



January 31, 2025

**MEMORANDUM**

**TO:** VRS Board of Trustees

**FROM:** Patricia S. Bishop  
Director

**RE:** Agenda Materials for February 6<sup>th</sup> Board Meeting

We are looking forward to the February 6<sup>th</sup> Board meeting beginning at 1:00 p.m. in the VRS Boardroom (Chesapeake conference room) located at 1111 East Main Street, Bank of America - Pavilion Building, 3<sup>rd</sup> floor. Enclosed are the agenda and meeting materials. Boxed lunches will be available at 11:30 a.m. immediately following the Benefits and Actuarial Committee meeting.

Listed below is a recap of the meetings scheduled for next week:

<b>Meeting</b>	<b>Date</b>	<b>Location</b>
Benefits and Actuarial Committee	Thursday, February 6 <sup>th</sup> , 11:00 a.m.	Bank of America Pavilion, 1111 E. Main St., 3 <sup>rd</sup> floor, Chesapeake Conference Room
Board of Trustees	Thursday, February 6 <sup>th</sup> , 1:00 p.m.	Bank of America Pavilion, 1111 E. Main St., 3 <sup>rd</sup> floor, Chesapeake Conference Room

Again, we look forward to seeing you next week. If you have any questions, please feel free to contact me.

Attachments



**Board of Trustees Meeting**  
**VRS, 1111 E. Main St., 3rd**  
**Floor Board Room**  
**Thursday, 2/6/2025**  
**1:00 - 3:30 PM ET**

**I. Approve Minutes**

• **December 12, 2024**

*Board Minutes 12.12.24 - Page 3*

**II. Report of the Chief Investment Officer**

*CIO Report - February 2025 - Page 11*

*Performance Summary 11.30.2024 - Page 18*

*Asset Allocation Report - November 2024 - Page 19*

*Daily Asset Allocation Report 1.29.2025 - Page 20*

*New Investments and Terminations 2.6.2025 - Page 21*

*DIME Quarterly Summary - QE December 2024 - Page 22*

*External Manager Referral Quarterly Summary - QE December 2024 - Page 29*

**III. Report of the Benefits and Actuarial Committee**

*Report of the Benefits and Actuarial Committee 2.6.25 - Page 30*

• **RBA: Approval of July 1, 2025 Increase Relating to VSDP Creditable Compensation and VSDP COLA**

*RBA for VSDP COLA 2025 - Page 33*

• **RBA: Approval of July 1, 2025 Increase Relating to VLDP Creditable Compensation**

*RBA for VLDP COLA 2025 - Page 35*

*Audit COLA Memorandum - signed - Page 36*

**IV. Legislative Update**

*Legislative Update - Page 41*

**V. Commending Resolution for Michael R. Beasley**

*Commending Resolution for Michael R. Beasley - Page 69*

**VI. Report of the Director**

*FY 2025 Agency Roadmap Update - January - Page 70*

*Director's Report - Page 72*

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## Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on December 12, 2024, in Richmond, Virginia with the following members participating:

Board members:

A. Scott Andrews, Chair  
Michael P. Disharoon, Vice Chair  
Hon. J. Brandon Bell, II  
John M. Bennett  
Susan T. Gooden, Ph.D. (*remotely under § 2.2-3708.3(B)(4)*)  
Jessica Hood  
Del. Matthew James  
Lindsey Pantele

VRS Staff:

Patricia Bishop, Jennifer Schreck, Andrew Junkin, Nikolai Abaev, Stephen Adelaar, John Alouf, Rory Badura, Parham Behrooz, Matt Bennett, Lee Buchanan, Jessica Budd, Caroline Cardwell, Jeanne Chenault, Michael Cooper, Perry Corsello, David Cotter, Sara Denson, Valerie Disanto, Laura Fields, Kenneth Fleming, Antonio Fisher, Katherine Grawe, JT Grier, Mehtab Haleem, KC Howell, Robert Irving, Sandy Jack, LaShaunda King, Matt Lacy, Chung Ma, Curt Mattson, Scott Mootz, Walker Noland, Greg Oliff, Matt Priestas, Laura Pugliese, Paula Reid, Mark Rein, Jummai Sarki-Hurd, Dan Schlussler, Michael Scott, Emily Trent, Leslie Weldon, Dan Whitlock and Steve Woodall.

Guests:

Lauren Albanese, Financial Investment News; Cyril Espanol, With Intelligence; Elizabeth Myers, Office of the Attorney General; Kimberly Sarte, Joint Legislative Audit and Review Commission; Katherine Smith, MandateWire, Financial Times; Andrew Roper, Proto; Brigid Schutsky, Blackrock and Nate Weinstein.

The meeting convened at 1:00 p.m.

### Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the December 12, 2024, meeting of the Virginia Retirement System Board of Trustees.

### Approval of Minutes

Upon a motion by Mr. Bennett, with a second by Ms. Pantele, the VRS Board of Trustees approved the minutes from its November 14, 2024, meeting.

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### Report of the Chief Investment Officer

Mr. Junkin began his report with a market overview and discussed asset allocation, total fund performance and tracking error, concluding that risk measures are within Board-approved levels. Mr. Junkin then discussed the New Investments and Terminations report. Mr. Junkin concluded his presentation with a review of the current FY 2025 Defined Benefit Plan Strategic Asset Allocation and Allowable Ranges that was approved at the June 20, 2024, Board meeting. As part of the transition to the Board's long-term defined benefit plan strategic asset allocation (which was approved at the June 15, 2023, Board meeting), Mr. Junkin recommends the target exposures and allowable ranges presented in the Request for Board Action and the updated FY 2025 DB Plan Asset Allocation effective January 1, 2025.

Upon a motion by Mr. Bennett, with a second by Mr. Disharoon, the VRS Board of Trustees approved the following action:

#### **RBA: Approve Updated FY2025 DB Plan Asset Allocation**

***Request for Board Action 2024-12-34:*** The VRS Board of Trustees approves the updated FY2025 Defined Benefit Plan Strategic Asset Allocation.

Mr. Andrews thanked Mr. Junkin for his report.

### Report of the Defined Contribution Plans Advisory Committee

The Board received the report of the Defined Contribution Plans Advisory Committee (DCPAC) and placed it on file.

The Defined Contribution Plans Advisory Committee (DCPAC) convened on December 5, 2024, at 1:00 p.m. and took up the following matters:

#### WELCOME AND INTRODUCTION

Dr. Gooden welcomed Committee members, Board members, agency officials, representatives from stakeholder groups, and other members of the public joining in person and through electronic means, to the DCPAC.

#### APPROVAL OF MINUTES

The Committee approved the minutes of its September 12, 2024, meeting.

#### INVESTMENTS

##### Global Equity Benchmarking

Andrew Junkin, VRS Chief Investment Officer (CIO), presented an overview of global equity benchmarking, focusing on existing exposure to foreign adversaries as currently defined by the Secretary of Commerce. The Virginia Retirement System Board of Trustees authorized the CIO to pursue a policy related to current and future investments in countries designated as foreign adversaries by the Office of the Secretary of Commerce. This policy may include restricting some or all of such investments, and the

relevant benchmarks used by VRS for such investments, in the designated countries. The Board further determined that such a policy is consistent with VRS' fiduciary duty.

#### Performance Reports

Staff provided an overview of the October 31, 2024, investment performance reports for the unbundled DC plans and the TIAA Retirement Choice (RC) contract ORPHE plan.

#### CEM Defined Contribution Plans Survey

Staff reviewed the CEM DC Plans 2023 survey results, which was comprised of 104 corporate and 27 public plans representing \$1.4 trillion in assets. Staff informed the Committee that the survey results included the unbundled DC Plans supplemental 457 Deferred Compensation Plan, in addition to the bundled TIAA program for ORPHE. Staff noted that the TIAA information was based solely on the TIAA RC contract. Staff included the CEM DC Survey Reports in the Appendix for the Committee to review.

### ADMINISTRATION

#### Administration Reports & Communications

Staff provided an overview of the DC Plans and an update on administrative reports for the third quarter of 2024. An overview of assets and accounts across the various defined contribution plans, as well as account trends, was also provided.

Staff informed the Committee that VRS received an Honorable Mention for its outstanding beneficiary campaign (with MissionSquare Retirement) for the MarCom Awards in fiscal year 2024.

Total assets across all plans have increased 31% since this time last year, reaching \$10 billion. Hybrid Retirement Plan assets and accounts continue to increase as new members are added to the Hybrid Plan, which is now the primary plan. Further, staff provided updates on plan assets and accounts as well as hybrid voluntary contribution elections. ORPHE activities included Open Enrollment in October, which allows participants to change providers.

#### ORPHE Update

Staff provided an overview of ORPHE reports for the third quarter of 2024, including plan assets and accounts.

#### ORPHE Employer Update Report

Mr. Larson provided an overview of the ORPHE Annual Employer Update hosted by VRS on September 25, 2024. He noted that 18 participating institutions were present.

#### DC Plans Recordkeeper Transition Update

Staff provided a project status on the DC Plans Recordkeeper transition to Voya. Milestones were reviewed, including the contract documents being finalized, the transition websites going live, and integrated testing being conducted. VRS staff have been working with MissionSquare and Voya to make sure call centers are up and running and employer support teams are ready. Highlights of the overall project were provided relating to the transition in January and beyond Go Live.

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### Annual Administrative Expense Reports

Staff provided an overview of the administrative expense report and annual cost update for FY 2024, as required by the DCPAC Charter. The report provided total participant counts, as well as direct and indirect costs associated with administering VRS' Defined Contributions Plans. Total administrative costs related to participants and expenditures for FY 2024 were provided, along with a table containing cost data for the five-year period from FY 2020 to FY 2024.

### OTHER BUSINESS

#### Code of Ethics

Staff informed the Committee that an email notification would be forthcoming that will include instructions for completing the review and affirmation of the Board of Trustees' Code of Ethics and Conduct, an annual requirement of VRS advisory committee members. Staff shared that Committee members will be able to electronically sign and submit the affirmation statement. Committee members will also receive the annual Conflict of Interest Act (COIA) filing requirement from the Virginia Conflict of Interest and Ethics Advisory Council in the next few weeks.

### DISCUSSION OF NEW IDEAS

No new business was brought before the Committee.

### 2025 MEETINGS

Dr. Gooden confirmed the DCPAC meeting dates for 2025:

- March 6, 2025, at 1 p.m.
- May 15, 2025, at 1 p.m.
- September 11, 2025, at 1 p.m.
- December 4, 2025, at 1 p.m.

Mr. Andrews thanked Dr. Gooden for her report.

### **Report of the Audit and Compliance Committee**

The Board received the report of the Audit and Compliance Committee (A&C) and placed it on file.

### APPROVAL OF MINUTES

The committee approved the minutes of its September 18, 2024, meeting.

### EXIT ON THE AUDITOR OF PUBLIC ACCOUNTS (APA) 2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AUDIT

The APA informed the committee that audit work over the 2024 VRS ACFR was substantially completed as of December 11<sup>th</sup> and they will issue an unmodified opinion on VRS' financial statements. Further, they noted their companion "Report on Internal Controls and Compliance" would be issued next month (January 2025).

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#### ENTRANCE WITH THE APA REGARDING EMPLOYER ASSURANCES (GASB 68 AND 75)

The APA then introduced Eric Sandridge who will serve as the APA's project director for VRS moving forward. Mr. Sandridge provided the committee with an overview of the upcoming examinations designed to provide participating employers and their auditors the assurances necessary to prepare their own annual comprehensive financial statements in accordance with Governmental Accounting Standards Board Statements:

- No. 68, which focuses on employer reporting over pension plans.
- No. 75, which deals with employer reporting over other post-employment benefit plans.

The APA anticipates issuing its opinions on these matters on or about June 30, 2025.

#### AUDIT REPORT

The committee received one audit report.

- The review of *Purchase of Prior Service* determined overall, purchases of prior service are valid, complete and processed in accordance with the *Code of Virginia*. There were no formal recommendations resulting from this review.

#### QUALITY ASSURANCE REVIEW OF THE INTERNAL AUDIT DEPARTMENT

The Audit Director presented the results of the department's once every five years comprehensive Quality Assurance Review as of June 30, 2024, noting the review concluded there is reasonable assurance the VRS Internal Audit Department generally conforms with the *International Standards for the Professional Practice of Internal Auditing*, which is the highest rating possible. The Audit Director noted this review will be validated by an independent third party with results reported at the committee's April meeting.

#### UPDATE ON THE GLOBAL INTERNAL AUDIT STANDARDS IMPLEMENTATION

The Audit Director continued the discussion from the committee's September meeting related to the Chief Audit Executive's (CAE) qualifications and competencies, sharing the recently updated job description for the position. The Audit Director also provided updates, the planned timeline and the cycle of committee activities for the department's implementation of the new *Global Internal Audit Standards*.

#### QUARTERLY REPORT ON FRAUD, WASTE AND ABUSE HOTLINE CASES

The Audit Director shared there were no fraud, waste and abuse hotline complaints reported to Internal Audit through the Office of the State Inspector General, or any other source, during the period of August 1, 2024, through October 31, 2024.

#### MISCELLANEOUS UPDATES

The committee received the following miscellaneous updates:

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#### Management's Quarterly Travel Expenses and Per Diem Reports

The committee received Management's Quarterly Travel Expenses and Per Diem report.

#### Next Committee Meeting Date

The committee's next meeting is scheduled for Tuesday, April 15, 2025, at 3:00 p.m.

Mr. Andrews thanked Senator Bell for his report.

#### **Custodial and Signature Authorization Resolutions**

Trish Bishop, VRS Director, presented an amendment for consideration to the Resolution for Master Custodial Services to add the Chief Financial Officer to those permitted to open and close accounts. Further, Ms. Bishop presented an amendment to the Resolution for Payment of Retirement System Funds in the State Treasury and Signing Official Documents to allow the Senior Procurement Specialist to sign purchase orders or contracts not exceeding \$30,000.00. Technical amendments to both resolutions were also presented for consideration. Upon a motion by Mr. Bernert, with a second by Delegate James, the VRS Board of Trustees approved the amendments as presented to the Resolution for Master Custodial Services and the Resolution for Payment of Retirement System Funds in the State Treasury and Signing Official Documents.

#### **Report of the Director**

Ms. Bishop, began her report with an update on the agency roadmap for FY 2025, noting all projects are progressing as planned. In addition, Ms. Bishop noted there were no New Coverage Elections or Pension Health Dashboard updates to report.

Ms. Bishop then made the following announcements to the Board:

- The annual Conflict of Interest Act (COIA) filing is due by February 1, 2025, for Statements of Economic Interests and Financial Disclosure statements. The filing period covers January 1, 2024, to December 31, 2024.
- The annual Code of Ethics and Standards of Conduct training will be distributed to the Board electronically.
- The VRS Counseling Center has opened at Reynolds Crossing, 6641 West Broad Street, in central Richmond near I-64. The new location offers ample, convenient free parking; proximity to public transportation; and accessibility for those with disabilities.
- VRS was honored with the 2024 SWaM Award and recognized as the agency with the highest spend percentage for Service-Disabled Veteran-Owned businesses in Virginia.
- The Agency Annual Meeting and Breakfast will be held at the Omni Richmond Hotel on December 17, 2024, to celebrate annual achievements and present awards.
- A preview was given of January-March 2025 meetings.

Mr. Andrews thanked Ms. Bishop for her report.



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### Information Technology (Closed Session)

Upon a motion by Mr. Disharoon, with a second by Ms. Pantele, the Virginia Retirement System Board of Trustees convened a closed meeting under the Virginia Freedom of Information Act for the purpose of discussion of plans to protect public safety as it relates to terrorist activity or specific cybersecurity threats or vulnerabilities and briefing by staff members, legal counsel, or law-enforcement or emergency service officials concerning actions taken to respond to such matters or a related threat to public safety exemption contained in *Code of Virginia* § 2.2-3711(A)(19).

Upon return to open meeting, Mr. Disharoon moved, with a second by Ms. Hood, the following resolution:

WHEREAS, the Virginia Retirement System Board of Trustees convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, § 2.2-3712 of the *Code of Virginia* requires a certification by the Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, the Board certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Board.

The Board approved the resolution upon the following roll call vote:

Senator Bell: Aye  
Mr. Bennett: Aye  
Mr. Bernert: Aye  
Mr. Disharoon: Aye  
Dr. Gooden: Aye  
Ms. Hood: Aye  
Delegate James: Aye  
Ms. Pantele: Aye  
Mr. Andrews: Aye

### Other Business

There being no further business, Mr. Andrews noted there were no upcoming board meetings for the remainder of the calendar year and encouraged attendance of the VRS Agency Annual Meeting and Breakfast at the Omni Richmond Hotel on December 17, 2024, at 8:00 a.m. Further, the next Board meeting will occur at 1:00 p.m. on February 6, 2025, preceded by the Benefits and Actuarial Committee meeting at 1:00 p.m. on February 5, 2025.

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**Adjournment**

Following a motion by Mr. Disharoon, with a second by Mr. Bennett, the VRS Board of Trustees agreed to adjourn the meeting.

The meeting concluded at 2:14 p.m.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

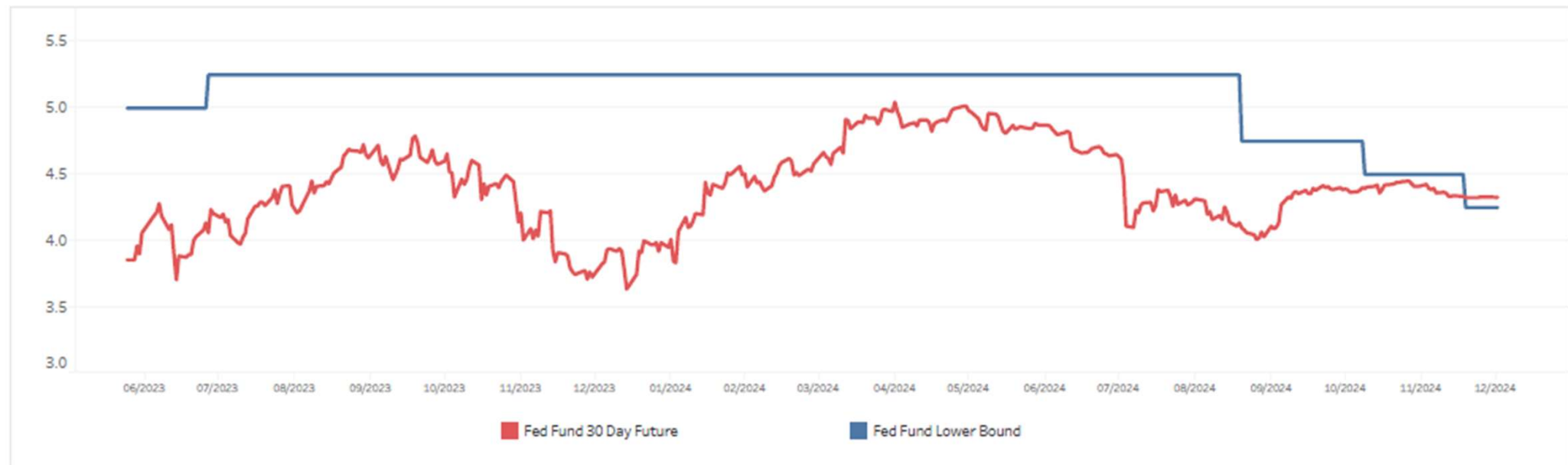


# Chief Investment Officer Report

Market Review – February 2025  
Andrew Junkin

# Forward (implied) vs Fed Fund (target)

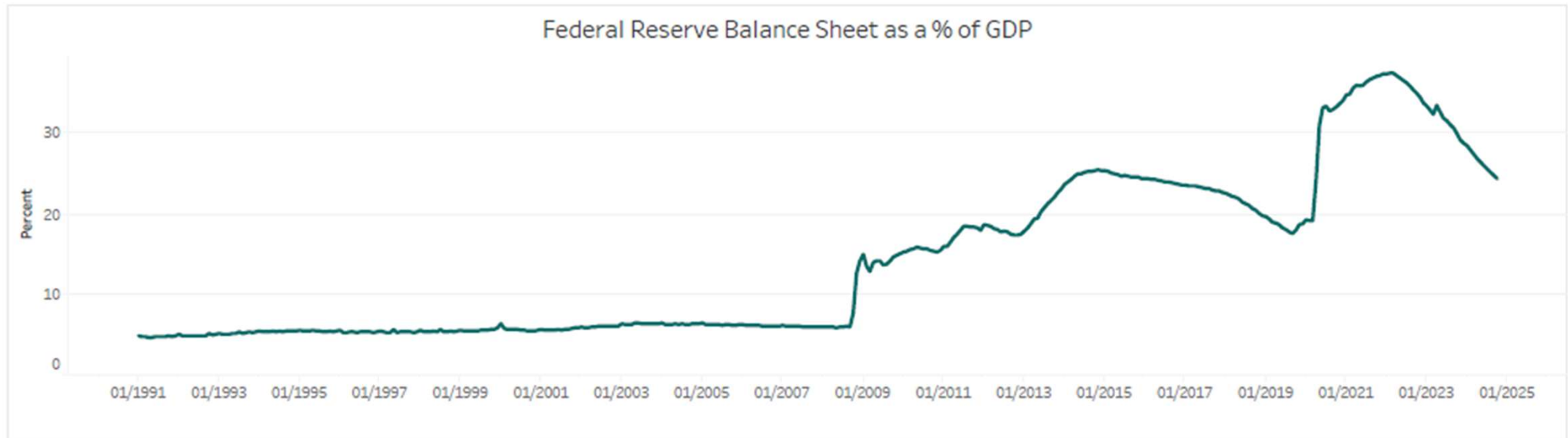
Effective Date  
To 12/31/2024 12:00:00 AM



Data Source: Bloomberg

# Federal Reserve

End Date  
12/31/2024



Data Source: Bloomberg

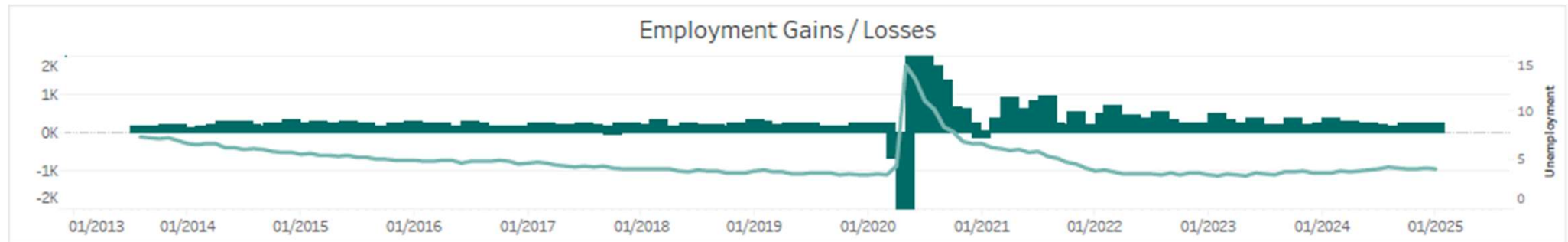
# Inflation and Employment

Effective Date  
To 12/31/2024 12:00:00 ...

10 Year BE    Headline CPI    Core



Job Growth/Loss    Unemployment Rate

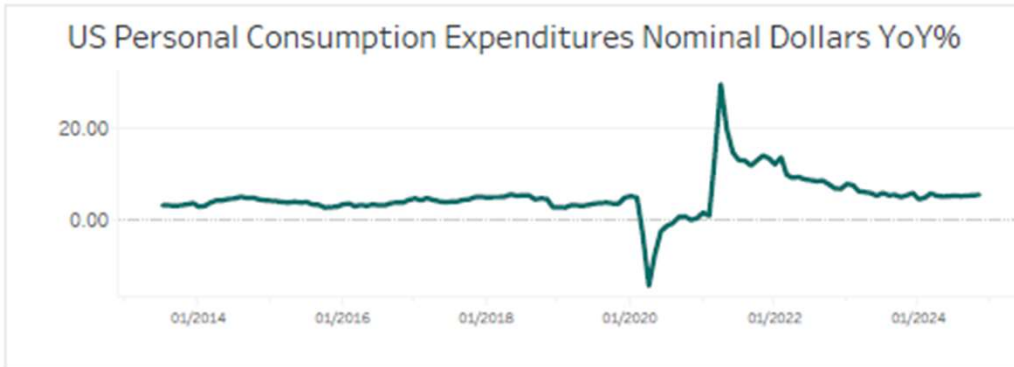
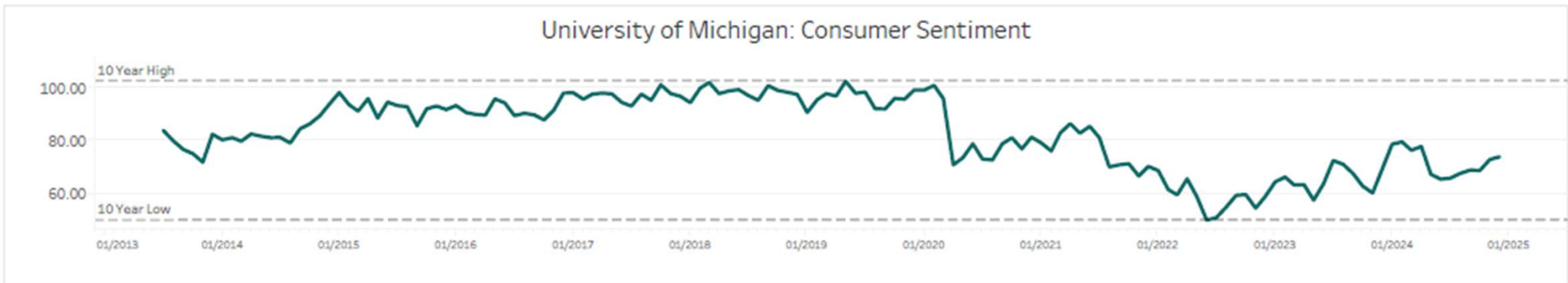


Data Source: Bloomberg



# Consumer Activity

Effective Date  
To 12/31/2024 12:00:00 A..

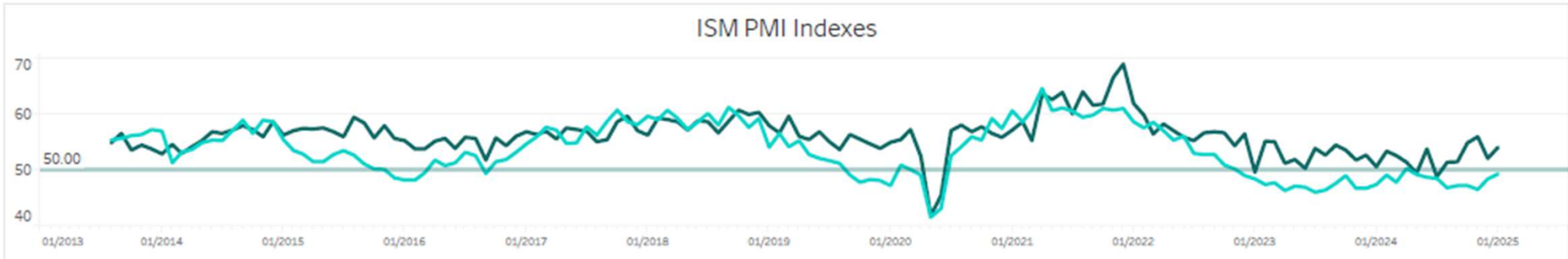


Data Source: Bloomberg

# Business Activity

■ Manufacturing ■ Services

EffectiveDate  
To 12/31/2024 12:00:00 AM

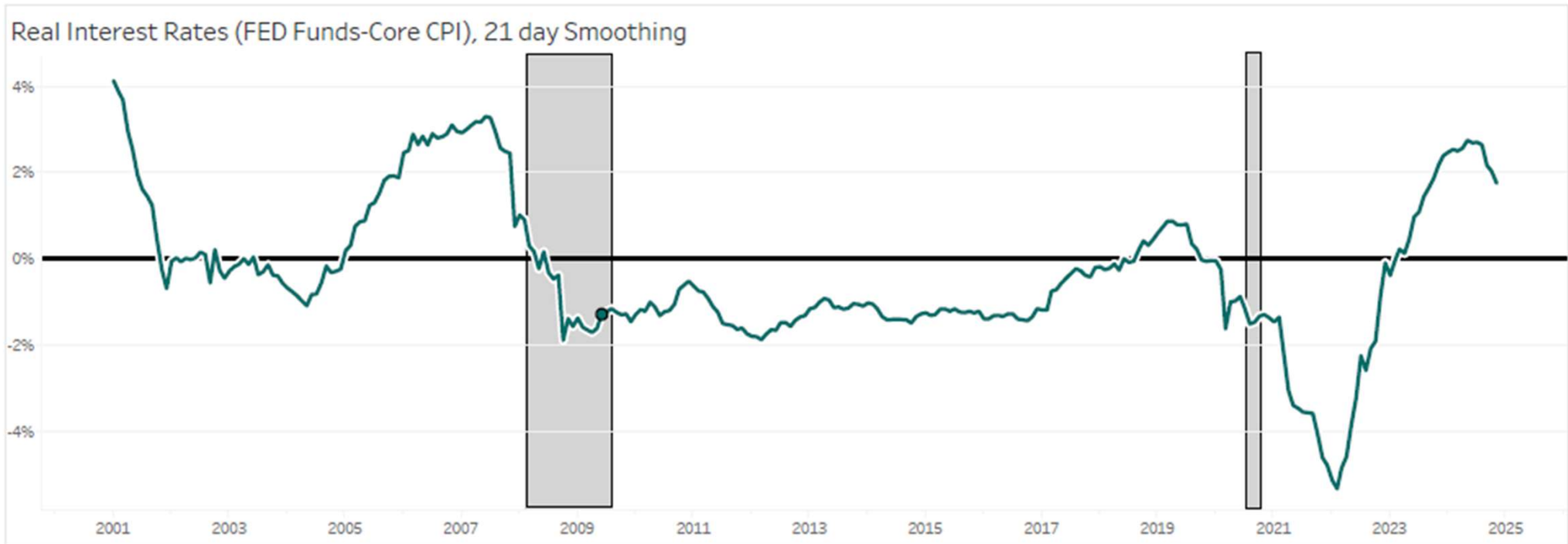


Data Source: Bloomberg



# Higher Real Cost of Money

Effective Date  
To 12/31/2024 12:00:00 AM



Data Source: Bloomberg

**PERFORMANCE SUMMARY**  
**Rolling Periods Ending**  
**November 30, 2024**



**TOTAL FUND PERFORMANCE**  
*(Net of Fees)*

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
<b>Total Public Equity</b>	<b>9.3</b>	<b>11.4</b>	<b>8.8</b>	<b>27.8</b>	<b>4.1</b>	<b>4.0</b>	<b>9.0</b>	<b>21.3</b>	<b>39,381</b>
<i>Benchmark</i>	9.3	11.4	7.6	25.9	3.5	3.9	9.0	19.6	
<b>Total Private Equity</b>	<b>13.8</b>	<b>14.8</b>	<b>6.1</b>	<b>3.5</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.2</b>	<b>4.0</b>	<b>18,595</b>
<i>Benchmark</i>	11.6	13.3	6.1	24.7	6.5	2.5	7.4	30.1	
<b>Total Real Assets</b>	<b>7.9</b>	<b>5.8</b>	<b>5.1</b>	<b>-1.6</b>	<b>0.6</b>	<b>0.1</b>	<b>0.7</b>	<b>-1.8</b>	<b>14,524</b>
<i>Benchmark</i>	5.7	3.4	1.3	-3.7	0.3	0.1	0.4	-3.5	
<b>Total Credit Strategies</b>	<b>6.5</b>	<b>7.7</b>	<b>6.4</b>	<b>11.2</b>	<b>2.5</b>	<b>0.4</b>	<b>3.4</b>	<b>8.6</b>	<b>17,894</b>
<i>Benchmark</i>	5.2	5.4	5.4	10.7	2.0	1.0	4.3	7.9	
<b>Total Diversifying Strategies</b>	<b>n/a</b>	<b>5.1</b>	<b>4.2</b>	<b>7.8</b>	<b>0.9</b>	<b>1.4</b>	<b>0.1</b>	<b>5.6</b>	<b>3,968</b>
<i>Benchmark</i>	n/a	5.5	3.2	9.8	1.8	0.6	3.1	7.1	
<b>Total Private Investment Partnerships</b>	<b>n/a</b>	<b>9.5</b>	<b>7.3</b>	<b>9.0</b>	<b>1.2</b>	<b>0.0</b>	<b>2.3</b>	<b>6.9</b>	<b>2,334</b>
<i>Benchmark</i>	n/a	7.9	4.8	9.7	2.8	1.2	3.9	10.4	
<b>Total Fixed Income</b>	<b>2.5</b>	<b>1.3</b>	<b>-1.0</b>	<b>8.1</b>	<b>0.2</b>	<b>1.2</b>	<b>4.1</b>	<b>4.1</b>	<b>18,119</b>
<i>Benchmark</i>	1.6	0.2	-1.6	7.4	0.0	1.1	3.8	3.4	
<b>Total Fund</b>	<b>7.9</b>	<b>8.8</b>	<b>5.9</b>	<b>12.3</b>	<b>1.9</b>	<b>1.6</b>	<b>4.2</b>	<b>9.4</b>	<b>117,010</b>
<i>VRS Custom Benchmark</i>	7.1	7.7	4.7	15.0	2.7	2.0	5.6	12.6	

Effective July 2013, the VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

Effective January 2024, the Total Fund includes leverage.

The VRS Cash Account, the Treasurer Short-Term Investment Account, the VRS Rebalancing Account, transition activity and accounts with market values of less than \$1 million are included in the Total Fund's market value. Differences in market value totals are due to rounding.

The Performance Report may differ from the VRS Annual Comprehensive Financial Report (ACFR) due to each report's requirements and objectives.

**Leverage Cost Measurement Information**

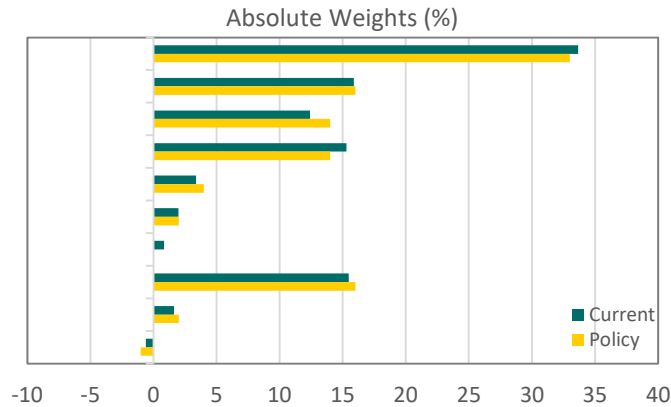
*(Information provided for purposes of monitoring the cost effectiveness of leverage implementation.)*

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
<b>Leverage</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>1.4</b>	<b>0.5</b>	<b>2.5</b>	<b>n/a</b>	<b>(703)</b>
<i>Benchmark</i>	n/a	n/a	n/a	n/a	1.4	0.4	2.4	n/a	

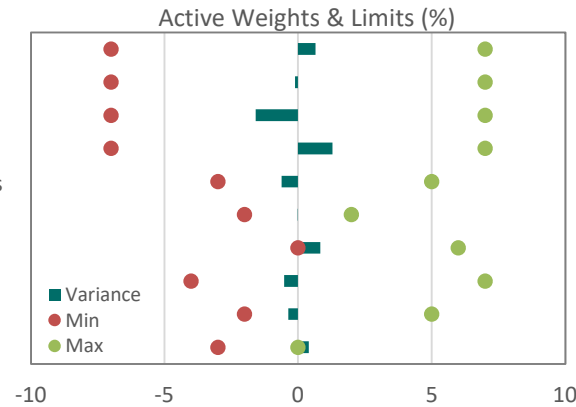
Effective January 2024, the Leverage Custom Benchmark is the Secured Overnight Financing Rate (SOFR) plus 50 basis points per annum.

# Asset Allocation Report

November 30, 2024



Public Equity  
Private Equity  
Real Assets  
Credit Strategies  
Diversifying Strategies  
PIP  
EMP  
Fixed Income  
Cash  
Leverage



Tracking Error (%)	
5Yr Fund	2.4
5Yr Public	1.7

Asset Class	Billions (\$)	Weights (%)					
		Current	Policy	Variance	Min	Max	Internal
Public Equity	39.4	33.7	33.0	0.7	26	40	50
Private Equity	18.6	15.9	16.0	-0.1	9	23	12
Real Assets	14.5	12.4	14.0	-1.6	7	21	17
Credit Strategies	17.9	15.3	14.0	1.3	7	21	4
Diversifying Strategies	4.0	3.4	4.0	-0.6	1	9	0
Private Investment Partnerships (PIP)	2.3	2.0	2.0	0.0	0	4	0
Exposure Management Portfolio (EMP)	1.0	0.8	0.0	0.8	0	6	0
Fixed Income	18.1	15.5	16.0	-0.5	12	23	95
Cash	1.9	1.6	2.0	-0.4	0	7	0
Leverage	-0.7	-0.6	-1.0	0.4	-3	0	0
<b>Total Fund (Net Market Value)</b>	<b>117.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<i>n.a.</i>	<i>n.a.</i>	<b>36</b>
Total Fund (Gross Market Value)	117.7	100.6	101.0	-0.4	<i>n.a.</i>	<i>n.a.</i>	0

### Exposures by Policy Groups

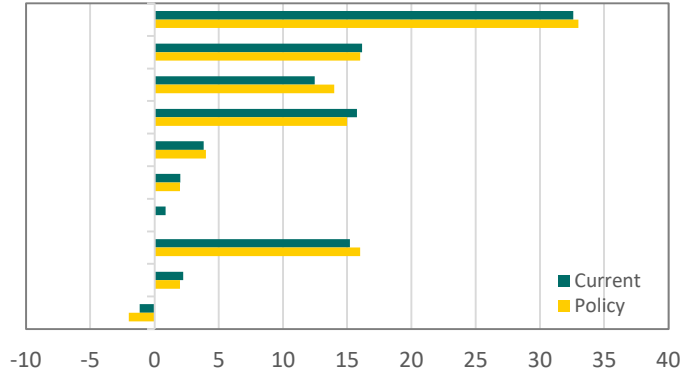
Public + Private Equity	58.0	49.5	49	0.5	39	59	<i>n.a.</i>
Fixed Income + Cash	20.0	17.1	18	-0.9	12	27	<i>n.a.</i>

- Total Fund includes the following amount held by the Treasurer of VA: \$ 63 million
- The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied)
- The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history as of 09/30/2024.
- Differences in totals are due to rounding

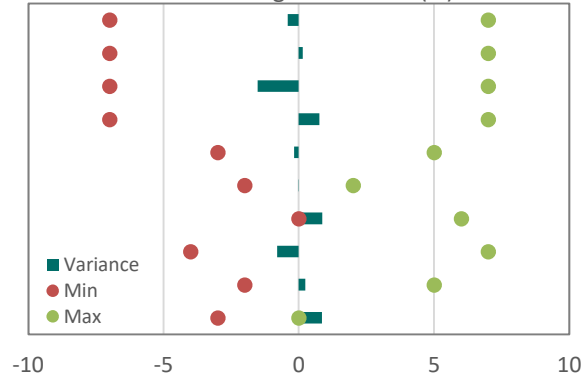
# Daily Asset Allocation Report

January 29, 2025

Absolute Weights (%)



Active Weights & Limits (%)



Tracking Error (%)

5Yr Fund	2.4
5Yr Public	1.7

Asset Class	Billions (\$)	Weights (%)					
		Current	Policy	Variance	Min	Max	Internal
Public Equity	38.5	32.6	33.0	-0.4	26	40	51
Private Equity	19.1	16.2	16.0	0.2	9	23	12
Real Assets	14.7	12.5	14.0	-1.5	7	21	17
Credit Strategies	18.6	15.8	15.0	0.8	7	21	4
Diversifying Strategies	4.5	3.8	4.0	-0.2	1	9	0
Private Investment Partnerships (PIP)	2.4	2.0	2.0	0.0	0	4	0
Exposure Management Portfolio (EMP)	1.0	0.9	0.0	0.9	0	6	0
Fixed Income	17.9	15.2	16.0	-0.8	12	23	95
Cash	2.6	2.2	2.0	0.2	0	7	0
Leverage	-1.3	-1.1	-2.0	0.9	-3	0	0
<b>Total Fund (Net Market Value)</b>	<b>118.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>n.a.</b>	<b>n.a.</b>	<b>36</b>
Total Fund (Gross Market Value)	119.4	101.1	102.0	-0.9	n.a.	n.a.	0

*Exposures by Policy Groups*

Public + Private Equity	57.5	48.7	49	-0.3	39	59	n.a.
Fixed Income + Cash	20.6	17.4	18	-0.6	12	27	n.a.

- Total Fund includes the following amount held by the Treasurer of VA: \$ 429 million
- The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied)
- The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history as of 9/30/2024
- Differences in totals are due to rounding

Program	Action	Effective Date	Commitment/Current Value	Funding/Defunding Period	Description
Credit Strategies	Hired	12/19/2024	\$200 Million	6 years	<b>Audax Direct Lending Solutions III</b> - A closed-end drawdown fund providing senior financing to sponsor-backed U.S. middle market companies.
Private Equity	Hired	12/17/2024	\$200 Million	6 years	<b>Peak Rock Capital IV</b> – A mid-market buyout fund focused on operationally intensive companies with the ability to provide transformational growth.
Private Equity	Hired	12/18/2024	\$75 Million	6 years	<b>GTCR Strategic Growth Fund II</b> – A mid-market buyout fund that partners with management leaders to identify, acquire and build market-leading companies through acquisitions and organic growth.
Real Assets	Hired	12/20/2024	\$200 Million	5 Years	<b>Taurus Mining Royalty Fund, LP</b> – A closed-end fund investing in mining royalties on a global basis.
Real Assets	Hired	12/30/2024	\$150 Million	2 Years	<b>Silver Creek Aggregate Reserves Fund I</b> – A closed-end fund investing in aggregate reserves in the U.S.
Real Assets	Hired	01/02/2025	\$100 Million	5 years	<b>PetroCap Partners Fund IV, LP</b> – A closed-end fund investing in oil and gas properties in the U.S.
Public Equity	Terminated	12/31/2024	\$87 Million	Immediate	<b>Nitorum</b> – A long/short equity hedge fund.
Diversifying Strategies	Terminated	09/30/2024	\$150 Million	Immediate	<b>Orchard Liquid Credit Fund</b> – A long volatility credit hedge fund.
Diversifying Strategies	Hired	12/10/2024	\$400 Million	2 years	<b>Brevan Howard Opportunistic Program</b> - A multi-asset absolute return strategy.
Diversifying Strategies	Hired	12/31/2024	\$250 Million	Immediate	<b>Neuberger Berman Insurance Linked Strategies Fund</b> - A closed-end fund focused on insurance-linked securities.

VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending December 31, 2024

<b>Investment Program</b>	<b>Activity</b>	<b>Manager Name</b>	<b>Description</b>	<b>VRS Action</b>
Public Equity	Manager Meeting	Discerene Group (minority-owned firm) <sup>1</sup>	Manager focused on global long-only and long-short strategies.	Staff had an update call with manager to discuss their company and strategy.
Public Equity	Manager Meeting	XN LP (minority-owned firm) <sup>1</sup>	Manager focused on long-only hedge fund.	Staff had an introductory meeting to discuss their company and strategy.
Public Equity	Virtual Manager Meeting	Axiom Investors (minority and women-owned firm) <sup>2</sup>	Manager focused on international opportunity fund.	Staff had an update call to discuss their company and strategy.
Public Equity	Virtual Manager Meeting	GQG (minority-owned firm) <sup>1</sup>	Manager focused on global and emerging markets growth strategies.	Staff participated in the manager's virtual investor meeting to get an update on the company and strategy.
Public Equity	On-Going Monitoring of Current VRS Manager	Ariel Global (minority and women-owned firm) <sup>1</sup>	Current VRS global equity manager.	Staff performed on-going due diligence and monitoring of current VRS manager during the quarter.
Public Equity and Credit Strategies	Periodic Update Communication with Consultant	N/A	Aon Hewitt Investment Consulting is the consultant used by these two investment programs.	Staff had periodic communication to review the DIME monitoring activity done on behalf of VRS as well as industry trends.
Credit Strategies	Communication with Fund Manager	Sycamore Tree Capital Partners (minority-owned firm) <sup>1</sup>	Manager focused on CLOs and Opportunistic Credit with a recent close on their second CLO Equity fund.	Staff had communication with manager to review materials and received an update.
Credit Strategies	Communication with Fund Manager	Varadero Capital Partners (minority-owned firm) <sup>1</sup>	Manager focused on diversified structured credit and specialty finance with a relative value, programmatic hedging approach.	Staff had communication with manager to review materials and received an update.

VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending December 31, 2024

<b>Investment Program</b>	<b>Activity</b>	<b>Manager Name</b>	<b>Description</b>	<b>VRS Action</b>
Credit Strategies	Communication with Fund Manager	Corsair (minority-owned firm) <sup>1</sup>	Manager launching a new asset-backed finance drawdown fund focused on regulatory capital trades, secondary loan pools, and opportunistic dislocated securities.	Staff had communication with manager to review materials and received an update.
Credit Strategies	Communication with Fund Manager	Pharmakon (minority-owned firm) <sup>1</sup>	Manager focused on collateralized, private credit investments in the biopharmaceutical industry.	Staff had communication with manager to review materials and received an update.
Credit Strategies	Communication with Fund Manager	TerraCotta Group (minority and women-owned firm) <sup>1</sup>	Manager aiming to launch closed-end fund focused on middle-market distressed CRE credit opportunities.	Staff had communication with manager to review materials and received an update.
Credit Strategies	Communication with Fund Manager	CFI Partners (minority-owned firm) <sup>1</sup>	Manager focused on research-driven investment strategies within the opportunistic private credit, liquid leveraged credit, and traditional fixed income spaces.	Staff had communication with manager to review materials and received an update.
Credit Strategies and Diversifying Strategies	Periodic Communication with Fund-of-Funds Manager	N/A	Aksia is the consultant used by these two investment programs.	Staff had periodic communication to review DIME and other emerging managers along with other opportunities more broadly.
Fixed Income	On-Going Monitoring of Current VRS Manager	Payden & Rygel (women-owned firm) <sup>1</sup>	Current VRS emerging market debt manager.	Staff had various interactions with current VRS women-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Artemis Real Estate Partners (women-owned firm) <sup>1</sup>	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring of current VRS women-owned manager during the quarter.

VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending December 31, 2024

<b>Investment Program</b>	<b>Activity</b>	<b>Manager Name</b>	<b>Description</b>	<b>VRS Action</b>
Real Assets	On-Going Monitoring of Current VRS Manager	Capri EGM (minority-owned firm) <sup>1</sup>	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring of current VRS minority-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Grain Management (minority-owned firm) <sup>1</sup>	Current VRS infrastructure manager.	Staff performed on-going due diligence and monitoring of current VRS minority-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Pantheon Ventures	Current VRS infrastructure and natural resource fund-of-funds manager.	Staff had periodic communication with manager to discuss potential DIME firms in their market.
Real Assets	On-Going Monitoring of Current VRS Manager	Pritzker Realty Group (women-owned firm) <sup>1</sup>	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring of current VRS women-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Sheridan Production Partners (women-owned firm) <sup>1</sup>	Current VRS natural resources manager.	Staff performed on-going due diligence and monitoring of current VRS women-owned manager during the quarter.
Real Assets	Communication with Fund Manager	SoLa Impact (minority-owned firm) <sup>1</sup>	Manager focused on acquiring and developing affordable and workforce housing, primarily in Southern CA.	Staff reviewed updated materials from this manager.
Real Assets	Communication with Fund Manager	Ambrose Property Group (minority-owned firm) <sup>1</sup>	Manager focused on industrial real estate development in the U.S.	Staff had communication with this manager regarding a potential investment within an existing fund of fund relationship.



VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending December 31, 2024

<b>Investment Program</b>	<b>Activity</b>	<b>Manager Name</b>	<b>Description</b>	<b>VRS Action</b>
Real Assets	Virtual Manager Meeting	TerraCotta Group (minority and women-owned firm) <sup>1</sup>	Manager focused on sub and non-performing commercial real estate loans, with an ability to execute asset level business plans.	Staff held an introductory meeting with this manager to discuss their current fundraise, market update, and firm background.
Real Assets	Virtual Manager Meeting	ArrowMark Partners (minority and women-owned firm) <sup>2</sup>	Manager focused on middle-market commercial real estate lending.	Staff held an update meeting with this manager.
Real Assets	Virtual Manager Meeting	Avanath Capital Partners (minority-owned firm) <sup>1</sup>	Manager focused on affordable housing across the U.S.	Staff held an update meeting with this manager to discuss their background, company, and current fundraise initiative on their open-end fund.
Private Equity	Virtual Manager Meeting	Centre Lane Partners (minority and women-owned firm) <sup>1</sup>	Manager focused on equity and debt of middle market companies in North America.	Staff had communication with manager during the quarter.
Private Equity	Virtual Manager Meeting	Context Ventures (minority-owned firm) <sup>1</sup>	A venture capital firm investing in consumer startups and military veteran founders.	Staff had communication with manager during the quarter.
Private Equity	Virtual Manager Meeting	Knox Lane (minority-owned firm) <sup>2</sup>	A buyout fund focused on the services and consumer sectors.	Staff had communication with manager during the quarter.
Private Equity	Virtual Manager Meeting	Lateral Investment Management (minority-owned firm) <sup>2</sup>	Growth equity buyout fund focusing on minority and women led businesses in technology and business services.	Staff had communication with manager during the quarter.
Private Equity	Virtual Manager Meeting	Muller & Monroe (minority-owned firm) <sup>1</sup>	A fund of funds manager primarily focused on high performing, lower middle market, private equity managers.	Staff had communication with manager during the quarter.

VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending December 31, 2024

<b>Investment Program</b>	<b>Activity</b>	<b>Manager Name</b>	<b>Description</b>	<b>VRS Action</b>
Private Equity	Virtual Manager Meeting	OceanSound Partners (minority-owned firm) <sup>1</sup>	A middle market focused fund investing in technology and tech-enabled companies in government and regulated end markets.	Staff had communication with manager during the quarter.
Private Equity	Virtual Manager Meeting	Invictus Growth Management (minority owned firm) <sup>1</sup>	A growth fund investing in cloud software, financial technology, and cybersecurity.	Staff had communication with manager during the quarter.
Private Equity	Virtual Manager Meeting	IMB Partners (minority owned firm) <sup>1</sup>	Firm focused on acquiring growth middle market companies concentrating on “government contracting” and “utility and infrastructure services.”	Staff had communication with manager during the quarter.
Private Equity	Manager Meeting	K1 Investment Management (minority-owned firm) <sup>1</sup>	Firm investing in enterprise software companies.	Staff had a meeting with manager during the quarter.
Private Equity	Manager Meeting	Palladium Equity Partners (minority-owned firm) <sup>1</sup>	A middle market buyout fund investing in founder owned rollups with Hispanic themes.	Staff had a meeting with manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Asia Alternatives (minority and women-owned firm) <sup>1</sup>	A fund of funds manager focusing on alternative investments in Asia.	Staff had a meeting with manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Clearlake Capital Partners (minority-owned firm) <sup>1</sup>	Large market buyout fund targeting companies across various industry sectors.	Staff had a meeting with manager during the quarter.

VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending December 31, 2024

Private Equity	On-Going Monitoring of Current VRS Manager	MBK Partners (minority-owned firm) <sup>1</sup>	A North Asia private equity firm.	Staff had a meeting with manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Veritas Capital (minority-owned firm) <sup>2</sup>	Middle market buyout fund targeting primarily technology or technology-enabled solutions to government.	Staff had a meeting with manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Vista Equity Partners (minority-owned firm) <sup>1</sup>	Large market buyout fund targeting enterprise software companies.	Staff had a meeting with manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	SIRIS Capital (minority-owned firm) <sup>1</sup>	A middle market buyout firm making control investments in data/telecommunications, technology, and technology-enabled business service companies in North America.	Staff had a meeting with manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Sycamore Partners (minority-owned firm) <sup>1</sup>	Middle market buyout fund targeting consumer and retail companies.	Staff had a meeting with manager during the quarter.
Private Equity	Periodic Update Communication with Consultant	N/A	Grosvenor Capital Management Customized Fund Investment Group is the consultant used by Private Equity.	Staff had periodic communication to review the DIME monitoring activity done on behalf of VRS as well as industry trends.
Private Equity	Attendance at DIME Conference	Grosvenor Consortium Conference	A conference focused on small, emerging, and diverse investment managers.	Staff attended the event during the quarter.

VRS Investment Department  
DIME Quarterly Report  
Activity for Quarter Ending December 31, 2024

Index:

- 1 – The manager is considered Diverse Investment Management Engagement (DIME) under the Commonwealth of Virginia definition, which defines ownership threshold of 51% or more.
- 2 – The manager is considered DIME under the definition that considers industry best practices and defines an ownership threshold of greater than or equal to 33% and less than 51% of firm ownership or carry.

VRS Investment Department  
Quarterly External Investment Manager Referral Report  
Activity for Quarter Ending December 31, 2024

Investment Program	Type of Contact	Investment Manager Name	Official Making Referral	VRS Action
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No activity to report this quarter.

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## Report

The VRS Benefits and Actuarial Committee met on February 6, 2025, and took up the following matters:

### **APPROVAL OF MINUTES**

The Committee approved the minutes of its November 14, 2024, meeting.

### **COST OF LIVING ADJUSTMENTS**

#### Virginia Sickness and Disability Program

Rory Badura, Senior Staff Actuary, presented the recommendations of Gabriel, Roeder, Smith & Company (GRS), the plan actuary, regarding statutory annual adjustments to Virginia Sickness and Disability Program (VSDP) creditable compensation for members on long-term disability. For VSDP, Mr. Badura advised that the Plan Actuary recommends an increase in the creditable compensation for VRS pension benefit purposes of 4.00%, effective July 1, 2025. In addition, a cost-of-living adjustment (COLA) in the amount of 2.95% shall be applied to long-term disability (LTD) benefit payments for Plan 1 members vested prior to January 1, 2013. A COLA of 2.48% shall be applied for Plan 1 members not vested prior to January 1, 2013, and all Plan 2 and Hybrid Retirement Plan members who have been recipients of LTD benefits for at least one year.

The calculations were reviewed by VRS staff and Internal Audit.

Following some discussion, the Committee recommended approval of the following action to the full Board of Trustees:

***Request for Board Action:*** *Effective July 1, 2025, the following increases shall apply:*

- *The creditable compensation used in calculating the member's average final compensation at retirement shall be increased in the amount of 4.00% for a Plan 1, Plan 2 or Hybrid member who has been the recipient of long-term disability (LTD) benefits for at least one calendar year under the Virginia Sickness and Disability Program (VSDP); and*
- *A cost-of-living adjustment shall be applied to the net LTD benefit payment of 2.95% for Plan 1 members vested prior to January 1, 2013, or 2.48% for Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid members.*

#### Virginia Local Disability Program

Mr. Badura advised that for the Virginia Local Disability Program (VLDP) the Plan Actuary recommends an increase in the creditable compensation used at retirement of 4.00%, effective July 1, 2025. The VLDP plan does not provide for a COLA on LTD benefits being received. The calculations for the increase in creditable compensation were reviewed by VRS staff and Internal Audit.

After receiving the report and some discussion, the Committee recommended approval of the following action to the full Board of Trustees:

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***Request for Board Action:*** Effective July 1, 2025, each recipient of LTD benefits under the Virginia Local Disability Program (VLDP) who has been receiving LTD benefits for at least one calendar year, and who ultimately retires directly from LTD, will have their creditable compensation at date of disability increased by an amount set by the Board to be used in determining the member's average final compensation for disability retirement. The recommendation applicable to July 1, 2025, is an increase of 4.00% to be applied to a recipient's creditable compensation.

### **INFORMATION ITEMS**

#### **2025 COLAs Called for Under Statute Not Requiring Board Approval**

Mr. Badura noted that, by statute, VRS cost of living increases are based on the consumer price index for all items, all urban consumers, as published by the Bureau of Labor Statistics of the U.S. Department of Labor. Mr. Badura advised that the COLA increase effective July 1, 2025, of 2.95% is applicable to eligible Plan 1 members vested prior to January 1, 2013. A COLA increase of 2.48% is applicable to Plan 1 members not vested prior to January 1, 2013, and all Plan 2 and Hybrid Plan members effective July 1, 2025. This figure was calculated by GRS, the VRS plan actuary, and verified by VRS and Internal Audit staff. The COLA did not require action by the Committee.

Mr. Badura advised the Hazardous Duty supplement is required to be reviewed biennially, at which time it is to be increased by any applicable cost of living adjustments published by the Social Security Administration since the last applicable increase. The annual supplement will increase from \$16,884 to \$17,856 for fiscal year 2025.

The Group Life Insurance Program minimum benefit for members retired with at least 30 years of service is to be increased by the same COLA applicable to VRS Plan 2 members, or 2.48%, effective July 1, 2025. The new minimum life insurance payout, effective July 1, 2025, will be \$9,768. The Group Life Insurance Program minimum did not require action by the Committee. The calculations were reviewed by VRS staff and Internal Audit.

#### **Pension Dashboard Update**

Mr. Badura provided an overview and status update on the development of the VRS Pension Dashboard that will consolidate historical measures, display trend information of key indicators and provide monthly updates of economic cash flow measures that indicate expectations for upcoming valuation results. The dashboard allows access to various pension and OPEB plan measures associated with plan liabilities, employer costs, plan cash flows and demographic information. The dashboard also includes historical information, some year-to-date measures for monthly monitoring, and forecasts.

Mr. Badura advised next steps include converting to Power BI for internal access and exploring options to provide access to VRS Board members.

Experience Study Update

Mr. Badura provided an update on the quadrennial experience study being performed by GRS which will be presented to the B&A Committee in April.

2025 Legislative Update

The Committee received a brief overview of VRS-related legislation and a more detailed presentation will be provided at the meeting of the full Board of Trustees.

Submitted to the Board of Trustees on February 6, 2025.

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John M. Bennett, Chair  
Benefits and Actuarial Committee





## Approval of July 1, 2025, increase relating to VSDP creditable compensation and VSDP COLA.

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### Requested Action

Effective July 1, 2025, the following increases shall apply:

- The creditable compensation used in calculating the member's average final compensation at retirement shall be increased in the amount of 4.00% for a Plan 1, Plan 2, or Hybrid member who has been the recipient of long-term disability (LTD) benefits for at least one calendar year under the Virginia Sickness and Disability Program (VSDP); and
- A cost-of-living adjustment shall be applied to the net LTD benefit payment of 2.95% for Plan 1 members vested prior to January 1, 2013, or 2.48% for Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid members.

### Description/Background

*Code of Virginia § 51.1-1112(C)* provides: "Creditable compensation during periods an employee receives long-term disability benefits shall (i) not include salary increases awarded during the period covered by long-term disability benefits and (ii) be increased annually by an amount recommended by the actuary of the Virginia Sickness and Disability Program and approved by the Board."

*Code of Virginia § 51.1-1117(B)* provides: "The average final compensation of any participating full-time employee taking a service retirement under any provision of this title shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement."

*Code of Virginia § 51.1-1128(B)* provides the same requirement for participating full-time employees receiving supplemental (work-related) disability benefits: "The employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the actuary of the Virginia Retirement System, and approved by the Board, from the date of the commencement of the disability to the date of retirement."

In accordance with these provisions, each year VRS requests that the plan actuary recommend the cost-of-living adjustment (COLA) to be applied to the benefit paid and to the creditable compensation of LTD recipients who have been receiving such benefits for at least one calendar year under VSDP.

In 2011, the Board amended the process for determining the COLA to be applied to the creditable compensation of LTD recipients for purposes of calculating service retirement. It is now based on the combined average increase in the pay rate for State, SPORS, and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA.

### Rationale for Requested Action

Per the attached January 21, 2025, letter, the VRS plan actuary, Gabriel, Roeder, Smith & Company, observed increases in creditable compensation of 7.63% during fiscal year 2024 for members enrolled in

VSDP. Based on the recommendation from the plan actuary, and consistent with past practice, (i) the recommended increase in creditable compensation for purposes of service retirement from disability shall be 4.00%, and (ii) after offsets, the adjustment to the benefit payments of VSDP LTD recipients who have been receiving such payments for at least one calendar year is 2.95% for Plan 1 members vested as of January 1, 2013, and 2.48% for Plan 1 members not vested by January 1, 2013 and all Plan 2 and Hybrid members.

**Authority for Requested Action**

The Board’s authority for this action is contained in *Code of Virginia* §§ 51.1-1112, 51.1-1117, and 51.1-1128.

The above action is approved.

\_\_\_\_\_  
A. Scott Andrews, Chair  
VRS Board of Trustees

\_\_\_\_\_  
Date



**Approval of July 1, 2025, increase relating to VLDP creditable compensation.**

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**Requested Action**

Effective July 1, 2025, each recipient of LTD benefits under the Virginia Local Disability Program (VLDP) who has been receiving LTD benefits for at least one calendar year, and who ultimately retires directly from LTD, will have their creditable compensation at date of disability increased by an amount set by the Board to be used in determining the member's average final compensation for disability retirement. The recommendation applicable July 1, 2025, is an increase of 4.00% to be applied to a recipient's creditable compensation.

**Description/Background**

*Code of Virginia § 51.1-1161(C)* provides: "The average final compensation of any participating full-time employee taking a service retirement under any provision of this title shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement."

*Code of Virginia § 51.1-1169(C)* provides: "The employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the actuary of the Virginia Retirement System, and approved by the Board, from the date of the commencement of the disability to the date of retirement."

In accordance with these provisions, VRS requested that its actuary recommend the COLA to be applied to the creditable compensation of LTD recipients who have been receiving such benefits for at least one calendar year under VLDP.

**Rationale for Requested Action**

Per the attached January 21, 2025, letter, the VRS plan actuary, Gabriel, Roeder, Smith & Company, observed increases in creditable compensation of 9.05% during fiscal year 2024 for VLDP members. Based on the recommendation from the plan actuary, and consistent with past practice, the recommended increase in creditable compensation for purposes of service retirement from disability shall be 4.00%.

**Authority for Requested Action**

The Board's authority for this action is contained in *Code of Virginia §§ 51.1-1161 and 51.1-1169*.

The above action is approved.

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A. Scott Andrews, Chair  
VRS Board of Trustees

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Date



**MEMORANDUM**

TO: Patricia S. Bishop, VRS Director

FROM: Jennifer P. Bell Schreck, VRS Internal Audit Director 

DATE: January 30, 2025

RE: Cost of Living Adjustments (COLAs)

Internal Audit has reviewed the amounts referred to as "Cost of Living Adjustments" as set forth in the attached letter and supporting table from VRS' actuary, Gabriel, Roeder, Smith & Company dated January 21, 2025.

In conducting our review, we independently recalculated the "Cost of Living Adjustments" using data and procedures provided by management and the actuary, while confirming certain external components associated with such calculations. We also examined the Code of Virginia sections referred to in the actuary's letter and supporting table.

Based upon our review, we found the "Cost of Living Adjustments" in the above referenced letter and table to be valid and accurate, based on the data provided, subject to the assumptions included therein with respect to increases in the VSDP LTD benefit, VSDP creditable compensation and VLDP creditable compensation, where the amounts are not specified by statute, but instead are to be recommended by the actuary and approved by the Board.

Please let me know if you have any questions. I ask that you share this information with the Benefits and Actuarial Committee.

Attachment



January 21, 2025

Mr. Rory Badura, ASA, EA, FCA, MAAA  
 Senior Staff Actuary  
 Virginia Retirement System  
 1200 E. Main Street  
 Richmond, VA 23219

**Re: Cost of Living Adjustments (COLA) Effective July 1, 2025**

Dear Mr. Badura:

As requested, we have calculated the annual COLA called for under Virginia Code for the Virginia Retirement System (VRS), the Virginia Sickness and Disability Program (VSDP), the Virginia Local Disability Program (VLDP) and the Group Insurance Program, in particular, the Group Life Insurance (GLI).

The following table summarizes the adjustments recommended effective July 1, 2025. Those denoted in **bold** require action by the Board of Trustees to set the amount of adjustment.

COLA Type/Group	Required by Code	Adjustment Level Set by Board Resolution	July 1, 2025	
			Adjustment	Annual Amount
VRS Plan 1 (Vested as of 1/1/2013)	Yes	N/A	2.95%	N/A
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	Yes	N/A	2.48%	N/A
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	<b>4.00%</b>	N/A
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	<b>4.00%</b>	N/A
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	Yes	Yes	<b>2.95%</b>	N/A
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	Yes	Yes	<b>2.48%</b>	N/A
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Yes	N/A	2.48%	\$ 9,768
VRS Hazardous Duty Supplement	Yes	N/A	5.78%	\$17,856

Mr. Rory Badura  
Virginia Retirement System  
January 21, 2025  
Page 2

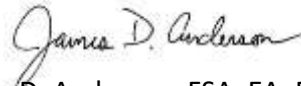
The COLA adjustments were calculated in accordance with the Virginia Code and our understanding of Board of Trustee Policies and Procedures, as adopted February 4, 2011. Refer to the enclosure for additional detail supporting the calculated COLA adjustments.

Please let us know if you have any questions.

Sincerely,  
Gabriel, Roeder, Smith & Company



Rebecca L. Stouffer, ASA, FCA, MAAA



James D. Anderson, FSA, EA, FCA, MAAA

RLS/JDA:ah

Enclosure

cc: Sandy Jack, VRS



## VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2025

COLA Type/Group	Brief Description	Code Section(s)	Average CPI-U		CPI-U Increase <sup>1</sup>	COLA Calculation		
			2023	2024		100% of First 3.00%	50% of Next 4.00%	COLA
VRS Plan 1 (Vested as of 1/1/2013)	100% of the CPI-U increase up to 3.00% plus 50% of the next 4.00%. Minimum COLA of 0.00%. Maximum COLA of 5.00%.	51.1-166.B.	304.702	313.689	2.95%	2.95%	0.00%	<b>2.95%</b>
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	100% of the CPI-U increase up to 2.00%, plus 50% of the next 2.00%. Minimum COLA of 0.00%. Maximum COLA of 3.00%.	51.1-166.B.	304.702	313.689	2.95%	2.00%	0.48%	<b>2.48%</b>
COLA Type/Group	Brief Description/Rationale <sup>2</sup>	Code Section(s)	Creditable Compensation <sup>3</sup>		% Increase in Pay	COLA Calculation		
			2023	2024		100% of First 4.00%		COLA
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	As recommended by Cavanaugh Macdonald Consulting, LLC and adopted by the Board in 2011, the VSDP Creditable Compensation COLA is based on the increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year; however, is subject to the Maximum COLA. Maximum COLA of 4.00%.	51.1-1117.B. 51.1-1123.C. 51.1-1128.B.	\$4,937,461,134	\$5,314,173,162	7.63%	4.00%		<b>4.00%</b>
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Apply approach similar to the "VSDP Creditable Compensation." The VLDP Creditable Compensation COLA was based on the increase in the pay rate for Hybrid Pension Plan members (of the Teacher Plan and non-hazardous duty Political Subdivisions) active at the beginning and the end of the most recent plan year before the date of determination of COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year, subject to the VSDP maximum COLA level.	51.1-1161.C. 51.1-1169.C.	\$5,397,703,342	\$5,886,115,468	9.05%	4.00%		<b>4.00%</b>
COLA Type/Group	Brief Description/Rationale	Code Section(s)	Creditable Compensation		% Increase in Pay	COLA Calculation		
			2023	2024		100% of First 4.00%		COLA
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan 1 (Vested as of 1/1/2013).	51.1-1112.C. 51.1-1125.C.						<b>2.95%</b>
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan Non-Vested, Plan 2 and Hybrid Plan.	51.1-1112.C. 51.1-1125.C.						<b>2.48%</b>

<sup>1</sup> Increase in CPI-U is the ratio, or percentage change, of the current year CPI-U to prior year CPI-U index. By Code, the CPI-U index is defined as the calendar year average of the monthly CPI-U averages.

<sup>2</sup> The COLA maximum is not explicitly stated in the Request for Board Action (RBA) – 2011-02-04. Based upon a review of the 2022 Cost of Living Adjustments letter, dated January 20, 2022, and confirmation with the VRS staff, GRS understands that a maximum COLA of 4.00% is applicable under the current policies and procedures.

<sup>3</sup> Creditable Compensation has been compiled from the data provided by the VRS for the June 30, 2023 and June 30, 2024 actuarial valuations.



## VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2025 (Concluded)

COLA Type/Group	Brief Description	Code Section(s)	Adjusted Minimum Benefit Calculation		
			COLA	Before COLA	After COLA
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Minimum \$8,000 is indexed annually by 100% of the VRS COLA for Plan 1 Non-Vested, Plan 2, and Hybrid Plan.	51.1-505.B.	2.48%	\$9,532	\$9,768

COLA Type/Group	Brief Description	Code Section(s)	Social Security (SS) COLA		Biennial SS COLA Increase %	Adjusted Minimum Benefit Calculation		
			2023	2024		Before COLA (Monthly)	After COLA (Monthly)	After COLA (Annual)
VRS Hazardous Duty Supplement	Initial allowance equal to \$9,264, adjusted July 1, 2001, and biennially thereafter. Increase is based upon the increase in social security benefits in the interim.	51.1-138.B. 51.1-206.B. 51.1-217.B.	3.20%	2.50%	5.78%	\$1,407	\$1,488	\$17,856



# 2025 Legislation\*



- The General Assembly convened on January 8. Due to the water situation, the General Assembly only took up procedural matters on the first day and then adjourned until Monday, January 13.
- So far, all of the original dates for session remain the same with one exception. The prefiling deadline for bills was extended to Monday the 13th.
- Crossover- when most bills from the originating chamber can only be heard in the opposite chamber- began **February 5**. Other than the Budget Bills, bills that have not cleared the originating chamber before then will not pass.
- Committees must complete their work on their Budget Bills by February 6.
- The General Assembly is scheduled to adjourn on February 22.
- The General Assembly is scheduled to reconvene on April 2 for the “veto session.”

# 2025 VOLSAP Bill

Bill Number	Patron	Description
SB 934	Craig	Provides that any funds or other property held or payable to a member of the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund that have remained unclaimed for more than five years after such member's forfeiture of his membership or the dissolution of a volunteer emergency medical services agency or volunteer fire department shall be presumed abandoned for the purposes of the Virginia Disposition of Unclaimed Property Act.

# 2025 VRS-Related Bills

## VaLORS

Bill Number	Patron	Description
HB 1825	Orrock	Extends membership in the Virginia Law Officers' Retirement System (VaLORS) to conservation officers of the Department of Conservation and Recreation. The bill provides that such membership would apply only to service earned on or after July 1, 2025.  <i>The introduced budget included \$610,000 for contributions rates. Item 361 #1s reduces VaLORS contributions required based on adjusted staffing data.</i>
SB 1201	Deeds	

# 2025 VRS-Related Bills

## LODA/VaLORS Bills

Bill Number	Patron	Description
SB 797	Head	Permits the Board of Visitors of the Virginia School for the Deaf and the Blind to establish a campus police department, in compliance with the provisions of law relating to campus police departments established by institutions of higher education, and to employ campus police officers therein.  <i>Item 116 #1s provides \$75,000 for the Secretary of Education to review the feasibility of VSDB establishing a campus police department. It requires that the report include a list of past and current staff who would be eligible for VaLORS and LODA if a campus police department is established. The review must be completed by August 15, 2025.</i>
HB 2507	Runion	

# 2025 VRS-Related Bill

## Purchase of Prior Service

Bill Number	Patron	Description
HB 1830	Simonds	Requires each school board to adopt a policy that requires the school board to approve unpaid educational leave for school board employees who are state employee association officers and for at least two school board employees who are local employee association officers for a maximum of four years per officer. The bill permits employee association officers approved for such leave to purchase service credit with the Virginia Retirement System for such period of leave.

# 2025 VRS-Related Bills

## Return to Work

Bill Number	Patron	Description
SB 1292	Durant	<p>Allows a retired sworn law-enforcement officer who returns to employment in a regional criminal justice academy to continue receiving his service retirement allowance. Such employment shall not increase, decrease, or affect in any way his retirement benefits before, during, or after such employment. Under current law, a retired law-enforcement officer may return to full-time employment without impact on his retirement benefits only if he is employed as a school security officer. The bill has a sunset date of July 1, 2028.</p> <p><i>Item 484 #2s includes NGF implementation costs for this and other VRS Senate bills.</i></p>

# 2025 VRS-Related Bills

## VLDP

Bill Number	Patron	Description
HB 1705	Bulova	<p>Requires that, beginning July 1, 2026, emergency dispatchers who are not members of the hybrid retirement program become participants in the disability program for hybrid retirement plan members. The employers of such dispatchers shall provide the costs required for funding participation in such program.</p> <p><i>Item 484 #1h includes NGF implementation costs for this and HB 1815.</i></p>



Bill Number	Patron	Description
SB 950	McDougle	<p>Provides that a judge appointed or elected to an original term commencing on or after July 1, 2026, who was at least 55 years old at the time he was appointed or elected to such original term, shall have his service retirement allowance determined under the provisions of the Virginia Retirement System that apply to a judge appointed or elected to an original term prior to January 1, 2013, and who was vested on or before January 1, 2013. Under current law, the service retirement allowance for judges appointed or elected to an original term commencing on or after January 1, 2014, are determined under hybrid retirement plan.</p> <p><i>Item 484 #2s includes NGF implementation costs for this and other VRS Senate bills.</i></p>

# 2025 LODA Bills

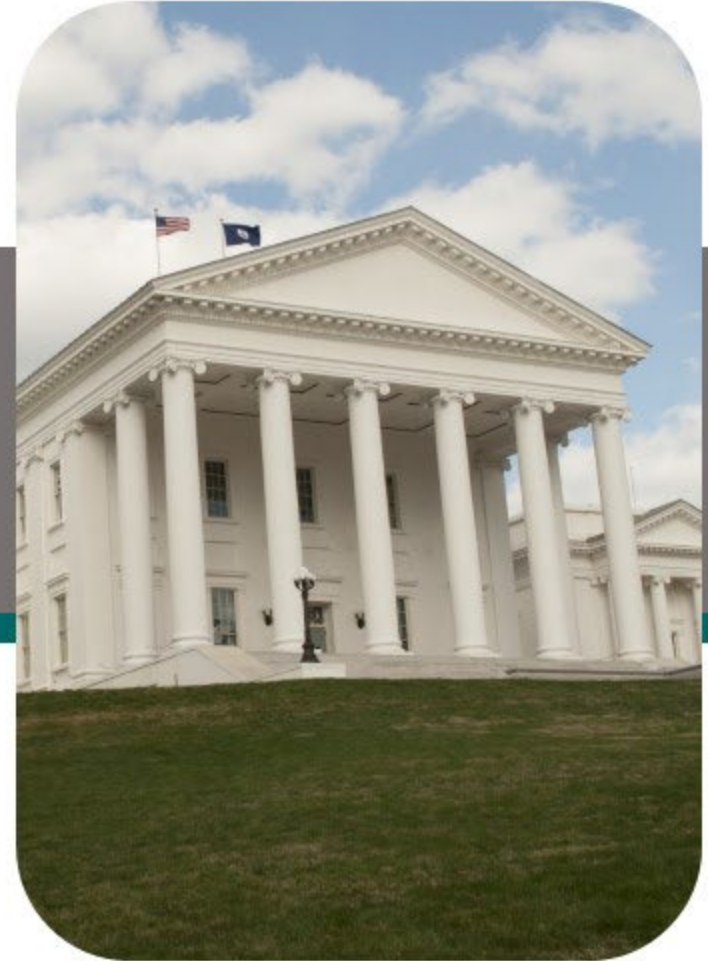
Bill Number	Patron	Description
HB 1815	Campbell	Provides employees of contributing nonprofit private institutions of higher education and contributing private police departments with the benefits granted to employees of participating employers under the Line of Duty Act.  <i>Item 484 #1h includes NGF implementation costs for this and HB 1705. However, both bills now require each contributing nonprofit private institution of higher education to pay its pro rata share of the initial costs to implement the bill, as determined by the Virginia Retirement System.</i>  <i>Item 484 #2s includes NGF spending authority for implementation of this and other VRS Senate bills.</i>
SB 1142	Obenshain	

# 2025 LODA Bills

Bill Number	Patron	Description
HB 2204	McQuinn	Provides that if a deceased person, as that term is defined in the Line of Duty Act, died as a result of certain cancers within 10 years from his date of retirement, his beneficiary shall be entitled to the payment of certain benefits. Under current law, such beneficiary shall be entitled to such payment if the deceased person's death (i) arose out of and in the course of his employment or (ii) was within five years from his date of retirement.
SB 1195	Deeds	

*Item 484 #2s includes NGF implementation costs for this and other VRS Senate bills.*

# Budget Amendments



# 2025 Committee Budget Amendments

Bill Number	Description
Item 74 #1h	Directs DHRM, with assistance from VRS, to convene a workgroup to evaluate total compensation, including retirement benefit for law enforcement officers covered under VaLORS. The report shall be issued by October 1, 2025.
Item 484 #1s	This amendment directs the Virginia Retirement System to coordinate with the Department of Education, the Department of Human Resource Management, the Virginia Association of Counties, Virginia Municipal League, the Virginia School Boards Association, and stakeholders for state and local government employees to determine whether the elimination of the traditional Virginia Retirement System defined benefit pension has affected the Commonwealth and localities' ability to retain state and local government employees, including but not limited, to teachers. The report is due by December 1, 2025.
Item 1 #3s	Provides funding for SB 1219, establishing the Legislator Compensation Commission, to be formed every four years to review the salaries, expense allowances, retirement benefits, and other compensation received by members of the General Assembly.

# 2025 Committee Budget Amendments



Bill Number	Description
Item 469 #2h	Provides \$100,000,000 from the general fund to reduce the unfunded liability in the state employee retiree health credit program.
Item 470 #1s	Contingently reserves \$500 million from any FY 2025 surplus after any constitutionally mandated deposit to the Rainy Day Fund for VRS retirement plans and other post-employment benefits. In priority order, it provides up to \$250 million towards the unfunded liability of VRS retirement plans and \$250 million toward other post-employment benefits.

# 2025 Committee Budget Amendments



Bill Number	Description
Item 125 #10h	Increases the Literary Fund amount designated for teacher retirement costs in the first year to \$50 million and in the second year to \$150 million, resulting in general funds savings of \$100 million over the biennium.
Item 125 #7s	Provides \$35 million from the Literary Fund to support teacher retirement, supplanting general fund dollars.

# 2025 Committee Budget Amendments

## Salary Actions

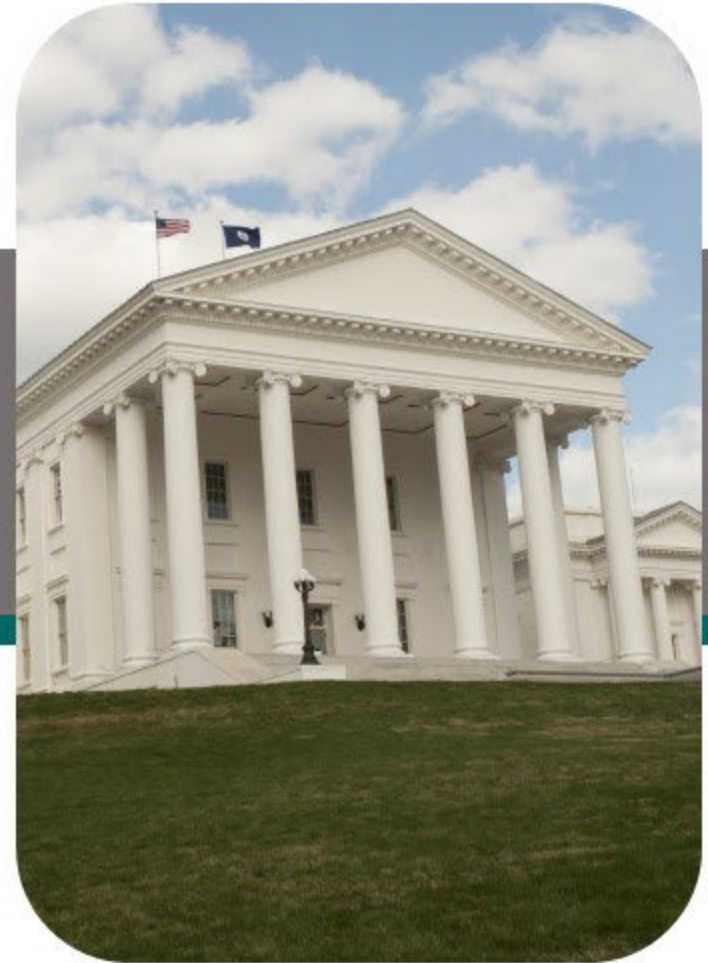
Bill Number	Description
Item 469 #1h	Provides a 1% bonus for state employees and state-supported local employees payable in the December 1, 2025 paycheck.
Item 469 #1s	Provides a 1.5% bonus for state employees and state-supported local employees payable in the June 16, 2025 paycheck.
Item 125 #8h	Provides a \$1,000 bonus on September 1, 2025 for state-supported instructional and support positions. Does not require a local match.
Item 125 #5s	Provides a \$1,000 bonus for teachers by June 1, 2025.
Item 471 #2h	Increases minimum wage to \$13.50 an hour starting January 1, 2026.
Item 1 #2s	Provides full benefits for a second legislative aide position beginning in FY 2026, including health care and retirement.



# 2025 Committee Budget Amendments

Bill Number	Description
Item 471 #3h	Provides funding to support HB 2764 in FY 2026 to allow collective bargaining for state employees related to wages, hours, and other terms and conditions of employment.
Item 4-14 #6s	Language to amend § 65.2-107 to provide PTSD coverage up to 104 weeks instead of 52 weeks under Workers' Compensation for law-enforcement officers and firefighters.

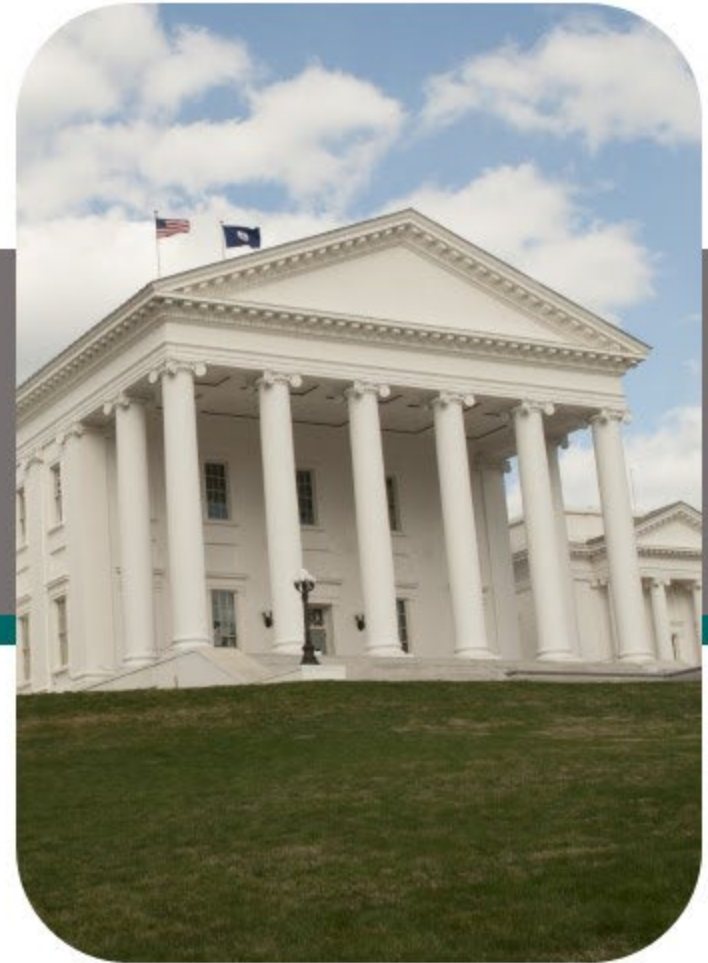
# Governor's Appointments



# 2025 Governor's Appointments

Bill Number	Patron	Description
SJ 273	Rouse	<p>Confirming the following appointments:</p> <p>A. Scott Andrews to a two-year term as chair on the Virginia Retirement System Board of Trustees beginning March 1, 2024.</p> <p>Susan Gooden to a five-year term on the Virginia Retirement System Board of Trustees beginning on March 1, 2024.</p>

# Failed Legislation



# 2025 VRS-Related Bills - Failed

## Local Hazardous Duty Bills

Bill Number	Patron	Description
HB 1564	Cherry	Allows local governments to provide enhanced retirement benefits for hazardous duty service to full-time salaried 911 dispatchers. Such enhanced retirement benefits apply only to service earned on or after July 1, 2026, but allows an employer, to provide such enhanced retirement benefits for service earned as a full-time salaried 911 dispatcher before July 1, 2026, in addition to service earned on or after that date. Delayed effective date of July 1, 2026.
HB 1619	Clark	
SB 1083	Perry	
SB 1088	Jordan	
SB 1156	Obenshain	
HB 2194	McQuinn	Permits political subdivisions participating in VRS to provide retirement benefits comparable to the benefits provided to state police officers to juvenile detention specialists. The bill applies only to service earned on or after July 1, 2026, but allows an employer, as that term is defined in relevant law, to provide such enhanced retirement benefits for service earned as a full-time juvenile detention specialist before July 1, 2026, in addition to service earned on or after that date. The bill has a delayed effective date of July 1, 2026.

# 2025 VRS-Related Bills - Failed

## Local Hazardous Duty Bills

Bill Number	Patron	Description
HB 2579/HB 2581	Cardoza	Allows local governments to provide enhanced retirement benefits for hazardous duty service to (i) full-time salaried 911 dispatchers, (ii) full-time animal control officers, and (iii) sworn municipal park rangers qualifying as conservators of the peace. The bill provides that enhanced retirement benefits apply only to service earned in such positions on or after July 1, 2026, but allows an employer to provide such enhanced retirement benefits for service earned in such positions before July 1, 2026, in addition to service earned on or after that date.
HB 1812 SB 1396	Campbell Head	Adds full-time animal control officers to the list of local employees eligible to receive enhanced retirement benefits for hazardous duty service for service earned in such positions on or after July 1, 2026. Under current law, localities may provide such benefits to first responders, including firefighters and emergency medical technicians, and certain other hazardous duty positions. The bill has a delayed effective date of July 1, 2026.

# 2025 VRS-Related Bills- Failed

## VaLORS

Bill Number	Patron	Description
HB 1563	Cherry	Extends membership in the Virginia Law Officers' Retirement System (VaLORS) to emergency dispatchers who are employed by the Department of State Police, Capitol Police, and agencies whose law-enforcement officers are eligible for membership in VaLORS. The bill has a delayed effective date of July 1, 2026, and provides that such membership would apply only to service earned on or after July 1, 2026.
HB 2315	Davis	Changes the age through which a retired law-enforcement officer covered under the Virginia Law Officers' Retirement System is entitled to receive an additional retirement allowance from the law-enforcement officer's sixty-fifth birthday to retirement age as defined by the Social Security Act. This change aligns the additional allowance with that currently provided under the State Police Officers' Retirement System.

# 2025 VRS-Related Bills - Failed

## SPORS

Bill Number	Patron	Description
HB 1592	Pugh Kent	Provides membership in the State Police Officers' Retirement System (SPORS) to conservation police officers in the Department of Wildlife Resources for service earned on or after July 1, 2026. The bill directs the Virginia Retirement System (VRS) to assess the administrative and financial impacts of the bill and provide recommendations for implementing the bill to the General Assembly no later than November 1, 2025. Except for the assessment and recommendations to be made by VRS, the provisions of the bill have a delayed effective date of July 1, 2026.
SB 928	Stuart	
SB 1224	Deeds	



# 2025 VRS-Related Bills - Failed

## Weighted Service

Bill Number	Patron	Description
HB 2070	Grant	Provides that a member of the Virginia Retirement System shall be eligible for additional years of service credit for service earned as a teacher in the field of career and technical education. The amount of service credit earned shall be (i) for service earned as a member who is more than 45 years old but less than 55 years old at the time of such service, such service shall be multiplied by the weighted years of service factor of 2.0 and (ii) for service earned as a member who is more than 55 years old at the time of such service, such service shall be multiplied by the weighted years of service factor of 2.5.

# 2025 VRS-Related Bills - Failed

## LODA

Bill Number	Patron	Description
SB 1286	Durant	Adds auxiliary police officers and volunteer deputy sheriffs to the list of individuals eligible for benefits under the Line of Duty Act.
HB 2363	Wilt	Allows the Department of Corrections to designate employees to have the same power as a sheriff or a law-enforcement officer for the purpose of enforcing the criminal laws of the Commonwealth. Under current law, the Department can designate such employees with internal investigations authority to have such law-enforcement powers in the investigations of allegations of criminal behavior affecting the operations of the Department.

# 2025 VRS-Related Bills - Failed

## LODA/VaLORS

Bill Number	Patron	Description
HB 2447	O'Quinn	Adds the State Fire Marshal and personnel of the Virginia Department of Fire Programs who, as a regular component of their official duties, are exposed to hazards or threats to their life and health to the lists of those eligible for benefits under the Line of Duty Act and for membership in the Virginia Law Officers' Retirement System.

# 2025 VRS-Related Bills - Failed

## Return to Work

Bill Number	Patron	Description
HB 1986	Lovejoy	Allows a retired law-enforcement officer to return to work full time as a law-enforcement officer and continue to receive his pension under the Virginia Retirement System. Such person shall be required to have a break in service of at least six calendar months before reemployment. The bill has a delayed effective date of January 1, 2026.



## *Resolution of Appreciation*

PRESENTED TO

**Michael R. Beasley**

*W*HEREAS, Mr. Michael R. Beasley faithfully served the Virginia Retirement System, its members, and retirees as an esteemed member of the Investment Advisory Committee from 2013 through 2024; and

*W*HEREAS, Mr. Beasley served as a member of the Committee working in a collegial manner with his fellow Committee members by actively participating in meeting discussions, and candidly sharing his perspectives based on his extensive experience in the financial industry, along with his aptitude regarding investment strategies and initiatives; and

*W*HEREAS, Mr. Beasley, by virtue of his expert knowledge of the investment industry, shared his wisdom regarding best practices, and actively engaged with and supported staff in discussions about investment initiatives and analysis; and

*W*HEREAS, the Virginia Retirement System Board of Trustees acknowledges and is grateful for Mr. Beasley's service to his country during the Vietnam War, and is humbled by his demonstrated bravery and valor behind enemy lines, along with his dedication and advocacy for his fellow veterans;

*N*OW, THEREFORE, BE IT RESOLVED, that on February 6, 2025, we, the members of the Board of Trustees of the Virginia Retirement System, hereby acknowledge and express our remembrance for Mr. Beasley's loyal service to the Board of Trustees, the Virginia Retirement System, its members, retirees, and the Commonwealth of Virginia, and are grateful for his contributions, stewardship, and commitment while a faithful member of the Investment Advisory Committee.

---

A. SCOTT ANDREWS, CHAIR



Operational/Ongoing Activities	Status	2024						2025						
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Annual Roadmap Review	N/S													
FYE 2025	N/S													
Retirement Wave 2025	N/S													
Commonwealth Bond Disclosure	N/S													
ORPHE Surcharge Billing for FY 2024	N/S													
Data Fixes	●													
ALM Backlog Prioritization	●													
Employer VNAV Security Review	N/S													
VRS Fund Sensitivity and Stress Testing Report for GA	N/S													
Legislation FY 2025	●													

**Yellow Status Items**

Item	Due Date	Comments
N/A		

**Red Status Items**

Item	Due Date	Comments
N/A		

**Realignments/Adjustments**

Item	Due Date	Comments
N/A		



# Director's Report

February 6, 2025

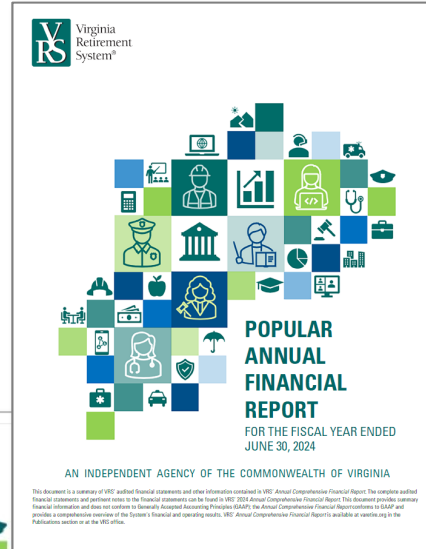
Trish Bishop, VRS Director



# New Employer Coverage

Coverage Elected	Details
<b>Enhanced Hazardous Duty Benefit for Firefighters and Emergency Medical Technicians</b>	<b>Amelia County</b> Effective December 1, 2024
<b>Enhanced Hazardous Duty 1.85% Multiplier</b>	<b>Culpeper County</b> Effective January 1, 2025

# Annual Financial Reports Available



View the VRS 2024 video on the [VRS YouTube channel](#)

The ACFR, PAFR and VRS 101 are available online under Publications at [varetire.org](http://varetire.org)

**VRS 101** AN INTRODUCTION TO THE VIRGINIA RETIREMENT SYSTEM

Helping VRS Members Plan for Tomorrow, Today

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 communication.

Much of our work is described through financial statements, investment returns, actuarial tables and statistics. Yet, our broader story is about delivering benefits to more than 200,000 retirees, and 100,000 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.

**MISSION**  
To be the premier 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**

**14th** LARGEST among public and private pension systems in the United States, based on assets

**36th** LARGEST among public and private pension systems in the world, based on assets

**APPROXIMATELY 84%** of retirees remain in Virginia. Of the \$1.5 billion paid out by VRS in fiscal year 2024, the majority stays in Virginia, where retirees contribute to the local economy.

**VRS at a Glance**  
AT JUNE 30, 2024

- TOTAL ACTIVE MEMBERS: 367,783
- TOTAL RETIREES AND BENEFACTORIES: 240,649
- TRUST FUND NET POSITION\*: \$114.3 billion
- EMPLOYERS: 840

\*As stated by Pension & Investments in 2024

**Virginia Retirement System**  
An Independent Agency of the Commonwealth of Virginia  
JANUARY 2025

# NCPERS Pension Communications Summit January 27 in Washington, D.C.

“Financial Literacy and Member Engagement” highlighted myVRS Financial Wellness features and agency initiatives to boost members’ financial knowledge.



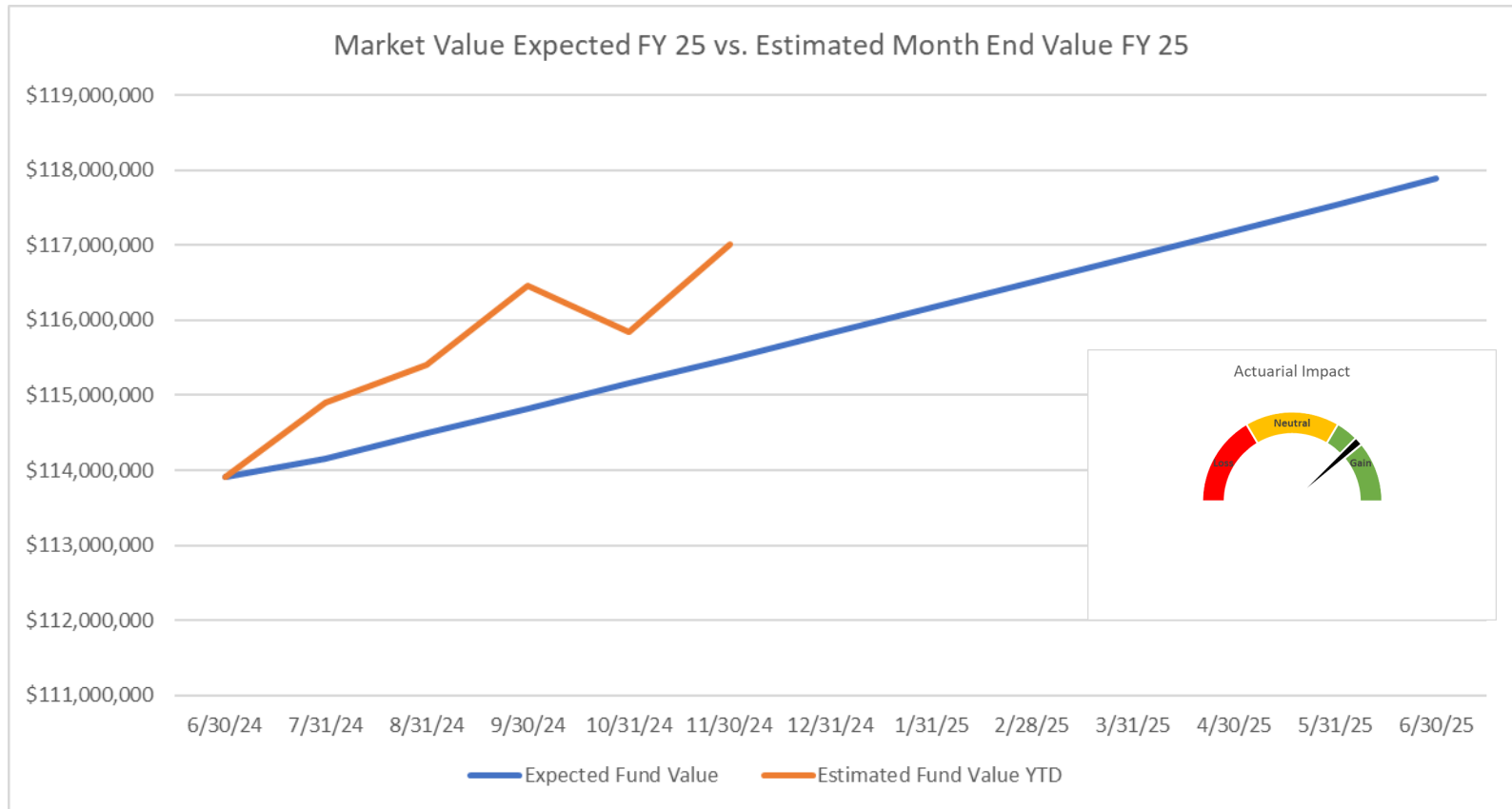
**Deardrian Carver, Ed.D.,**  
VRS Chief Customer Relations Officer  
**Melissa Robertson,**  
VRS Retirement Outreach Counseling



# Actuarial Measures Key Indicators



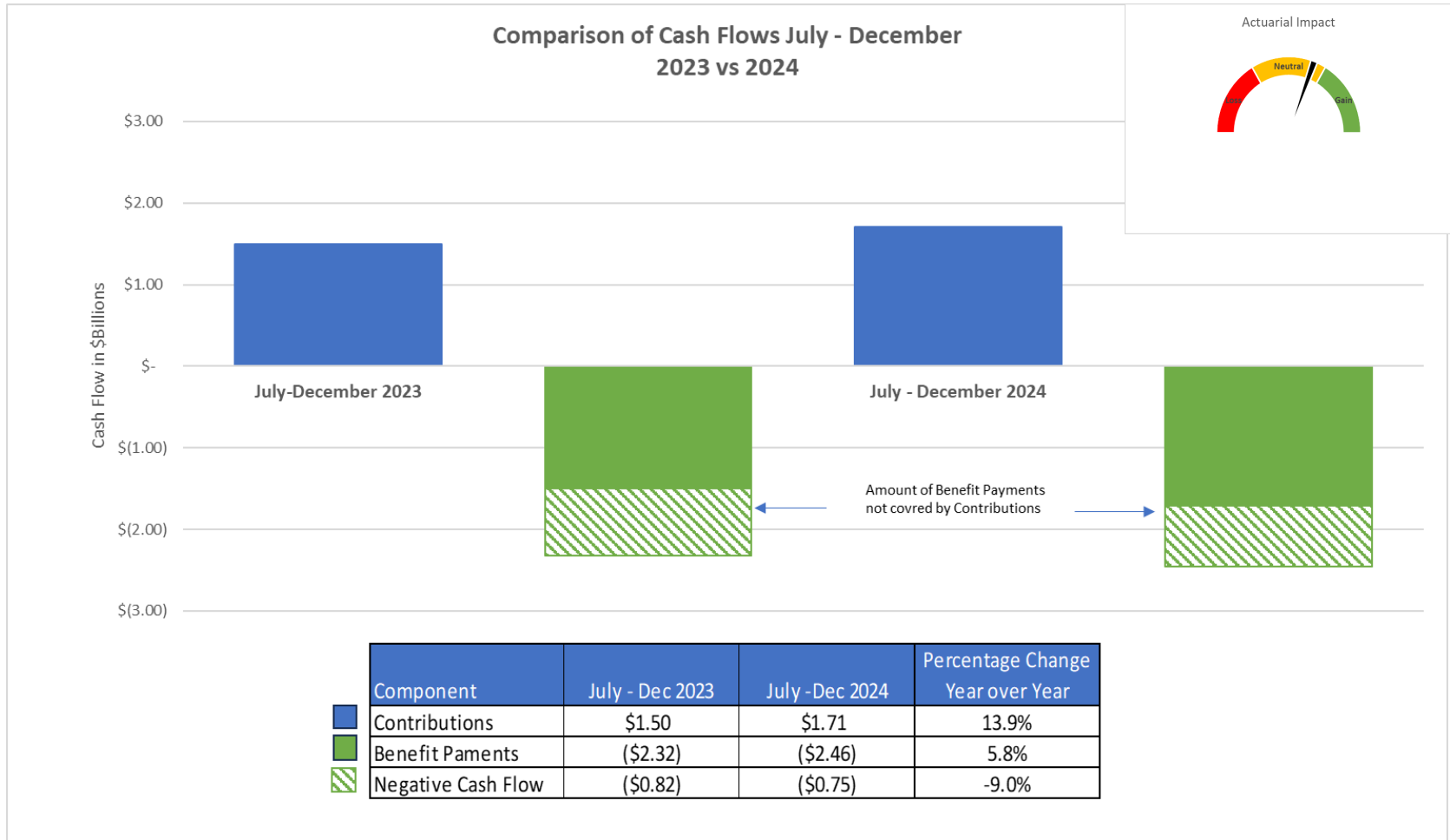
# Fund Market Value Actual vs Expected – FY 2025



- Through first five months of FY 2025 the estimated fund value is trending higher than expected based on an assumed rate of return of 6.75%.

# Pension Cash Flow – Expected vs Observed

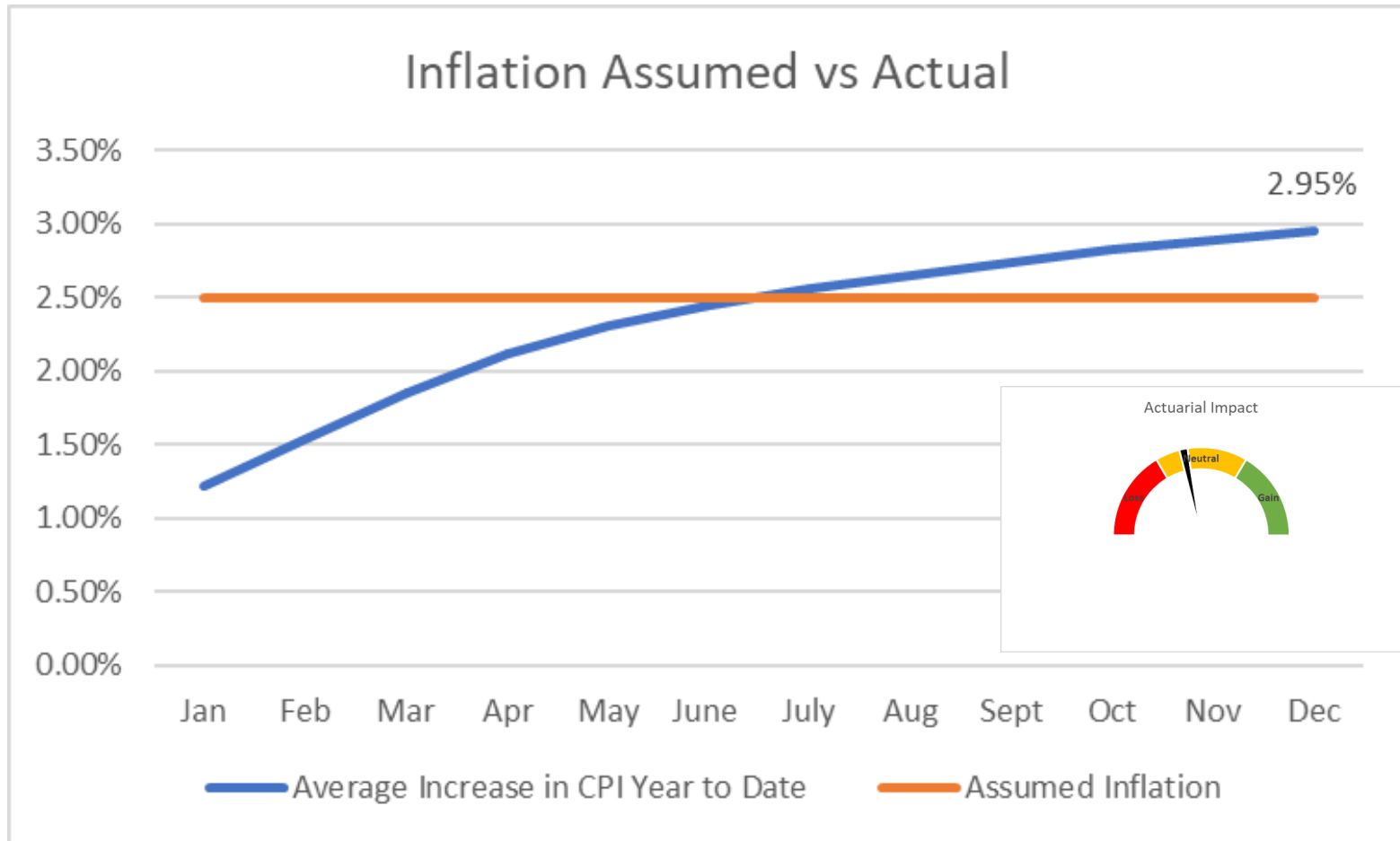
## July – October 2023 vs 2024



- Pension cash flow for first six months of fiscal year 2025 is slightly less negative than was observed in first six months of fiscal year 2024.
- Increase in contributions is outpacing increase in benefit payments.



# Inflation – Average Increase in CPI Year to Date





# Board Preview of Meetings



# VRS Board of Trustees Retreat

March 18-19, 2025 ■ Boar's Head, Charlottesville



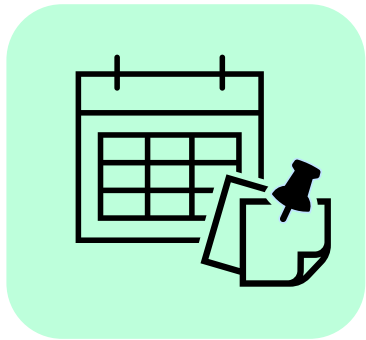
This year's schedule:

**Day 1 (Tuesday):** Afternoon session followed by a reception and dinner.

**Day 2 (Wednesday):** Breakfast and a morning session followed by lunch.

Please RSVP to your retreat invitation!

# Preview: March-April 2025



## March

✦ 18-19 – Board Retreat

## April

✦ 15 – Benefits and Actuarial Committee

✦ 16 – Board of Trustees