



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 10.3% return over one-year period

- Assets = \$126.8 billion
- \$9.6 billion net increase over one-year period

Investment returns and asset value as of September 30, 2025.

Trust fund performance met or exceeded benchmarks for all but the 3-year period

Total fund	1-year	3-year	5-year	10-year	25-year
Return	10.3%	11.2%	10.2%	8.9%	6.6%
Benchmark	10.3	12.9	8.7	8.2	6.1
Excess return	+0.0	-1.7	+1.5	+0.7	+0.5

- Exceeded long-term return assumption (6.75%) for all periods except the 25-year

Returns as of September 30, 2025.

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	✓	✗	✓	✓

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

Performance as of September 30, 2025.

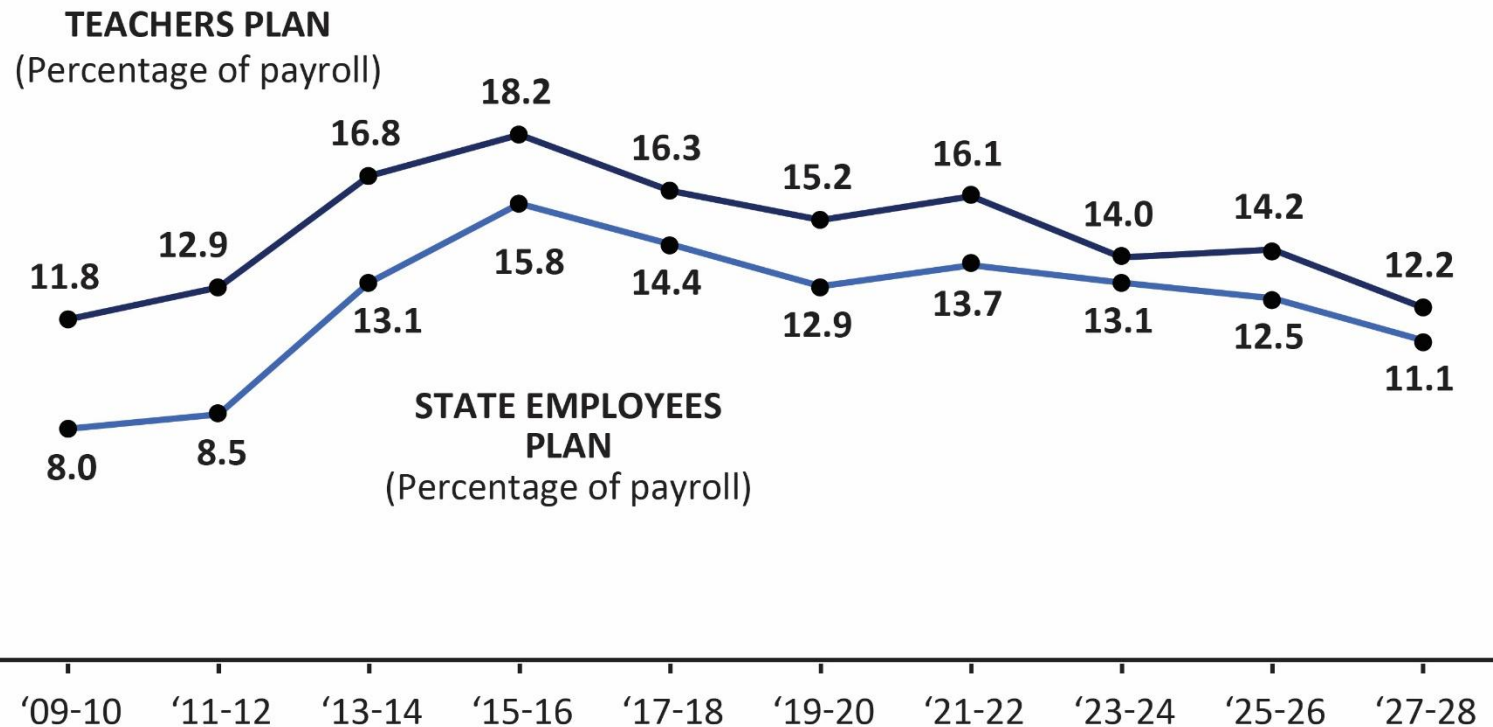
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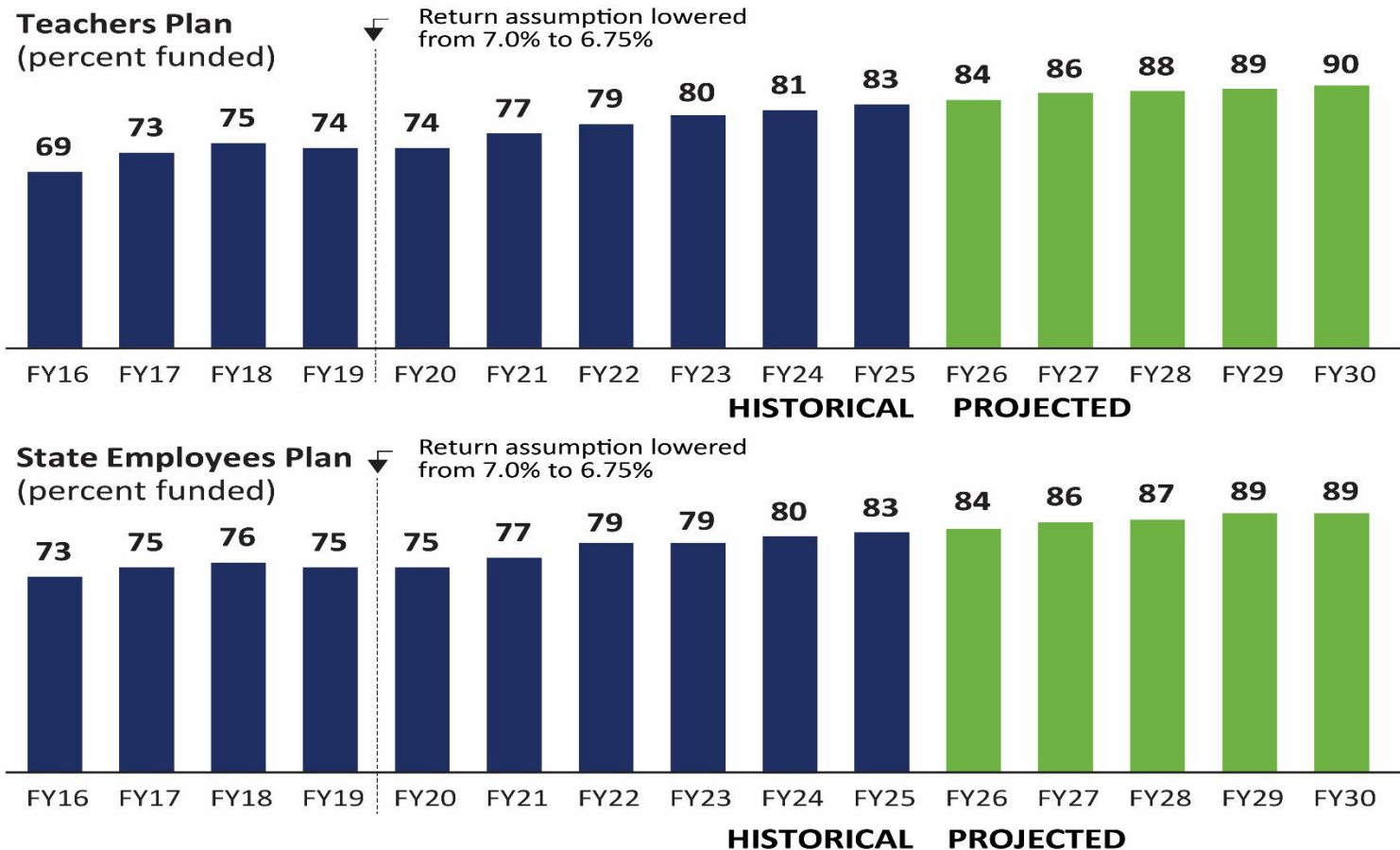
Benefits administration and agency management

Board-certified contribution rates continue longer-term downward trend



Rates are only for the defined benefit component of the plans. 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



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Upcoming automatic escalation will increase hybrid plan members' voluntary contributions

- Defined contribution (DC) component of hybrid retirement plan is important part of members' benefit
- Only 57 percent of participants making voluntary DC contributions beyond the mandatory 1 percent (September 30, 2025)
- Statute requires automatic escalation of voluntary contributions by 0.5 percent every three years (plan members may opt out*)
- Next automatic escalation in January 2026
- Will increase percentage of hybrid plan members making voluntary contributions

*For example, members who had been contributing 0.0% will contribute 0.5%; members contributing 1.5% will contribute 2.0% after escalation.

JLARC staff for this report

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