



Virginia
Retirement
System®

Popular Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AN INDEPENDENT AGENCY OF THE COMMONWEALTH OF VIRGINIA

This document is a summary of VRS' audited financial statements and other information contained in VRS' *Annual Comprehensive Financial Report*. The complete audited financial statements and pertinent notes to the financial statements can be found in VRS' 2025 *Annual Comprehensive Financial Report*. This document provides summary financial information and does not conform to Generally Accepted Accounting Principles (GAAP); the *Annual Comprehensive Financial Report* conforms to GAAP and provides a comprehensive overview of the System's financial and operating results. VRS' *Annual Comprehensive Financial Report* is available at varetire.org in the Publications section or at the VRS office.

Administration

From the Director

Patricia S. Bishop, Director

Fiscal year 2025 marked a year of meaningful progress for VRS, driven by our commitment to delivering a high-quality, secure and seamless customer experience. We prioritized enhancements that make it easier for members, retirees and beneficiaries to engage with VRS efficiently and confidently.

VRS opened a new counseling center in a nearby suburb, bringing personalized support and improved appointment access to a convenient location. To ensure efficient call routing, we deployed a state-of-the-art call management system that ensures members connect quickly to the right resource. Recognizing the importance of understanding our customers’ needs, we welcomed a customer experience manager to our team, helping us analyze behaviors and explore innovative ways to improve every interaction.

Technology continues to enhance our service delivery. We strengthened cybersecurity protocols to protect member account data and automated workflows to streamline benefit delivery.

Our records management program benefited from focused training initiatives while a new data quality team established dashboards to better monitor the accuracy and reliability of information critical to serving members.

A significant milestone of the year was the transition to Voya Financial as the new third-party administrator for the VRS Defined Contribution Plans, effective January 1. This complex migration, spanning 1.4 million accounts and \$8.6 billion in assets, was completed successfully, with no disruption in service.

Through our partnership with Voya, members now have greater flexibility to adjust contributions monthly instead of quarterly, and enjoy expanded access to financial education and planning resources. They have access to professional investment advice, personalized financial planning, intuitive digital tools, a mobile app and a range of educational resources to support financial well-being.

Our largest active member plan, the Hybrid Retirement Plan, with approximately 200,000 members, remained a focus of our

The VRS Counseling Center moved from downtown Richmond to a nearby suburb in November 2024. The new location offers easier access and ample parking for members, retirees and beneficiaries.



outreach. We engaged with members through education and communication efforts designed to inspire greater participation in voluntary contributions and help members plan to maximize their retirement benefits.

Behind every service improvement lies a commitment to efficiency and excellence. Members count on VRS to deliver their benefits accurately and on time. Our CEM benchmarking score for administration reflects strong alignment with peer organizations in customer service performance, maintaining high quality at a significantly lower cost.

Financially, the outlook remains strong. The \$9.1 billion increase in retirement reserves can be attributed to investment income increases and contribution increases, which exceeded the increase in benefit payments from 2024 to 2025. VRS continues on a steady path toward full funding across all plans, assuming actual plan experience aligns with our reasonable projections. This progress is built on a foundation of discipline and collaboration contributing to greater stability for employers and members alike.

As we look ahead, VRS remains steadfast in its mission, just as it has for more than eight decades. Today’s results are the product of years of deliberate, thoughtful work to strengthen and modernize our services. Each milestone brings us closer to our vision: to be the trusted leader in the delivery of benefits and services to those we serve. ■

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A. Scott Andrews, Chair
Northern Contours and Harvest Equity Investments

Lawrence A. Bernert III, CFA, Vice Chair
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Bell Wealth Management Inc.

John M. Bennett
Virginia Commonwealth University (Retired)

J. Clifford Foster IV
Raymond James & Associates

Susan T. Gooden, Ph.D.
Virginia Commonwealth University

Jessica L. Hood
Wise County and City of Norton
Commonwealth’s Attorney’s Office

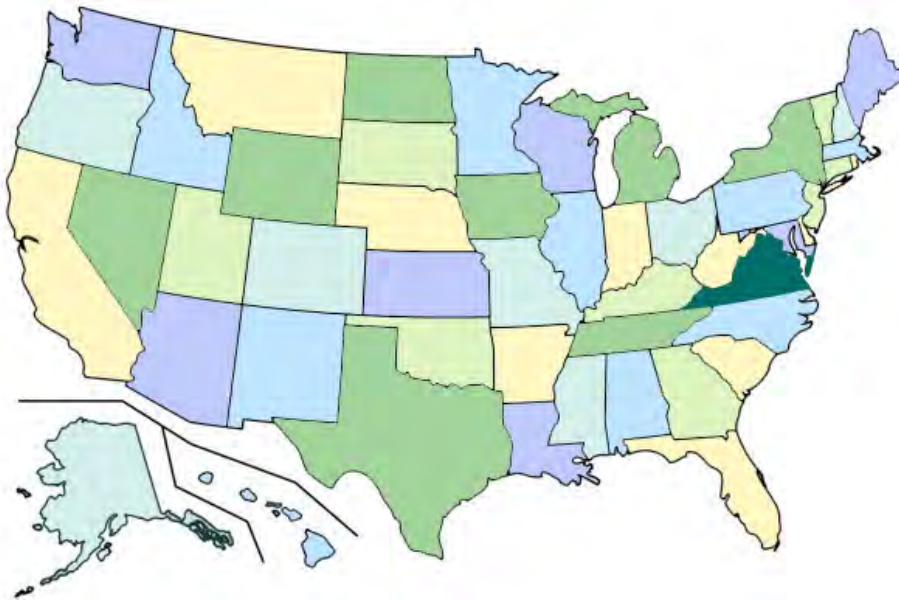
The Hon. Matthew James
MJames Consulting LLC

Lindsey K. Pantele
Henrico County Public Schools

BOARD OF TRUSTEES

Planning for Tomorrow, Today

Where VRS Retirees Live: Benefits and Beyond

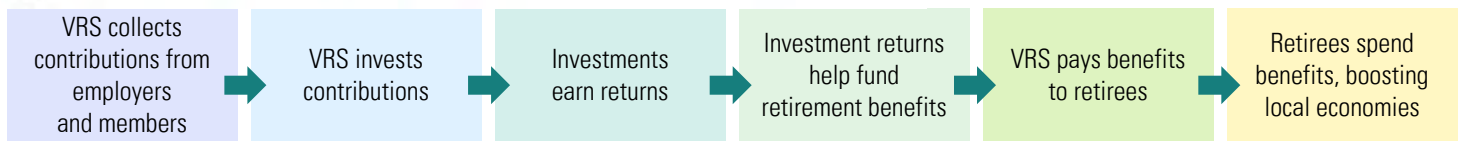


84%

of VRS retirees remain in Virginia
as of June 30, 2025

North Carolina: 3%
Florida: 3%
Maryland: 1%
South Carolina: 1%
Tennessee: 1%
Other States/Territories: 7%

These numbers are estimates based on available data and are unaudited.



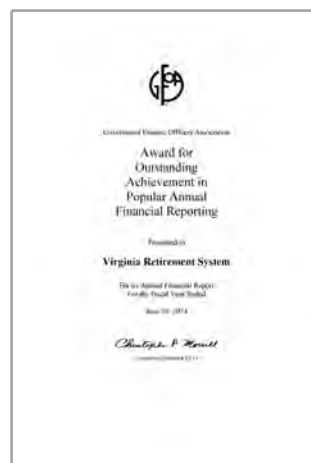
VRS is an independent state agency. As provided under the *Constitution of Virginia*, VRS funds are separate from other state funds and can be used only to administer and pay benefits for members, retirees and beneficiaries.

Pursuant to Title 51.1 of the *Code of Virginia*, the Board of Trustees administers and is trustee of the following funds:

- Virginia Retirement System Trust, including Plan 1, Plan 2, the defined benefit component of the Hybrid Retirement Plan, and Plan 1 and Plan 2 hazardous duty benefits for political subdivision employees
- State Police Officers' Retirement System (SPORS) Trust, including Plan 1 and Plan 2
- Virginia Law Officers' Retirement System (VaLORS) Trust, including Plan 1 and Plan 2
- Judicial Retirement System (JRS) Trust, including Plan 1 and Plan 2, and the defined benefit component of the Hybrid Retirement Plan for judges
- Virginia Sickness and Disability Program (VSDP) Trust for state employees, including VSDP long-term care
- Hybrid 457 Deferred Compensation Plan
- Hybrid 401(a) Cash Match Plan
- Optional Retirement Plan for Political Appointees, Optional Retirement Plan for School Superintendents and Optional Retirement Plan for Higher Education
- Commonwealth of Virginia 457 Deferred Compensation Plan
- Virginia Cash Match Plan
- Virginia Supplemental Retirement Plan
- Group Life Insurance Program
- Retiree Health Insurance Credit Program
- Line of Duty Death and Health Benefits Trust Fund
- Virginia Local Disability Program (VLDP) Trust for eligible school division and political subdivision employees, including VLDP long-term care
- A disability retirement option for certain members not covered under VSDP or VLDP

- In addition, the Board administers or has substantial oversight responsibilities for the Benefit Restoration Plan, the Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program and the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund Program, as well as benefit eligibility determinations under the Line of Duty Act in Title 9.1 of the *Code of Virginia*.

The system also has full investment responsibility for other custodial funds, which include the Commonwealth Health Research Fund (CHRF), the Commonwealth's Attorneys Training Fund (CATF) and the VRS Investment Portfolio (VRSIP).



The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Outstanding Achievement in Financial Reporting to VRS for its PAFR for the fiscal year ended June 30, 2024, the ninth consecutive year of publication for which VRS was eligible to achieve this recognition. To receive the certificate, a government unit must publish a readable and organized popular annual report that satisfies generally accepted accounting principles and applicable legal requirements.

Membership

VRS Total Population: 861,171

378,060

**Active
Members**

244,738

**Retirees
and Beneficiaries**

238,373

**Inactive and
Deferred Members**

DISTRIBUTION OF ACTIVE MEMBERS

AT JUNE 30

	2025		2024		2023	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
State Employees (VRS)	83,148	22.0%	81,977	22.3%	79,064	22.2%
Teachers (VRS)	160,800	42.5%	156,377	42.5%	152,954	43.0%
Political Subdivision Employees (VRS)	124,264	32.9%	119,828	32.6%	114,599	32.1%
State Police Officers (SPORS)	1,894	0.5%	1,877	0.5%	1,917	0.5%
Virginia Law Officers (VaLORS)	7,484	2.0%	7,255	2%	7,524	2.1%
Judges (JRS)	470	0.1%	469	0.1%	457	0.1%
Total Members	378,060	100.0%	367,783	100.0%	356,515	100.0%

DISTRIBUTION OF RETIREES AND BENEFICIARIES

AT JUNE 30

	2025		2024		2023	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
State Employees (VRS)	63,265	25.9%	62,719	26.1%	62,292	26.6%
Teachers (VRS)	106,612	43.6%	104,834	43.5%	102,346	43.2%
Political Subdivision Employees (VRS)	66,679	27.2%	65,154	27.1%	63,631	26.8%
State Police Officers (SPORS)	1,509	0.6%	1,460	0.6%	1,533	0.7%
Virginia Law Officers (VaLORS)	6,138	2.5%	5,960	2.5%	5,853	2.5%
Judges (JRS)	535	0.2%	522	0.2%	553	0.2%
Total Retirees and Beneficiaries	244,738	100.0%	240,649	100.0%	236,208	100.0%



Active Member: A member working in a covered position with an employer that participates in VRS.

Deferred Member: A member who has left covered employment but has not withdrawn funds and has service credit in VRS.

Retiree: A retiree is no longer employed in a covered position and receives a retirement benefit from VRS.

Political Subdivision Employees: Employees of Virginia cities, towns, special authorities and commissions.

Membership

VRS Participating Employers: 864



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

DISTRIBUTION OF RETIREES BY YEARS OF SERVICE

ALL RETIREES AT JUNE 30, 2025

	1-10 Years	11-20 Years	21-30 Years	31-40 Years	41-50 Years	Over 50 Years	Total
VRS – State	13.19%	23.05%	28.81%	28.50%	6.24%	0.21%	100.00%
VRS – Teacher	10.97%	24.99%	34.39%	27.52%	2.08%	0.05%	100.00%
VRS – Political Subdivisions	17.94%	29.18%	33.07%	17.91%	1.85%	0.05%	100.00%
SPORS	2.99%	4.90%	36.05%	48.97%	6.76%	0.33%	100.00%
VaLORS	9.07%	28.41%	50.99%	10.79%	0.72%	0.02%	100.00%
JRS	1.69%	3.36%	10.28%	11.96%	18.13%	54.58%	100.00%
All Plans	13.34%	25.54%	32.96%	24.83%	3.12%	0.21%	100.00%

DISTRIBUTION OF RETIREES BY AGE AT RETIREMENT

ALL RETIREES AT JUNE 30, 2025

	Under 55	55-59	60-65	Over Age 65	Total
VRS – State	14.47%	18.82%	33.94%	32.77%	100.00%
VRS – Teacher	13.38%	30.11%	34.83%	21.68%	100.00%
VRS – Political Subdivisions	23.03%	18.45%	30.28%	28.24%	100.00%
SPORS	51.10%	28.69%	14.78%	5.43%	100.00%
VaLORS	43.52%	24.83%	22.92%	8.73%	100.00%
JRS	4.68%	10.65%	28.60%	56.07%	100.00%
All Plans	17.27%	23.83%	32.92%	25.98%	100.00%

Defined Benefit Plan: The retirement plan under VRS is a defined benefit plan for members in Plan 1, Plan 2 and a portion of the Hybrid Retirement Plan. A defined benefit plan provides a monthly benefit during retirement based on age, total service credit and average final compensation.

Defined Contribution Plan: The benefit under a defined contribution plan is based on contributions and net investment gains on these contributions. The defined contribution plans administered or authorized by VRS include the Commonwealth of Virginia 457 Deferred Compensation and Cash Match plans, optional retirement plans for selected employees, a supplemental plan for certain school employees and a portion of the Hybrid Retirement Plan.

Defined Benefit Component: The defined benefit component under the Hybrid Retirement Plan provides a retirement benefit based on age, total service credit and average final compensation at retirement. VRS manages the investments and related risk for member and employer contributions under this component.

Defined Contribution Component: The defined contribution component of the Hybrid Retirement Plan provides a retirement benefit based on member and employer contributions and net investment gains on contributions. Members manage the investments and related risk for this component.



Finance

SUMMARY OF FIDUCIARY NET POSITION

AT JUNE 30

(EXPRESSED IN MILLIONS)

	2025	Increase (Decrease)	2024	Increase (Decrease)	2023
Assets:					
Cash, Receivables and Capital Assets	\$ 8,110.2	\$ 3,058.7	\$ 5,051.5	\$ (588.8)	\$ 5,640.3
Investments	128,579.4	12,096.7	116,482.7	8,645.8	107,836.9
Security Lending Collateral	4,321.2	185.3	4,135.9	409.2	3,726.7
Total Assets	141,010.8	15,340.7	125,670.1	8,466.2	117,203.9
Liabilities:					
Accounts Payable and Other Payables	816.6	45.8	770.8	512.7	258.1
Investment Purchases Payable	10,381.2	4,096.4	6,284.8	(1,000.8)	7,285.6
Obligations Under Securities Lending	5,771.2	1,434.9	4,336.3	609.2	3,727.1
Total Liabilities	16,969.0	5,577.1	11,391.9	121.1	11,270.8
Total Net Position – Restricted for Benefits	\$ 124,041.8	\$ 9,763.6	\$ 114,278.2	\$ 8,345.1	\$ 105,933.1

SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

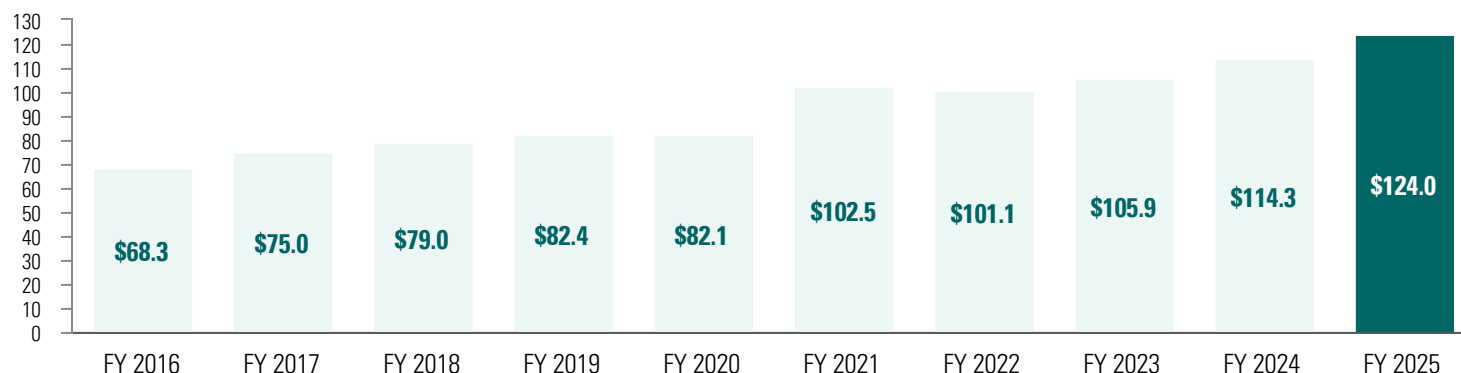
FOR THE YEARS ENDED JUNE 30

(EXPRESSED IN MILLIONS)

	2025	Increase (Decrease)	2024	Increase (Decrease)	2023
Additions:					
Member Contributions	\$ 1,382.9	\$ 58.8	\$ 1,324.1	\$ 103.9	\$ 1,220.2
Employer Contributions	3,956.0	64.1	3,891.9	324.9	3,567.0
Special Employer Contributions	—	(55.1)	55.1	(61.6)	116.7
Non-employer Contributing Entity	—	—	—	(158.5)	158.5
Net Investment Income	11,993.6	1,760.3	10,233.3	3,722.2	6,511.1
Miscellaneous Revenue & Transfers	4.8	(1.6)	6.4	(0.5)	6.9
Total Additions	17,337.3	1,826.5	15,510.8	3,930.4	11,580.4
Deductions:					
Retirement Benefits	6,837.3	366.2	6,471.1	427.8	6,043.3
Refunds of Member Contributions	128.2	6.1	122.1	(5.0)	127.1
Insurance Premiums and Claims	275.4	22.6	252.8	(3.7)	256.5
Retiree Health Insurance Credit Reimbursements	190.1	6.8	183.3	1.9	181.4
Disability Insurance Benefits	43.8	(0.1)	43.9	0.9	43.0
Line of Duty Act Reimbursements	18.8	2.3	16.5	0.8	15.7
Administrative and Other Expenses	80.1	4.1	76.0	3.0	73.0
Total Deductions	7,573.7	408.0	7,165.7	425.7	6,740.0
Net Increase (Decrease) in Net Position	9,763.6	1,418.5	8,345.1	3,504.7	4,840.4
Net Position – Beginning of Year	114,278.2	8,345.1	105,933.1	4,840.4	101,092.7
Net Position – End of Year	\$ 124,041.8	\$ 9,763.6	\$ 114,278.2	\$ 8,345.1	\$ 105,933.1

VRS FIDUCIARY NET POSITION (EXPRESSED IN BILLIONS)

AT JUNE 30



NET POSITION RESTRICTED FOR BENEFITS

AT JUNE 30

(EXPRESSED IN THOUSANDS)

	2025	2024
Virginia Retirement System	114,401,121	105,579,401
State Police Officers' Retirement System	1,254,189	1,160,537
Virginia Law Officers' Retirement System	2,244,828	2,076,732
Judicial Retirement System	765,921	717,164
Group Life Insurance Advance Premium Deposit Reserve	3,471,094	3,080,133
Retiree Health Insurance Credit Reserve	929,008	775,393
Disability Insurance Trust Fund (VSDP)	758,711	692,870
Line of Duty Act Trust Fund	4,972	4,841
Disability Insurance Trust Fund (VLDP)	38,869	29,474
VRS Investment Portfolio DC Plans	83,149	77,356
Commonwealth Health Research Fund	53,926	50,520
Volunteer Firefighters' and Rescue Squad Workers Service Award Fund	7,010	6,431
Commonwealth's Attorneys Training Fund	28,980	27,385
Total Pension and Other Employee Benefit Reserves	\$ 124,041,778	\$ 114,278,237

Fiduciary Net Position: Reflects the balance of resources available to pay benefits at the end of the fiscal year.

Changes in Fiduciary Net Position: Reflects the changes in resources available to pay benefits during the fiscal year.

Other Post-Employment Benefits (OPEBs): Benefits (other than pensions) that governments provide to their retired employees.



PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY

VRS State Plan:
85.75%

VRS Teacher Plan:
86.37%

VRS Political
Subdivision Plans
(Aggregate Total):
95.36%

SPORS:
77.05%

VaLORS:
78.39%

JRS:
89.83%

Finance

SUMMARY OF PENSION PLAN PRIMARY EXPENSES FOR THE YEARS ENDED JUNE 30

(EXPRESSED IN MILLIONS)

	2025	Increase (Decrease)	2024	Increase (Decrease)	2023
Benefits	\$ 6,837.3	\$ 366.2	\$ 6,471.1	\$ 427.8	\$ 6,043.3
Refunds	128.0	6.5	121.5	(3.5)	125.0
Administrative and Other Expenses	67.7	1.1	66.6	3.0	63.6
Total Primary Expenses	\$ 7,033.0	\$ 373.8	\$ 6,659.2	\$ 427.3	\$ 6,231.9

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEARS ENDED JUNE 30

(EXPRESSED IN THOUSANDS)

	2025	2024
Total External Management Fees	622,257	596,544
Performance Fees	10,701	19,657
Total Miscellaneous Fees and Expenses	110,139	23,550
In-House Investment Management	58,509	50,399
Total Direct Investment Expenses	\$ 801,606	\$ 690,150



Contributions and investments fund VRS plans.

The VRS Board of Trustees sets the **retirement plan funding policy** and adopts contribution rates based on recommendations from the plan actuary. The Board also sets investment policy with the objective of maximizing returns while managing risk within an acceptable range.

Member and employer contributions are deposited into the pension trust fund and managed by VRS investment staff under the guidelines established by the Board.

Recommended contribution rates for the statewide retirement systems are communicated to the General Assembly, which has the final authority for the funding of these plans.

EQUITY INTERESTS

AT JUNE 30

Fund	2025	2024
Virginia Retirement System	92.166%	92.328%
State Police Officers' Retirement System	1.012%	1.017%
Virginia Law Officers' Retirement System	1.812%	1.820%
Judicial Retirement System	0.619%	0.629%
Group Life Insurance Fund	2.871%	2.769%
Retiree Health Insurance Credit Fund	0.744%	0.669%
Disability Insurance Trust Fund (VSDP)	0.602%	0.597%
Line of Duty Act Trust Fund	0.004%	0.005%
Virginia Local Disability Program	0.031%	0.025%
VRS Investment Portfolio	0.067%	0.067%
Commonwealth Health Research Fund	0.043%	0.044%
Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund	0.006%	0.006%
Commonwealth's Attorneys Training Fund	0.023%	0.024%
Total Equity Interests	100.000%	100.000%

PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL OPEB LIABILITY

Group Life Insurance Fund: 77.39%	Teacher Employee Health Insurance Credit: 26.73%	State-Funded Health Insurance Credit for Constitutional Officers: 41.38%	State-Funded Health Insurance Credit for Social Services Employees: 49.26%	Disability Insurance Program: 211.27%	Virginia Local Disability Program for Political Subdivisions: 137.53%
State Employee Health Insurance Credit: 41.73%	VRS Political Subdivision Plans Health Insurance Credit (Aggregate Total): 74.29%		State-Funded Health Insurance Credit for Registrars: 75.17%	Virginia Local Disability Program for Teachers: 116.59%	Line of Duty Act Program: 1.27%

From the CIO

Andrew H. Junkin, Chief Investment Officer

Fiscal year 2025 unfolded against a familiar backdrop: inflation moderated but remained above the Federal Reserve's 2% target, interest rates stayed elevated and geopolitical risks persisted. In the U.S., inflation ran in the high 2% to low 3% range, while unemployment hovered near 4%. The Fed cut rates during the fiscal year as inflation cooled, seeking to preserve the expansion and guide the economy toward a "soft landing."

A significant development was President Donald Trump's announcement of new tariffs in April. Unlike previous measures, these tariffs were far broader in scope, applying to a wide range of imported goods across multiple regions, including key trading partners.

The announcement surprised financial markets with its swift implementation schedule, sparking a sell-off in global equities and spiking volatility as investors reevaluated earnings expectations. There was also a tariff-driven rise in inflation and supply-chain implications. On April 9, the announcement of a 90-day "pause" for negotiations and adjustments on many new tariffs helped stabilize markets and contributed to recovery by the end of the fiscal year.

Geopolitical developments remained a source of uncertainty. Even so, financial markets proved resilient, led by gains in public equities and positive returns across most major asset classes.

For the fiscal year, the VRS total fund returned 9.9%, ahead of the custom benchmark's 9.7% and above the 6.75% long-term assumed rate of return. The portfolio remains diversified across markets and sources of return, reflecting our prudent risk-taking and loss avoidance as required by the *Code of Virginia*.

Longer-term performance demonstrates the value of diversification and our program architecture. Over five- and 10-year horizons, the total fund outperformed its benchmark.

- Public Equity returned 17.8%, outpacing the 16.7% benchmark. Non-U.S. equity strategies contributed to returns as global diversification and active structure added value.

- Fixed Income gained 6.9%, ahead of the 6.4% benchmark. Positioning across sectors and security selection sustained the multi-year record of steady outperformance.
- Credit Strategies returned 9.1% versus 8.3% for the benchmark. Elevated interest rates and healthy origination supported private credit, while diversification and manager selection remained central to results.
- Real Assets delivered 3.7%, exceeding the 2.9% benchmark. While commercial real estate remains challenged, infrastructure and other exposures provided ballast.
- Private Equity returned 5.7% versus 7.4% for the benchmark; however, it continues to be a leading contributor to long-term results, underscoring its importance to total-fund value creation.
- Diversifying Strategies returned 3.6% compared with 7.2% for the benchmark, reflecting the role these strategies play in risk mitigation and liquidity rather than return maximization.
- Private Investment Partnerships returned 8.8%, outperforming the 6.2% benchmark contributing further diversification.

Results were broad-based, with public equity, fixed income, credit strategies, real assets and private investment partnerships all outperforming their benchmarks. This helped the total fund exceed its benchmark and sustain meaningful value-add over the five- and 10-year periods.

We remain mindful of risks, but the portfolio is built to navigate varying scenarios. Our focus remains unchanged: Broad diversification, prudent risk management and selective deployment across public and private markets where we see compelling opportunities.

We believe the portfolio is well positioned to continue meeting benefit obligations over the long term, aiming to deliver returns commensurate with our responsibilities while carefully managing risk. ■

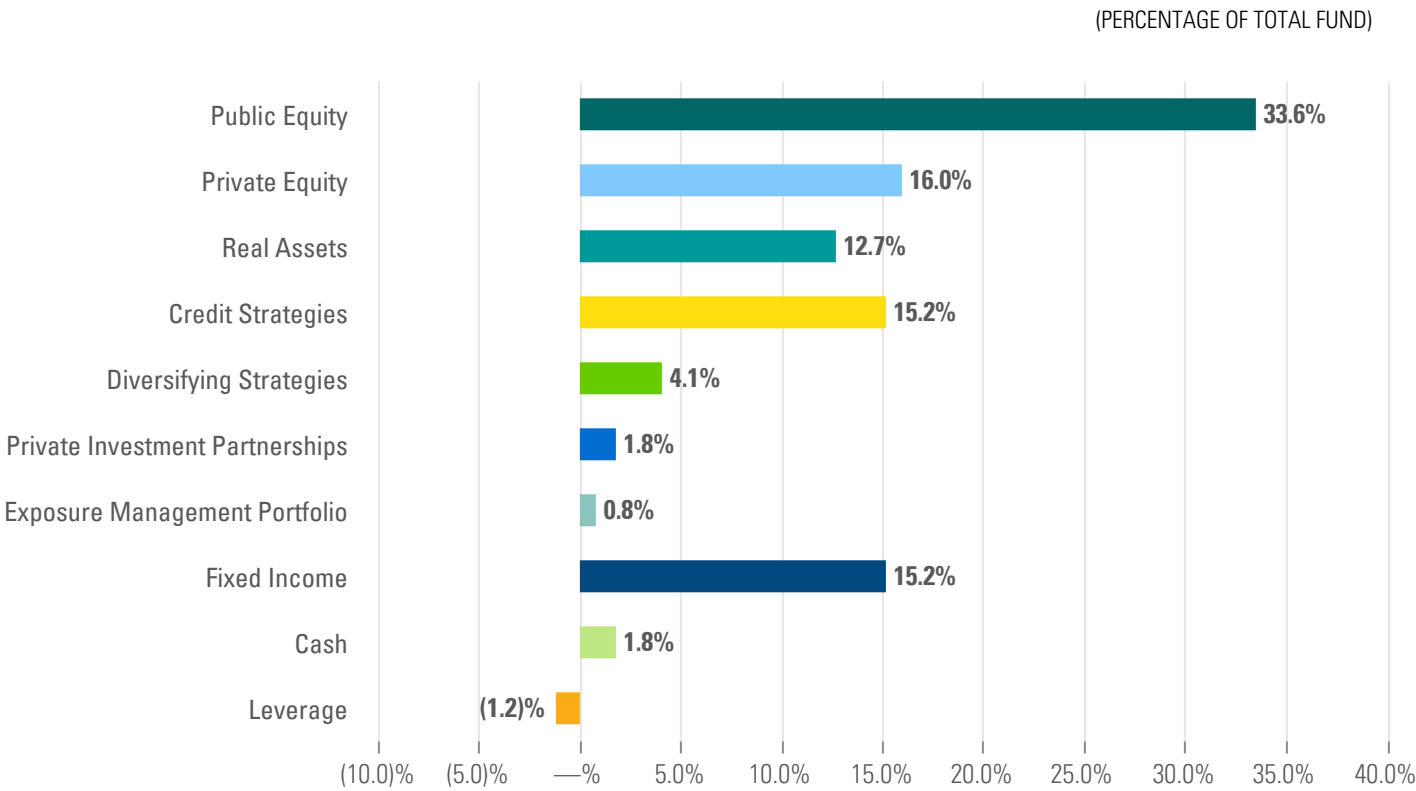
ANNUALIZED RETURN FOR PERIODS ENDED JUNE 30, 2025

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	25 Years
VRS Total Fund	9.9%	8.6%	10.4%	8.1%	8.9%	7.4%	6.5%
Benchmark	9.7%	9.2%	9.0%	7.3%	8.1%	6.7%	5.9%

Investment return calculations were prepared using a time-weighted return methodology based on market value, net of investment expenses.

Investments

ASSET ALLOCATION MIX AT JUNE 30, 2025



Investment Diversification at VRS

VRS strategically monitors the portfolio, focusing on returns and performance over 20 years and longer, not simply a single year. From that long-term perspective, the VRS fund continues to exceed the current 6.75% assumed actuarial rate of return for the 25-year period. VRS uses stocks, bonds, real estate, cash and other investment strategies to diversify the fund portfolio.

Diversification:

- Combines different investments to limit exposure to a single asset or strategy, which lowers risk.
- Creates a stable foundation that helps moderate highs and lows in the stock market.
- Follows the mandate of the *Code of Virginia* (§ 51.1-124.30(C)), helping prevent frequent shifts in participating employers' contribution rates and providing rate consistency from year to year.

The board determines the mix of asset classes in the portfolio and uses benchmarks to establish performance criteria for each asset class. For fiscal year 2025, VRS' performance exceeded the benchmark established by the board for the total fund. ■

DEFINED CONTRIBUTION PLAN ACCOUNT ASSETS AT JUNE 30, 2025

VRS has oversight but no investment responsibility for the VRS Defined Contribution Plans.

Commonwealth of Virginia 457 Deferred Compensation Plan	Virginia Cash Match Plan 401(a)	VRS Hybrid 401(a) Cash Match Plan	VRS Hybrid 457 Deferred Compensation Plan
\$5,138,141,289	\$709,992,248	\$2,312,535,245	\$1,260,018,723

The investment options for the defined contribution plans are organized into three pathways intended to provide participants with a variety of investment choices while controlling the associated costs: Do-It-For-Me, Help-Me-Do-It and Do-It-Myself.

Investments

INVESTMENT SUMMARY

(EXPRESSED IN THOUSANDS)

	2025 Fair Value	Percent of Total Value	2024 Fair Value	Percent of Total Value
Bonds and Mortgage Securities:				
U.S. Government and Agencies	\$ 10,212,909	7.94%	\$ 7,811,767	6.71%
Mortgage Securities	5,969,560	4.64%	5,736,229	4.92%
Corporate and Other Bonds	7,829,572	6.09%	8,251,049	7.08%
Total Bonds and Mortgage Securities	24,012,041	18.67%	21,799,045	18.71%
Common and Preferred Stocks	31,555,655	24.54%	27,035,632	23.21%
Index and Pooled Funds:				
Equity Index and Pooled Funds	15,397,921	11.98%	14,484,488	12.43%
Fixed-Income Commingled Funds	2,836	0.00%	—	0.00%
Total Index and Pooled Funds	15,400,757	11.98%	14,484,488	12.43%
Real Assets	15,735,405	12.24%	14,153,874	12.15%
Private Equity	41,346,341	32.16%	38,502,907	33.06%
Short-Term Investments:				
Treasurer of Virginia – LGIP Investment Pool	490,417	0.38%	482,233	0.42%
Foreign Currencies	38,765	0.03%	24,562	0.02%
Total Short-Term Investments	529,182	0.41%	506,795	0.44%
Total Investments	\$ 128,579,381	100.00%	\$ 116,482,741	100.00%

Asset Allocation: Assigning specific percentages of investments to different asset classes according to financial goals, risk tolerance and investment time horizon.

Asset Class: A group of securities that typically behaves similarly in the marketplace when compared to other groups of securities. Three common asset classes are equities, fixed income and cash equivalents.

Benchmark: A standard by which something can be measured or judged.

Credit Strategies: Investments in debt securities such as bonds and other types of public and private debt paid back over time with interest, generating returns through income and capital appreciation.

Diversification: Spreading money among different securities, sectors, industries and strategies within a number of asset classes.

Leverage: Uses borrowed funds to invest within various strategies to amplify returns or to better manage portfolio risk.

Diversifying Strategies: Similar to a balanced fund, with the goal of achieving value-added returns across several classes of investments while simultaneously mitigating risk in other asset classes.

Total Return: Return on an investment over a specific period of time. Total return includes income and share price appreciation and depreciation. It assumes that all dividends and capital gains paid during the period are reinvested to buy additional shares.



HONORS AND AWARDS

**Government Finance
Officers Association (GFOA)
Certificate of Achievement
for Excellence in Financial
Reporting and
Award for Outstanding
Achievement in Popular
Annual Financial Reporting**

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

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

**Virginia Department
of Small Business and
Supplier Diversity
2024 SWaM Award**
as the agency with the highest
spend percentage for service-
disabled veteran-owned
businesses in Virginia

**Commonwealth of Virginia
Philanthropy Leadership
Award**
for outstanding support of the
Commonwealth of Virginia
Campaign

Serving Those Who Serve Others

Our team is dedicated to fulfilling the VRS vision: To be the trusted leader in the delivery of benefits and services to those we serve.

We strive to provide exceptional service and support to the commonwealth's public servants, who in turn serve citizens in their communities.

myVRS and myVRS Financial Wellness

Our advancements in customer service technology, including self-service opportunities, are an important element of our mission. Guiding members and retirees to financial education resources is a top priority.

- Total user registrations for myVRS increased to 568,031.
- 4.4 million myVRS page views.
- 937 Your Money Personality assessment completions.
- 2,447 myVRS Financial Wellness checkups.

Customer Contact Center

We assist customers with benefit and retirement questions, guiding members and retirees to online tools in myVRS, and helping them navigate difficult transitions, including disability or the loss of a loved one.

- 233,752 calls answered.
- 13,587 email responses.

Employer Support

We work closely with more than 800 VRS-participating employers—our partners in the delivery of benefits. In addition to direct access to an employer relationship manager and a monthly e-newsletter, we provided:

- 138 roundtables and site visits with 1,831 contacts representing 609 employers.
- Dedicated support line through our call center.
- Virtual and webinar training.
- Outreach to 669 new benefit administrators.

DCP Voluntary Contributions

VRS partnered with Voya Financial, the third-party record keeper for its defined contribution plans, to boost awareness and drive engagement.

- Achieved a 6% increase in total accounts and an 18% increase in assets year-over-year, reaching 657,456 accounts and \$9.66 billion in assets across eight plans.
- Successfully transitioned 1.4 million accounts and \$8.85 billion in assets from MissionSquare to Voya.
- 61% of hybrid plan members making voluntary contributions.

Education and Counseling


VRS engages with members in a variety of ways to meet their educational and counseling needs:

- Virtual, in-person and telephone counseling for members and retirees.
- 16 employer e-courses with 1,038 completions.
- 34 member training videos with 11,269 completions.
- 21 employer webinars and virtual classes with 564 attendees.

Web Services

The web team manages VRS' suite of websites, which provide benefit information, news and reminders, access to education and training, and downloadable publications for members, retirees and employers.

- VRS member/retiree website: 1.5 million page views.
- Employer website: 402,471 page views.
- Defined Contribution Plans and Hybrid Retirement Plan websites: 879,742 page views.
- VRS' website accessibility score of 89% exceeds the government industry standard.



LEARN MORE ABOUT VRS

In addition to this document, VRS publishes an *Annual Comprehensive Financial Report*, which provides complete audited financial statements and accompanying notes. Visit varetire.org/publications to view or download a copy.



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