The Virginia Retirement System (VRS) serves those who serve others by delivering retirement and other benefits to Virginia public employees. In addition, we help our members plan for tomorrow, today with retirement education, counseling and communications.

Much of our work is described through financial statements, investment returns, actuarial tables and statistics. Yet, our broader story is about delivering benefits to approximately 778,000 retirees, and state and local government employees, teachers, law enforcement personnel and judges who serve their communities every day across the commonwealth. Additionally, we work with more than 800 employers, our partners in delivering benefits to VRS members.

We invite you to become better acquainted with our agency through this introduction, which includes a summary of our retirement plans, membership, funding and resources.

**VRS at a Glance**

**ACTIVE MEMBERS**
349,711

**TOTAL RETIREEs AND BENEFICIARIES**
231,523

**EMPLOYERS**
832

**TRUST FUND NET POSITION**
$101.1 billion

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

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

**VRS by the Numbers**

17th
LARGEST* among public and private pension systems in the United States, based on assets

42nd
LARGEST* among public and private pension systems in the world, based on assets

APPROXIMATELY
86 % of retirees remain in Virginia. Of the $5.7 billion paid out by VRS in fiscal year 2022, the majority stays in Virginia, where retirees contribute to the local economy.

*As ranked by Pensions & Investments in 2022

* The net position reflects the balance of resources available to pay benefits at the end of the fiscal year.
Overview
The VRS managed investment portfolio ended fiscal year 2022 with a total fair value of $102.8 billion. VRS investment professionals have the unique responsibility for the strategic long-term investment of the trust. The trust supports the future retirements and benefits of active and retired public employees in Virginia.

VRS Investment Team
VRS manages approximately one-third of assets internally, saving about $61 million in external management fees annually. The Investment team’s skilled negotiating of its external investment management costs, as well as effective cost management, results in approximately $55 million a year in savings compared to the cost paid by our peers for similar services.

VRS’ investment professionals have provided an average annual added value of $1 billion to the trust fund over the past 10 years that would not be realized from managing a passive, indexed portfolio.

Investment Diversification
VRS strategically manages the portfolio, focusing on returns and performance over the long term.

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 investments to diversify the fund portfolio.

Diversification:
- Combines a variety of investments to limit risk.
- Creates a stable foundation to moderate market volatility.
- Helps prevent frequent shifts in employers’ contribution rates.

How Benefits Are Funded
Defined Benefit Plan
- While working, members contribute to their Member Contribution Account, which earns 4% interest annually.
- Employers make contributions to VRS based on actuarial rates.
- The VRS Investment Department invests employee and employer contributions.
- Approximately two-thirds of benefit payments come from investment earnings.

Defined Contribution Plan
- Based on member and employer contributions (if applicable) and any net investment earnings.

How Benefits Are Paid
Defined Benefit Plan Payments
- Members who retire from Plan 1, Plan 2 or the Hybrid Retirement Plan (defined benefit component) will receive a lifetime monthly benefit.
- The monthly retirement benefit is first paid from the Member Contribution Account.
- After this account is exhausted, a member’s benefit comes from the VRS Trust Fund.

Defined Contribution Plan Payments
- Participants can request a distribution from their plan. A variety of distribution options are available.
myVRS
VRS is delivering innovative solutions through myVRS to help members prepare for the future throughout their careers. In addition to providing a comprehensive account overview, the secure online system offers a variety of self-service features:

- Online retirement
- Beneficiary management
- Direct deposit management
- Survivor access
- Goal-based Retirement Planner
- Benefit Estimator
- Purchase of prior service
- Refunds
- Optional Retirement Plan election
- myVRS Financial Wellness

When members transition to retirement, they can use myVRS to monitor their benefits, change tax withholdings, download income verification statements and more.

Personal Finance Just Got Personal
The award-winning myVRS Financial Wellness program helps members and retirees gain confidence in their money-management skills, increase their financial knowledge and reduce financial stress. Members and retirees can easily access personalized financial wellness content through their myVRS accounts.

Features include quick-read articles and mini-courses, as well as useful calculators and videos on topics like budgeting, saving, paying off debt, choosing insurance coverage and maximizing resources at every stage of life. Members and retirees can begin by taking the Your Money Personality assessment or checking out the Start Here Guides, which introduce various money topics.

Find all these features and more at varetire.org/financial-wellness.

Defined Contribution Plan Account Access
Account Access is a secure web portal that allows participants to manage their defined contribution accounts. In addition to secure access and easy management, members can view informational resources to learn more about their investment options and strategies.

For more information, visit varetire.org/dcplans.

Higher Service and Lower Cost Compared to Peers

VRS' pension administration costs per active member and retiree are below the peer average.

VRS' total service score exceeds the peer median.

Defined Benefit Administration Benchmarking Analysis Fiscal Year 2021 – © 2022 CEM Benchmarking Inc.

Board of Trustees
The nine-member 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.

- Governor appoints five members, including the chair
- Joint Rules Committee appoints four members
- General Assembly confirms all appointments
- The Board includes:
  - Four investment experts
  - One experienced in employee benefit plans
  - One local government employee
  - One higher education employee
  - One state employee
  - One teacher
Learn More About the Virginia Retirement System


Connect with VRS

Call 888-827-3847
Monday–Friday, 8:30 a.m.–5 p.m.
Visit Online varetire.org
Join the Conversation
Find us on Facebook facebook.com/VirginiaRetirementSystem
Connect with us on LinkedIn linkedin.com/company/virginia-retirement-system

Who We Serve

AT JUNE 30, 2022

VRS Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirees &amp; Beneficiaries</td>
<td>231,523</td>
</tr>
<tr>
<td>Active Members</td>
<td>349,711</td>
</tr>
<tr>
<td>Deferred Members</td>
<td>196,853</td>
</tr>
</tbody>
</table>

Total 778,087

VRS Active Members

<table>
<thead>
<tr>
<th>Plan</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>Plan 1</td>
<td>123,435</td>
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<tr>
<td>Plan 2</td>
<td>78,632</td>
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<tr>
<td>Hybrid</td>
<td>147,644</td>
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</table>

Total 349,711

VRS-Participating Employers

<table>
<thead>
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<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Agencies</td>
<td>222</td>
</tr>
<tr>
<td>Cities &amp; Towns</td>
<td>162</td>
</tr>
<tr>
<td>Counties</td>
<td>93</td>
</tr>
<tr>
<td>School Boards*</td>
<td>144</td>
</tr>
<tr>
<td>Special Authorities</td>
<td>211</td>
</tr>
</tbody>
</table>

Total 832

* Of the 144 school boards, 133 also provide coverage for non-professional employees and are treated as political subdivisions.

Defined Contribution Plans

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

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

Defined Benefit Plan

A defined benefit plan provides a monthly benefit during retirement based on age, total service credit and average final compensation.

Defined Contribution Plan

A defined contribution plan provides a benefit based on contributions and any net investment returns on contributions.

For more detailed information on VRS active members, please refer to the 2022 Annual Report.

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