

Minutes

A regular meeting of the Defined Contribution Plans Advisory Committee (DCPAC) of the VRS Board of Trustees convened on March 12, 2026, with the following members present:

Hon. Matthew James, Vice Chair

Monique Barnes

Ravindra Deo

Rebecca Fentress* (*in accordance with § 2.2-3708.3(B)(3) of the Code of VA; called from VA Beach, VA*)

C. Matt Harris

Kate Jonas

Brenda Madden

Members of the Board of Trustees:

J. Clifford Foster, IV

Jessica L. Hood

VRS Staff:

Ingrid Allen*, Rory Badura*, Trish Bishop, Stephen Cerreto*, Michael Cooper, David Cotter, Josh Fox*, Jay Henry, Kelly Hiers, KC Howell, Robert Irving, Sandy Jack, Brian Lackey*, Ryan LaRochelle, Laura Pugliese, Michael Scott, Jennifer Schreck, Jacob Schwartz*, Virginia Sowers, Ashley Spradley*, Emily Trent*, Bridgette Watkins-Smith, Rachel Webb*, and Tanya Williams*.

Guests:

Matthew Glasgow, Encore; Alexandra Jansson*, JLARC; Kimberly Sarte*, JLARC; Lisa Giaffo*, Osmosis; Sabrina Ticer-Wurr*, Financial Times.

**Attended remotely*

The meeting convened at 1:00 p.m.

Opening Remarks

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

Upon a motion by Mr. Harris and a second by Mr. Deo, the minutes of the December 4, 2025, meeting were approved by the Committee.

Administrative Reports and Communications Update

Administration Reports & Communications

Kelly Hiers, Defined Contribution Plans Administrator, provided an overview of the Defined Contribution Plans, as well as an update on administrative reports for the fourth quarter of 2025, which included reviewing assets and accounts across the various plans. Ms. Hiers advised the Committee that plan assets increased, as did the total number of plan accounts. Ms. Hiers also shared that 24% of VRS members with Voya accounts had registered their online account as of December 31, 2025.

Ms. Hiers provided an overview of the first Voya annual service review, which occurred on February 19, 2026. Ms. Hiers shared that Voya will be offering a new dashboard for participants' online accounts that will offer financial planning information. Voya will be adding new functionality for participants and employers, such as support for SECURE 2.0 Roth catch-up provisions. Ms. Hiers also covered specific highlights related to operations, communications, the field team, and the call center.

Ms. Hiers provided an update about Unforeseen Emergency Withdrawals (UEWs). On January 1, 2025, changes were made to the plan regarding UEW options in the Commonwealth of Virginia 457 Deferred Compensation Plan and the Hybrid Retirement 457 Plan. Ms. Hiers provided a historical review of UEWs showing a significant decrease in 2020 and a slow increase each year since. About two-thirds of UEWs now are self-certified. The top drivers of UEWs are medical expenses and eviction or foreclosure prevention. Self-certified UEW had a greater usage for job or income loss and home repairs.

Ms. Hiers covered communications highlights. This included new personalized communications and a Retirement Planning for Women campaign.

Ms. Hiers also covered Voya's Advisory Services. Total usage of Advice Services remains low, but it is growing. Usage is greater for higher income participants and participants closer to retirement.

DC Plans and Hybrid Plan Update

Ms. Hiers provided a review of membership counts since the Hybrid Retirement Plan started. Total membership is now at 316,368 with 212,024 active members.

Ms. Hiers also provided an update on the January 1, 2026, auto escalation. The voluntary participation rate for the Hybrid 457 Plan is now at 96% after auto escalation, but the active election participation rate has remained steady at 33%. Members who had no voluntary contributions prior to auto escalation decreased from about 43% of the population to less than 4%. Over 144,000 total members were auto escalated and the opt-out rate was very low at 1.3%.

ORPHE Update

Ms. Hiers provided an overview of ORPHE reports for the fourth quarter of 2025, including plan assets and accounts. There is approximately \$1.5 billion in ORPHE assets and a total of approximately 11,000 accounts.

Retirement Income Solutions

Ms. Hiers and Laura Pugliese, Portfolio Manager of Defined Contribution Plans, provided information related to VRS retirement plans and annuities. Ms. Hiers specifically covered metrics and trends of VRS members and retirees across the different VRS retirement plans. Ms. Pugliese covered the replacement rate of income for retirees across all VRS plans including data on how Social Security factors in. Ms. Pugliese provided an overview of guaranteed versus non-guaranteed income, discussed how annuities work generally, and covered specifically how they operate in retirement plans like VRS. In addition, Ms. Hiers provided information related to DC Plan distributions and the participant behavior over the last year.

Del. James thanked Ms. Hiers and Ms. Pugliese for their presentations.

DC Plans Investments Update

Performance Reports

Ms. Pugliese provided an overview of the January 31, 2026, performance reports to the DCPAC, including the unbundled DC plans investment options and the bundled TIAA ORPHE investment menu. Ms. Pugliese also provided an update on the International Stock Fund. Effective January 30, 2026, VRS transitioned to a MSCI ACWI IMI index fund to align with the VRS Foreign Adversaries Policy. About \$376.7 million in assets were successfully transitioned. Ms. Pugliese shared that there would be no change in management fees.

Policy Statements Updates

Ms. Pugliese presented two Requests for Board Action regarding the Investment Belief Statements and the Investment Policy Statements. The main reason for the change is to bring those documents into compliance with the Foreign Adversaries Policy, but the Investments team took the opportunity to make other limited changes as well.

Following a motion by Ms. Madden, the Committee recommended without objection approval of the following action to the full Board of Trustees:

RBA: Approve Revised Defined Contribution Plans Investment Belief Statements

Request for Board Action: The VRS Board of Trustees approves the revised Defined Contribution Plans Investment Belief Statements effective April 23, 2026.

Following a motion by Mr. Harris, with a second by Ms. Barnes, the Committee recommended approval of the following action to the full Board of Trustees:

RBA: Approve Revised Unbundled and Bundled Defined Contribution Plans Investment Policy Statements

Request for Board Action: The VRS Board of Trustees approves the revised VRS Investment Policy Statement for an Unbundled Defined Contribution Plan Structure and the revised VRS Investment Policy Statement for a Bundled Defined Contribution Plan Structure effective April 23, 2026.

Del. James thanked Ms. Pugliese for her presentation.

Other Business

Legislative Update

Sandy Jack, Policy, Planning & Compliance Director, provided an overview of VRS-related legislation presented during the 2026 regular session of the General Assembly. At the beginning of the session, there were twenty-eight VRS specific bills that were being tracked with approximately 50 more bills that could have an impact on the agency. The only bill remaining is bill HB139, which addresses several changes for school boards and their employees, including a purchase of prior service provision that would not change current VRS procedures. The remainder of the bills were unsuccessful. The committee was informed that Mr. Foster's appointment to the Board was confirmed for a five-year term, with additional board member appointments pending. Ms. Jack noted that the session is scheduled to conclude on March 14, 2026, but that legislators may need to reconvene to finish the budget if a compromise is not reached by the deadline.

Del. James thanked Ms. Jack for her presentation.

Discussion of New Ideas

No new ideas were presented.

Upcoming DCPAC Meetings

Del. James confirmed the remaining DCPAC meeting dates for 2026:

- May 14, 2026, at 1 p.m.
- September 10, 2026, at 1 p.m.
- December 3, 2026, at 1 p.m.

Adjournment

There being no further business, Del. James adjourned the meeting at 3:03 p.m. without objection by the Committee.



Virginia
Retirement
System

Defined Contribution Plans Advisory Committee

Meeting Minutes

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Samuel

Chair

MAY 14, 2026

Date