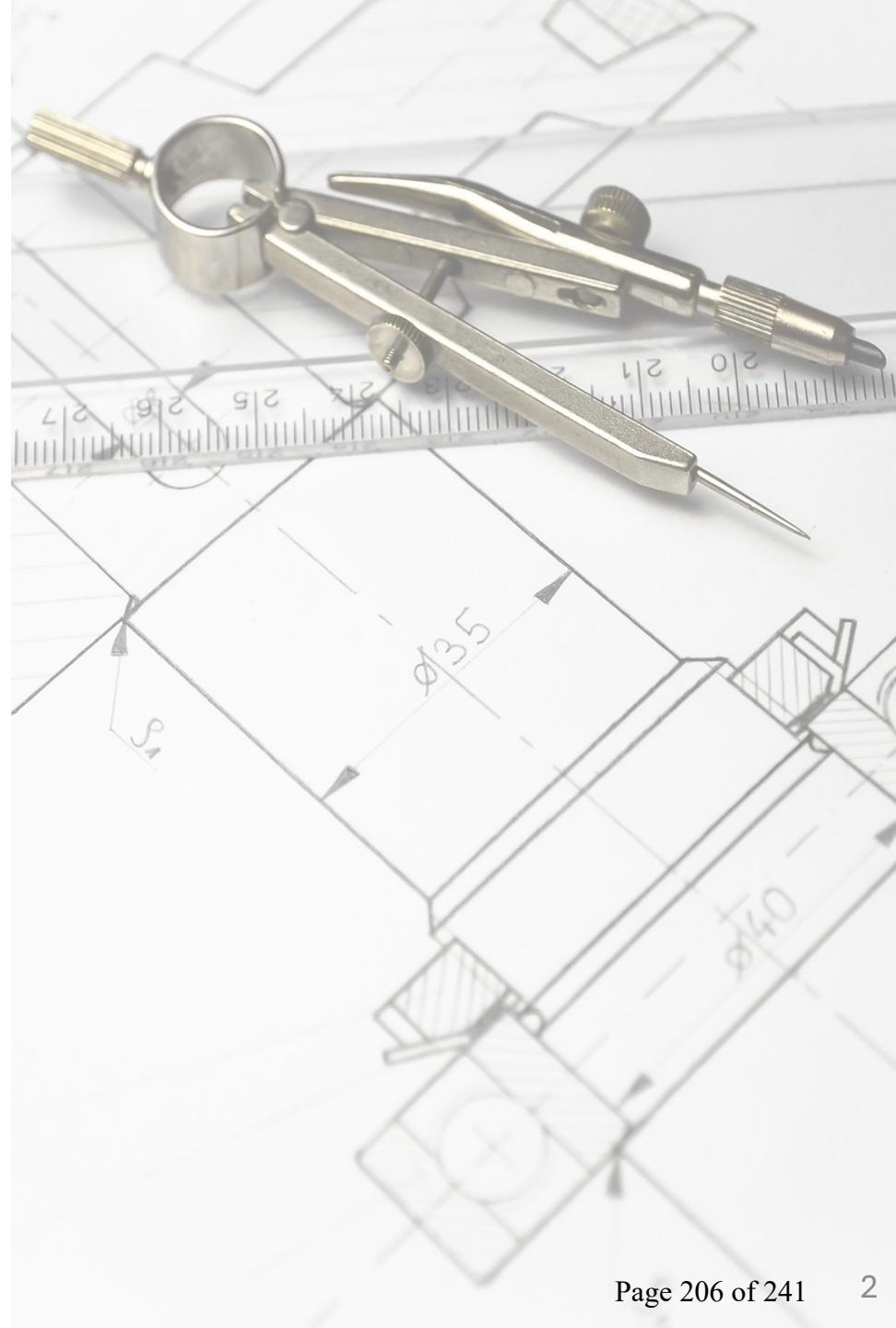
September 25, 2025

Presented by Michael Cooper, Chief Operating Officer



# Agenda

- One James Center Update
- What's Next
- Questions





# One James Center

- 901 East Cary Street in downtown Richmond
- Approx. 60,000 square feet of leased space on third and fourth floors for investments and administrative staff
- Features:
  - Modern, bright and collaborative work and meeting spaces
  - State-of-the-art board room
- Anticipated move in February 2026





# Lease Space Comparison



**Bank of America (Current)**



**One James Center (New)**

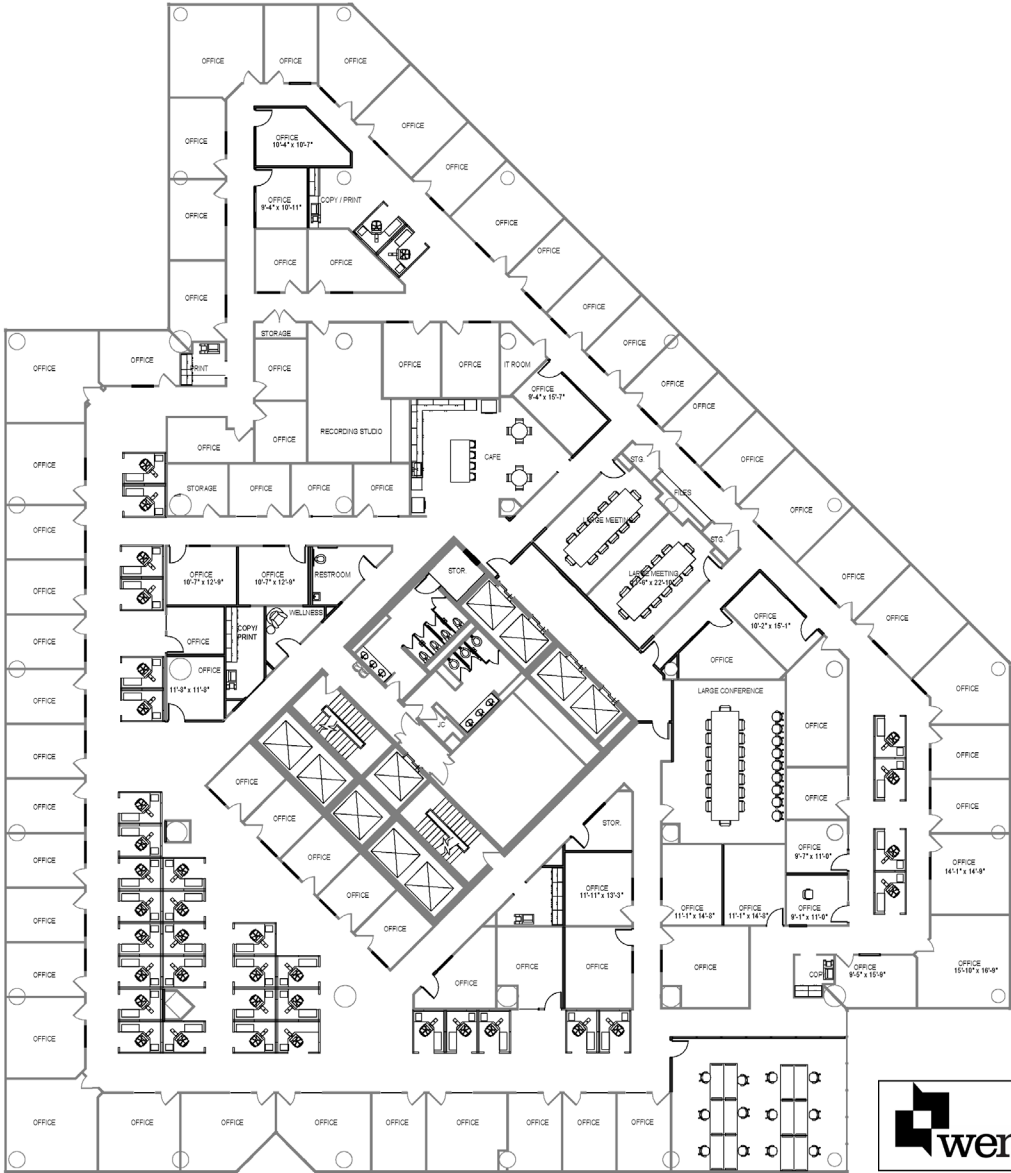
Term	Month to Month	14 years, 2 months
Sq. Ft.	77,559	59,940
Building Class	B	A
Base Rent/Sq. Ft.*	\$19.50	\$25.75
Parking Spaces**	108	70

*\*14 months of rent abatement provided over first 4 years of contract at One James Center.*

*\*\*Additional spaces reserved in nearby parking location.*



# One James Center: Third Floor



THIRD FLOOR - SPACE PLAN

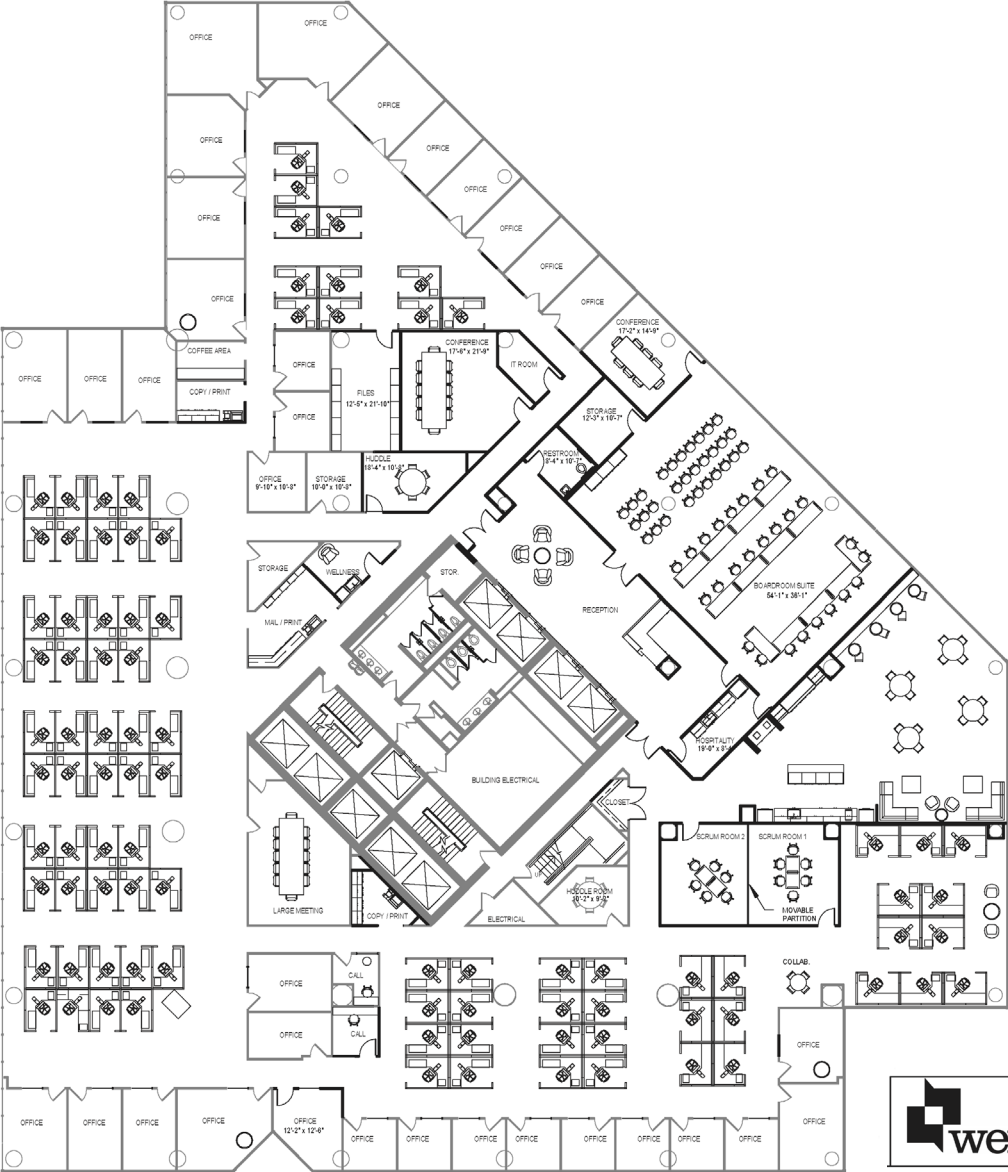
## DRAWING SYMBOLS

- NEW WALL
- EXISTING WALL TO REMAIN
- NEW DOOR OPENING
- EXISTING DOOR OPENING TO REMAIN
- ROOM NAME ROOM NAME

OFFICES: 81  
WORKSTATIONS: 49



# One James Center: Fourth Floor



FOURTH FLOOR - SPACE PLAN

DRAWING SYMBOLS

- NEW WALL
- EXISTING WALL TO REMAIN
- NEW DOOR OPENING
- EXISTING DOOR OPENING TO REMAIN
- ROOM NAME** ROOM NAME

OFFICES: 33  
WORKSTATIONS: 89



# One James Center – 3<sup>rd</sup> Floor





# One James Center – 4<sup>th</sup> Floor





# One James Center





# What's Next?

August –  
January  
Construction

Early February  
Final  
Inspection


Mid-Late  
February  
Move In Day!



# Questions?





<div></div> <div>VRS Project Portfolio FISCAL YEAR 2026 August 2025 Status Report</div>		<div>Status Indicator</div> <div><div><div></div>Proceeding as planned</div><div><div></div>Off plan, mitigation in place</div><div><div></div>Off plan, mitigation needed</div><div><div></div>Completed</div><div><div></div>Project timeline</div><div>N/SNot started</div></div>												
Agency Performance Objectives (APOs)	Strategic Alignment	Status	2025						2026					
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Data Quality Enhancements - Phase 2	Digital Transformation and Secure Service Delivery	<div></div>												
Demographic Data Collection and Maintenance Initiative - Phase 1	Digital Transformation and Secure Service Delivery	<div></div>												
VNAV Enhancements - Phase 2	Digital Transformation and Secure Service Delivery	<div></div>												
Human Resource Information System (HRIS) Implementation - Phase 3	Organizational Strength, Culture and Engagement	<div></div>												
Agency Initiatives		Status	2024						2025					
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Develop and Implement Returned Mail Address Validation Policy and Procedures	Superior Governance and Long-Term Financial Health	<div></div>												
Purchase of Refunded Service Process	Digital Transformation and Secure Service Delivery	<div></div>												
Enhance Options for Retirees to Opt-Out of Paper Tax Documents	Digital Transformation and Secure Service Delivery	<div></div>												
Benefit Payment Policy Implementation	Superior Governance and Long-Term Financial Health	<div></div>												
Implement updates consistent with Website Content Accessibility Guidelines (WCAG) 2.1	Superior Governance and Long-Term Financial Health	<div></div>												
James Center Relocation including Network/Wifi/Infrastructure build	Superior Governance and Long-Term Financial Health	<div></div>												
Windows 11 Implementation	Technology Infrastructure	<div></div>												
Replacement of re-captcha for myVRS	Digital Transformation and Secure Service Delivery	N/S												
Explore establishment of AI Center of Excellence	Digital Transformation and Secure Service Delivery	<div></div>												
ECM Solution Implementation	Digital Transformation and Secure Service Delivery	<div></div>												
Conduct Review and Analysis of Early Retirement Reduction Factors	Superior Governance and Long-Term Financial Health	N/S												
Legislation <a href="https://www.varetire.org/about/legislation/">https://www.varetire.org/about/legislation/</a>		Status	2025						2026					
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
SB 934 - Certain unclaimed property presumed abandoned; Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund.	Legislation	<div></div>												
SB 950 - Virginia Retirement System; increased retirement allowance for certain judges.	Legislation	<div></div>												
SB 1201 - Virginia Law Officers' Retirement System; conservation officers.	Legislation	<div></div>												
VLDP - HB 1705 - Virginia Retirement System; disability benefits; emergency dispatchers	Legislation	<div></div>												
LODA - HB 1815/SB 1142 - Line of Duty Act; campus police officers; private police officers.	Legislation	<div></div>												
LODA/VaLORS - SB 797/HB 2507	Legislation	<div></div>												
Operational/Ongoing Activities		Status	2025						2026					
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
COLA 2025	Operations	<div></div>												
FYE 2025	Operations	<div></div>												
EDGE	Operations	<div></div>												
Retirement Wave 2025	Operations	<div></div>												
Teacher Contracts	Operations	<div></div>												
MBPs	Operations	<div></div>												
Annual Code of Ethics Training	Operations	N/S												
Annual Security Awareness Training	Operations	N/S												
FOIA Training	Operations	N/S												
ACFR	Operations	<div></div>												
PAFR	Operations	N/S												
LODA Annual Report	Operations	N/S												
GASB 67	Operations	N/S												
GASB 68	Operations	N/S												
GASB 74	Operations	N/S												
GASB 75	Operations	N/S												
Actuarial Valuations	Operations	<div></div>												
myVRS Annual Updates	Operations	N/S												
Update Contribution Rates in VNAV	Operations	N/S												
1099/W2	Operations	N/S												



Operational/Ongoing Activities		Status	2025						2026					
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Annual Roadmap Review	Operations	N/S												
FYE 2026	Operations	N/S												
Retirement Wave 2026	Operations	N/S												
ORPHE Surcharge Billing for FY 2025	Operations	N/S												
Data Fixes	Operations													
ALM Backlog Prioritization	Operations													
Employer VNAV Security Review	Operations	N/S												
VRS Fund Sensitivity and Stress Testing Report for GA	Operations	N/S												
Legislation FY 2026	Operations	N/S												

#### Yellow Status Items

Item	Due Date	Comments
N/A		

#### Red Status Items

Item	Due Date	Comments
N/A		

#### Realignments/Adjustments

Item	Due Date	Comments
N/A		





# Director's Report

September 25, 2025

Trish Bishop, VRS Director



# New Employer Coverage

Coverage Elected	Details
Enhanced Hazardous Duty Benefit for Law Enforcement Officers	<ul style="list-style-type: none"> <li>▪ <b>Town of Bowling Green</b>, (Caroline County), Effective July 1, 2025</li> <li>▪ <b>Town of Lawrenceville</b> (Brunswick County), Effective July 1, 2025</li> </ul>
Enhanced Hazardous Duty Benefit for Firefighters and Emergency Medical Technicians	<ul style="list-style-type: none"> <li>▪ <b>Smyth County</b>, Effective July 1, 2025</li> </ul>
Enhanced Hazardous Duty Benefit for Emergency Medical Technicians	<ul style="list-style-type: none"> <li>▪ <b>Floyd County</b>, Effective July 1, 2025</li> <li>▪ <b>City of Galax</b>, Effective August 1, 2025</li> </ul>
Enhanced Hazardous Duty 1.85% Multiplier	<ul style="list-style-type: none"> <li>▪ <b>Town of Lawrenceville</b> (Brunswick County), Effective July 1, 2025</li> <li>▪ <b>Floyd County</b>, Effective July 1, 2025</li> <li>▪ <b>Westmoreland County</b>, Effective August 1, 2025</li> </ul>
Virginia Law Officers' Retirement System (VaLORS) for Campus Police Department	<ul style="list-style-type: none"> <li>▪ <b>The Virginia School for the Deaf and Blind</b> (City of Staunton), Effective July 1, 2025</li> </ul>

(Continued)



# New Employer Coverage

Coverage Elected	Details
Virginia Law Officers' Retirement System (VaLORS) for Firefighters	<ul style="list-style-type: none"> <li>▪ <b>Department of Military Affairs</b> (Nottoway County), Effective July 1, 2025</li> </ul>
Virginia Law Officers' Retirement System (VaLORS) for Conservation Officers	<ul style="list-style-type: none"> <li>▪ <b>Department of Conservation and Recreation</b> (City of Richmond), Effective July 1, 2025</li> </ul>
Group Life Insurance Program	<ul style="list-style-type: none"> <li>▪ <b>Commonwealth Regional Council</b> (Prince Edward County), Effective July 1, 2025</li> </ul>
Commonwealth of Virginia 457 Deferred Compensation Plan	<ul style="list-style-type: none"> <li>▪ <b>Danville-Pittsylvania Community Services</b> (City of Danville), Effective January 1, 2026</li> <li>▪ <b>Hampton Roads Transportation Accountability Commission</b> (City of Chesapeake), Effective October 1, 2025</li> </ul>
Virginia Cash Match Plan	<ul style="list-style-type: none"> <li>▪ <b>Danville-Pittsylvania Community Services</b> (City of Danville), Effective January 1, 2026</li> </ul>





# 2025 Actuarial Valuation Preparation Overview

Presented by Rory Badura, Senior Staff Actuary  
September 25, 2025



# Rate-Setting Valuations

- October – Statewide pension and OPEB plans
  - STATE – TEACHER-SPORS-VALORS-JRS
  - GROUP LIFE-HIC STATE-HIC TEACHERS-VSDP
- October rate-setting valuations will be based on information as of June 30, 2025, and will produce rates that will become effective July 1, 2026.
- November – Political Subdivision Pension and OPEB Plans along with LODA.



# Disclaimer

- The information provided on the following pages is informational and for illustrative purposes only.
- Reconciled data for the 2025 actuarial valuations has not been finalized and therefore asset and liability information is still in process.
- Results should be considered as preliminary observations and are subject to change.



# Factors That Will Influence Results

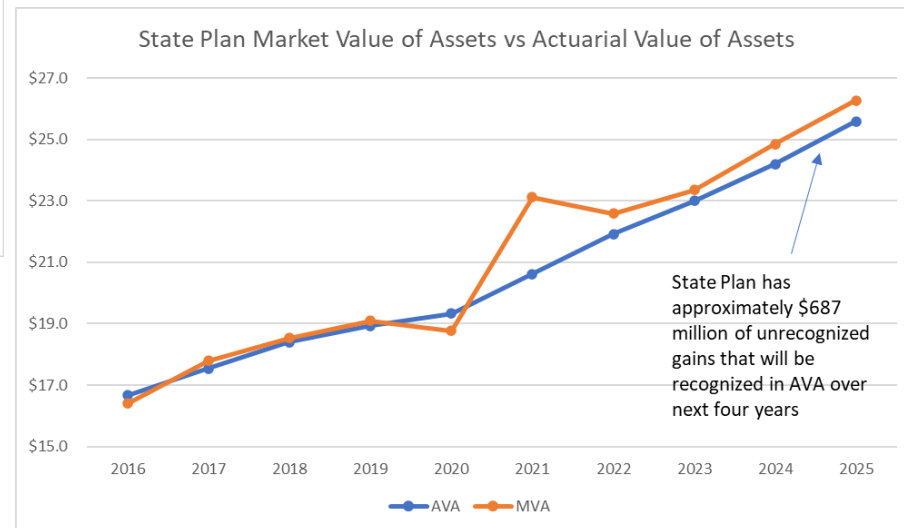
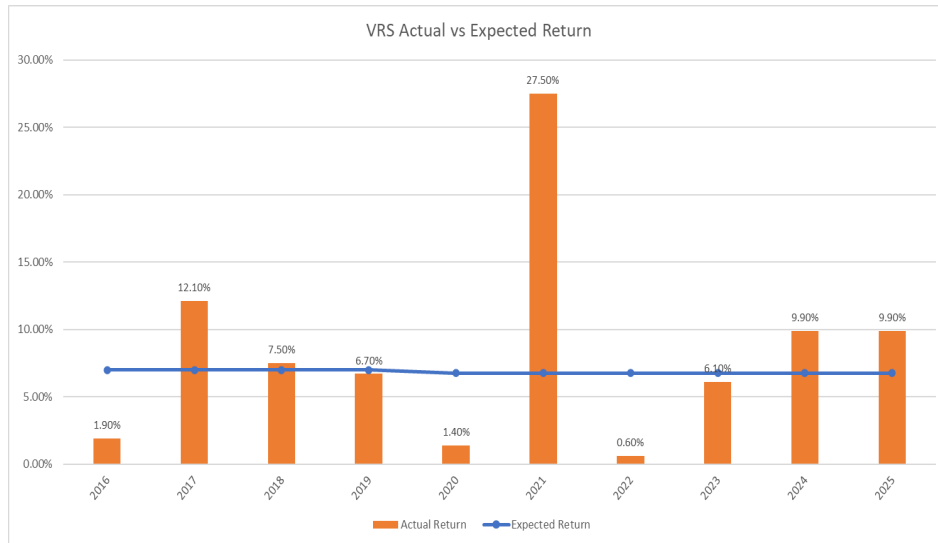
- Investment Returns Exceeded Assumed Rate of Return, 9.9% versus 6.75%.
- Higher than expected salary increases and COLAs.
- Increases in active members across all statewide plans except SPORS, which was flat.
- Quadrennial experience study assumption updates will be included in this rate-setting valuation.
  - Minor changes to demographic assumptions (Most impactful: Mortality improvement scale and salary increases)
  - No economic changes except lowering VaLORS payroll growth to 2.5% from 3.0%
  - Update in development of normal cost calculation



# Asset Smoothing Method

## Recognition of Investment Gains/Losses

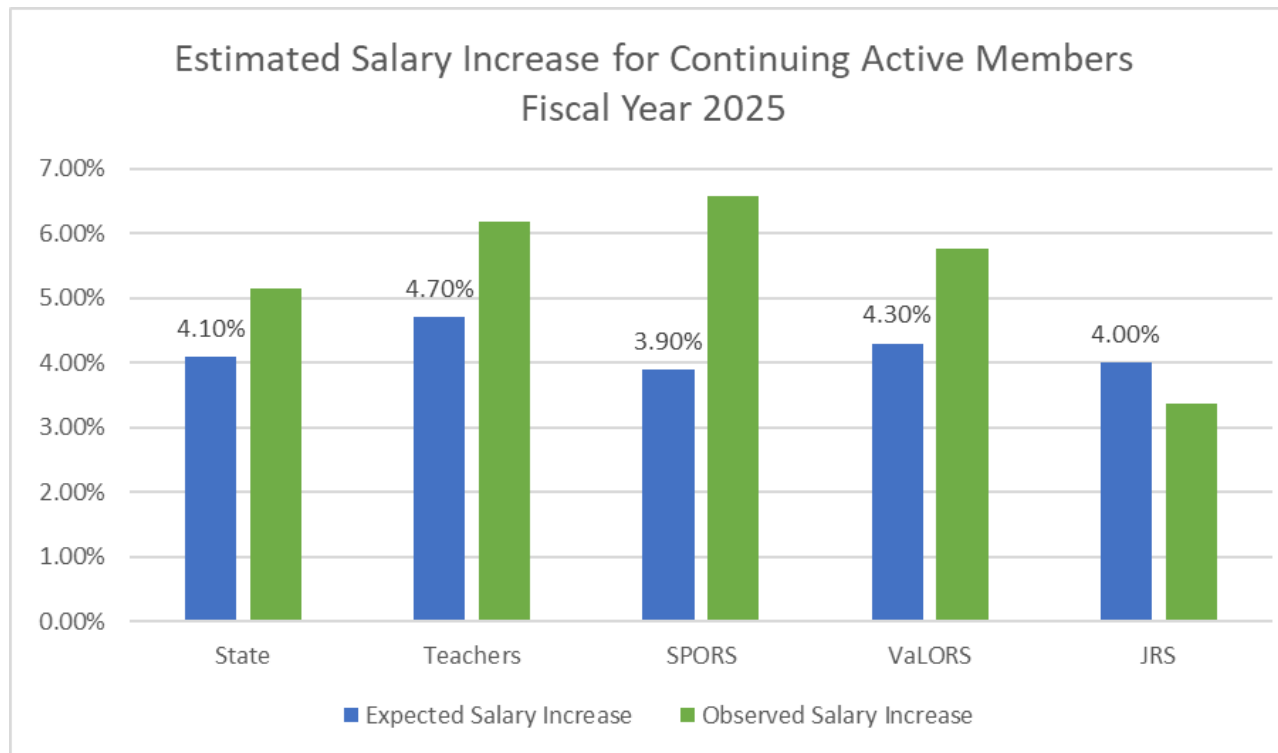
- Recognized over five years, investment gains will help to moderate future contribution rates as they are recognized through actuarial value of assets.





# Salary Increases

- Preliminary results indicate that salary increases exceeded assumed increases in most plans.

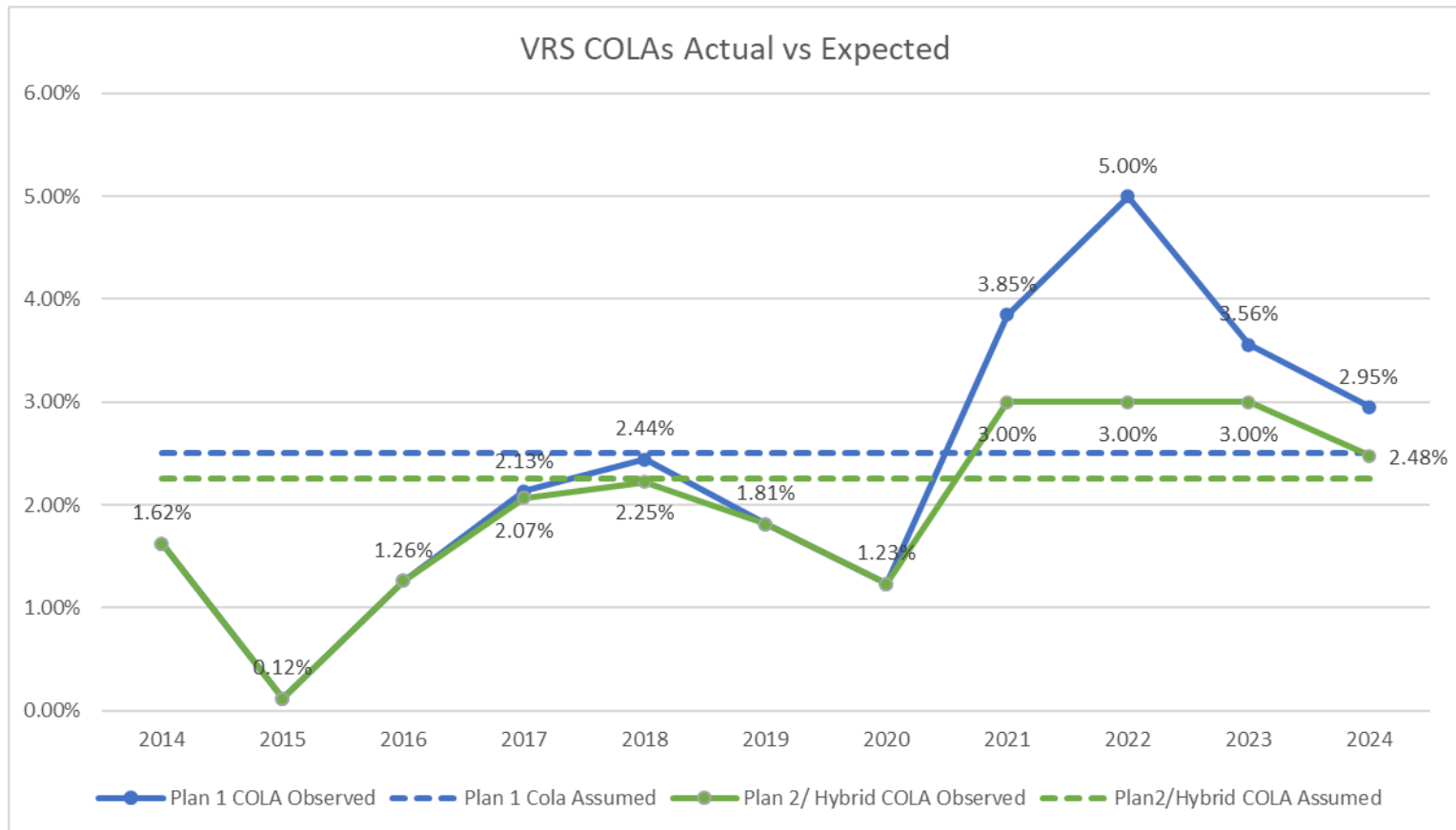


Note that these are preliminary results and are subject to change



# Cost of Living Increases

- COLAs have exceeded the inflation assumption over last four years.





# Membership

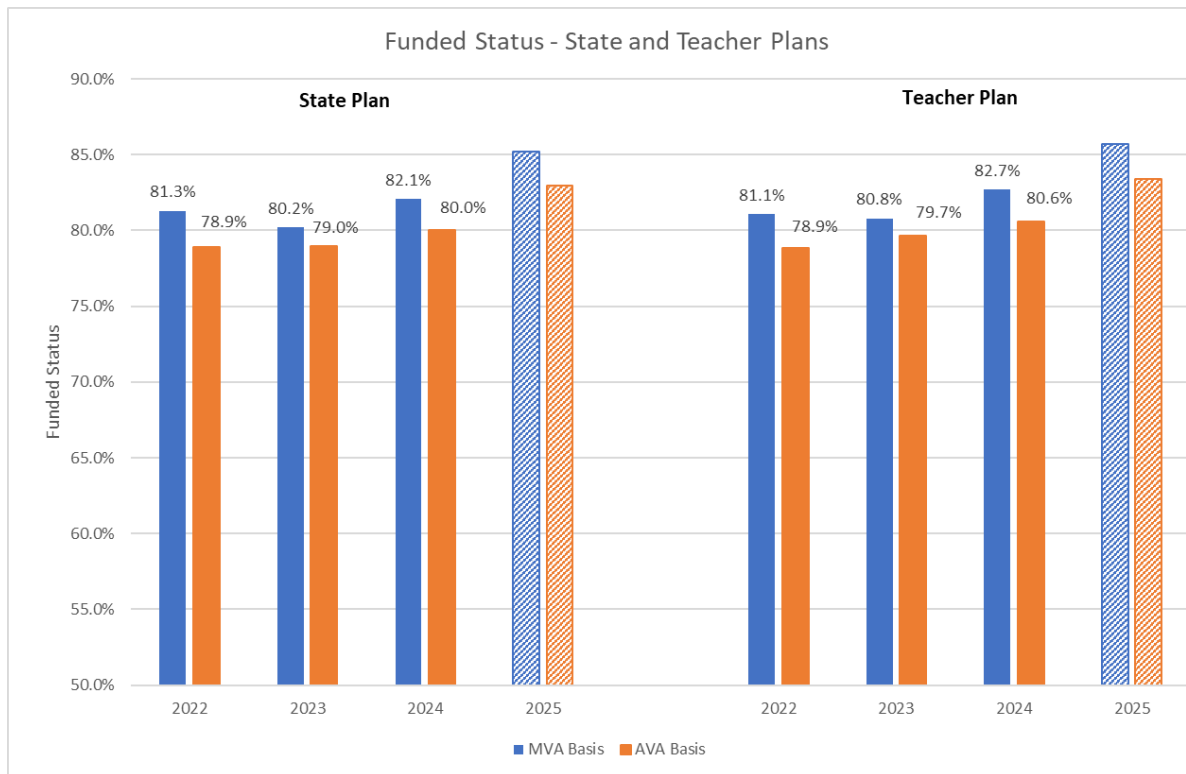
- Increases in active membership in all plans. Biggest increases in State and Teachers plans.
- State plan increases highlighted by increases in higher education.
- Teacher population increases of around 3,600 (approximately half teachers and half administrative support).
- Small increases in VaLORS due to legislation providing new hazardous duty coverage to some groups.

Note that these are preliminary results and are subject to change



# Funded Status

- Funded status continues to trend upward for all plans. State and Teachers over last three years are highlighted below.

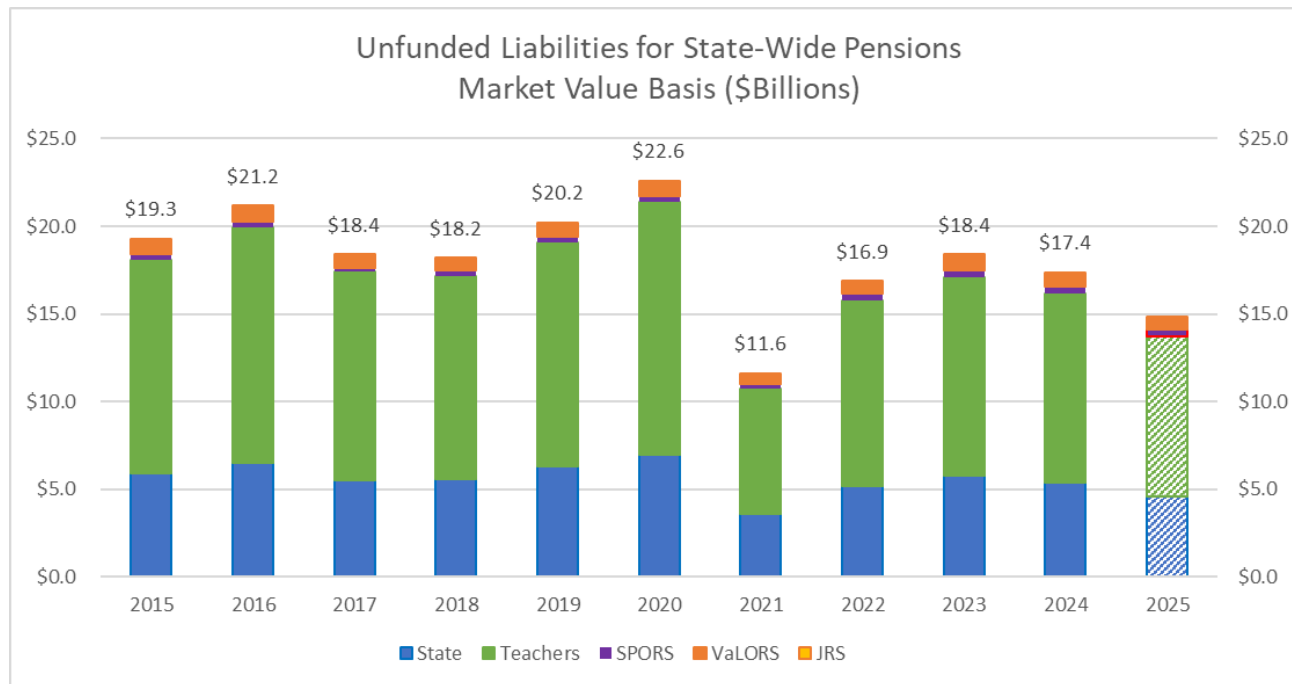


Note that these are preliminary results and are subject to change



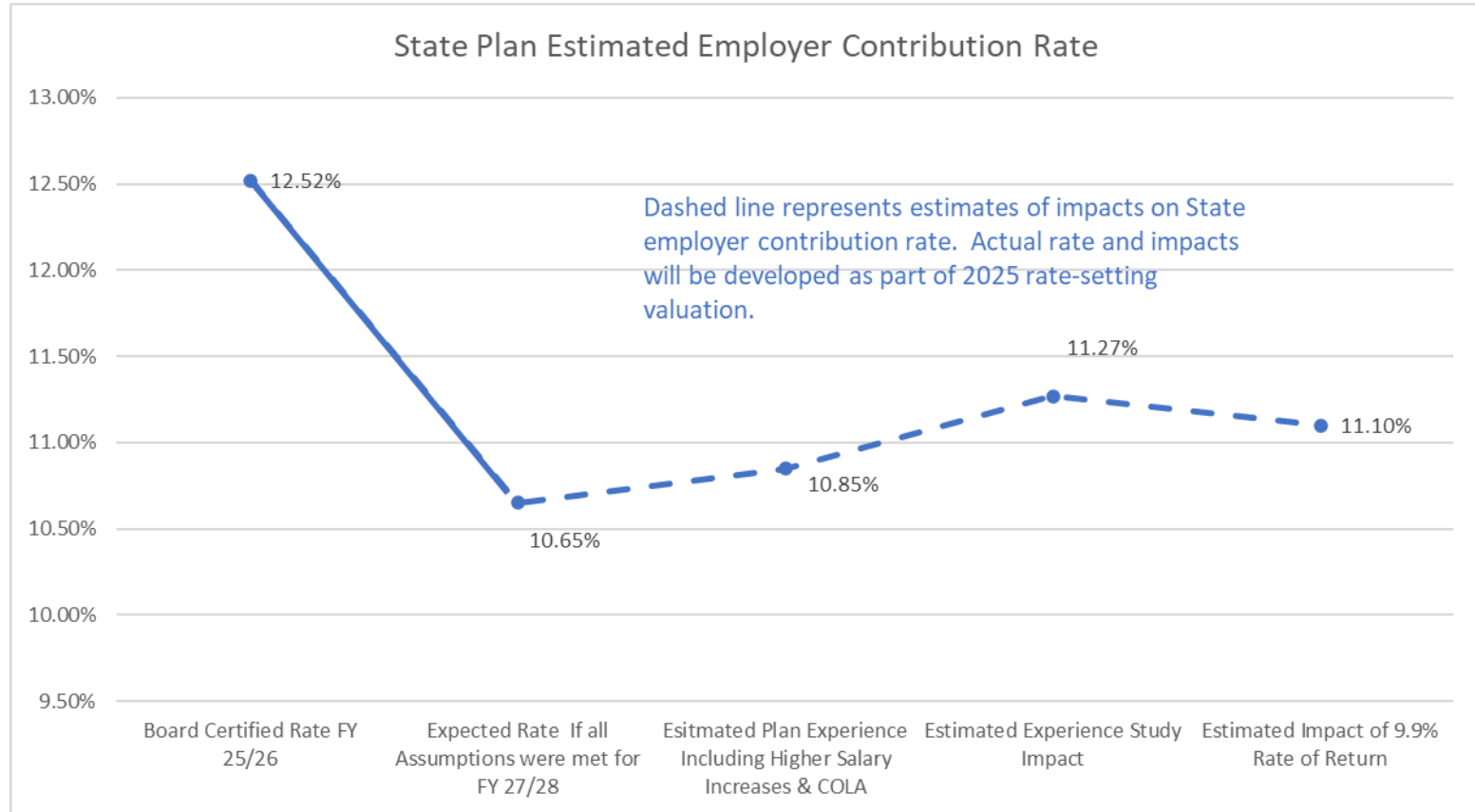
# Unfunded Liabilities

- Unfunded liabilities are trending lower, but significant liabilities still exist.
- Note legacy unfunded liabilities have 18 years remaining to be paid off.
  - With amortization period now below 20 years, major portion of amortization payment now going to principal rather than just satisfying interest requirement.





# Estimated Impact to Employer Rates



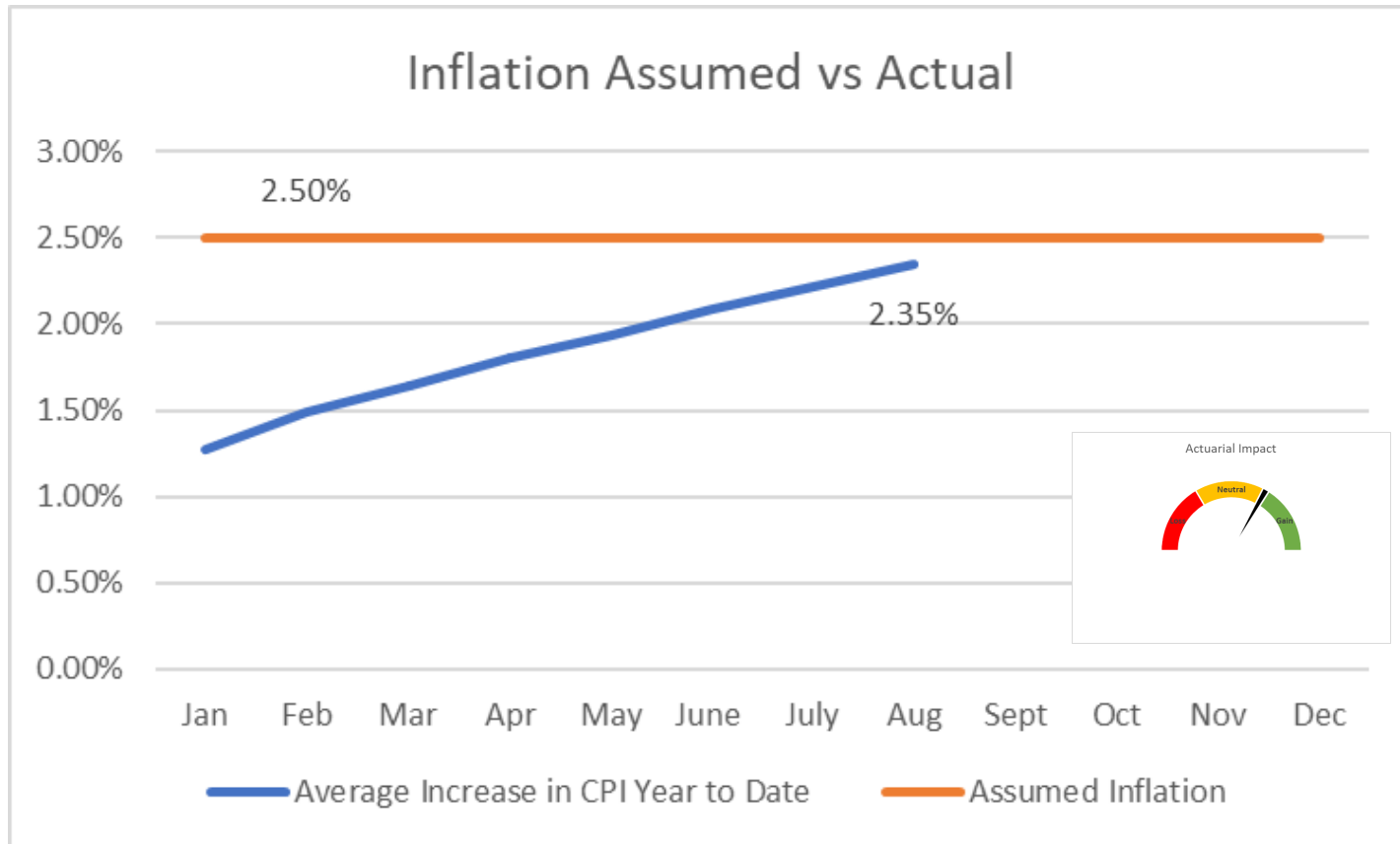
Note that these are preliminary results and are subject to change



# Appendix



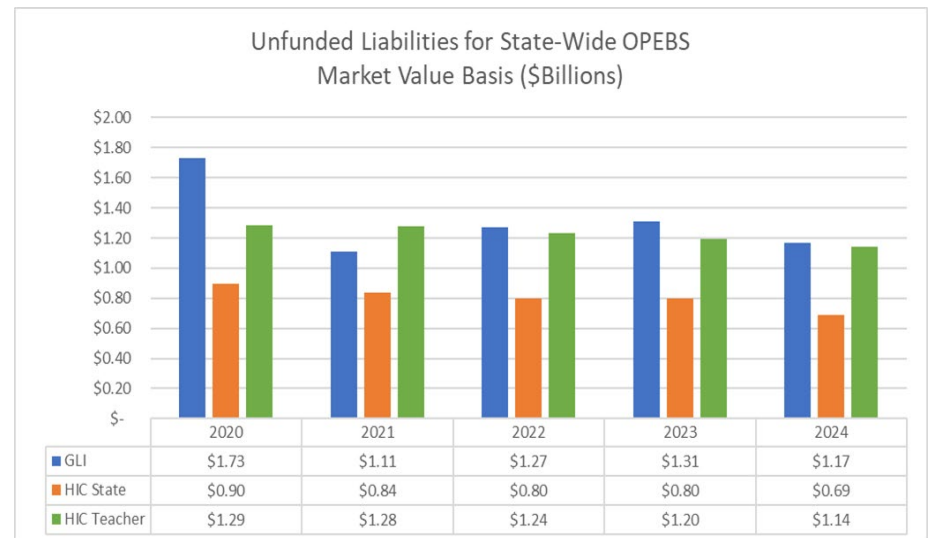
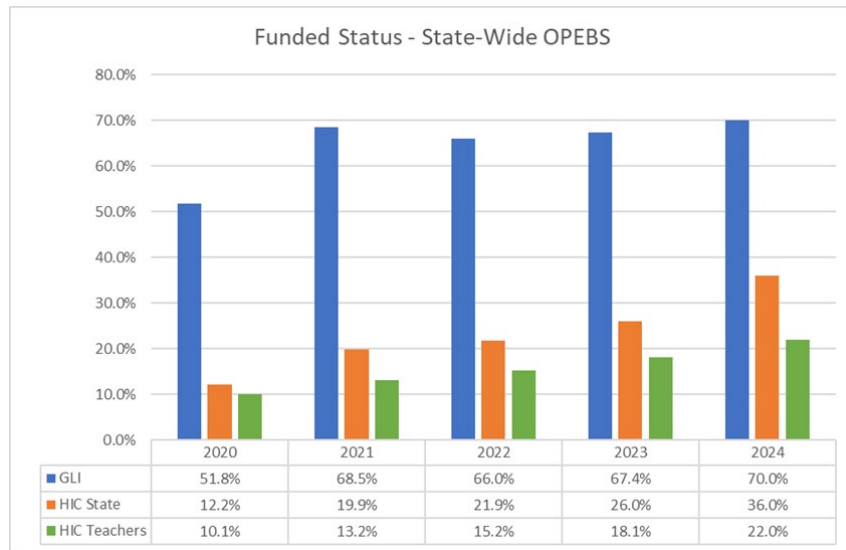
# Inflation – Average Increase in CPI Year to Date





# Funded Status - OPEBs

- OPEB plans, particularly the health insurance credit plans, are still significantly underfunded as compared to pensions.





# Cash Infusions Allocated to VRS by General Assembly

## Virginia Retirement System

### Analysis of Special Contributions to Pension and OPEB Plans

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020 - FY 2017	FY 2016	FY 2015	FY 2013
<b>Pension:</b>									
State			73,052,105	219,156,318	-	-	162,406,000	-	
Teacher			147,457,029	442,371,085	61,344,000	-	-	192,884,000	
Political Subdivisions				-	-	-	-	-	
State Police			3,652,605	10,957,816	-	-	2,119,000	-	15,000,000
ValORS			6,628,802	19,886,407	-	-	16,492,000	-	15,000,000
Judges			2,083,338	6,250,014	-	-	8,466,000	-	
Total Pension	-	-	232,873,879	698,621,640	61,344,000	-	189,483,000	192,884,000	30,000,000
<b>OPEB:</b>									
Group Life Insurance			10,146,126	30,438,378	-	-	-	-	-
Health Insurance Credit:				-	-	-	-	-	-
State		52,800,000	27,159,085	8,522,746	38,656,000	-	-	-	-
Teacher			4,004,338	12,013,013	-	-	-	-	-
Political Subdivisions				-	-	-	-	-	-
Constitutional Officers			91,992	275,975	-	-	-	-	-
Social Services Employees			1,031,416	121,754	-	-	-	-	-
Registrars			2,165	6,494	-	-	-	-	-
Total OPEB	52,800,000	42,435,122	51,378,360	38,656,000	-	-	-	-	-
Grand Total	-	52,800,000	275,309,001	750,000,000	100,000,000	-	189,483,000	192,884,000	30,000,000

FY 2013 - \$30 Million Award

FY 2015 - Transfer from the Literary fund toward the Teacher Pension 10-year 2010-2012 deferred contribution balance.

Chapter 665, 2015 Acts of Assembly, Item 136 C2c

FY 2016 - Additional payment for State employee Pension plans toward their 10-year 2010-12 deferred contribution balances.

Chapter 732, 2016 Acts of Assembly, Item 467 Z

FY 2021 - Special contribution toward Teacher Pension and State employee Health Insurance Credit.

Chapter 552, 2021 Acts of Assembly, Item 277

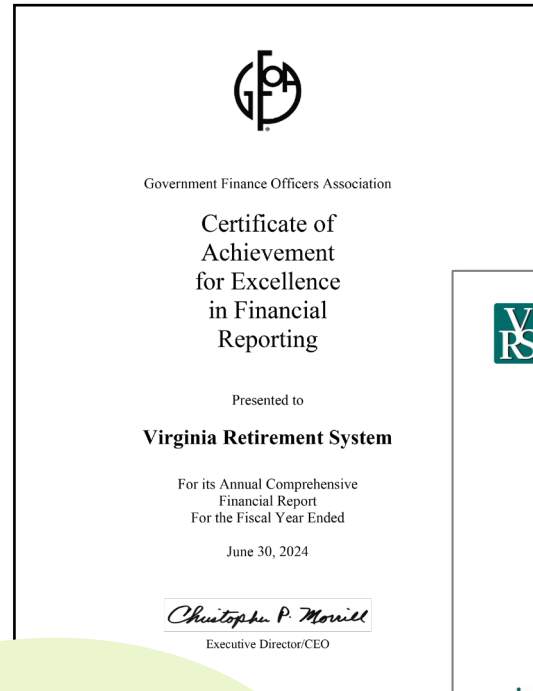
FY 2022 - Additional contributions for Pension and OPEB plans to address Unfunded Liabilities of each plan.

Chapter 1, Special Session 1, 2022 Acts of Assembly, Item 277



# GFOA Honors VRS ACFR

The Government Finance Officers Association of the United States and Canada has honored VRS with the Certificate of Achievement for Excellence in Financial Reporting for the *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2024.



*This is the  
43<sup>rd</sup> consecutive award  
for the VRS ACFR  
from GFOA*





# Member News Spotlight Article Goes Viral

Virginia Beach Schools shared our article on bus driver Bianca Patterson across its Facebook and LinkedIn pages, reaching nearly 60,000 followers.



## Bus Driver Bianca Patterson Beloved by Virginia Beach Kids, Parents

August 2025



Member Spotlight Members Retirement

She starts work before most Virginia Beach locals finish sipping their morning coffee. Just after 6 a.m., Bianca Patterson begins inspecting her office on wheels:

Lights? Check. Brakes? Double check.

Pop the hood — no oil leaks or loose wires? All in good order.

Each tire. Check.

Traversing the waterfront city, neighborhood by neighborhood, sometimes takes all day and can last well into the night. Her first stop is scheduled for 6:35 a.m. Bleary-eyed high schoolers slouched in the morning dew stand up straight as the vehicle arrives, pop out an earbud and say good morning to "Ms. B.," eager to share a few moments with their always-friendly bus driver.

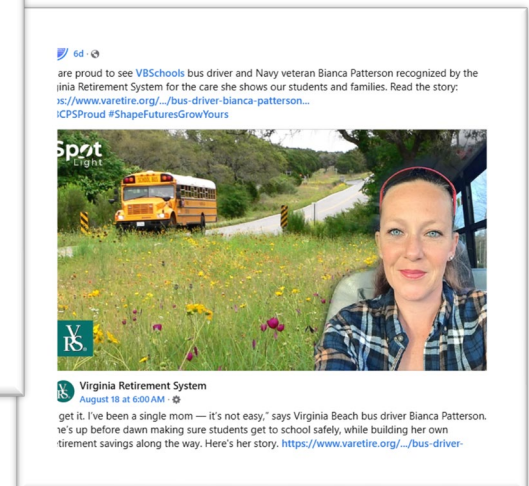
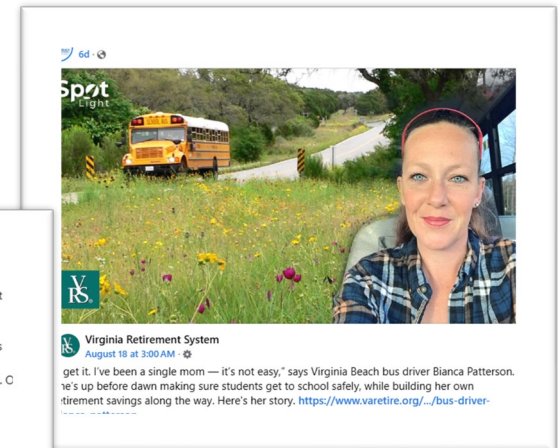
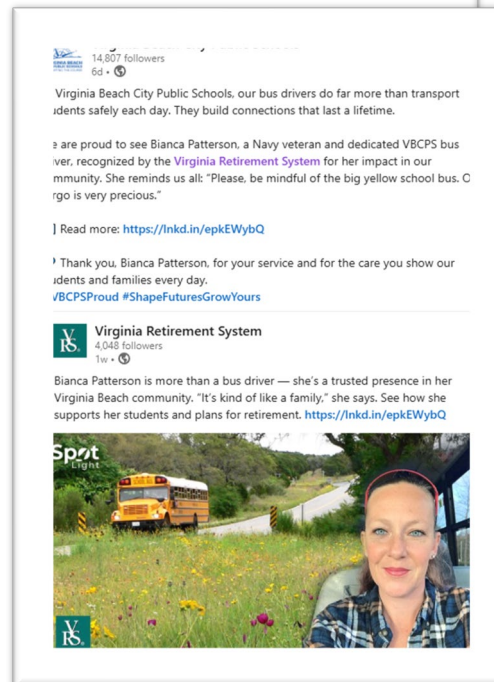
The next three routes in Patterson's day are to a pair of elementary schools and one middle school, after which she'll pause for a half-hour break.

She's already called her dispatcher to offer extra help if needed elsewhere that morning. If not, her shift continues with a midday preschool run for students with special needs. For that trip, she assists a driver on another bus, where most of the young passengers are in car seats and some are nonverbal.

Then, it's back to her bus that afternoon on the same four routes she started her day with, just in reverse. She often drives for after-school activities and field trips, too.

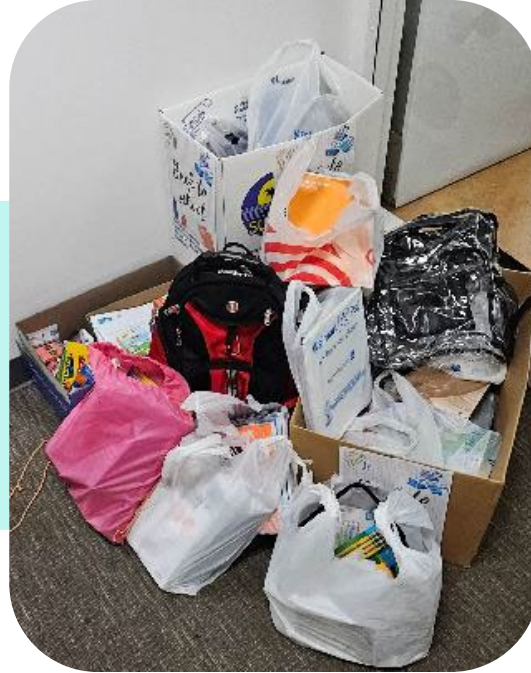
"There's a lot of days where I stay running," Patterson says.

Her dedication to ensuring every student gets to school safely has earned her a reputation as a "Ms. B." who's always ready to help.





# ACE Bright Beginnings and YMCA School Supply Delivery



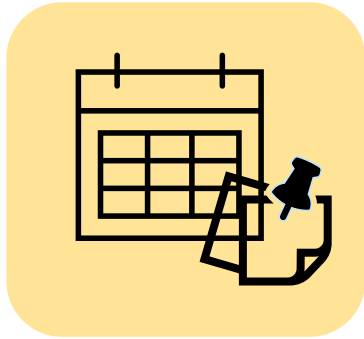




# Board Preview of Fall Meetings



# Preview: Fall 2025



## October

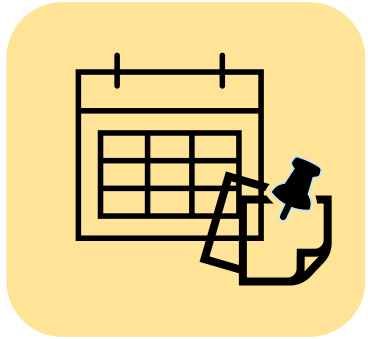
- ✦ 15 – Benefits and Actuarial Committee
- ✦ 16 – Board of Trustees
- Accept GRS' 2025 Actuarial Valuations for the Five Statewide Retirement Plans, Group Life Insurance, Virginia Sickness and Disability Program and Health Insurance Credit Plans for State and Teachers

## November

- ✦ 6 – Investment Advisory Committee
- ✦ 12 – Benefits and Actuarial Committee
- ✦ 13 – Board of Trustees
- Accept GRS' 2025 Actuarial Valuations for Political Subdivision Retirement Plans, Virginia Local Disability Program, Local Health Insurance Credit Plans and Line of Duty Act



# Preview: Fall 2025



## December

- ✦ 4 – Defined Contributions Plans Advisory Committee
- ✦ 11 – Audit and Compliance Committee
- ✦ 11 – Board of Trustees
- ✦ JLARC Meeting (TBA)
- Agency Annual Meeting (TBA)