Virginia Retirement System®

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

Written comments may be sent by:

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

About VRS

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

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September 11, 2026

MEMORANDUM

TO: VRS Board of Trustees

FROM: Patricia S. Bishop
Director

RE: Agenda Materials for September 17th Board Meeting

We are looking forward to the September 17th Board meeting beginning at 1:00 p.m. The meeting will be held in our leased space located in the James Center, 901 East Cary Street, 4th floor, Chesapeake, CR. Enclosed are the agenda and meeting materials. Boxed lunches will be available beginning at 12:00 p.m.

As you are aware, parking for Board and Committee meetings is available in the James Center parking garage located on the corner of 10th Street and Canal Street. After parking, take the elevator to the 2nd floor, and walk across the pedestrian sky bridge to One James Center. Please bring your parking ticket to the meeting with you for validation. For your reference, listed below are the directions to the parking garage and a map showing you the location in proximity to the lease space.

From the North

- I-95 South through Richmond to Exit 74A onto 1-195 (Downtown Expressway)
- Keep right and immediately exit onto Canal Street – directly behind the James Center
- Turn right onto 10th Street
- Take immediate right into parking garage

From the South

- I-95 North across the James River Bridge
- Take Exit 74A onto I-195 (Downtown Expressway)
- Keep right and immediately exit onto Canal Street – directly behind the James Center
- Turn right onto 10th Street
- Take immediate right into parking garage

From the East

- I-64 West to Exit 190, merging onto I-95 South
- Take Exit 74A onto I-195 (Downtown Expressway)
- Keep right, and immediately exit onto Canal Street – directly behind the James Center
- Turn right onto 10th Street
- Take immediate right into parking garage

From the West

- I-64 East to I-95 South, towards Powhite Parkway
- Follow signs to 1-195 (Downtown Expressway)
- Go through toll plaza
- Take the 7th & 9th Street exit
- Cross 9th Street, and take a left onto 10th Street
- Parking is immediately past Canal Street on the right

In addition, parking for scheduled meetings will remain available in the VRS, 1200 E. Main St. parking deck in the sub-basement or lower sub-basement. The respective spaces are marked with a yellow sign that reads: “Reserved for Board Member Parking.”

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

Meeting	Date	Location
Audit and Compliance Committee	Wednesday, September 16th, 10:00 a.m.	James Center, 901 E. Cary St., 4th floor, Chesapeake Conference Room
Administration, Finance and Talent Management Committee	Wednesday, September 16th, 1:00 p.m.	James Center, 901 E. Cary St., 4th floor, Chesapeake Conference Room
Board of Trustees	Thursday, September 17th, 1:00 p.m.	James Center, 901 E. Cary St., 4th floor, Chesapeake Conference Room

Again, we look forward to seeing you next week. If you have any questions, please feel free to contact me. Alternately, you may contact LaShaunda King at 804-641-6729 or Emily Trent at 804-307-3915.

Attachments

Board of Trustees Meeting

901 East Cary Street
James Center, 4th floor
Richmond, VA 23219

Thursday, 9/17/2026
1:00 - 3:30 PM ET

Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on June 17, 2026, in Richmond, Virginia with the following members participating:

Board members:
Susan T. Gooden, Ph.D., Chair
Lawrence A. Bernert III, Vice Chair
A. Scott Andrews
John M. Bennett
J. Clifford Foster, IV
Jessica L. Hood
Hon. Matthew James (*attended remotely from Portsmouth, VA under § 2.2-3708.3(B)(3))*
William H. Leighty
Lindsey K. Pantele

VRS Staff:

Patricia Bishop, Jennifer Schreck, Andrew Junkin, Stephen Adelaar, Rory Badura, Parham Behrooz, Matt Bennett, Ty Bowers, Lee Buchanan, Caroline Cardwell, Michael Cooper, Perry Corsello, David Cotter, Alfie Crooks, Sara Denson, Kedar Desai, Karan Deshmukh, Valerie Disanto, Curtis Doughtie, Kenji Epling, Laurie Fennell, Laura Fields, Antonio Fisher, Anita George Coleman, Katie Grawe, JT Grier, Krystal Groff, Dane Honrado, K.C. Howell, Robert Irving, Siri Chandana Keerthipati, Mengting Kim, LaShaunda King, Gopi Krishna Reddy Kota, Kristina Koutrakos, Matthew Lacy, Daniel Lipok, Chung Ma, Prashanth Malyala, Curt Mattson, Kidus Molla, Nicole Moriette, Rebecca Nicholas, Walker Noland, Greg Oliff, Blake Preston, Laura Pugliese, Katie Ray, Paula Reid, Mark Rein, Rich Rogness, Andrew Roper, Gregory Salvati, Jummai Sarki-Hurd, Jenny Schoeller, Dan Schlussler, Ben Sheng, Richard Slate, Amethyst Sloane, Joseph Shaver, Virginia Sowers, Larry Tentor, Sabrina Ticer-Wurr, Emily Trent, Korey Turner, Bowen Valery, Dan Whitlock, Melissa Wilks and Steve Woodall.

Guests:

Lauren Albanese, Financial Investment News; Alfie Crooks, PEI Group; Joe Ebisa, WithIntelligence.com; Alexandra Jansson and Kimberly Sarte, Joint Legislative Audit and Review Commission; Kevin Harber, Office of the Attorney General; Prashanth Malyala; Andrew Roper; Jacob Rose-Seiden, Osmosis; Ben Sheng, FundFire; Yu Sun, Financial Times; and Sabrina Ticer-Wurr, MandateWire.

The meeting convened at 1:00 p.m.

Opening Remarks

Dr. Gooden called the meeting to order and welcomed everyone to the June 17, 2026, meeting of the Virginia Retirement System Board of Trustees.

Approval of Minutes

Following a motion by Mr. Leighty, and a second by Mr. Andrews, the VRS Board of Trustees unanimously approved the minutes from its April 23, 2026, meeting.

Election of Vice-Chair

Mr. Bernert nominated Scott Andrews to serve as Vice Chair. The election closed with no other nominations. Following a motion by Mr. Bennett, and a second by Mr. Leighty, the VRS Board of Trustees unanimously approved the nomination of Mr. Andrews to serve as Vice Chair.

Committee Assignments

Next, Dr. Gooden advised that, with the appointment of a new Board member, and in accordance with the Governance Policy, the Board is required to update its committee assignments.

Following a motion by Mr. Bennett, with a second by Mr. Andrews, the Board unanimously approved the proposed committee assignments.

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 FY2027 Defined Benefit Plan Strategic Asset Allocation, the benchmarks for Credit Strategies, Diversifying Strategies, Private Equity and Private Investment Partnerships, and the excess return objectives.

Upon a motion by Mr. Andrews, with a second by Mr. Leighty, the VRS Board of Trustees approved the following action:

RBA: Approve FY2027 Defined Benefit Plan Strategic Asset Allocation

Request for Board Action 2026-06-6: *The VRS Board of Trustees approves the FY2027 Defined Benefit Plan Strategic Asset Allocation and Allowable Ranges, effective July 1, 2026.*

Upon a motion by Mr. Andrews, with a second by Mr. Leighty, the VRS Board of Trustees approved the following action:

RBA: Approve Benchmarks for Credit Strategies, Diversifying Strategies, Private Equity, and Private Investment Partnerships

Request for Board Action 2026-06-7: *The VRS Board of Trustees approves the recommended benchmarks for Credit Strategies, Diversifying Strategies, Private Equity, and Private Investment Partnerships, effective as of the dates stated herein.*

Upon a motion by Mr. Andrews, with a second by Mr. Leighty, the VRS Board of Trustees approved the following action:

RBA: Approve Excess Return Objectives

Request for Board Action 2025-06-8: *The VRS Board of Trustees approves the recommended excess return objectives, effective July 1, 2026.*

Dr. Gooden thanked Mr. Junkin 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 June 17, 2026, and placed it on file.

APPROVAL OF MINUTES

The Committee approved the minutes of its April 23, 2026, meeting.

REAPPOINTMENT OF DEFINED CONTRIBUTION PLANS ADVISORY COMMITTEE (DCPAC) MEMBERS

Patricia Bishop, Director, informed the committee of five DCPAC members due for reappointment. Ms. Bishop indicated that Monique Barnes, Ravindra Deo, Matt Harris, Kate Jonas and Brenda Madden have been active and engaged participants of the DCPAC, and each are willing to continue their service on the committee.

Upon a motion by Mr. Andrews, with a second by Mr. Foster, the VRS Board of Trustees approved the following action:

Request for Board Action 2026-06-9: *The Board reappoints Monique G. Barnes, Ravindra Deo, C. Matt Harris, Kate Jonas, and Brenda Madden to the Defined Contribution Plans Advisory Committee (DCPAC), each for a two-year term ending June 20, 2028.*

APPROVE REVISED ADMINISTRATIVE AND INVESTMENT OPERATIONS AND ADMINISTRATION PAY PLANS

Paula Reid, Human Resources Director, reviewed proposed changes to the Administrative Pay Plan and the Investment Operations and Administration Pay Plan. Ms. Reid advised that while the Commonwealth's budget for next year has not yet been approved, it is expected that a salary increase for state employees will be included. Any such increase would be accounted for in changes to the pay bands within the Administrative and Investment Operations and Administration Pay Plans.

Upon a motion by Mr. Andrews, with a second by Mr. Foster, the VRS Board of Trustees approved the following action:

Request for Board Action 2026-06-10: *The Board approves the amendments to the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan.*

APPROVE AMENDED INVESTMENT PROFESSIONALS' PAY PLAN

Paula Reid, Human Resources Director, reviewed proposed changes to the Investment Professionals' Pay Plan. Ms. Reid indicated that changes related to certain professional job classifications to better reflect their roles and responsibilities are included in the proposed amendments. In addition, benchmark changes recommended by Mercer, a global professional services independent consulting firm, are proposed, along with any changes to the pay bands resulting from the approved 2026 Appropriation Act.

Upon a motion by Mr. Andrews, with a second by Mr. Foster, the VRS Board of Trustees approved the following action:

Request for Board Action 2026-06-11: *The Board approves amendments to the Investment Professionals' Pay Plan ("Pay Plan"), effective July 1, 2026.*

PERFORMANCE COMPENSATION INITIATIVE OVERVIEW

Michael Cooper, Chief Operating Officer, and Paula Reid, Human Resources Director, provided an update on the performance compensation initiative for the agency. The agency is working with a consultant to evaluate enhancements to its performance compensation policies and plans to pilot the new program beginning in FY 2027.

DISCUSSION AND CONSIDERATION OF FY 2027 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 2027, which were previously distributed electronically to all Board members for review. Staff must complete three of the four APOs and meet the target for at least 15 of the 18 OMs to be eligible for the agency's gainsharing bonus.

Upon a motion by Mr. Andrews, with a second by Ms. Pentele, the VRS Board of Trustees approved the following action:

Request for Board Action 2026-06-12: *The Board approves the FY 2027 Agency Performance Outcomes (APOs) and Operational Measures (OMs).*

BUDGET UPDATE

Jon Farmer, Budget and Performance Reporting Manager, provided an update on the FY 2026 budget. Mr. Farmer advised the Committee that VRS has a current budget of approximately $143 million and has expended approximately $106 million. Mr. Farmer noted that the agency is on track to conclude the fiscal year with an estimated $11 million in unexpended appropriation, representing approximately 7.5% of the total budget.

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 14, 2026, and placed it on file.

Dr. Gooden 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, 2026, 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 2026, which included reviewing assets and accounts across the various plans. Staff advised the Committee that plan assets are down, slightly, due to market changes and the total number of plan accounts is up 10%.

Staff provided an update regarding website access and online registrations following the transition to Voya, with a 10% increase since the end of the calendar year.   Communications highlights were shared including the *Save More*, *Restart Contributions*, *Max Out Contributions,* and *Birthday* email campaigns, and various others.

DC Plans and Hybrid Plan Update
Staff provided an update on COV 457 and Cash Match Plan assets and accounts. Assets were down slightly with accounts being slightly up. In general, there is not a lot of activity with this plan because it is an older plan. Hybrid Retirement plan accounts are up 13%. Staff shared the impact of auto-escalation rates on the voluntary 457 rates. The next auto-escalation will be in 2029.

ORPHE Update
Staff provided an overview of ORPHE reports for the first quarter of 2026, including plan assets and accounts. There is approximately $1.5 billion in ORPHE assets and a total of approximately 11,000 accounts.

INVESTMENTS

Performance Reports
Staff provided the Committee with a review of March 31, 2026, performance reports for the unbundled DC plans, and the TIAA Optional Retirement Plan for Higher Education (ORPHE).

Fund Updates
Staff informed the Committee BlackRock is updating their target date glidepath to reflect research in the areas of labor income and life expectancy resulting in a slightly higher equity allocation along the glide

path around the midpoint and nearing retirement. Staff notified the Committee that after successful negotiations BlackRock is lowering investment management fees on several of its funds.
Staff provided an update on the VRS Board approved the Foreign Adversaries Policy and reviewed current DC plans exposure as of March 31, 2026. Staff reminded the Committee that it continues to monitor fund developments in this area and, where possible, will invest in funds that can be aligned with the Policy.

Callan 2026 DC Trends Survey Highlights
Staff provided an overview of highlights from the Callan 2026 DC Trends survey, which was included in the Appendix of the meeting materials. Staff noted there were 80 DC Plan sponsors, slightly lower than last year. This year's government respondents represented 16%, whereas last year it was 20%. This has always been a good survey to benchmark ourselves because of the respondents' plan sizes and investment menu offerings. Staff reviewed the trends in the areas of governance, investments, benchmarking, retirement income, and other topical areas.

Retirement Income
Staff provided an overview of how VRS provides participants with a robust selection of non-guaranteed retirement income payout options. Staff shared with the Committee that in addition to these non-guaranteed payout options participants also have the option to generate a lifetime guaranteed income stream via an immediate annuity purchase via MetLife (unbundled DC plans) or TIAA in the ORPHE. Staff demonstrated the new Retirement Income dashboard launched by Voya on May 4, 2026. The dashboard is automatically visible for participants ages 50 and above. There are various screens available that will provide outcomes based on the information added, including a page to optimize savings paycheck amounts and deductions.

Investment staff is performing additional research whereby provider companies are embedding lifetime guaranteed income products within target date fund offerings and will report back to the Committee at a future meeting.

OTHER BUSINESS

Plan Document Updates
Staff informed the Committee of the recommendations for amendments to the Virginia 457 and Cash Match, Hybrid 457 and Cash Match, ORPHE, ORPPA, ORPSS, and DCIP Plan Documents. Based on a recent review of the Plan Documents, several amendments necessitated by the passage of SECURE 2.0 and its final regulations were identified. The Internal Revenue Code provides that the amendments to reflect the provisions of SECURE 2.0 must be in place by December 31, 2029. The recordkeeper has already implemented (or will be implementing depending on the effective date) these amendments as they are required by SECURE 2.0, so the amendments are effectively ministerial in nature.

Upon a motion by Mr. Foster, with a second by Mr. Andrews, the VRS Board of Trustees approved the following action:

Request for Board Action 2026-06-13: *The Board approves the Approved Amended and Restated Virginia 457 and Cash Match, Hybrid 457 and Cash Match, ORPHE, ORPPA, ORPSS, and DCIP Plan Documents*

DCPAC Reappointments
Staff informed the Committee of the request for reappointment of Monique Barnes, Ravindra Deo, Matt Harris, Kate Jonas, and Brenda Madden, each to a two-year term ending June 20, 2028. Their current terms expire on June 20, 2026.

Recommend RBA for Reappointment of DCPAC Members

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:

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

Discussion of New Ideas
No new ideas were presented.

2026 MEETINGS

Dr. Gooden confirmed the DCPAC meeting dates for 2026:
- September 10, 2026, at 1:00 pm (Annual investment review)
- December 3, 2026, at 1:00 pm

There was no other business to come before the Committee.

Dr. Gooden concluded the report.

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 9, 2026, and placed it on file.

APPROVAL OF MINUTES
The committee approved the minutes of its April 23, 2026, meeting.

STATUS UPDATE ON THE 2025 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 their work over the pension and other post-employment benefit plans will be substantially completed by June 30, 2026.

ENTRANCE WITH THE APA FOR THE VRS 2026 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, 2026.

AUDIT REPORTS

The committee received and accepted two audit reports.

- The review of the *Private Equity Program* determined due diligence and monitoring activities are adequate and effective and align with the applicable investment policy statements. There were no formal recommendations as a result of this review.
- The review of the *Service Retirements* determined, overall, service retirement processes are working as expected, system interfaces are properly controlled, and system access is appropriately managed based on the principle of lease privilege with proper segregation of duties. There was one recommendation resulting from this review.

INTERNAL AUDIT'S FY 2027 PERFORMANCE AND OVERSIGHT REPORTING

The Internal Audit Director presented the department's fiscal year 2027 performance and oversight reporting approach. The committee approved the approach as presented.

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 through the Office of the State Inspector General or any other source during the period of February 1, 2026, through April 30, 2026.

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 16, 2026, at 10 a.m.

Dr. Gooden thanked Mr. Foster 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 17, 2026, and placed it on file.

APPROVAL OF MINUTES

The Committee approved the minutes of its February 4, 2026, meeting.

ELECTION OF COMMITTEE VICE CHAIR

The Committee unanimously approved the nomination of Jessica Hood to serve as Committee Vice Chair.

EARLY RETIREMENT FACTORS STUDY

Rory Badura, Senior Staff Actuary, provided an update on the Early Retirement Factors Study to the Committee. Mr. Badura advised the first phase of the factor study involved updating the optional form factors to reflect the new mortality and discount rates for joint and survivor options, partial lump-sum option (PLOP), and the advanced pension option (APO). The optional form factors began affecting retirements after August 1, 2024. The second phase of the study is a review of the early retirement reduction factors.

Mr. Badura noted the *Code of Virginia* allows members who meet certain eligibility criteria to receive benefits prior to normal retirement and, in an effort to equalize the value that a member will receive from the Fund, such retirement allowance will be reduced for the period by which the actual retirement date precedes the unreduced retirement date. VRS currently uses fixed-rate reductions rather than a true actuarial equivalent. This method is used by most State retirement systems as it is easier to communicate and requires less frequent updating, however it does provide a subsidy that varies by age and service.

Mr. Badura advised the Plan Actuary, Gabriel, Roeder, Smith & Company (GRS), reviewed the data and determined the VRS early retirement factors are well within common practice among state retirement systems both in terms of the use of simple factors and the subsidies provided. Staff recommends at this time to maintain the current structure and continue to monitor early retirement patterns as Plan 2 and Hybrid retirements increase, and review the actual experience during the next quadrennial assumption review in 2029.

INFORMATION ITEMS

Group Life Insurance

Robert Irving, Customer Services Director, presented an administrative update regarding recommendations for the Group Life Insurance premium rate to the Committee. Mr. Irving advised VRS' third-party administrator, Securian Financial, manages and administers the life insurance program which provides members opportunities to purchase optional life insurance coverage. Reviews on premium rates are conducted annually and recommendations to maintain, increase or reduce rates are provided to VRS. Mr. Irving advised the recommendation, effective July 1, 2026, is an overall reduction of 3.00% for those aged 50-70 in the optional life insurance premiums for certain age groups.

Stress Test and Sensitivity Analysis Report

Mr. Badura presented the findings of the VRS Stress Test and Sensitivity Analysis Report. The report helps to identify possible vulnerabilities in investment strategies and funding policies and provides an analysis of potential impacts of various economic scenarios on VRS-administered retirement plans to support the future health of the retirement system. The current report is based on the June 30, 2025, actuarial valuations and focused on economic scenario testing, a review of other risks to plan funding, and strategies to enhance funding.

Mr. Badura advised consecutive years of higher than assumed rates of return contributed to improving the funded status and lowering employer contribution rates for both retirement and other post-employment benefits (OPEB) plans; however, recent uncertainty in the markets highlights the need to identify opportunities to further strengthen the health of the plans. Due to current economic conditions, VRS will continue to analyze future impacts on the fund as new information becomes available.

Dr. Gooden thanked Mr. Bennett 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 name of the Deputy Chief Financial Officer, Courtney Shearer, to those permitted to open and close accounts. The amendment also updated the name of the Board Chair to reflect Dr. Gooden's recent appointment. 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 name of the new Deputy Chief Financial Officer and update the name of the Board Chair. Upon a motion by Mr. Andrews, with a second by Mr. Foster, 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.

Operational Update Series: Data Office

Michael Cooper, Chief Operating Officer, Kedar Desai, Data Officer, Anita George-Coleman, Service Retirement Supervisor, Rebecca Nicholas, Operations Accounting Manager, gave a presentation on data process improvements, the improvement cycle and dashboards to view status information including VRS data quality enhancement processes and a data quality dashboard demonstration. In addition, the contribution confirmation and retirement analytics dashboards were reviewed. The team advised that data literacy, data governance, data toolkit, data architecture, and analytics enablement tools will be used to continue improvements in the data office.

Dr. Gooden thanked all presenters for their excellent work and recognized the innovation and collaboration occurring at VRS.

Commending Resolution for Lindsey K. Pantele

Dr. Gooden presented the following commending resolution of service of Lindsey K. Pantele:

WHEREAS, Lindsey K. Pantele was appointed to the Board of Trustees of the Virginia Retirement System on March 1, 2022 and served with distinction until June 30, 2026; and

WHEREAS, Ms. Pantele served as a member and Vice Chair of the Benefits and Actuarial Committee, where she provided thoughtful guidance and careful consideration of matters relating to plan benefits, funding, and actuarial principles; and

WHEREAS, Ms. Pantele also served on the Investment Policy Committee, offering valuable insight and expertise in support of the Board's oversight responsibilities; and

WHEREAS, throughout her tenure, Ms. Pantele demonstrated integrity, professionalism, and sound judgment in service to members and retirees, drawing on her extensive experience as an educator and school administrator in the Commonwealth of Virginia; and

WHEREAS, Ms. Pantele represented the Board at meetings of the Virginia Retired Teachers Association, engaging with members and providing updates on VRS legislation, administrative activities, and benefits; and

WHEREAS, Ms. Pantele was named the 2020 Henrico County Teacher of the Year in recognition of her dedication to educational excellence and service to students and her community, and continues to demonstrate exemplary leadership in her role as Assistant Principal at Douglas S. Freeman High School;

NOW, THEREFORE, BE IT RESOLVED, that on June 17, 2026, we, the members of the Board of Trustees of the Virginia Retirement System, hereby express our sincere appreciation to Ms. Pantele for her distinguished service to the Board, the Virginia Retirement System, its members and retirees, and the Commonwealth of Virginia, and extend our deep gratitude for her stewardship, commitment, and many valuable contributions.

Upon a motion by Mr. Andrews, with a second by Mr. Foster, the VRS Board of Trustees approved the resolution.

Report of the Director

Ms. Bishop, Director, began her report with an update on the agency road map for FY 2026, 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:

- VRS received two outstanding achievements from the Commonwealth of Virginia Campaign Awards: Philanthropy Excellence Award and the Heart of the CVC Award. VRS' CVC Coordinator Nicole Morlette, Julia Dozier, Vincent Price and Deardrian Carver accepted the recognition on behalf of VRS.
- The National Conference on Public Employee Retirement Systems (NCPERS) recently awarded a Certificate of Transparency to VRS for its participation in the NCPERS Public Retirement Systems Study.
- VRS presented at the Virginia Government Finance Officers Association (VGFOA) during the Spring Conference in Williamsburg, Virginia. Curtis Doughtie, Chief Financial Officer, and Andy Feagans, Employer Relationship Program Manager presented.
- An update was provided to the Virginia Retired Teachers Association in April by Ms. Bishop.

- A report to the Joint Legislative Audit and Review Commission (JLARC) from VRS will take place Monday, July 6, 2026.
- An overview of Actuarial Measures and Key Indicators for fiscal year 2026 was provided. The overview included a comparison of the actual fund market value versus the expected market value based on plan assumptions for FY 2026, a comparison of pension cash flows for fiscal year 2026 versus 2025, as well as the average increase in CPI year to date.
- A preview of upcoming board and committee meetings was provided.

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.

Dr. Gooden thanked Ms. Bishop for her report.

Other Business

Lastly, Dr. Gooden confirmed the following meeting schedule:

- Investment Advisory Committee – August 12 at 9:00 a.m.
- Defined Contribution Plans Advisory Committee – September 10 at 1:00 p.m.
- Audit and Compliance Committee – September 16 at 10:00 a.m.
- Administration, Finance and Talent Management Committee – September 16 at 1:00 p.m.
- Board of Trustees – September 17 at 1:00 p.m.

Adjournment

There being no further business and following a motion by Mr. Leighty, with a second by Mr. Foster, the VRS Board of Trustees agreed to adjourn the meeting at 2:42 p.m.

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Chair Secretary

Proposed VRS Board of Trustees and Committee Assignments
(Effective September 17, 2026)

VRS Board of Trustees
Susan T. Gooden, Ph.D., Chair A. Scott Andrews, Vice Chair Lawrence A. Bernert, III John M. Bennett Rokasha T. Edmondson, Ed. D. J. Clifford Foster, IV Jessica L. Hood Matthew James William H. Leighty
Administration, Finance and Talent Management Committee
Susan T. Gooden, Ph.D., Chair A. Scott Andrews, Vice Chair Lawrence A. Bernert, III
Audit and Compliance Committee
J. Clifford Foster, IV, Chair William H. Leighty, Vice Chair Susan T. Gooden, Ph.D.
Benefits and Actuarial Committee
Lawrence A. Bernert, III, Chair Jessica L. Hood, Vice Chair John M. Bennett Rokasha T. Edmondson, Ed. D.
Defined Contribution Plans Advisory Committee
Matthew James, Chair Jessica L. Hood, Vice Chair Monique Barnes Ravindra A. Deo Rebecca Fentress C. Matt Harris Kate Jonas Brenda O. Madden September Sanderlin

Proposed VRS Board of Trustees and Committee Assignments
(Effective September 17, 2026)

Investment Policy Committee
Susan T. Gooden, Ph.D., Chair
A. Scott Andrews, Vice Chair
John M. Bennett
Lawrence A. Bernert, III
Rokasha T. Edmondson, Ed. D.
J. Clifford Foster, IV
Jessica L. Hood
Matthew James
William H. Leighty
Investment Advisory Committee
Lawrence E. Kochard, Ph.D., Chair
William "Hance" West, Vice Chair
Eric Baggeson
Théodore Economou
Palmer P. Garson
Thomas S. Gayner
Nancy G. Leake
W. Bryan Lewis
Rod Smyth

Notes:

1. *By charter, the Board chair appoints Board members to each committee, subject to approval by the Board.*
2. *By charter, the Board chair and vice chair shall serve in the respective position for the Administration, Finance and Talent Management Committee and Investment Policy Committee.*
3. *For all committees other than the Administration, Finance and Talent Management Committee and Investment Policy Committee, the committee chair is appointed by the Board chair, subject to approval by the Board.*
4. *For all committees other than the Administration, Finance and Talent Management Committee Defined Contribution Plans Advisory Committee and Investment Policy Committee, the vice chair is elected by the committee members at the meeting following the approval of the committee assignments.*
5. *For the Defined Contribution Plans Advisory Committee, the Board member on the committee who is not appointed as chair shall serve as the vice chair.*
6. *Mr. Bennett does not intend to seek another term. His term ended 2/28/2026, but he will continue to serve until a successor is appointed by Joint Rules.*

Virginia Retirement System®

Chief Investment Officer Report

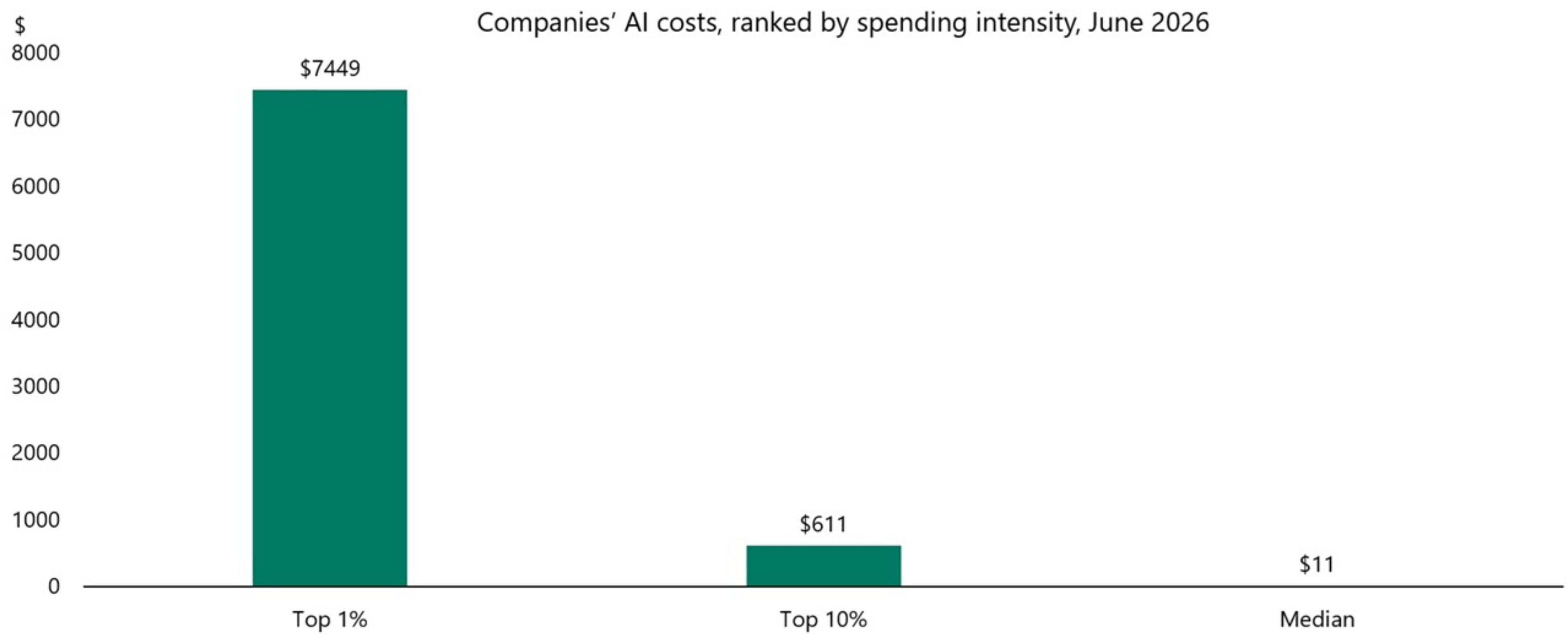
Market Review – September 2026

Andrew Junkin

AI Usage

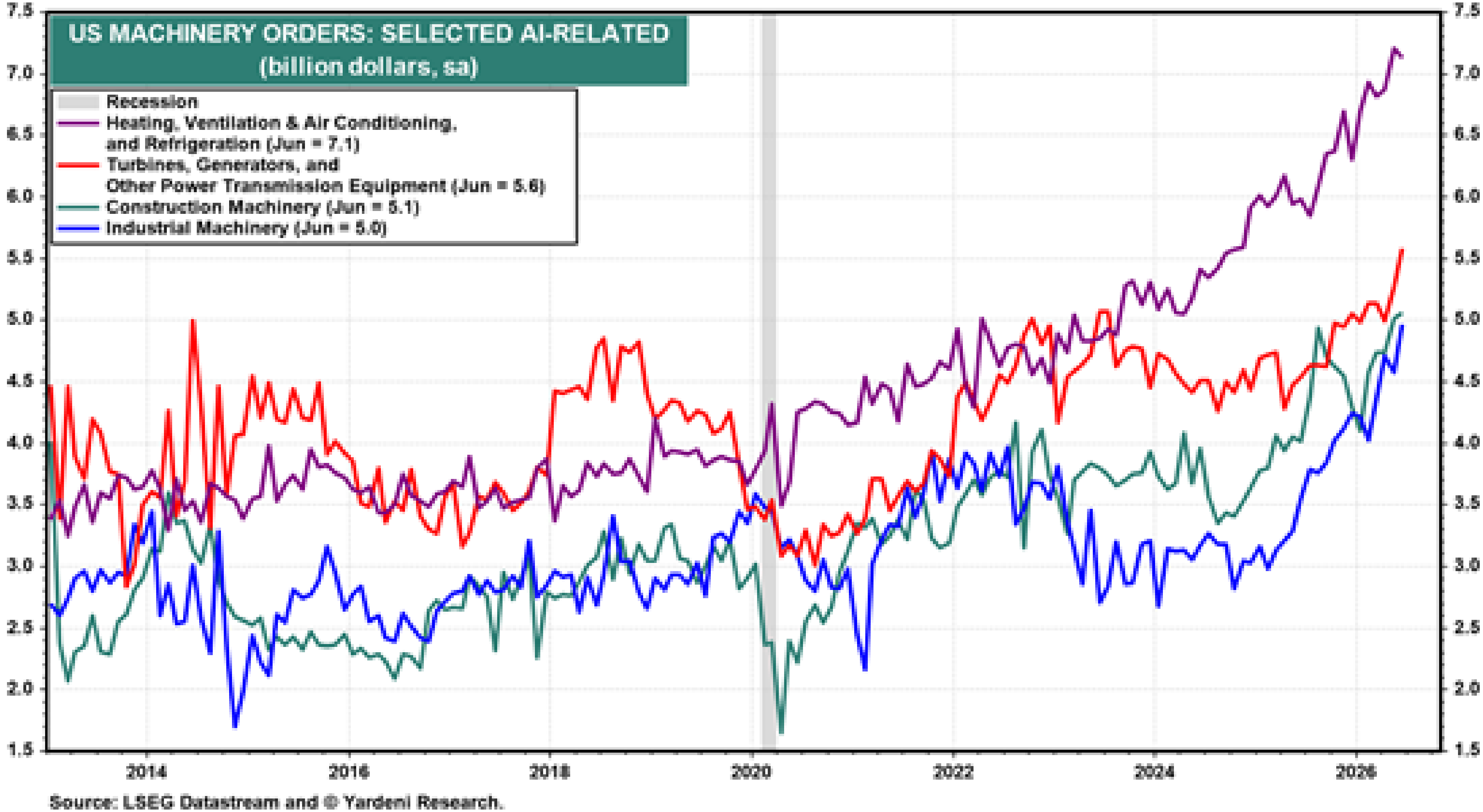
APOLLO

Monthly corporate AI spend per employee, top vs. median spenders



Virginia Retirement System®

Picks and Shovels Demand Growing



Virginia Retirement System®

Tech Sector Looking Less Expensive

Source: LSEG Datastream and © Yardeni Research.
* Price divided by 12-month forward consensus expected operating earnings per share.

Virginia Retirement System®

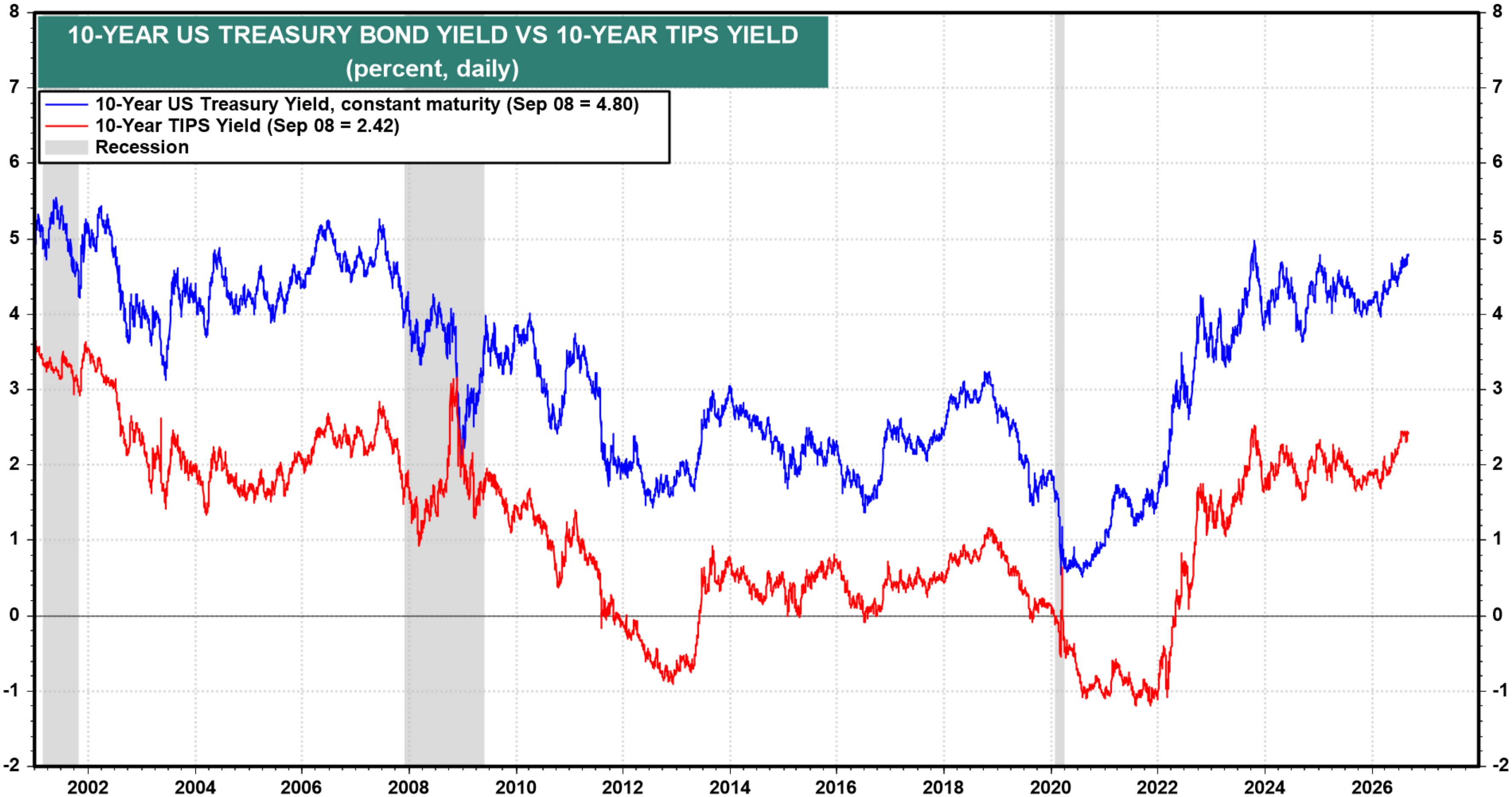
Q2 Earnings Spike

Source: LSEG Datastream and © Yardeni Research. LSEG I/B/E/S.

* Growth rates compare current members of the S&P 500 with members in the index a year earlier (apples-to-oranges comparisons).

Virginia Retirement System®

Long Rates Higher



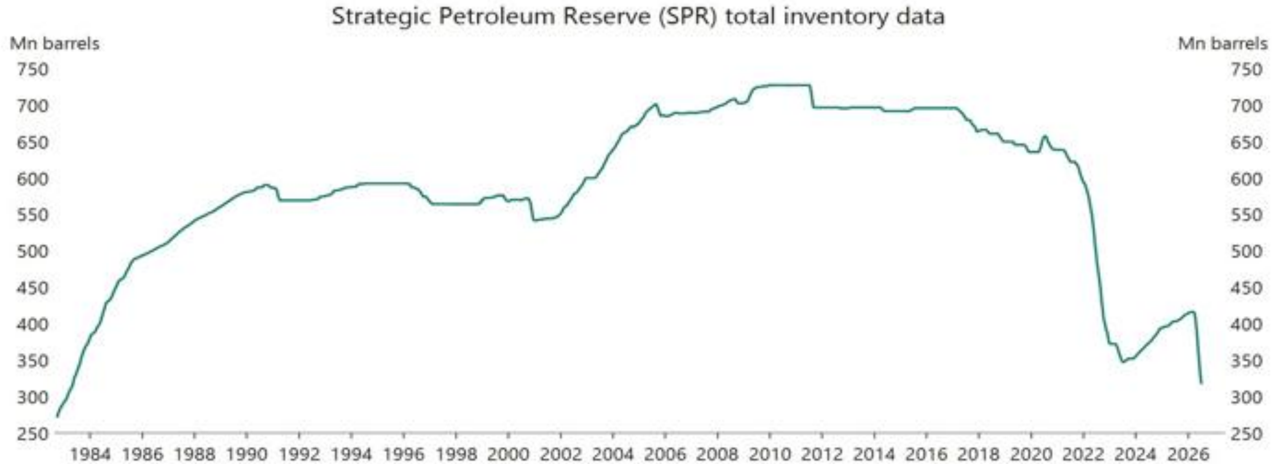
Source: LSEG Datastream and © Yardeni Research. Federal Reserve Board.

Virginia Retirement System®

Oil Inventories at Critical Levels

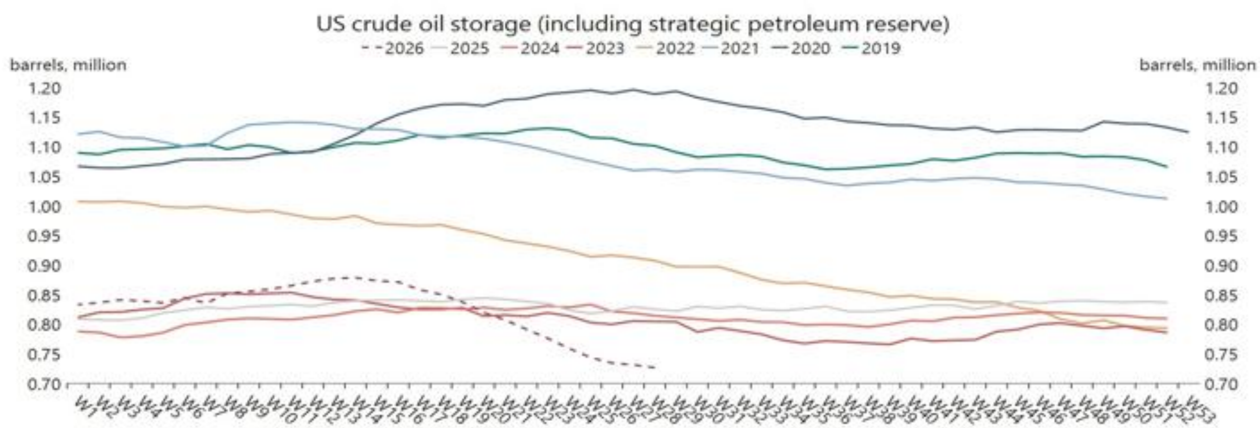
APOLLO

SPR inventory at low levels



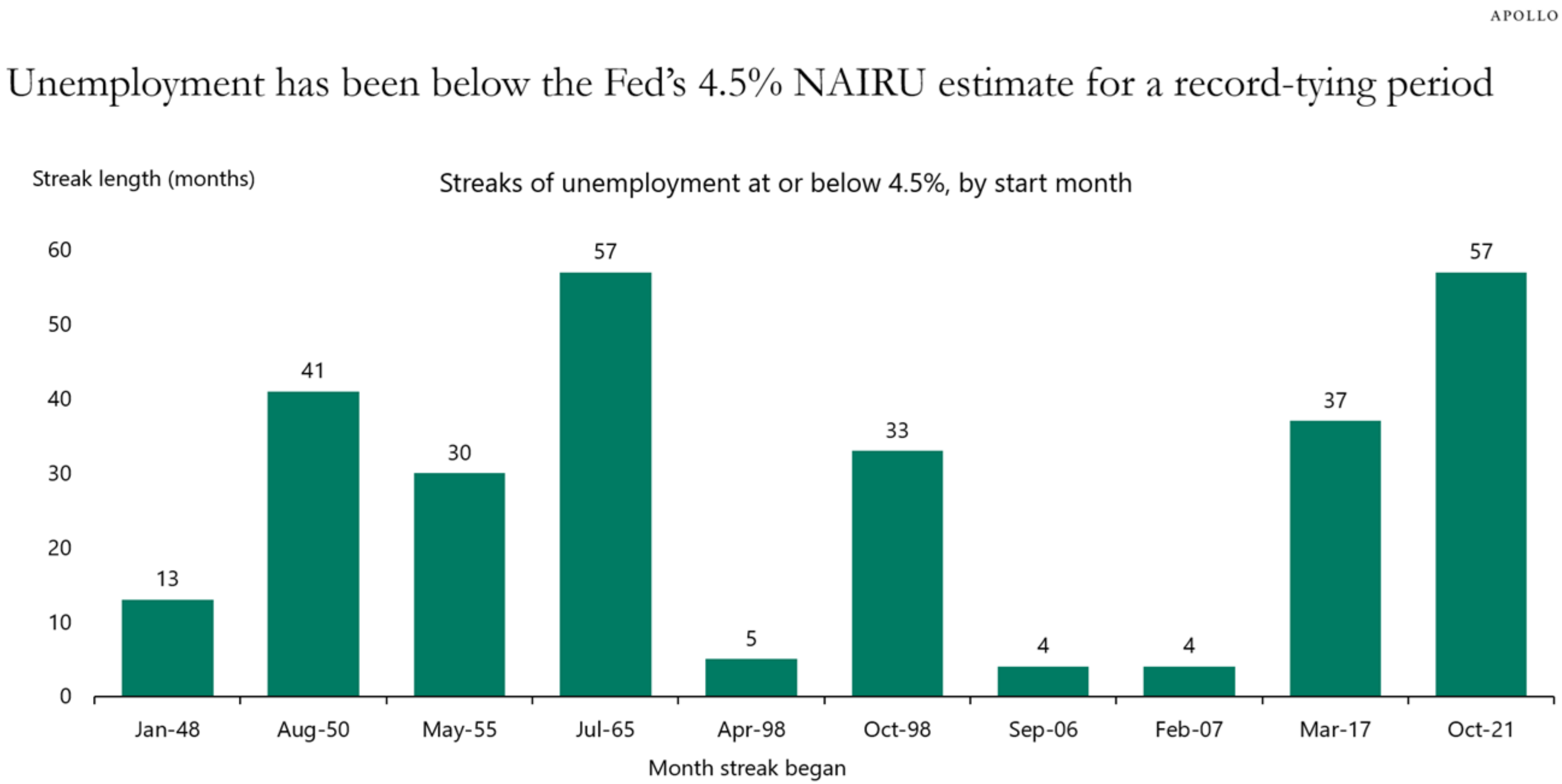
APOLLO

US crude oil storage including SPR at low levels

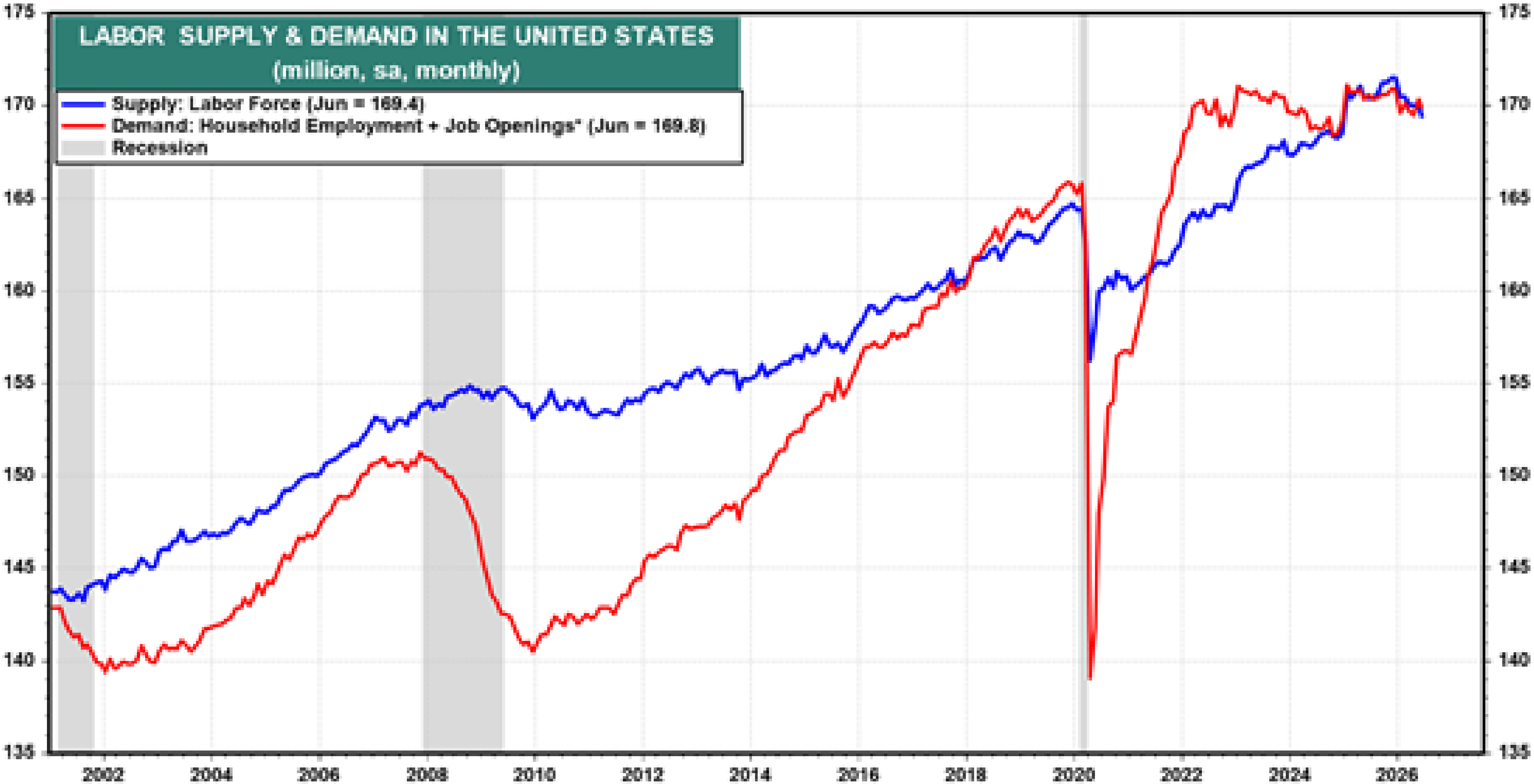


Virginia Retirement System®

Jobs Market Remains Strong...



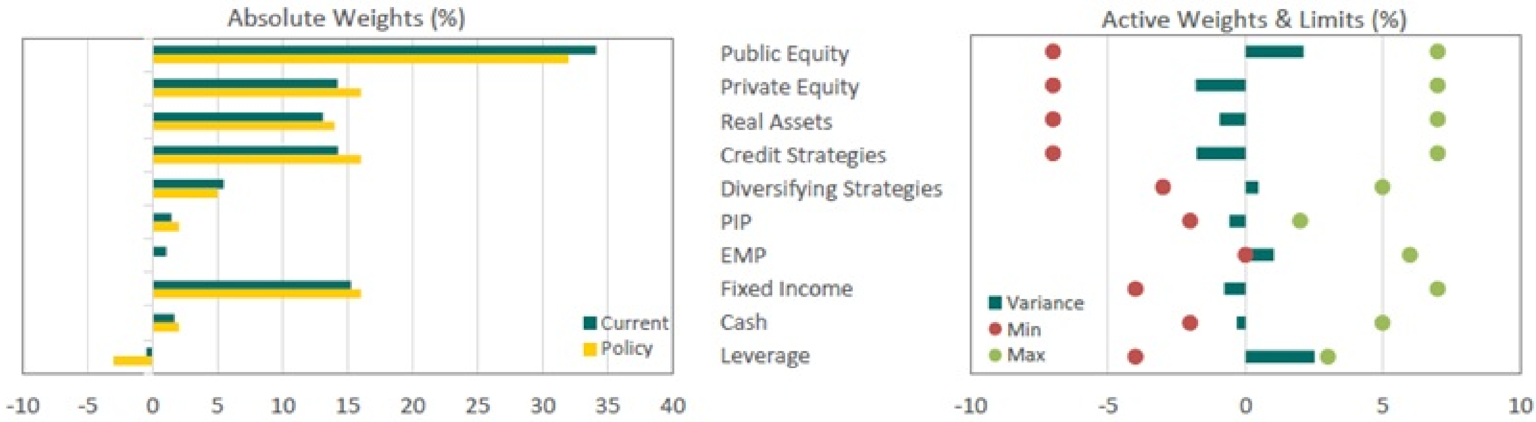
...and Seems Balanced



Source: LSEG Datastream and © Yardeni Research, and Bureau of Labor Statistics.
* Job openings pushed ahead by one month.

Virginia Retirement System®

Asset Allocation - June 30, 2026



Tracking Error (%)	
5Yr Fund	2.3
5Yr Public	1.5

		Weights (%)					
Asset Class	Billions ($)	Current	Policy	Variance	Min	Max	Internal
Public Equity	46.1	34.1	32.0	2.1	25	39	52
Private Equity	19.2	14.2	16.0	-1.8	9	23	15
Real Assets	17.7	13.1	14.0	-0.9	7	21	16
Credit Strategies	19.2	14.2	16.0	-1.8	9	23	6
Diversifying Strategies	7.4	5.5	5.0	0.5	2	10	0
Private Investment Partnerships (PIP)	1.9	1.4	2.0	-0.6	0	4	0
Exposure Management Portfolio (EMP)	1.4	1.0	0.0	1.0	0	6	0
Fixed Income	20.6	15.2	16.0	-0.8	12	23	95
Cash	2.3	1.7	2.0	-0.3	0	7	0
Leverage	-0.7	-0.5	-3.0	2.5	-4	0	0
Total Fund (Net Market Value)	**135.2**	**100.0**	**100.0**	**0.0**	n.a.	n.a.	**37**
Total Fund (Gross Market Value)	135.9	100.5	103.0	-2.5	n.a.	n.a.	0

Exposures by Policy Groups							
Public + Private Equity	65.4	48.3	48.0	0.3	38	58	n.a.
Fixed Income + Cash	22.9	16.9	18.0	-1.1	12	27	n.a.

Total Fund includes the following amount held by the Treasurer of VA: $491 million

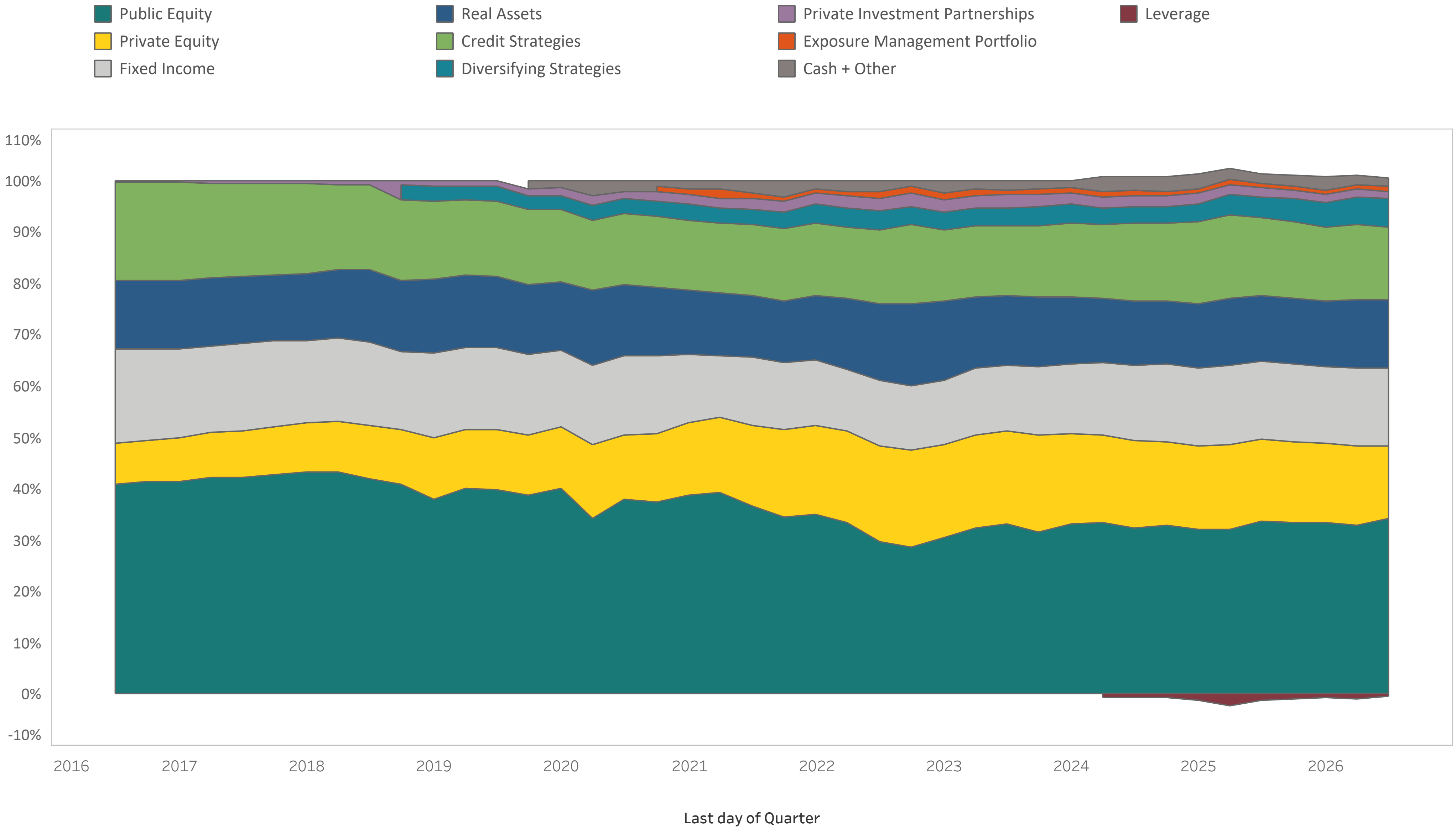
The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied)

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 6/30/2026.

Differences in totals are due to rounding

Virginia Retirement System®

Asset Allocation Rolling 10-Year



As of June 30, 2026

Virginia Retirement System®

Performance - June 30, 2026

(Net of Fees)

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value ($MM)
Total Public Equity	**12.5**	**11.6**	**20.6**	**23.8**	**13.7**	**0.6**	**23.8**	**11.9**	**46,139**
Benchmark	12.4	10.4	18.8	21.7	13.5	-0.4	21.7	11.1	
Total Private Equity	**13.9**	**8.3**	**5.6**	**5.2**	**-1.1**	**-1.3**	**5.2**	**0.5**	**19,217**
Benchmark	13.3	9.7	17.1	20.3	-3.1	-6.4	20.3	0.3	
Total Real Assets	**6.9**	**5.8**	**2.3**	**6.7**	**2.0**	**1.7**	**6.7**	**4.2**	**17,684**
Benchmark	4.8	3.5	0.4	4.4	1.6	0.7	4.4	2.4	
Total Credit Strategies	**7.6**	**7.2**	**9.7**	**8.3**	**1.3**	**0.9**	**8.3**	**2.1**	**19,244**
Benchmark	5.9	5.2	8.1	5.2	2.2	0.2	5.2	1.7	
Total Diversifying Strategies	**n/a**	**4.6**	**6.8**	**7.1**	**0.3**	**-1.0**	**7.1**	**1.9**	**7,403**
Benchmark	n/a	4.2	7.6	6.4	1.5	0.5	6.4	3.0	
Total Private Investment Partnerships	**9.1**	**9.0**	**8.9**	**9.7**	**3.9**	**2.3**	**9.7**	**4.7**	**1,924**
Benchmark	7.9	6.5	8.2	9.7	0.3	-1.8	9.7	1.5	
Total Fixed Income	**2.6**	**1.0**	**5.3**	**5.3**	**1.2**	**0.5**	**5.3**	**1.2**	**20,601**
Benchmark	1.7	0.4	4.6	4.2	1.0	0.3	4.2	0.8	
Total Fund	**9.2**	**7.6**	**10.6**	**12.1**	**5.0**	**0.4**	**12.1**	**5.3**	**135,217**
VRS Custom Benchmark	8.5	6.8	11.4	12.7	4.6	-1.0	12.7	4.6	

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)
Leverage	**n/a**	**n/a**	**n/a**	**4.5**	**1.0**	**0.3**	**4.5**	**2.1**	**(655)**
Benchmark	n/a	n/a	n/a	4.5	1.0	0.4	4.5	2.1	

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, 2026

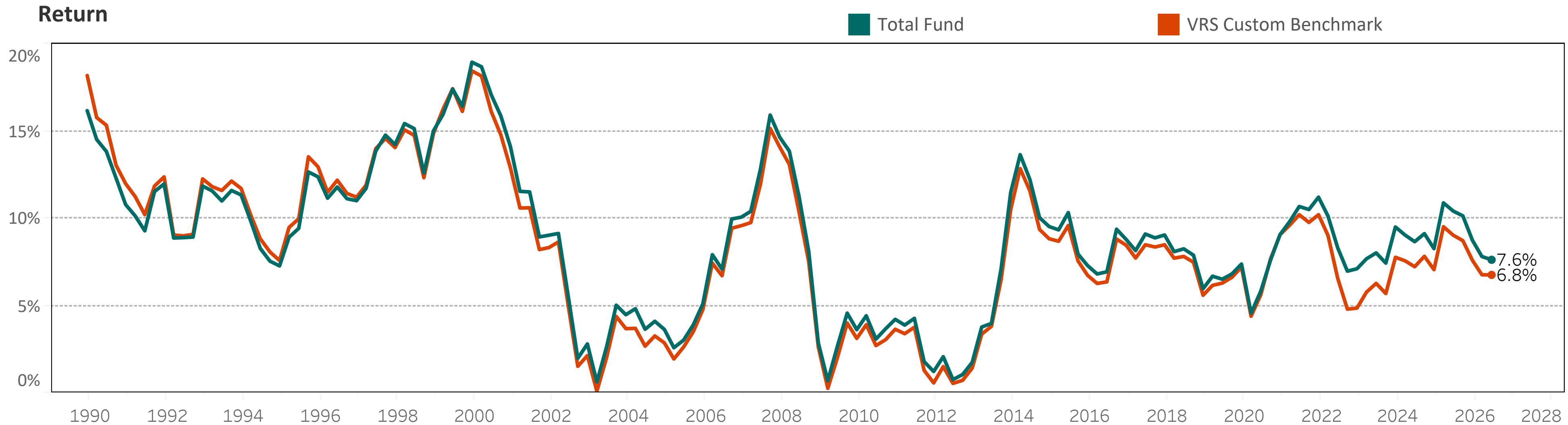
	Portfolio		Policy		Attribution		
	Weight	Return	Weight	Return	Allocation	Selection	Total
TOTAL	100.0	12.1	100.0	12.7	0.3	-0.9	-0.6
Public Equity	33.6	23.8	32.0	21.8	0.1	0.6	0.7
Private Equity	15.4	5.2	16.0	20.3	0.0	-2.5	-2.4
Real Assets	12.9	6.7	14.0	4.5	0.1	0.3	0.4
Credit Strategies	14.6	8.3	16.0	5.2	0.1	0.5	0.6
Diversifying Strategies	4.9	7.1	5.0	6.4	0.0	0.0	0.0
Private Investment Partnerships	1.6	9.7	2.0	9.7	0.0	0.0	0.0
EMP	0.9	22.4			0.1	0.0	0.1
Fixed Income	15.1	5.3	16.0	4.2	0.1	0.2	0.2
Cash	1.7	1.4	2.0	3.9	0.1	0.0	0.0
Other	0.2	3.6			0.0	0.0	0.0
Leverage	-0.8	4.5	-3.0	4.5	-0.2	0.0	-0.2

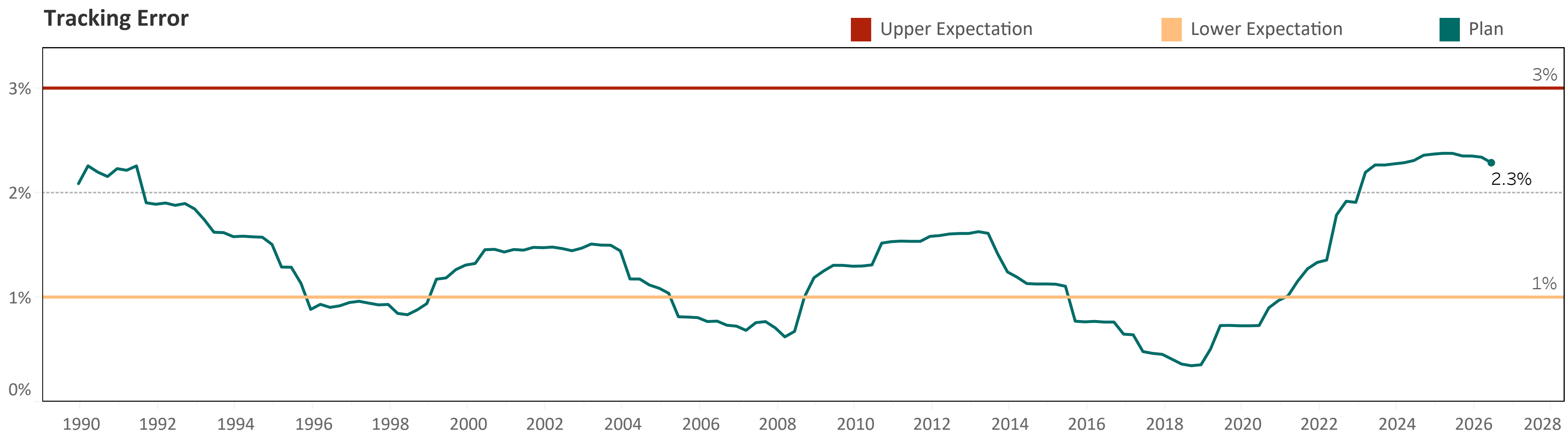
Differences in totals are due to rounding.

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.

Virginia Retirement System®

Total Fund Rolling 5-Year

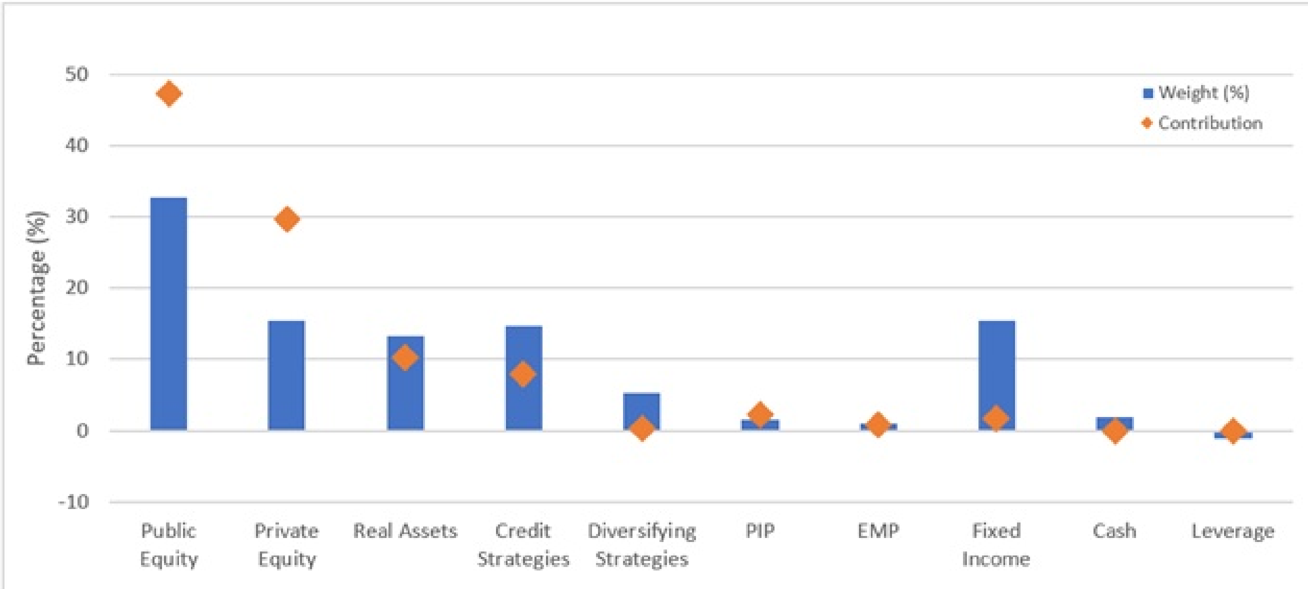




As of June 30, 2026

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.

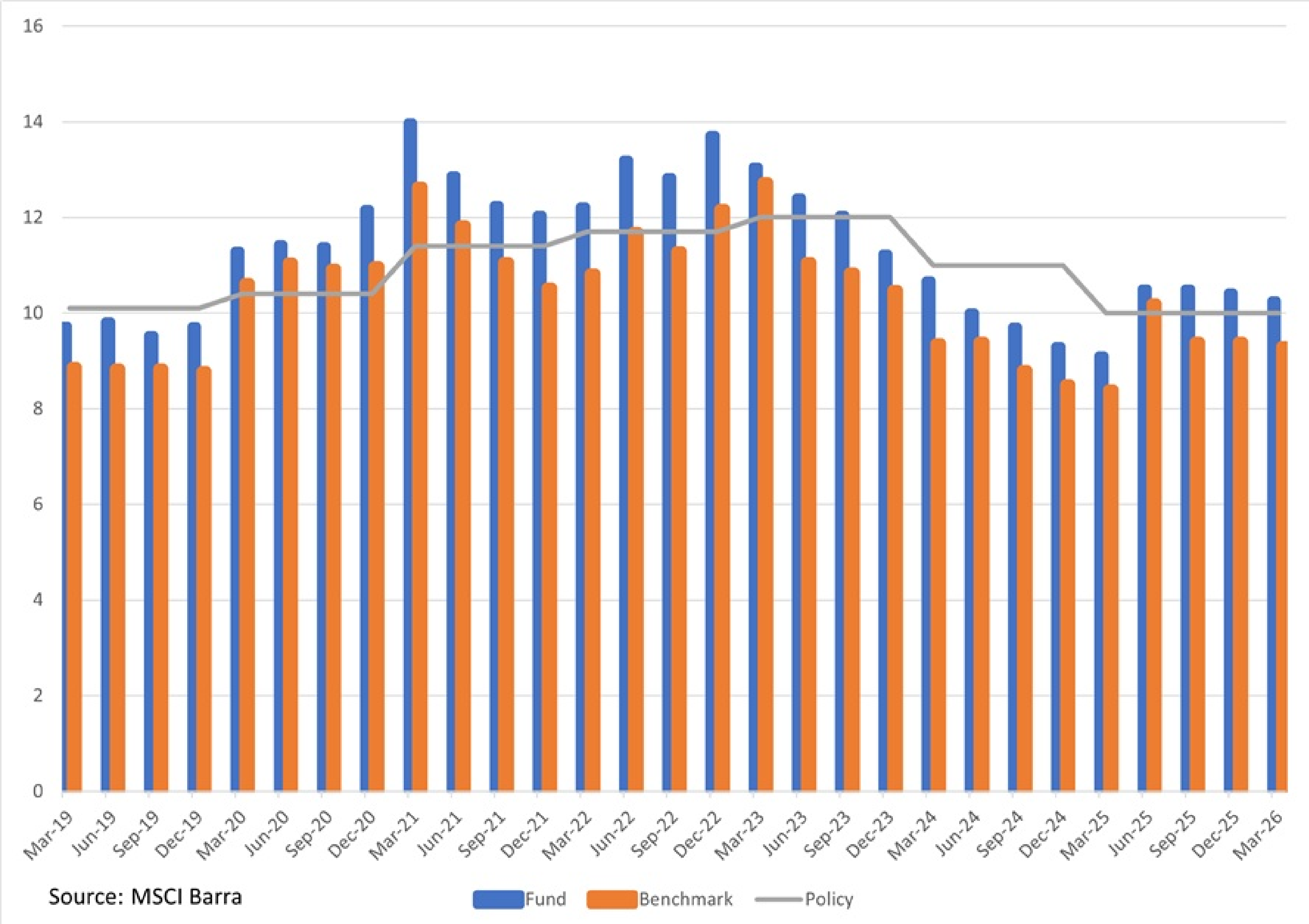
Projected Volatility and Risk Contribution - March 31, 2026



	Market Value		Volatility (%)	
Asset Class	Billions ($)	Weight (%)	Projected	Contribution
Public Equity	42.3	32.7	15.6	47.2
Private Equity	19.9	15.4	21.8	29.7
Real Assets	17.1	13.2	10.0	10.2
Credit Strategies	19.0	14.7	8.8	7.9
Diversifying Strategies	6.7	5.2	3.1	0.3
Private Investment Partnership (PIP)	2.0	1.5	15.8	2.2
Exposure Management Portfolio (EMP)	1.3	1.0	17.8	0.8
Fixed Income	19.9	15.4	5.4	1.7
Cash	2.4	1.8	0.1	0.0
Leverage	-1.4	-1.1	0.0	0.0
Total Fund (Net Market Value)	**129.3**	**100.0**	**10.3**	**100.0**

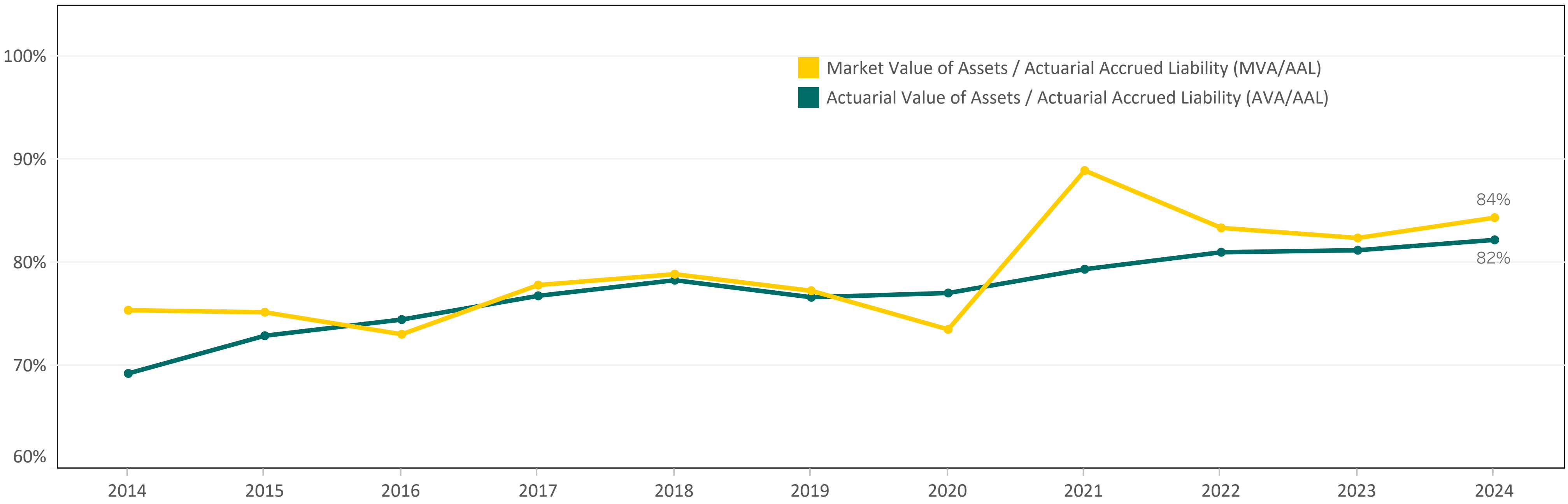
Source: BNY, MSCI Barra

VRS Fund Projected Volatility - March 31, 2026



Virginia Retirement System®

Funded Status - Assets/Liabilities



As of end of fiscal year.

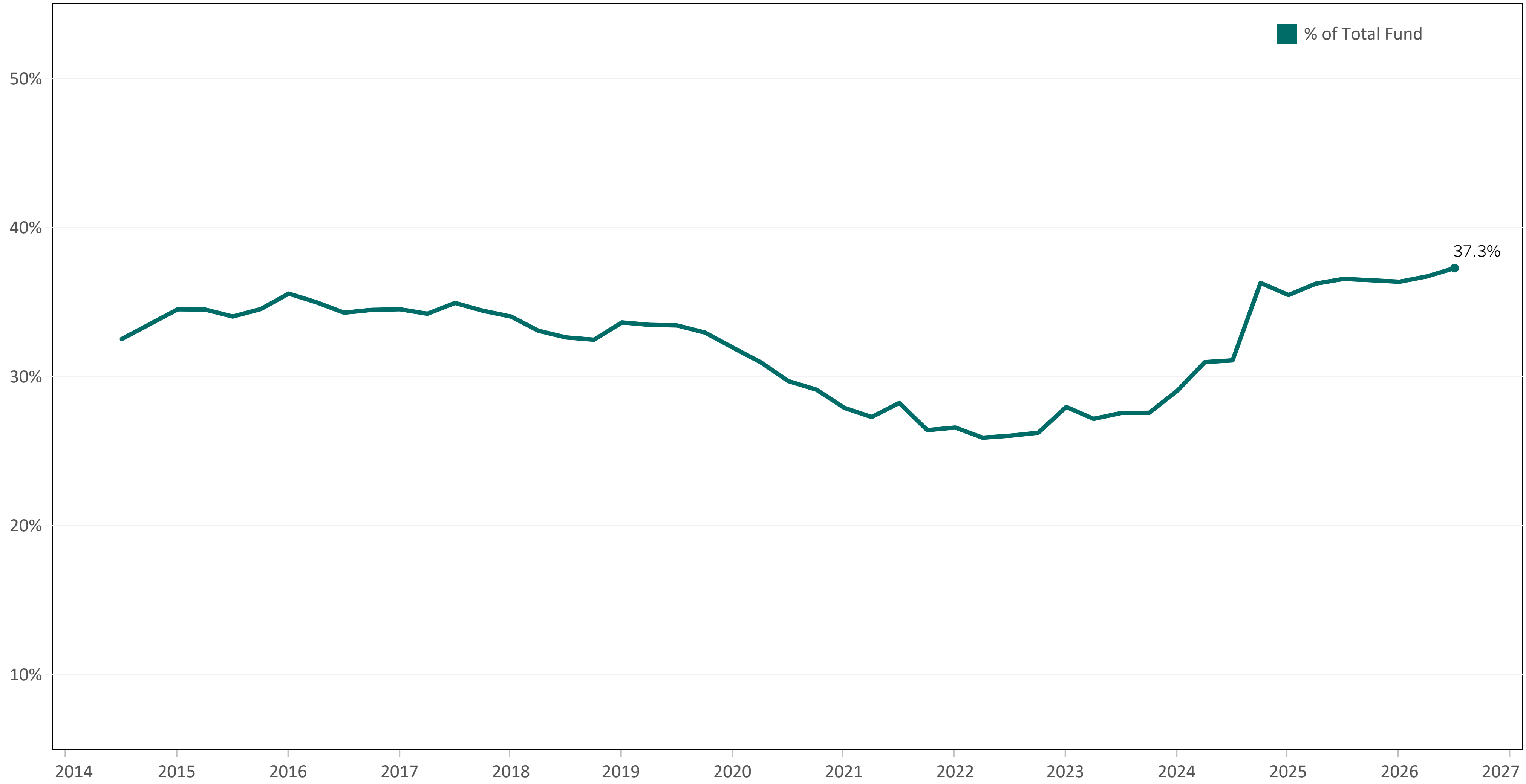
Market Value of Assets (MVA) - The value at which assets could be traded on the market.

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
July 31, 2026

TOTAL FUND PERFORMANCE
(Net of Fees)

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value ($MM)
Total Public Equity	**12.1**	**11.5**	**19.6**	**23.4**	**5.4**	**0.5**	**0.5**	**12.4**	**46,281**
Benchmark	12.0	10.3	17.3	21.0	4.3	0.1	0.1	11.2	
Total Private Equity	**13.9**	**8.3**	**5.6**	**5.4**	**-1.2**	**0.0**	**0.0**	**0.6**	**19,201**
Benchmark	14.1	10.4	19.5	28.8	1.9	7.9	7.9	8.2	
Total Real Assets	**6.8**	**5.7**	**2.3**	**6.6**	**1.7**	**0.0**	**0.0**	**4.2**	**17,854**
Benchmark	4.7	3.3	0.8	4.7	1.8	0.7	0.7	3.0	
Total Credit Strategies	**7.4**	**7.2**	**9.6**	**8.2**	**1.2**	**0.3**	**0.3**	**2.4**	**19,394**
Benchmark	5.7	5.2	7.7	4.9	1.1	0.3	0.3	2.0	
Total Diversifying Strategies	**n/a**	**5.0**	**7.1**	**9.8**	**1.4**	**2.0**	**2.0**	**3.9**	**7,568**
Benchmark	n/a	4.1	7.1	6.2	1.4	0.4	0.4	3.4	
Total Private Investment Partnerships	**9.1**	**9.0**	**8.9**	**9.7**	**3.9**	**0.0**	**0.0**	**4.7**	**1,905**
Benchmark	8.2	6.7	9.0	12.3	1.6	2.9	2.9	4.4	
Total Fixed Income	**2.4**	**0.5**	**4.8**	**4.0**	**-0.5**	**-1.4**	**-1.4**	**-0.2**	**20,321**
Benchmark	1.5	-0.1	4.2	3.1	-0.6	-1.3	-1.3	-0.5	
Total Fund	**9.0**	**7.6**	**10.3**	**12.0**	**2.2**	**0.2**	**0.2**	**5.5**	**134,724**
VRS Custom Benchmark	8.4	6.8	11.2	13.5	2.1	1.2	1.2	5.8	

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.

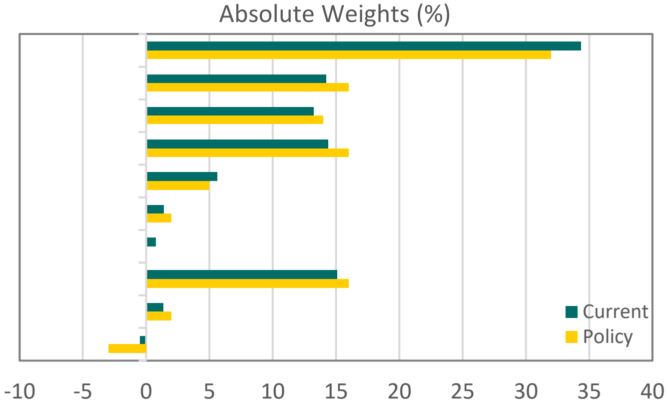
Leverage Cost Measurement Information
(Information provided for purposes of monitoring the cost effectiveness of leverage implementation.)

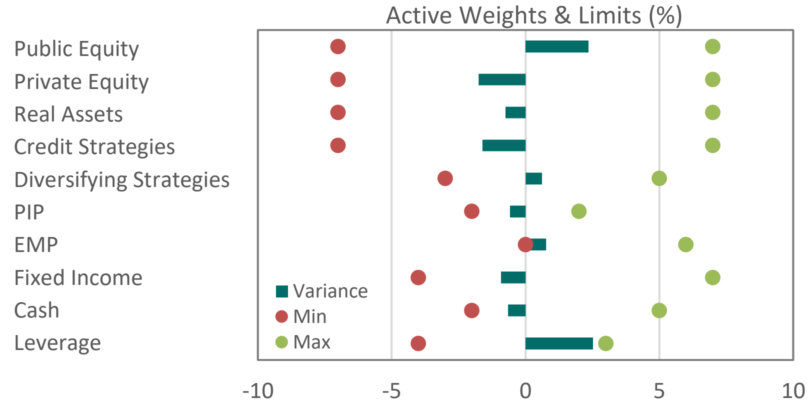
	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value ($MM)
Leverage	**n/a**	**n/a**	**n/a**	**4.4**	**1.0**	**0.4**	**0.4**	**2.4**	**(653)**
Benchmark	n/a	n/a	n/a	4.5	1.0	0.4	0.4	2.5	

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, 2026





Tracking Error (%)	
5Yr Fund	2.3
5Yr Public	1.5

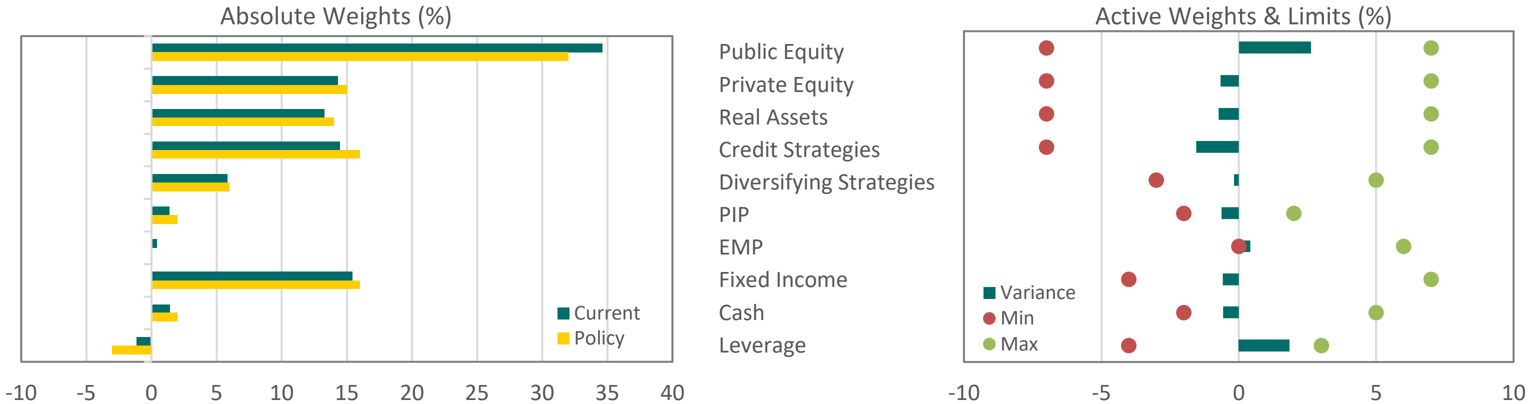
Asset Class	Billions ($)	Weights (%) Current	Policy	Variance	Min	Max	Internal
Public Equity	46.3	34.4	32.0	2.4	25	39	52
Private Equity	19.2	14.3	16.0	-1.7	9	23	15
Real Assets	17.9	13.3	14.0	-0.7	7	21	16
Credit Strategies	19.4	14.4	16.0	-1.6	9	23	6
Diversifying Strategies	7.6	5.6	5.0	0.6	2	10	0
Private Investment Partnerships (PIP)	1.9	1.4	2.0	-0.6	0	4	0
Exposure Management Portfolio (EMP)	1.0	0.8	0.0	0.8	0	6	0
Fixed Income	20.3	15.1	16.0	-0.9	12	23	95
Cash	1.8	1.3	2.0	-0.7	0	7	0
Leverage	-0.7	-0.5	-3.0	2.5	-4	0	0
Total Fund (Net Market Value)	**134.7**	**100.0**	**100.0**	**0.0**	**n.a.**	**n.a.**	**37**
Total Fund (Gross Market Value)	135.4	100.5	103.0	-2.5	n.a.	n.a.	0

Exposures by Policy Groups							
Public + Private Equity	65.5	48.6	48.0	0.6	38	58	n.a.
Fixed Income + Cash	22.1	16.4	18.0	-1.6	12	27	n.a.

- Total Fund includes the following amount held by the Treasurer of VA: $ 114 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 06/30/2026.
- Differences in totals are due to rounding

Daily Asset Allocation Report

September 9, 2026



Tracking Error (%)	
5Yr Fund	2.3
5Yr Public	1.5

		Weights (%)					
Asset Class	Billions ($)	Current	Policy	Variance	Min	Max	Internal
Public Equity	46.8	34.6	32.0	2.6	25	39	52
Private Equity	19.4	14.3	15.0	-0.7	8	22	15
Real Assets	18.0	13.3	14.0	-0.7	7	21	19
Credit Strategies	19.5	14.5	16.0	-1.5	9	23	6
Diversifying Strategies	7.9	5.8	6.0	-0.2	3	11	0
Private Investment Partnerships (PIP)	1.9	1.4	2.0	-0.6	0	4	0
Exposure Management Portfolio (EMP)	0.6	0.4	0.0	0.4	0	6	0
Fixed Income	20.9	15.4	16.0	-0.6	12	23	95
Cash	1.9	1.4	2.0	-0.6	0	7	0
Leverage	-1.5	-1.1	-3.0	1.9	-7	0	0
Total Fund (Net Market Value)	**135.3**	**100.0**	**100.0**	**0.0**	**n.a.**	**n.a.**	**37**
Total Fund (Gross Market Value)	136.8	101.1	103.0	-1.9	n.a.	n.a.	0

Exposures by Policy Groups							
Public + Private Equity	66.2	49.0	47	2.0	37	57	n.a.
Fixed Income + Cash	22.8	16.8	18	-1.2	12	27	n.a.

- Total Fund includes the following amount held by the Treasurer of VA: $ 121 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 6/30/2026
- Differences in totals are due to rounding

Program	Action	Effective Date	Commitment/ Current Value	Funding/ Defunding Period	Description
Real Assets	Hired	06/22/2026	$125 Million	4 Years	**Meadow Real Estate Fund VII –** A closed-end fund focused on opportunistic real estate in New York and London.
Real Assets	Hired	07/17/2026	$150 Million	Immediate	**Apollo Manufactured Housing Property Fund –**An open-end core-plus fund consisting of 43 existing manufactured housing communities.
Real Assets	Hired	06/30/2026	$100 Million	4 Years	**Silver Hill Energy Partners V –** A closed-end fund focused on the acquisition, development, and operation of oil and gas assets in the U.S.
Real Assets	Hired	06/30/2026	$150 Million	6 Months	**Kayne Anderson Core Real Estate Fund –** An open-end fund focused on core investments in alternative real estate property types in the U.S.
Real Assets	Hired	08/28/2026	$43.2 Million	Immediate	**Lime Rock Resources Fund III Continuation Vehicle –** A closed-end fund continuation vehicle investing in domestic oil and gas assets.
Private Equity	Hired	07/10/2026	$201 Million	5 Years	**Apax Digital Fund III –** Middle market private equity strategy investing in high-quality, high-growth technology companies through a balanced mix of minority growth and growth buyout transactions.
Private Equity	Hired	07/20/2026	$200 Million	3 Years	**General Atlantic SMA II -** A separately managed account with General Atlantic, a global growth equity investment firm focused on technology, healthcare and life sciences, financial services, consumer, and climate sectors.
Private Equity	Hired	07/27/2026	$300 Million	6 Years	**GTCR XV –** A fund investing in upper middle-market companies across business and consumer services, healthcare, technology, media and telecom, and financial services and technology.
Private Equity	Hired	07/29/2026	$200 Million	6 Years	**Apollo Investment Fund XI –** A fund investing in both distressed and non-distressed opportunities, providing flexibility across all business cycles and economic environments. The fund will target companies in business and financial services, industrial and manufacturing, leisure and consumer services, and telecommunications, media and technology.
Private Equity	Hired	08/04/2026	$75 Million	5 Years	**NorthSands Capital I –** A fund focused on single-asset continuation vehicles targeting well-known sectors including industrials and industrial services companies.

VRS Investment Department
Recap of New Investments/Terminations
Time Period: 06/18/2026 – 09/17/2026

Virginia Retirement System

Program	Action	Effective Date	Commitment/ Current Value	Funding/ Defunding Period	Description
Credit Strategies	Hired	06/26/2026	$150 Million	5 Years	**Beach Point Credit Tactical Fund II –** A closed-end fund investing in hybrid capital solutions for middle market companies.
Credit Strategies	Hired	06/30/2026	$300 Million	3 Years	**Blue Owl Real Estate Fund VII –** A commingled drawdown fund investing primarily in U.S. corporate real estate.
Public Equity	Closed	05/15/2026	$581 Million	Immediate	**Eminence Capital -** A fundamental long/short equity strategy.
Public Equity	Hired	08/14/2026	$200 Million	2 Years	**ValueAct Strategic Global Fund II** – A co-investment vehicle.
Diversifying Strategies	Hired	07/01/2026	$25 Million	Immediate	**NISA Systematic Strategies** – A multi-asset absolute return strategy.
Exposure Management Portfolio	Terminated	08/31/2026	$591 Million	Immediate	**AQR Market Neutral Value Fund** – A systematic long/short value strategy.

VRS Investment Department
DIME Quarterly Report
Activity for Quarter Ending June 30, 2026

Investment Program	Activity	Manager Name	Description	VRS Action
Public Equity	On-Going Monitoring of Current VRS Manager	Ariel Global (minority and women-owned firm)[1]	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	ARGA Investment Management (minority-owned firm)[1]	Manager focused on global and emerging markets equity strategies.	Staff held an introductory meeting with manager to discuss background, company, and strategy.
Public Equity	Manager Meeting	Discerene (minority-owned firm)[1]	Manager focused on long-only and long-short strategies.	Staff had an update call with this manager to discuss their firm and strategy.
Public Equity	Manager Meeting	Integrated Quantitative Investments (women-owned firm)[1]	Manager focused on global equity strategies.	Staff held an introductory call with manager to discuss background, company, and strategy.
Public Equity	Manager Meeting	Nipun Capital (minority and women-owned firm)[1]	Manager focused on emerging market strategies.	Staff had an update meeting with this manager to discuss their firm and strategy.
Public Equity	Manager Meeting	Saraza (minority-owned firm)[1]	Manager focused on quality long-duration investments.	Staff held an introductory meeting with manager to discuss background, company, and strategy.
Public Equity	Manager Meeting	Tiger Pacific Capital (minority-owned firm)[1]	Manager focused on Asia long/short investments.	Staff had an update call with this manager to discuss their firm and strategy.
Credit Strategies	Communication with Fund Manager	LuminArx (minority-owned firm)[2]	Private credit manager focused on opportunistic alternative solutions.	VRS reviewed materials relating to the manager’s firm, platform, and opportunistic capital solutions fund.

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.
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)[1]	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)[1]	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.
Real Assets	On-Going Monitoring of Current VRS Manager	Pritzker Realty Group (women-owned firm)[1]	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring during the quarter.

Investment Program	Activity	Manager Name	Description	VRS Action
Real Assets	On-Going Monitoring of Current VRS Manager	Sheridan Production Partners (women-owned firm)[1]	Current VRS natural resources manager.	Staff performed on-going due diligence and monitoring during the quarter.
Real Assets	Manager Meeting	Warwick Investment Group (women-owned firm)[1]	Manager focused on U.S. energy and global real estate.	Staff met with this manager to discuss their various funds, performance and market updates.
Real Assets	Virtual Manager Meeting	Area One Farms (women-owned firm)[1]	Annual crop farmland manager focused on investment opportunities in the U.S. and Canada.	Staff had an introductory call with this emerging manager to discuss their strategy and new fundraise initiative.
Real Assets	Virtual Manager Meeting	FIC Partners Management (women and minority-owned firm)[1]	U.S. focused middle-market energy and power infrastructure manager.	Staff had an introductory call with this emerging manager to discuss their strategy and new fundraise initiative.
Real Assets	Virtual Manager Meeting	Shadowbox Logistics (women-owned firm)[1]	Manager focused on modern, mission-critical logistics facilities throughout the United States.	Staff had an introductory call with this emerging manager to discuss their strategy and new fundraise initiative.
Private Equity	On-Going Monitoring of Current VRS Manager	Asia Alternatives (minority and women-owned firm)[1]	A fund-of-funds manager focused on alternative investments in Asia.	Staff had communication with the manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Siris Capital (minority-owned firm)[1]	Middle market buyout manager focused on control investments in data/telecommunications, technology, and technology-enabled business service companies in North America.	Staff had communication with the manager during the quarter.

Investment Program	Activity	Manager Name	Description	VRS Action
Private Equity	On-Going Monitoring of Current VRS Manager	Veritas Capital (minority-owned firm)[2]	Middle market buyout fund manager focused on targeting primarily technology or technology-enabled solutions to government.	Staff had communication with the manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Vista Equity Partners (minority-owned firm)[1]	Large market buyout fund manager focused on enterprise software companies.	Staff had communication with the manager during the quarter.
Private Equity	Virtual Manager Meeting	MaC Ventures (minority-owned firm)[1]	Early-stage venture capital firm focused on startups, supporting founders with funding, strategy, and long-term business growth.	Staff had communication with the manager during the quarter.
Private Equity	Virtual Manager Meeting	MarcyPen Capital Partners (minority and women-owned firm)[1]	Firm focused on consumer products, consumer services, e-commerce, micro-mobility, robotics, drones, virtual reality, ephemeral content, mobile commerce, and technology-based sectors in North America.	Staff had communication with the manager during the quarter.
Private Equity	Virtual Manager Meeting	Mako Capital Group (minority-owned firm)[1]	Firm focused on lower-middle market companies in financial, healthcare, and other essential service industries.	Staff had communication with the manager during the quarter.
Private Equity	Virtual Manager Meeting	Melange Capital (minority-owned firm)[1]	Firm focused on providing capital appreciation and current income to its investors by accessing energy-focused private equity portfolios or companies through secondary transactions.	Staff had communication with the manager during the quarter.
Private Equity	Virtual Manager Meeting	Valor Equity Partners (minority-owned firm)[1]	Fund manager focused on providing flexible capital to growing companies.	Staff had communication with the manager during the quarter.

Investment Program	Activity	Manager Name	Description	VRS Action
Fixed Income	On-Going Monitoring of Current VRS Manager	Payden & Rygel (women-owned firm)[1]	Current VRS emerging market debt manager.	Staff had various interactions with the manager during the quarter.

Index:

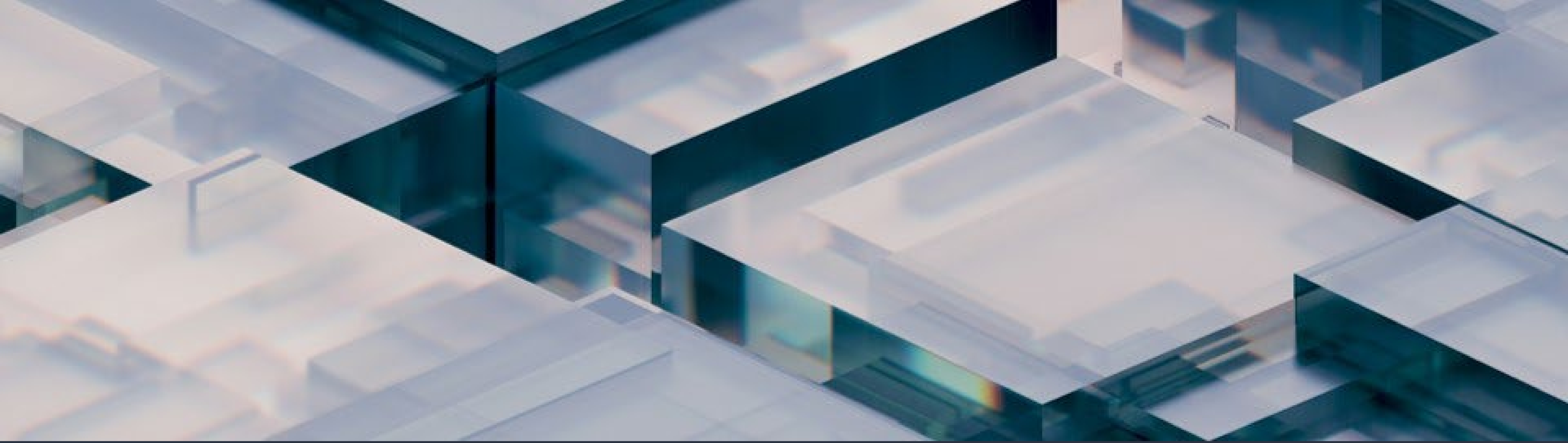
1 – The manager is considered Diverse Investment Management Engagement (DIME) under the Commonwealth of Virginia definition, which defines ownership threshold of 51% or more.

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, 2026

Investment Program	Type of Contact	Investment Manager Name	Official Making Referral	VRS Action

No activity to report this quarter.

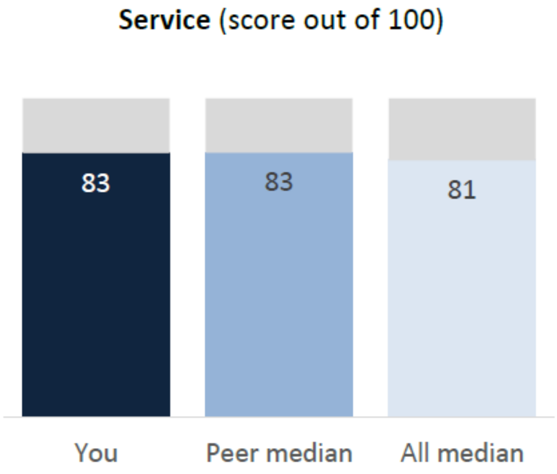


CEM Administration Benchmark Report - 2025

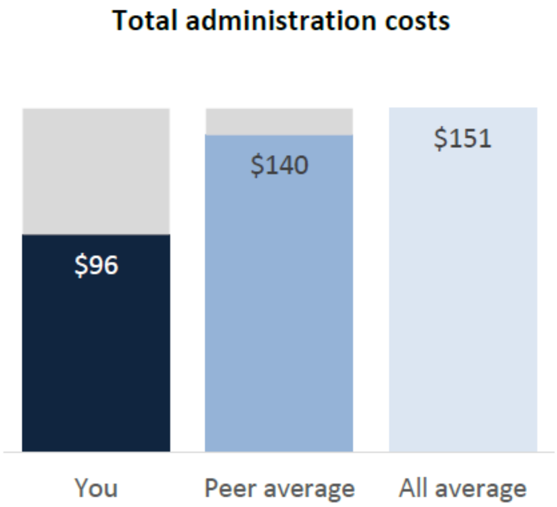
Virginia Retirement System

September 17, 2026

Key takeaways:

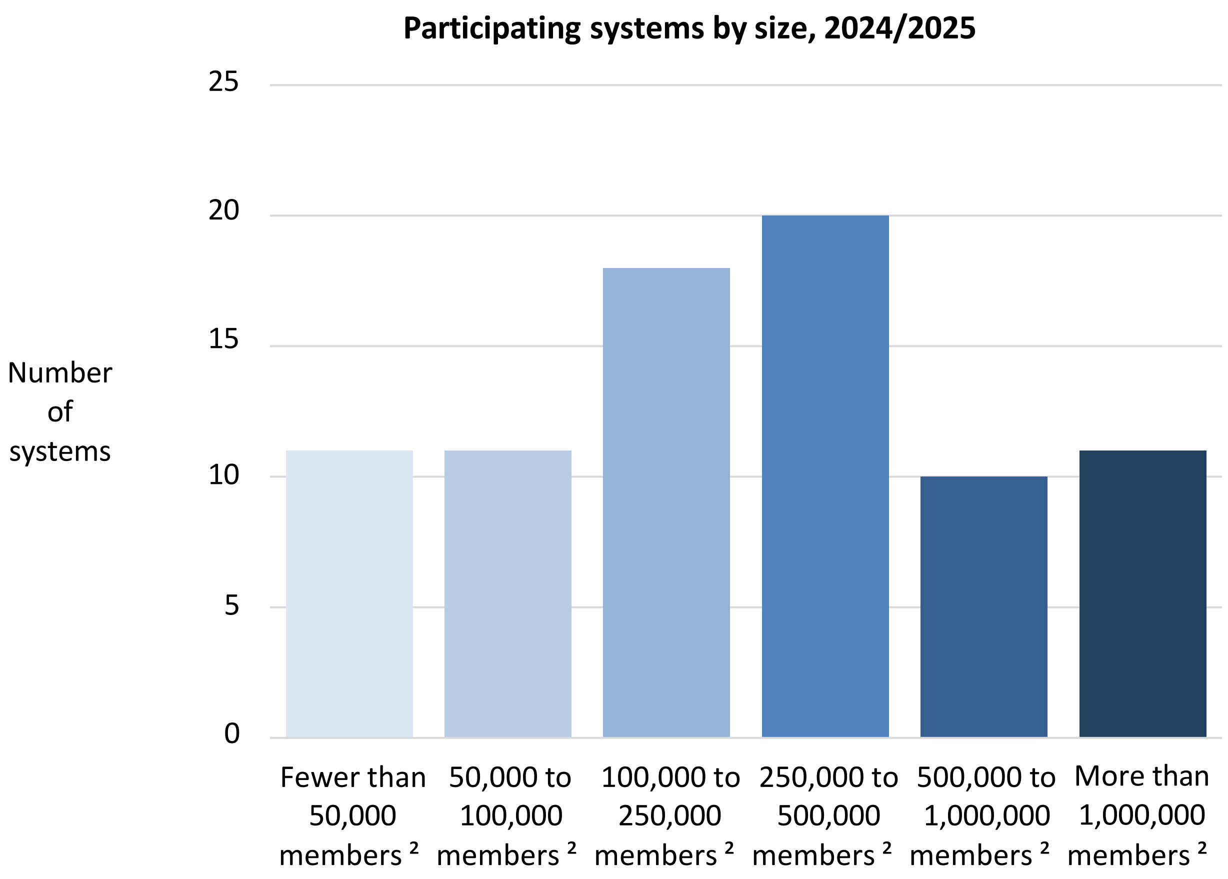


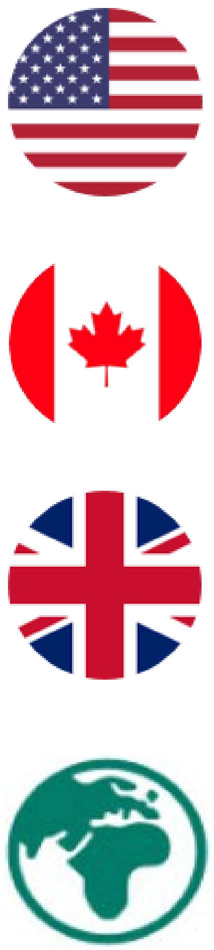
- Your service score was 83. This was equal to the peer median.
- You scored well for service in these areas:
  - Pension inceptions, online retirement applications, purchases and transfers-in.
- You scored below for service in these areas:
  - Contact center: accessibility, secure messaging portal, tracking inactive members.
- Your service score has increased from 74 to 83 between 2018 and 2025.



- Your total pension administration cost of $96 per active member and annuitant was $44 below the peer average of $140.
- This was mainly driven by lower support costs per member and fewer FTEs per member.
- You were lower cost and higher service than the average participant in the CEM universe.

Insights are based on the 81 global pension systems that participate in the benchmarking subscription[1].





42% American
34 systems

26% Canadian
21 systems

28% British
23 systems

4% Rest of World
3 systems

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

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

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

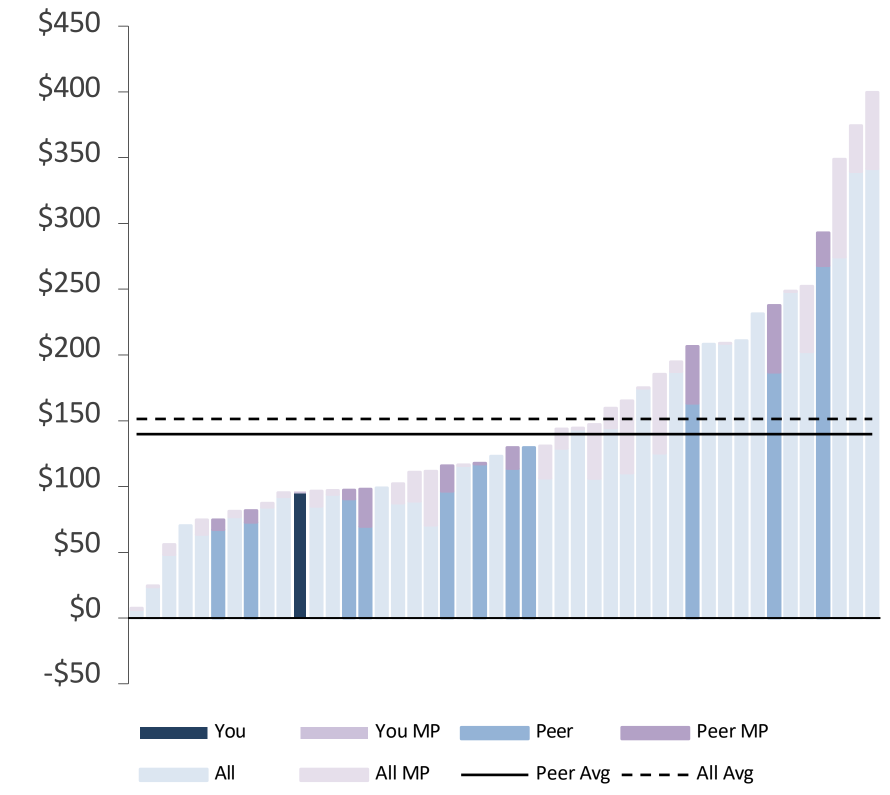
Custom Peer Group for Virginia RS

#	System	Number of members (in 000s) Active Members	Annuitants	Total [1]
1	NYSLRS	540	529	1,069
2	CalSTRS	471	339	810
3	**Virginia RS**	**378**	**242**	**620**
4	Washington state DRS	369	240	608
5	Ohio PERS	316	221	538
6	Pennsylvania PSERS	257	251	508
7	Michigan ORS	157	288	446
8	Indiana PRS	253	180	433
9	Arizona SRS	219	180	399
10	Colorado PERA	250	140	390
11	Oregon PERS	197	171	368
12	STRS Ohio	189	158	348
	Median	255	231	477
	Average	300	245	545

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 $96 per active member and annuitant was $44 below the peer average of $140.

Pension Administration Cost Per Active Member and Annuitant [1]



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

	$000s	$ per Active Member and Annuitant	
Category	You	You	Peer Avg
Business-As-Usual Costs	58,662	95	122
Major Project Costs [1]	786	1	17
Total Pension Administration	59,448	96	140

We include costs that are directly related to pension administration (e.g., staff costs or 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 $59.4 million also excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of $13.8 million.

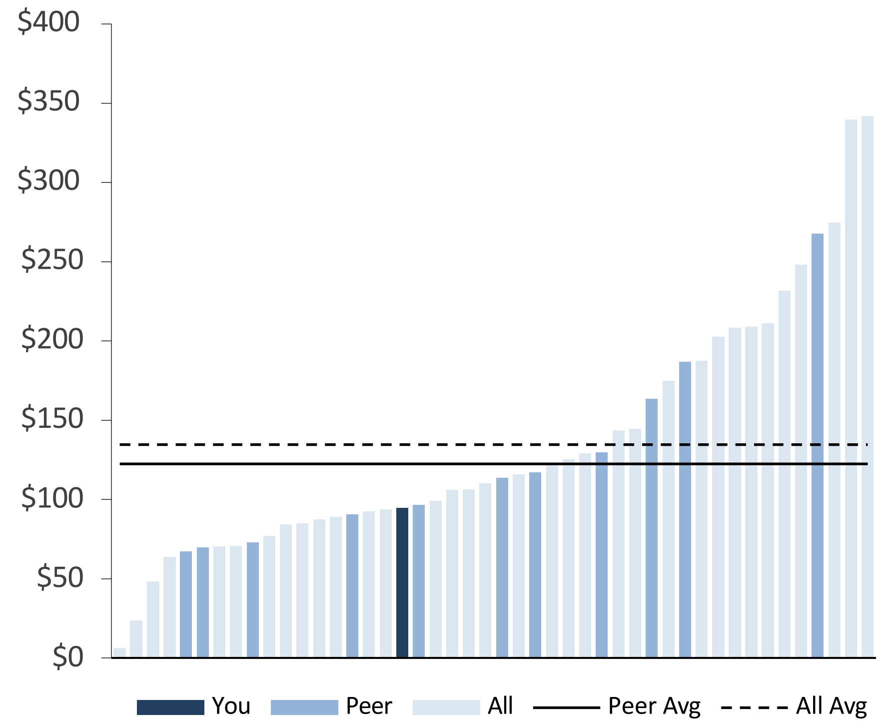
Reasons why your total cost per member was $44 below the peer average:

Reason	You	Peer Avg	Impact $ per active member and annuitant
1 Fewer front office FTE per 10,000 members	2.6 FTE	3.5 FTE	-$14
2 Lower third party costs per member in the front office	$4.60	$6.19	-$2
3 Higher costs per FTE			
Salaries and Benefits [1]	$127,790	$127,369	
Building and Utilities	$10,425	$12,103	
HR	$5,022	$5,973	
IT Desktop, Networks, Telecom	$30,195	$19,847	
Total	$173,433	$165,292	$5
4 Lower support costs per member (mainly driven by major projects)[2]			
Governance and Financial Control	$10	$10	
Major Projects	$2	$20	
IT Strategy, Database, Applications	$20	$33	
IT Security	$12	$4	
Actuarial, Legal, Audit, Other	$7	$16	
Total	$51	$84	-$33
Total			-$44

1. 26% of your total salaries and benefits relates to benefits. This compares to a peer average of 35%.
2. To avoid double counting, governance and support costs are adjusted for differences in cost per FTE.
*The sum of the cost impact may not match the total due to rounded values.

Your Business-As-Usual (BAU) costs of $95 per active member and annuitant was $28* below the peer average of $122.

Business-As-Usual Costs Per Active Member and Annuitant

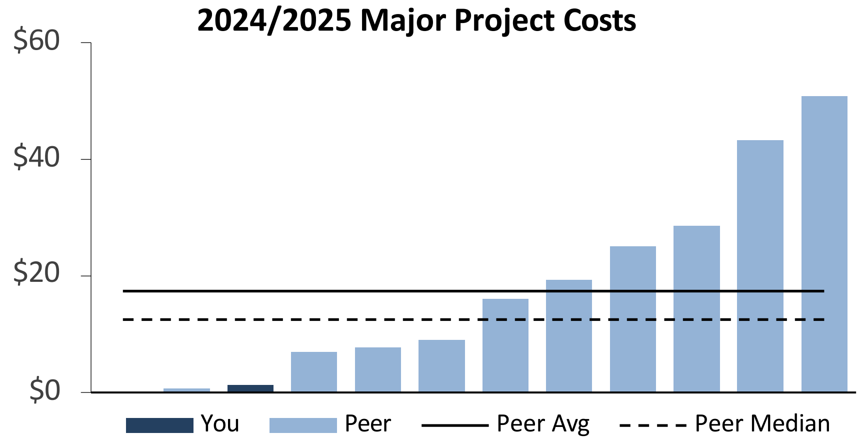


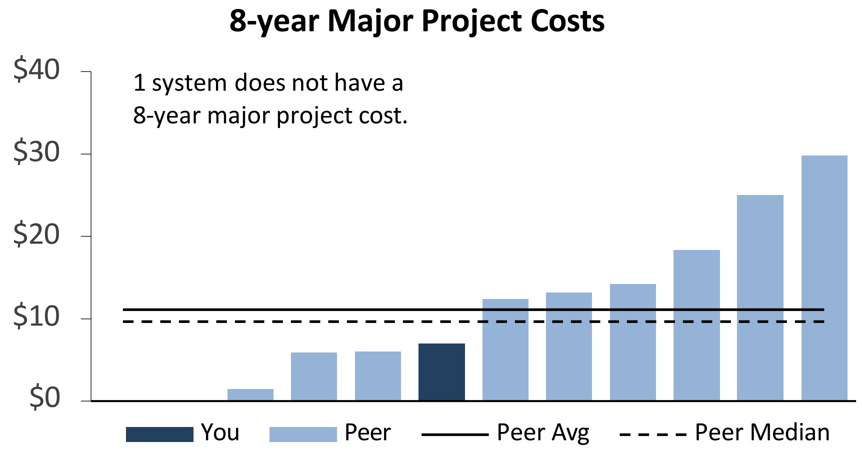
Category	$000s You	$ per Active Member and Annuitant You	$ per Active Member and Annuitant Peer Avg
Front office			
Member Transactions	5,330	9	16
Member Communication	11,079	18	20
Collections & Data Maintenance	4,217	7	10
Governance and support			
Governance and Financial Control	5,055	8	8
Information Technology	25,900	42	44
Building	2,480	4	7
HR	1,195	2	3
Actuarial	751	1	2
Legal	1,544	2	5
Audit	1,111	2	2
Other Support Services	0	0	6
Total Pension Administration	58,662	95	122

*The difference between your BAU costs and the peer average may not match the difference between their rounded values.

Your Major Project costs of $1 per active member and annuitant was $16 below the peer average of $17.

Your Major Project costs of $1 per active member and annuitant was $16 below the peer average of $17.





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.

	Major Project Cost $000s	$ per Active Member and Annuitant	
Category	You	You	Peer Avg
Single year 2024/2025	786	1	17
Multi-year average[1]	4,305	7	11

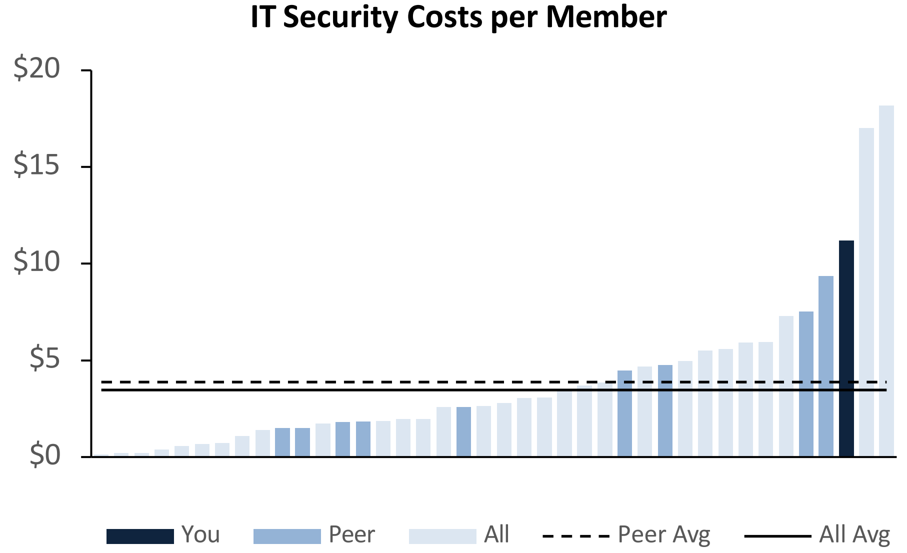
What is included in major project costs:

- 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.

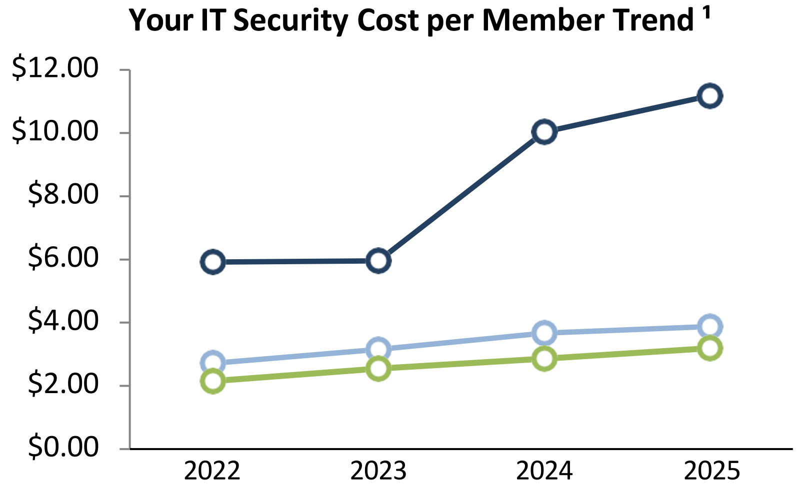
Project costs reported this year by you:

- 2025 Call Management System

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 $11.18 versus a peer average of $3.88.

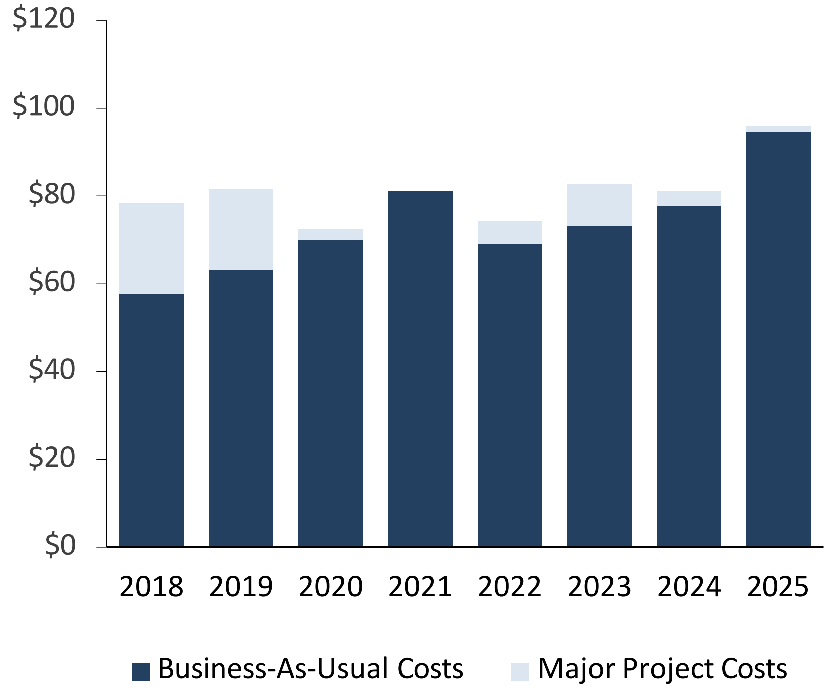


	2022	2023	2024	2025
You	5.92	5.96	10.03	11.18
Peer	2.71	3.15	3.67	3.88
All	2.15	2.54	2.86	3.19

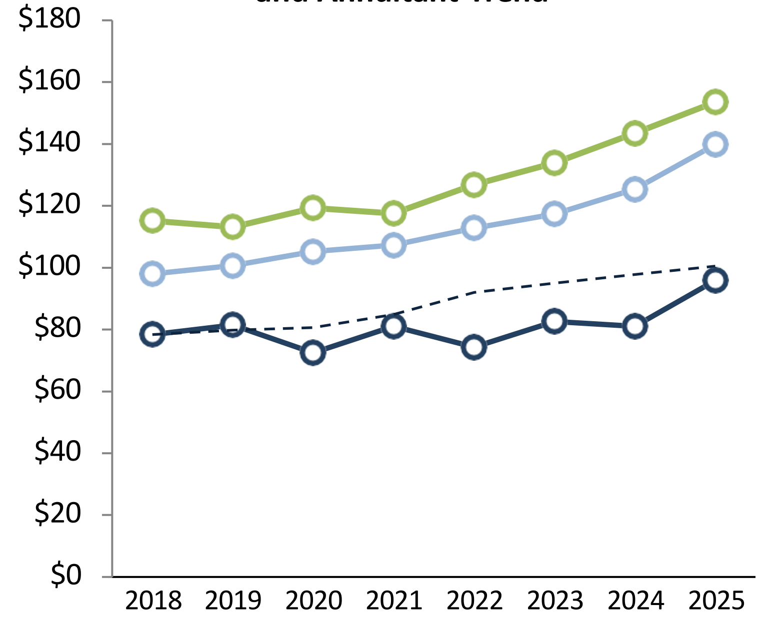
1. Trend analysis is based on systems that have provided 3 consecutive years of data (12 of your 12 peers and 29 of the 46 systems in the universe).

Your total pension administration costs per active member and annuitant increased by 18.2% in the year, and increased by 2.9% per annum over the last 8 years.

Your Pension Administration Cost Per Active Member and Annuitant Trend



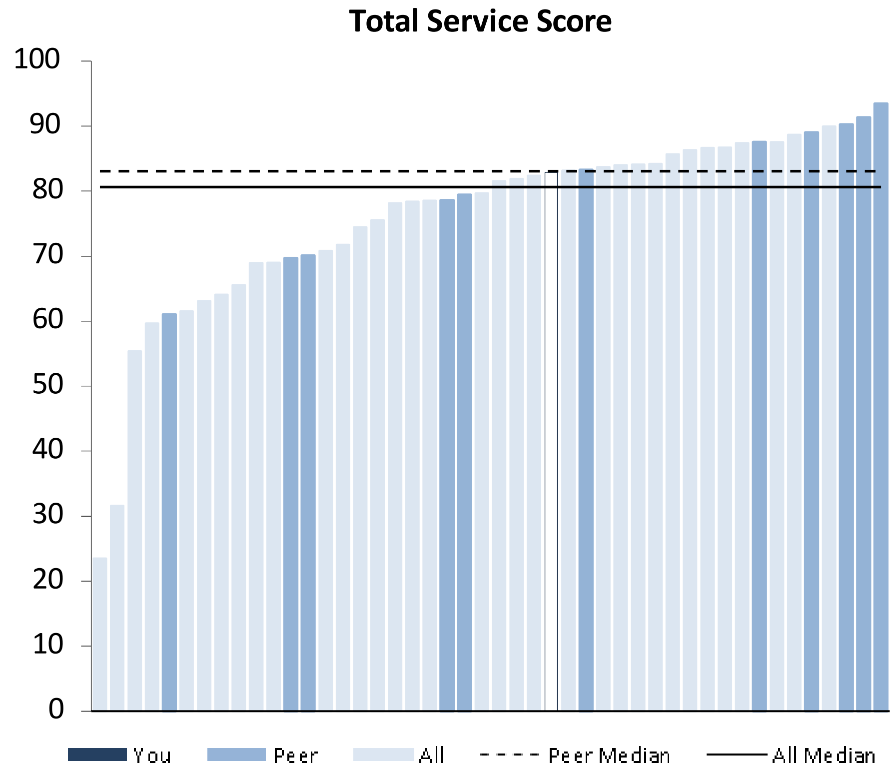
Pension Administration Cost Per Active Member and Annuitant Trend



	2018	2019	2020	2021	2022	2023	2024	2025	8-yr change
You	$78	$81	$72	$81	$74	$83	$81	$96	2.9%
Peer Avg [1]	$98	$101	$105	$107	$113	$117	$125	$140	5.2%
All Avg [1]	$115	$113	$119	$118	$127	$134	$143	$154	4.2%
CPI	$78	$80	$81	$85	$92	$95	$98	$101	3.6%

1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 32 of the 46 systems in the universe).

Your service score was 83. This was equal to the peer median.



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.

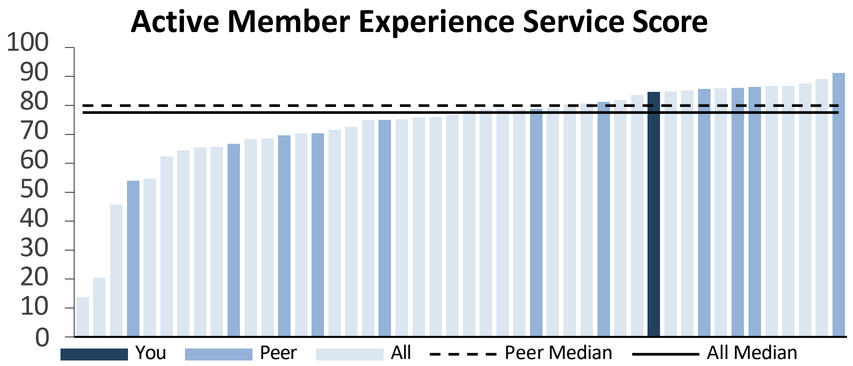
Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

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%	85	80
Inactive member experience	5%	68	74
Retiring experience	35%	81	82
Annuitant experience	30%	85	89
Total service score	100%	83	83

Your service score for the active member experience of 85 was above the peer median of 80.



Activity	Weight	You	Peer Median
Outbound communication	7.5%	43	50
Purchases and Transfers-in	10.0%	100	59
Member statements	12.5%	80	78
Personal information	5.0%	70	95
Salary and service credit information	5.0%	100	88
Secure website accessibility	30.0%	100	93
Contact center: accessibility	7.5%	49	52
Contact center: capability	5.0%	91	90
Contact center: call quality	5.0%	89	90
1-on-1 counseling	5.0%	100	93
Member presentations	2.5%	100	100
Feedback	5.0%	55	70
Active member experience service score	100.0%	85	80

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

Your strengths

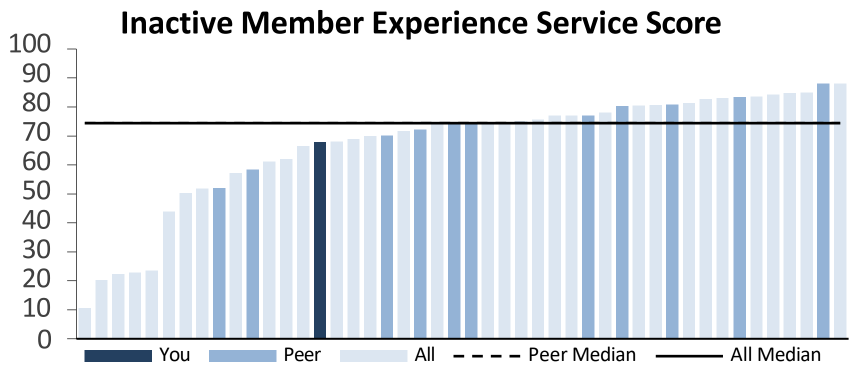
Activity	Key drivers
Contact Center: Accessibility	Your call center metrics significantly improved in 2025. Your call wait time was 350 secs (Peer avg: 457 secs) and your undesired call outcomes as a % of total calls were 9% (Peer avg: 16%).
Contact Center: Call Quality	91% of your calls were resolved during 'first contact' (Peer avg: 89%).
Secure Website: Accessibility	41% of your active members accessed your secure website at least once in the last year (Peer avg: 37%).
Purchases and Transfers-In	You have online calculators for service purchases and members can apply online for service purchases and transfers-in. Your processing times are quicker; written service purchase estimates (You: 1 day, Peer avg: 37 days), transfers-in (You: 0 months, Peer avg: 1.6 months).

Your opportunities

Activity	Key drivers
Outbound Communications	Some of your peers utilize targeted communications to obtain missing data, such as, email addresses and beneficiaries.
Personal Information	Your secure site does not have secure messaging. Most of your peers do and provides members with a history of recent correspondence (Peer avg: 83%) and allows members to upload documents (Peer avg: 67%).
Feedback	You do not survey your members about their experience using your secure site (Peer avg: 50%).

Your service score for the inactive member experience of 68 was below the peer median of 74.

Your service score for the inactive member experience of 68 was below the peer median of 74.



Activity	Weight	You	Peer Median
Outbound communication	10.0%	0	23
Tracking inactive members	10.0%	52	91
Transfers-out	5.0%	100	95
Personal information	7.5%	70	95
Salary and service credit information	5.0%	100	100
Secure website accessibility	40.0%	81	85
Contact center: accessibility	7.5%	49	52
Contact center: capability	5.0%	91	90
Contact center: call quality	5.0%	89	90
Feedback	5.0%	50	63
Inactive member experience service score	100.0%	68	74

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

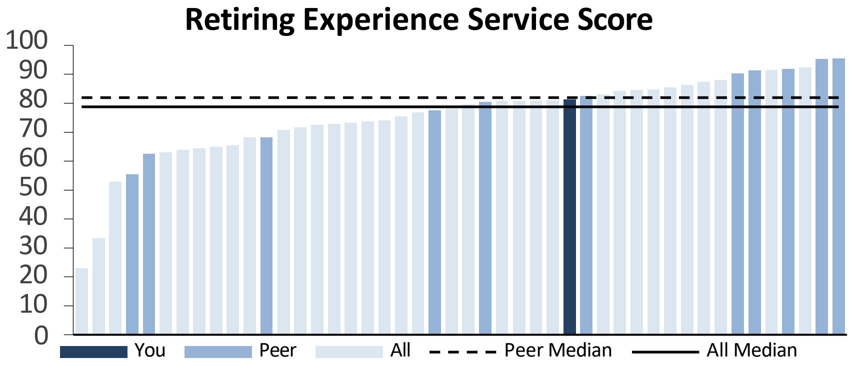
Your strengths

Activity	Key drivers
Transfers-Out	Your members can apply online for a transfer-out (Peer avg: 75%) and obtain a transfer value over the phone (Peer avg: 83%). You process your transfers-out in 3 days (Peer avg: 60 days).

Your opportunities

Activity	Key drivers
Outbound Communication	Your peers engage with inactive members through various communications; sending paper statements, newsletters or targeted communications. You do not.
Tracking Inactive Members	You could not tell us the % of inactive members that reached normal retirement age and did not receive benefits as they could not be located and are recorded as 'gone away'. Most of your peers could.

Your service score for the retiring member experience of 81 was below the peer median of 82.



Activity	Weight	You	Peer Median
Outbound communication	7.5%	10	100
Pension estimates: self-service	7.5%	94	88
Pension estimates: assisted service	2.5%	90	88
Retirement applications	7.5%	100	75
Pension inceptions	10.0%	96	93
Disability inceptions	5.0%	80	83
Personal information	2.5%	70	95
Salary and service credit information	2.5%	100	88
Secure website accessibility	20.0%	96	96
Contact center: accessibility	7.5%	49	52
Contact center: capability	5.0%	91	90
Contact center: call quality	5.0%	89	90
1-on-1 counseling	7.5%	100	93
Member presentations	5.0%	100	100
Feedback	5.0%	30	85
Retiring experience service score	100.0%	81	82

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

Your strengths

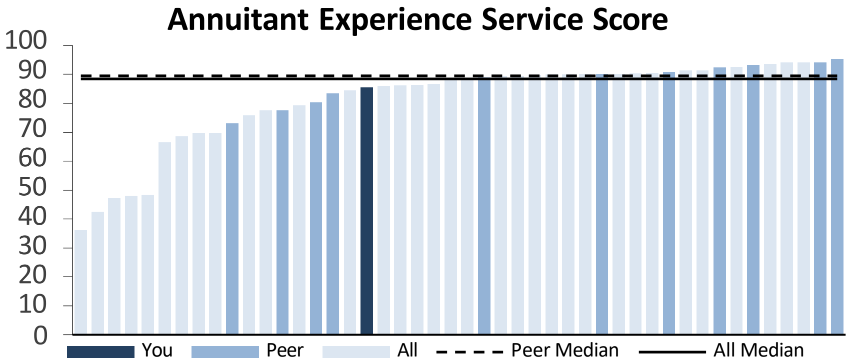
Activity	Key drivers
Pen Est: Self Service	Your online pension estimate calculator has rich functionality allowing your members to model various retirement options.
Retirement Applications	Your members can submit/process their retirement online, with 98% of your online retirements processed without staff intervention (Peer avg: 74%).
Pension Inceptions	100% of your member pensions (Peer avg: 86%) and 75% of your survivor pensions (Peer avg: 73%) were set up without a cashflow interruption of greater than 1 month.
Salary and Service Credit	Your members have online access to their complete annual history of salary and service credit (Peer avg: 58%) and it is current to the most recent pay period (Peer avg: 83%).

Your opportunities

Activity	Key drivers
Outbound Communication	67% of your peers send targeted communications to both active and inactive members approaching retirement.

Your service score for the annuitant experience of 85 was below the peer median of 89.

Your service score for the annuitant experience of 85 was below the peer median of 89.



Activity	Weight	You	Peer Median
Outbound communication	10.0%	65	65
Pension payments	30.0%	98	98
Personal information	5.0%	70	95
Secure website accessibility	32.5%	92	97
Contact center: accessibility	7.5%	49	52
Contact center: capability	5.0%	91	90
Contact center: call quality	5.0%	89	90
Feedback	5.0%	70	85
Annuitant experience service score	100.0%	85	89

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

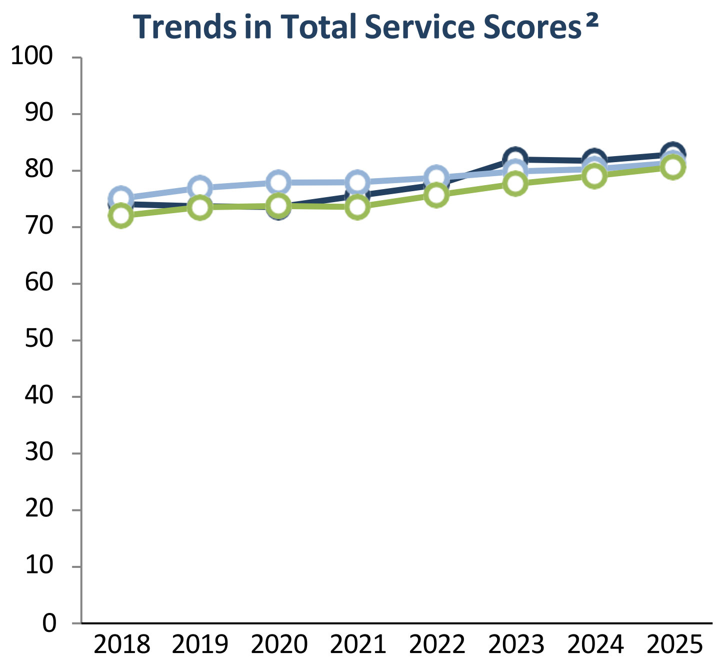
Your strengths

Activity	Key drivers
Secure Site: Functionality	Your annuitants have access to a full suite of tools to manage their personal and pension payment information. They can change banking information, change tax withholding amounts and download tax receipts. However, similar to other journeys, they do not have access to a history of recent correspondence or the ability to upload documents to your secure site.

Your opportunities

Activity	Key drivers
Secure Website: Accessibility	26% of your annuitants accessed your secure site in the last year (Peer avg: 33%).

Your service score has increased from 74 to 83 between 2018 and 2025.



	2018	2019	2020	2021	2022	2023	2024	2025
You	74	74	74	76	78	82	82	83
Peer Avg [1]	75	77	78	78	79	80	80	81
All Avg [1]	72	74	74	74	76	78	79	81

1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 32 of the 46 systems in the universe).

2. Historic scores have been restated to reflect changes in methodology. Your historic service scores may differ from previous reports.

Changes that had a positive impact compared to last year

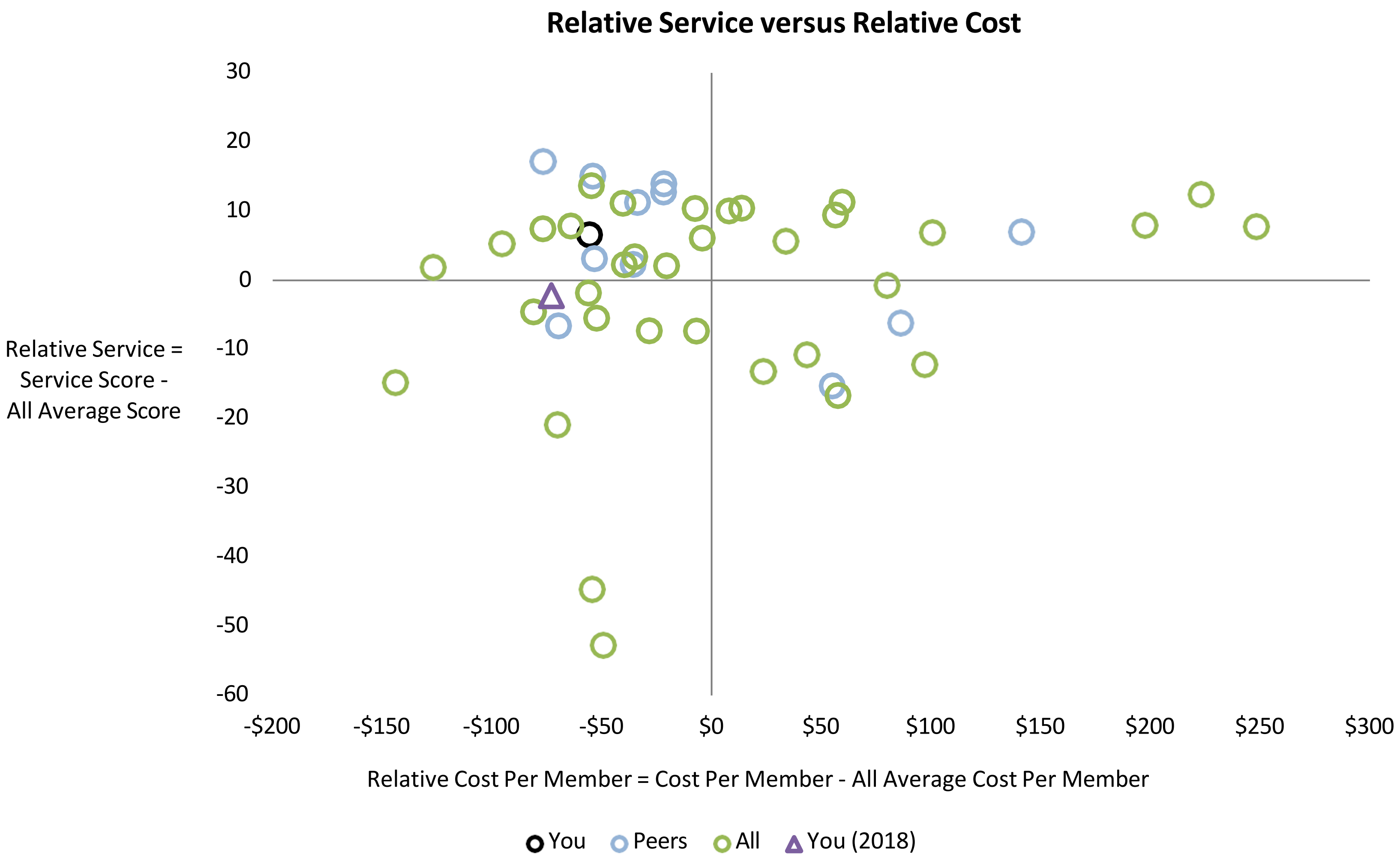
- Your call wait time improved to 350 secs in 2025 (2024: 685 secs) and your undesired call outcomes as a % of total calls improved to 9% in 2025 (2024: 18%). Your call wait time is above our threshold for scoring points, but your improvement is noteworthy.
- You now offer live web chat and a member can request a call back over the phone.
- Your first contact resolution improved to 91% in 2025 (2024: 88%).
- You now survey members after a 1-on-1 counseling session.

Longer term changes

- Contact center challenges still persist but are improving. This has been offset by adding secure site functionality, especially online retirements, 1-on-1 counseling sessions and an enhanced VoC program.

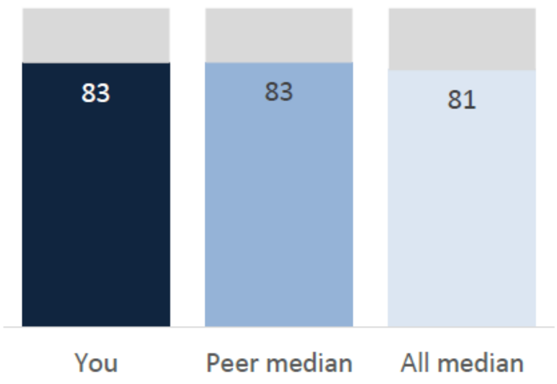
You were lower cost and higher service than the average participant in the CEM universe.

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



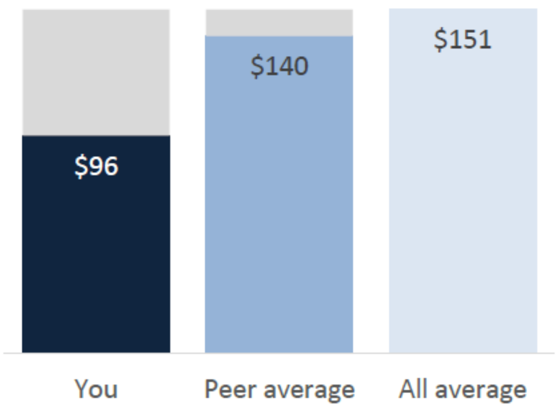
Key takeaways:

Service (score out of 100)



- Your service score was 83. This was equal to the peer median.
- You scored well for service in these areas:
  - Pension inceptions, online retirement applications, purchases and transfers-in.
- You scored below for service in these areas:
  - Contact center: accessibility, secure messaging portal, tracking inactive members.
- Your service score has increased from 74 to 83 between 2018 and 2025.

Total administration costs



- Your total pension administration cost of $96 per active member and annuitant was $44 below the peer average of $140.
- This was mainly driven by lower support costs per member and fewer FTEs per member.
- You were lower cost and higher service than the average participant in the CEM universe.

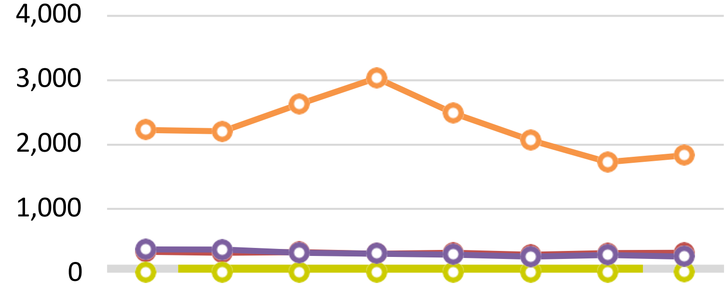
Globally, pension funds are adapting to significant industry changes, with digitalization emerging as a key factor influencing these adjustments.

- Hybrid work remains the prevailing operating model, though many organizations are now mandating increased in-office attendance.
- One-third of administrators are replacing their core administration system.
- Migration to cloud platforms is accelerating.
- Clean, reliable data continues to be foundational, with its importance increasing as operations become more digital.
- Cybersecurity and fraud prevention are becoming increasingly important.
- Member expectations continue to rise, with a growing demand for relevant, personalized content delivered across multiple channels.
- Business intelligence capabilities are expanding to enable more insights, better decision-making and greater member engagement.
- Automation is streamlining work, allowing members to complete more tasks independently while reducing processing times.
- AI is entering service operations, but its impact remains incremental, with variable adoption across organizations.
- Call-center performance is declining industry-wide.
- Organizations report that they expect to move more staff into higher-value member support roles, some considering advisory models.

Greater digitalization is the key driver for higher service scores.

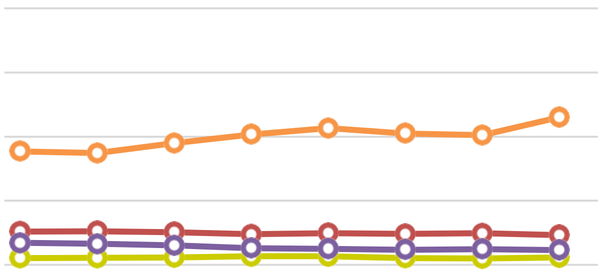
Transactions per 1,000 members

You



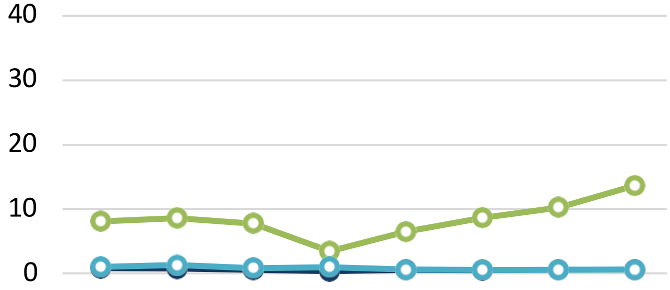
	2018	2019	2020	2021	2022	2023	2024	2025
Secure web visits	2,227	2,205	2,632	3,034	2,487	2,068	1,728	1,835
Calls	335	319	331	306	320	288	313	319
Emails	12	13	14	13	14	14	13	25
Incoming mail*	371	367	318	304	290	258	286	261

All Avg [1]



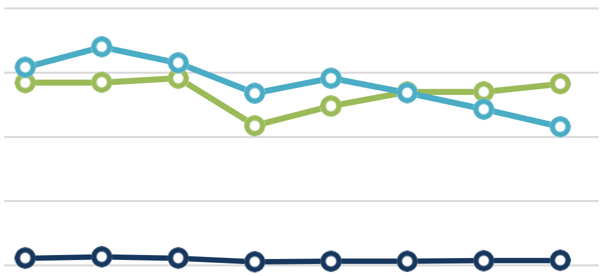
	2018	2019	2020	2021	2022	2023	2024	2025
Secure web visits	1,770	1,742	1,897	2,033	2,130	2,049	2,021	2,299
Calls	520	523	509	478	495	482	492	466
Emails	106	110	117	133	134	106	99	115
Incoming mail*	342	329	303	260	249	235	245	230

You



	2018	2019	2020	2021	2022	2023	2024	2025
1-on-1 counseling	8	9	8	3	6	9	10	14
Presentations	0.8	0.7	0.5	0.3	0.5	0.5	0.6	0.5
Written estimates	1	1	1	1	1	1	1	1

All Avg [1]

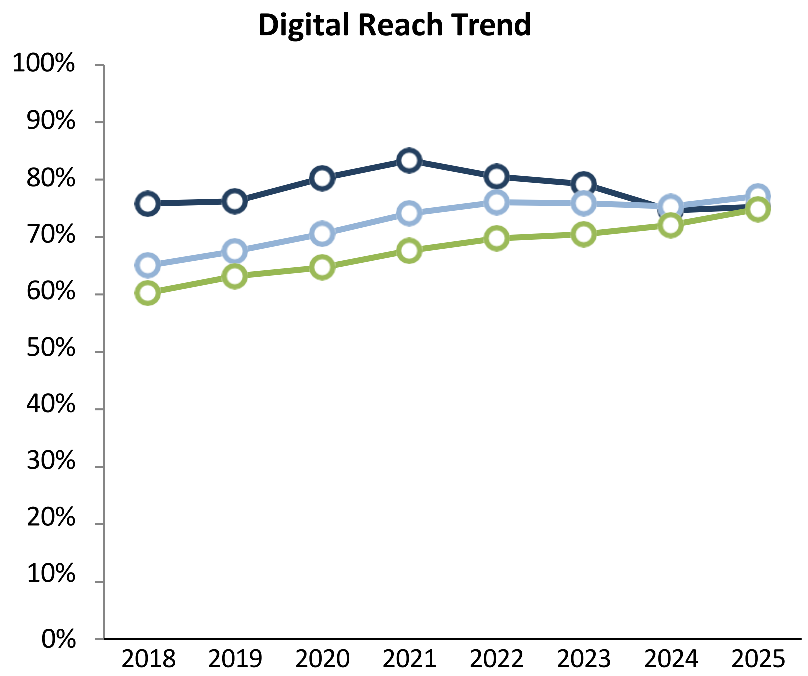


	2018	2019	2020	2021	2022	2023	2024	2025
1-on-1 counseling	28	28	29	22	25	27	27	28
Presentations	1.1	1.3	1.1	0.6	0.6	0.6	0.7	0.8
Written estimates	31	34	31	27	29	27	24	22

1. Trend analysis is based on 31 systems that provided 8 consecutive years of data.

* Your response to incoming mail was [Unknown]. We use a default (see appendix D).

Between 2018 and 2025 your digital reach decreased 0.1% per year. The digital reach of peers with eight consecutive years of data increased by 2.5% per year in the same period.



	2018	2019	2020	2021	2022	2023	2024	2025
You	76%	76%	80%	83%	81%	79%	75%	75%
Peer Avg [1]	65%	68%	71%	74%	76%	76%	75%	77%
All Avg [1]	60%	63%	65%	68%	70%	70%	72%	75%

1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 28 of the 46 systems in the universe).

* Your response to incoming mail was [Unknown]. We use a default (see appendix D)

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)	1,138,108
Incoming calls (B)	196,899
Incoming emails/secure messages (C)	15,201
Incoming mail (D)	162,003*
Digital reach [A / (A + B + C + D)]	75%

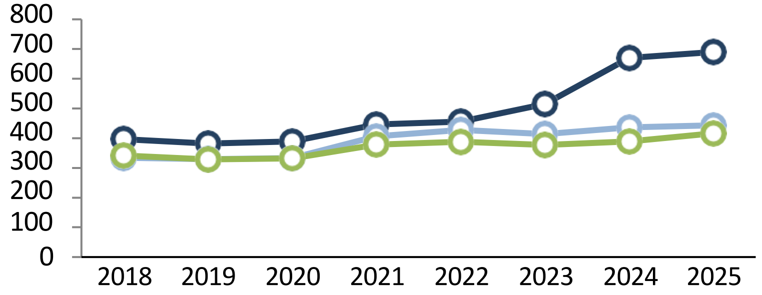
62% of plans with eight consecutive years of data have increased secure web visits while decreasing incoming call and email volumes.

Annual percent change[1] in secure web visits versus incoming calls [2] in the last 8 years.

1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 11 peers and 29 of the 46 systems in the universe).
2. Volumes are calculated per 1,000 active members and annuitants.

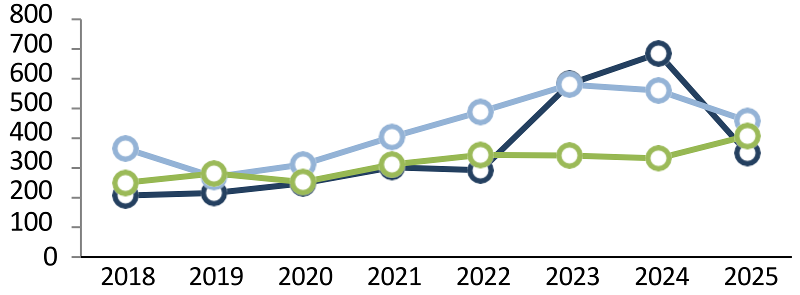
The nature of member calls has changed in the last eight years.

Time on Call, in Seconds



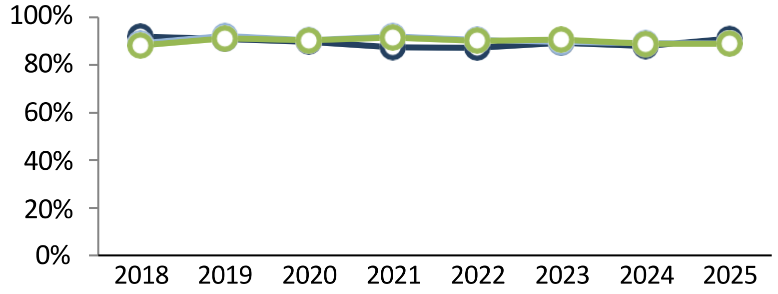
	2018	2019	2020	2021	2022	2023	2024	2025
You	397	382	389	446	456	515	670	690
Peer Avg [1]	334	329	333	406	428	414	436	443
All Avg [1]	341	329	332	379	388	377	389	416

Call Wait Time, in Seconds



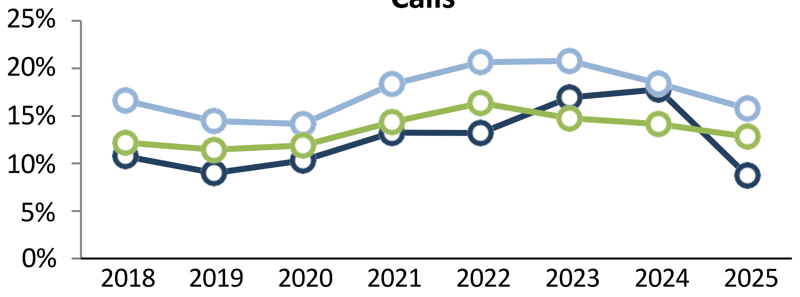
	2018	2019	2020	2021	2022	2023	2024	2025
You	207	216	248	302	292	583	685	350
Peer Avg [1]	365	269	312	405	489	580	560	457
All Avg [1]	250	282	252	311	344	341	332	408

Percentage of calls satisfied by the first contact



	2018	2019	2020	2021	2022	2023	2024	2025
You	92%	91%	90%	87%	87%	89%	88%	91%
Peer Avg [1]	89%	92%	90%	92%	91%	90%	89%	89%
All Avg [1]	88%	91%	90%	91%	90%	91%	89%	89%

Undesired Call Outcomes as a Percent of Incoming Calls

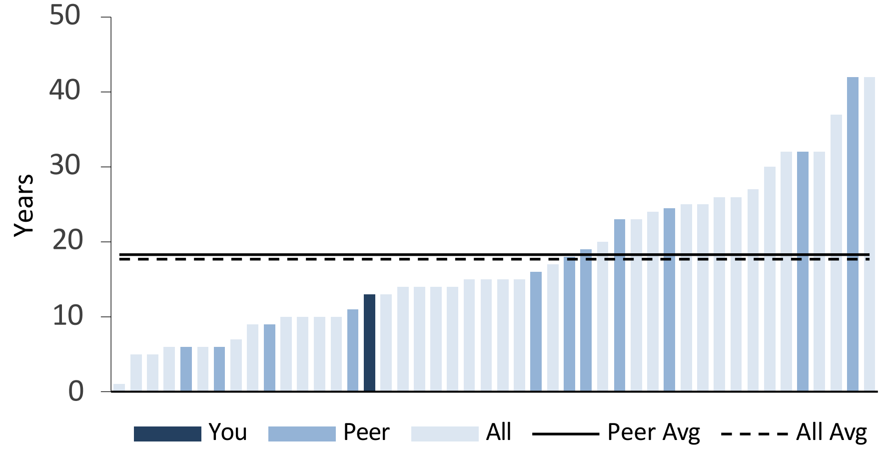


	2018	2019	2020	2021	2022	2023	2024	2025
You	11%	9%	10%	13%	13%	17%	18%	9%
Peer Avg [1]	17%	14%	14%	18%	21%	21%	18%	16%
All Avg [1]	12%	11%	12%	14%	16%	15%	14%	13%

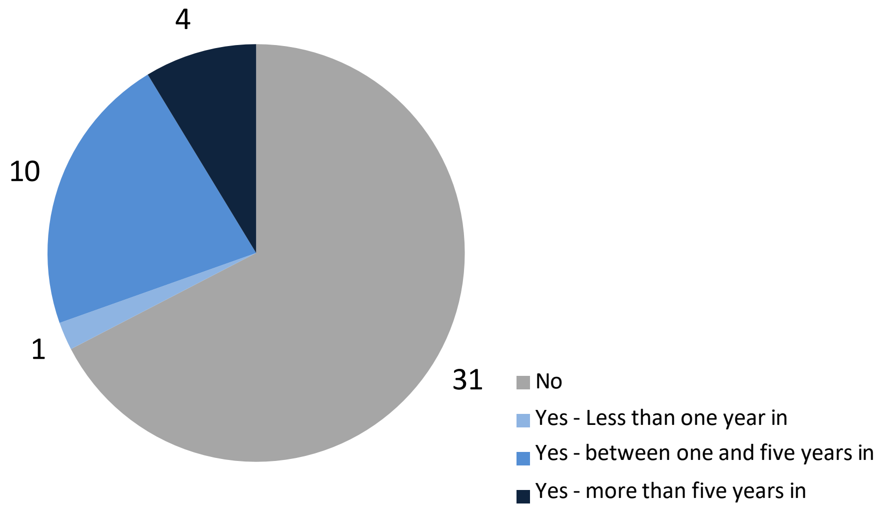
1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 32 of the 46 systems in the universe).

You are not replacing your existing pension administration system. A total of 15 systems are replacing their administration system.

Age of your existing administration system



Plans replacing their existing system



The core pension administration system:

- For 37% of plans, the current system was built in-house.
- For 48% of plans, the current system was built by 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, 58% customization was required on third-party solutions.

Plans are approaching AI in a practical and controlled manner.

- Industry sentiment on AI has evolved from enthusiasm to a measured, realistic perspective.
- Plans prioritize incremental AI enhancements over high-risk, transformative projects.

A general industry approach to AI

- Start with contained, low-risk AI use cases to build expertise and reduce potential risks.
- Restricting AI access to verified, authoritative data ensures accuracy, compliance, and reduces misinformation.
- Using cloud platforms, low-code tools, and robotic process automation accelerates AI deployment and scaling.
- Evaluate projected versus actual return on investments.

Where plans see value:

- Staff productivity support (e.g., writing and formatting, meeting transcripts, code reviews, etc.)
- Call transcription, post-call summaries, and quality assessments to reduce handle time and improve depth of quality assurance assessments.
- Document management. Aggregation of internal documents into discrete repositories, with meta data, so staff can easily query these repositories for the data they need.
- Workflow management. Guide workflow within internal systems.

THANK YOU

Christopher Doll

Co-Head, Client Coverage

–

ChrisD@explorecem.com

explorecem.com

Report

The Defined Contribution Plans Advisory Committee (DCPAC) convened on September 10, 2026, at 1:00 p.m. and took up the following matters:

WELCOME AND INTRODUCTION

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 May 14, 2026, meeting.

INVESTMENTS

Annual Investment Review

Staff provided the Committee with a high-level market update and reported that total DC Plan assets under investment oversight reached approximately $12.6 billion. Most of these assets remain in the unbundled investment structure.

Staff reported that the key initiatives included successful reductions in BlackRock index investment management fund fees, with reductions ranging from 20% to 50%. These reductions are expected to improve cost efficiency for participants. Investment oversight continues to follow a team-based due diligence approach that includes performance monitoring, manager reviews, and attribution analysis. The target date portfolios and passive strategies continue to perform as expected. Although stable value funds across the asset class were affected by the interest rate environment, they continue to maintain principal protection.

ADMINISTRATION

Administration Reports & Communication

Staff reported that total assets across the DC plans increased to approximately $13.5 billion. Account growth has stabilized somewhat due to seasonal employment changes. Total participant accounts approached 750,000, representing about 403,000 unique individuals across the plans.

Web registration is currently approximately 15%. VRS continues to work on increasing digital engagement and email capture through targeted communication efforts. The communication strategy focuses on targeted nudges, automated messaging, and employer-supported outreach to increase participation and encourage savings behavior.

Several behavioral nudge campaigns, including campaigns encouraging participants to save more, restart contributions, or maximize contributions, produced open rates between 39% and 67% and measurable action rates of up to 7%. New-hire onboarding mail and email campaigns resulted in a 4.2% contribution activation rate. Most participants who responded selected higher contribution levels, such as 4%.

Hybrid plan engagement continues to grow significantly. Active participation reflects strong long-term compounded growth trends that exceed base membership growth. Auto-escalation remains a major driver of savings behavior, with more than 91% of members either maintaining or increasing their escalated contribution levels.

The coordination between VRS and Voya field staff resulted in more than 260 meetings and more than 4,000 participant interactions during the quarter. New initiatives in development include employer spotlights, success story videos, and communication toolkits designed to replicate and encourage high-performing employer engagement models. VRS is shifting its focus toward identifying employer best practices that can improve participation rates across participating employers.

VRS is working with Voya to integrate pension estimates into Voya's retirement planning tools. This work is intended to improve participant retirement readiness projections, reduce participant confusion, and increase engagement by providing more accurate, pre-populated retirement income projections.

The Committee also discussed the use of artificial intelligence. VRS has developed an internal AI governance policy and has deployed Microsoft Copilot within secure environments that include data safeguards. Current AI use cases include summarizing legal and policy documents and improving operational efficiency, while maintaining human oversight and risk controls. Investment teams and administrators are also exploring AI tools that may improve efficiency in performance analysis and reporting, with ongoing human-centered validation processes.

OTHER BUSINESS

Discussion of New Ideas

The Committee discussed retirement income challenges and uncertainty in modeling participant financial behavior due to incomplete external financial data.

Members highlighted the importance of peer influence and trusted messengers ("champions") in improving retirement savings participation.

2026 MEETINGS

Del. James confirmed the DCPAC meeting dates for 2026:

- December 3, 2026, at 1:00 pm
- ORPHE Annual Employer Update (not a meeting of DCPAC):
  September 16, 2026, at 2:00 p.m.

There was no other business to come before the Committee.

Submitted to the Board of Trustees on September 17, 2026.

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Del. Matthew James, Chair
Defined Contribution Plans Advisory Committee

Report

The Audit and Compliance Committee (committee) met on September 16, 2026. Mr. Foster 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 9, 2026, meeting.

ELECTION OF VICE CHAIR

The committee nominated and elected William H. Leighty to serve as the committee's vice chair.

EXIT ON THE 2025 EMPLOYER ASSURANCES REVIEW AND UPDATE ON THE 2026 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AUDIT

The Auditor of Public Accounts (APA) reported the 2025 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 2026 VRS ACFR Audit is progressing as planned and is on schedule to be finished in advance of December 15, 2026.

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 committee received the results of Internal Audit's review of management's representations regarding the agency performance outcomes and operational measures for the fiscal year ended June 30, 2026, 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 committee received the results of Internal Audit's review of the Investment department's proposed incentive compensation amounts which determined they were accurately calculated in accordance with the authorized pay plan and related eligibility requirements were met.

INTERNAL AUDIT DEPARTMENT'S ANNUAL PROGRESS REPORTS FOR FISCAL YEAR 2026

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, 2026, was presented. The Internal Audit Director noted ARFUS contained seven recommendations, three were represented as implemented, one of which was issued by the APA. The three recommendations were released, one with comment, leaving four outstanding as of June 30, 2026.

Annual Plan and Long-Range Plan Progress
The Internal Audit Director discussed the fiscal year 2026 annual plan results as of June 30, 2026, along with the status of the long-range plan for the three years ending June 30, 2027.

PROPOSED FY 2027 ANNUAL PLAN

The Internal Audit Director presented the proposed annual plan for fiscal year 2027, noting it was derived from the approved long-range plan with some adjustments to address activities carried from fiscal year 2026 to fiscal year 2027. 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 2027 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, 2026, through July 31, 2026.

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 2027
The committee received a schedule of Audit and Compliance Committee meeting dates for 2027.

Next Committee Meeting Date
The final 2026 committee meeting is scheduled for Tuesday, December 8, 2026, at 11 a.m.

AUDIT REPORT AND AUDIT DIRECTOR'S PERFORMANCE EVALUATION (CLOSED SESSION)

The committee went into closed session to receive the audit report on *myVRS Application Controls and Risk and Fraud Prevention* and to review the Internal Audit Director's performance for the fiscal year ended June 30, 2026.

Upon returning to open meeting, the committee accepted the audit report as presented and 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 17, 2026.

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J. Clifford Foster, IV, Committee Chair
Audit and Compliance Committee

Virginia Retirement System

Request for Board Action
RBA 2026-09-____

Approve FY 2027 Annual Audit Plan.

Requested Action

The VRS Board of Trustees approves the proposed FY 2027 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 2027 is the third and final 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.

____ ____________________________

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

Virginia Retirement System®



Proposed FY 2027 Internal Audit Annual Plan

September 16, 2026

FY 2027 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 [1]

Disability Retirements	Low
Managed Disabilities Program (VSDP and VLDP)	Med
Refunds	Med

Investments [1]

Fixed Income	Med
Internal Equity Management	Med

Information Technology [2]

Access Management	High
Investment Decision Systems	High
IT Governance	High

Carried Over Projects from Prior Year Plan

Deferred Compensation and Cash Match [1]	High
Investment Compliance and Legal and Regulatory Oversight [1]	Med
Backup and Recovery [2]	High
myVRS and Fraud and Risk Prevention [2]	High

Other Assurance Reporting

- Audit Recommendation Follow Up System (Quarterly and Annual Review) [3]
- Quality Assurance Improvement Program [3]
- Fraud, Waste and Abuse Reporting [4]
- Review of Incentive Compensation [4]
- Review of Agency Performance Outcomes and Operational Measures [4]
- Verification of Cost of Living Adjustments [4]
- Review of Ethics Reporting [3]
- Ongoing Monitoring of OneView Project [4]

Virginia Retirement System®

Legend: [1] Risk Based Projects [2] Sensitive Systems [3] Standards Mandated [4] Board Mandated

Virginia Retirement System

Request for Board Action
RBA 2026-09-____

Audit Director's Performance Review.

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 16, 2026.

Rationale for Requested Action

The Audit and Compliance Committee recommends that the Board approve a 7% performance bonus for the Audit Director, payable October 16, 2026, based on the Committee's review and evaluation of the Audit Director's performance during FY 2026. The Audit and Compliance Committee Charter in paragraph 18 of the duties and responsibilities section states that the Committee shall "[r]eview and make recommendations to the Board through the Administration, Finance and Talent Management Committee 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.

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

Report

The Administration, Finance and Talent Management Committee met on September 16, 2026, and discussed the following:

APPROVAL OF MINUTES

The Committee approved the minutes of its June 17, 2026, meeting.

REAPPOINTMENT OF INVESTMENT ADVISORY COMMITTEE MEMBERS

Andrew Junkin, Chief Investment Officer, advised the Committee that the Investment Advisory Committee terms for Theodore Economou, Palmer Garson, Larry Kochard and Thomas Gayner are set to expire in the coming months. All four members are interested in continuing to serve on the committee.

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

Request for Board Action: *The VRS Board of Trustees approves the reappointment to the Investment Advisory Committee (IAC) for two-year terms the following members: (i) Theodore Economou for a term ending September 13, 2028, (ii) Palmer Garson for a term ending October 16, 2028, (iii) Larry Kochard for a term ending February 19, 2029, and (iv) Thomas Gayner for a term ending February 19, 2029.*

REVIEW ATTAINMENT OF FY2026 AGENCY PERFORMANCE OUTCOMES (APOS) AND OPERATIONAL MEASURES

Michael Cooper, Chief Operating Officer, reviewed the results of the FY 2026 agency performance outcomes (APOs) and operational measures. Mr. Cooper noted that the agency had four APOs for the fiscal year, with a target of completing at least three. Staff met this goal by successfully completing all four 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 fourteen of the sixteen operational measures.

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 2026 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 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 2026 year-end budget results, explaining that VRS finished with an unexpended appropriation of $8.2 million, which remained in the Fund. Mr. Farmer noted that most of the unexpended appropriation was the result of delays in completing several initiatives due to additional time needed to finalize agreements with third-parties, resource constraints and staff bandwidth surrounding concurrent priorities. Mr. Farmer also provided an overview of the agency's FY 2027 budget, noting that this is the first year of the new biennium budget and the total operating budget for the year is $166 million.

INFORMATIONAL ITEM (INTERNAL AUDIT DIRECTOR'S PERFORMANCE REVIEW)

Dr. Gooden informed the Committee that the Audit and Compliance (A&C) Committee reviewed the Internal Audit Director's performance at its September 16, 2026, 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

David Cotter, Director of Policy, Planning and Compliance, advised the Committee that in accordance with Va. Code § 2.2-3708.3(D), 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 VRS employees.

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 $9,433,064.51 for FY 2026 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, 2026, and found that the aggregate amount was accurately computed in accordance with the Investment Professionals' Pay Plan.

Lastly, the Committee recommended approval of a performance bonus and supplemental payment to the VRS Director.

Request for Board Action: *The VRS Board of Trustees approves a performance bonus of 5% for the VRS Director payable on October 16, 2026, and a supplemental payment of $120,000 made December 1, 2026, as authorized in the 2026 Appropriation Act.*

Submitted to the Board of Trustees on September 17, 2026.

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Susan T. Gooden, Ph.D., Chair
Administration, Finance and Talent Management Committee

Virginia Retirement System

Request for Board Action

RBA 2026-9-____

Reappoint IAC members

Requested Action

The Board reappoints to the Investment Advisory Committee (IAC) for two-year terms the following members: (i) Theodore Economou for a term ending September 13, 2028, (ii) Palmer Garson for a term ending October 16, 2028, (iii) Larry Kochard for a term ending February 19, 2029, and (iv) Thomas Gayner for a term ending February 19, 2029.

Rationale for Requested Action

Mr. Economou, Ms. Garson, Mr. Kochard, and Mr. Gayner and Rod Smyth currently serve on the IAC and are willing to be reappointed for another two-year term.

- Mr. Economou serves as the Chair of the Board of Directors of Eurobank Private Bank and a member of the Board of Directors and Investment Committee of Methak Investment Holding.
- Ms. Garson is a Portfolio Manager with Silvercrest Asset Management Group and a member of its Invest Policy and Strategy Group and its Manager Selection Group.
- Mr. Kochard recently retired as the Chief Investment Officer at Makena Capital Management and continues to serve on the board and several investment committees of Markena Capital, and also serves as an adjunct professor at the University of Virginia teaching Institutional Investment Management.
- Mr. Gayner is the Chief Executive Officer of Markel Group, Inc.

Copies of their complete biographies are attached.

Authority for Requested Action

Code of Virginia § 51.1-124.26 requires the Board to appoint an Investment Advisory Committee to provide the Board with sophisticated, objective, and prudent investment advice, which will further assist the Board in fulfilling its fiduciary duty as trustee of the funds of the Retirement System.

The above action is approved.

____ _______________________________

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

THÉODORE ECONOMOU, CFA

Board Member and Advisor

- Accomplished investment professional with extensive expertise managing assets for institutional and private clients.
- 30-year executive career across the United States and Europe working in both private and public markets
- Last executive positions as Chief Investment Officer at Lombard Odier AM (Switzerland), and CERN Pension Fund (Switzerland)
- Background spans risk management, corporate finance, and treasury roles.

BOARD MANDATES

EUROBANK PRIVATE BANK LUXEMBOURG SA (Luxembourg) 2022 – Present
Chair of the Board of Directors (non-executive)
Founded by Ari Onassis in Switzerland, Eurobank Private Bank today primarily serves an UHNW clientele in Athens (Greece), London (UK), Luxembourg and Cyprus.

METHAK INVESTMENT HOLDING (Jeddah, Saudi Arabia) 2022 – Present
Member of the Board of Directors & Investment Committee (non-executive)
Methak IH is the non-profit investment arm of the Salem Bin Mahfouz Foundation.

ADVISORY MANDATES

BAE SYSTEMS PENSION SCHEMES (London, UK) 2019 – Present
External Advisor to the Investment Committee
Advise investment committee Trustees on management of £30 billion investment portfolio.

VIRGINIA RETIREMENT SYSTEM (Virginia, USA) 2013 – Present
External Advisor, Member of the "Investment Advisory Committee"
Advise on the management of US$120 billion in assets of the retirement system of the commonwealth of Virginia, USA.

INSTITUTE OF FINANCE and FINANCIAL REGULATION (Athens, GR) 2022 – Present
Professional Fellow
Co-organizer of annual Asset Management conference

PAST EXECUTIVE POSITIONS

LOMBARD ODIER INVESTMENT MANAGERS (Geneva, Switzerland) 2015 – 2020
Chief Investment Officer, Multi-Asset
Led multi-asset team to deliver superior performance for CHF6 billion AuM multi-asset portfolios for institutional and private clients.

- Grew flagship risk-driven multi-asset fund AuM by more than CHF 1 billion
- Promoted integration of risk-driven allocation as core position for private clients
- Chaired investment Committee of Lombard Odier Group pension fund

CERN PENSION FUND (Geneva, Switzerland) **2009 – 2015**
Chief Executive Officer & Chief Investment Officer
Designed and executed restructuring of CHF 4bn pension fund following 2008 crisis.

- Implemented risk-based investment governance, later featured in the Journal of Investment Consulting.
- Won several industry awards from Investment & Pensions Europe, CIO Magazine, as well as Institutional Investor Institute's 2014 DACH region "CIO of the Year" award, and HFR's award for "outstanding career contribution by an individual investor".

ITT CORPORATION (New York, USA) **1993 – 2009**
Held positions of increasing responsibility in corporate finance, treasury and investments.
Assistant Treasurer, Corporate Finance 2002 – 2009

- Delivered top decile investment performance for $5 billion investment portfolio.
- Financed $3 billion in corporate acquisitions while maintaining IG credit rating.

Director, Investor Relations 1996 – 2002

- Built strong investor support following IPO on the NYSE in 1995.
- Recognized among "Best Investor Relations Officers" in USA (2001 Barron's survey).

Manager, Corporate Development 1993 – 1995

- Analysis, planning, negotiation, and execution of corporate acquisitions.

ACCENTURE (Geneva and Zurich, Switzerland) **1987 – 1991**
Senior Consultant, Financial Services Group
Designed and implemented risk management systems for banks and financial companies.

EDUCATION

ACADÉMIE DES ADMINISTRATEURS, Switzerland **2021**
"Fundamentals of Board Governance" Certificate

CFA INSTITUTE, Charlottesville, Virginia, U.S.A **1999**
Chartered Financial Analyst

NORTHWESTERN UNIVERSITY, Evanston, Illinois, U.S.A. **1993**
Master of Management, J.L. Kellogg Graduate School of Management
Recipient of Alexander S. Onassis Scholarship

EPFL – ÉCOLE POLYTECHNIQUE FÉDÉRALE DE LAUSANNE, Switzerland **1987**
M.Sc, Mechanical Engineering
Majors in thermodynamics and machine-tool design

LANGUAGES (FLUENT)

- French, English, German, Greek

Ms. Garson is a Portfolio Manager and member of both the Investment Policy & Strategy Group and the Manager Selection Group. Her 30-plus-years financial services career includes important roles in investment banking and private equity that inform her investing on behalf of Silvercrest's sophisticated nonprofit and family office clients. She was co-founder of private equity firm Jefferson Capital Partners and developed extensive finance experience while working for Morgan Stanley & Co., A.G. Edwards, and Mellon Bank. Ms. Garson currently serves as a Trustee of the Mary Morton Parsons Foundation, the Virginia Foundation of Independent Colleges (VFIC), and St. Mary's School. She has served on numerous Investment Committees and is currently active with VCIMCO (VCU's $2 billion endowment), Randolph College, Order of St. John, and St. Mary's School (where she is investment committee chair) Foundation and was appointed to the investment advisory board of the Virginia Retirement System. She is a former trustee of the Duke Alumni Association and the Darden School. Ms. Garson graduated cum laude with a BA from Duke University and earned an MBA from the Darden Graduate School of Business at the University of Virginia.

Thomas S. Gayner

Richmond, VA | tom.gayner@markel.com | linkedin.com/in/thomas-gayner

Executive Profile

Visionary Chief Executive Officer and Board Director with a 30+ year track record of long-term value creation, capital allocation, and corporate stewardship. Proven expertise leading a Fortune 500 diversified global holding company, deploying billions in capital across public equities, private operating companies, and strategic acquisitions. Trusted board member across global consumer brands, media/education conglomerates, and asset management funds.

Executive Leadership Experience

Markel Group Inc. (NYSE: MKL) | Glen Allen, VA

Chief Executive Officer (2016 – Present)

Co-Chief Executive Officer (2016 – 2023)

Chief Investment Officer (2010 – 2022)

President, Markel Gayner Asset Management (1990 – 2016)

- **Corporate Leadership & Value Creation:** Direct global strategy and operations across insurance, private companies (Markel Ventures), and public equity investments, driving consistent growth in book value per share and long-term shareholder return.
- **Capital Allocation:** Oversee multi-billion-dollar global investment portfolio; pioneered the establishment and scaling of **Markel Ventures**, acquiring controlling stakes in high-quality private businesses to build a diversified operating platform.
- **Culture & Governance:** Preserve and cultivate the "Markel Style" corporate culture across a global organization, focusing on decentralized operational leadership, financial discipline, and ethical stewardship.

Board Directorships

- **The Coca-Cola Company (NYSE: KO)** | *Member, Board of Directors* (2023 – Present)

  Provide strategic oversight and governance for a global beverage leader across worldwide operations, capital deployment, and brand management.

- **Graham Holdings Company (NYSE: GHC)** | *Member, Board of Directors* (2007 – Present)

  Serve on board guiding a diversified holding company with operations in education, media, healthcare, and manufacturing.

- **Davis Series Mutual Funds** | *Director / Independent Trustee* (2004 – Present)

  Oversee fund governance, compliance, and fiduciary responsibilities for a prominent asset management firm.

Prior Investment & Professional Experience

Davenport & Company LLC | Richmond, VA

Vice President (1984 – 1990)

- **Investment Research & Analysis:** Served as equity research analyst and Vice President, conducting fundamental analysis on public equities and managing client investment portfolios.

PricewaterhouseCoopers LLP (PwC) | Richmond, VA

Certified Public Accountant (1983 – 1984)

- **Financial Audit & Reporting:** Performed financial audits, corporate accounting, and statutory compliance reviews for corporate clients across diverse industries.

Nonprofit Leadership & Civic Engagement

- **Community Foundation for a Greater Richmond** | *Former Chairman & Board Member*

  Led board governance and philanthropic strategy for one of the region's largest public charities, stewarding institutional community capital and grantmaking initiatives across Central Virginia.

- **Gayner Family Sustainable Investment Fund (University of Virginia)** | *Founder & Advisor*

  Established an ultra-long-term, student-driven value investment fund at UVA designed to teach students long-term asset management while generating permanent scholarship funding for future undergraduates.

Core Competencies

- Executive Leadership & Corporate Governance
- Capital Allocation & Investment Strategy
- Portfolio Management & Mergers & Acquisitions (M&A)
- Enterprise Risk Management & Financial Discipline
- Board Governance & Stakeholder Engagement
- Philanthropic Leadership & Community Stewardship

Education & Credentials

- **B.S. in Commerce** | McIntire School of Commerce, University of Virginia
- **Certified Public Accountant (CPA)** *(Inactive/Past Designation)*

LAWRENCE E. KOCHARD

SUMMARY

- Seasoned investment executive and multi-asset-class investor
- Experienced corporate and not-for-profit board member
- Long history teaching finance courses (29 years) at the University of Virginia and Georgetown University
- Ph.D. & MA – University of Virginia, MBA – University of Rochester, BA – College of William & Mary
- Chartered Financial Analyst

CAREER SUMMARY

Larry is currently an adjunct professor at the University of Virginia, teaching Institutional Investment Management. He also serves on the board of Makena Capital, and on several investment committees.

Larry Kochard retired from Makena Capital Management at the end of 2025, becoming a board member of the firm. He was the Chief Investment Officer, prior to his retirement. He led the investment team, chaired Makena's Investment Committee and was a member of the firm's three-person Executive Committee, which led the firm. Larry joined the firm in January 2018. Makena is a $20 billion endowment-style multi-asset class fund.

Larry was previously the CEO and CIO of the University of Virginia Investment Management Company (UVIMCO) for seven years. UVIMCO managed the $10 billion endowment for the University of Virginia.

Prior to joining UVIMCO, Larry was the first-ever CIO of Georgetown University from 2004 through 2010, having built their investment office and much of their alternative investment portfolio from scratch.

Larry was the Managing Director of Equity and Hedge Fund Investments from 2001 to 2004 at the Virginia Retirement System, where he managed a $27 billion public equity portfolio, managed a $2 billion private equity portfolio and initiated and managed a $1.2 billion hedge fund portfolio.

Larry has taught finance courses as an adjunct and a full-time faculty member at the University of Virginia and Georgetown University since 1997. He spent the early part of his career in debt capital markets at Goldman Sachs and corporate finance at Fannie Mae and DuPont.

CURRENT BOARD EXPERIENCE

Virginia Retirement System Member, Investment Advisory Committee, Chair since 2017	1998 to 2001, and 2011 to present
Makena Capital Management Member, Board of Directors	2025 to present
Virginia Museum of Fine Arts Member, Board of Directors and Investment Committee	2022 to present IC Chair, July 2024
Virginia Commonwealth University Investment Management Company Member, Board of Directors	2015 to 2021, and 2025 to present
Eighteen48 Partners Member, Investment Committee	2019 to present

PAST BOARD EXPERIENCE

Janus Henderson Group — 2008 to 2022
Member, Board of Directors. Chair, Compensation Committee

Virginia Environmental Endowment — 2014 to 2022
Member, Board of Directors and Chair, Investment Committee

College of William & Mary Foundation — 2005 to 2011
Member, Board of Trustees and Chair, Investment Committee

Verdis Investment Management — 2006 to 2010
Member, Advisory Committee

Saint Louis University — 2004 to 2008
Member, Investment Committee

Commonwealth Public Broadcasting
WCVE Richmond PBS, WHTJ Charlottesville PBS, WCVW Richmond PBS — 2003 to 2005
Member, Board of Directors and Chair, Finance and Investment Committee

Richmond Retirement System — 2002 to 2005
Member, Investment Advisory Committee

EDUCATION

CFA, CFA Institute, 2003
Ph.D., Economics, University of Virginia, Charlottesville, 1999
MA, Economics, University of Virginia, 1996
MBA, Finance and Accounting, University of Rochester Simon School of Business, 1980
BA, Economics, College of William & Mary, 1978

HONORS

Rodney Adams Endowment Management Award, National Association of College and University Business Officers (2015)
Outstanding Large Endowment of the Year by Foundation and Endowment Money Management News (2007)

PUBLICATIONS

Co-authored *Foundation and Endowment Investing: Philosophies and Strategies of Top Investors and Institutions*, which features interviews with successful chief investment officers (published by Wiley and released in January 2008)

Co-authored *Top Hedge Fund Investors: Stories, Strategies and Advice*, which features interviews with successful hedge fund investors (published by Wiley and released in July 2010)

Using a Z-Score Approach to Combine Value and Momentum in Tactical Asset Allocation, Wang and Kochard, Journal of Wealth Management, 2012

Low-Volatility Cycles: The Influence of Valuation and Momentum on Low-Volatility Portfolios, Garcia-Feijóo, Kochard, Sullivan and Wang, Financial Analysts Journal (Graham and Dodd Readers' Choice Award)

Virginia Retirement System

Request for Board Action
RBA 2026-09-____

Attainment of FY 2026 APOs and Operational Measures (and corresponding lump-sum bonus).

Requested Action

The VRS Board of Trustees approves the attainment of FY 2026 Agency Performance Outcomes (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: 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 2026, 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 three of the four APOs for FY 2026.

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.

VRS successfully completed all four of the APOs for FY 2026. Additionally, VRS successfully achieved 14 of the 16 operational measures for FY 2026.

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 $859,567.92 to be paid from the FY 2027 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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Susan T. Gooden, Ph.D., Chair Date

VRS Board of Trustees

Virginia Retirement System

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

Date: September 3, 2026

To: Trish Bishop, Director

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

Subject: Review of FY 2026 Agency Performance Outcomes and Operational Measures

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As part of our annual plan, Internal Audit has reviewed the status of the FY 2026 Agency Performance Outcomes (APOs) and Operational Measures (OMs), as set forth by management for the fiscal year ended June 30, 2026. 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, 2026.

As a result of our review, we provided feedback to management to strengthen VRS' operational measures, including adjustments to the calculation methodology to ensure alignment with the OM description for two 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.

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
Summary

APO Status Indicator

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

Overall Measure: 3 of 4 completed

APO #	APO Description	Strategic Goal	July	August	September	October	November	December	January	February	March	April	May	June
1	**Data Quality Enhancements – Phase 2** DEC Owner: Michael Cooper *(Measure: 3 of 4 completed)*	**Digital Transformation and Secure Service Delivery**	●	●	●	●	●	●	●	●	●	●	●	★
2	**Demographic Data Collection and Maintenance Initiative – Phase 1** DEC Owner: Michael Cooper *(Measure: 3 of 4 completed)*	**Digital Transformation and Secure Service Delivery**	●	●	●	●	●	●	●	●	●	●	●	★
3	**VNAV Enhancements - Phase 2** DEC Owner: DEC *(Measure: 3 of 4 completed)*	**Digital Transformation and Secure Service Delivery**	●	△	●	●	△	△	△	△	△	△	△	★
4	**Human Resource Information System (HRIS) Implementation – Phase 3** DEC Owner: Paula Reid *(Measure: 4 of 5 completed)*	**Organizational Strength, Culture and Engagement**	●	●	●	●	●	●	●	●	●	●	●	★

Changes to agency performance outcomes require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
APO 1

APO Status Indicator

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

APO 1 Measure: 3 of 4 completed

Data Quality Enhancements – Phase 2	DEC Owner: Michael Cooper	**Strategic Goal:** **Digital Transformation and Secure Service Delivery**

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
1.1	Define and document data quality rules for identified critical data elements (CDE) in coordination with the cross-functional Data Quality Task Force.	●	●	●	●	●	●	●	●	●	●	●	★
1.2	Develop a toolkit for Data Owners and Data Stewards to assist in tracking and analyzing data for improved visibility, measurement and quality assurance.	●	●	●	●	●	●	●	●	●	●	★	★
1.3	Develop a data cleansing tracking log and reporting structure to track ongoing data cleansing of priority CDEs.	N/S	N/S	N/S	N/S	N/S	N/S	●	●	●	●	★	★
1.4	Evaluate technology platforms and develop a roadmap for implementing solutions that meet long-term data quality, metadata and governance needs.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	●	●	●	★

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
APO 2

APO Status Indicator

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

APO 2 Measure: 3 of 4 completed

Demographic Data Collection and Maintenance 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
2.1	Document existing demographic data collection and maintenance methods.	●	●	●	●	●	●	●	●	●	●	●	★
2.2	Evaluate and document opportunities for data collection and maintenance enhancements.	●	●	●	●	●	●	●	●	●	●	●	★
2.3	Develop strategy for implementing data collection enhancements (e.g., leveraging technology deploying tools, communications and outreach, 3rd party data exchanges).	N/S	●	●	●	●	●	●	●	●	●	●	★
2.4	Initiate implementation of activities (e.g., enhanced participant contact information confirmation) to improve ongoing demographic data accuracy.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	●	●	●	★

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
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

VNAV Enhancements - Phase 2	DEC Owner: DEC	Strategic Goal: Digital Transformation and Secure Service Delivery

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
3.1	Develop program governance framework, including structure, escalation paths and decision forums.	△	△	●	△	△	△	△	△	△	△	△	★
3.2	Create communication framework and stakeholder engagement approach.	●	●	●	●	●	●	●	●	●	●	●	★
3.3	Analyze current state user experience through the development of user personas and journey maps.	N/S	N/S	●	●	●	●	●	●	●	●	●	★
3.4	Identify and document major system components for future enhancement.	N/S	N/S	N/S	N/S	●	●	●	●	●	●	●	★

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
APO 4

APO Status Indicator

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

APO 4 Measure: 4 of 5 completed

Human Resource Information System (HRIS) Implementation – Phase 3

DEC Owner: Paula Reid

Strategic Goal: **Organizational Strength, Culture and Engagement**

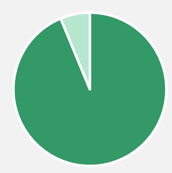
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
4.1	Collaborate with system integrator to determine project role assignments and develop a vision statement for the HRIS implementation.	●	★	★	★	★	★	★	★	★	★	★	★
4.2	Develop a charter and project plan, including communications, change management, data conversion and testing.	●	●	●	●	●	●	★	★	★	★	★	★
4.3	Develop training materials for system users.	●	●	●	●	●	●	●	●	●	★	★	★
4.4	Conduct configuration of the new HRIS, in coordination with the system integrator.	N/S	N/S	●	●	●	●	●	●	●	●	●	★
4.5	Conduct applicable readiness activities, including user acceptance testing, in preparation for "Go Live."	N/S	N/S	N/S	●	●	●	●	●	●	●	●	★

Changes to agency performance outcomes require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

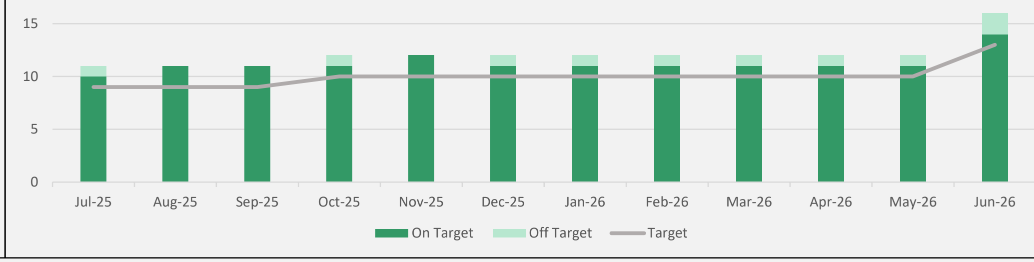
FISCAL YEAR 2026 OPERATIONAL MEASURES STATUS REPORT

June-26

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%	1.85%	2.67%	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	0.71	0.73	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%	99.21%	99.38%	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%	100.00%	99.83%	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%	100.00%	99.00%	Monthly	
8	Accuracy of Disability Retirements Processed	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record	Superior Governance and Long-Term Financial Health	99.00%	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%	99.96%	84.96%	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Technology Infrastructure	99.50%	100.00%	99.99%	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%	100.00%	99.97%	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	
13	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Organizational Strength, Culture and Engagement	< 10.00%	7.00%	7.00%	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 2025 CEM Peer Cost Average	$96.00	$96.00	Annual	Will not know FY 2025 CEM peer cost until spring 2026

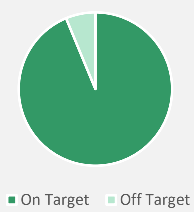
Overall Measure: 13 of 16 meet or exceed target

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

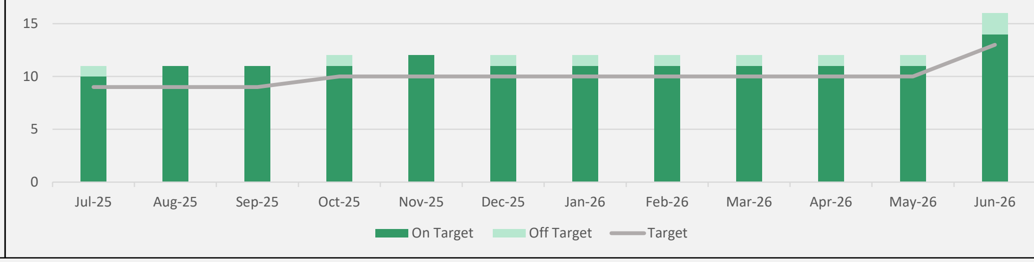
FISCAL YEAR 2026 OPERATIONAL MEASURES STATUS REPORT

June-26

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
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%	93.00%	93.00%	Annual	Measure reported on an annual basis
P1	Customer Satisfaction	Percentage of respondents indicating a satisfactory rating in response to the CCC post-interaction survey.	Member, Retiree and Employer Education, Outreach and Partnership	>90%	97.85%	97.72%	Monthly	Piloting for FY26
P2	Quality Assurance Score	Percentage of quality assurance (QA) reviews scoring at least 90.	Member, Retiree and Employer Education, Outreach and Partnership	>90%	91.01%	93.76%	Monthly	Piloting for FY26
P3	First Contact Resolution	Percentage of customers indicating that they were able to complete all of their business needs with their initial interaction with the CCC.	Member, Retiree and Employer Education, Outreach and Partnership	>90%	95.93%	95.98%	Monthly	Piloting for FY26

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

Fiscal Year 2026 Operational Measures

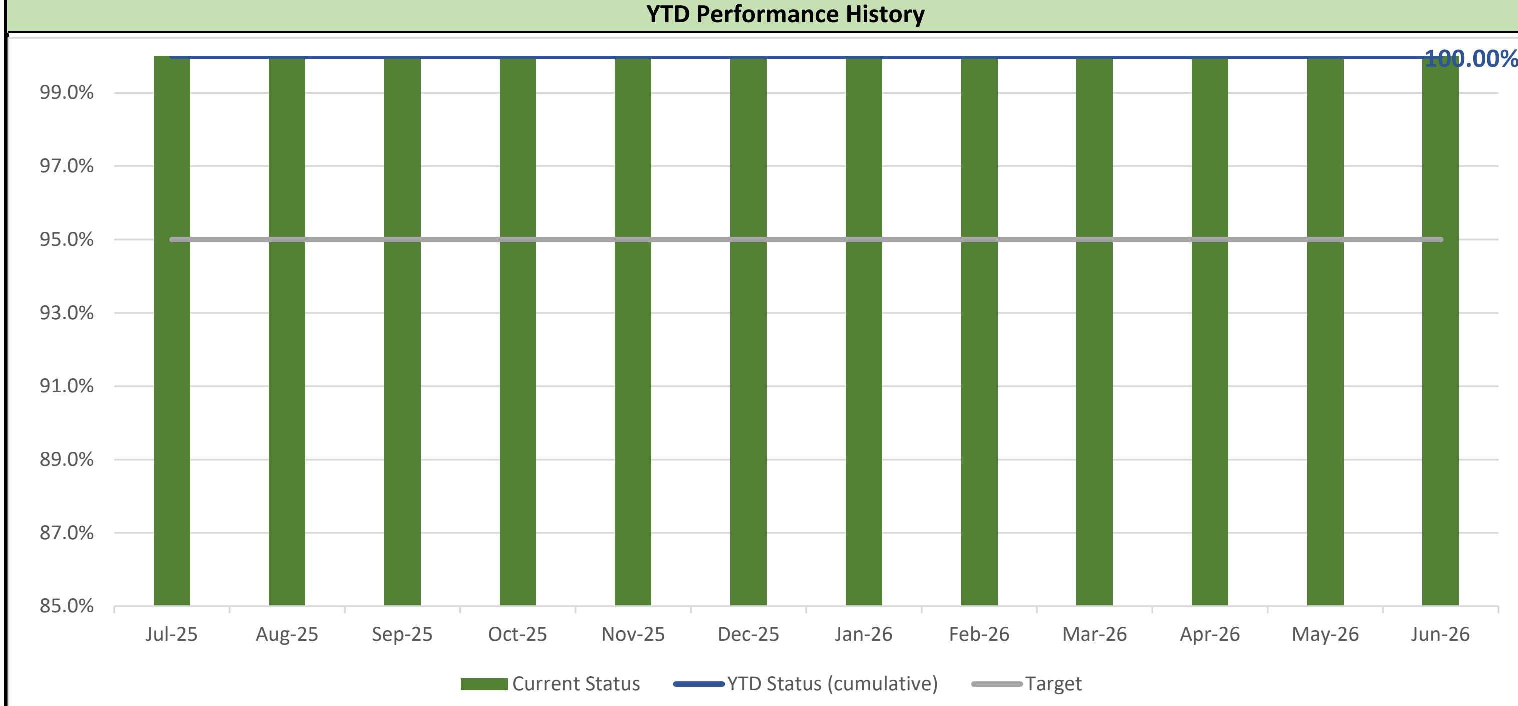
Reporting Period: June-26

OM 1

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



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 2026 Operational Measures

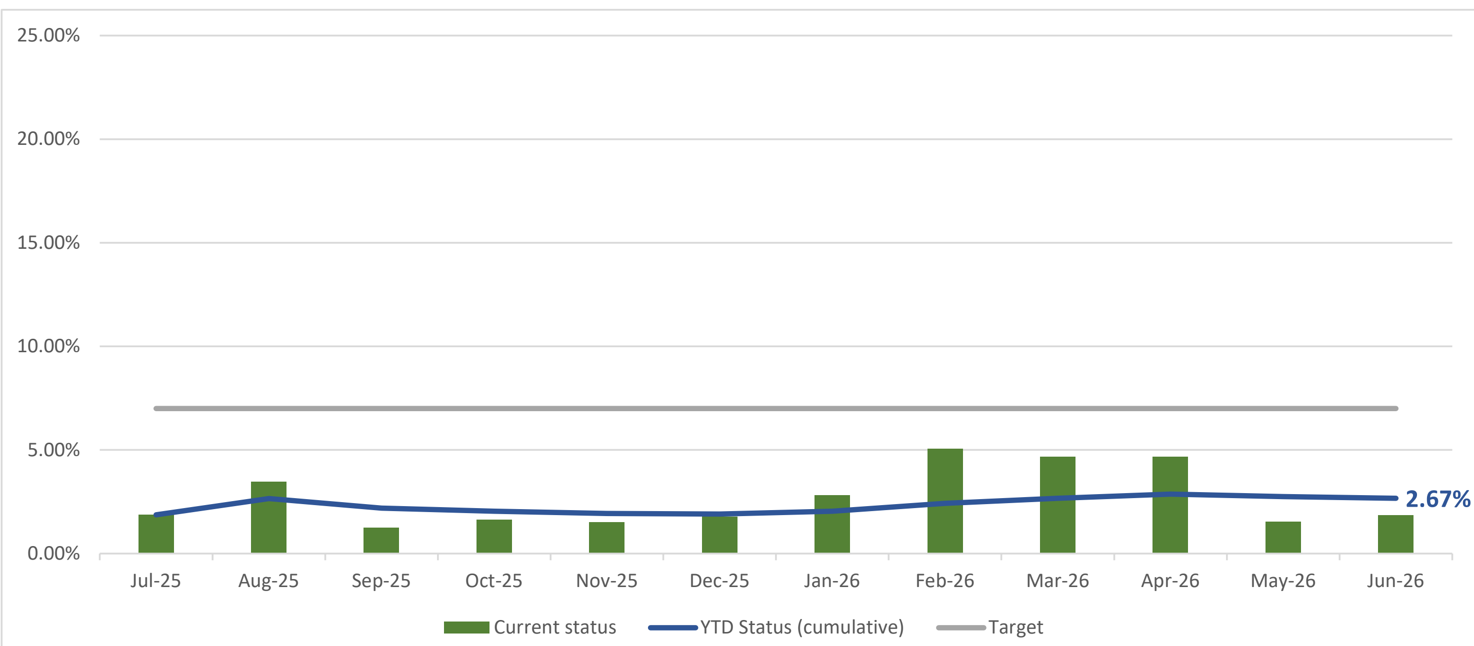
Reporting Period: June-26

OM 2

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)	13.24%
Target Rationale: *To account for anticipated high call volume due to system changes.*		***Baseline Rationale: 3*** *year average = 13.24%*	
Current Reporting Month Status	**1.85%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	2.67%

	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



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Overall Measure: 13 of 16 meet or exceed target

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Fiscal Year 2026 Operational Measures

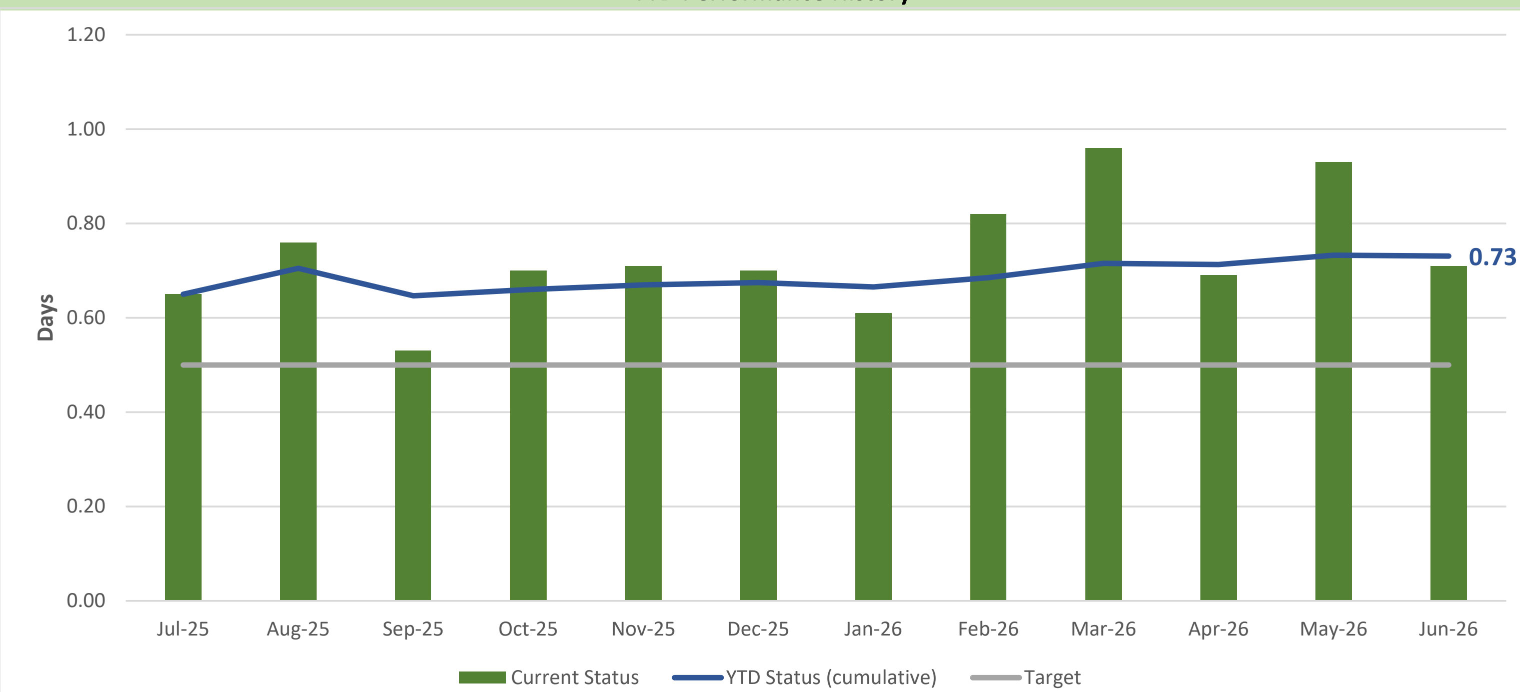
Reporting Period: June-26

OM 3

Operational Measure	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Average response time to emails received by the CCC		
Calculation Methodology	The number of messages responded to within 0.5 business days, divided by the total number of messages responded to by the CCC.		
Data Source	Customer Counseling Center Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	.50 business days	**Baseline** (Performance History)	.38 business days
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = .38 days*	
Current Reporting Month Status	**0.71**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	0.73

	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



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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 2026 Operational Measures

Reporting Period: June-26

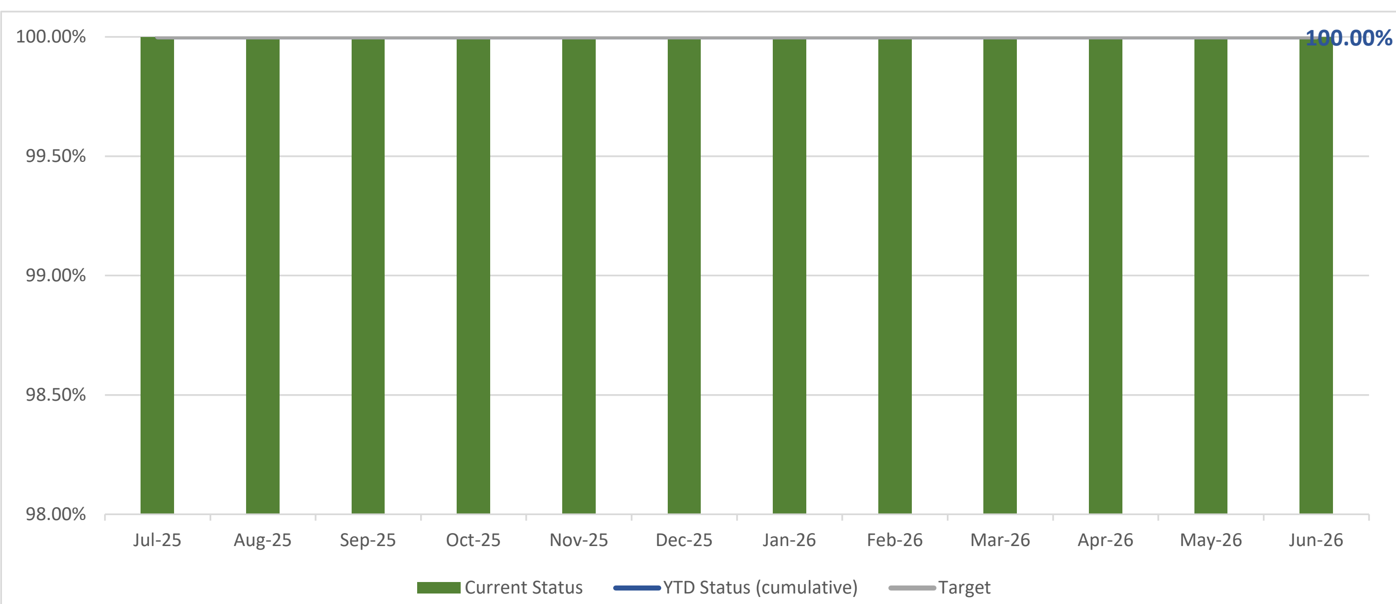
OM 4

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



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Overall Measure: 13 of 16 meet or exceed target

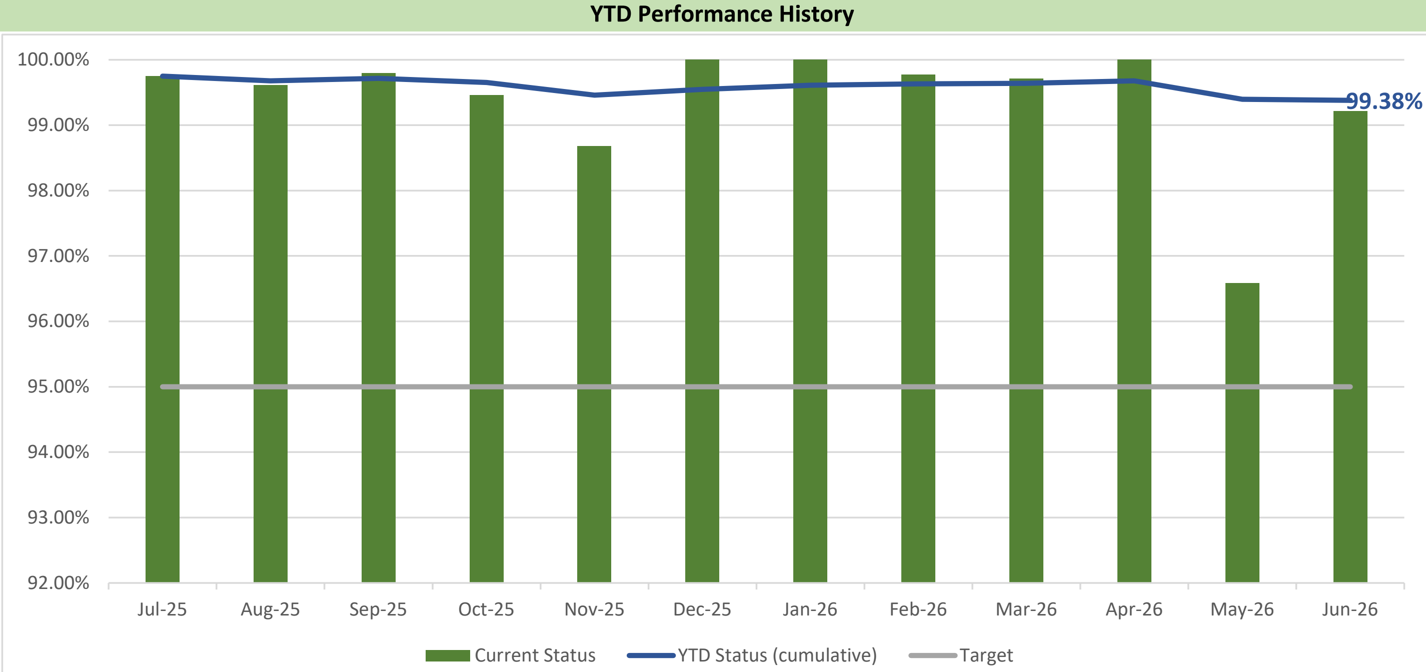
Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Virginia Retirement System	Fiscal Year 2026 Operational Measures Reporting Period: June-26	OM 5

Operational Measure	Timeliness of Service Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible		
Calculation Methodology	The number of service retirement payments processed by the first payment date on which the member is eligible to receive retirement benefits, divided by the total number of initial payments made for the same time period. The "first payment date on which the member is eligible to receive retirement benefits" is based on the date by which VRS receives a member's retirement application that is determined by VRS to be complete, accurate, and ready for payment processing. "Processed" is defined as funds having been paid to retirees; "disbursed" is defined as the funds having been paid out of the VRS account.		
Data Source	Service Retirement Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	98.00%	**Baseline** (Performance History)	99.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 99%*	
Current Reporting Month Status	**99.21%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.38%

	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



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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 2026 Operational Measures

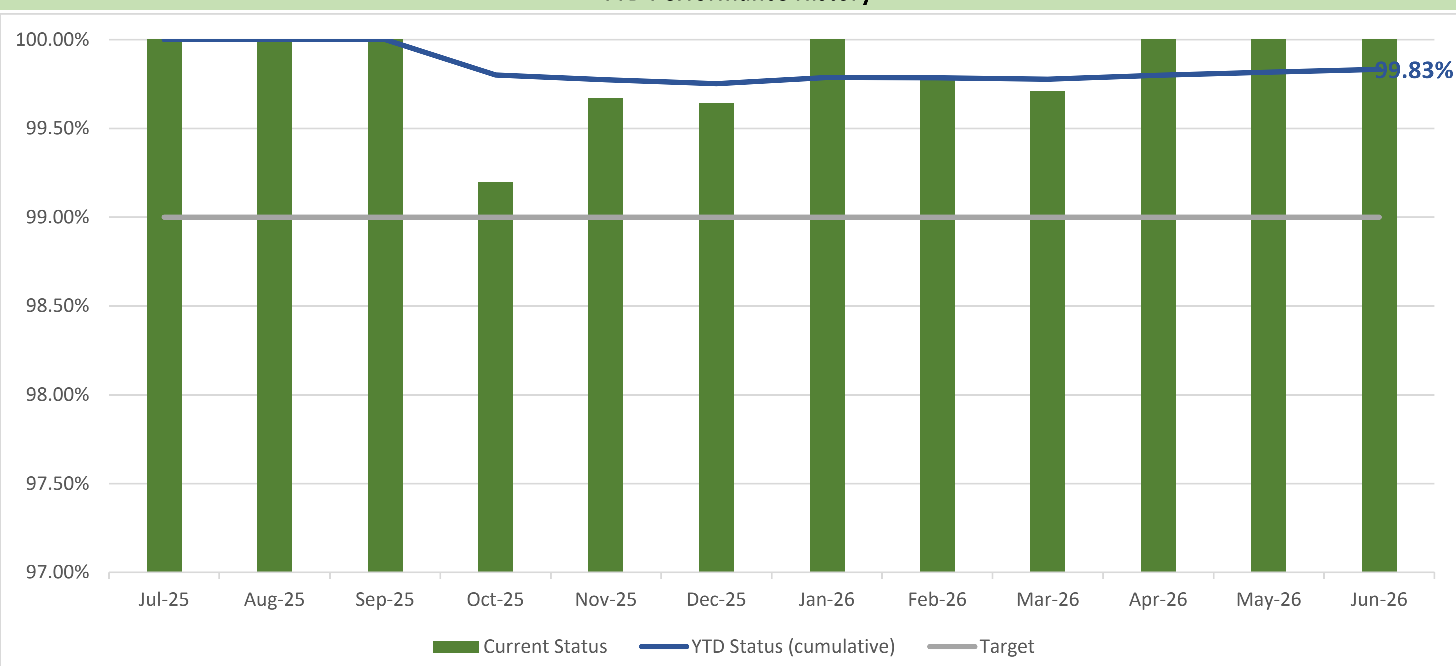
Reporting Period: June-26

OM 6

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	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.83%

	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



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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 2026 Operational Measures

Reporting Period: June-26

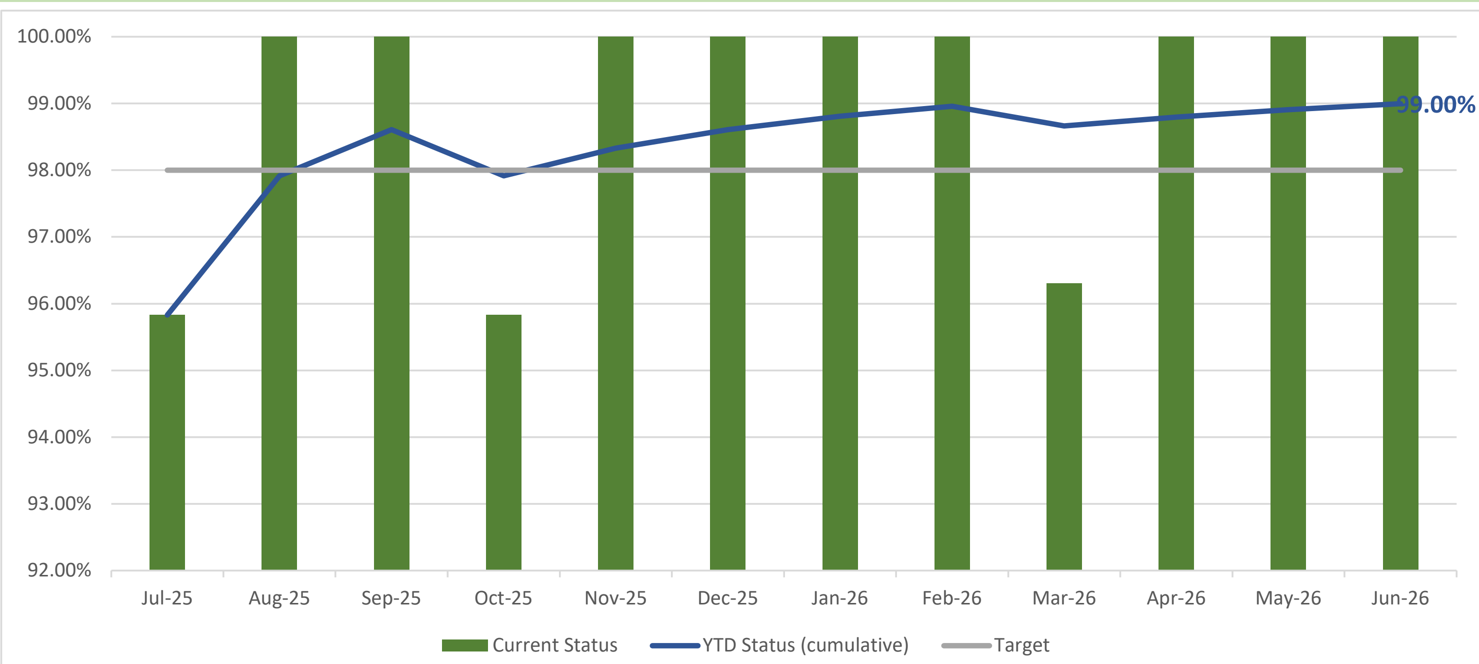
OM 7

Operational Measure	Timeliness of Disability Retirements Processed
Strategic Goal	Superior Governance and Long-Term Financial Health
Description	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board
Calculation Methodology	The number of disability retirements processed within 30 days after VRS receives notice of approval of the application by the Medical Review Board. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.

Data Source	Disability Retirement Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	98.00%	**Baseline** (Performance History)	98.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 98%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.00%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing system enhancements	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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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 2026 Operational Measures

Reporting Period: June-26

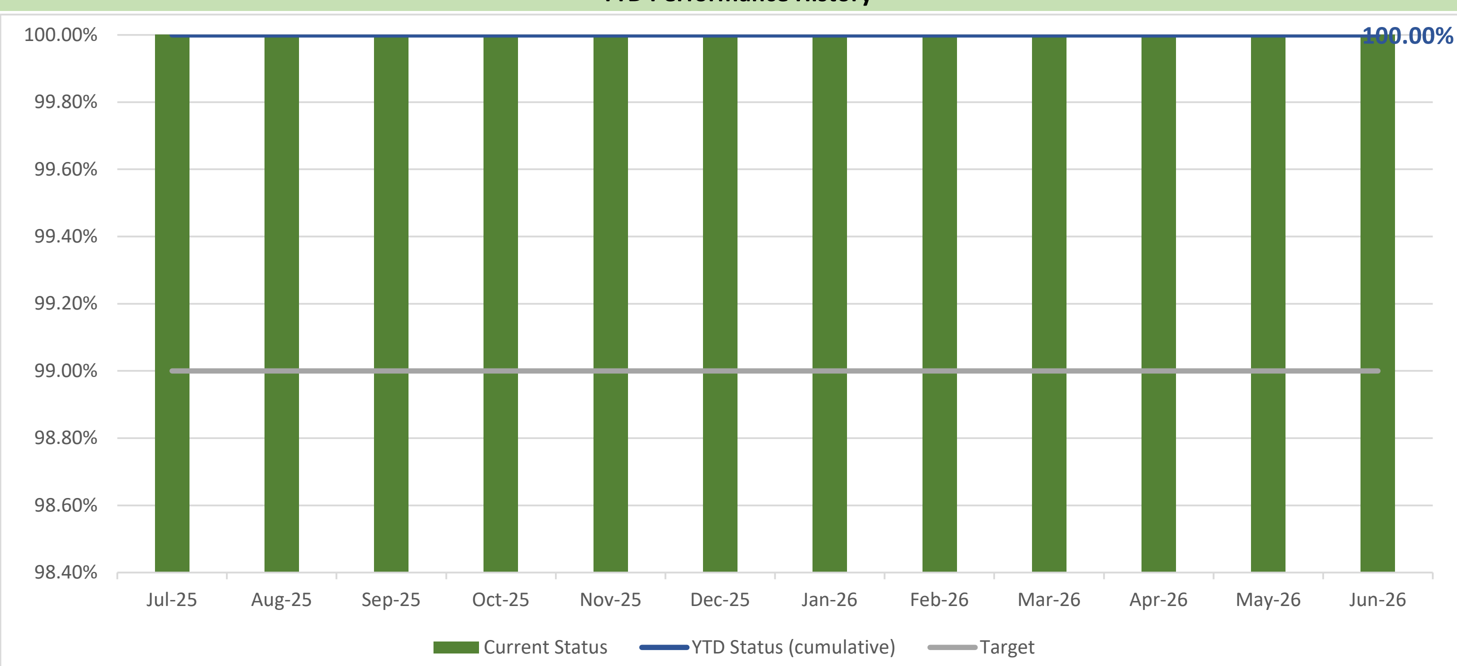
OM 8

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%*	
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 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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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 2026 Operational Measures

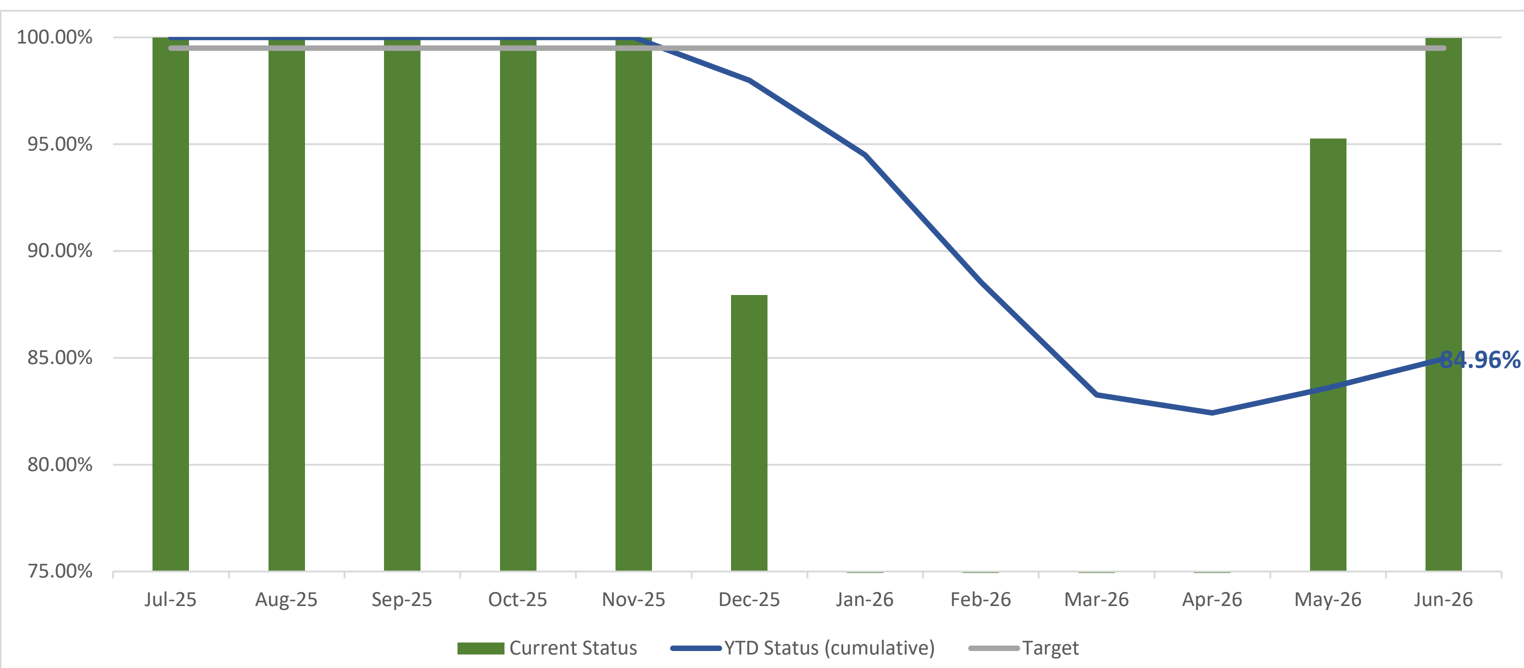
Reporting Period: June-26

OM 9

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	**99.96%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	84.96%

#	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

YTD Performance History



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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 2026 Operational Measures

Reporting Period: June-26

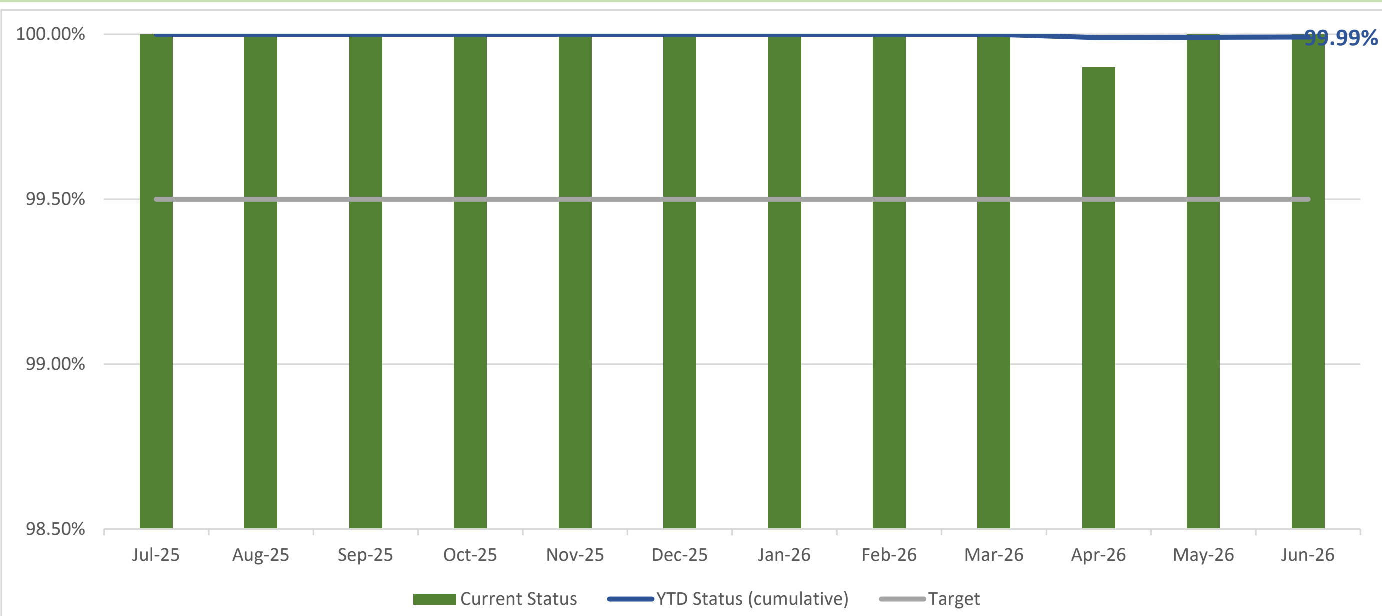
OM 10

Operational Measure	Planned IT System Availability
Strategic Goal	Technology Infrastructure
Description	Percentage of time critical systems are available during periods of planned availability
Calculation Methodology	Percentage of time during which critical business systems are available for use by VRS staff and customers, divided by the total time for which it was planned that said systems would be available. Critical business systems include: VNAV, telephone, email, internet, myVRS, Imaging, Investments, D365, Customer Counseling Center Cisco phone system, and remote access. Note: business systems deemed "critical" may change periodically depending on business needs or system changes (ex: RIMS was decommissioned in spring 2019 and is no longer considered a critical business system as of that time). Periods of availability are pre-determined based on business needs and requirements regarding routine system testing, maintenance and upgrades. "Availability" is defined as being able to be used by the majority of persons for whom it is intended and for the majority of purposes for the system's intended use.

Data Source	Technology Services SLEs Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	99.50%	**Baseline** (Performance History)	99.00%
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)	99.99%

	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

YTD Performance History



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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 2026 Operational Measures

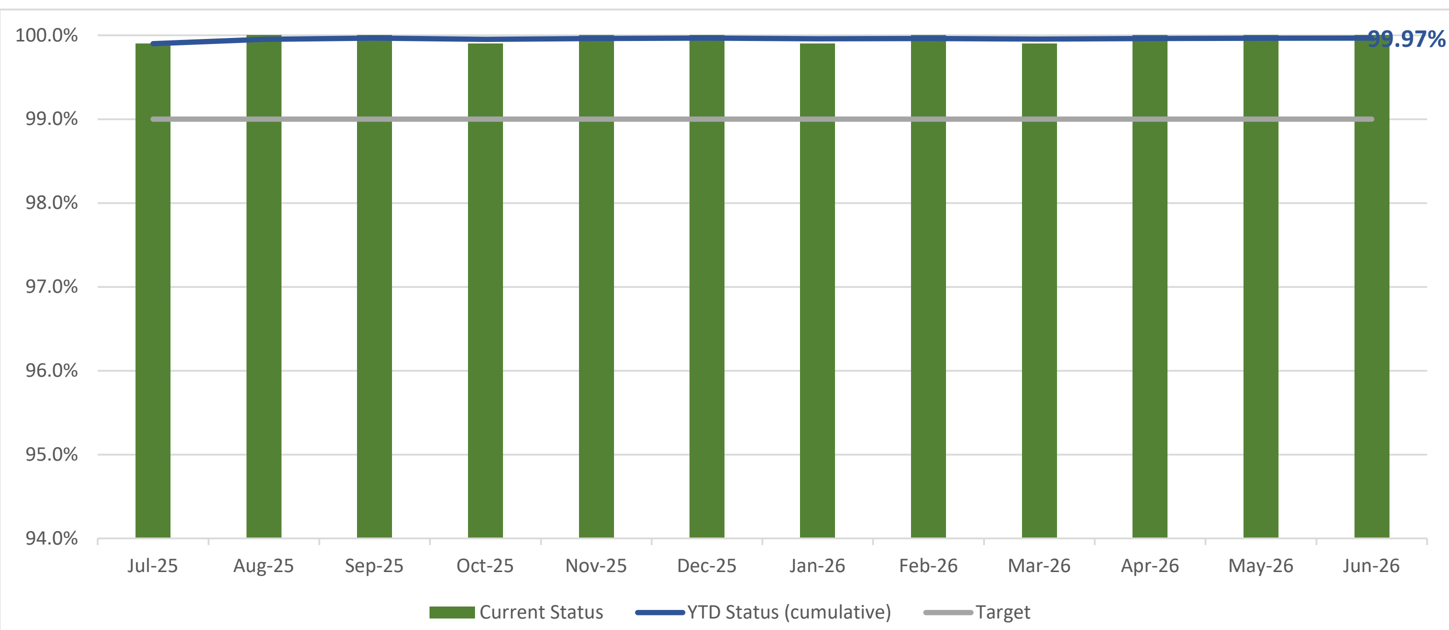
Reporting Period: June-26

OM 11

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	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.97%

	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



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 2026 Operational Measures

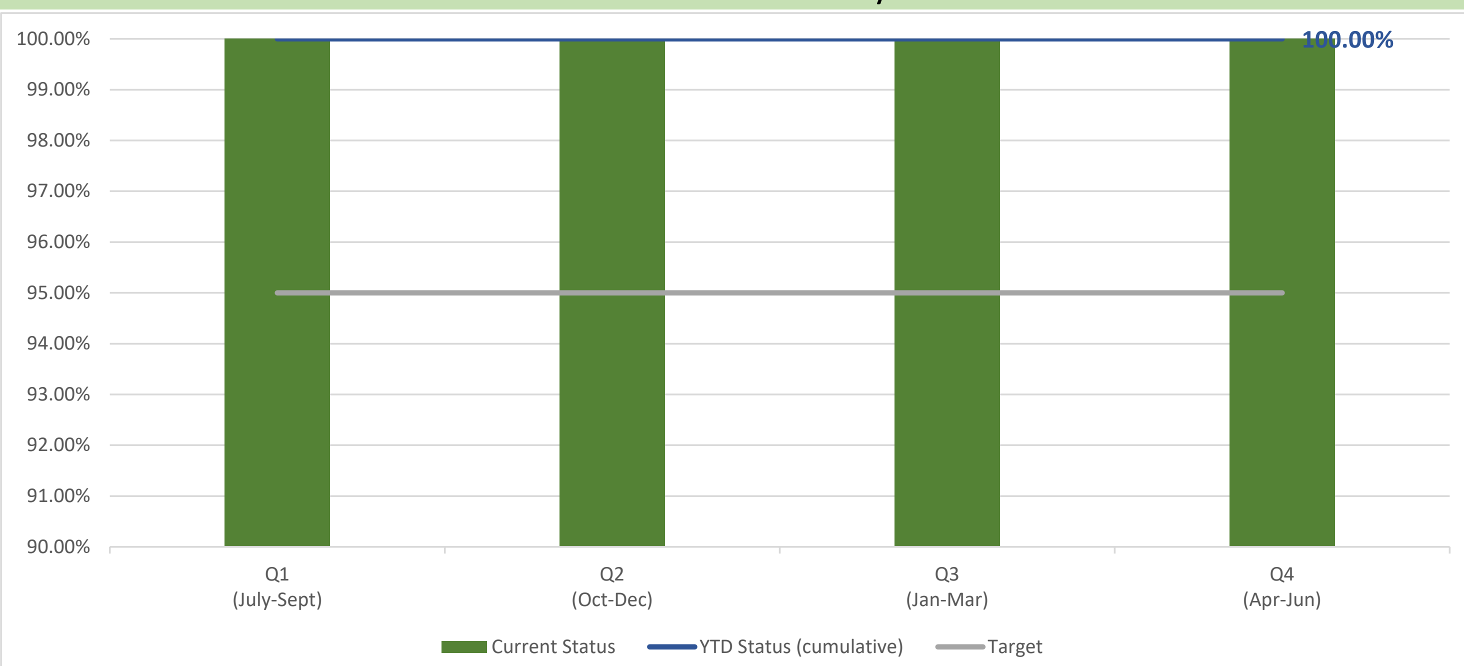
Reporting Period: June-26

OM 12

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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Overall Measure: 13 of 16 meet or exceed target

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Fiscal Year 2026 Operational Measures

Reporting Period: June-26

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)	27.27%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: FY 2024 results***	
Current Reporting Month Status	**7.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	7.00%

	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]

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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

Fiscal Year 2026 Operational Measures

Reporting Period: June-26

OM 14

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 2026. At that time the FY 2025 annual agency cost will be compared to the to the FY 2025 CEM peer cost to determine whether VRS's cost is lower than the peer average.

Data Source	CEM Benchmarking, Inc.	**Reporting Frequency**	Annual
Target (Performance Goal)	Lower than the FY 2025 CEM Peer Cost Average	**Baseline** (Performance History)	N/A
Target Rationale: *Measuring VRS annual administrative cost for FY 2025 against the most current peer data as provided by CEM Benchmarking, Inc.*		***Baseline Rationale:*** *N/A*	
Current Reporting Month Status	**$96**	**YTD Status** (Used at year-end to determine whether target has been met)	$96

	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 2025 CEM cost not known until late into FY 2026 (limiting agency ability to react if missing target)	Proactively calculate and monitor agency administrative cost in anticipation of receiving the FY 2025 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 2026]

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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 2026 Operational Measures

Reporting Period: June-26

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 2026 are required to complete security training within 30 days after their start date. All staff are required to complete the training during the annual training window. The training provides information on such critical security practices as protecting sensitive data, utilizing effective passphrases, reviewing acceptable technology use policies, being on alert for phishing and other malpractices, and more. **The percentage is calculated on a cumulative basis and reported annually (with the total requirement recalculated monthly as new staff are hired and required to obtain security training).**		
Data Source	Technology Services SLEs Performance Report	**Reporting Frequency**	Annual
Target (Performance Goal)	100.00%	**Baseline** (Performance History)	100.00%
Target Rationale: *Maintain high security awareness*		***Baseline Rationale:*** *All VRS staff completed security training in FY 2025*	
Current 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	Unavailability of the Virginia Learning Center (VLC, a non-VRS application) for training	Provide sufficient time for staff to obtain training within prescribed timeline to allow for possible VLC system unavailability
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	New training requirements as set-forth by the Commonwealth Security Policy that require changes to the prepared security training	Proactively coordinate with different units within VRS to ensure sufficient time and resources to make necessary changes to the prepared training

YTD Performance History

[Reported as an annual measure]

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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 2026 Operational Measures

Reporting Period: June-26

OM 16

Operational Measure	Employee Professional Development
Strategic Goal	Organizational Strength, Culture and Engagement
Description	Percentage of full-time VRS administration employees receiving at least 10 hours of professional development
Calculation Methodology	The number of eligible full-time VRS administration employees who have completed at least 10 hours of professional development, divided by the total number of eligible full-time administration employees. Eligible employees are full-time administration staff hired as of July 1, 2025 who are not on short- or long-term disability or FMLA during FY 2026. Qualifying professional development includes courses designated in the Virginia Learning Center (VLC), as well as conferences, webinars, college or trade school classes, and any other professional development as approved by the Human Resources Director. Number of hours received is tracked on a cumulative basis and reported quarterly.

Data Source	Human Resources Performance Report	**Reporting Frequency**	Annual
Target (Performance Goal)	90.00%	**Baseline** (Performance History)	92.00%
Target Rationale: *Maintain recent performance and increased total # of hours*		***Baseline Rationale: 3*** *year average = 92%*	
Current Status	**93.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	93.00%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Limited staff flexibility to obtain professional development due to significant staff time dedicated to new software solution implementations and other system enhancements.	Encourage staff to plan for professional development opportunities before and/or after periods of time dedicated to software solution implementations and other system enhancements.
2	Dependence on IT system availability/accessibility for trainings and/or time tracking	Advise staff to plan to be proactive about obtaining professional development and reporting their hours earned as they go
3	Limited progressive course availability on relevant subject matter area	Ongoing communication between managers and staff to expand and identify new learning opportunities

YTD Performance History

[Reported as an annual measure]

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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 2026 Operational Measures

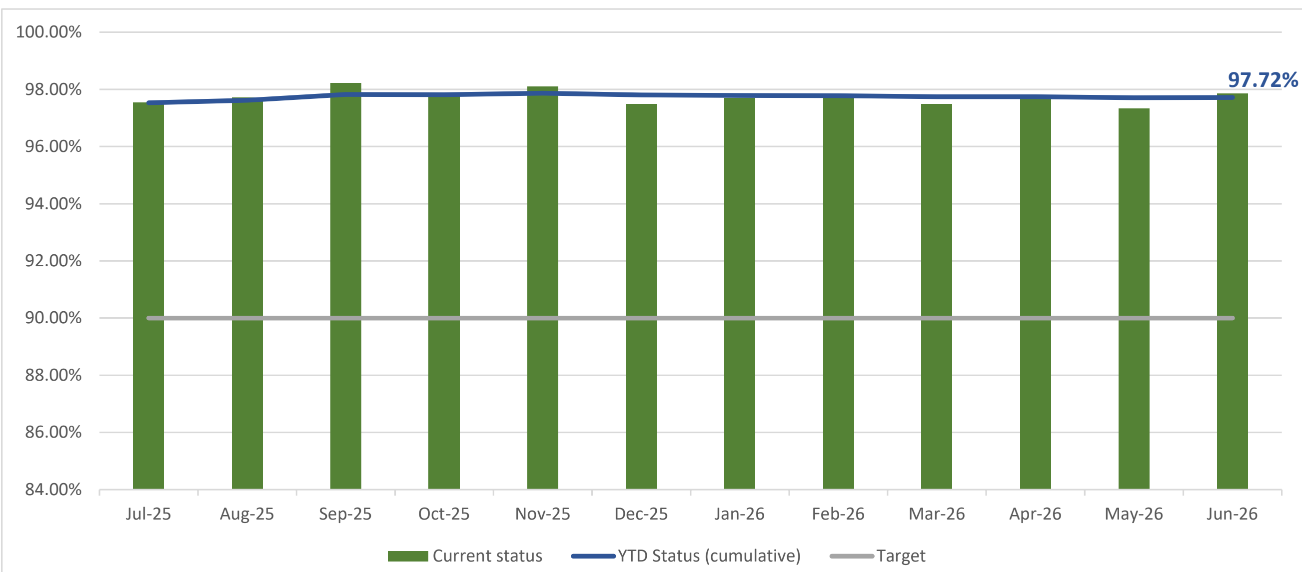
Reporting Period: June-26

OM P1

Operational Measure	Customer Satisfaction		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of respondents indicating a satisfactory rating in response to the CCC post-interaction survey.		
Calculation Methodology	The number of survey responses indicating a customer satisifaction rating of 4 or higher (the scale is 1-5, with 5 being the highest score), divided by the total number of survey responses. Average rate is calculated on a cumulative basis.		
Data Source	Telephony System Reporting Module	**Reporting Frequency**	Monthly
Target (Performance Goal)	>90%	**Baseline** (Performance History)	-
Target Rationale: *Based on initial data after system implemented in 2024.*		***Baseline Rationale: N/A***	
Current Reporting Month Status	**97.85%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	97.72%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Resources constraints that impact the ability to respond to customers in a timely manner, resulting in lower customer satisfaction scores	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes
2	Ongoing system enhancements	Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes
3	Need for increased security requirements for accessing members' records in accordance with industry best practices which cause longer customer interaction times	Identify opportunities to expedite the requisite validation process while still ensuring compliance with VRS security protocols to protect member data

YTD Performance History



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Fiscal Year 2026 Operational Measures

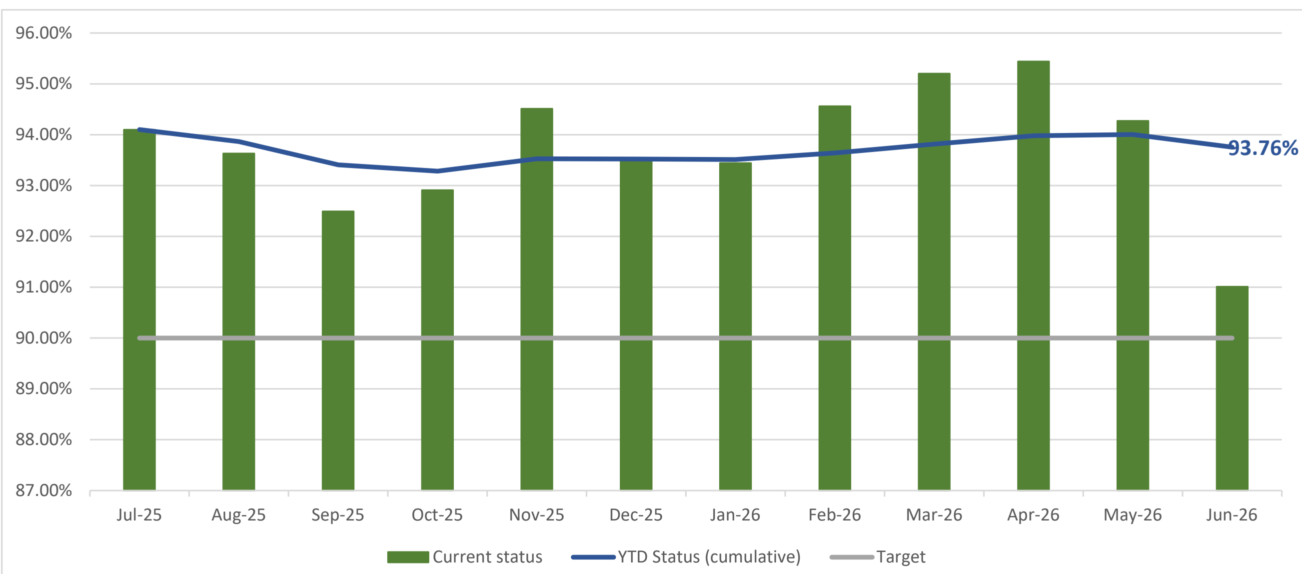
Reporting Period: June-26

OM P2

Operational Measure	Quality Assurance Score		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of quality assurance (QA) reviews scoring at least 90.		
Calculation Methodology	The number of quality assurance reviews (an assessment of an individual customer call based on multiple categories) scoring at least 90 (100 is the highest score possible), divided by the total number of quality assurance reviews completed. Average rate is calculated on a cumulative basis.		
Data Source	Customer Counseling Center Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	>90%	**Baseline** (Performance History)	-
Target Rationale: *Based on initial data available.*		***Baseline Rationale: N/A***	
Current Reporting Month Status	**91.01%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	93.76%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Ongoing telephony system enhancements	Provide job aides and training for new system enhancements
2	Unexpected system downtime	Prepare communication and talking points to address system outage
3	Insufficient training for employees, including ongoing training for existing staff	Identify gaps in training and prepare updated training materials for use by staff

YTD Performance History



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Fiscal Year 2026 Operational Measures

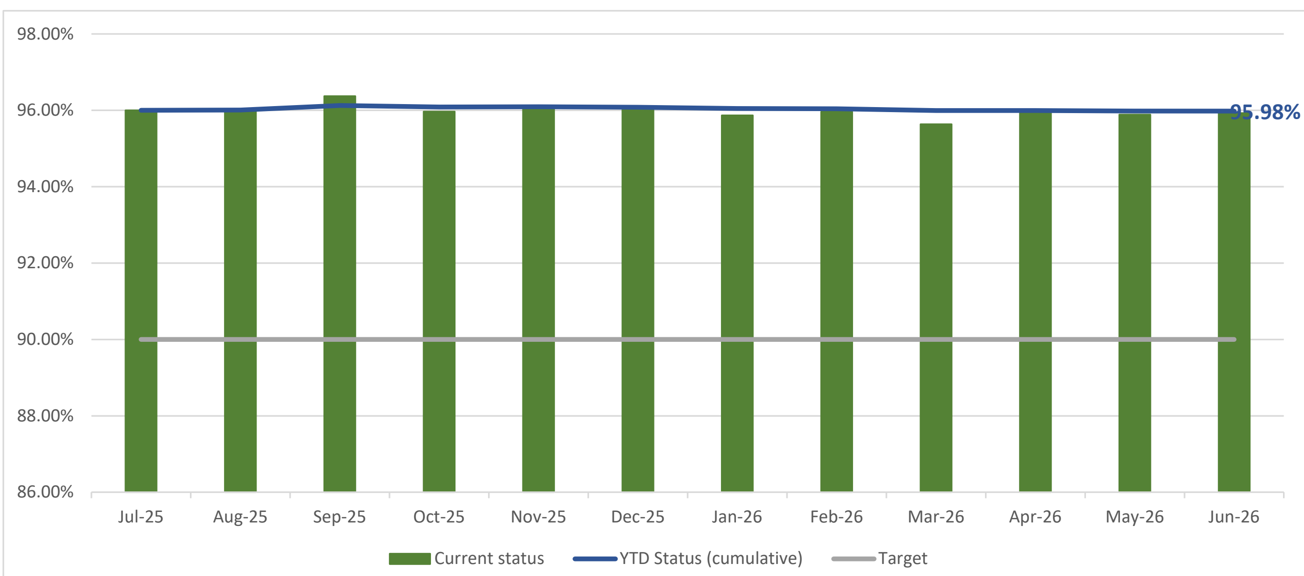
Reporting Period: June-26

OM P3

Operational Measure	First Contact Resolution		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of customers indicating that they were able to complete all of their business needs with their initial interaction with the CCC.		
Calculation Methodology	The number of responses to the "I was able to complete all of my business needs today" survey question indicating a rating of 4 or higher (the scale is 1-5, with 5 being the highest score), divided by the total number of survey responses. Average rate is calculated on a cumulative basis.		
Data Source	Customer Counseling Center Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	>90%	**Baseline** (Performance History)	-
Target Rationale: *Based on initial data available.*		***Baseline Rationale: N/A***	
Current Reporting Month Status	**95.93%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	95.98%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Ongoing telephony system enhancements	Provide job aides and training for new system enhancements
2	Unexpected system downtime	Prepare communication and talking points to address system outage
3	Regulatory or legislative changes that impact customer benefits and result in increased customer inquiries (i.e. federal tax code change)	Prepare sufficient job aides and talking points for CCC staff to use in response to inquiries. 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

YTD Performance History



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Request for Board Action
RBA 2026-09-____

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 June 17, 2026, and the plans became effective on July 1, 2026. 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 2026 performance bonus payments to eligible employees is $802,522.14 to be paid from the FY 2027 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.

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

Virginia Retirement System

Request for Board Action
RBA 2026-09-____

Affirm FOIA Electronic Meeting Attendance Policy.

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 has periodically approved revisions related to statutory changes. At its 2026 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 on an annual basis 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 17, 2026.

____ ______________________________

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

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.

<u>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.</u>

<u>Remote Participation by Individual Members</u>

Individual members may participate remotely for the following reasons under § 2.2-3708.3 B[1]:

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

[1] 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 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*.

Request for Board Action
RBA 2026-09-____

Approve FY2026 Incentive Payments for VRS Investment Professionals.

Requested Action

The VRS Board of Trustees approves payment of an incentive amount of approximately $9,433,064.51 for FY 2026 to VRS investment professionals as authorized by the Investment Professionals' Pay Plan in effect on June 30, 2026.

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^{th} 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^{th} 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, as Plan Administrator, administers incentive pay under the Plan through the Administration, Finance and Talent Management ("AFT") Committee and retains full and complete discretion:

- To increase or decrease 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, 2026, 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 $9,433,064.51 for 57 investment professionals eligible to participate in the pay plan during FY 2026.

Authority for Requested Action

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

The above action is approved.

____ ________________________________

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

Virginia Retirement System

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

Date: September 11, 2026

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
Josh Fox, Principal Auditor

Subject: **Review of FY2026 Investment Incentive Compensation**

Internal Audit has reviewed the proposed Investment Incentive Compensation for the fiscal year ended June 30, 2026. As presented, the Investment Incentive Compensation amount, in aggregate, is **$9,433,064.51** 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**.

As a result of our review, we provided feedback to management regarding opportunities to refine certain language within the Investment Professionals’ Pay Plan.

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

Fiscal Year 2026 Incentive Compensation Summary

Target Incentive Levels

VRS Position	Target Incentive
Chief Investment Officer	70%
Deputy Chief Investment Officer	65%
Managing Director	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	1.91
Public Equity	2.00	2.00
Fixed Income	2.00	2.00
Credit Strategies	2.00	2.00
Real Assets	2.00	2.00
Private Equity	0.00	0.00
Internal Equity Management	2.00	2.00
Average of All Asset Class Multipliers	1.67	1.67
Average of Public Market Assets	2.00	2.00
Average of Private Market Assets	1.33	1.33
Defined Contribution Plans	2.00	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 5.37%.

Aggregate Incentives

Total Fund	$1,879,497.66
Specific Fund	$3,929,505.04
Average Specific Fund	$1,690,768.83
Qualitative	$1,452,553.12
Preliminary Total	$8,952,324.65
1 Year Absolute Return Adjustment	$480,739.86
Total	$9,433,064.51

VRS Director's performance review.

Requested Action

The VRS Board of Trustees approves a performance bonus for the VRS Director payable on October 16, 2026, and a supplemental payment made December 1, 2026, as authorized in the 2026 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 2026 Appropriation Act:

> The appointing or governing authority may grant performance bonuses of 0-5 percent for positions whose salaries are listed in the Legislative Department 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 16, 2026.

The Board may supplement the salary of the Director pursuant to § 4-6.01(c)(8) of the 2026 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 $120,000 will be paid on December 1, 2026, 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 2025 was an average salary of $361,800 Total average compensation in 2024 (most recent data available) for comparable Directors without CIO responsibilities was $420,400 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 $247, 615.

The current limitation for 401(a) contributions under Internal Revenue Code § 415(c)(1)(A) is $72,000 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 2026 Appropriation Act. The supplement will be paid on December 1, 2026, 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.

____   ______________________________

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

Virginia Retirement System®

INNOVATION IN SERVICE

FISCAL YEAR 2026 REPORT

TRISH BISHOP, DIRECTOR

TABLE OF CONTENTS

EXECUTIVE SUMMARY

I'm pleased to present VRS' benefit administration highlights for fiscal year 2026. Across departments, staff focused on improving how we work, strengthening the services we provide and preparing the agency for future needs. VRS met 15 of 16 operational targets and achieved all four agency performance outcomes, reflecting strong execution across the organization.

Our ongoing efforts to build partnerships with the General Assembly and Administration to pay down unfunded plan liabilities yielded a $93.6 million commitment for the state health insurance credit program this year, significantly improving the program's financial footing.

VRS continued to enhance the technology, systems and processes that support our mission. Progress included stronger cybersecurity, expanded automation and cloud-based development tools, implementation of Workday for human resources, and a new framework for the responsible use of artificial intelligence. These efforts are helping build a more secure, efficient and adaptable organization.

The agency also made meaningful steps forward in data quality and data-informed decision-making. New dashboards, reporting tools, customer feedback and journey-mapping efforts are giving staff timely information to improve operations and better meet the needs of those we serve. The latest CEM benchmarking results reinforce this direction: VRS delivered service equal to the peer median at a cost 31% below the peer average, while increasing its total service score from 74 to 83 since 2018.

Engagement with members remained central to our work. VRS expanded counseling and education, strengthened relationships with participating employers, grew its digital audiences and used more targeted communications to connect members and employers with relevant information and resources. Together, these efforts support continued improvement in how VRS serves members, retirees, employers, staff and other stakeholders.

STRATEGIC PARTNERSHIPS

The director and executive staff meet regularly with stakeholder groups to provide updates, answer questions and build awareness of VRS resources and services. In FY 2026, these groups included the Joint Legislative Audit and Review Commission, Judicial Conference of Virginia, 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.

Executive team directors and department managers also stay active in professional organizations that support continuing education, peer learning and the exchange of ideas, including the National Association of Government Defined Contribution Administrators, International Centre for Pension Management, National Association of Legal Assistants and Public Retirement Information Systems Management. *(continued)*

VRS Director Trish Bishop provided an update at the April meeting of the Virginia Retired Teachers Association, which drew nearly 100 retired educators to Richmond

EXECUTIVE SUMMARY (CONTINUED)

The director and senior staff also met with the transition team for incoming Governor Abigail Spanberger and with leadership of the Senate Finance and Appropriations Committee and House Appropriations Committee to provide operational and financial updates.

As the 14th largest pension system in the U.S., VRS continues to be recognized as an industry leader.

Director Trish Bishop is a past president of the National Association of State Retirement Administrators and remains active in the organization's annual conference and leadership activities. She also chairs the Administrator Education Committee of the National Council on Teacher Retirement.

Bishop's leadership at VRS was featured this year in James Madison University's alumni magazine. She also remains active in the Richmond community, including through a recent appointment to the board of YWCA Richmond. In addition, Bishop has been a volunteer leader in the Virginia Chapter of Breakthrough T1D, which raises funds and awareness to treat, prevent and cure Type 1 Diabetes.


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VRS director using policy background to build for future

FEATURED STORIES

Virginia Retirement System Director Patricia "Trish" Schwab Bishop ('92) said her close relationships with academic advisors and professors while at JMU helped shape her interest in public service.

SUMMARY: As director of the Virginia Retirement System, Patricia "Trish" Schwab Bishop ('92) seeks to be a resource for state employees, saying they make a huge impact on the world through small, everyday efforts.

The summer after graduating from JMU, Patricia "Trish" Schwab Bishop ('92) was a Governor's Fellow in L. Douglas Wilder's office in Richmond.

"That experience launched my career in state government," she said. "The fellowship truly is an incubator for future public employees. A number of JMU students have ended up applying for and participating in the program, and quite a few remain in state government today."

That list includes Bishop, now director of the Virginia Retirement System. She originally considered a career in law, but life soon took her down a different path — and she ran with it. "I probably never would have said, 'Oh, I'm going to be the director of the 14th-largest pension plan in the United States, with approximately 860,000 members and beneficiaries.'"

Looking back, she credits JMU with giving her "the foundation for a career with purpose," adding, "I'm committed to making sure today's students feel that same spark."

"If I have any advice," she said, "it's to never underestimate the value of showing up, staying curious and building relationships. Public service is ful of purpose and opportunities for those willing to raise their hand."

A northern New Jersey native, Bishop was following an older cl recommendation when she set her eyes on JMU. "Rita was valedictorian of her high school class," Bishop said. "I th enough for Rita, it can be for me.'"

JMU with her family, Bishop kn she recalled.

"One of the best parts about my career path has been the commitment to service and helping the commonwealth's public servants, including our teachers, our first responders and others who make such a difference in the lives of all of us."


eliminating racism
empowering women
ywca
Richmond

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....

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AGENCY OPERATIONS

Building the Foundation for Better Decisions and Service

Agency Operations provides much of the behind-the-scenes support that keeps VRS running effectively. In FY 2026, the team improved governance, records management, data quality, customer experience and agency support services—work that strengthens both daily operations and long-term decision-making.

15 of 16
Operational Targets Met

4 of 4
Agency Performance Outcomes Achieved

- **Modernized budget planning and financial operations.** Continued planning for Workday as VRS' future budgeting platform, finalized and submitted the FY 2027-2028 biennium budget, and developed resources to help budget owners better understand and manage agency finances.
- **Strengthened records management and information governance.** Supported enterprise content management planning, expanded public records training, updated record retention schedules and improved the organization of agency policies to make information easier to find, manage and retain appropriately.
- **Improved data quality and access to information.** Continued the agency's data quality initiative by expanding reporting tools, developing resources for business users and streamlining data processes to support more efficient operations and better decisions.
- **Expanded capabilities to enrich customer experience .** Began mapping the Service Retirement customer journey by engaging members, employers and staff to better understand needs, pain points and opportunities for improvement. The team also expanded customer satisfaction and sentiment surveys, generating nearly 2,500 responses; reviewed more than 80 forms and applications using human-centered design principles; and developed a new Customer Contact Information Policy to support future communication, member verification and security improvements.
- **Advanced fraud prevention and identity verification.** Evaluated opportunities to strengthen member authentication, reviewed fraud-prevention technologies and processes, and continued cross-department collaboration to improve security and reduce operational risk.
- **Supported Board governance and agency leadership.** Improved SharePoint resources and processes for board and committee operations, coordinated planning for the 2026 board retreat and developed centralized resources to make board information easier to access and use.

AGENCY OPERATIONS (CONTINUED)

One James Center Move

Completed the buildout of approximately 65,000 square feet at One James Center and relocated about 200 staff to the new space, which also includes meeting space for the board and committees The state-of-the-art location supports collaboration and the agency's hybrid work model.

OPERATIONAL HIGHLIGHTS

169,309
incoming documents processed

753
Internal Notice Board documents indexed and enhanced with metadata

21 (+14 FY 2025)
Data process improvement dashboards deployed

2,500+
customer survey responses collected

80+
forms and applications reviewed using human-centered design principles

2,859 (+30% FY 2025)
proactively reviewed through enhanced coordination between Risk & Fraud and the Customer Contact Center

2025 PEER BENCHMARKING ANALYSIS

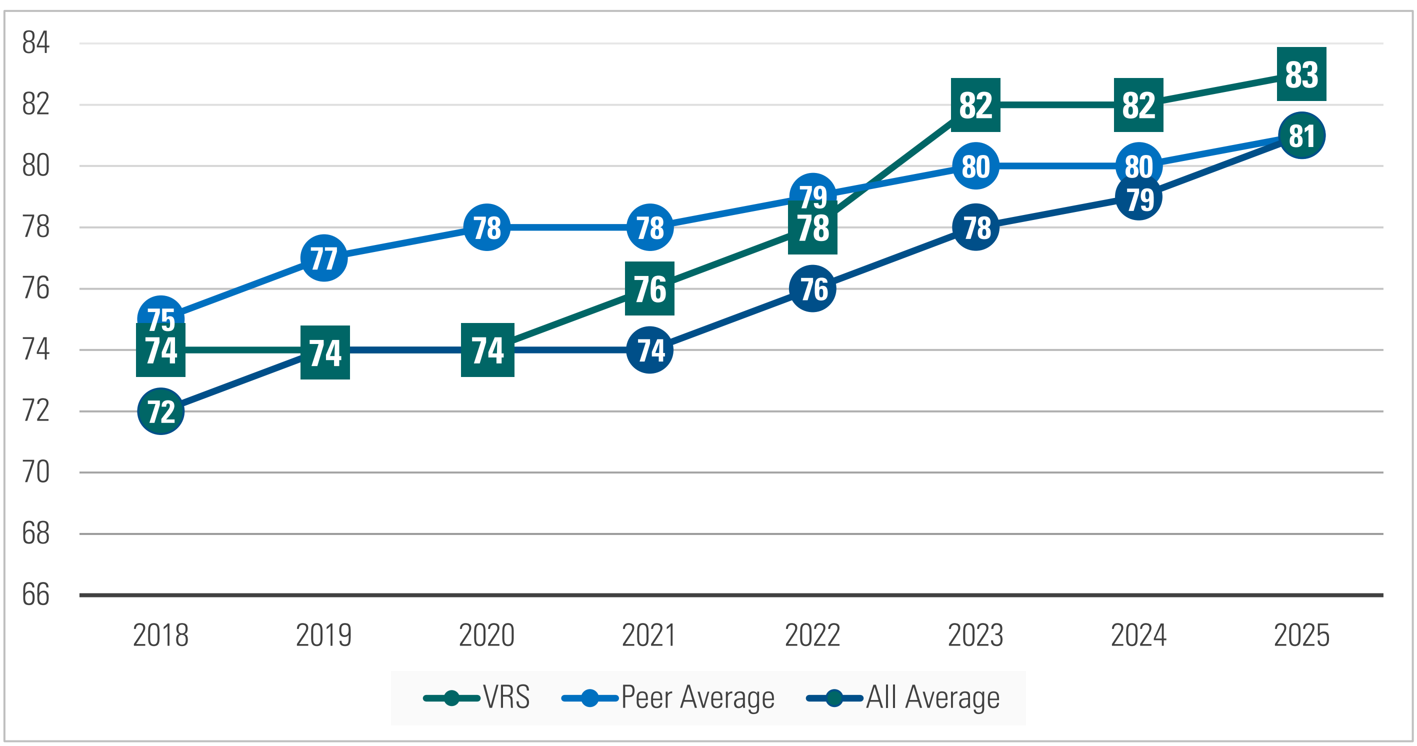
VRS retains its favorable position in the CEM Benchmarking survey, delivering service at a level equal to its peers while keeping pension administration costs well below the peer average.

Pension Administration Cost

31% below the peer average cost

Trends in Total Service Scores

Score Increased from 74 to 83 between 2018 and 2025



POLICY, PLANNING & COMPLIANCE

Guiding Compliance, Managing Risk

The Policy team helped VRS keep pace with changing legal requirements, support sound decision-making and manage risk in FY 2026, including major actuarial reviews and new accessibility standards.

- **Supported informed decision-making.** Completed 21 fiscal impact statements, provided additional bill analysis and monitored legislation affecting retirement benefits and program administration.

- **Strengthened actuarial oversight and financial transparency.** Completed an independent actuarial audit with no material deficiencies, reviewed early retirement factors and published the agency's required stress testing analysis.

- **Advanced plan funding through ongoing partnership with state leaders.** Continued a multi-year effort to partner with the General Assembly and Governor to strengthen the long-term health of VRS-administered plans, reducing unfunded liabilities by nearly $2 billion since FY 2013. In FY 2026, the General Assembly agreed to commit $93.6 million to the state Health Insurance Credit program, strengthening the fund's financial footing and reducing future liabilities.

- **Prepared VRS for policy changes.** Analyzed new laws related to educational leave, paid sick leave and Virginia's future paid family and medical leave program, and supported implementation.

- **Maintained transparency and accountability.** Processed 158 Freedom of Information Act requests, working across the agency to respond timely.

- **Provided legal guidance and contract support.** Reviewed contracts, processed subpoenas, supported procurement improvements and updated contract resources to strengthen compliance and improve day-to-day operations.

- **Kept core administrative work moving.** Managed appeals, reviewed powers of attorney, processed approved domestic relations orders and updated procedures, job aids and internal guidance.

- **Supported agency-wide policy work.** Advanced accessibility compliance, VOLSAP program updates and development of new policies, directives and administrative procedures.

- **Improved access to operational data.** Expanded the performance dashboard to include final case decisions, giving leaders more visibility into contracts, correspondence, FOIA requests, appeals, domestic relations orders and powers of attorney.

OPERATIONAL HIGHLIGHTS

21
fiscal impact statements completed

158
Freedom of Information Act requests processed

76
constituent, member and other correspondence responses provided

40
appeals assigned and **37** final case decisions issued

232
contracts reviewed

277
domestic relations order workflows completed

2,412
powers of attorney reviewed, with **2,081** approved

CUSTOMER RELATIONS

Expanding Access to Retirement Education and Guidance

Customer Relations expanded how members connect with VRS through counseling, education and outreach. In FY 2026, the team met continued demand for services through streamlined processes, virtual options and close coordination with employers across the Commonwealth.

- **Helped more members plan for retirement.** Leveraging strong employer partnerships, the Retirement Outreach Counseling Team delivered more than 8,300 counseling sessions through in-person and virtual appointments, including a 15% increase in counseling center sessions and a 14% increase in outreach activity.

- **Expanded retirement education across Virginia.** Conducted 280 retirement and benefit presentations, 39 webinars and seven Retirement Education Seminars while participating in conferences and benefit fairs that reached tens of thousands of members, retirees and prospective retirees with information about VRS benefits and retirement readiness.

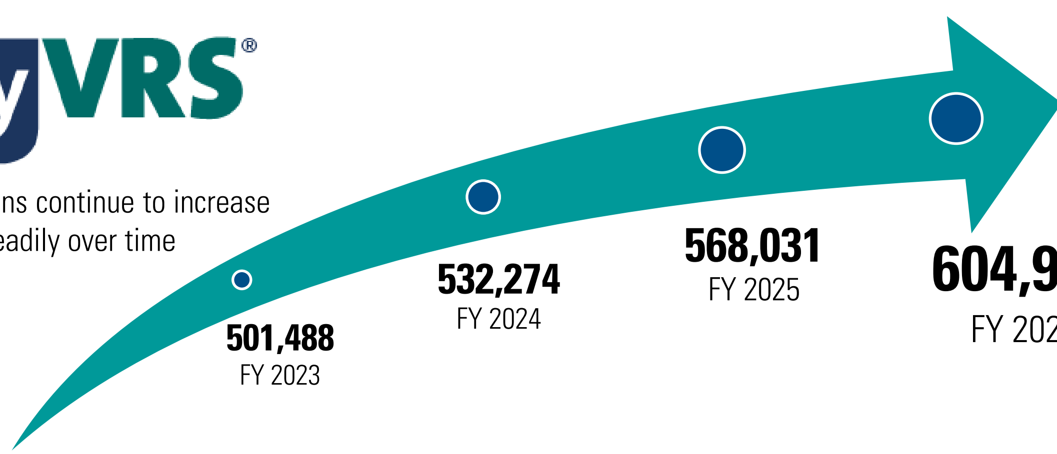
- **Strengthened Hybrid Retirement Plan outreach.** Expanded employer outreach, increased access to individual counseling and launched new recurring education opportunities for hybrid plan members. The team also partnered with Voya to expand monthly education offerings and help members better understand their retirement benefits, contributions and retirement readiness options.

- **Used feedback and multiple service channels to improve support.** Expanded customer surveys across counseling and education offerings while continuing to provide timely help through the contact center, email correspondence, counseling services and self-service retirement-planning tools. The team also continued to offer SMS messaging and live chat, giving members more ways to connect with VRS.

OPERATIONAL HIGHLIGHTS

myVRS®

Registrations continue to increase steadily over time



CUSTOMER RELATIONS (CONTINUED)

229,367

calls answered in the customer contact center

14,588

email responses provided

8,359 (+14.5% FY 2025)

retirement counseling sessions conducted

280 (+11.6% FY 2025)

retirement and benefit presentations delivered to **9,506** attendees

121

benefit fairs attended, reaching **23,942** active members

39

webinars delivered to **1,243** attendees

7

Retirement Education Seminars conducted statewide with **481** attendees

50

employer training classes, webinars and e-courses delivered

8

member e-courses delivered with **3,372** completions

INFORMATION TECHNOLOGY

Advancing Secure, Modern Technology

Information Technology strengthened the systems and security that support VRS' daily work and future needs. In FY 2026, the team advanced system modernization, cybersecurity, automation and governance efforts that improved reliability, reduced risk and better positioned the agency for future technology needs.

- **Modernized core systems while strengthening cybersecurity.** Completed major upgrades to retirement administration, finance, security and infrastructure systems, enhancing performance, reducing technology risk and positioning the agency for future improvements. The team also modernized myVRS login security and expanded cyber risk monitoring to better safeguard agency systems and member data.

- **Improved governance and risk management.** Implemented governance, risk and compliance and third-party risk management solutions that automate key processes, strengthen oversight and support a more connected approach to security and governance.

- **Established a foundation for responsible AI adoption.** In collaboration with leaders across the agency, developed and implemented a VRS Artificial Intelligence Policy, established AI governance practices and completed pilot projects to support the secure and effective use of emerging technologies.

- **Used automation and cloud tools to speed software delivery.** Moved development operations to cloud platforms, automated regression testing and added standard code quality and security scanning processes—reducing testing time from three days to approximately six hours.

- **Strengthened operational resiliency and technology support.** Completed internal and external technology audits, began implementing a modern managed file transfer platform, supported the James Center relocation and moved service desk operations to a managed services model while maintaining VRS oversight.

OPERATIONAL HIGHLIGHTS

99.9%

of malicious email blocked by Proofpoint

100/100

security score for public-facing websites

<5%

click rate on phishing campaigns

22

positions filled with support from a specialized recruiter

15+

professional certifications earned

1

bachelor's degree completed in cybersecurity

CUSTOMER PROGRAMS

Delivering Benefits When Members Need Them Most

Customer Programs provides direct support to members, retirees and families through retirement processing, disability benefits and life insurance programs. In FY 2026, the team maintained high service levels, implemented legislative changes affecting emergency dispatchers and helped ensure critical benefits were delivered without interruption.

- **Processed retirements accurately and on time.** Customer Programs processed 11,684 retirements, with service retirement applications processed 99.57% timely and 99.91% accurately, helping new retirees move from employment to retirement without an interruption in benefits.
- **Supported members and families during critical life events.** Processed more than 8,700 group life insurance claims and nearly 10,200 short- and long-term disability claims while providing support during some of life's most difficult circumstances.
- **Implemented statutory retirement plan changes for emergency dispatchers and judges.** Established a Virginia Local Disability Program and employer-provided comparable plan enrollment period for eligible emergency dispatchers, while implementing Judicial Retirement System changes that transitioned eligible judges from the Hybrid Retirement Plan to Plan 2.
- **Helped employers administer benefit programs consistently.** Collaborated with participating employers to strengthen understanding of disability and related benefit programs, supporting consistent administration and service delivery across the Commonwealth.

OPERATIONAL HIGHLIGHTS

RETIREMENT ADMINISTRATION

54.8% +10% FY 2025
of July retirements submitted online

5,429 +15% FY 2025
Online retirement applications submitted during fiscal year

99.57%
of service retirement applications processed timely

99.91%
processing accuracy

GROUP LIFE INSURANCE

8,723
group life insurance claims processed

317
optional life insurance claims processed

65,272
optional life insurance participants

45,067
spouse and dependent participants

DISABILITY PROGRAMS

6,893
Virginia Sickness and Disability Program short-term disability claims processed

1,099
Virginia Sickness and Disability Program long-term disability claims processed

2,042
Virginia Local Disability Program short-term disability claims processed

195
Virginia Local Disability Program long-term disability claims processed

FINANCE

Strengthening Controls, Modernizing Operations

Finance supported the agency's core financial operations while continuing to improve the systems and processes behind them. In FY 2026, the team strengthened controls, expanded automation and helped ensure accurate, timely payments and reporting for members, retirees, employers and agency partners.

- **Processed high-volume benefit payments and tax reporting.** Delivered more than 3 million retirement annuity payments totaling over $7 billion, more than 10,000 member refunds totaling over $105 million and more than 320,000 tax documents.
- **Strengthened financial controls and reporting.** Completed all reconciliations on time, exceeded prompt-pay requirements at 99.2% and delivered employer accounting reports ahead of schedule with minimal auditor comments.
- **Modernized investment accounting workflows.** Replaced paper-based wire and payment approvals with electronic approvals and processed more than 1,300 capital call, wire and fee payment instructions.
- **Improved retirement administration through automation and system enhancements.** Processed purchases of previously refunded service, improved member record management by better identifying and consolidating duplicate records and added interest visibility to member account screens.
- **Implemented legislative and regulatory requirements.** Supported changes affecting emergency dispatchers and judges, required minimum distributions, compensated absences and employer charging processes.
- **Resolved system and data issues.** Deployed more than 500 data fixes and more than 60 code fixes to support legislative changes, process improvements and accurate benefit administration.
- **Supported procurement operations.** Onboarded a new Procurement Director and processed more than 300 purchase orders and approximately 200 change orders.
- **Maintained strong financial reporting.** Received the Government Finance Officers Association's Certificate of Achievement for the fiscal year 2024 Annual Comprehensive Financial Report and submitted the fiscal year 2025 report for consideration.

OPERATIONAL HIGHLIGHTS

$7 billion+
in retirement benefits paid

3 million+
annuity payments processed

$105 million+
in member refunds delivered

320,000+
tax documents delivered

99.2%
prompt-pay rate

1,300+
investment payment instructions

500+
data fixes

60+
code fixes

STRATEGIC & DIGITAL COMMUNICATIONS

Expanding Digital Engagement and Strengthening Stakeholder Connections

Strategic & Digital Communications helped VRS connect with members, retirees, employers and stakeholders through online and direct mail communications, employer outreach, accessible web content and more targeted use of data. In FY 2026, the team expanded audience reach, strengthened accessibility efforts and supported major agency initiatives with clear, coordinated communications.

- **Expanded digital reach across VRS communication channels.** Grew audiences for Member News, Retiree News, LinkedIn and YouTube while sharing timely updates, educational resources and information about VRS programs and services.

- **Strengthened employer relationships across the Commonwealth.** Conducted employer roundtables and site visits, engaging more than 2,500 employer contacts from 622 organizations. The team also supported 734 new benefit administrators and assisted employers with elections for VRS and voluntary benefit programs.

- **Improved accessibility and communication data.** Advanced compliance with federal and state web accessibility requirements by remediating hundreds of PDF documents and coordinating with content owners across the organization, while saving approximately $250,000 in consultant costs through in-house accessibility remediation efforts. The team also developed new employer and member analytics dashboards to strengthen measurement of stakeholder engagement and communication effectiveness.

- **Supported major agency initiatives with clear communications.** Served as a communications partner for legislative implementations, employer outreach and member education efforts, helping align messaging across websites, newsletters, email campaigns and counseling resources while supporting implementation of Virginia Local Disability Program and Judicial Retirement System legislation.

OPERATIONAL HIGHLIGHTS

DIGITAL ENGAGEMENT

Expanded digital engagement through increased video production and posting frequency, driving audience growth across channels and strong newsletter engagement.

+42.6%
growth in Retiree News subscribers

+10.4%
growth in Member News subscribers

+29.4%
growth in LinkedIn followers, generating **120,259** impressions

+31.8%
growth in YouTube subscribers and **+8%** increase in watch time

EMPLOYER ENGAGEMENT

Strengthened employer engagement through outreach and support, reaching representatives from approximately 75% of VRS employers.

2,508
employer contacts engaged with **622** employers represented

734
new benefit administrators supported

23
employer benefit elections processed

10
actuarial studies completed

WEBSITE PERFORMANCE

Increased website traffic through coordinated content promotion and cross-channel linking.

7.1 million
myVRS page views

4.4 million
varetire.org page views

ACCESSIBILITY & ANALYTICS

Enhanced accessibility and analytics capabilities to improve digital performance measurement and support accessibility compliance.

97.6% **+4.3%** FY 2025
average website accessibility target score

2
new analytics dashboards developed

HUMAN RESOURCES

Investing in People, Leadership and Organizational Success

Human Resources supported employees and leaders through recruiting, workforce development, employee engagement and organizational modernization. In FY 2026, the department helped strengthen agency culture, support strategic initiatives and implement new tools and processes that improve the employee experience.

- **Implemented Workday as VRS' new human resources platform.** Completed the agency's largest HR technology initiative to date, delivering a modern system that streamlines processes, improves data quality, strengthens reporting and reduces IT support demands across the employee lifecycle.
- **Supported recruiting, retention and workforce planning.** Managed significant recruiting activity across the agency, particularly for hard-to-fill technology positions, while supporting workforce stability through engagement initiatives, leadership coaching and succession planning.
- **Expanded professional development and career growth opportunities.** Delivered the EDGE professional development program, exceeded agency learning goals; awarded professional development certifications; and continued work on career ladders and mentoring resources to support employee growth and internal advancement.
- **Supported employee engagement and agency culture.** Used agency-wide communications, benefits education, employee recognition, cultural celebrations and engagement activities to help employees stay informed, connected and supported.
- **Provided leadership support and organizational guidance.** Partnered with agency leaders on compensation studies, employee relations, organizational changes, change management and succession planning.

Workday HRS Implementation

Implemented in just 9 months

Integrated with 8+ enterprise systems

Fewer than 20 support tickets reported during go-live

Established a single source of truth for workforce data

The Workday implementation moved VRS to a more modern human resources platform, streamlining workflows, improving reporting, strengthening data quality and expanding employee self-service.

OPERATIONAL HIGHLIGHTS

RECRUITMENT & RETENTION

6,366
applications received

72
job postings, reflecting promotions and growth

44
new hires

24
promotions
+60% FY 2025

5.21%
overall turnover rate
-6.4% FY 2025

LEARNING & DEVELOPMENT

57
EDGE courses offered with **808** EDGE enrollments

16
Level I EDGE certifications awarded

93%+
of employees completed at least 10 hours of professional development

EMPLOYEE ENGAGEMENT

14,000+
average NewsCenter visits per month
+7.7% FY 2025

278
average attendance at VRS Today meetings

117
Benefits Fair attendees with **12** Benefits Fair vendors

DEFINED CONTRIBUTION PLANS

Expanding Participation and Retirement Readiness

Defined Contribution Plans continued to grow in participation and assets while expanding retirement education, personalized communications and financial planning resources. In FY 2026, VRS partnered with Voya to help participants better understand their benefits, increase savings and prepare for retirement.

- **Showed strong growth across Defined Contribution Plans.** Total plan assets grew to more than $13.4 billion across approximately 747,000 accounts, representing increases of 39% in assets and 14% in accounts over FY 2025.

- **Continued growth in the Hybrid Retirement Plan.** Combined Hybrid Defined Contribution assets reached approximately $4.9 billion across 567,086 accounts, reflecting continued participant engagement and long-term retirement savings activity.

- **Expanded personalized communications and online engagement.** Partnered with Voya to deliver targeted outreach campaigns encouraging account registration, increased savings and retirement readiness. Online account registrations reached 113,854 accounts, the highest level since the transition to Voya in FY 2025, while personalized campaigns generated strong open rates and participant action.

- **Expanded retirement education and counseling.** VRS and Voya provided group education sessions, webinars, individual counseling and account reviews to help participants better understand their retirement plans and financial wellness options. More than 3,200 hybrid plan members attended group sessions and nearly 1,300 met individually with VRS or Voya outreach teams.

Personalized Member Outreach

67% open rate

57,173

participants received "Save More" communications

64% open rate

3,155

participants received "Restart Contributions" communications

68% open rate

1,640

participants received "Max Out Contributions" communications

Working with Voya, VRS expanded the use of targeted communications designed to encourage increased savings, re-engage participants and promote retirement readiness.

OPERATIONAL HIGHLIGHTS

92%

of hybrid plan members have a voluntary contribution percentage on file

35% RECORD for the plan

of hybrid plan members actively increased contributions, demonstrating engagement with VRS outreach and education

144,435

hybrid plan members auto-escalated in 2026

29.9%

of hybrid plan members maximize voluntary contributions at 4%

836,257

Defined Contribution Plan and Hybrid Retirement Plan website page views

RECOGNITION

2025 Commonwealth of Virginia Campaign

Philanthropy Excellence Award
Agency Size: 100–500
VRS was recognized for employee charitable giving after staff contributed **$79,654.88**—a **55.1% increase** over the previous year's campaign. The award reflects agency employees' commitment to supporting communities across Virginia.

Heart of the CVC Award
VRS received the Heart of the CVC Award for recording the highest volunteer impact among participating agencies. Employees reported **597 volunteer hours**, reflecting strong community engagement and service. It's notable that one employee volunteered 467 of those hours to the Girl Scouts of the Commonwealth of Virginia.

At the CVC Award Luncheon in April, VRS' CVC Coordinator Nicole Morlette, Julia Dozier, Vincent Price and Deardrian Carver accepted recognition on behalf of VRS for two outstanding achievements: the Philanthropy Excellence Award and the Heart of the CVC Award.

Certificate of Achievement for Excellence in Financial Reporting
(43rd consecutive award)

Award for Outstanding Achievement in Financial Reporting
(9th consecutive award)

Government Finance Officers Association

Certificate of Transparency

National Conference on Public Employee Retirement Systems

Public Pension Standards Award for Funding and Administration
(22nd award)

Public Pension Coordinating Council

Supporting Students Through Bright Beginnings

VRS employees continued their longstanding support of the YMCA of Greater Richmond's Bright Beginnings program, helping local students start the school year with needed supplies. During FY 2026, employees donated approximately **25 fully stocked backpacks**, along with additional school supplies through direct donations and the YMCA's online wish list.

Since joining the program in 2019, VRS employees have contributed approximately **200 backpacks** and additional school supplies to support students and families across the Richmond region. In FY 2026, VRS partnered with its Commonwealth of Virginia Campaign team to coordinate donations and continue the agency's support for community engagement and educational success.

Virginia Retirement System

VRS Project Portfolio
FISCAL YEAR 2027
August 2026 Status Report

Status Indicator

- ● Proceeding as planned
- △ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- C Completed
- ▯ Project timeline
- N/S Not started

Agency Performance Objectives (APOs)	Strategic Alignment	Status	2026 Jul	Aug	Sep	Oct	Nov	Dec	2027 Jan	Feb	Mar	Apr	May	Jun
Data Quality Enhancements - Phase 3	Digital Transformation and Secure Service Delivery	●												
Demographic Data Collection and Maintenance - Phase 2	Digital Transformation and Secure Service Delivery	●												
VNAV Enhancements - Phase 3	Digital Transformation and Secure Service Delivery	●												
Enhance Employee Engagement Initiative	Organizational Strength, Culture and Engagement	●												

Agency Initiatives	Strategic Alignment	Status	2026 Jul	Aug	Sep	Oct	Nov	Dec	2027 Jan	Feb	Mar	Apr	May	Jun
Purchase of Refunded Service Process - Phase 2	Digital Transformation and Secure Service Delivery	●												
IRS Filing Requirement Compliance for 1099s	Digital Transformation and Secure Service Delivery	●												
myVRS IAM - Analysis and Enhancements	Digital Transformation and Secure Service Delivery	●												
Benefit Payment Policy Implementation	Superior Governance and Long-Term Financial Health	●												
Centralized virtual desktop delivery solution for Investments	Digital Transformation and Secure Service Delivery	●												
Implement AI Governance and use cases	Digital Transformation and Secure Service Delivery	●												
ECM Solution Implementation	Digital Transformation and Secure Service Delivery	●												
Vital Records Exchange	Superior Governance and Long-Term Financial Health	●												

Legislation https://www.varetire.org/about/legislation/		Status	2026 Jul	Aug	Sep	Oct	Nov	Dec	2027 Jan	Feb	Mar	Apr	May	Jun
None	Legislation	NA												

Operational/Ongoing Activities		Status	2026 Jul	Aug	Sep	Oct	Nov	Dec	2027 Jan	Feb	Mar	Apr	May	Jun
COLA 2026	Operations	C												
FYE 2026	Operations	C												
EDGE	Operations	●												
Retirement Wave 2026	Operations	C												
Teacher Contracts	Operations	C												
MBPs	Operations	N/S												
Annual Code of Ethics Training	Operations	N/S												
Annual Security Awareness Training	Operations	N/S												
FOIA Training	Operations	N/S												
ACFR	Operations	●												
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	●												
myVRS Annual Updates	Operations	N/S												
Update Contribution Rates in VNAV	Operations	N/S												
1099/W2	Operations	N/S												

Operational/Ongoing Activities		Status	2026						2027					
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Annual Roadmap Review	Operations	N/S												
FYE 2027	Operations	N/S												
Retirement Wave 2027	Operations	N/S												
ORPHE Surcharge Billing for FY 2026	Operations	N/S												
Data Fixes	Operations													
ADO Backlog Prioritization	Operations													
Employer VNAV Security Review	Operations	N/S												
VRS Fund Sensitivity and Stress Testing Report for GA	Operations	N/S												
Legislation FY 2027	Operations	N/S												

Yellow Status Items

Item	Due Date	Comments

Red Status Items

Item	Due Date	Comments
N/A		

Realignments/Adjustments

Item	Due Date	Comments
N/A		

Director’s Report

September 17, 2026

Trish Bishop, VRS Director

Virginia Retirement System®

New Employer Coverage

Coverage Elected	Details
Group Life Insurance Program	▪ **Town of Christiansburg,** (Montgomery County), effective July 1, 2026 ▪ **Three Rivers Soil and Water Conservation District,** (Essex County), effective August 1, 2026
Enhanced Hazardous Duty Benefit for Emergency Medical Technicians	▪ **Henrico County,** effective July 1, 2026 ▪ **City of Winchester,** effective August 1, 2026 ▪ **Chesterfield County,** effective January 1, 2027
Enhanced Hazardous Duty Benefit for Firefighters and Emergency Medical Technicians	▪ **Lancaster County,** effective July 1, 2026
Enhanced Hazardous Duty 1.85% Multiplier	▪ **City of Staunton,** effective July 1, 2026 ▪ **Middle River Regional Jail Authority, (Augusta County),** effective July 1, 2026 ▪ **Northumberland County,** effective July 1, 2026

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(Continued)

New Employer Coverage *(continued)*

Coverage Elected	Details
Commonwealth of Virginia 457 Deferred Compensation Plan	▪ **Radford City Public School,** effective August 1, 2026 ▪ **Town of Christiansburg,** (Montgomery County), effective August 1, 2026 ▪ **Town of Herndon,** (Fairfax County), effective February 1, 2027
Virginia Law Officers' Retirement System (VaLORS) for Campus Police Department	▪ **Eastern Shore Community College,** (Accomack County), retroactively effective May 1, 2014

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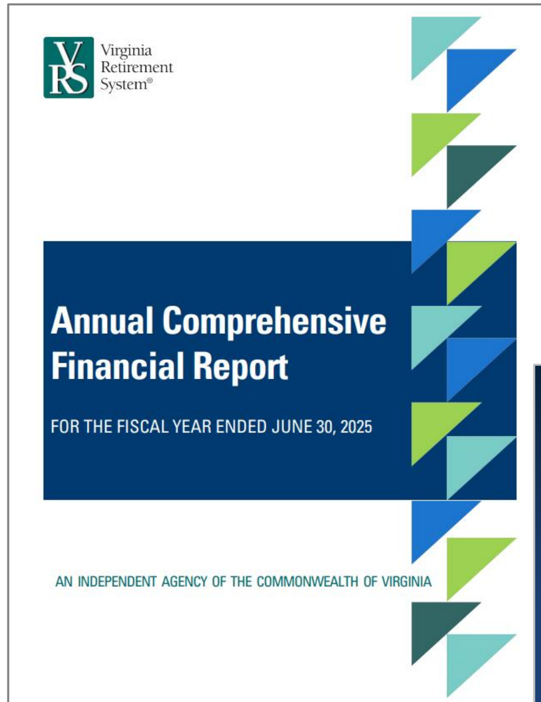
GFOA Honors VRS ACFR

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, 2025.

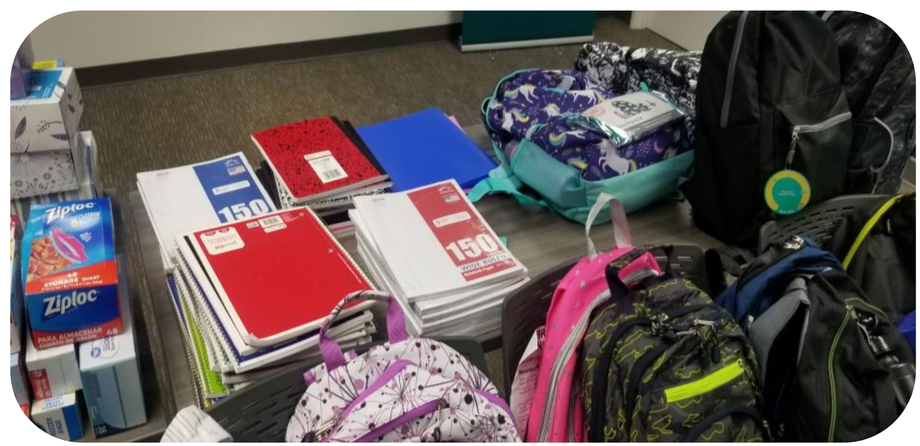


*This is the **44th consecutive GFOA award** for the VRS ACFR*

Bright Beginnings and YMCA School Supply Delivery

- Since 2019, VRS employees have donated **approximately 200 backpacks** and other school supplies to the YMCA of Greater Richmond's Bright Beginnings program, helping students start the school year with essential items.
- In FY 2026, employees donated **approximately 25** fully stocked backpacks, as well as supplies through direct donations and the YMCA online wish list.

VRS worked with its CVC team this year to coordinate donations, strengthening community engagement and local students' educational success.



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Walk With Ease: Strong Retiree Engagement

The Virginia Department of Health received **400 new Walk With Ease registrations** following the summer **Retiree News** article about the free six-week walking program:

- Developed by the Arthritis Foundation
- Supported statewide by the Virginia Department of Health
- Open to anyone starting or improving a walking routine
- Encourages walking three times per week using a guided, self-paced plan

"It's encouraging to see such strong engagement, and we're excited about the momentum we're building."
– Mona Burwell, VDH

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2026 Actuarial Valuation Preparation Overview

Valuations

- Valuations will be based on data as of June 30, 2026. Informational year, non-rate setting.
- October – Statewide pension and OPEB plans
  - State, Teachers, SPORS, VaLORS, and JRS
  - Group Life, HIC for State, HIC for Teachers, and VSDP
- November – Political Subdivision Pension and OPEB Plans along with LODA.

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Factors That Will Influence Results

- Investment Returns Exceeded Assumed Rate of Return.
  - 12.1% versus 6.75%.
- Slightly higher than expected COLAs.
- Change in valuation model
  - Handling of past liabilities with former employers for current active members.
  - Timing for commencement of COLA for future retirees.

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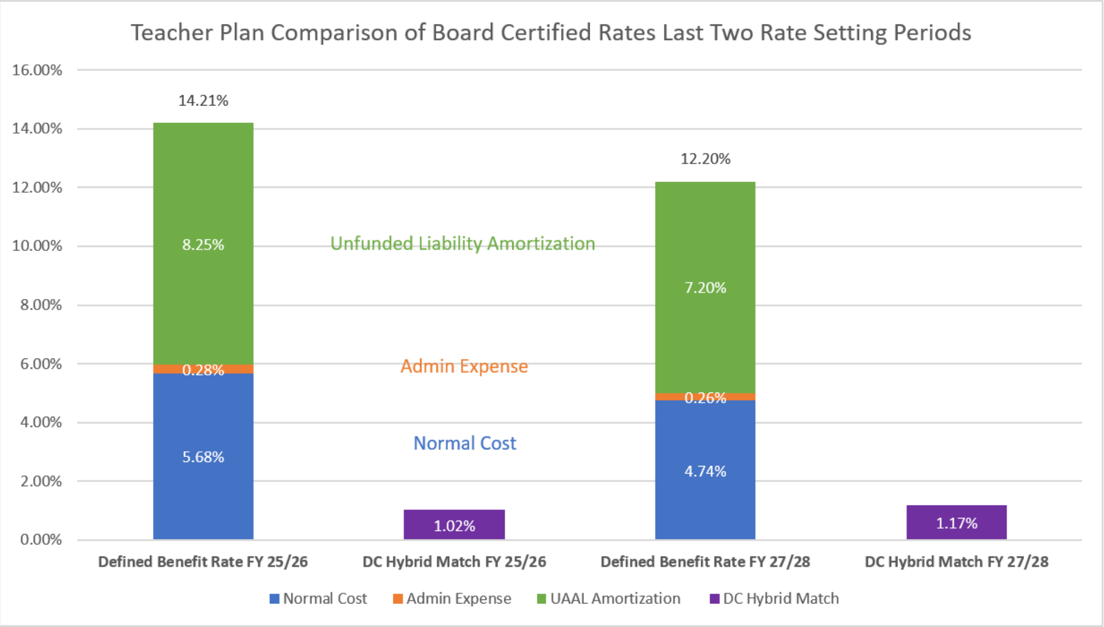
Contribution Rates

- Expect further decreases in employer rates in informational year.
  - Investment gains and paying down principal on legacy unfunded liabilities.
  - More members under Plan 2 and Hybrid is lowering the normal cost rates.



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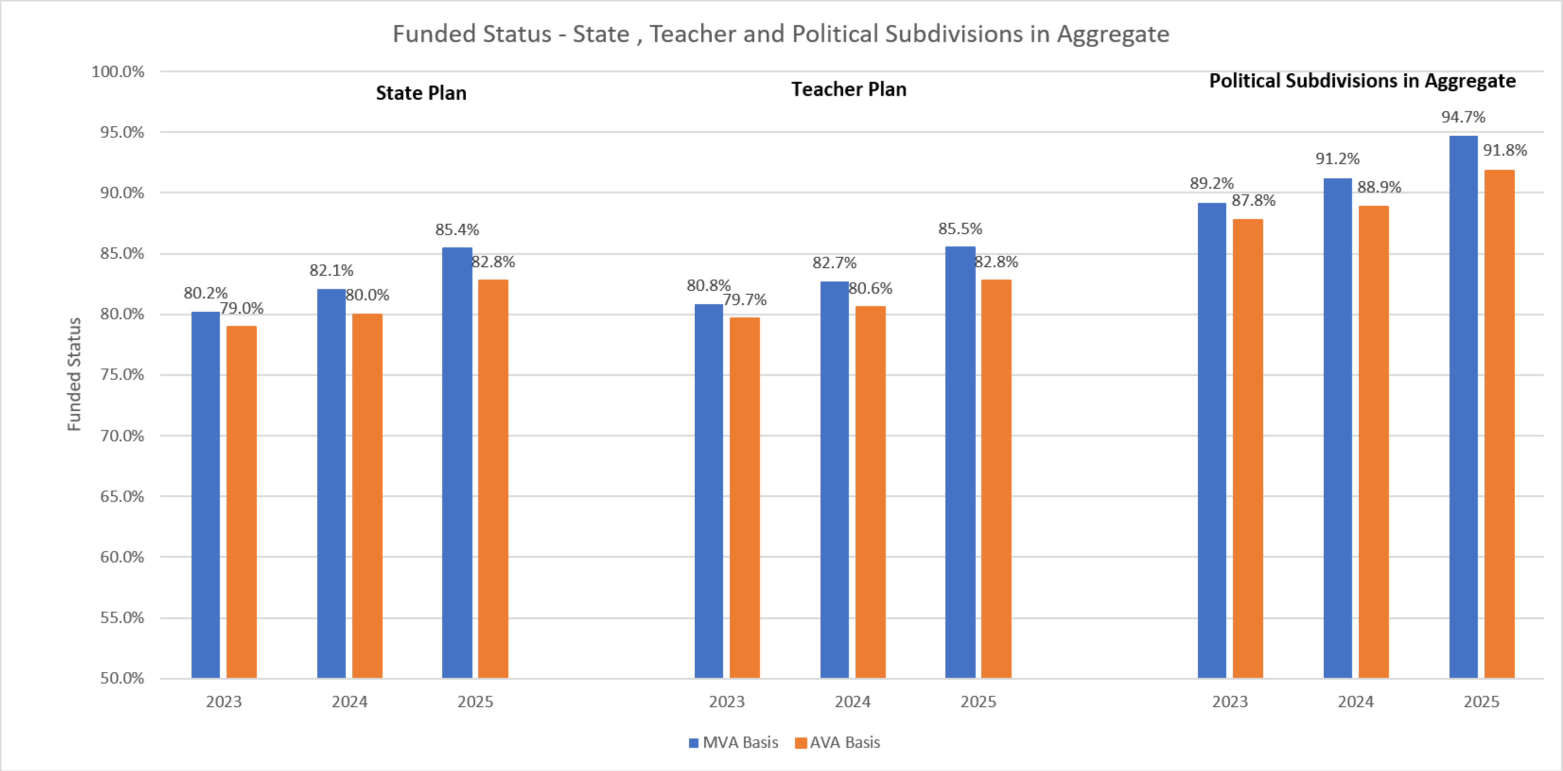
Funded Status - Pensions

- Funded status has trended upward for all plans.
- We expect to see further increases in funded status with this valuation.



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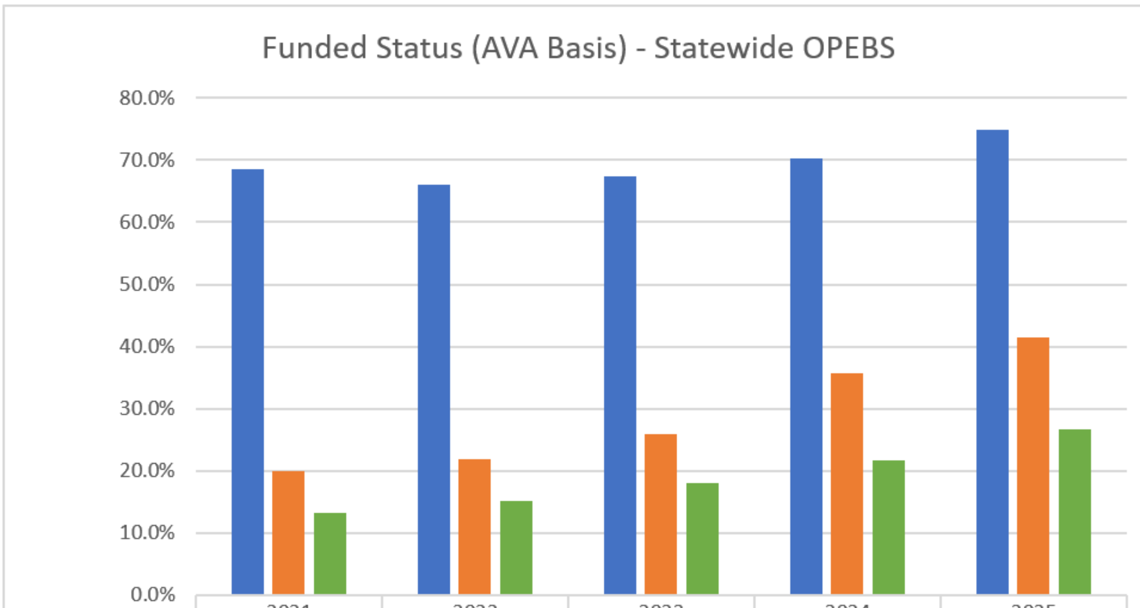
Funded Status – Statewide OPEBS

- Funded status has trended upward for all plans.
- We expect to see further increases in funded status with this valuation.

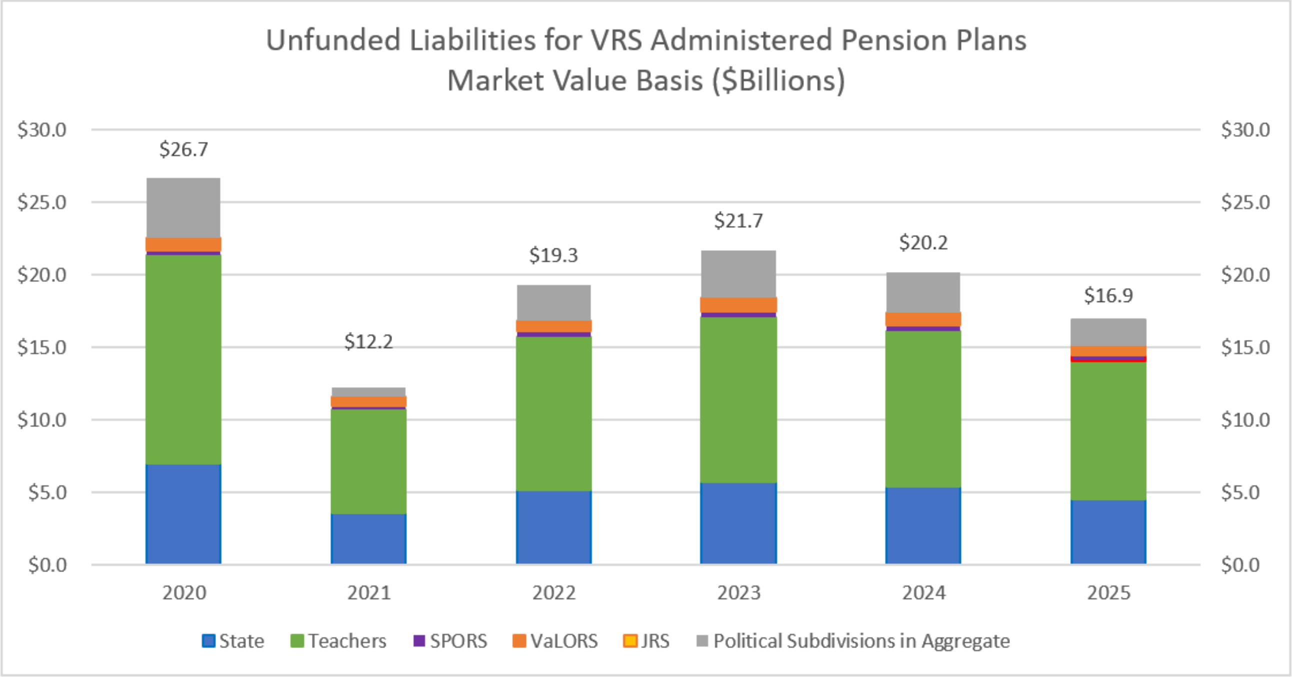


	2021	2022	2023	2024	2025
GLI	68.5%	66.0%	67.4%	70.3%	74.9%
HIC State	19.9%	21.9%	26.0%	35.6%	41.5%
HIC Teachers	13.2%	15.2%	18.1%	21.7%	26.6%

Infusion of $93.6 million for HIC State plan is proposed for June 2027 and will not be reflected in this valuation.

Unfunded Liabilities

- Unfunded liabilities are also trending lower, but significant liabilities still exist.
- Note legacy unfunded liabilities have 17 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.



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Appendix

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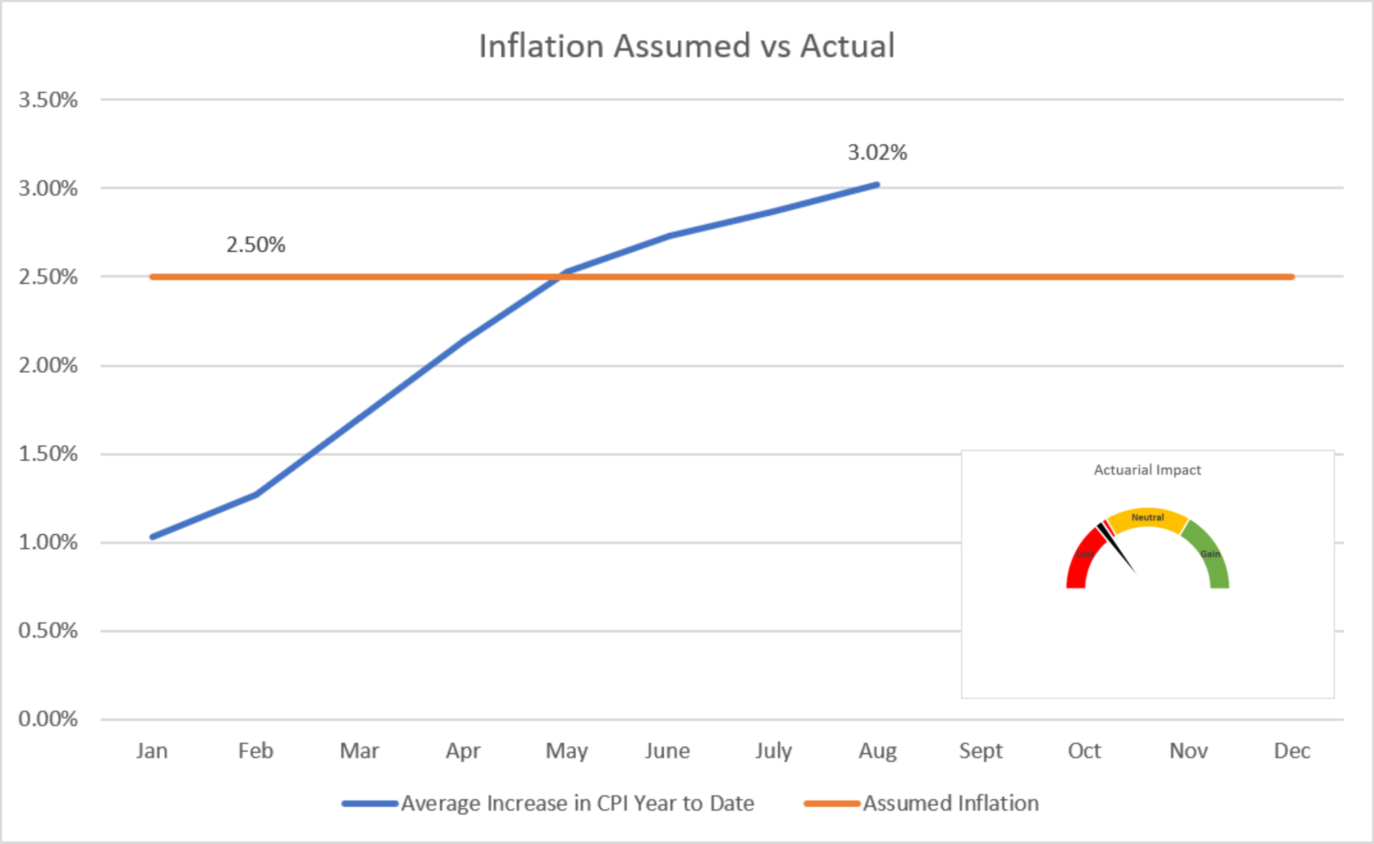
Inflation – Average Increase in CPI Year to Date



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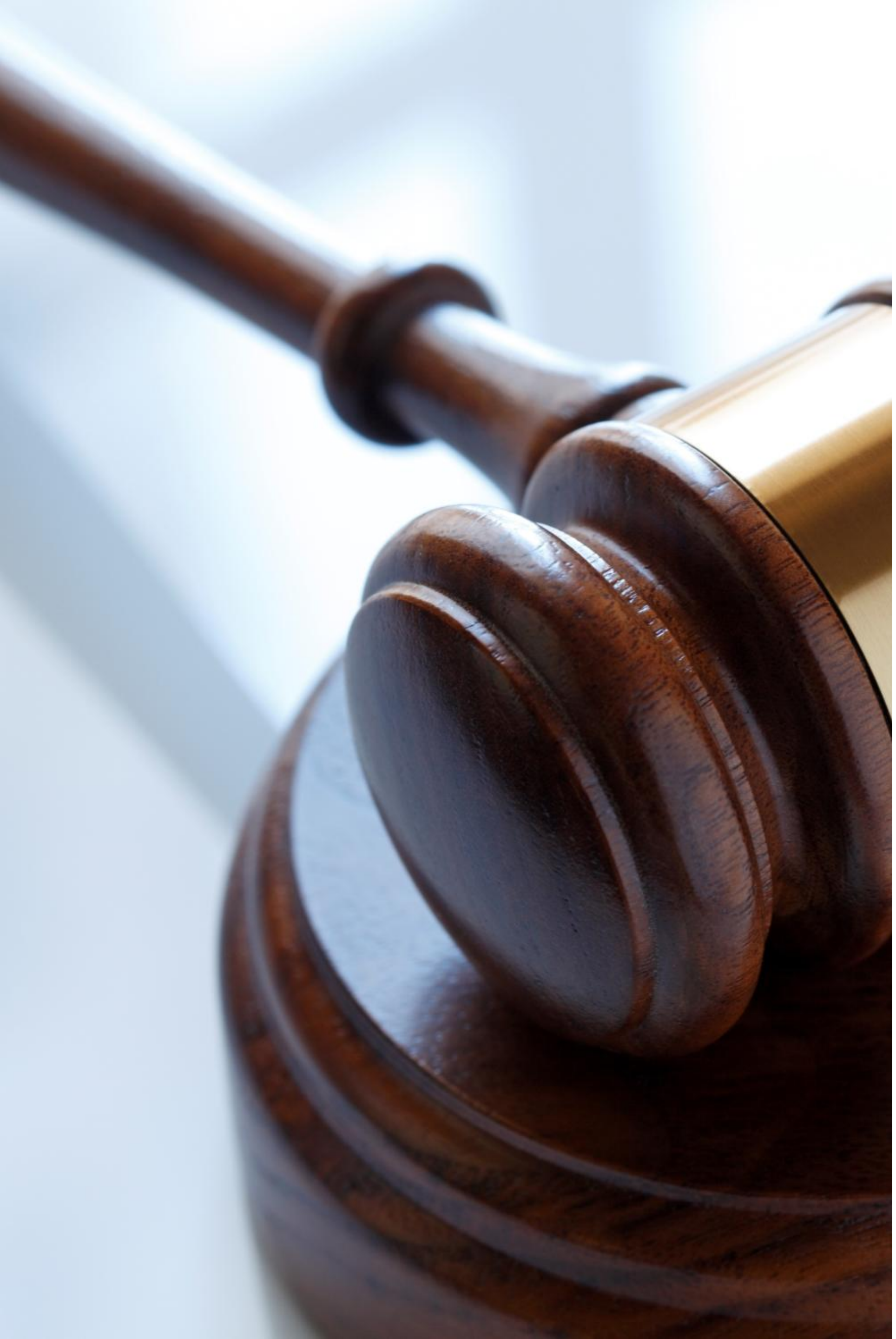
Cash Infusions
Allocated to VRS by General Assembly

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
Pension:									
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
OPEB:									
`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



Board Preview of Fall Meetings

Preview: Fall 2026

October

- 14 – Benefits and Actuarial Committee
- 15 – Board of Trustees
- Accept GRS' 2026 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

- 4 – Investment Advisory Committee
- 12 – Benefits and Actuarial Committee
- 12 – Board of Trustees
- Accept GRS' 2026 Actuarial Valuations for Political Subdivision Retirement Plans, Virginia Local Disability Program, Local Health Insurance Credit Plans and Line of Duty Act

Preview: Fall 2026

December

- 3 – Defined Contributions Plans Advisory Committee
- 9 – Audit and Compliance Committee
- 9 – Board of Trustees
- 14 – JLARC Meeting
- Agency Annual Meeting (TBA)