

Virginia Retirement System

June 30, 2026 Annual Actuarial Valuation Results

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GRS

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October Meeting Content: Informational

Pension Valuations	Other Post-Employment Benefits (OPEB) Valuations
Virginia Retirement System • State Employees • Teachers	Health Insurance Credit (HIC) • State Employees • Teachers
Virginia Law Officers (VaLORS)	Group Life Insurance
State Police Officers (SPORS)	Virginia Sickness and Disability Program
Judicial (JRS)	

November Meeting Content – Informational: Political Sub. Pension and HIC; VLDP Teachers and Political Subs; HIC – Constitutional Officers, Social Service Employees, Registrars; Line of Duty Act Fund

Executive Summary

June 30, 2026 valuations reflect:

- Investment return = 12.1%
- Generally lower than expected Salary experience
- Slightly higher COLA experience
- Updated coding – minimal impact other than VaLORS
- Funding policy update for plans once hit 100% funding

Resulting in:

- Improved funded status
- Decreased informational contribution rates
  - Except SPORS (Up 16 bp) and VaLORS (Up 151 bp)

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*

Statewide Pension Participants/% Change in '26

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%
Total	252,245	

INACTIVES		
State	73,329	+5.2%
Teachers	106,425	+6.0%
SPORS	898	+7.5%
VaLORS	16,161	+6.2%
JRS	11	-26.7%
Total	196,824	

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%
Total	201,538	

Total Annual Salary: $19 Billion

26% are Plan 1

95% are Plan 1

Total Annual Benefit Payments: $5.4 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%

[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

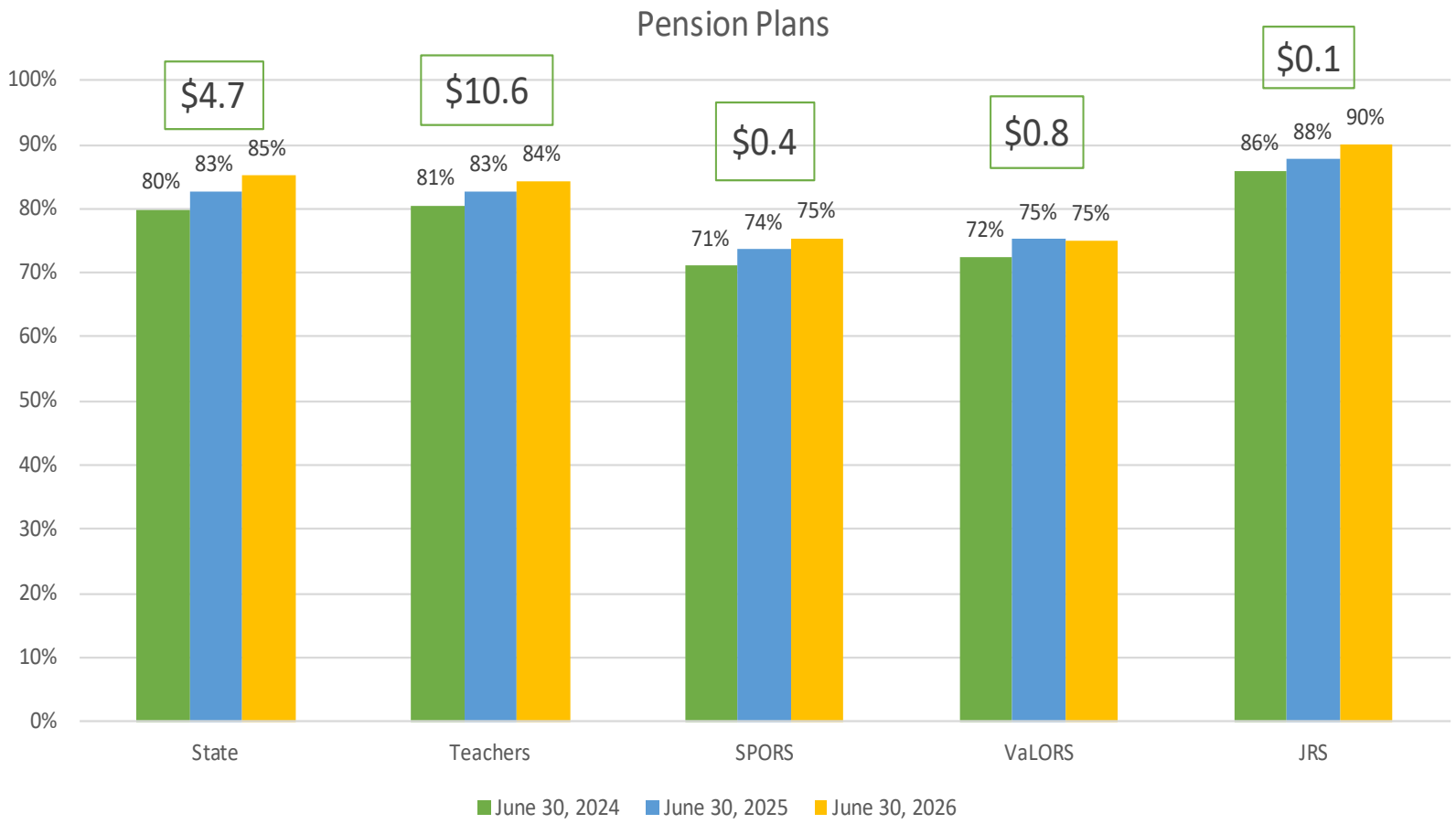
- RTW payroll is included to pay contributions for members who have retired and returned to work and not accruing benefits

Actuarial Value Assets: State Employees Pension in $ Millions – **12.1%/8.0% MVA/AVA Return**

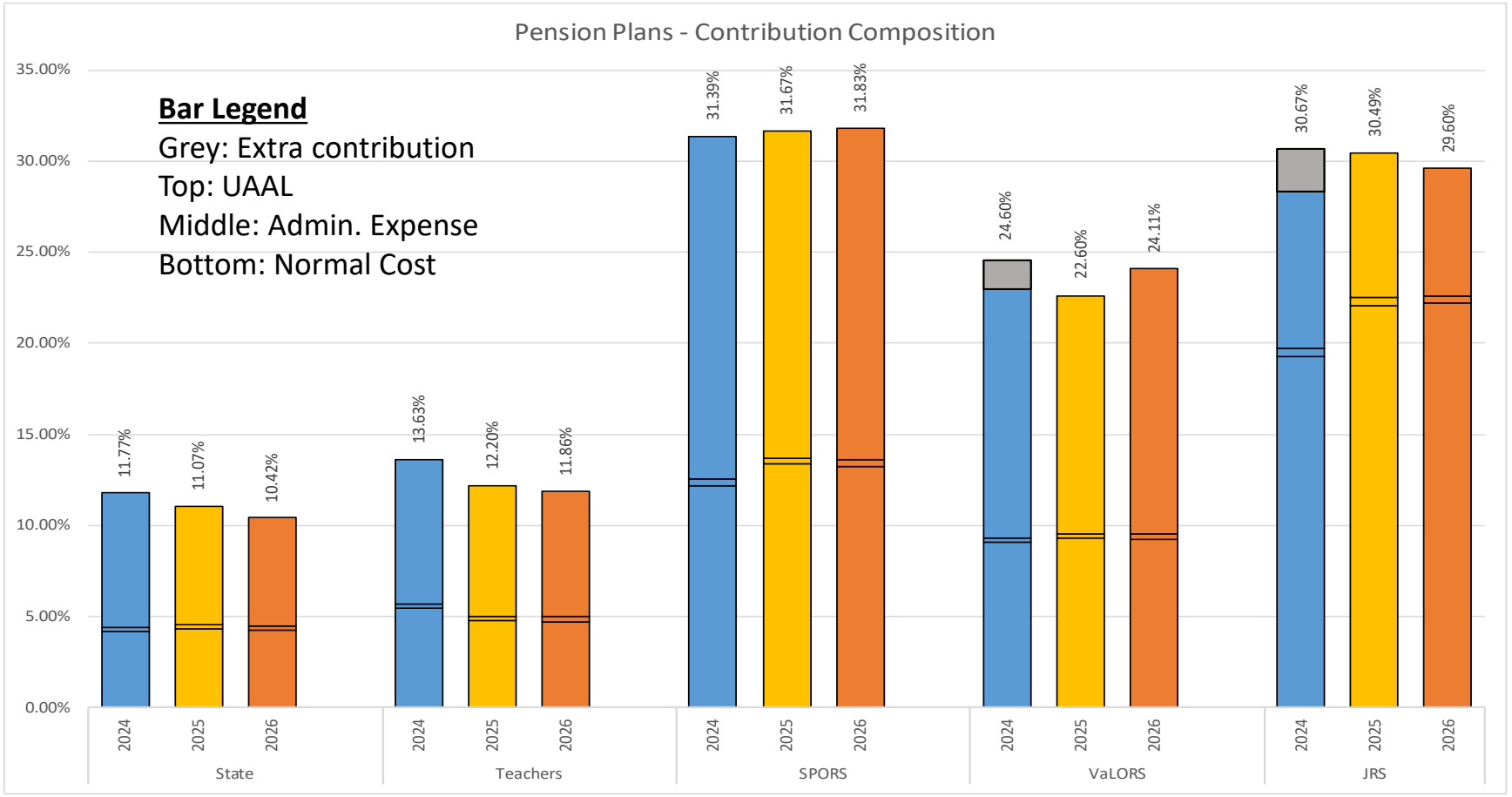
	2026	2027	2028	2029	2030
Actual Investment Return	3,114				
Assumed Investment Return	1,769				
Gain/(Loss) to be Phased-in	1,345				
Phased-in Recognition -Current year	269	?	?	?	?
-1st prior year	187	269	?	?	?
-2nd prior year	137	187	269	?	?
-3rd prior year	(13)	137	187	269	?
-4th prior year	(313)	(13)	137	187	269
Total Recognized Gain/(Loss)	267	580	593	456	269

2027-2030: Expect $1.9 billion in deferred asset *GAINS*
Future investment losses could offset current deferred gains

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

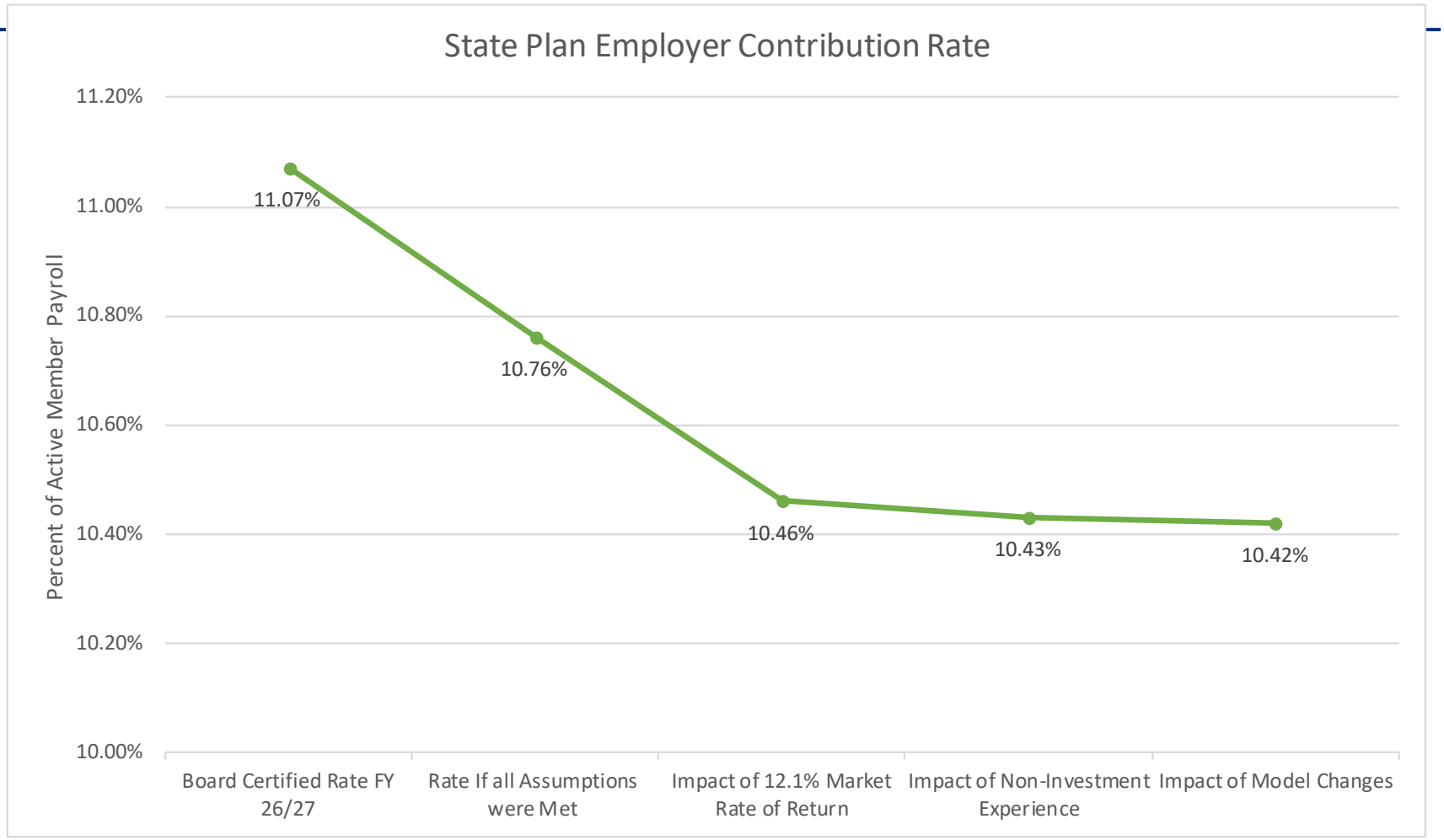


Actuarially Determined Employer Contribution Rates – Pension Plans

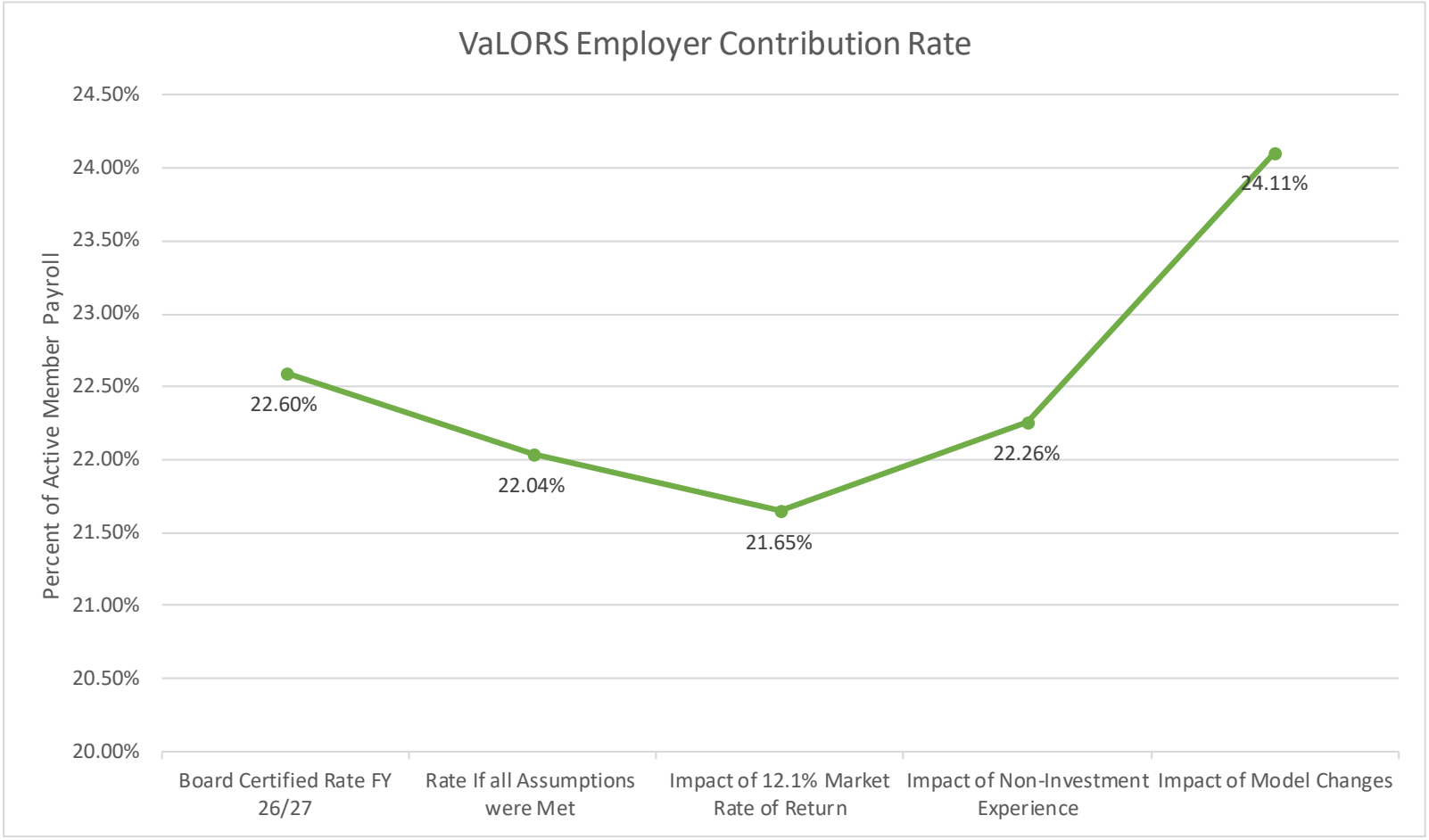


- Additional Contributions in 2024 to maintain rate for VaLORS and JRS
- State and Teacher Plans with Hybrid benefit tier have additional required Defined Contribution plan contributions of 1.0%-3.5% of Hybrid payroll

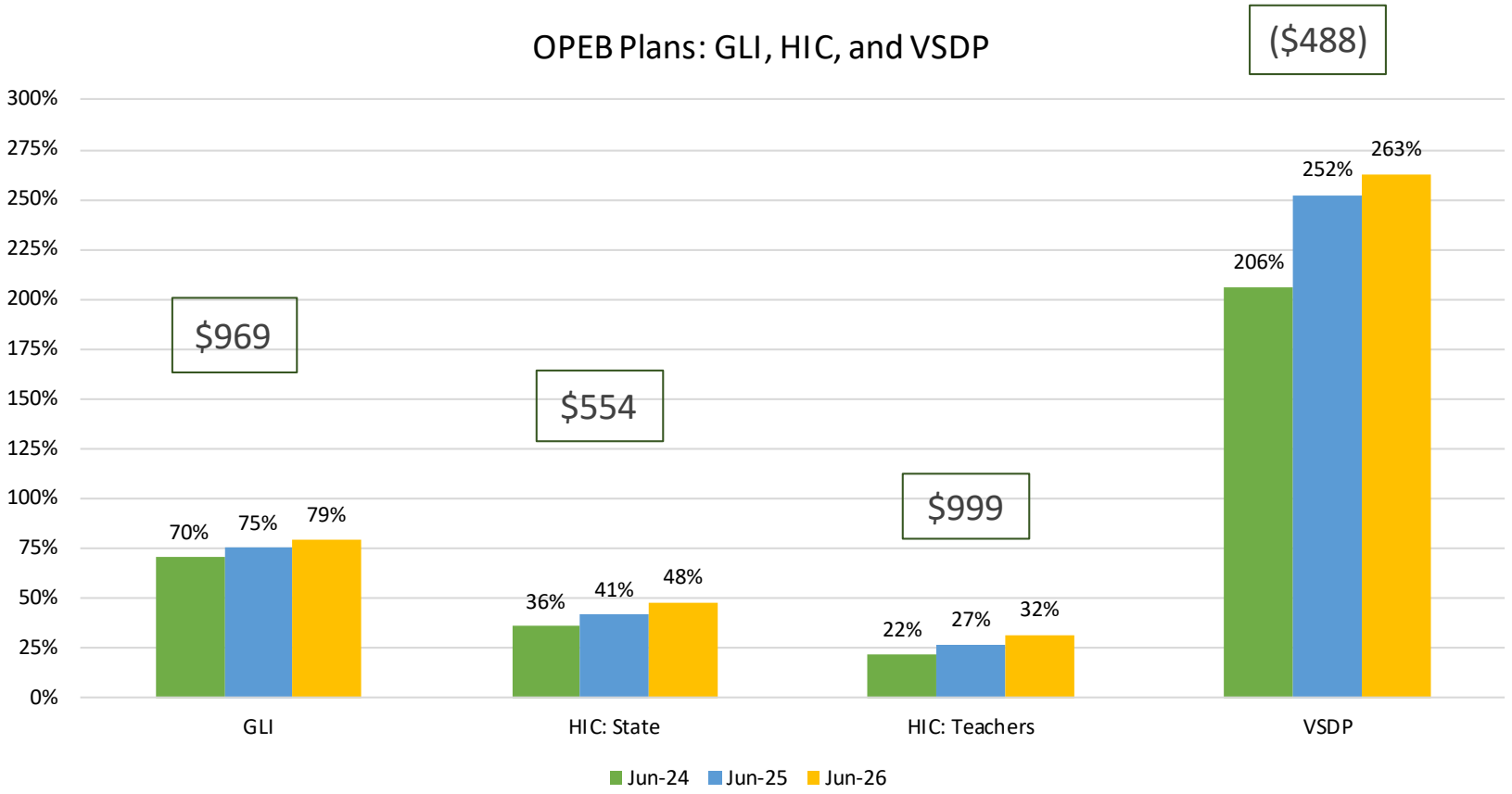
Pension Contribution Changes – State



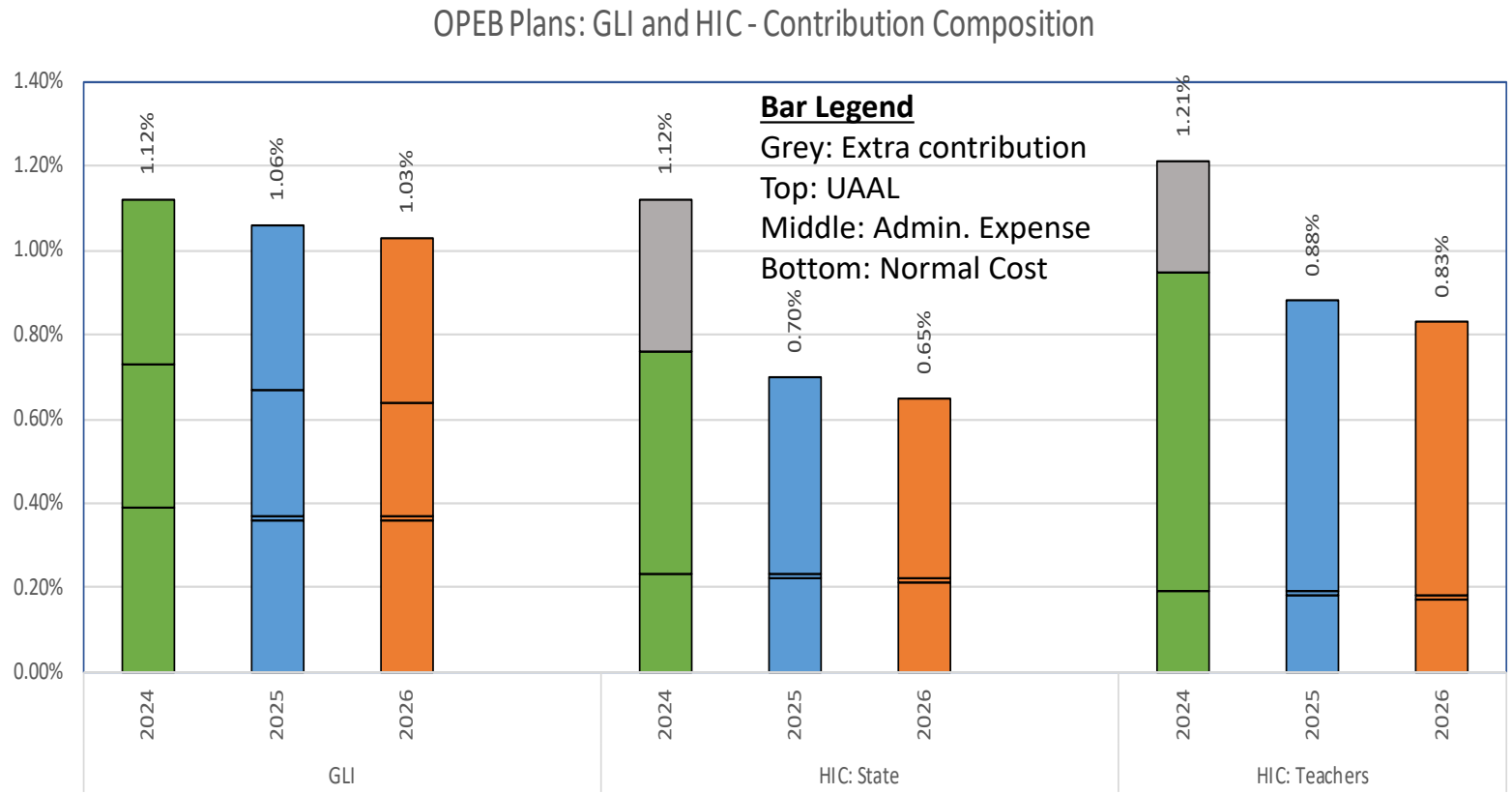
Pension Contribution Changes – VaLORS



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

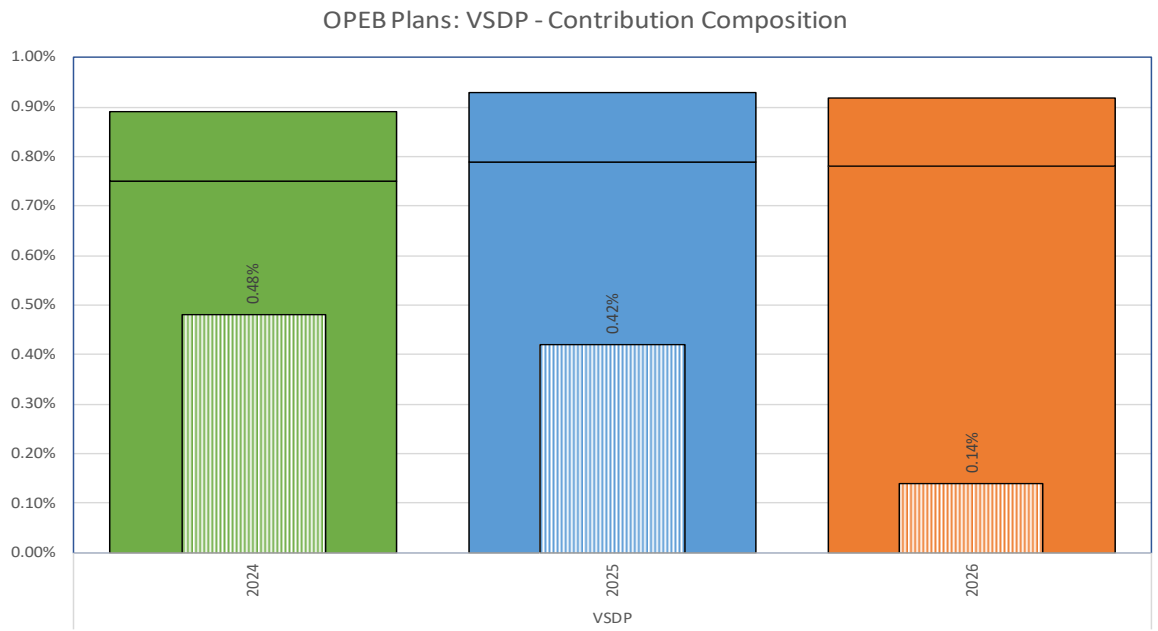


Actuarially Determined Employer Contribution Rates – OPEB Plans



- Additional Contributions in 2024 to maintain rate for State and Teachers

Actuarially Determined Employer Contribution Rates – OPEB Plans: VSDP

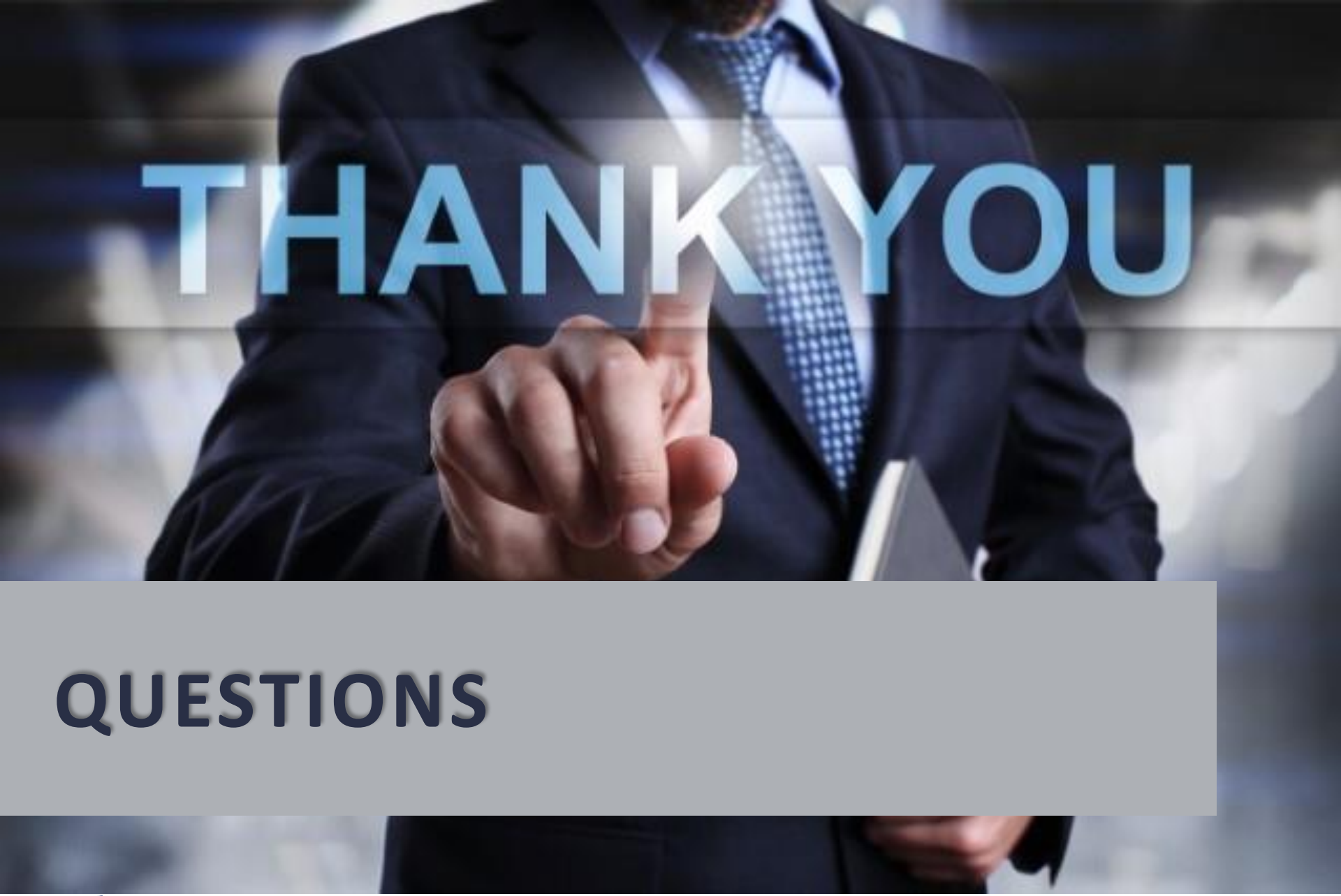


- The solid bars represent the normal cost and administrative expense. Since the plan is overfunded the credit associated with the surplus offsets these amounts resulting in the lower contribution rate which is the smaller shaded bar.
- 2026 prior to the change in funding policy resulted in a contribution rate of 0.40% of covered payroll. After change, minimum rate = administrative expenses of 0.14%

Conclusion



1. **Increased Funded Status on Actuarial Asset Basis**
   - Higher than expected returns for 2026 valuations
   - Salary gains (except Teachers), small COLA Losses
   - Modeling refinements
2. **Contributions**
   - Pension & OPEB rates are mostly consistent with last year's valuation
   - Generally, slightly lower rates than those currently being paid except for VaLORS



QUESTIONS

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