At the Virginia Retirement System, we are committed to helping members plan for tomorrow, today. Whether you’re a member, citizen, lawmaker or retiree, we invite you to review this brief summary of our retirement plans, membership, funding and resources. VRS benefits play a valuable role in the commonwealth by helping attract and retain highly skilled employees to public service positions. The agency pays out $4.8 billion annually to retirees and 86 percent of those retirees reside in Virginia.

During fiscal year 2018, the VRS managed investment portfolio reached a historic year-end high of $80.4 billion while we served more than 706,000 members, retirees and beneficiaries. Our investment staff, a team of highly qualified professionals who oversee the entire portfolio, also directly manages about one-third of plan assets in-house, saving the fund approximately $45 million in external management fees each year. In fact, two-thirds of retirement benefits are funded through investment earnings.

Through sound financial stewardship and a focus on our customers, we strive to ensure that those we serve will enjoy benefits for many years to come. Our vision, mission and core values help set the stage as we look toward the future.

– Patricia S. Bishop, VRS Director
VRS Retirement Plans and Benefits

VRS administers three retirement plans:

- **Plan 1:** A defined benefit plan for employees hired before July 1, 2010, and vested as of January 1, 2013
- **Plan 2:** A defined benefit plan for employees hired:
  - After July 1, 2010, and before December 31, 2013; or
  - Before July 1, 2010, and were not vested as of January 1, 2013
- **Hybrid Retirement Plan:** A combined defined benefit and defined contribution plan for members hired on or after January 1, 2014
  - Members covered under SPORS and VaLORS, and political subdivision members who are covered by enhanced benefits for hazardous duty, are not eligible to participate in this plan

**Defined Contribution Plans:**
- Commonwealth of Virginia 457 Deferred Compensation Plan
- Virginia Cash Match Plan 401(a)
- Virginia Supplemental Retirement Plan
- Optional Retirement Plan for Political Appointees
- Optional Retirement Plan for School Superintendents
- Optional Retirement Plan for Higher Education

**Other VRS Benefits:**
- Basic Group Life Insurance
- Optional Group Life Insurance
- Health Insurance Credit
- Long-Term Care Programs
- Virginia Local Disability Program
- Virginia Sickness and Disability Program

---

VRS Employers at June 30, 2018

<table>
<thead>
<tr>
<th>State Agencies</th>
<th>Cities and Towns</th>
<th>Counties</th>
<th>School Boards*</th>
<th>Special Authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>230</td>
<td>162</td>
<td>93</td>
<td>145</td>
<td>205</td>
</tr>
</tbody>
</table>

* Of the 145 school boards, 133 also provide coverage for non-professional employees and are treated as political subdivisions.

---

Who We Serve at June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Plan 1</th>
<th>Plan 2</th>
<th>Hybrid</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers</td>
<td>77,317</td>
<td>32,622</td>
<td>36,856</td>
<td>146,795</td>
</tr>
<tr>
<td>Political Subdivisions</td>
<td>48,879</td>
<td>31,526</td>
<td>27,422</td>
<td>107,827</td>
</tr>
<tr>
<td>State Employees</td>
<td>39,845</td>
<td>16,707</td>
<td>20,785</td>
<td>77,337</td>
</tr>
<tr>
<td>State Police Officers’ Retirement System (SPORS)</td>
<td>1,242</td>
<td>645</td>
<td>–</td>
<td>1,887</td>
</tr>
<tr>
<td>Virginia Law Officers’ Retirement System (VaLORS)</td>
<td>3,556</td>
<td>5,186</td>
<td>–</td>
<td>8,742</td>
</tr>
<tr>
<td>Judicial Retirement System (JRS)</td>
<td>253</td>
<td>48</td>
<td>116</td>
<td>417</td>
</tr>
<tr>
<td><strong>Total Active Members</strong></td>
<td><strong>171,092</strong></td>
<td><strong>86,734</strong></td>
<td><strong>85,179</strong></td>
<td><strong>343,005</strong></td>
</tr>
</tbody>
</table>

---

IN FISCAL YEAR 2018:
- 343,005 TOTAL ACTIVE MEMBERS
- 206,776 RETIREE/BENEFICIARIES
- 156,264 INACTIVE/DEFERRED MEMBERS
- 706,045 VRS TOTAL POPULATION
**VRS Board of Trustees**

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.

**Nine board members:**
- Governor appoints five members, including the chair
- Joint Rules Committee appoints four members
- General Assembly confirms all appointments

**Areas of expertise:**
- Four investment experts
- One experienced in employee benefit plans
- One local government employee
- One higher education employee
- One state employee
- One teacher

**Investments**

- The VRS investment team oversees the portfolio, directly managing one-third of it in-house, which saves about **$45 million** annually in fees.
- **Two-thirds** of VRS benefit payments come from investment earnings.
- The investment team averages **$160 million** in average annual added value to the fund.

**Impact of Pension Reform**

The Governor and General Assembly focused on reducing plan costs and liabilities with a multipronged approach that included:

- Accelerating repayment of deferred contributions, estimated to save **$60.5 million** over six years
- Funding 100% of actuarially determined contribution rates earlier than anticipated, saving **$232 million** over 20 years
- Implementing plan design changes (VRS Plan 2 and the Hybrid Retirement Plan) that have lowered future benefit costs

The Hybrid Retirement Plan will become the dominant plan within a few years. The combined defined benefit and defined contribution plan:

- Reduces future benefit costs
- Introduces risk-sharing between employer and employee
- Lowers defined benefit risk to employers by approximately one-third

These actions have elevated the funded status of all plans by nearly 11.5% over the last five years.

For 2018, the funded status of the plans is as follows:

**State:** 76.3%

**Teacher:** 74.5%

**Political Subdivisions:** 89.3%*

---

* Political Subdivisions funded status is an estimate of all plans in aggregate.
Online Solutions for Members and Retirees

VRS is shaping our online solutions with a greatly enhanced myVRS – one unified system for members, retirees and employers.

Among the features we’ve rolled out to date:

- **Secure log-in for members and retirees**
- **Goal-based Retirement Planner**
- **Refreshed Benefit Estimator**
- **Self-service purchase of prior service**
- **Online refunds**
- **Online Optional Retirement Plan election**

Our work continues as we gear up to accept retirement applications and beneficiary changes online.

Financial Wellness Program Aids Retirement Readiness

The VRS Financial Wellness program includes helpful quick-read articles and mini-courses, as well as useful calculators and videos.

These free resources address financial wellness from many angles, including budgeting, saving, paying off debt, choosing insurance coverage and maximizing resources at every stage of life.

Find it on [www.varetire.org/financial-wellness](http://www.varetire.org/financial-wellness). VRS members can access customized content through their myVRS accounts.

Personal finance just got personal.