Administration, Finance and Talent Management Committee Meeting

VRS, 1111 E. Main St., 3rd Floor Board Room

Tuesday, 6/17/2025

10:30 AM - 12:30 PM ET

I. Approve Minutes
  * **May 20, 2025**
    5.20.25 AFT Minutes - Page 2
II. Appointment of IAC Member
    RBA - Appoint IAC Member - Page 5
    Eric Baggesen Bio - Page 6
III. Discussion and Consideration of FY 2026 Agency Performance Outcomes (APOs) and Operational Measures (OMs)
  * **RBA – Approve FY26 APOs and OMs**
    RBA Approve FY26 APOs and OMs - Page 8
    FY26 APOs - Page 10
    FY26 Operational Measures - Page 15

Minutes

A regular meeting of the Virginia Retirement System Administration, Finance and Talent Management Committee was held on May 20, 2025, with the following members participating:

A. Scott Andrews, Chair
John M. Bennett

Board members present:
Lawrence Bernert, III, Vice Chair (*remotely under § 2.2-3708.3(8)(3)*)
Sen. J. Brandon Bell, II (*remotely under § 2.2-3708.3(8)(3)*)

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Michael Cooper, Juanita Cribbs, Curtis Doughtie, Antonio Fisher, Robert Irving, LaShaunda King, Curt Mattson, Matt Priestas, Paula Reid, Mark Rein, Jillian Sherman, Amethyst Sloane, Virginia Sowers, Emily Trent and Leslie Weldon.

Guests:

Alexandra Jansson, Joint Legislative Audit and Review Commission.

The meeting convened at 10:32 a.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the May 20, 2025, meeting of the Administration, Finance and Talent Management Committee.

Approval of Minutes

Following a motion by Mr. Bennett, with a second by Senator Bell, the Committee approved the minutes of its April 16, 2025, meeting.

Discussion and Consideration of FY 2026 Agency Performance Outcome (APOs) and Operational Measures (OMs)

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

Mr. Cooper advised that there are 16 operational measures, with a target of meeting at least 13 of the 16 measures. In addition, the agency is piloting three new measures in FY 2026 that do not count toward the OM target. Four APOs are proposed for FY 2026, with a goal of accomplishing at least three

to meet the gainsharing bonus requirement. Mr. Cooper advised that a placeholder was provided for an APO related to the VNAV initiative and the components will be provided at the committee's June 17 meeting after the conclusion of the ongoing VNAV visioning work being conducted by staff.

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

Mr. Andrews thanked Mr. Cooper for his presentation.

Reappointment of Investment Advisory Committee (IAC) Chairperson

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

Upon a motion by Mr. Bernert, with a second by Mr. Bennett, the Committee recommended approval of the action to the full Board of Trustees:

RBA: Reappointment of Investment Advisory Committee (IAC) Chairperson

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

Mr. Andrews thanked Mr. Junkin for his presentation.

Appointment of DCPAC Members

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

Upon a motion by Mr. Bennett, with a second by Mr. Bernert, the Committee recommended approval of the following action to the full Board of Trustees:

RBA: Appointment of DCPAC Members

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

Succession Management Update

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

Mr. Andrews thanked Ms. Reid for her presentation.

Lease Space Update

Mr. Cooper presented an update on the agency's transition to new lease space. Mr. Cooper shared that the feedback on the new member counseling center at Reynolds Crossing is overwhelmingly positive, including its location and ease of access for visitors. The agency has also entered into a lease agreement for approximately 60,000 square feet of space in One James Center to relocate staff currently working in the Bank of America building as that lease has expired. The new space will be modern, bright and collaborative, and will also include a state-of-the-art board room. The current project schedule estimates a move to the new space in January 2026.

Mr. Andrews thanked Mr. Cooper for his presentation.

Adjournment

There being no further business and following a motion by Mr. Bennett, with a second by Mr. Bernert, the Committee agreed to adjourn the meeting at 11:57 a.m.

_____   _____
Chair   Date

![Virginia Retirement System logo] Virginia Retirement System

Requested Action

The Board appoints Eric B. Baggesen for a two-year term ending June 20, 2027.

Rationale for Requested Action

Mr. Baggesen has significant experience in managing asset allocations and risk management in the public pension sphere. Mr. Baggesen most recently worked as the Chief Investment Officer with the Rhode Island Office of the General Treasurer. In this role, Mr. Baggesen led the team responsible for all investment activity involving the more than $20 billion in assets undertaken by the Office, which included the assets of the defined benefit and defined contribution plans of the Employees' Retirement System of Rhode Island. Prior to his work in Rhode Island, Mr. Baggesen worked for the California Public Employees' Retirement System (CalPERS) for 16 years, serving in various capacities. For his last eight years at CalPERS, he served as the Managing Investment Director – Asset Allocation and Risk Management where he led a team of more than 30 professionals and led the asset allocation and risk management functions for the entire CalPERS investment portfolio. Before transitioning to the public pension sphere, Mr. Baggesen spent more than 20 years in the investment and asset management field.

Mr. Baggesen is certified as a Chartered Financial Analyst and as a Chartered Alternative Investment Analyst.

Mr. Baggesen earned a BS degree in Finance and an MBA in Finance, both from the University of Rhode Island.

Mr. Baggesen is highly qualified and willing to be appointed to the IAC.

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.

_____   _____
A. Scott Andrews, Chair   Date
VRS Board of Trustees

ERIC B. BAGGESEN, CFA, CAIA

260 Iacuele Dr | Wakefield, RI 02879 | C: 401.742.2082 | ebaggesen@yahoo.com

ASSET & PORTFOLIO MANAGEMENT EXECUTIVE

Asset Allocation & Risk | Global Equity Management | Strategy Formulation & Implementation

Senior business and financial leader with a record of achievement successfully managing the asset allocation and risk functions for over $400 billion of public pension investment assets. Led organizational evolution through establishment of articulated investment beliefs and their integration into asset class decision making. Led a restructuring of a $130 billion global equity portfolio resulting in improved performance. Oversaw development of an organization wide derivatives control framework to comply with Dodd-Frank market reform requirements. Synthesized, reviewed, and analyzed complex data, contributing valuable insight to enhance the executive decision-making process pertinent to a complex, multi asset class investment program. Regarded for the ability to drive process improvements and motivate cross-functional teams; work well under pressure to manage and meet multiple project deadlines. Additional strengths and interests include:

✓ Investment Strategy Development & Launch
✓ Organizational Restructuring & Integration
✓ Employee Development & Mentoring
✓ Continuous Process Improvement
✓ Decision Making Framework

✓ Risk Governance
✓ Risk Monitoring & Mitigation
✓ Dynamic Rebalancing & GTAA
✓ Market Opportunity Identification
✓ Active Management Efficacy

PROFESSIONAL EXPERIENCE

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND (ERSRI), Providence, RI   2022-2024
Chief Investment Officer – Office of the General Treasurer

Led the team responsible for all investment activity undertaken by the Office of the General Treasurer of the State of Rhode Island. Among the more than $20 billion of assets were the defined benefit and defined contribution plans of ERSRI, Rhode Island State government operating cash accounts, the CollegeBound 529 plan, and several other plans.

- **Asset allocation review**; led an asset allocation review for the State Investment Commission of all plans undertaken with the arrival of the newly elected General Treasurer and reflective of a dramatically changed interest rate environment.
- **Enhanced diversification;** shifts in the asset allocation were expected to increase diversification while maintaining the required expected return.
- **Reinforced asymmetric return profile;** ERSRI's defined benefit plan has achieved a higher market beta in rising markets relative to its participation in declining markets. This asymmetry was marginally reinforced in the asset allocation work.
- **Maintained peer universe ranking;** data from NEPC (ERSRI's general pension consultant) reflects the DB plan as ranking in the top decile over 3 and 5 year periods as of June 2024.
- **Mentored staff;** worked with the Deputy CIO to increase his knowledge and visibility with the General Treasurer and the State Investment Commission to prepare for the CIO role upon my retirement. This has been the outcome and increases the likelihood that the asset allocation focus of the plans shall be maintained.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS), Sacramento, CA   2004-2020
Managing Investment director - Asset Allocation & Risk Management (April 2012 – Dec 2020)

Led asset allocation and risk management functions for the entire CalPERS investment portfolio with a team of over 30 professionals. Conducted periodic asset / liability management workshops with the CalPERS Investment Committee to establish the strategic asset allocation targets. Oversaw operation of the BarraOne risk analysis system. Conceptualized, lead development of, and presented information workshops to advance board level understanding of complex investment topics including risk factor allocation, capital market assumptions, asset class roles and integration of actuarial risk considerations.

- **Board education and development**; contributed to and conducted extensive, multi-year Board development projects related to Investment Beliefs and Portfolio Priorities to help improve the overall asset allocation process.
- **Member of Investment Strategy Group**; organized and framed the agenda for the internal CalPERS Investment Office senior decision making body comprised of the CIO, Deputy CIO and the Managing Investment Directors of the various asset classes.

Senior Investment Officer, Global Equities (2008-June 2013)

Led the global equity team comprised of over 50 professionals managing $137B+ of CalPERS assets in domestic, developed, and emerging markets. Presented all global equity related information to the Board of Trustees, including policy development, asset class results, team structure, and program evolution. Primary communicator of CalPERS global equity asset class and market reform perspective to regulators, federal and state political bodies, media, and internal staff.

- **Allocated capital and managed risk to achieve objectives**; one and three year results through June 2013 demonstrate annualized excess return of .72% and .57% respectively with information ratios in excess of 1.
- **Capitalized on opportunity;** defined and implemented a synthetic equity strategy in late 2008 with annualized excess return of 3.38% through August 2013 and $6.1 billion of current assets.
- **Reduced costs by $100M+;** expanded the depth and breadth of internal management, and restructured alignment of interest concepts and terms for external manager relationships.
- **Contributed to market reform debate;** conceptualized, articulated, obtained support for, and communicated alternatives related to OTC derivatives activity.

Senior Portfolio Manager, Internal Equity Team, Global Equity (2004-2008)

STATE STREET GLOBAL ADVISORS, Boston, MA   1995-2003
Principal, Unit Head – Emerging Markets, Global Structured Products Group (GSPG)

Led the firm's multi-billion structured equity investments in emerging markets. Mentored the professional development of junior portfolio managers responsible for $35B of developed market equities. Presented the firm's capabilities in all venues as assets under management (AUM) grew from $54B to $400B+.

- **Contributed financial and business expertise to facilitate the growth of the emerging markets program**; extended State Street's image and exposure as a leading emerging markets equity investor.
- **Successfully resolved the Malaysian currency and repatriation crisis,** which affected $400M+ in client assets. Garnered program acceptance, resulting in zero losses.

PANAGORA ASSET MANAGEMENT, Boston, MA   1989-1995
Senior Manager, Equity Investments

Managed all aspects of the active core domestic equity strategy, a structured, risk controlled, quantitative method of selecting assets from a universe of approximately 1,100 securities.

- **Created new custodial and transfer agency procedures** subsequent to developing the Boston Company asset manager's equity fund to isolate market timing activity; maintained $300M+ of market timing assets.

Prior Experience:

NORMAN L. BARNETT & COMPANY, INC., Providence, RI – *AVP, Portfolio Management* (1987-1989)
BROWN & SHARPE MANUFACTURING CO., North Kingston, RI – *Financial Analyst* (1982-1987)

EDUCATION

UNIVERSITY OF RHODE ISLAND, Kingston, RI
Master of Business Administration in Finance / Bachelor of Science in Finance – *with distinction*

CERTIFICATIONS

Certifications: Chartered Financial Analyst; Chartered Alternative Investment Analyst

Virginia
Retirement
System

Approve FY 2026 APOs and Operational Measures.

Requested Action

The VRS Board of Trustees approves the FY 2026 Agency Performance Outcomes and Agency Operational Measures.

Description/Background

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

APOs (see attachment 1). The FY 2026 APOs have four stated outcomes summarized as follows:

1. **Data Quality Enhancements – Phase 2**
2. **Demographic Data Collection and Maintenance Initiative – Phase 1**
3. **VNAV Enhancements – Phase 2**
4. **Human Resource Information System (HRIS) Implementation – Phase 3**

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

Operational Measures (see attachment 2). VRS also identifies key operational measures each year. These measures are coupled with the APOs as part of the gainsharing portion of the performance management program. The objective is to meet or exceed the target goal for at least 13 of the 16 measures. Note: there are three additional operational measures that will be piloted in FY 2026. The pilot measures will not count towards meeting the overall operational measure target. Again, the expectation is that all employees will work collaboratively and contribute to accomplishing key functions of the agency.

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

Rationale for Requested Action

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

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

Authority for Requested Action

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

The above action is approved.

_____   _____

A. Scott Andrews, Chair   Date
VRS Board of Trustees

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.

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AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
APO 1

Virginia Retirement System

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

			DEC Owner:	Strategic Goal:
Data Quality Enhancements – Phase 2			Michael Cooper	**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.												
1.4	Evaluate technology platforms and develop a roadmap for implementing solutions that meet long-term data quality, metadata and governance needs.												

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

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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

		DEC Owner:	Strategic Goal:
Demographic Data Collection and Maintenance Initiative – Phase 1		Michael Cooper	**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).												
2.4	Initiate implementation of activities (e.g., enhanced participant contact information confirmation) to improve ongoing demographic data accuracy.												

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

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AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
APO 3

Virginia Retirement System

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

	DEC Owner:	Strategic Goal:
VNAV Enhancements - Phase 2	DEC	**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.												
3.4	Identify and document major system components for future enhancement.												

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

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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.												
4.5	Conduct applicable readiness activities, including user acceptance testing, in preparation for "Go Live."												

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

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FISCAL YEAR 2026 OPERATIONAL MEASURES STATUS REPORT

July-25

Virginia Retirement System

Current Status - All Operational Measures

■ On Target ■ Off Target

YTD Status - All Operational Measures

■ On Target ■ Off Target — Target

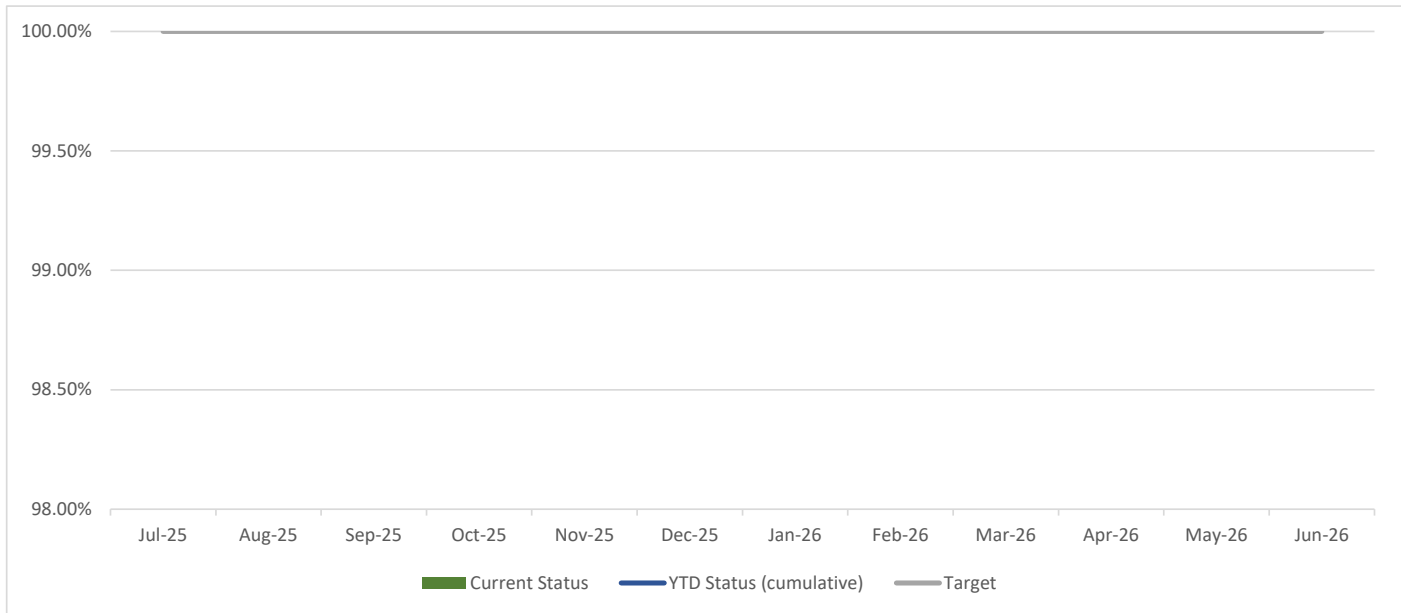| OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
1	Timeliness of Monthly Financial Account Reconciliations	Percentage of monthly financial control reconciliations completed by last business day of the following month	Superior Governance and Long-Term Financial Health	> 98.00%	-	-	Monthly	
2	Average Abandoned Call Rate	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue	Member, Retiree and Employer Education, Outreach and Partnership	< 7.00%	-	-	Monthly	
3	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)	Average response time to emails received by the CCC	Member, Retiree and Employer Education, Outreach and Partnership	.50 business days	-	-	Monthly	
4	Timeliness of Monthly Retirement Disbursements	Percentage of monthly retirement disbursements processed no later than the first business day of the month	Superior Governance and Long-Term Financial Health	100.00%	-	-	Monthly	
5	Timeliness of Service Retirements Processed	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible	Superior Governance and Long-Term Financial Health	98.00%	-	-	Monthly	
6	Accuracy of Service Retirements Processed	Percentage of service retirements processed for which the corresponding benefit payment correctly reflects the member's service record	Superior Governance and Long-Term Financial Health	99.00%	-	-	Monthly	
7	Timeliness of Disability Retirements Processed	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board	Superior Governance and Long-Term Financial Health	98.00%	-	-	Monthly	
8	Accuracy of Disability Retirements Processed	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record	Superior Governance and Long-Term Financial Health	99.00%	-	-	Monthly	
9	Timeliness of Workflow Documentation Imaging	Percentage of workflow documents imaged within one business day of receipt	Digital Transformation and Secure Service Delivery	99.50%	-	-	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Technology Infrastructure	99.50%	-	-	Monthly	
11	Timeliness of Employer Contribution Confirmations	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due	Superior Governance and Long-Term Financial Health	99.00%	-	-	Monthly	
12	Implementation of Corrective Action to Audit Recommendations	Percentage of audit recommendations for which VRS management represents that corrective action has been implemented by the approved target date	Superior Governance and Long-Term Financial Health	> 95.00%	-	-	Quarterly	
13	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Organizational Strength, Culture and Engagement	< 10.00%	-	-	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	-	-	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

July-25

Current Status - All Operational Measures
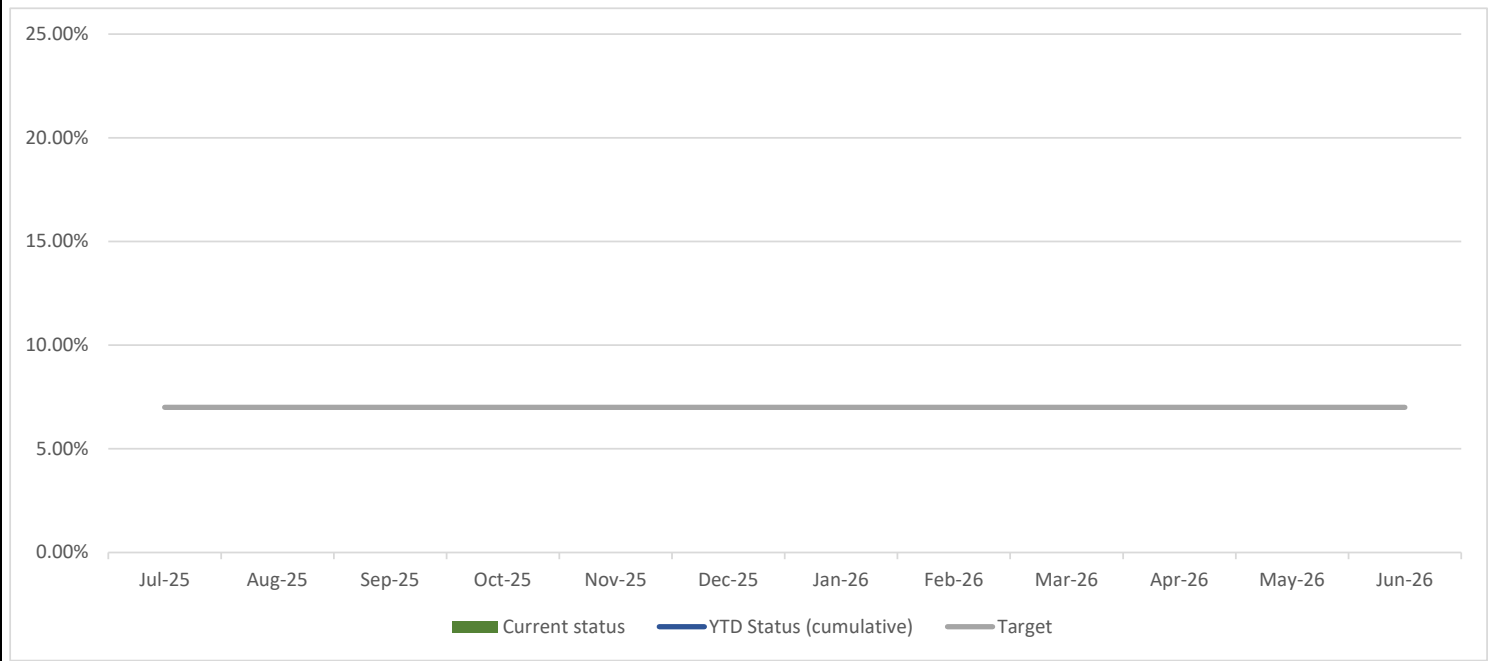
■ On Target ■ Off Target

YTD Status - All Operational Measures

15												
10												
5												
0	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26

■ On Target ■ Off Target — Target

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%	-	-	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%	-	-	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%	-	-	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%	-	-	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	>85%	-	-	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.
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Fiscal Year 2026 Operational Measures
Reporting Period: July-25

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

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

Legend: Current Status — YTD Status (cumulative) — Target

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 sand/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: July-25

Operational Measure	Average Abandoned Call Rate		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue		
Calculation Methodology	The number of abandoned calls (defined as a caller hanging up prior to reaching a knowledgeable person), divided by the total number of calls received by the CCC support teams. Average rate is calculated on a cumulative basis.		
Data Source	Customer Counseling Center Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	< 7.00%	**Baseline** (Performance History)	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	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

Potential Constraints to Meeting Target		Mitigation Strategies
1	Regulatory or legislative changes that impact customer benefits and result in increased call volumes (i.e. federal tax code change)	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes
2	Ongoing system enhancements	Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes
3	Need for increased security requirements for accessing members' records in accordance with industry best practices which cause longer call times	Identify opportunities to expedite the requisite validation process while still ensuring compliance with VRS security protocols to protect member data

YTD Performance History

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

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

Overall Measure: 13 of 16 meet or exceed target

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

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

	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

Legend: Current Status — YTD Status (cumulative) — Target

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: July-25

Virginia Retirement System

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

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

Legend: Current Status — YTD Status (cumulative) — Target

VRS Mission:	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision:	*To be the trusted leader in the delivery of benefits and services to those we serve.*

Overall Measure: 13 of 16 meet or exceed target
Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Timeliness of Service Retirements Processed
Strategic Goal	Superior Governance and Long-Term Financial Health
Description	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible
Calculation Methodology	The number of service retirement payments processed by the first payment date on which the member is eligible to receive retirement benefits, divided by the total number of initial payments made for the same time period. The "first payment date on which the member is eligible to receive retirement benefits" is based on the date by which VRS receives a member's retirement application that is determined by VRS to be complete, accurate, and ready for payment processing. "Processed" is defined as funds having been paid to retirees; "disbursed" is defined as the funds having been paid out of the VRS account.

Data Source	Service Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	98.00%	Baseline (Performance History)	99.00%

Target Rationale: Maintain recent performance	Baseline Rationale: 3 year average = 99%

Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy-of staff authorized to approve retirements

YTD Performance History

VRS Mission:	VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.
VRS Vision:	To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

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

Operational Measure	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	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-

	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

Legend: Current Status | YTD Status (cumulative) | Target

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

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

Overall Measure: 13 of 16 meet or exceed target

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

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

Data Source	Disability Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	98.00%	**Baseline** (Performance History)	98.00%

Target Rationale: Maintain recent performance	*Baseline Rationale: 3* year average = 98%

Current Reporting Month Status	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements

YTD Performance History

VRS Mission:	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision:	*To be the trusted leader in the delivery of benefits and services to those we serve.*

Overall Measure: 13 of 16 meet or exceed target
Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	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	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

	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

Legend: Current Status | YTD Status (cumulative) | Target

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.*
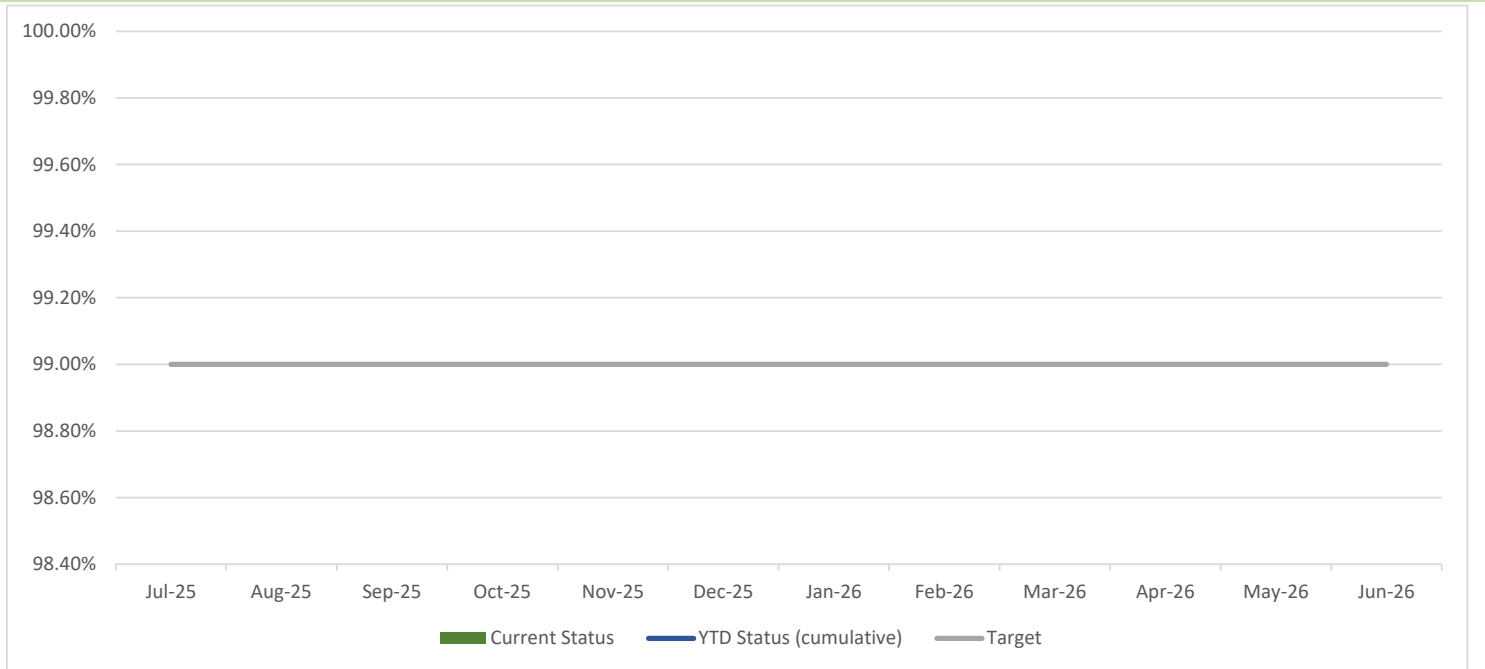
Overall Measure: 13 of 16 meet or exceed target

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: July-25

Operational Measure	Timeliness of Workflow Documentation Imaging		
Strategic Goal	Digital Transformation and Secure Service Delivery		
Description	Percentage of workflow documents imaged within one business day of receipt		
Calculation Methodology	The number of documents imaged within one business day of receipt by the Imaging business unit, divided by the number of documents received by the Imaging unit within the same timeframe. Currently, an average of 20,000 documents are imaged per month.		
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.50%	Baseline (Performance History)	100.00%
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = 100%	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-

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

Legend: Current Status — YTD Status (cumulative) — Target

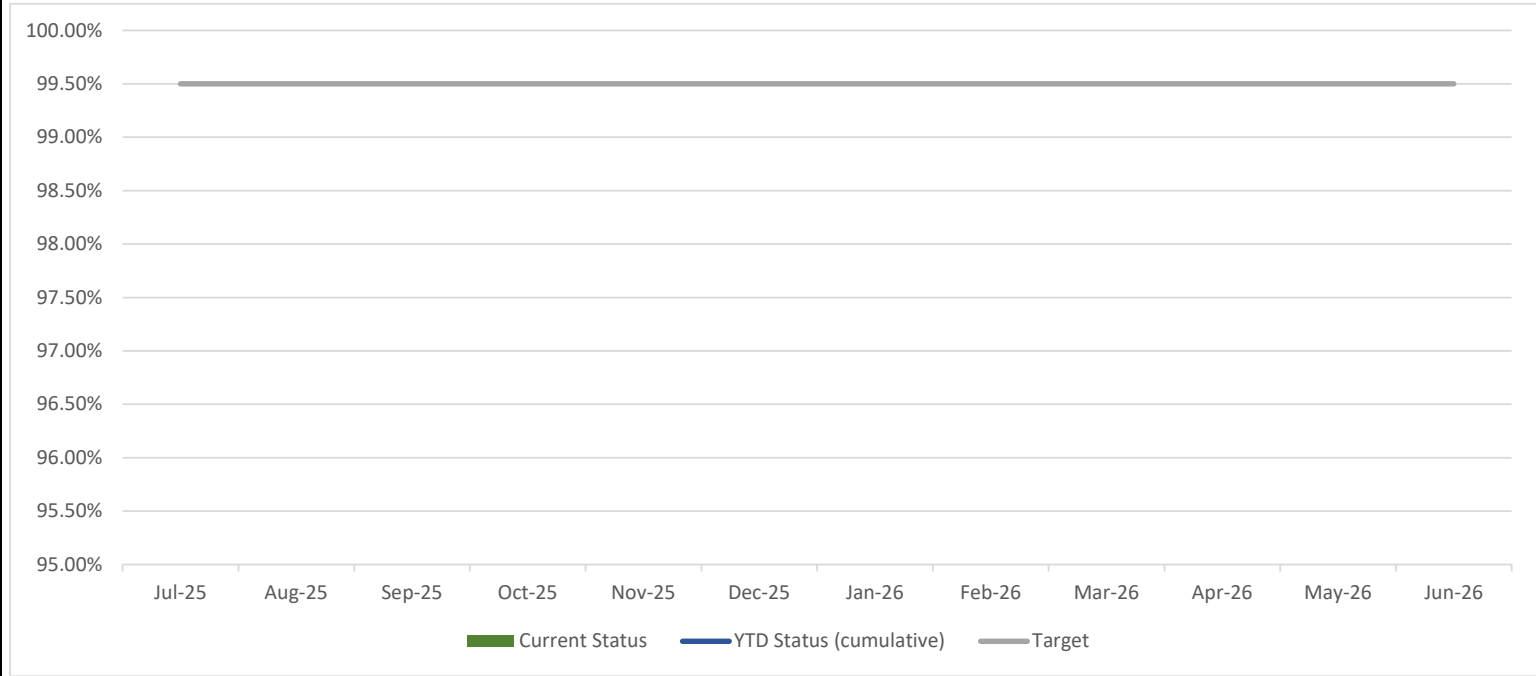| **VRS Mission:**	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision:	*To be the trusted leader in the delivery of benefits and services to those we serve.*

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: July-25

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

Data Source	Technology Services SLEs Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	99.50%	**Baseline** (Performance History)	99.00%
Target Rationale: *Maintain recent performance*		**Baseline Rationale: 3** *year average = 99%*	

Current Reporting Month Status	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

Potential Constraints to Meeting Target		**Mitigation Strategies**
1	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

Legend: ■ Current Status — YTD Status (cumulative) — Target

VRS Mission:	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision:	*To be the trusted leader in the delivery of benefits and services to those we serve.*

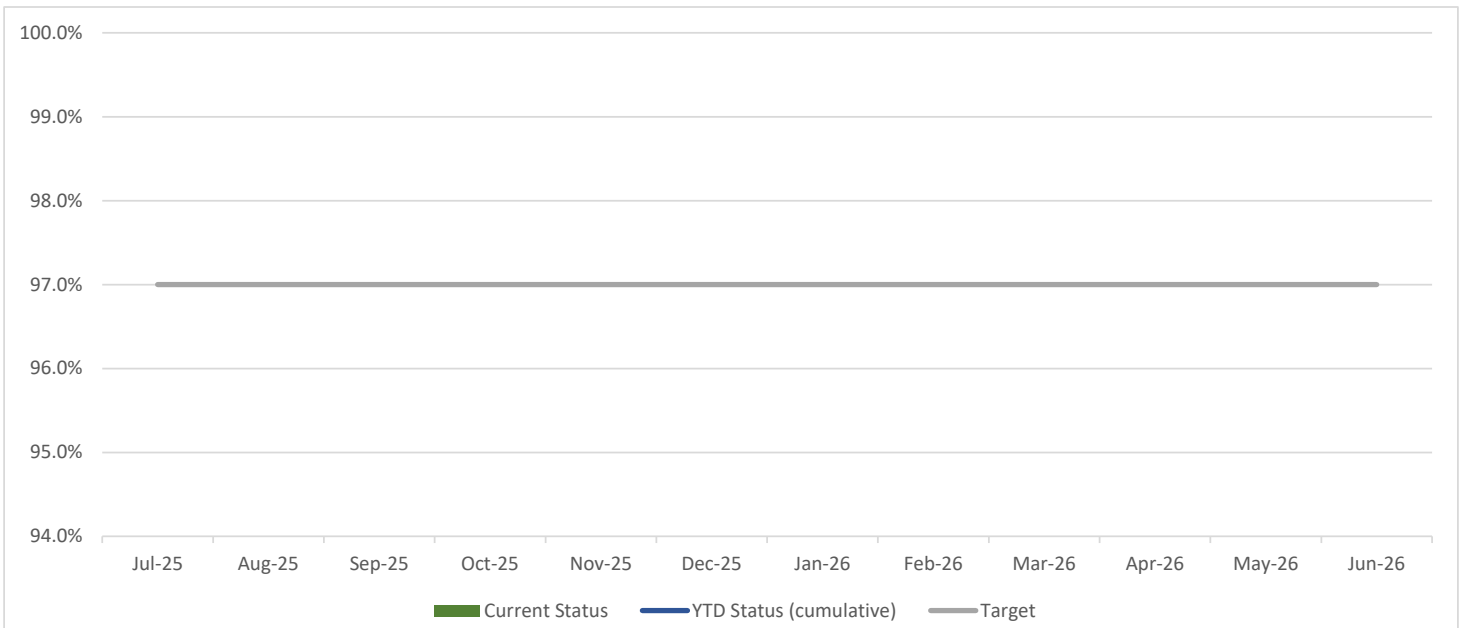Overall Measure: 13 of 16 meet or exceed target

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

Operational Measure	Timeliness of Employer Contribution Confirmations
Strategic Goal	Superior Governance and Long-Term Financial Health
Description	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due
Calculation Methodology	The number of employer CC snapshots received by the end of the month in which they are due, divided by the total number of employer CC snapshots required for the same time period. VRS works with employers to ensure that monthly CC snapshots are posted in a timely fashion. There are over 1,000 employers reporting to VRS for which CC snapshots are required on a monthly basis.

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

Potential Constraints to Meeting Target		Mitigation Strategies
1	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

Legend: Current Status · YTD Status (cumulative) · Target

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: July-25

Virginia Retirement System

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

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

Legend: Current Status — YTD Status (cumulative) — Target

VRS Mission:	VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.
VRS Vision:	To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

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

Operational Measure	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	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

Potential Constraints to Meeting Target		**Mitigation Strategies**
1	Unrealistic employee expectations regarding VRS work environment and responsibilities	Provide clear position descriptions and responsibilities upon hire; outline organization culture and expectations on a regular basis; ensure open communication between employees, managers and supervisors
2	Reorganization due to myVRS enhancements may alter current work responsibilities for some employees	Provide clear and open communication throughout the implementation process; Offer sufficient training opportunities for employees tasked with new responsibilities
3	Internal and external factors impacting employee morale	Continue direct outreach to employees, provide EAP resources and implement employee engagement activities

YTD Performance History
[Reported as an annual measure]

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: July-25			

VRS Virginia Retirement System	**Fiscal Year 2026 Operational Measures** **Reporting Period: July-25**		**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 2025. At that time the FY 2024 annual agency cost will be compared to the to the FY 2024 CEM peer cost to determine whether VRS's cost is lower than the peer average.		
Data Source	CEM Benchmarking, Inc.	**Reporting Frequency**	Annual
Target (Performance Goal)	Lower than the FY 2024 CEM Peer Cost Average	**Baseline** (Performance History)	N/A
Target Rationale: *Measuring VRS annual administrative cost for FY 2024 against the most current peer data as provided by CEM Benchmarking, Inc.*		*Baseline Rationale: N/A*	
Current Reporting Month Status	-	**YTD Status** (Used at year-end to determine whether target has been met)	-

Potential Constraints to Meeting Target		**Mitigation Strategies**
1	Significant unanticipated costs to administer pension plans due to external influences	Work within existing agency allocations and prioritize spending plans to ensure administrative expenditures remain reasonable
2	Dependent upon expenditure patterns for the CEM Peer group for administrative cost average	Maintain communications with CEM peers to stay informed on any spending abnormalities that may skew CEM-calculated peer costing
3	FY 2024 CEM cost not known until late into FY 2025 (limiting agency ability to react if missing target)	Proactively calculate and monitor agency administrative cost in anticipation of receiving the FY 2024 CEM cost; adjust agency spending if out of line with recent CEM peer cost averages

YTD Performance History

[Average Pension Administration Cost for VRS' Peer Group, as provided by CEM Benchmarking, will be known in spring 2026]

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: July-25

Operational Measure	Systems Security Awareness
Strategic Goal	Digital Transformation and Secure Service Delivery
Description	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies
Calculation Methodology	Percentage of eligible staff who have completed the agency's annual security training, VRS User IT Security Policy Training ("security training"), divided by the total eligible agency staff. Employees who join the agency during FY 2025 are required to complete security training within 30 days after their start date. All staff are required to complete the training during the annual training window. The training provides information on such critical security practices as protecting sensitive data, utilizing effective passphrases, reviewing acceptable technology use policies, being on alert for phishing and other malpractices, and more. **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	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Unavailability of the Virginia Learning Center (VLC, a non-VRS application) for training	Provide sufficient time for staff to obtain training within prescribed timeline to allow for possible VLC system unavailability
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	New training requirements as set-forth by the Commonwealth Security Policy that require changes to the prepared security training	Proactively coordinate with different units within VRS to ensure sufficient time and resources to make necessary changes to the prepared training

YTD Performance History

[Reported as an annual measure]

VRS Mission:	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision:	*To be the trusted leader in the delivery of benefits and services to those we serve.*

Overall Measure: 13 of 16 meet or exceed target

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

Operational Measure	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 after July 1, 2024 who are not on short- or long-term disability or FMLA during FY 2025. Qualifying professional development includes courses designated in the Virginia Learning Center (VLC), as well as conferences, webinars, college or trade school classes, and any other professional development as approved by the Human Resources Director. Number of hours received is tracked on a cumulative basis and reported quarterly.

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

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

YTD Performance History

[Reported as an annual measure]

VRS Mission: *VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision: *To be the trusted leader in the delivery of benefits and services to those we serve.*

Overall Measure: 13 of 16 meet or exceed target
Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	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 satisfaction 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	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Resources constraints that impact the ability to respond to customers in a timely manner, resulting in lower customer satisfaction scores	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes
2	Ongoing system enhancements	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

Legend: Current status | YTD Status (cumulative) | Target

VRS Mission: *VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision: *To be the trusted leader in the delivery of benefits and services to those we serve.*

Operational Measure	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	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

	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

Legend: Current status — YTD Status (cumulative) — Target

VRS Mission: *VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision: *To be the trusted leader in the delivery of benefits and services to those we serve.*

Operational Measure	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)	>85%	Baseline (Performance History)	-
Target Rationale: Based on initial data available.		Baseline Rationale: N/A	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-

	Potential Constraints to Meeting Target	Mitigation Strategies
1	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

Current status   YTD Status (cumulative)   Target

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.*