



Virginia Retirement System
Presentation to
Joint Legislative Audit and Review
Commission

Presented by
W. Forrest Matthews
Director
July 12, 2004



Agenda

- VRS Overview
- Funding of the System
- Current Activities
- Future Activities



VRS Board Members

- Alfonso I. Samper,
Chair
- Paul W. Timmreck,
Vice Chair
- John M. Albertine, Ph.D.
- Edwin T. Burton, Ph.D.
- Robert C. Carlson
- J. Douglas Conway
- Judith Ewell, Ph.D.
- Vernard W. Henley
- Raymond B. Wallace, Jr.



VRS Overview

- VRS is the 30th largest public or private pension system in the U.S.
- The 47th largest internationally
- Over 520,000 members, retirees, beneficiaries



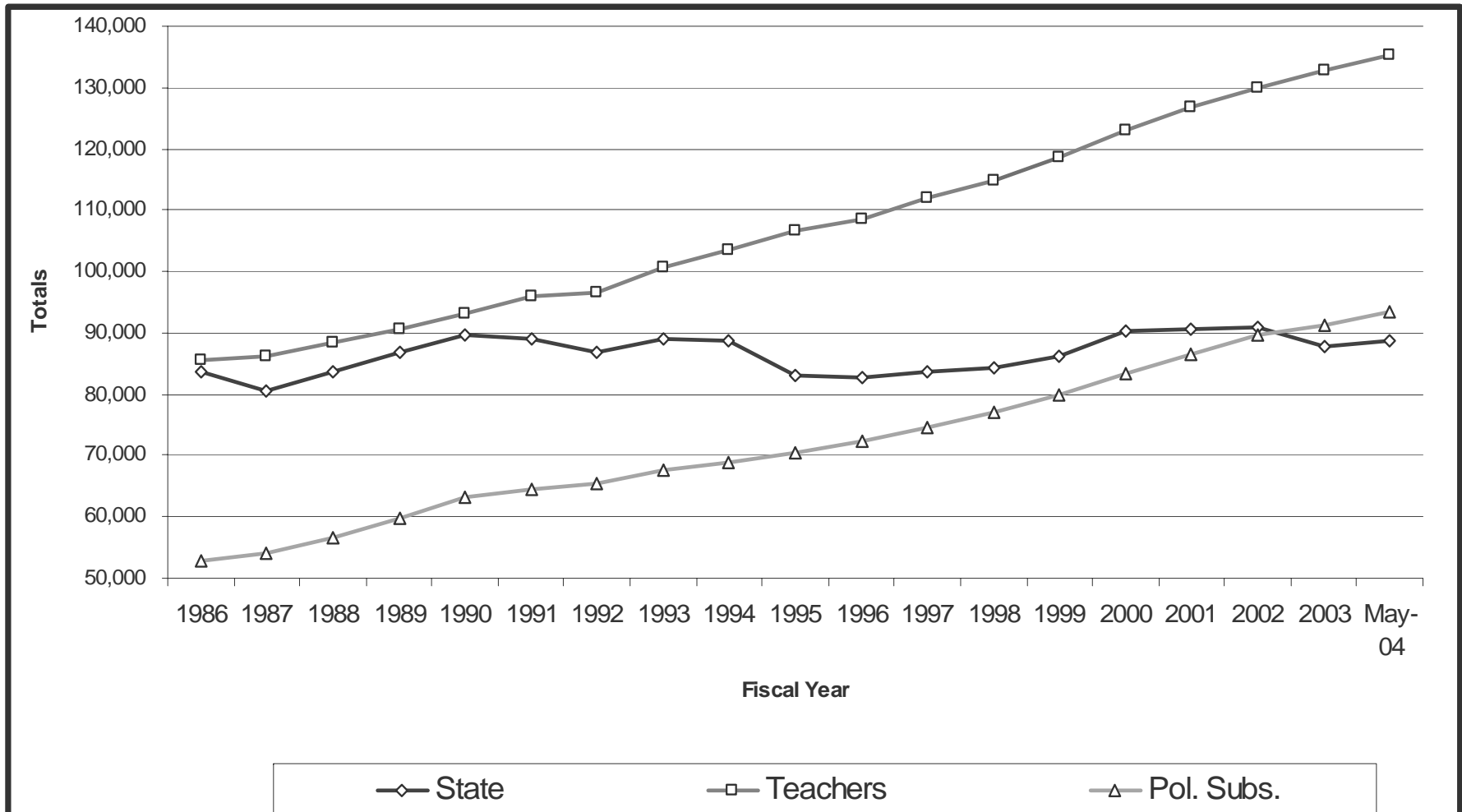
VRS Total Membership

State Employees	76,889
Teachers	135,340
Political Subdivisions	93,388
State Police Officers' Retirement System (SPORS)	1,757
Judicial Retirement System (JRS)	398
Virginia Law Officers' Retirement System (VaLORS)	9,571
Total	317,343
Retiree/Beneficiaries	113,569
Inactive/Deferred Members	89,965
VRS Overall Impact	520,877



VRS Overview

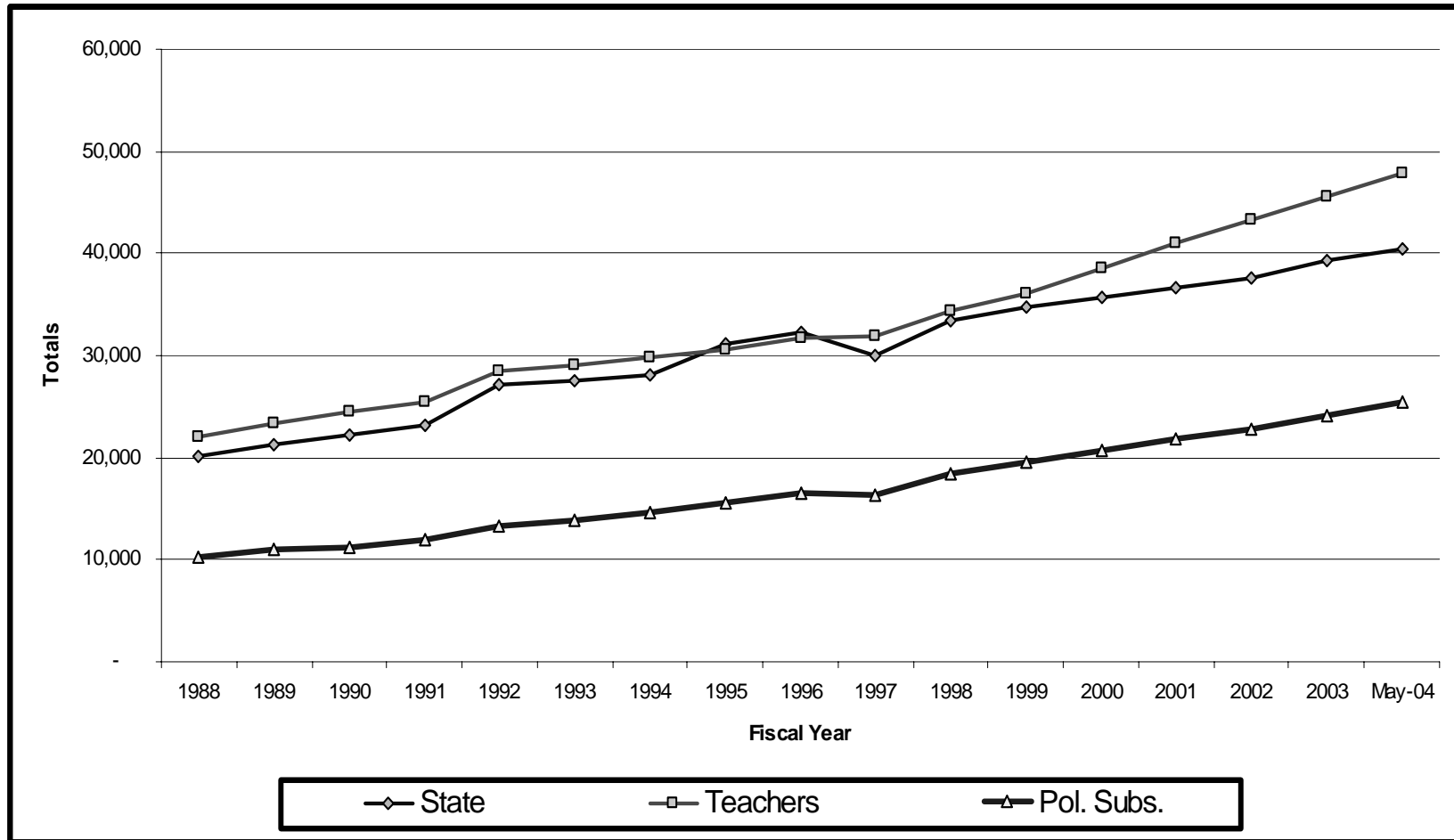
VRS Membership





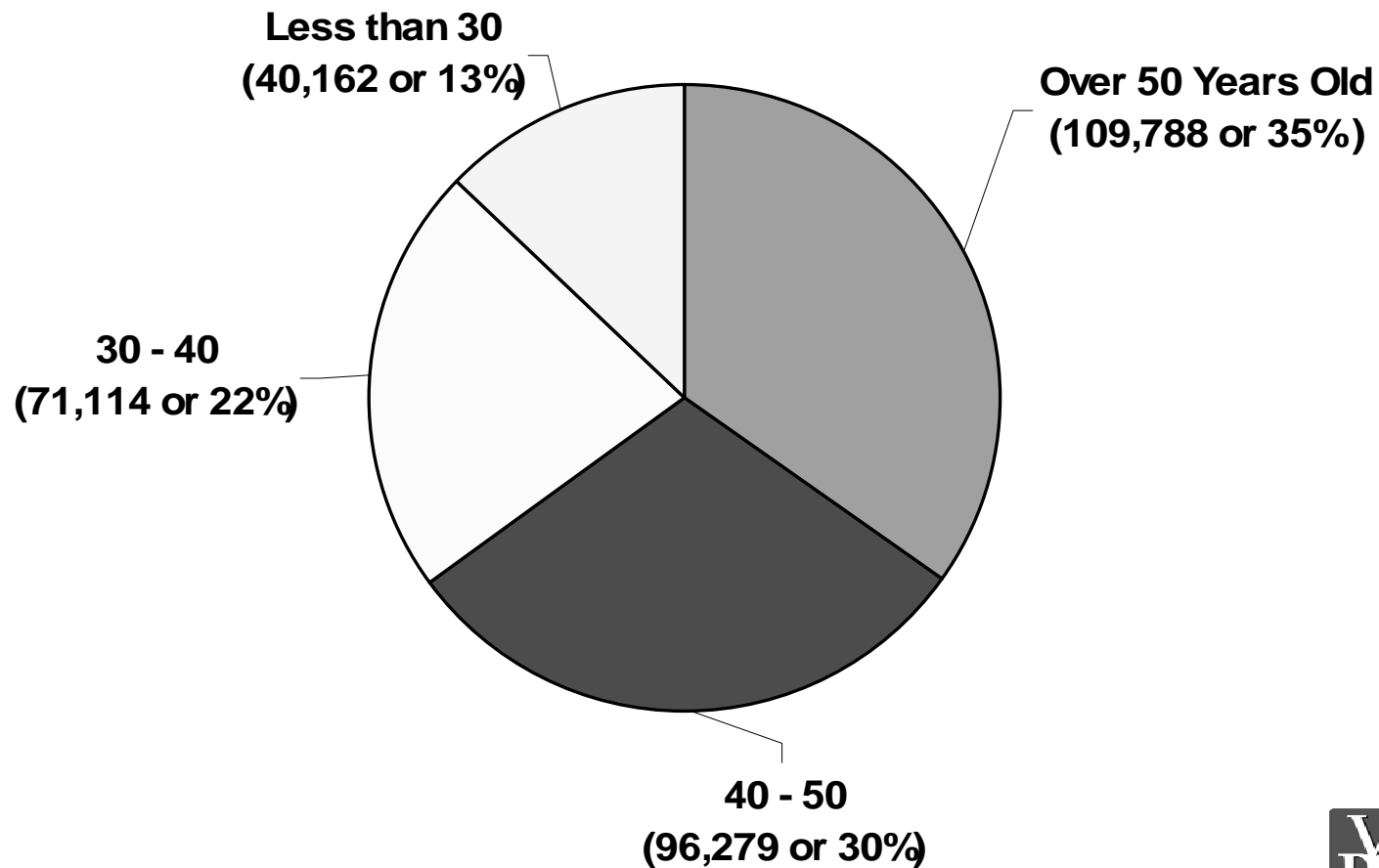
VRS Overview

VRS Retirees





Age Categories of Active Members





Funding of the System

Employer Contribution Rates

	Teacher	State	SPORS	JRS	VaLORS
Retirement (FY '05)	6.03%	3.91%	16.49%	30.55%	16.99%
Retirement (FY '06)	6.62%	3.91%	16.49%	30.55%	16.99%
Health Insurance Credit (FY '05 and FY '06)	0.55%	1.04%	1.04%	1.04%	1.04%
Group Life Insurance (FY '05 and FY '06)	0%	0%	0%	0%	0%



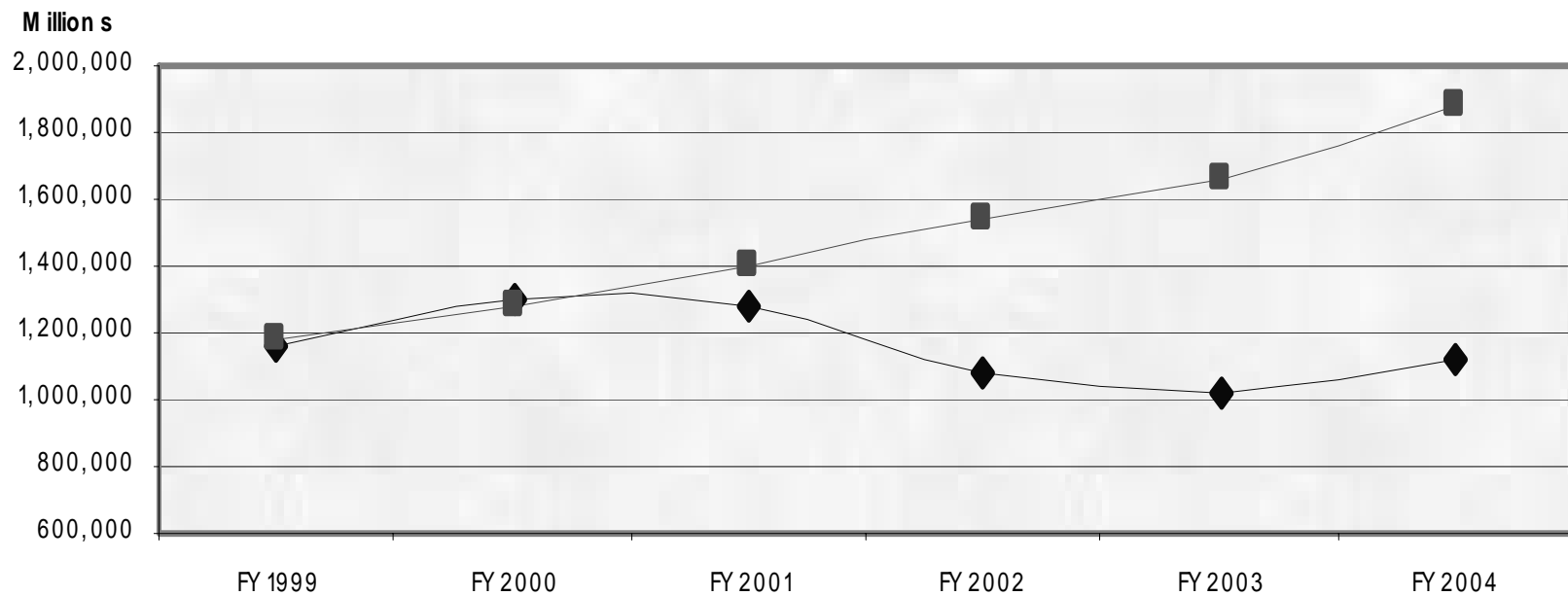
Locality Rates Increases

- Performance of financial markets
- Increase in disability retirements
- Payroll changes
- Purchase of Prior Service



Funding of the System

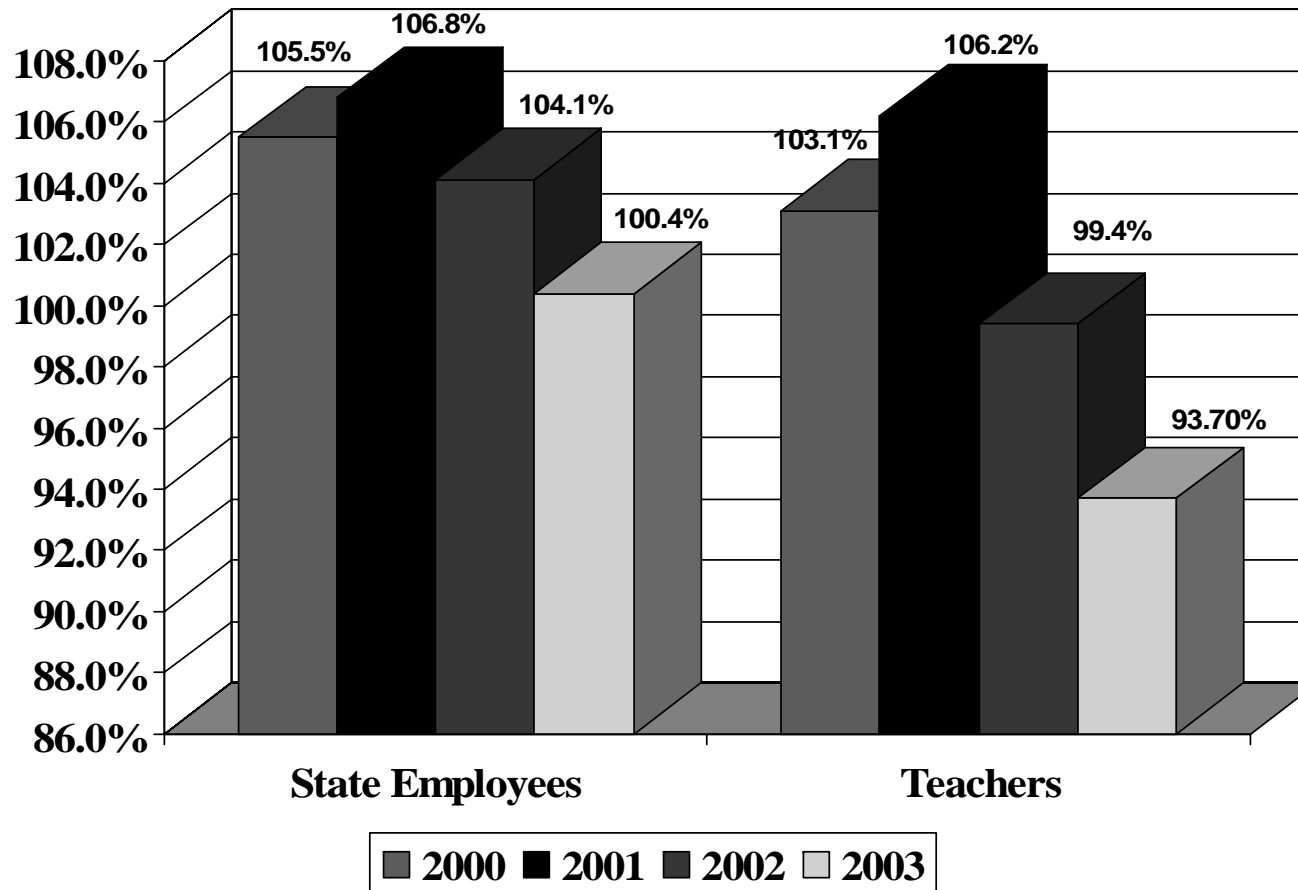
Contributions vs. Expenses





Funding of the System

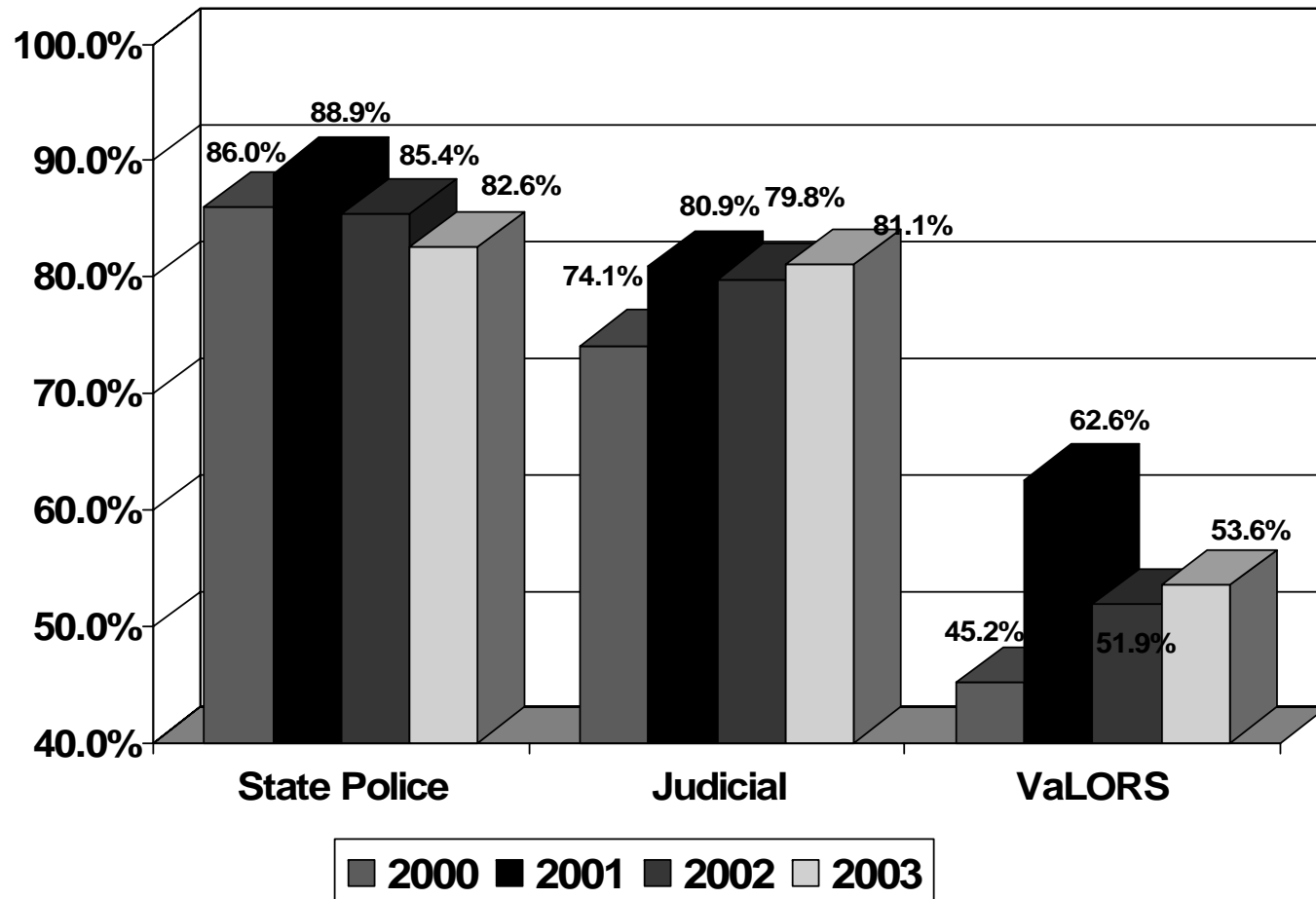
Funded Ratios





Funding of the System

Funded Ratios



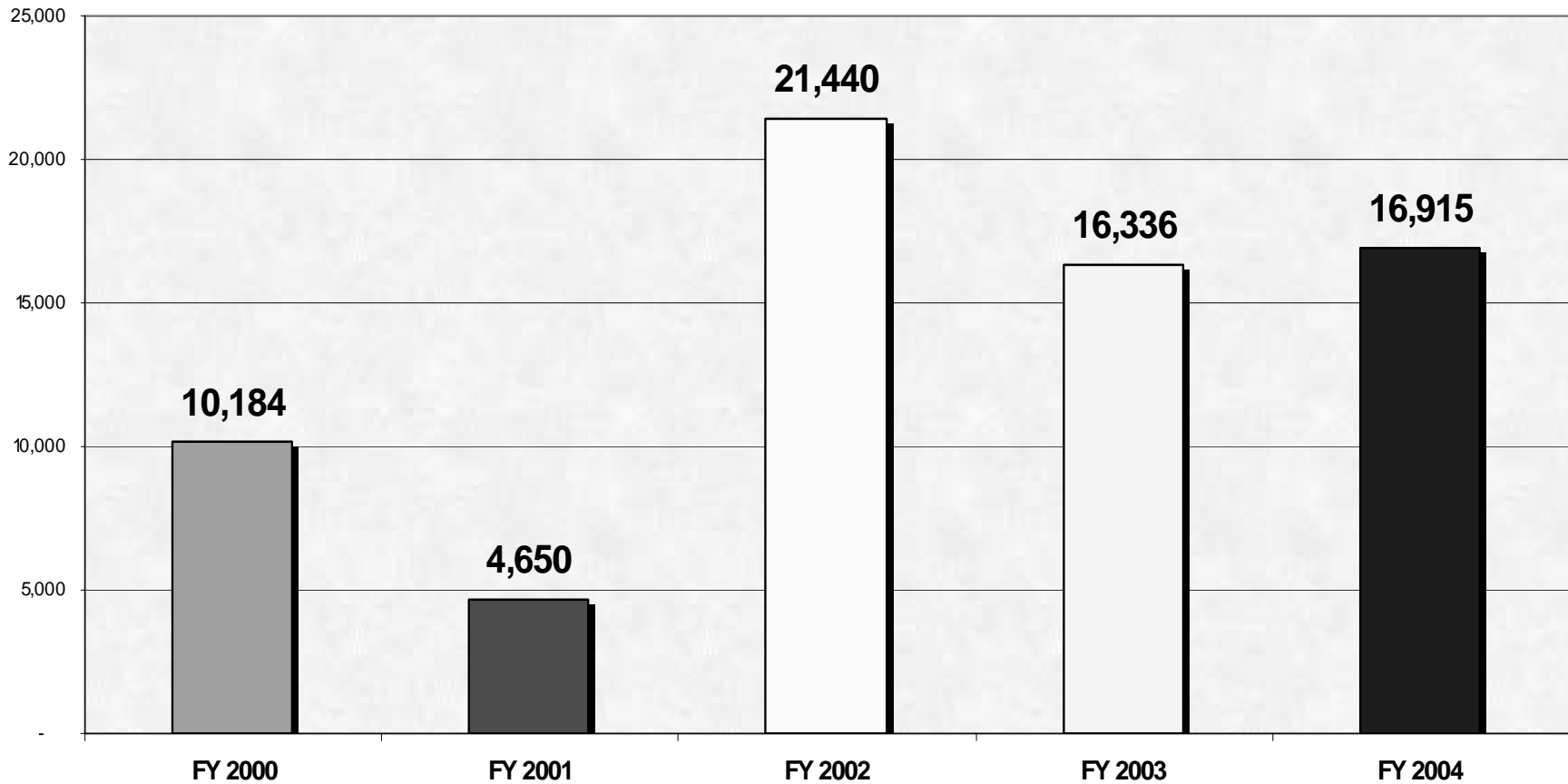


VRS 2004 Initiatives

- Documentation of processes
- Succession planning
- Client readiness
- Employer manual produced



Purchase of Prior Service





Current Activities

Cost Effectiveness Measurement, Inc.

52 leading global pension systems participate in the Service.

Current Participants		
<u>United States</u>		
Arizona SRS	Pennsylvania PSERS	<u>Australia</u>
CalPERS	South Carolina RS	Australia Post
CalSTRS	STRS Ohio	ComSuper
Idaho PERS	Texas MRS	GESB Western Australia
Illinois MRF	TRS Louisiana	GSO Victoria
Indiana State TRF	Virginia RS	Pillar Administration
Iowa PERS	Washington State DRS	QSuper
Kern County ERA		RBF Tasmania
Kansas PERS		Super SA
Los Angeles County ERA	<u>The Netherlands</u>	Telstra Super
Michigan MERS	ABP Pensioen	UniSuper
Michigan ORS	Bpf Bouw	
Missouri State ERS	Pensioenfonds Metaal & Techniek	<u>Canada</u>
Nevada PERS	Pensioenfonds PGGM	CIBC
New Jersey DP&B	Bpf Metalektro	Defence Canada
North Carolina RS	Shell Pensioenfonds	Local Authorities Pension Plan
New York City Teachers RS*		Nova Scotia
New York State & Local		Ontario Municipal ERS
Ohio PERS		Ontario Teachers' Pension Plan
Oregon PERS		OPTrust
		Public Works & Gov't Service*
		Quebec Pension Plan

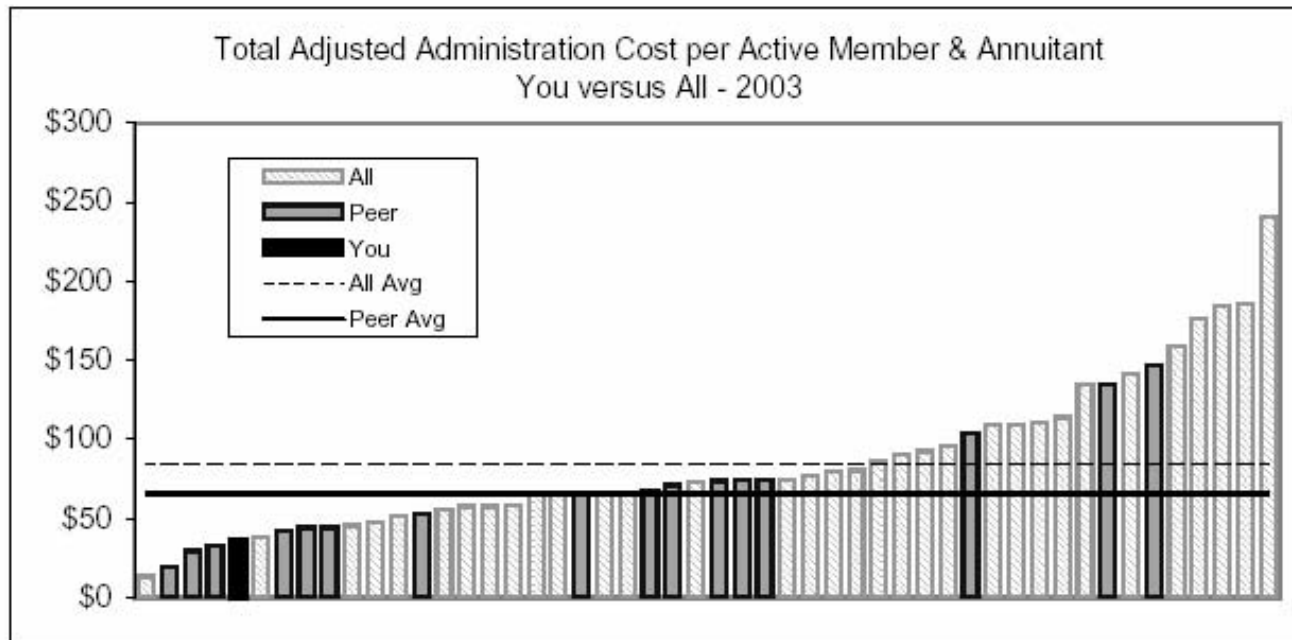
* CEM is currently working to finalize these two participants' data. Their data is not included in this report.



Current Activities

Cost Effectiveness Measurement, Inc.

Your Total Adjusted Administration cost was \$36 per active member & annuitant. This is below the peer average of \$65.

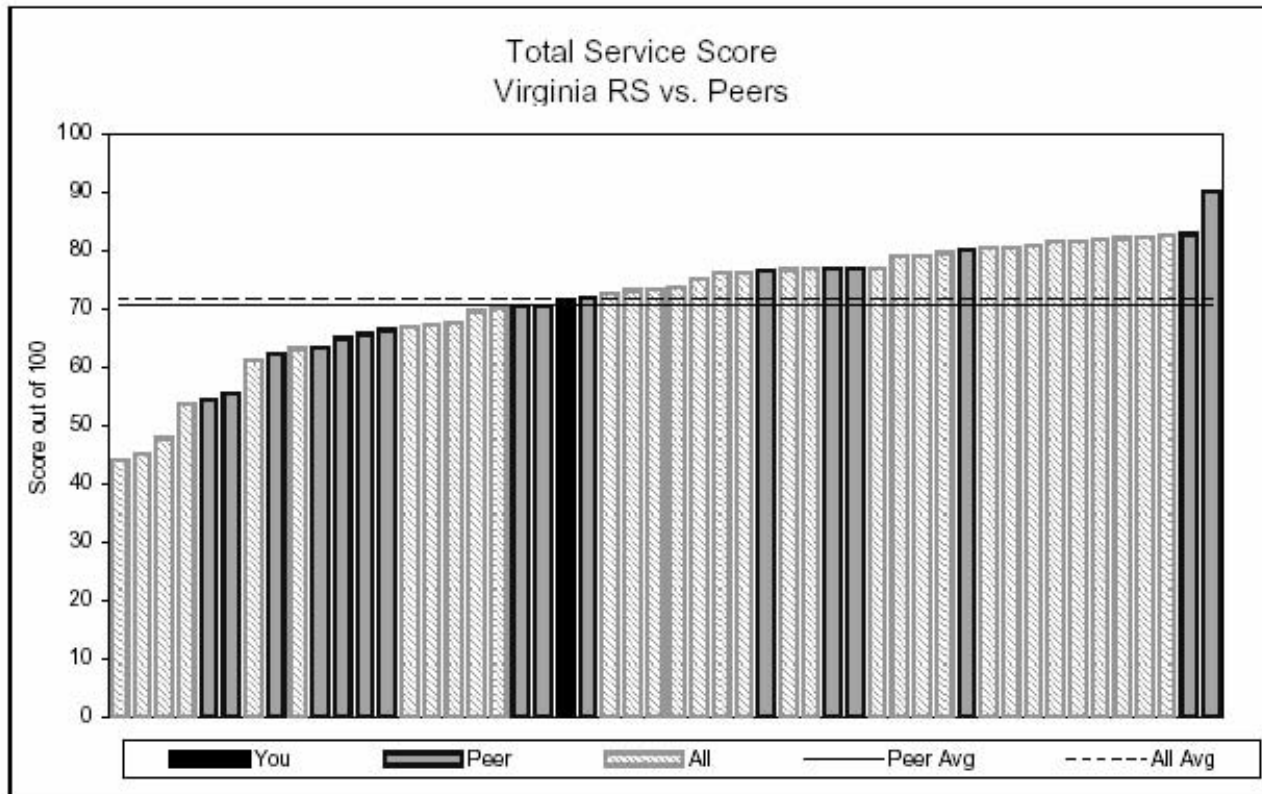




Current Activities

Cost Effectiveness Measurement, Inc.

Your Total Service Score is 72. This compares to averages of 71 for your peers and 71 for all participants.





Agency Initiatives

- Knowledge Management System (KMS)
- Content Manager
- Telephony Solution
- Strategic Planning
- House Joint Resolution 34

Virginia Retirement System

