



Virginia Retirement System Oversight Report

JLARC oversight of VRS

- Virginia Retirement System (VRS) Oversight Act* requires JLARC to
 - Oversee VRS on a continuing basis
 - Report on investments and other topics
 - Conduct actuarial analysis every four years
 - Publish a guide for legislators

*Code of Virginia, Title 30, Chapter 10.

In this presentation

Trust fund investments

Trust fund rates and funding

Benefits administration and agency management

Trust fund had **14.0%** return over one-year period

- Assets = \$117.2 billion
- \$13.2 billion increase over one-year period

Investment returns and asset value as of September 30, 2024.

Trust fund performance exceeded benchmarks for all but the 1-year period

Total fund	1-year	3-year	5-year	10-year	25-year
Return	14.0%	5.8%	9.1%	8.0%	6.9%
Benchmark	16.9	4.9	7.8	7.2	6.2
Excess return	-2.9	+0.9	+1.3	+0.8	+0.7

- Exceeded long-term return assumption (6.75%) for almost all periods

Returns as of September 30, 2024.

Benchmarks are a blend of indexes holding similar types of investments.

Asset classes met or exceeded most benchmarks

Asset class	1-year	3-year	5-year	10-year
Public equity	✓	✓	✗	✗
Private equity	✗	✓	✓	✓
Credit strategies	✗	✓	✓	✓
Fixed income	✓	✓	✓	✓
Real assets	✓	✓	✓	✓
Diversifying strategies	✗	✓	✗	N/A
Private investment partnerships	✓	✓	✓	N/A

✓ = Return exceeded benchmark ✗ = Return below benchmark
 N/A = Not yet applicable

Performance as of September 30, 2024.

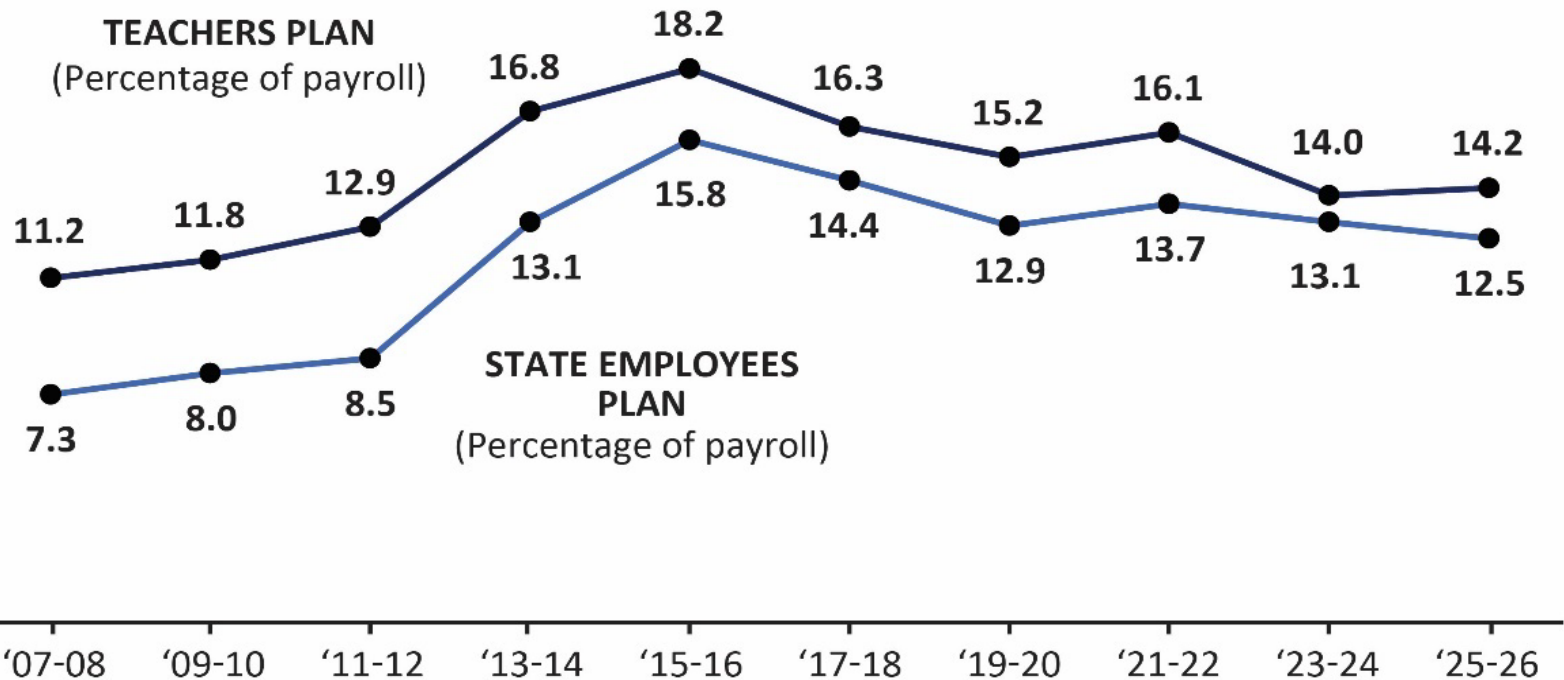
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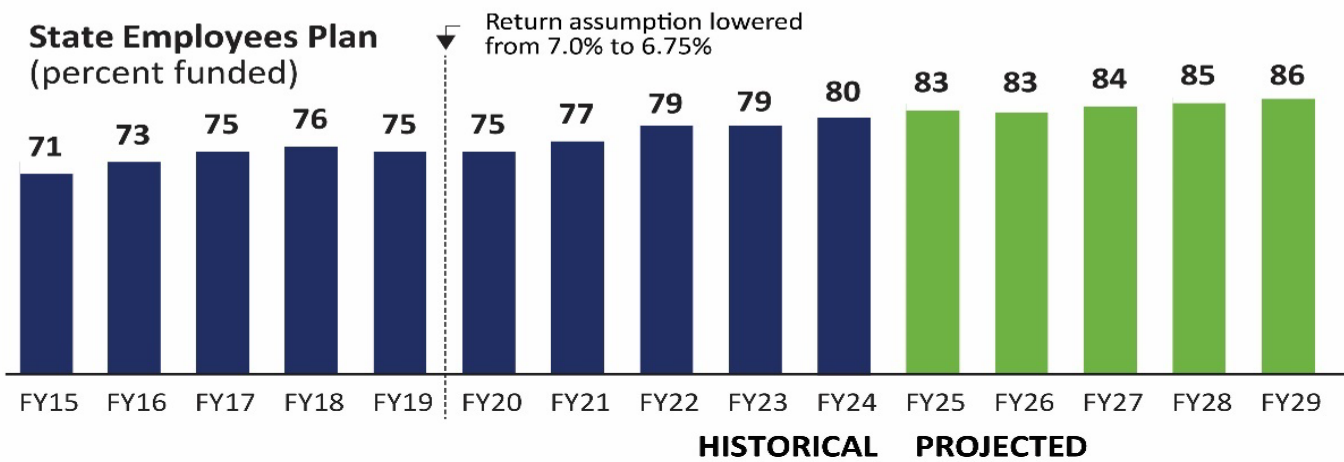
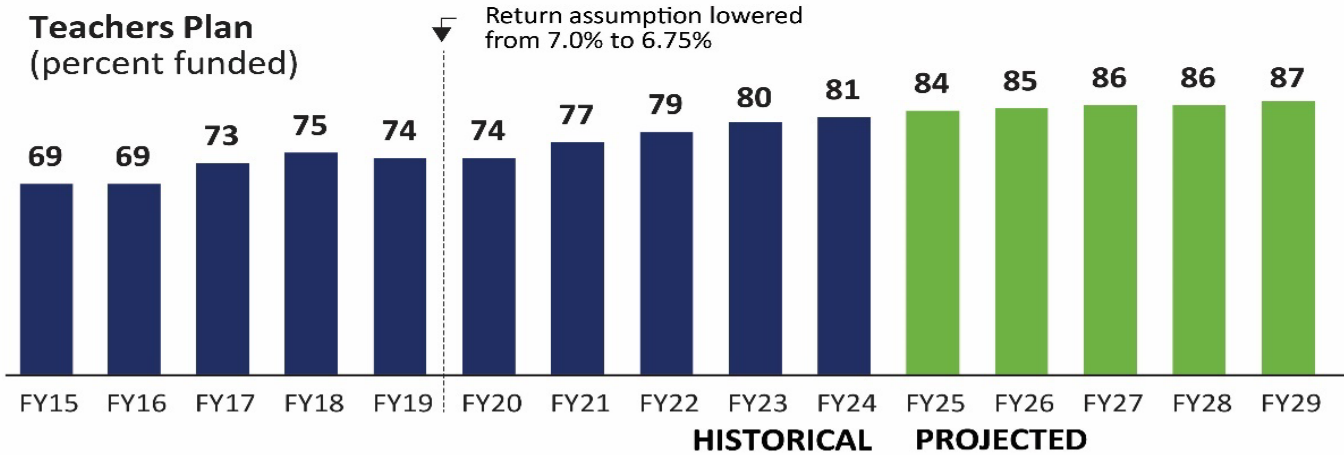
Benefits administration and agency management

Board-certified contribution rates generally continue longer-term downward trend



Rates are for the defined benefit component of the plans only. Actual contribution rates were lower in some years prior to the 2017–2018 biennium because board-certified contribution rates were not always fully funded.

Funded status of largest VRS plans increased slightly



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Proportion of Hybrid Plan members making voluntary contributions declined

- 65 percent of participants making voluntary contributions (as of September 30, 2024)
 - Down from 77 percent (as of September 30, 2023)
- Voluntary contributions increase immediately after automatic rate escalations but decline as new members join plan
 - Last automatic rate escalation in January 2023; next automatic rate escalation in January 2026
- Auto-enrollment and more frequent automatic rate escalations would increase voluntary contributions

JLARC staff for this report

Kimberly Sarte, Associate Director