

Virginia Retirement System

June 30, 2026 Annual Actuarial Valuation Results

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GRS

Benefits and Actuarial Committee November 12, 2026

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Agenda

- Big Picture
- Highlights of Pension Valuations
- Highlights of OPEB Valuations
- Appendix



Big Picture – November Meeting Content

Pension	Other Post-Employment Benefits (OPEB)
Political Subdivisions	Health Insurance Credit (HIC) • Political Subdivisions • Constitutional Officers • Social Services Employees • Registrars
	Virginia Local Disability Program • Political Subdivisions • Teachers
	Line of Duty Act Fund LODA (separate presentation)

2026 Actuarial Valuation Results

- VRS Pension and OPEB Informational Results
  - Measure funding progress as of June 30, 2026
  - Develop inputs for use in June 30, 2027 valuations
- Odd year valuations develop contribution rates for 2 years

General Funding Objectives

- Intergenerational equity of plan costs
- Stable or increasing ratio of assets to liabilities
- Stable pattern of contribution rates
  - *VRS Code Section 51.1-145*

Actuarial Valuation Process
Statewide Pension and Political Subdivisions

Member Data



1,016,940 Records

Financial Data



$ 130.2 Billion
Market Value of Assets (MVA)

Actuarial Valuation

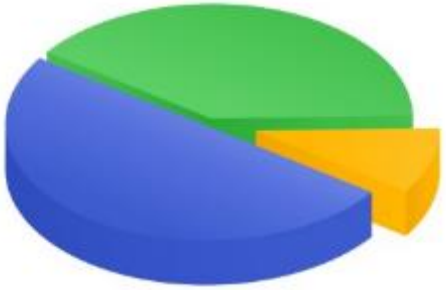
Plan Provisions



Actuarial Assumptions



Actuarial Cost Method

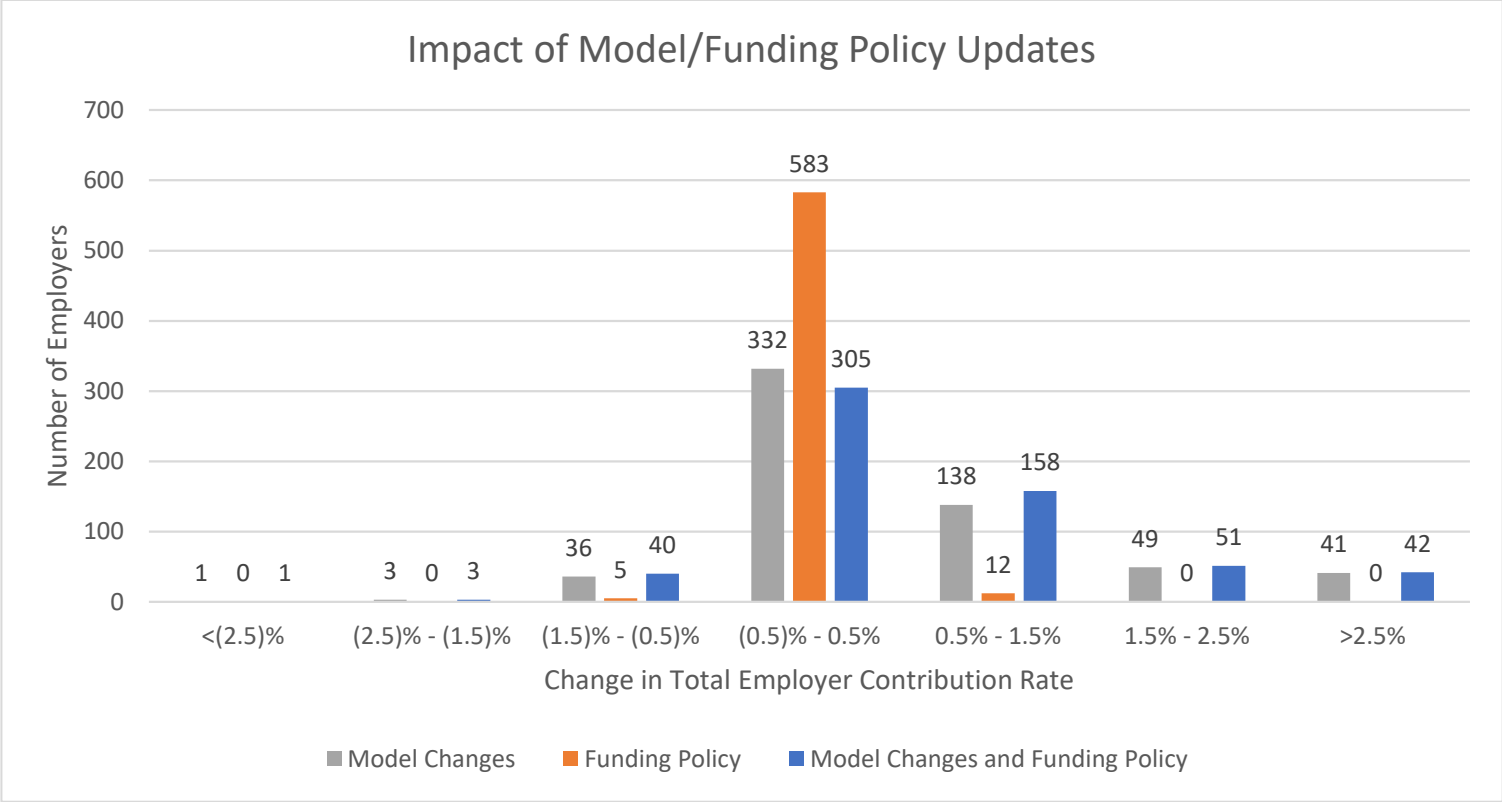


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Valuation Results Highlights

- Experience during 2025-2026
  - Asset gains, slight COLA losses
  - Pay and other experience varied by employer
- Pension Modeling updates
  - Inactive/Active elsewhere records
  - COLA benefits, per Actuarial Audit
  - Imputed Salary
- Funding policy for Local Plans > 100% funded
- No Legislative updates
- Pension results varied by Employer
- OPEB funded status generally increased, OPEB contribution rates generally decreased

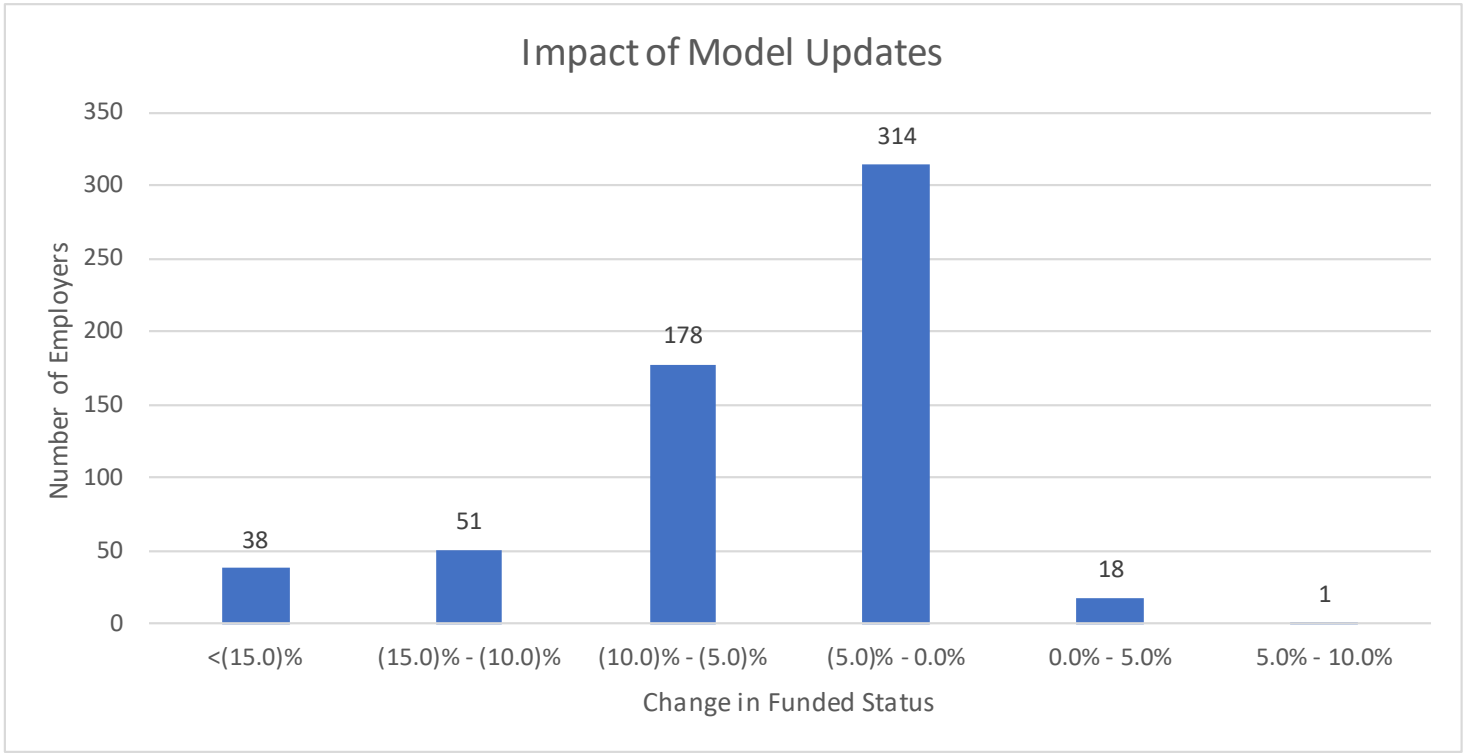
Cost Impact of Political Subdivision Pension Modeling/Funding Policy Updates



Valuation of COLA benefits and inactive/active elsewhere records (Excludes employers with 0 active employees)

(0.5)% - 0.5% Funding Policy Includes 381 employers that are below 100% funded and not impacted by Funding Policy Updates

Impact of Modeling Updates on Political Subdivision Pension Funded Status



Valuation of COLA benefits and inactive/active elsewhere records (Excludes employers with 0 active employees)

229 employers remained over 100% funded after model updates
84 employers moved from over 100% funded to below 100% funded
12 employers moved from above 75% funded to below and may be impacted by funding surcharge

Statewide and Political Subdivision Pension Participants/% Change in 2026

ACTIVES		
State	81,700	+0.5%
Teachers	160,858	-0.1%
SPORS	1,888	-0.7%
VaLORS	7,322	-1.8%
JRS	477	+0.8%
Pol.Subs.	126,580	+2.0%
Total	378,825	

INACTIVES		
State	73,329	+5.2%
Teachers	106,425	+6.0%
SPORS	898	+7.5%
VaLORS	16,161	+6.2%
JRS	11	-26.7%
Pol.Subs.	144,465	+7.1%
Total	341,289	

RETIREES		
State	74,920	+1.2%
Teachers	116,394	+1.6%
SPORS	1,931	+2.6%
VaLORS	7,664	+2.7%
JRS	629	+2.6%
Pol.Subs.	95,288	+3.3%
Total	296,826	

Total Annual Salary: $ 27 Billion

24% are Plan 1

94% are Plan 1

Total Annual Benefit Payments: $7.2 Billion



Actives: Changes in Average Salary

System	2025	2026	% Change	% Change for Continuing[1]	
				Expected	Actual
State	$ 77,218	$ 78,035	1.1%	4.5%	2.1%
Teachers	69,331	72,027	3.9%	5.1%	5.9%
SPORS	96,071	95,891	-0.2%	4.2%	2.7%
VaLORS	58,011	58,029	0.0%	4.7%	1.4%
JRS	208,551	208,682	0.1%	4.0%	0.3%
Pol. Sub.	64,812	67,335	3.9%	4.6%	5.7%

[1] Continuing are members active in both the current and prior valuation.

Return to Work (RTW) payroll increased 25% during the fiscal year growing from $20 million to approximately $25 million

- RTW payroll is included to pay contributions for members who have retired and returned to work and not accruing benefits

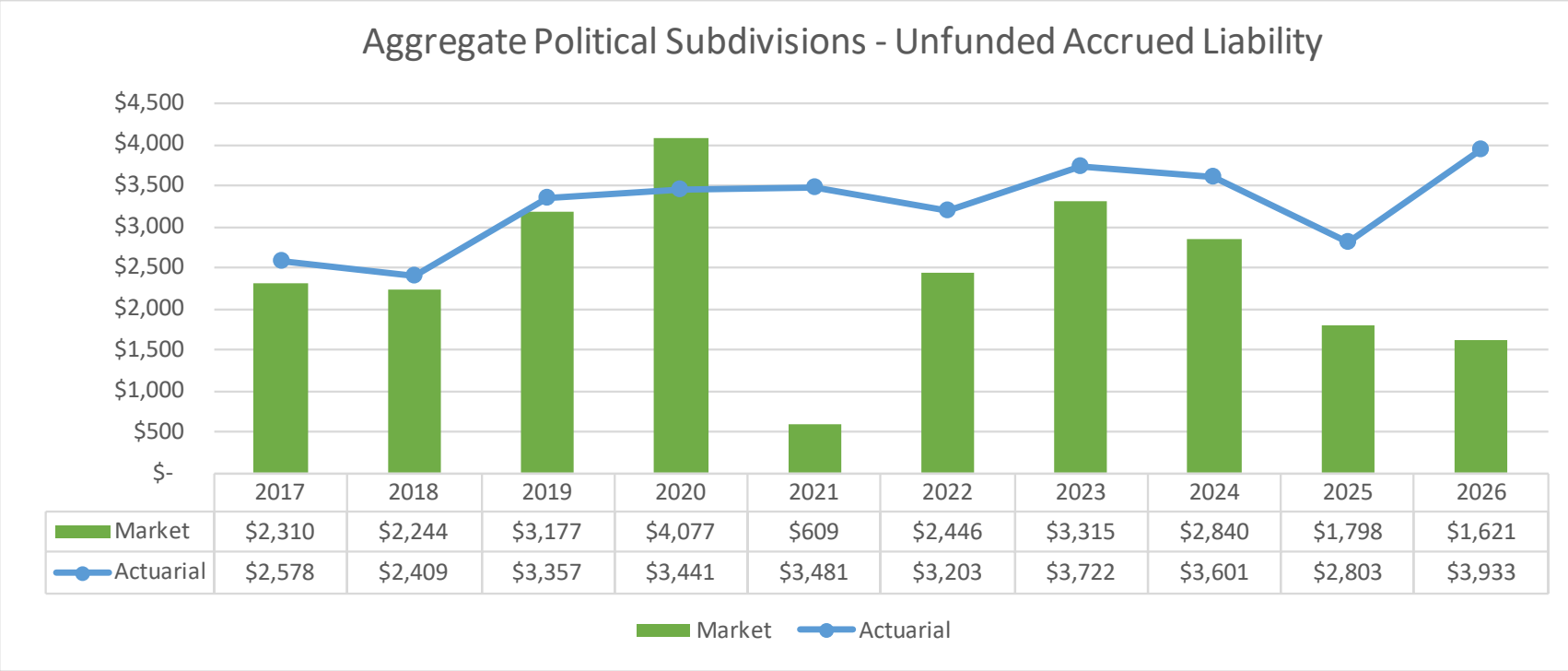
Actuarial Value Assets: Political Subdivisions Pension ($Millions) – **12.1%/8.0% MVA/AVA Return**

In chart below asset gains are positive, asset losses are negative.

	2026	2027	2028	2029	2030
Actual Investment Return	3,812				
Assumed Investment Return	2,160				
Gain/(Loss) to be Phased-in	1,652				
Phased-in Recognition -Current year	330	?	?	?	?
-1st prior year	226	330	?	?	?
-2nd prior year	162	226	330	?	?
-3rd prior year	(13)	162	226	330	?
-4th prior year	(360)	(13)	162	226	330
Total Recognized Gain/(Loss)	345	705	718	556	330

2027-2030: Expect $2.3 billion in deferred asset *GAINS*
Future investment losses could offset current deferred gains

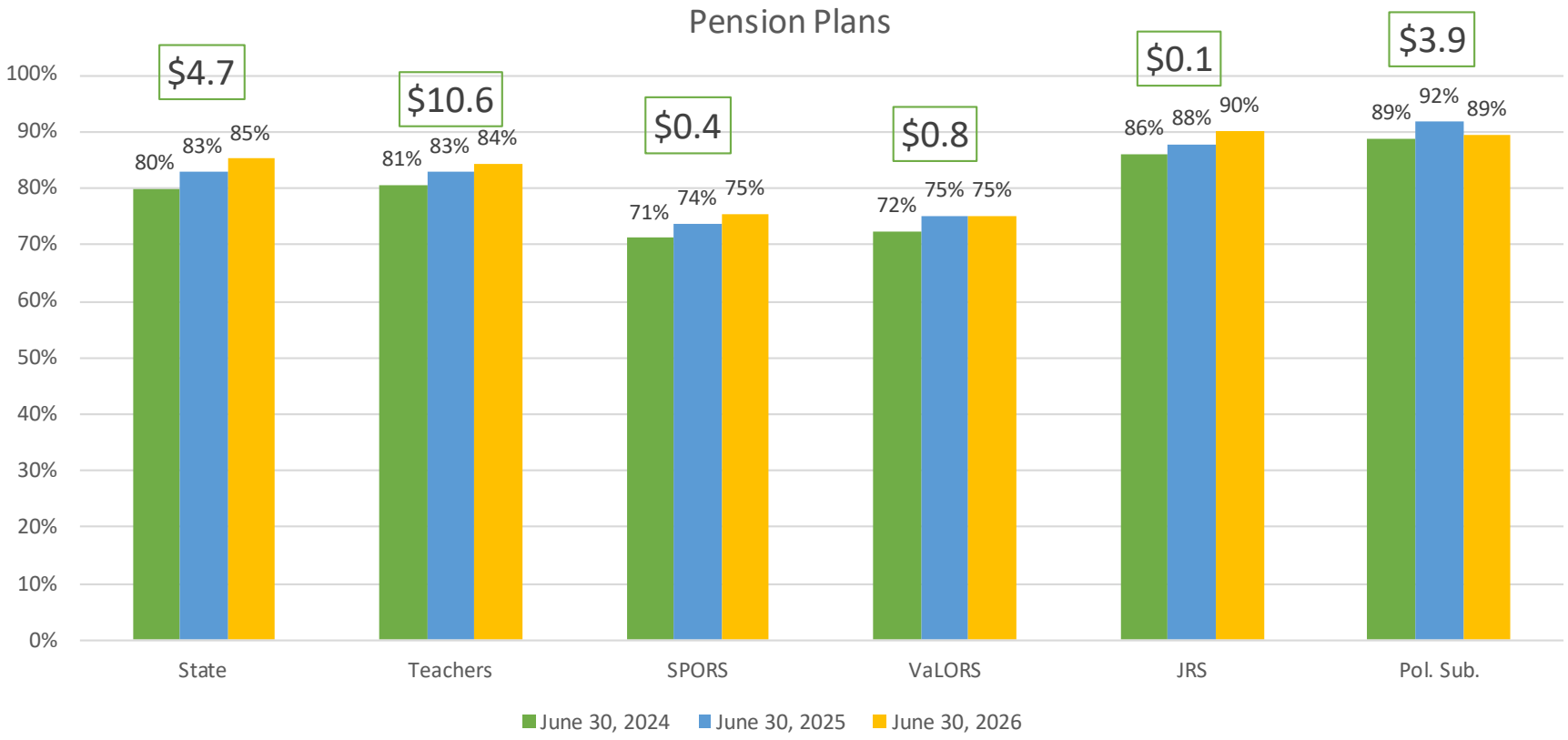
Why We Smooth Asset Returns



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Market	$2,310	$2,244	$3,177	$4,077	$609	$2,446	$3,315	$2,840	$1,798	$1,621
Actuarial	$2,578	$2,409	$3,357	$3,441	$3,481	$3,203	$3,722	$3,601	$2,803	$3,933

- Unfunded liabilities will trend to Market Value basis over time
- Helps achieve level percent contributions objective in VA Code

Funded Status and Unfunded Liabilities (AVA)
June 30, 2026 Unfunded Liabilities in $Billions



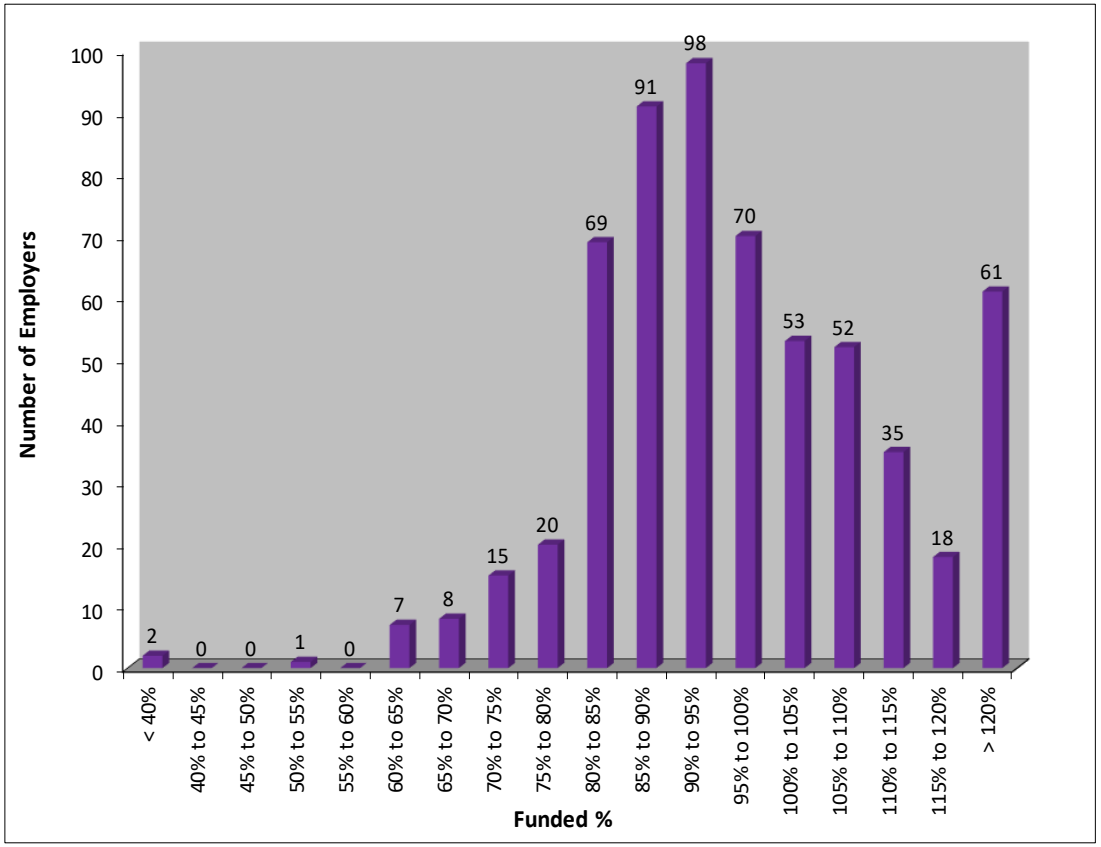
Funded Status (AVA) – Pension Plans, Political Subdivisions

Funded Status as of June 30, 2026 for 600 Employers

Average Funded Status

96.1%

Pol. Sub. With no Enhanced Hazardous Duty



Average Funded Status

87.9%

Pol. Sub. With Enhanced Hazardous Duty

Chart shows Funded status distribution, 33 employers <75% to 219 employers > 100%

The chart above shows 600 employers; employers with 0 actives are excluded.

Calculated Employer Contributions

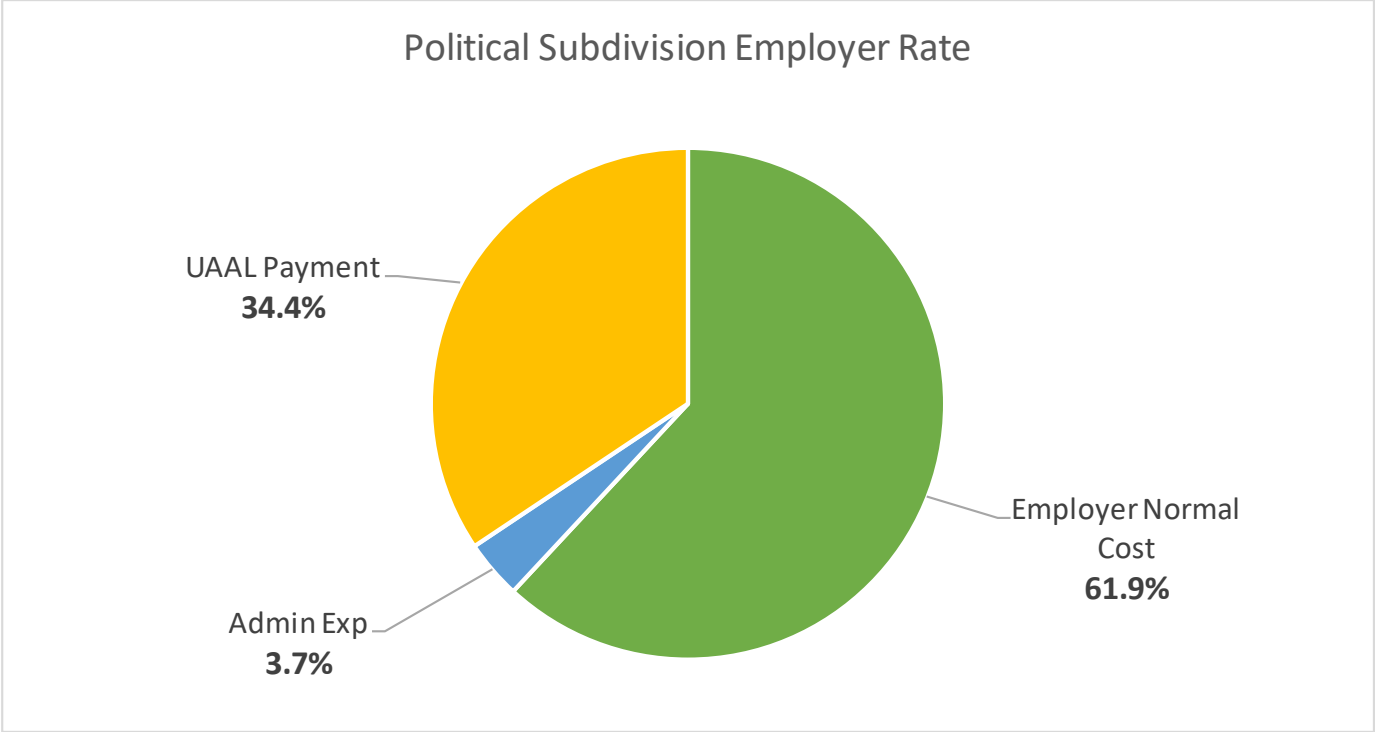
Will vary significantly for System/Plan/Employer based on:

- Benefit Features
- Demographics
- Funded Status

<u>Two Main Components:</u>

- Normal Cost – this represents the cost of the current year benefit earned by each active member
- Amortization of Unfunded Liability – uses a systematic method (funding policy) to pay off the unfunded liability for each employer

Calculated Pension Contributions – Political Subdivisions Average Employer

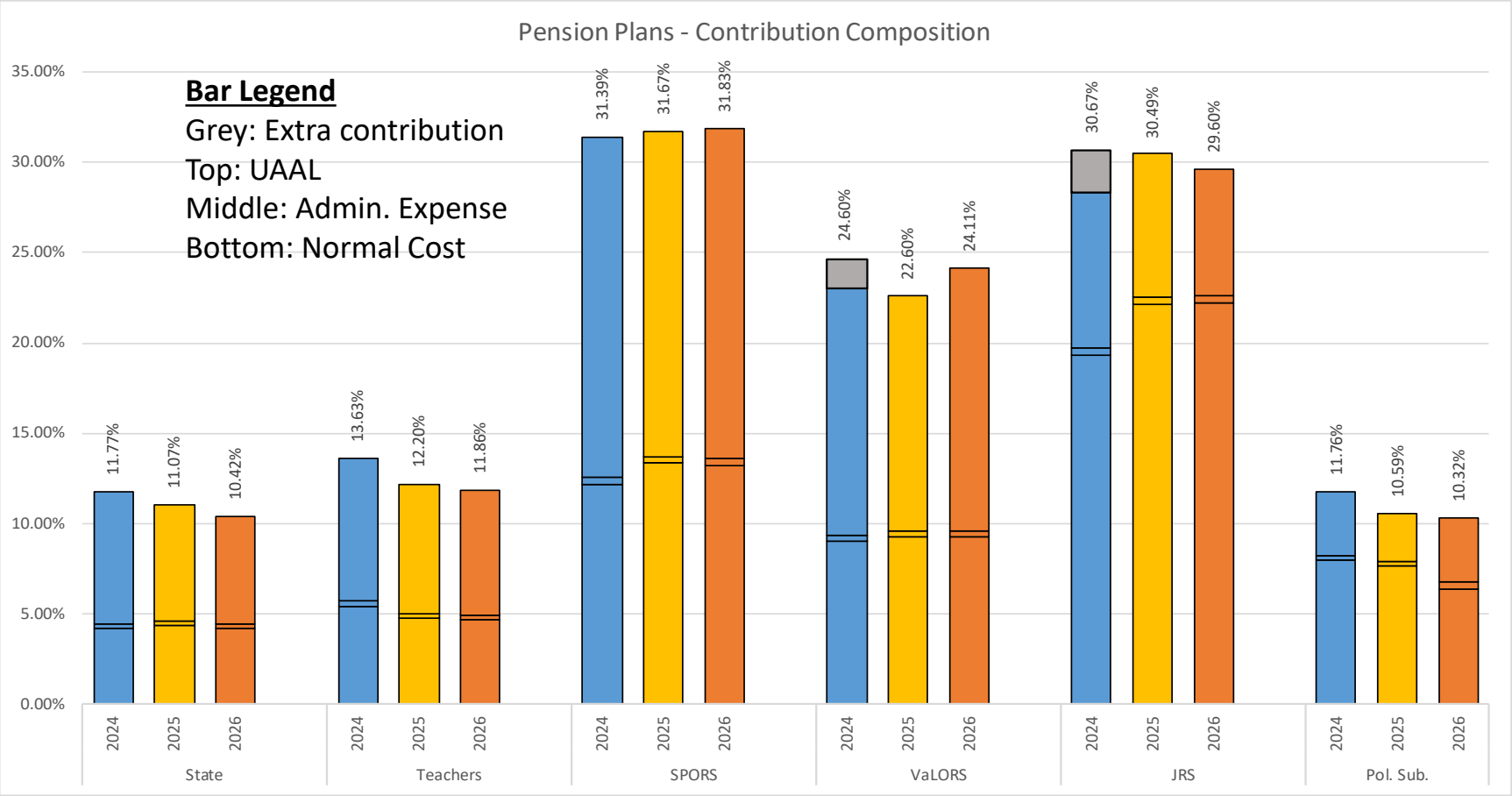


UAL amortization payment = approximately 34% of total contribution
- UAL = approximately 60% of contribution for State plans (other than JRS)

Normal Cost ultimately decreases to Plan 2/Hybrid level

Average Employer Rate = 10.32%

Actuarially Determined Employer Contribution Rates – Pension Plans



- Additional Contributions in 2024 to maintain rate for VaLORS and JRS
- Plans with Hybrid benefit tier have additional required Defined Contribution plan contributions of 1.0%-3.5% of Hybrid payroll

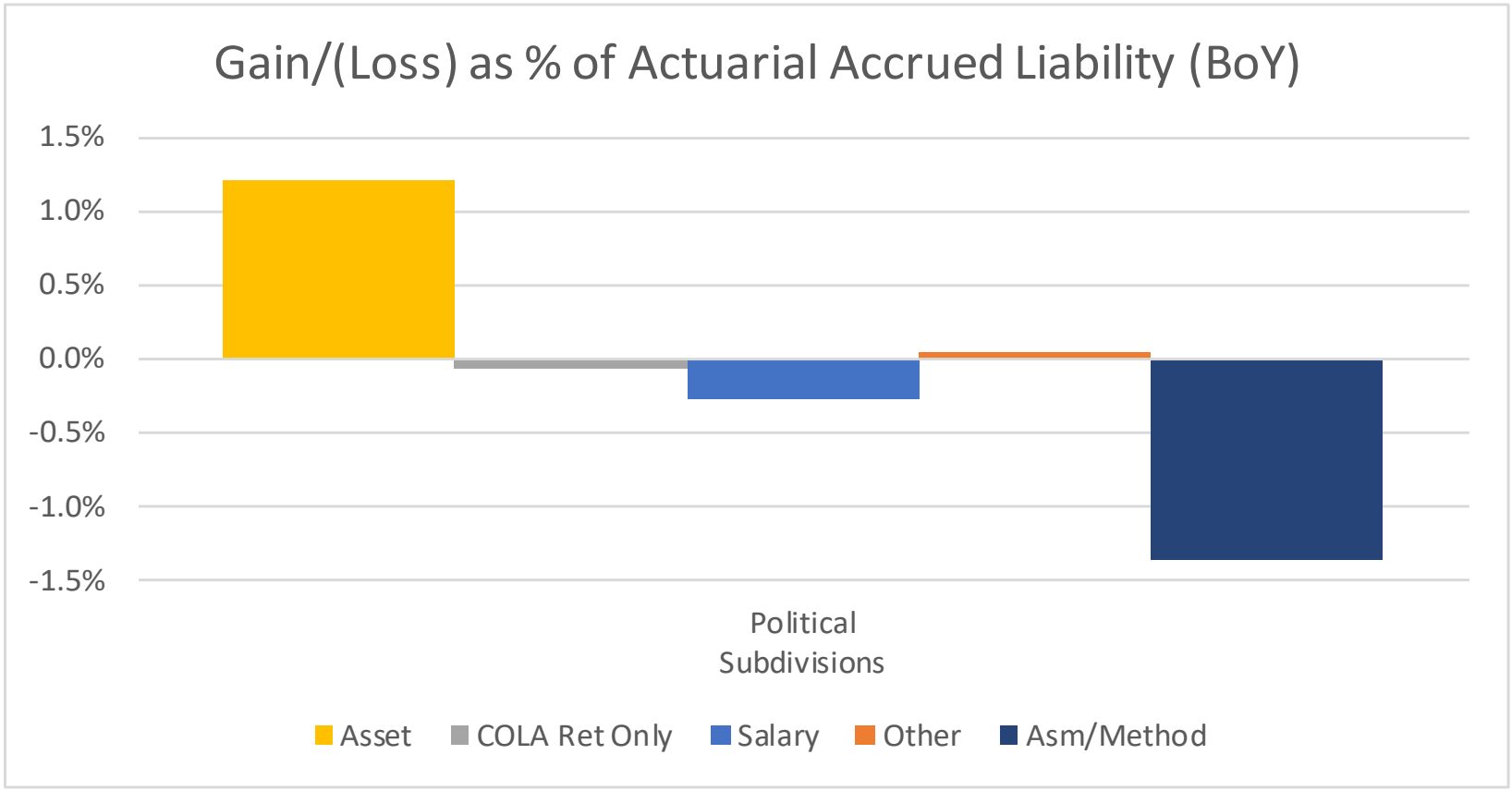
Experience 2025-2026: Pension Plans (in $millions)

	State	Teachers	SPORS	VaLORS	JRS	Pol. Sub.
Expected UAAL	5,205.5	10,826.8	432.0	700.1	104.3	2,709.6
UAAL This Valuation	4,712.5	10,621.2	418.3	762.1	85.3	3,933.3
Total Gain/(Loss)	**$ 493.0**	**$ 205.5**	**$ 13.7**	**$ (62.0)**	**$ 19.0**	**$ (1,223.7)**
– Asset Gain/(Loss)	$ 322.9	$ 700.8	$ 15.3	$ 27.5	$ 9.0	$ 413.2
– Assumption/Method Change	(55.6)	(125.6)	(6.1)	(114.1)	2.8	(1,543.6)
– Plan Change	-	-	-	-	-	(0.4)
– Liability Gain/(Loss)	225.7	(369.7)	4.6	24.6	7.2	(92.9)

($1,543.6) Total Impact of modeling changes on Political Subdivisions ($ millions)

- ($1,157.5) Inactive/Active elsewhere – Better align with member experience
- $196.2 COLA benefits – Lengthening delay assumption, per Actuarial Audit
- ($582.3) Imputed Salary – Technical Adjustment

Political Subdivisions Pension: Gain/Loss (%s)



Primary impacts: investment experience and modeling updates
Other G/(L) includes benefit change and new employer impacts, if any

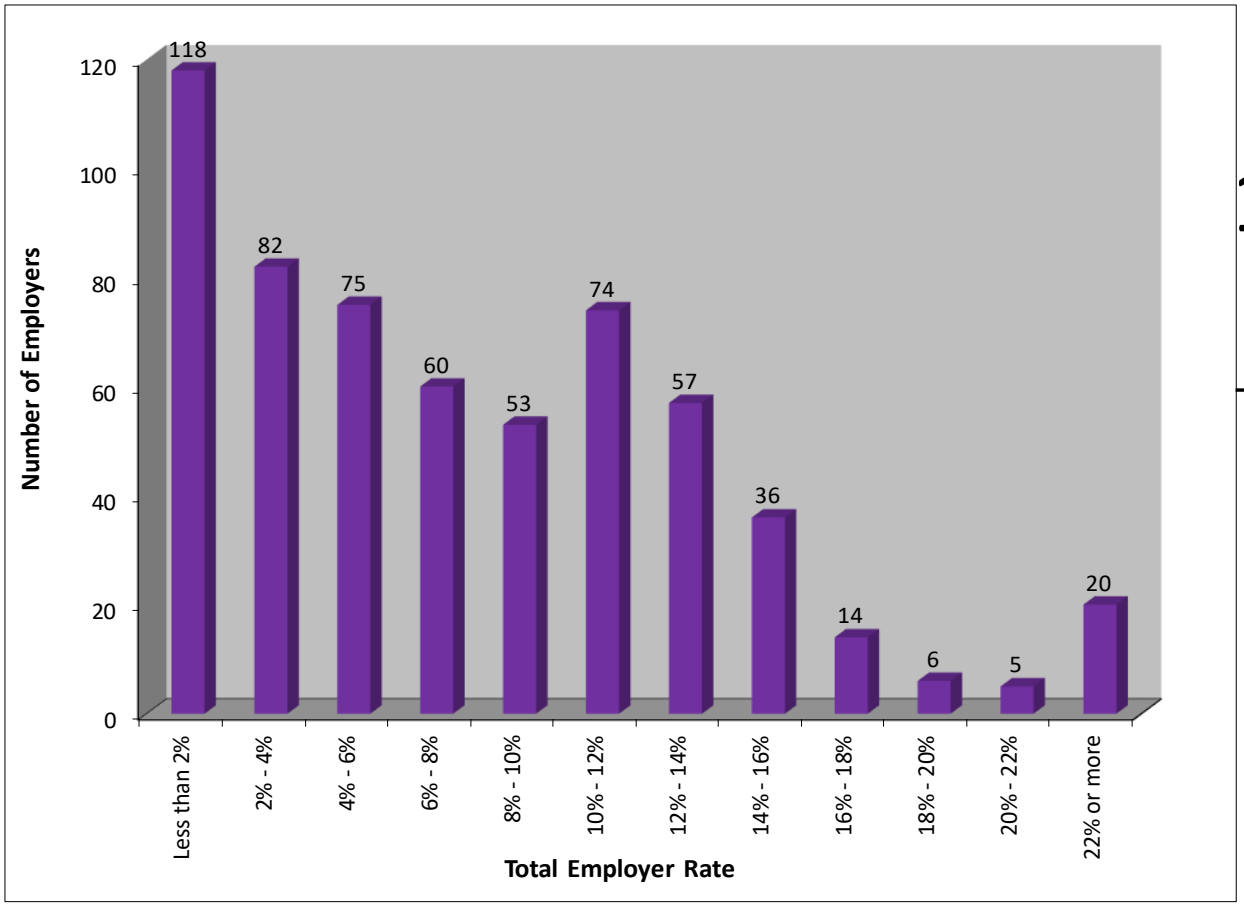
Actuarially Determined Employer Contribution (ADEC) Rates – Political Subdivisions Pension

ADEC Rate as of June 30, 2026 for 600 Employers

Average ADEC Rate

5.34%

Pol. Sub. With no Enhanced Hazardous Duty



Average ADEC Rate

11.98%

Pol. Sub. With Enhanced Hazardous Duty

The chart above shows 600 employers; employers with 0 actives are excluded.

Political Subdivisions: Pension Results

- Liability changes
  - 1 New Political Subdivision for Pension
  - 20 Employers have surcharge[1]
    - 17 Employers had surcharge in 2025 valuation
  - No Employers have additional funding charge[2]
  - Changes in coverage, additional detail in appendix
  - Salary and COLA experience
  - Modeling refinement

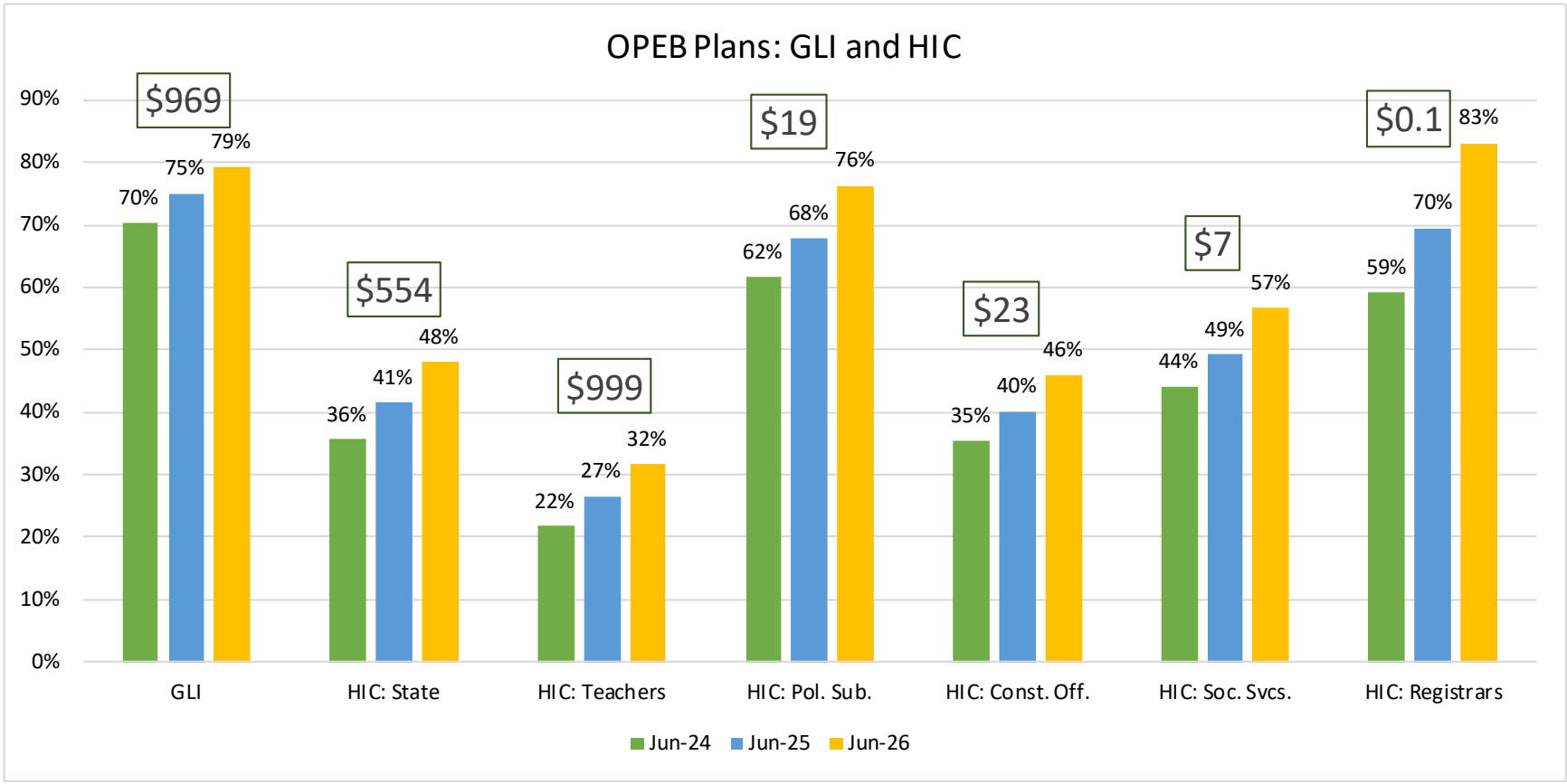
[1]Additional contribution above developed rate to improve funding level

[2]Additional contribution to use 6.75% investment return for GASB purposes

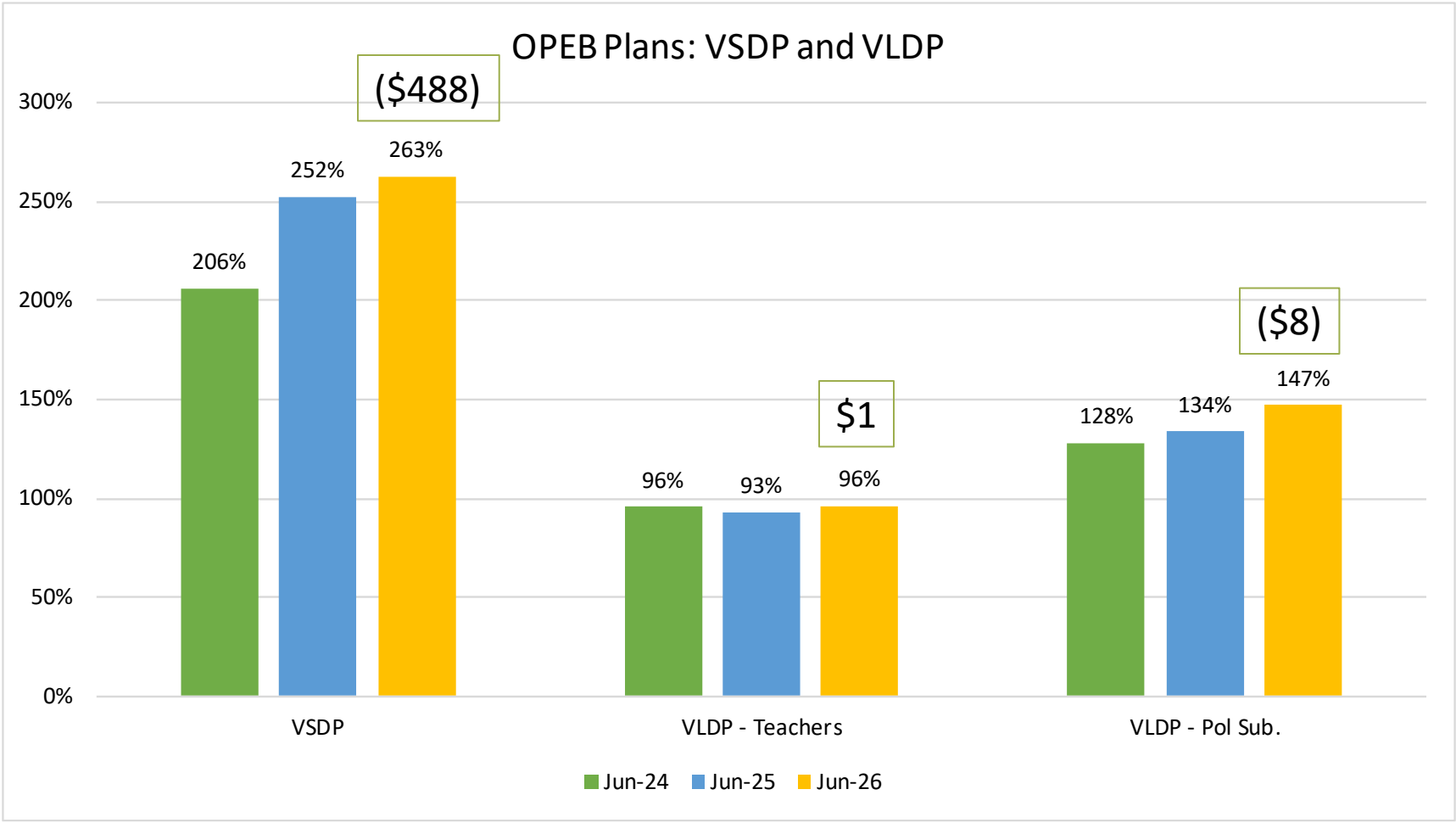
Pension Results Commentary

- Demographic changes vary by employer
  - Active population increased for Political Subdivisions in total
    - Large increases expected to continue as the prior non-VRS pension plans turnover with new hires joining VRS
      - Cities of Richmond, Norfolk
      - Richmond Behavioral Health

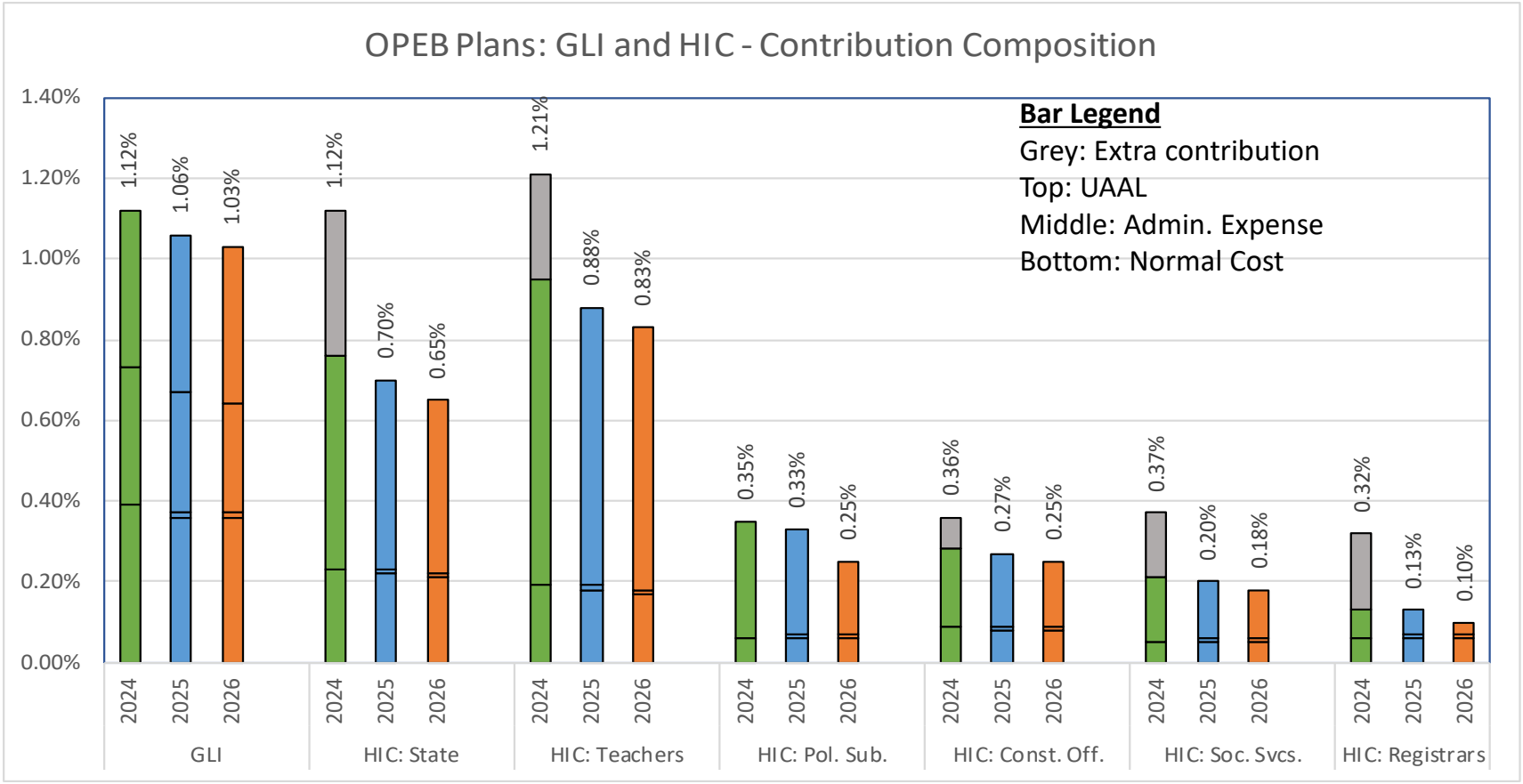
Funded Status (AVA) and Unfunded Liabilities – OPEB Plans
June 30, 2026 Unfunded Liabilities in $Millions



Funded Status (AVA) and Unfunded Liabilities – OPEB Plans
June 30, 2026 Unfunded Liabilities in $Millions

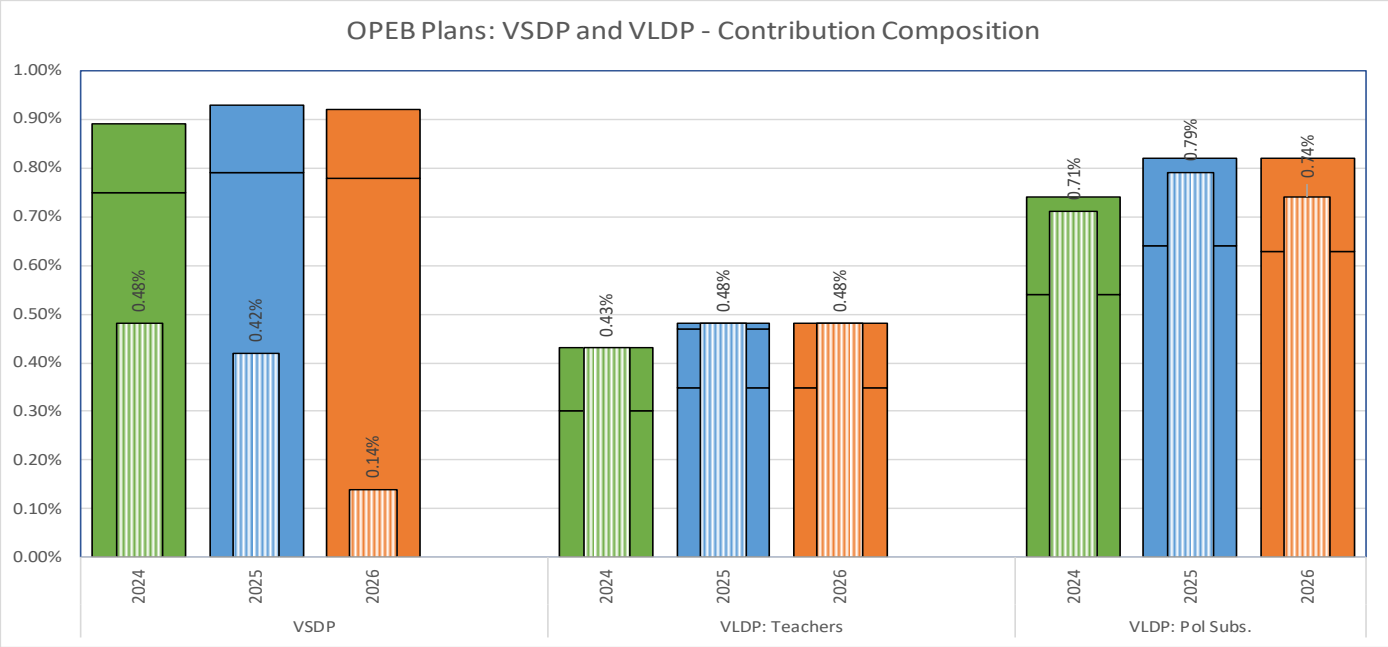


Actuarially Determined Employer Contribution Rates – OPEB Plans



- Additional Contributions in 2024 to maintain rate for State, Teachers, Const. Off, Soc. Svcs., and Registrars
- Top 1/3 of GLI rate reflects active Life Insurance contribution

Actuarially Determined Employer Contribution Rates – OPEB Plans



- The solid bars represent the normal cost and administrative expense. Overfunded VSDP and VLDP: Pol Sub plans have credits that offset these amounts resulting in lower contribution rates which are the smaller shaded bars.
- Funding policy changes serve to decrease the 2026 rates as follows:

  VSDP rate decreases from 0.40% of covered payroll to 0.14%

  VLDP (Political Subs.) rate decreases from 0.75% of covered payroll to 0.74%

Experience 2025-2026: OPEB – GLI, HIC, VSDP, & VLDP (in $millions)

	GLI	HIC: State	HIC: Teachers	HIC: Locals	HIC: Const. Off.	HIC: Soc. Svcs.	HIC: Registrars
Expected UAAL	1,011.0	568.2	1,006.4	20.2	23.0	6.7	0.1
UAAL This Valuation	968.7	554.2	998.9	19.1	22.5	6.6	0.1
Total Gain/(Loss)	**42.3**	**14.0**	**7.5**	**1.1**	**0.4**	**0.2**	**-**
-- Asset Gain/(Loss)	57.7	5.9	5.1	1.0	0.4	0.1	-
-- Assum/Method Change Gain/(Loss)	-	-	-	-	-	-	-
-- Liability Gain/(Loss)	(15.5)	8.1	2.4	0.1	0.1	-	-

	VSDP	VLDP Teachers	VLDP Locals
Expected UAAL	(444.8)	1.7	(5.6)
UAAL This Valuation	(488.1)	0.8	(8.5)
Total Gain/(Loss)	**43.3**	**0.8**	**2.9**
-- Asset Gain/(Loss)	9.4	0.2	0.4
-- Assum/Method Change Gain/(Loss)	-	-	-
-- Liability Gain/(Loss)	33.9	0.6	2.4

Funded Status (Three Year Comparison) – OPEB HIC Political Subdivisions

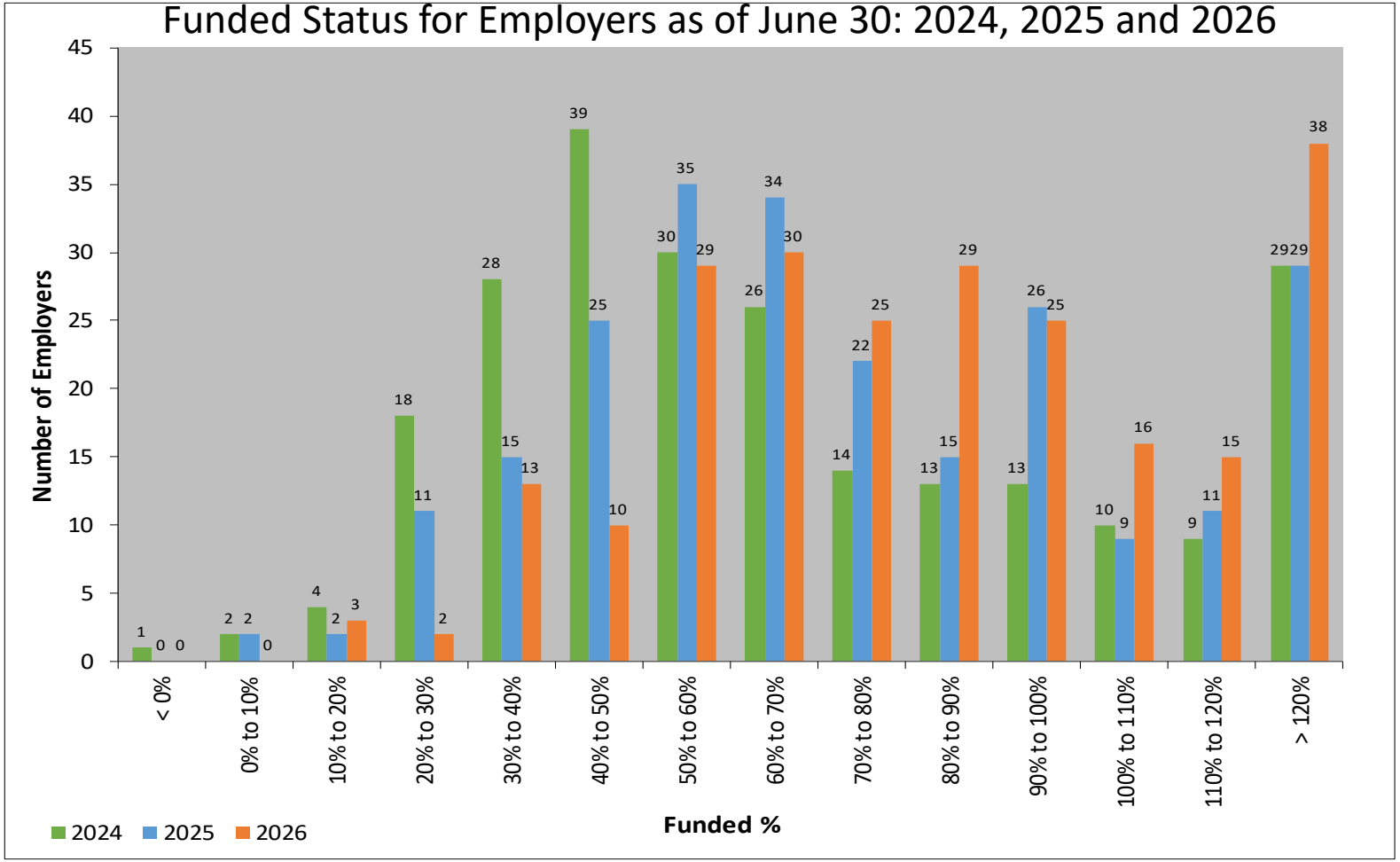
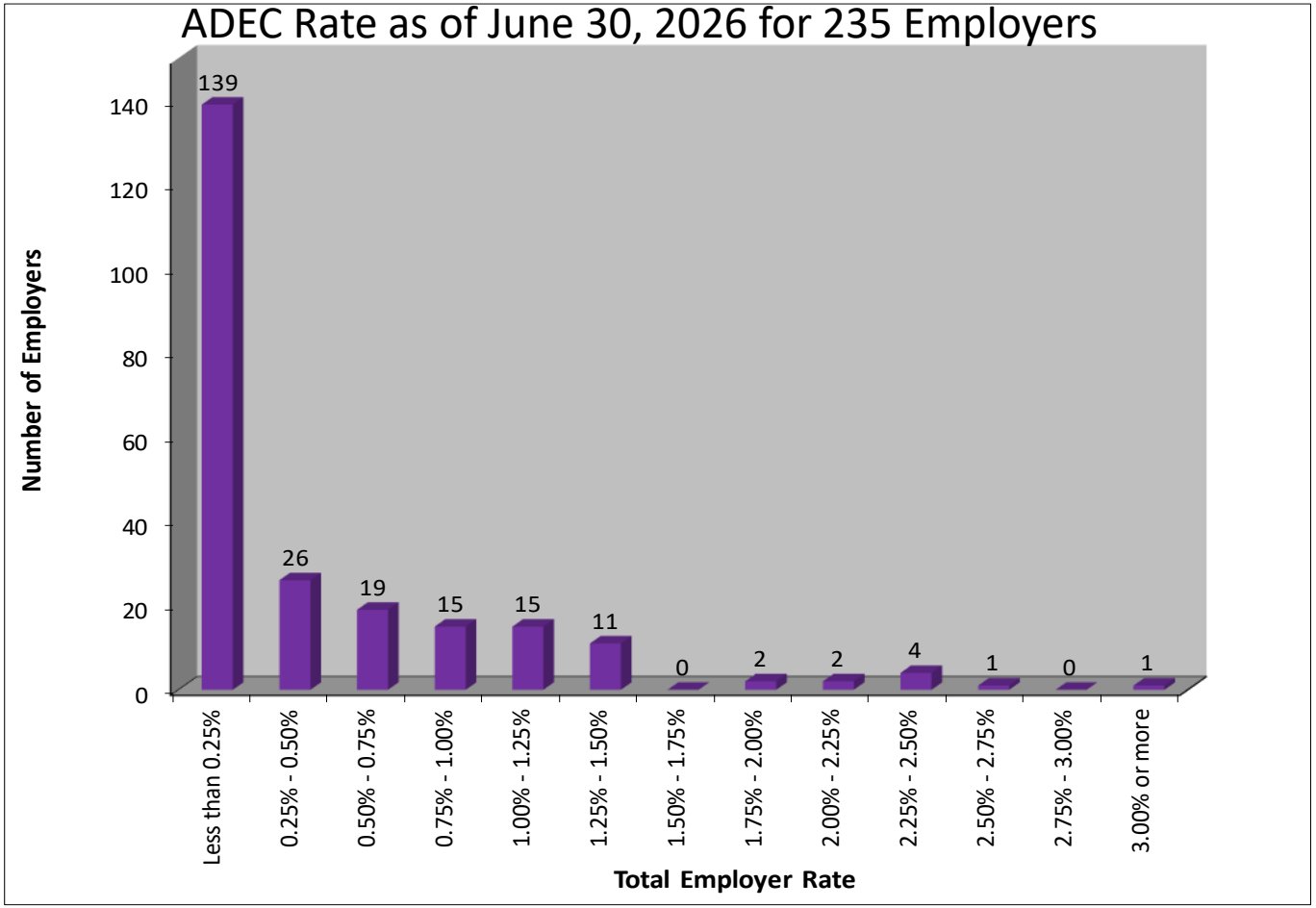


Chart includes: June 30, 2026 = 235 employers, June 30, 2025 = 236 employers, and June 30, 2024 = 236 employers; employers with 0 actives are excluded.

Actuarially Determined Employer Contribution (ADEC) Rates – OPEB HIC Political Subdivisions



The chart above shows 235 employers; employers with 0 actives are excluded.

Contribution unchanged from prior rate setting valuation for 94 employers with surcharge
Funding policy update impacted 69 employers, 25 of those had minimal contribution rate changes

OPEB Results Commentary: HIC Political Subdivisions

- Employers with additional funding charge or surcharge

	2026	2025	2024
Additional Funding Charge	0	0	2
Surcharge	94	136	149

Summary: Pension Plan Contribution Rates

	FY 2025/2026	Informational	FY 2027/2028	Informational
	2023 Valuation	2024 Valuation	2025 Valuation	2026 Valuation
State	12.52%	11.77%	11.07%	10.42%
Teachers	14.21%	13.63%	12.20%	11.86%
SPORS	31.32%	31.39%	31.67%	31.83%
VaLORS	24.60%^	23.00%	22.60%	24.11%
JRS	30.67%^	28.36%	30.49%	29.60%
Pol. Sub (Weighted Avg)	12.25%	11.76%	10.59%	10.32%

^ VaLORS and JRS contribution rates set at 2021 valuation level, increased from 22.81% and 30.66% respectively.

Summary: OPEB Contribution Rates

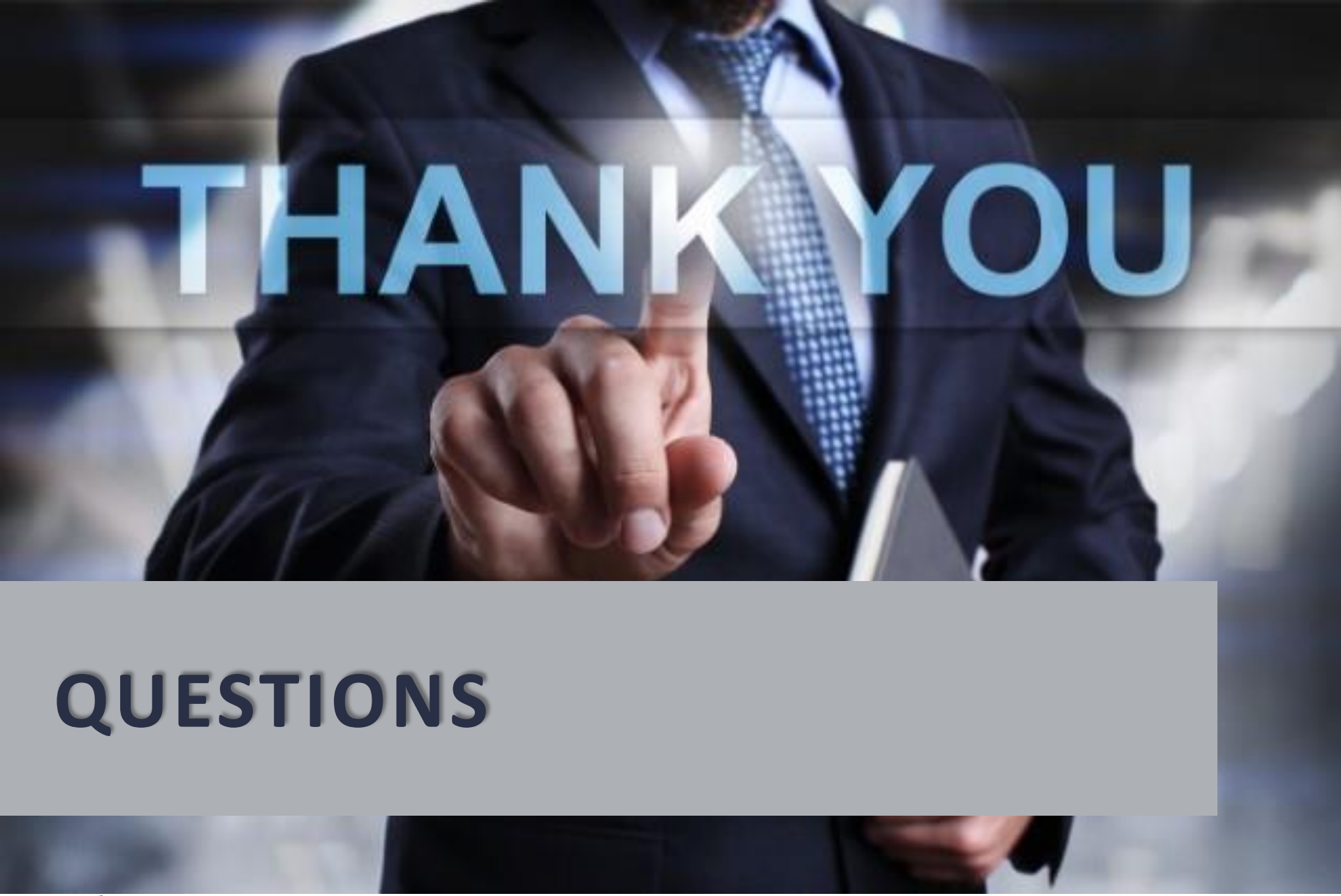
	FY 2025/2026	Informational	FY 2027/2028	Informationl
	2023 Valuation	2024 Valuation	2025 Valuation	2026 Valuatin
Group Life Insurance	1.18%	1.12%	1.06%	1.03%
Health Insurance Credit (HIC)				
-- State	1.12%*	0.76%	0.70%	0.65%
-- Teachers	1.21%*	0.95%	0.88%	0.83%
-- Pol. Subs.	0.36%	0.35%	0.33%	0.25%
-- Const. Officers	0.36%*	0.28%	0.27%	0.25%
-- Social Services EEs	0.37%*	0.21%	0.20%	0.18%
-- Registrars	0.32%*	0.13%	0.13%	0.10%
VSDP	0.50%	0.48%	0.42%	0.14%
VLDP				
-- Teachers	0.45%	0.43%	0.48%	0.48%
-- Pol. Subs.	0.74%	0.71%	0.79%	0.74%

* HIC-State, HIC-Teachers, HIC-Const. Officers, HIC-Social Services EEs, and HIC-Registrars contribution rates held at 2021 valuation level; increased from 0.90%, 1.03%, 0.32%, 0.26%, and 0.17% respectively.

Conclusion



1. **Funded Status on Actuarial Asset Basis**
   - Higher than expected investment returns
   - Salary experience varied, small COLA losses
   - OPEB funded status increased
   - Political Subdivision pension funded statuses impacted by modeling refinements
2. **Contributions**
   - OPEB rates decreased relative to last year's valuations, including for overfunded disability plans to due funding policy
   - Pension rates increased for Political Subdivisions impacted by modeling refinements
   - Pension Rates decreased for overfunded Political Subdivisions due to funding policy



QUESTIONS



APPENDIX

Changes in Coverage Since Last Valuation (Pension)

Employer	Description of Change
Henrico County (55143)	Enhanced Hazardous Duty Benefit - EMTs
Lancaster County (55151)	Enhanced Hazardous Duty Benefit - Fire & EMTs
Northumberland County (55166)	Increase Enhanced Hazardous Duty multiplier to 1.85%
Smyth County (55186)	Enhanced Hazardous Duty Benefit - Fire & EMTs
Westmoreland County (55196)	Increase Enhanced Hazardous Duty multiplier to 1.85%
City of Staunton (55219)	Increase Enhanced Hazardous Duty multiplier to 1.85%
City of Galax (55313)	Enhanced Hazardous Duty Benefit - EMTs
Henrico County Public Schools (55543)	Add Transportation and Maintenance EEs

Changes in Coverage Since Last Valuation (Pension)

Employer	Description of Change
Bristol City Public Schools (55601)	Add Bus Drivers Coverage
Middle River Regional Jail Authority (55890)	Increase Enhanced Hazardous Duty multiplier to 1.85%

- New Political Subdivision for Pension:
  Central Shenandoah Planning District Commission

Summary: Unfunded Pension Plan Liabilities ($000)

Unfunded Liability

AVA

	2025	2026
State	$ 5,356,033	$ 4,712,528
Teachers	11,179,129	10,621,237
SPORS	434,411	418,261
VaLORS	717,570	762,140
JRS	103,531	85,314
Pol. Subs.	2,802,585	3,933,261
Total	20,593,259	20,532,741

MVA

	2025	2026
State	$ 4,535,147	$ 2,814,108
Teachers	9,453,015	6,658,522
SPORS	396,218	330,106
VaLORS	649,166	604,009
JRS	80,225	31,267
Pol. Subs.	1,797,549	1,621,265
Total	16,911,320	12,059,277

Summary: Unfunded OPEB Liabilities ($000)

Unfunded Liability

AVA

	2025	2026
GLI	$ 1,115,507	$ 968,731
HIC - State	624,328	554,197
HIC - Teachers	1,064,506	998,899
HIC - Pol. Subs.	25,570	19,109
HIC - Const. Off.	24,472	22,518
HIC - Social Svc EEs	7,645	6,550
HIC - Registrars	176	100
VSDP	(444,293)	(488,071)
VLDP - Teachers	1,263	822
VLDP - Pol. Subs.	(5,144)	(8,457)
Total	$ 2,414,030	$ 2,074,398

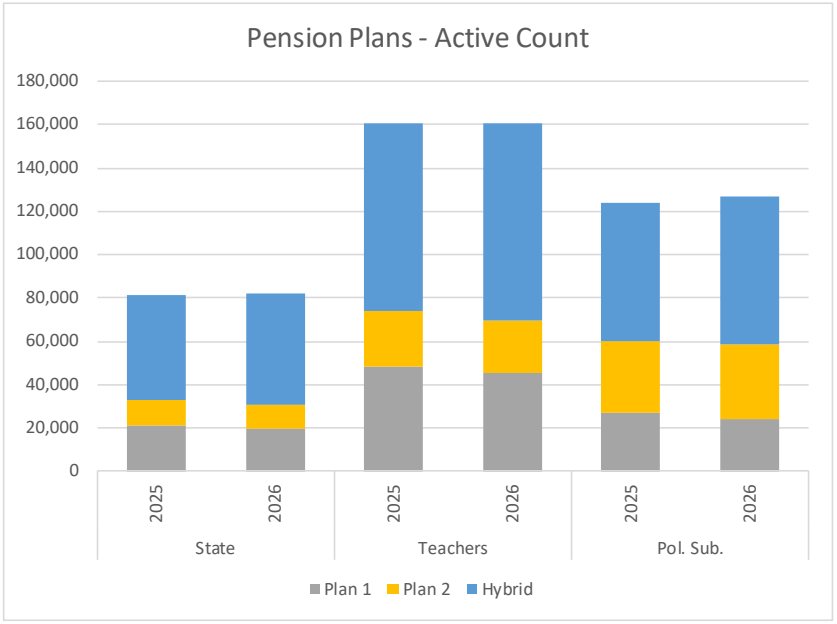
MVA

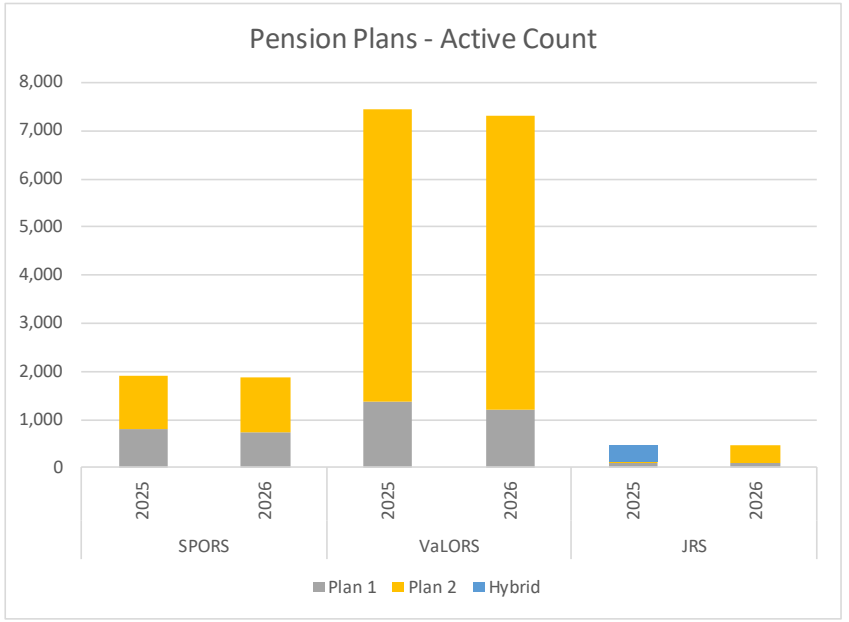
	2025	2026
GLI	$ 980,861	$ 688,988
HIC - State	613,069	525,492
HIC - Teachers	1,054,242	973,523
HIC - Pol. Subs.	24,118	15,803
HIC - Const. Off.	23,909	21,340
HIC - Social Svc EEs	7,524	6,179
HIC - Registrars	143	43
VSDP	(467,052)	(541,024)
VLDP - Teachers	828	(233)
VLDP - Pol. Subs.	(5,922)	(10,118)
Total	$ 2,231,720	$ 1,679,993

Pension Active Participants at June 30, 2026

System	Plan 1	Plan 2	Hybrid	Total 2026	Total 2025	Percent Change
State	19,360	11,406	50,934	81,700	81,274	0.5%
Teachers	45,185	24,694	90,979	160,858	160,949	-0.1%
SPORS	720	1,168	-	1,888	1,902	-0.7%
VaLORS	1,217	6,105	-	7,322	7,459	-1.8%
JRS	87	390	-	477	473	0.8%
Pol. Sub.	24,356	34,267	67,957	126,580	124,066	2.0%
Total	90,925	78,030	209,870	378,825	376,123	0.7%

Active Participants at June 30, 2026 - Scale for Large Plans = 22X Scale for Small Plans





Counts			
System	**State**	**Teachers**	**Pol. Sub.**
2025	81,274	160,949	124,066
2026	81,700	160,858	126,580
% Change	0.5%	-0.1%	2.0%

Counts			
System	**SPORS**	**VaLORS**	**JRS**
2025	1,902	7,459	473
2026	1,888	7,322	477
% Change	-0.7%	-1.8%	0.8%

In Total, 24% are Plan 1

Pension Inactive Participants at June 30, 2026

System	Plan 1	Plan 2	Hybrid	Total 2026	Total 2025	Percent Change
State	13,637	22,537	37,155	73,329	69,699	5.2%
Teachers	19,960	31,528	54,937	106,425	100,366	6.0%
SPORS	263	635	-	898	835	7.5%
VaLORS	2,247	13,914	-	16,161	15,212	6.2%
JRS	7	-	4	11	15	-26.7%
Pol. Sub.	26,529	52,612	65,324	144,465	134,873	7.1%
Total	62,643	121,226	157,420	341,289	321,000	6.3%

Includes counts for each plan from which members are entitled to deferred pension benefits. Members with benefits from more than one employer are counted more than once.

Pension Retired Participants at June 30, 2026

System	Plan 1	Plan 2	Hybrid	Total 2026	Total 2025	Percent Change
State	70,413	3,326	1,181	74,920	74,038	1.2%
Teachers	111,126	4,048	1,220	116,394	114,580	1.6%
SPORS	1,879	52	-	1,931	1,882	2.6%
VaLORS	7,210	454	-	7,664	7,465	2.7%
JRS	573	28	28	629	613	2.6%
Pol. Sub.	86,731	6,575	1,982	95,288	92,287	3.3%
Total	277,932	14,483	4,411	296,826	290,865	2.0%

Includes counts for each plan from which members receive pension benefits. Members with benefits from more than one employer are counted more than once.

GLI, HIC Participants at June 30, 2025-2026

Valuation Date (in $thousands)	Group Life Insurance		HIC - State Employees		HIC - Teachers		HIC - Political Subdivisions	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Participants								
Active	391,548	389,086	121,141	119,945	160,859	160,951	41,373	40,317
Long Term Disability	2,274	2,250	2,549	2,534	74	62	73	58
Retirees	210,045	206,500	55,393	54,815	76,036	75,137	12,897	12,378
Disabled	11,810	12,140	2,053	2,200	2,968	3,048	1,364	1,408
Inactive, Vested	14,802	14,150	3,760	3,695	4,720	4,253	925	926
Inactive, Active Elsewhere in VRS	0	0	11,764	11,433	6,300	6,063	9,886	9,536
Total	630,479	624,126	196,660	194,622	250,957	249,514	66,518	64,623
Annual Covered Payroll	$ 29,428,318	$ 28,384,920	$ 10,348,279	$ 10,115,244	$ 12,187,572	$ 11,740,521	$ 2,354,678	$ 2,198,684
Valuation Salary	26,402,119	25,454,212	9,425,320	9,210,227	10,727,897	10,325,860	2,123,685	1,982,188

Valuation Date (in $thousands)	HIC - Constitutional Officers		HIC - Social Service Employees		HIC - Registrars	
	June 0, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Participants						
Active	14,931	14,652	6,776	6,652	334	324
Long Term Disability	2	1	5	4	0	0
Retirees	4,785	4,619	2,327	2,296	83	82
Disabled	284	289	147	153	2	2
Inactive, Vested	454	434	160	158	10	6
Inactive, Active Elsewhere in VRS	4,097	3,780	3,632	3,425	53	49
Total	24,553	23,775	13,047	12,688	482	463
Annual Covered Payroll	$ 1,106,626	$ 1,045,810	$ 434,358	$ 412,369	$ 25,771	$ 24,290
Valuation Salary	1,007,595	952,934	390,527	370,379	23,198	21,864

VSDP, VLDP Participants at June 30, 2025-2026

Valuation Date (in $thousands)	VSDP		VLDP - Teachers		VLDP - Political Subdivisions	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Participants						
Number Active VSDP participants	86,375	85,767	22,875	21,564	21,218	19,399
Number Disabled	2,043	2,040	68	56	149	136
Number Ported	4,502	4,283	3	3	5	4
Total	92,920	92,090	22,946	21,623	21,372	19,539
Annual Covered Payroll	$ 6,551,374	$ 6,434,730	$ 1,358,131	$ 1,221,104	$ 1,197,941	$ 1,103,829
Valuation Salary	5,976,742	5,866,109	1,177,370	1,053,819	1,060,553	916,700

Disclaimers

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- Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

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