



Popular Annual Financial Report

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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' *2021 Annual 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

This year, the VRS team reached our ultimate goal of online retirement, allowing us to provide exceptional customer service by leveraging technology. We also launched other features in the myVRS member portal, including beneficiary and direct deposit management. Our journey to this achievement began over a decade ago with the Modernization project, through which we successfully created an integrated record-keeping and accounting system that provides a holistic view of each member as they move through their careers and into retirement. We are excited to provide members who are retiring with a convenient online experience, including just-in-time counseling tips at important decision points, as well as a host of online services in retirement.

We continued uninterrupted customer service during a full year of remote work. Many in-person training products were converted to a virtual format. Vigorous promotion of myVRS Financial Wellness resources encouraged new registrations and engagement with helpful money-management tools. Employer support continued through virtual site visits and employer roundtables. In the future, we'll continue to offer our educational programs in various formats so attendees have maximum flexibility.

The Defined Contribution Plans (DCP) team, assisted by our partner MissionSquare Retirement, saw great success with splash screens that encourage increased plan contributions when participants log into their online accounts. We launched Certified Financial Planning, offering goal-specific

financial plans to all VRS members and retirees, not just DCP participants, at a low cost or no cost.

Along with enhanced service in myVRS, we added navigation advancements to our redesigned, mobile-friendly website for members and retirees. A refreshed newsroom tells our story more effectively. We sought to increase awareness of our long-term investment strategy by redesigning the online Quarterly Investments Report, with a column from Chief Investment Officer Ron Schmitz that adds context to the returns.

We've transformed communication, education and service with the release of online retirement and look forward to additional enhancements. In a time where in-person meetings are often not possible, VRS has used multiple channels to reach our audience and provide the attentive service for which we are known. We're mindful of challenges in the virtual environment and continue to enhance online security. As we move forward, we will build on the current framework for service delivery while continuing our trend of providing high-quality, low-cost service in comparison to our peers.

I'd like to thank the Board of Trustees for their leadership and stewardship. Through their support, our team has been able to offer exceptional service to our members and beneficiaries. I'd also like to thank our VRS staff for their agility in a changing environment and their commitment to serving those who serve others. This report represents the culmination of those efforts for fiscal year 2021. ■

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BOARD OF TRUSTEES

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Helping Members Plan for Tomorrow, Today



Online retirement and other enhancements to myVRS, nimble responses to pandemic-related issues and timely content in myVRS Financial Wellness.

- This year, VRS reached a major milestone: online retirement. Through their myVRS accounts, retiring members receive comprehensive counseling at critical decision points, along with helpful tips and a dynamic screen display. From submitting the application to receiving the first benefit payment, members can track their retirement processing online. Employers also certify retirements online, shedding the burden of manual paperwork.
- In response to the COVID-19 pandemic, the Defined Contribution Plans (DCP) team, working with partner MissionSquare Retirement, developed strategic initiatives that included new DCP provisions for coronavirus-related relief, virtual retirement education and promoting interactive online tools. For these member-support efforts, VRS received three national awards (see page 11).
- VRS continues to work with our partner iGrad to promote myVRS Financial Wellness and engage users. Members, and now retirees, can use their myVRS accounts to access personalized content including articles, calculators, videos and games. To promote financial wellness resources, the VRS communications team produced videos featuring the Start Here Guides and Credit Card Paydown Tool. ■

New features added to myVRS in fiscal year 2021



Online Retirement



Direct Deposit Management



Beneficiary Management



Health Insurance Credit Management



Survivor Access

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
- 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

- 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

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*.

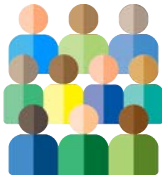
The system also has full investment responsibility for other custodial funds, which include the Commonwealth Health Research Fund (CHRF), the Commonwealth's Attorneys Training Fund (CATF), the Opioid Abatement Fund and the VRS Investment Portfolio (VRSIP).



Membership

VRS Total Population: 754,033

Active Members



344,877

Retirees/Beneficiaries



224,973

Inactive/Deferred Members



184,183

DISTRIBUTION OF ACTIVE MEMBERS

AT JUNE 30

	2021		2020		2019	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
State Employees (VRS)	76,108	22.1%	77,425	22.2%	77,010	22.3%
Teachers (VRS)	149,853	43.4%	150,073	43%	147,622	42.6%
Political Subdivision Employees (VRS)	108,712	31.5%	110,416	31.7%	110,538	31.9%
State Police Officers (SPORS)	1,939	0.6%	1,924	0.6%	1,912	0.6%
Virginia Law Officers (VaLORS)	7,812	2.3%	8,540	2.4%	8,734	2.5%
Judges (JRS)	453	0.1%	448	0.1%	457	0.1%
Total Members	344,877	100.0%	348,826	100.0%	346,273	100.0%

DISTRIBUTION OF RETIREES AND BENEFICIARIES

AT JUNE 30

	2021		2020		2019	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
State Employees (VRS)	60,478	26.9%	59,554	27.2%	58,797	27.5%
Teachers (VRS)	97,378	43.3%	94,755	43.3%	92,723	43.2%
Political Subdivision Employees (VRS)	59,678	26.5%	57,671	26.3%	56,094	26.1%
State Police Officers (SPORS)	1,495	0.7%	1,423	0.6%	1,410	0.7%
Virginia Law Officers (VaLORS)	5,400	2.4%	5,176	2.4%	4,991	2.3%
Judges (JRS)	544	0.2%	534	0.2%	530	0.2%
Total Retirees and Beneficiaries	224,973	100.0%	219,113	100.0%	214,545	100.0%



Active Member: A member working in a covered position with an employer that participates in VRS or who is covered under an optional retirement plan (ORP) administered by VRS.

Deferred Member: A member who has left covered employment but has not withdrawn funds and has service credit in VRS or an account balance in a Virginia optional retirement plan.

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

VRS Participating Employers: 835

State Agencies



228

Special Authorities



208

Cities and Towns



162

School Boards*



144

Counties



93

* Of the 144 school boards, 133 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, 2021

	1-10 Years	11-20 Years	21-30 Years	31-40 Years	41-50 Years	Over 50 Years	Total
VRS – State	19.47%	21.72%	27.51%	26.44%	4.75%	0.11%	100.00%
VRS – Teacher	13.28%	24.06%	33.67%	27.21%	1.76%	0.02%	100.00%
VRS – Political Subdivisions	23.78%	28.46%	30.45%	16.03%	1.26%	0.02%	100.00%
SPORS	14.24%	3.75%	32.98%	42.94%	5.89%	0.20%	100.00%
VaLORS	13.34%	28.15%	47.07%	10.83%	0.59%	0.02%	100.00%
JRS	21.70%	2.02%	6.43%	10.29%	14.71%	44.85%	100.00%
All Plans	17.75%	24.51%	31.41%	23.71%	2.46%	0.16%	100.00%

DISTRIBUTION OF RETIREES BY AGE AT RETIREMENT

ALL RETIREES AT JUNE 30, 2021

	Under 55	55-59	60-65	Over Age 65	Total
VRS – State	16.08%	21.01%	34.24%	28.67%	100.00%
VRS – Teacher	13.87%	32.71%	34.41%	19.01%	100.00%
VRS – Political Subdivisions	23.94%	19.68%	30.44%	25.94%	100.00%
SPORS	53.84%	29.10%	12.44%	4.62%	100.00%
VaLORS	43.76%	24.69%	23.48%	8.07%	100.00%
JRS	5.52%	14.52%	31.80%	48.16%	100.00%
All Plans	18.09%	25.85%	32.90%	23.16%	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)

	2021	Increase (Decrease)	2020	Increase (Decrease)	2019
Assets:					
Cash, Receivables and Capital Assets	\$ 3,347.6	\$ 1,051.7	\$ 2,295.9	\$ 421.9	\$ 1,874.0
Investments	105,047.8	21,318.4	83,729.4	(707.6)	84,437.0
Security Lending Collateral	5,187.0	1,727.8	3,459.2	(1,208.6)	4,667.8
Total Assets	113,582.4	24,097.9	89,484.5	(1,494.3)	90,978.8
Liabilities:					
Accounts Payable	749.0	49.8	699.2	(2.9)	702.1
Investment Purchases Payable	5,137.0	1,936.4	3,200.6	21.0	3,179.6
Obligations Under Securities Lending	5,187.0	1,727.8	3,459.2	(1,208.6)	4,667.8
Total Liabilities	11,073.0	3,714.0	7,359.0	(1,190.5)	8,549.5
Total Net Position – Restricted for Benefits	\$ 102,509.4	\$ 20,383.9	\$ 82,125.5	\$ (303.8)	\$ 82,429.3

SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

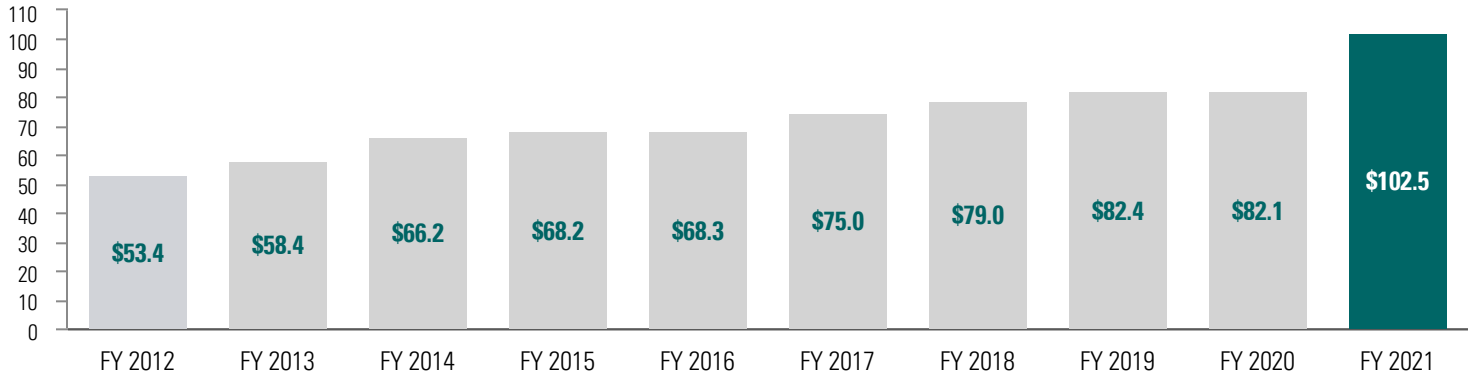
FOR THE YEARS ENDED JUNE 30

(EXPRESSED IN MILLIONS)

	2021	Increase (Decrease)	2020	Increase (Decrease)	2019
Additions:					
Member Contributions	\$ 1,076.6	\$ (3.3)	\$ 1,079.9	\$ 44.1	\$ 1,035.8
Employer Contributions	3,095.8	183.2	2,912.6	124.4	2,788.2
Special Employer Contributions	38.7	38.7	—	—	—
Non-employer Contributing Entity	61.3	61.3	—	—	—
Net Investment Income	22,282.3	20,718.7	1,563.6	(3,657.9)	5,221.5
Miscellaneous Revenue & Transfers	5.3	2.3	3.0	(1.1)	4.1
Total Additions	26,560.0	21,000.9	5,559.1	(3,490.5)	9,049.6
Deductions:					
Retirement Benefits	5,522.2	259.9	5,262.3	272.2	4,990.1
Refunds of Member Contributions	116.2	8.8	107.4	(2.2)	109.6
Insurance Premiums and Claims	251.4	39.3	212.1	12.2	199.9
Retiree Health Insurance Credit Reimbursements	171.4	2.8	168.6	(0.1)	168.7
Disability Insurance Benefits	38.7	1.8	36.9	4.0	32.9
Line of Duty Act Reimbursements	13.1	0.9	12.2	(0.7)	12.9
Administrative and Other Expenses	63.1	(0.3)	63.4	0.7	62.7
Total Deductions	6,176.1	313.2	5,862.9	286.1	5,576.8
Net Increase (Decrease) in Net Position	20,383.9	20,687.7	(303.8)	(3,776.6)	3,472.8
Net Position – Beginning of Year	82,125.5	(303.8)	82,429.3	3,472.8	78,956.5
Net Position – End of Year	\$102,509.4	\$ 20,383.9	\$ 82,125.5	\$ (303.8)	\$ 82,429.3

VRS FIDUCIARY NET POSITION (EXPRESSED IN BILLIONS)

AT JUNE 30



NET POSITION RESTRICTED FOR BENEFITS

AT JUNE 30

(EXPRESSED IN THOUSANDS)

	2021	2020
Virginia Retirement System	\$ 95,288,645	\$ 76,453,387
State Police Officers' Retirement System	1,050,148	854,762
Virginia Law Officers' Retirement System	1,868,924	1,500,469
Judicial Retirement System	673,151	549,455
Group Life Insurance Advance Premium Deposit Reserve	2,413,074	1,855,102
Retiree Health Insurance Credit Reserve	444,581	301,178
Disability Insurance Trust Fund (VSDP)	611,919	490,220
Line of Duty Act Trust Fund	7,553	4,333
Disability Insurance Trust Fund (VLDP)	11,756	6,204
VRS Investment Portfolio DC Plans	58,924	45,466
Commonwealth Health Research Fund	48,390	39,633
Volunteer Firefighters' and Rescue Squad Workers Service Award Fund	5,456	4,180
Commonwealth's Attorneys Training Fund	26,865	21,071
Total Pension and Other Employee Benefit Reserves	\$ 102,509,386	\$ 82,125,460

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 (OPEB): Benefits that a VRS member will begin to receive at the start of retirement. This does not include pension benefits paid to the retired member.



PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY

VRS State Plan:
86.44%

VRS Teacher Plan:
85.46%

VRS Political Subdivision Plans (Aggregate Total):
97.25%

SPORS:
81.27%

VaLORS:
78.18%

JRS:
90.17%



Finance

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

(EXPRESSED IN MILLIONS)

	2021	Increase (Decrease)	2020	Increase (Decrease)	2019
Benefits	\$ 5,522.2	\$ 260.0	\$ 5,262.2	\$ 272.1	\$ 4,990.1
Refunds	116.2	8.8	107.4	(2.2)	109.6
Administrative and Other Expenses	55.3	0.1	55.2	(0.6)	55.8
Total Primary Expenses	\$ 5,693.7	\$ 268.9	\$ 5,424.8	\$ 269.3	\$ 5,155.5

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEARS ENDED JUNE 30

(EXPRESSED IN THOUSANDS)

	2021	2020
Total External Management Fees	\$ 481,640	\$ 444,399
Performance Fees	27,180	7,599
Total Miscellaneous Fees and Expenses	7,030	12,763
In-House Investment Management	38,575	38,183
Total Investment Expenses	\$ 554,425	\$ 502,944

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	2021	2020
Virginia Retirement System	92.899%	93.038%
State Police Officers' Retirement System	1.026%	1.043%
Virginia Law Officers' Retirement System	1.826%	1.829%
Judicial Retirement System	0.658%	0.670%
Group Life Insurance Fund	2.419%	2.326%
Retiree Health Insurance Credit Fund	0.431%	0.363%
Disability Insurance Trust Fund (VSDP)	0.588%	0.585%
Line of Duty Act Trust Fund	0.007%	0.005%
Virginia Local Disability Program	0.011%	0.007%
VRS Investment Portfolio	0.057%	0.055%
Commonwealth Health Research Fund	0.047%	0.048%
Volunteer Firefighters' and Rescue Squad Workers Service Award Fund	0.005%	0.005%
Commonwealth's Attorneys Training Fund	0.026%	0.026%
Total Equity Interests	100.000%	100.000%

PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL OPEB LIABILITY

Group Life Insurance Fund: 67.45%	Teacher Employee Health Insurance Credit: 13.15%	State-funded Health Insurance Credit for constitutional officers: 19.86%	State-funded Health Insurance Credit for social services employees: 15.66%	Disability Insurance Program: 229.01%	Virginia Local Disability Program for political subdivisions: 119.59%
State Employee Health Insurance Credit: 19.75%	VRS Political Subdivision Plans Health Insurance Credit (Aggregate Total): 40.52%	State-funded Health Insurance Credit for registrars: 27.86%	Disability Insurance Program for teachers: 114.46%	Line of Duty Act Program: 1.68%	

From the CIO

Ronald D. Schmitz, Chief Investment Officer

The VRS Trust Fund experienced an outstanding year, generating a 27.5% return – a record level of performance not seen in the past 30 years. This outcome was achieved with advantageous asset class positioning versus policy weights and strong results from within asset classes. Over time, results are well ahead of the benchmark and exceed the long-term 6.75% assumed rate of return.

VRS is a long-term investor. The total fund is highly diversified to help mitigate losses from significant market downturns. Diversification also follows the *Code of Virginia* (§ 51.1-124.30(C)) by helping prevent frequent shifts in participating employers’ contribution rates and providing rate consistency from year to year.

The VRS portfolio is positioned to provide diversification across five primary asset classes. Here are some high-level portfolio highlights from this fiscal year:

- Public Equity continued an energetic run in the stock markets. The fiscal year also saw an end to the dominance of the U.S. markets over global indexes, as ACWI IMI exceeded the return of the S&P 500.
- Much of Fixed Income’s fiscal year return came in the fourth quarter, with a return of 3.3%, a remarkable 2.6% ahead of the index.
- Credit Strategies ended at a healthy 18.4%, more than 7% ahead of the benchmark return of 11.3%. The shift to a mostly private portfolio has been a boon this year and should provide beneficial returns in the future.

- Real Assets had a noteworthy year with an 11.3% return, well above long-term expected returns. Relative performance was impressive as the team bested the benchmark by just shy of 5%.
- Private Equity performed robustly with 54.1% – our strongest asset class return for the fiscal year. VRS’ long history in private equity and growth investing has been an advantage.

In addition, Private Investment Partnership (PIP) returns were 30.8% for the year, almost 6% ahead of the benchmark; Dynamic Strategies (DSTRAT) generated 29.3% compared to its benchmark return of 25.8%; and Risk-Based Investing (RBI) generated a 12.3% return, easily eclipsing the 8% benchmark, to provide consistent positive returns.

The VRS Fund uses a broad array of asset classes. In bull markets, VRS may not track popular indexes, like the S&P 500. But in bear markets, like 2008 or early 2020, the portfolio stands up much better than stocks, greatly mitigating losses. This strategy balances risk and reward, which leads to a more stable pattern of contribution rates for VRS-participating employers.

Economic statistics are generally strong. We watch such areas as coronavirus variants and their potential impact on economic activity, inflationary pressures, governmental stimulus and central bank actions regarding monetary policy. Although asset prices are high, the outlook is positive. ■

ANNUALIZED RETURN FOR PERIODS ENDED JUNE 30, 2021

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	25 Years
VRS Total Fund	27.5%	11.3%	10.7%	8.8%	7.3%	7.2%	8.1%
Benchmark*	25.3%	10.6%	10.2%	8.3%	6.8%	6.8%	7.5%

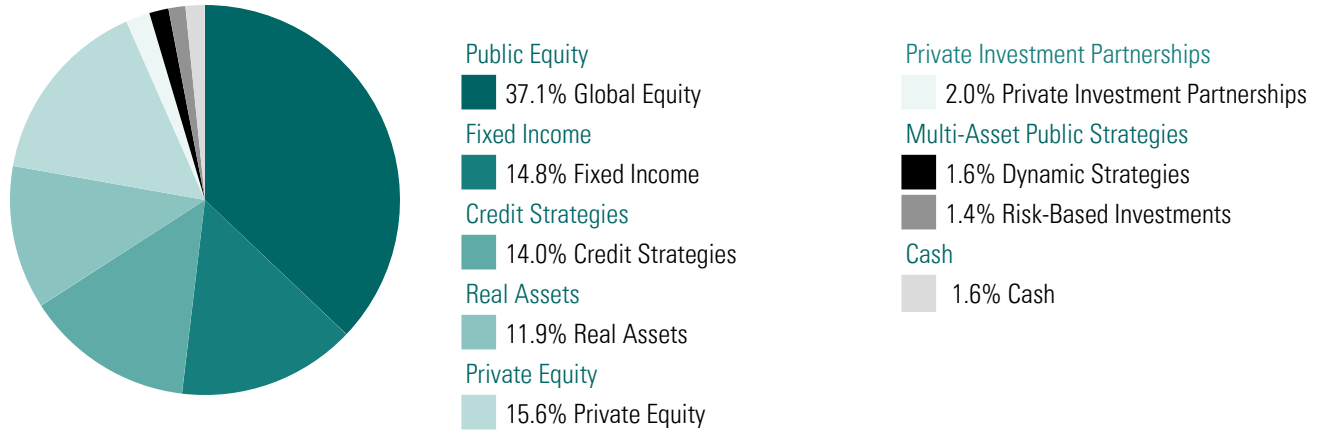
Investment return calculations were prepared using a time-weighted return methodology based on market value, net of investment expenses.

* The VRS Total Fund Benchmark is a blend of the asset class benchmarks at policy weights. Benchmarks are selected with the help of a third-party investment consultant.



Investments

ASSET ALLOCATION MIX AT JUNE 30, 2021



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, lowering risk or exposure to a single investment.
- 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 2021, VRS' performance exceeded the benchmark established by the board for the total fund. ■

DEFINED CONTRIBUTION PLAN ACCOUNT ASSETS AT JUNE 30, 2021

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
\$ 4,170,971,367	\$ 615,244,385	\$ 873,848,444	\$ 426,805,687

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 Path
- Help-Me-Do-It Path
- Do-It-Myself Path

Investment Summary

(EXPRESSED IN THOUSANDS)

	2021 Fair Value	Percent of Total Value	2020 Fair Value	Percent of Total Value
Bonds and Mortgage Securities:				
U.S. Government and Agencies	\$ 4,330,230	4.12%	\$ 2,914,682	3.48%
Mortgage Securities	3,845,183	3.66%	4,056,194	4.84%
Corporate and Other Bonds	14,889,600	14.17%	13,110,381	15.66%
Total Bonds and Mortgage Securities	23,065,013	21.95%	20,081,257	23.98%
Common and Preferred Stocks	27,394,488	26.08%	22,987,340	27.45%
Index and Pooled Funds:				
Equity Index and Pooled Funds	13,887,361	13.22%	10,230,872	12.22%
Fixed-Income Commingled Funds	1,482,629	1.41%	1,377,164	1.64%
Total Index and Pooled Funds	15,369,990	14.63%	11,608,036	13.86%
Real Assets	10,754,327	10.24%	9,931,630	11.86%
Private Equity	27,883,423	26.55%	18,698,079	22.34%
Short-Term Investments:				
Treasurer of Virginia – LGIP Investment Pool	503,439	0.48%	361,958	0.43%
Foreign Currencies	77,125	0.07%	61,091	0.08%
Total Short-Term Investments	580,564	0.55%	423,049	0.51%
Total Investments	\$ 105,047,805	100.00%	\$ 83,729,391	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.

Multi-Asset Public Strategies (MAPS): 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.



AWARDS

VRS and its staff received the following national and local awards during fiscal year 2021:

Pensions & Investments
Eddy Awards:
Financial Wellness
 and
Conversions/Consolidations

National Association of Government Defined Contribution Administrators (NAGDCA)
Leadership Awards:
COVID-19 Response
 and **Technology and Interactive Multimedia**

Academy of Interactive & Visual Arts (AIVA)
Communicator Award of Distinction:
Virtual Pandemic Response

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**

Virginia Public Relations Awards: Three **Capital Awards** for **outstanding public relations tactics** (videos and website)



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 are in turn serving citizens in their communities.



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.

- 181,844 calls answered
- 7,312 email responses



Education and Counseling

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

- Virtual education sessions and benefit presentations across the state, reaching approximately 26,000 members.
- Virtual and telephone counseling sessions for members and retirees.



Employer Support

We work closely with more than 800 VRS-participating employers—our partners in the delivery of benefits. We provide:

- Direct access to an employer representative.
- Virtual employer roundtables and site visits, personally reaching more than 500 employer contacts.
- Dedicated support line through our call center.
- Virtual and webinar training.
- E-courses for online learning.
- Monthly e-newsletter.
- Outreach to more than 350 new benefit administrators at participating employers to offer technical assistance and guidance on VRS programs and services.



Web Services

The web team manages VRS and collateral websites. In addition to benefit information, the websites provide news and reminders, access to education and training and downloadable publications.

- varetire.org (main site for members and retirees): 3.2 million page views
- employers.varetire.org (dedicated site for employers): 314,000 page views
- orphe.varetire.org (dedicated site for the Optional Retirement Plan for Higher Education): 20,000 page views
- Defined Contribution Plans and Hybrid Retirement Plan websites: 835,000 page views



LEARN MORE ABOUT THE VIRGINIA RETIREMENT SYSTEM

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



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