



Commonwealth Savers Plan



**An Enterprise Fund and Fiduciary Fund of
the Commonwealth of Virginia
Annual Comprehensive Financial Report for
the fiscal year ending June 30, 2025**

invest529[®]

ABLEnow[®]

retirepathVASM



Commonwealth SaversSM

Commonwealth Savers Plan

AN INDEPENDENT AGENCY
OF THE COMMONWEALTH OF VIRGINIA

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

An Enterprise Fund and Fiduciary Fund of the
Commonwealth of Virginia

Prepared by the Finance Division
of Commonwealth Savers Plan



invest529

ABLEnow.

retirepathVA

- TABLE OF CONTENTS -

	<u>Pages</u>
Introductory Section	
Letter of Transmittal	5
GFOA Certificate	13
Commonwealth Savers Plan Organization	15
Board Members	19
Committee Assignments	20
Access Advisory Committee	20
Audit and Actuarial Committee	20
Compensation Committee	20
Investment Advisory Committee	20
Retirement Program Advisory Committee	21
Financial Section	
Independent Auditor's Report	25
Management's Discussion and Analysis	31
Basic Financial Statements	46
Enterprise Fund	
Statement of Net Position	48
Statement of Revenues, Expenses, and Changes in Net Position	49
Statement of Cash Flows	50
Private-Purpose Trust Fund	
Statement of Fiduciary Net Position	52
Statement of Changes in Fiduciary Net Position	53
Notes to the Financial Statements	54
Required Supplementary Information	97
Schedule of Commonwealth Savers' Share of Net Pension Liability	99
Schedule of Commonwealth Savers Pension Contributions	100
Notes to Required Supplementary Information - State Retirement Employment Plan	100
Schedule of Commonwealth Savers' Share of Net OPEB Liability - GLIP	101
Schedule of Commonwealth Savers' Contributions - GLIP	102
Schedule of Commonwealth Savers' Share of Net OPEB Liability - HICP	103
Schedule of Commonwealth Savers Contributions - HICP	104
Schedule of Commonwealth Savers' Share of Net OPEB Liability - VSDP	105
Schedule of Commonwealth Savers Contributions - VSDP	106
Notes to Required Supplementary Information - OPEB	107
Schedule of Commonwealth Savers' Share of Total OPEB Liability	108
Notes to Required Supplementary Information - OPEB	109
Supplementary Information	111
Appendix A - Breakout of Enterprise Fund	114
Appendix B - Investment Details by Program - DB529	115
Appendix B - Investment Details by Program - DC529	117
Appendix C - Schedule of Investment-Related Expenses	118
Other Information	119

Statistical Section

Statistical Section	129
Financial Trends	132
Revenue Capacity	135
Debt Capacity - Schedule of Ratios of Outstanding Debt	136
Demographic and Economic Information	139
Customers by Program	140
Operating Information	142

INTRODUCTORY SECTION

Letter of Transmittal

GFOA Certificate

Commonwealth Savers Plan Organization

Commonwealth Savers Plan Leadership Team

Professional Consultants

Commonwealth Savers Plan Board

Access Advisory Committee

Audit and Actuarial Committee

Compensation Committee

Investment Advisory Committee

RetirePath Program Advisory Committee





LETTER OF TRANSMITTAL

November 28, 2025

Board of the Commonwealth Savers Plan
9001 Arboretum Parkway
North Chesterfield, Virginia 23236

To Members of the Commonwealth Savers Plan Board, Customers and Commonwealth of Virginia Citizens:

It is our pleasure to present the *Annual Comprehensive Financial Report (the Report)* of the Commonwealth Savers Plan (Commonwealth Savers) for the fiscal year ended June 30, 2025, as required by Section 23.1-709 of the *Code of Virginia*. This Report is delivered to the Governor, the Senate Committee on Finance and Appropriations, the House Committees on Appropriations and Finance, and the Joint Legislative Audit and Review Commission. The Report is also available on our website at commonwealthsavers.com.

MISSION AND PROGRAMS

As an independent non general fund agency, Commonwealth Savers has multiple statutory mandates. However, its common mission is to promote financial wellness and prepare Virginia citizens for the future.

Since 1996, Commonwealth Savers' longest standing mandate centers on educational attainment, which includes offering education savings programs and access initiatives to help make higher education more affordable and accessible. Those mature programs include the Defined Benefit 529 Program (legacy Prepaid529SM and the Tuition Track Portfolio), Invest529SM, and CollegeAmerica[®]. The results of operations of the Defined Benefit 529 (DB529) Program and Invest529SM are reported in the financial statements. In addition to the savings programs, which are open to all Virginians and across the country, Commonwealth Savers also meets its mission to help make college more affordable and accessible to all Virginians through its access initiatives, which started 14 years ago with SOAR Virginia[®].

Commonwealth Savers' statutory mission was expanded in 2015 to establish programs to provide tax-advantaged savings options to individuals with disabilities, allowing them to save for qualified disability expenses without losing important federal and state means tested benefits. Those tax-advantaged disability savings options which are open to all Virginians and across the country, include ABLEnow and ABLEAmerica.

In 2021 Commonwealth Savers' statutory mission was expanded once more to include developing a workplace private retirement savings option for many working Virginians without access to retirement savings through their employers. In 2023 Commonwealth Savers launched RetirePath Virginia, an auto-enrollment individual retirement account (IRA) program.

FIDUCIARY RESPONSIBILITY OF THE BOARD

The Board, as trustee of the funds administered by Commonwealth Savers, has a fiduciary duty to its customers, to Commonwealth Savers programs and to the Commonwealth of Virginia. To assist in fulfilling its responsibility with respect to the investment of Commonwealth Savers assets, the Board has appointed an Investment Advisory Committee (IAC). In addition, it has adopted various investment policies and guidelines for its programs. The assets of the DB529 program are invested in a prudent manner that is intended to provide for the adequate funding of the program's education benefit liability. To assist the Board in fulfilling its responsibilities relating to the integrity of Commonwealth Savers' financial statements, financial reporting processes and systems of internal and financial controls, the Board has appointed an Audit and Actuarial Committee (A&AC). The IAC and A&AC are permanent advisory committees of the Board pursuant to §23.1-702 of the Code of Virginia, as amended.

The Board has appointed a RetirePath Program Advisory Committee (RetirePAC) to assist with fulfilling its responsibilities with respect to the auto-enrollment IRA savings program, and a Compensation Committee to oversee the compensation of Commonwealth Savers employees. The Board has also appointed an Access Advisory Committee to assist in identifying opportunities to advance access, affordability and attainment of education through management of the SOAR Virginia program. In addition to these five standing committees, the Board has the authority to appoint other advisory committees and set forth the qualifications for those members by resolution. Charters have

been adopted for committees to describe their purpose, composition, and how to conduct business, as well as their duties and responsibilities.

ACCOUNTING SYSTEM AND INTERNAL CONTROL

Commonwealth Savers' management assumes full responsibility for the accuracy, completeness and reliability of the information presented. The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). The financial statements contain a description of the accounting principles used in the preparation of the statements. In accordance with GASB principles per the Codification of Governmental Accounting and Financial Reporting Standards, the financial statements include Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it.

Commonwealth Savers' management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits that are likely to be derived from the control. The internal control system includes the organization plan, the appropriate segregation of duties and responsibilities and sound practices in the performance of duties, data security, and personnel with capabilities commensurate with their responsibilities.

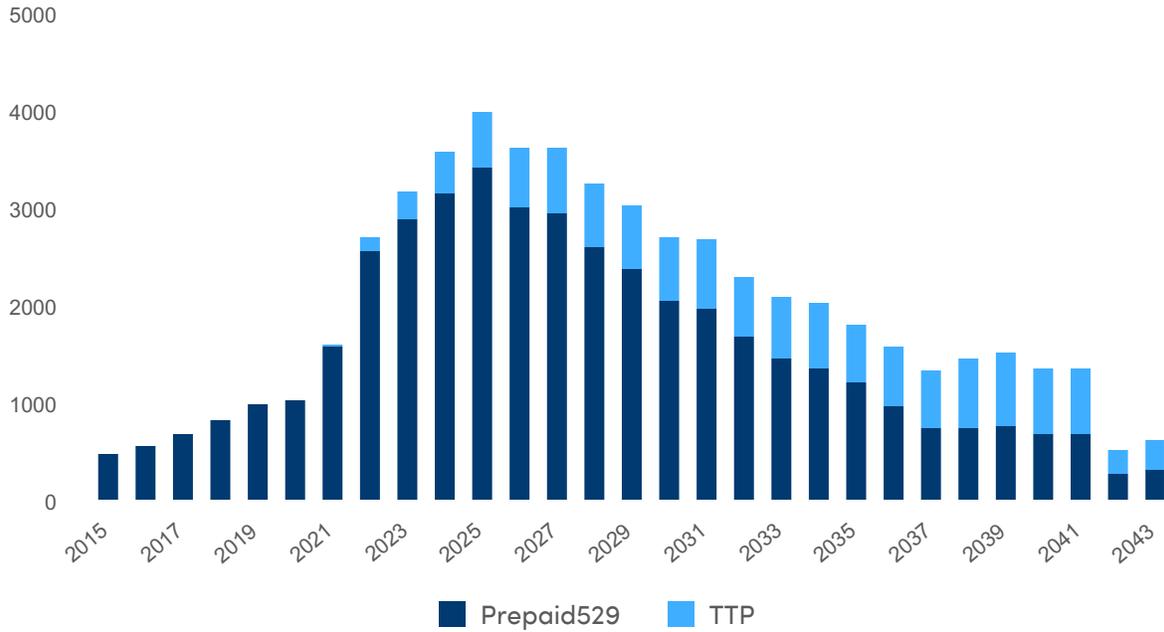
ACTUARIAL VALUATION AND OUTLOOK - DEFINED BENEFIT 529 PROGRAM

Commonwealth Savers' most recent actuarial valuation report for the DB529 Program, which includes the legacy Prepaid529 Program and the Tuition Track Portfolio, was prepared by Commonwealth Savers' actuary as of June 30, 2025. The actuarial report compares the value of the current and projected assets to the value of the expected future disbursements and program costs. The actuarial valuation was performed based upon generally accepted actuarial standards of practice, which differ from GAAP due to the different purposes and uses of the information. The two most significant assumptions used to prepare the actuarial valuation report are the long-term rate of investment return and future tuition growth at Virginia public universities. There are additional demographic assumptions which get updated as a result of experience studies, which are performed regularly.

The report indicates an increase in the DB529's actuarially determined funded position as of June 30, 2025 from the previous fiscal year. This was partially due to the decrease in liabilities as educational benefits were paid out throughout fiscal year 2025. Additionally, investment market performance during fiscal year 2025 resulted in higher than expected overall fund performance during fiscal year 2025. We are pleased to report that the Program was 218.1 percent funded on an actuarial basis as of June 30, 2025.

Commonwealth Savers continues to remain optimistic that its asset allocation and investment strategies will result in the DB529 Program meeting or exceeding performance expectations over the long term. Commonwealth Savers has an assumed rate of return of 6.0 percent on DB529 Program investments for future periods. As of June 30, 2025, the Total Fund returned 6.22 percent, net of fees, since inception and 8.99 percent, net of fees, for the fiscal year 2025. Commonwealth Savers has adopted a long-term target asset allocation strategy for the DB529 as set forth within its Investment Policy and Guidelines. Below is a graph, which represents the number of projected future payouts of the DB529 Program as of fiscal year-end, 2025, with no additional sales assumed.

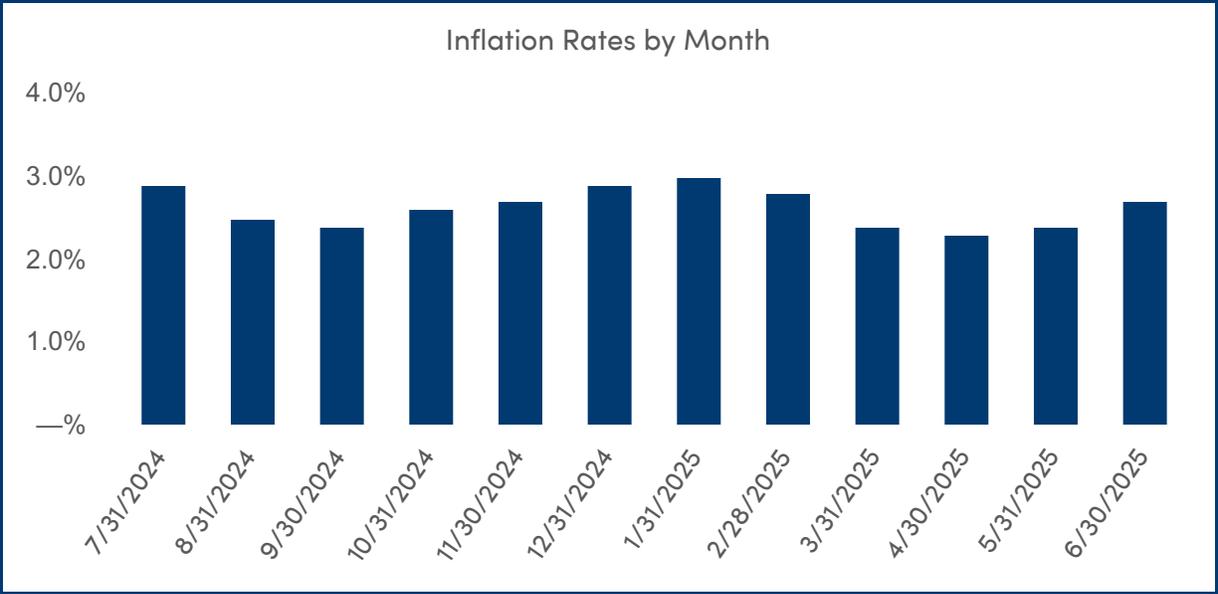
Projected Number of DB529 Payouts by Fiscal Year



Overall, global financial markets performed strongly over the course of the fiscal year. Despite continued international geopolitical uncertainties, the U.S. equity bull market continued in fiscal year 2025. The S&P 500 gained 15.1 percent for the year and the Russell 2000 gained 7.7 percent reflecting continuation of the significant dispersion between large and small cap stocks. International markets, both developed and emerging, performed exceptionally well as reflected in the MSCI EAFE and MSCI emerging markets indices up 18.3 and 15.9 percent, respectively. Fixed Income markets posted positive returns with spreads on US Investment-grade credit staying below the long-term median levels and remaining extremely tight historically. The Bloomberg Aggregate gained 6.08 percent and the Bloomberg US High Yield Corporate returned 10.3 percent.

US economic growth continued to remain generally strong over the fiscal year 2025. US Inflation fluctuated throughout the year with headline CPI rate ending at 2.7 percent year-over-year through June 2025. The U.S. unemployment rate has stayed relatively flat and ended the fiscal year 2025 at 4.1 percent with labor participation rate falling to 62.3 percent, just below its pre-pandemic level. The US' inflation readings and some weaker economic data points led to the Federal Reserve cutting rates three times by a cumulative 100bps during the second half of calendar year 2024. The policy rate was held steady in the first half of the calendar year 2025 as the Fed kept a "wait and see" approach to fully assess the potential impact of tariffs and the Big Beautiful Bill.

Inflation rates are presented as percentages by month in the chart below.



Source: tradingeconomics.com | Bureau of Labor Statistics

These macroeconomic factors contributed to the returns of the DB529 Program, shown below:

DB529 Fund Returns (as of June 30, 2025)

Type of Investment	1 Year Return	1 Year Return Benchmark	Calendar YTD Return	Calendar YTD Benchmark
Total Fund	8.99 %	9.63 %	4.98 %	5.03 %
Total Equity	16.81 %	16.69 %	10.45 %	10.33 %
Total Fixed Income	8.33 %	8.11 %	4.23 %	4.27 %
Alternatives	4.70 %	6.34 %	2.54 %	1.69 %

Commonwealth Savers optimistically maintains its long-term asset allocation and return focus, designed to endure economic downturns and meet established expectations for the future.

The other significant factor in the DB529's ability to meet future contractual and account obligations is the future growth in tuition and mandatory fees at Virginia's public colleges and universities. Due to moderating tuition and fee increases at Virginia public institutions from FY2021 to FY2025, resulting from large investments by the state in higher education, the average increase assumption for the 2024-25 academic year was higher than the rates for those fiscal years. The increase rate for the 2025-26 academic year is lower than the average increase rate over the previous year.

Most Virginia institutions saw some form of tuition and/or fee increase for the 2025-26 academic year. Virginia's four-year institutions increased the total charge for tuition and all mandatory fees by an average of 2.7 percent from the previous academic year on an enrollment-weighted average basis, while the Virginia Community College System increased its total tuition and fee amounts by 3.0 percent. As the State Council of Higher Education for Virginia (SCHEV) highlighted in its 2025-26 Tuition and Fees report, Tuition and Mandatory Educational & General (E&G) Fees increased an average of 2.0 percent, across four-year institutions, with Mandatory Non-E&G Fees (those related to non-instructional activities) increasing 3.9 percent for the upcoming academic year. In aggregate, tuition and total mandatory fees rose 2.7 percent, or \$412, across four-year Virginia public colleges and universities.

In its assessment of the Program's' financial condition, Commonwealth Savers has forecasted tuition and fees at Virginia's public universities to increase annually at a rate of 3.0 percent for the academic year beginning in fall 2026 and a 5.0 percent increase thereafter. Tuition increases for community colleges are forecasted to increase annually at a rate of 2.0 percent for the academic year beginning in fall 2026 and 5.0 percent thereafter. Future budget shortfalls, spurred in part by a significant decrease in tax revenues, as well as increases or reductions in funding support to

higher education institutions could possibly result in more volatile tuition rates in the coming years. A significant increase in these rates could negatively affect the Defined Benefit 529 Program's portfolio, and alter projected long-term obligations. As SCHEV is statutorily obligated to report such tuition and fee changes, Commonwealth Savers remains in a strong position to stay informed and adjust accordingly.

LEGISLATIVE UPDATES

During fiscal 2025, several bills were introduced in the Virginia General Assembly and the U.S. Congress that could have impacted Commonwealth Savers' programs and operations. No state legislation with a direct impact was made on Commonwealth Savers was enacted. However, budget language was passed prohibiting additional college access contracts from being entered into after June 30, 2025. There was also another workgroup created (a bicameral workgroup made up of House Appropriations and Senate Finance and Appropriations members) to study the use of DB529 resources. That group was required to report to the General Assembly by October 15, 2025. As of November 28, 2025, the workgroup did not meet or produce a report to the General Assembly.

No federal legislation significantly affecting Commonwealth Savers was enacted during fiscal year 2025, however several significant provisions went into effect four days into fiscal year 2026 and are worth highlighting. Both the Freedom to Invest in Tomorrow's Workforce Act (H.R. 1151 and S. 756) and ENABLE Act (H.R. 1436 and S. 627) were reintroduced in early 2025 for the 119th Congress. The Freedom to Invest in Tomorrow's Workforce Act expanded the list of qualified 529 withdrawals to include recognized postsecondary credentials and their associated expenses. The ENABLE Act removed several upcoming legislative sunsets impacting ABLE programs, including the 529-to-ABLE qualified rollover, Savers Credit, and ABLE to Work expanded income contribution limits. Both bills were included in House Resolution 1 (H.R. 1), which was signed into law on July 4, 2025. H.R. 1 also included a provision expanding the list of qualified K-12 expenses beyond tuition as well as increasing the annual K-12 withdrawal limit from \$10,000 to \$20,000 per year. The credential expansion and additional K-12 expenses expansion both took effect for withdrawals made after July 4, 2025 while the ABLE provisions and the increased K-12 annual withdrawal limit will go into effect on January 1, 2026. Finally, the ACCESS Act (H.R. 3574, expanding 529 qualified expenses to include reasonable transportation costs tied to a school's cost of attendance calculation) was reintroduced in May 2025.

2025 PROGRAM HIGHLIGHTS

Defined Benefit 529 Program

Collectively, the legacy Prepaid529 and Tuition Track Portfolio (TTP) programs are referred to as the DB529 Program.

Commonwealth Savers continued to enhance its enterprise risk management (ERM) program via the work of its DB529 Risk Committee with specific focus on risk analysis, stress testing and further evaluation of the DB529 fund beyond that of the annual actuarial valuation. This committee continued the implementation of a comprehensive risk framework (framework), risk modeling process and enhanced reporting of information to the A&AC and Board. This committee implemented recommendations from previous risk consulting engagements, which included policy updates, the implementation of a risk score card, a risk register and expanded reporting to the Board and Audit and Actuarial Committee. Key risks which are considered and reported on include liquidity risk, economic returns, higher education funding and tuition inflation.

The Tuition Track Portfolio (TTP) continued to grow during its third full year in operation during fiscal year 2025. TTP is the successor defined benefit option to the legacy Prepaid529 program, which closed to new accounts in 2019, and has a primary goal of providing a savings vehicle that is affordable, flexible, and simple to expand the appeal and accessibility of the benefits of the program to a broader demographic across Virginia. The benefit design is enabled by legislation passed in 2019 by the Virginia General Assembly that included provisions for benefits for all accounts at maturity based on enrollment-weighted average tuition (Average Tuition) at Virginia's public higher education institutions as determined by the Board. Fiscal year 2025 was the first fiscal year where a significant number of TTP accounts met their three-year matriculation timeframe and began making withdrawals for educational benefits. There was around \$4 million in TTP benefits paid out during fiscal year 2025, which represent payouts where the benefit was fully utilized and the program functioned as intended.

Invest529 and CollegeAmerica Investment Updates

Commonwealth Savers continued to offer market and principal protected portfolios to its customers, which experienced steady growth as a whole throughout the fiscal year. Invest529 offers 22 investment options, including its Target Enrollment Portfolios, FDIC-Insured Portfolio and Tuition Track Portfolio.

The Invest529 program maintains a low-cost, tiered fee structure, which results in 6 basis points being charged on underlying assets up to \$5 billion dollars and 3 basis points on underlying assets exceeding \$5 billion. The blended

effective rate as of June 30, 2025 was .044 percent. These fees are calculated and accrued daily by the investment custodian and redemption is made by Commonwealth Savers on a quarterly basis. There is no administrative fee associated with TTP or the FDIC-Insured Portfolio. Commonwealth Savers performs regular due diligence reviews over its investment managers to ensure alignment and compliance with investment objectives and strategy. This occurs through regular in-person visits and interim calls and meetings as well as a review of documentation and inquiry responses.

During fiscal year 2025, the CollegeAmerica program received a Silver medalist rating and the Invest529 program received a Bronze medalist rating from Morningstar®, a provider of independent investment research and advice. Morningstar evaluated 529 education savings plans on four key pillars - Process, People, Parent, and Price. Morningstar reviewed 59 education savings plans in fiscal year 2025. From this population, only 32 received a recommended rating in the form of Gold, Silver, or Bronze. Others received Neutral and Negative ratings. Medalist plans stand out and are noted for low costs, strong stewardship, and exceptional investment options.

Commonwealth Savers has partnered with the Capital Group Companies (American Funds) for over 23 years to provide the CollegeAmerica 529 program. During this past year, joint efforts continued in improving marketing, education, and ongoing due diligence. Key leadership personnel from Capital Group meet at least annually with the Commonwealth Savers IAC and Board. Capital Group and Commonwealth Savers staff also continued their due diligence meetings to discuss ongoing operations, marketing, legislative, regulatory, and industry topics. Both organizations collaborate extensively on federal legislative initiatives, as well as monitoring other legal and regulatory developments impacting 529 plan administrators. The Capital Group and Commonwealth Savers teams continuing to hold key leadership positions within 529 industry organizations the College Savings Plans Network (CSPN) and the College Savings Foundation (CSF).

The CollegeAmerica program also assesses a low state administrative fee on a tiered structure, which equated to a blended effective rate across accounts of approximately 5 basis points (0.0537%) for fiscal 2025. The American Funds pays Commonwealth Savers an annual fee equal to nine basis points (.09 percent) of the average daily net asset value of the underlying funds held in CollegeAmerica up to \$20 billion; the fee is reduced to five basis points (.05 percent) for amounts in excess of \$20 billion up to \$75 billion with further reductions to three basis points (.03 percent) for amounts above \$75 billion. This fee is calculated and accrued daily and paid to Commonwealth Savers on a quarterly basis. As of June 30, 2025, the CollegeAmerica program offered 46 American Funds mutual funds, including its Portfolio Series and College Target Date Funds.

ABLE Program Updates

Fiscal year 2025 brought continued growth in disability savings programs, ABLEnow and ABLEAmerica. Commonwealth Savers, through its partnership with PNC Bank, N.A., continued to focus on strategic initiatives to improve the overall customer experience and engagement with ABLEnow accounts. The group enrollment onboarding process continues to contribute to the growth in accounts and assets of the program. ABLEnow continued to be supported by an internal program management team that provides ongoing due diligence and strategic partnering that impacts operational enhancements. Commonwealth Savers has established a strategic project goal to facilitate a transition to a new program administrator in fiscal year 2026. As of June 30, 2025 ABLEnow had 21,823 active accounts and over \$196.2 million in assets under management.

ABLEAmerica is offered through Commonwealth Savers' partnership with the Capital Group (American Funds) and it complements ABLEnow by giving those individuals and families who utilize financial advisors another means through which to access an ABLE plan. Investments are offered through seven approved American Funds mutual funds at the ABLE-A and ABLE F-2 share class levels. As of June 30, 2025, ABLEAmerica had 4,108 total accounts and over \$82.4 million in assets under management.

RetirePath Virginia

The RetirePath Virginia program completed its second full year of operations and continues to exceed growth expectations in fiscal year 2025.

The Virginia General Assembly passed legislation in 2021 directing Commonwealth Savers to establish a state-facilitated retirement savings program to expand access to retirement savings in the workplace. Virginia businesses that do not already offer a qualified retirement plan, employ at least 25 eligible employees and have been operating for two or more years are required to register and facilitate the program. Employees are eligible if they are 18 years of age or older, currently employed at least 30 hours per week and receiving wages in the state of Virginia.

Eligible employees are enrolled in the program by employers but may opt out at any time. Participation for employees is voluntary. Accounts in the program offer tax advantages and are structured by default as Roth Individual Retirement Accounts (Roth IRAs), with the option for certain employees to direct contributions to a traditional IRA. The default contribution rate is 5% of wages, which automatically increase 1% up to a maximum 10% January of each year. Individuals who are self-employed or do not work for an employer registered with RetirePath Virginia can open an account and contribute on their own. For 2025, individuals can save up to \$7,000 per year in an IRA (\$8,000 if age 50 or older).

Commonwealth Savers serves as program manager for RetirePath Virginia and has contracted with Vestwell State Savings, LLC (Vestwell) to provide program administration, record keeping, and custodial services for the program. RetirePath offers both employer and saver portals to manage accounts and offers employers an easy way to integrate with many payroll providers to facilitate automatic payroll deduction direct deposit of saver contributions. There are five mutual fund investment options, all of which are managed by BlackRock, including their LifePath® Index Retirement Funds. Launched in June 2023, RetirePath has grown to 18,211 total accounts and \$16.7 million in assets under management as of June 30, 2025.

Account Growth and Transaction Volume

During fiscal year 2025, Commonwealth Savers experienced account growth by program as shown in the table below. Invest529’s 6.0 percent growth rate depicts continued strong program satisfaction and corresponds to an additional net 30 thousand accounts opened during the fiscal year. Within the DB529 Program, Prepaid529 accounts decreased, as anticipated, as the program was closed to new enrollment in May 2019 and contracts/accounts are used for their intended purpose. The growth of TTP accounts, within the Invest529 program, will reduce the impact of the Prepaid529 account distributions and, over time, the total accounts are expected to again show year over year gains.

Fiscal 2025 Growth in Accounts¹	
DB529 (includes TTP accounts²)	(6.6)%
Invest529²	6.0%
CollegeAmerica	1.5%
ABLEnow	18.6%
ABLEAmerica	27.7%
RetirePath³	92.8%

¹ New accounts opened during fiscal year net of account closures

² The Tuition Track Portfolio (TTP) is a defined benefit option within Invest529.

³ RetirePath Launched in June of fiscal year 2023

Transaction volume also continued to increase as participants utilized their education savings accounts. During fiscal year 2025, the Plan processed 151,135 Invest529 distribution requests and 17,087 Prepaid529 payments to institutions, representing a 10 percent increase and a 12 percent decrease over the prior fiscal year, respectively. The decrease in Prepaid529 payouts is due to the closure of the program to new participants in 2019.

Operational and System Improvements

Commonwealth Savers made improvements to its technology platforms to improve the customer experience and support agency and program operations. Other technology enhancements continued to focus on the safeguarding of customer identity and assets, web responsiveness, revamped customer enrollment application, and Commonwealth Savers completed several internal projects, including an enhanced customer identification program, electronic signatures, customer identity and access management, implemented a new knowledge management system, and continued working on innovation goals related to additional payment options and mobile technologies for customers.

Leadership and staff enhanced its agency strategic planning and innovation goals. To better manage major agency initiatives and align business processes, Commonwealth Savers created a core innovation team supported by four spur teams. These teams focus on Process Inventory and Prioritization, Alternative Forms of Payment, Technical and Ethical Considerations for the use of Artificial Intelligence and People and Culture. Each team is supported by staff which span across all divisions within the organization.

As an additional measure of assurance, Commonwealth Savers established an Internal Audit function in fiscal year 2024. During fiscal year 2025, Commonwealth Savers worked with an external provider of internal audit services to

continue its work and implementation of the internal audit function. This included updating the risk assessment and performing several internal audit engagements over key business areas and projects. Commonwealth Savers will continue to work with its internal audit services provider in the coming year to finalize and enhance this function.

During fiscal year 2025, Financial Operations teams continued efforts to improve accounting systems and replace legacy systems. This included ongoing efforts to implement its cloud-based accounting reconciliation solution that automates processes and enhances overall general ledger controls.

Commonwealth Savers staff also completed a project plan to transition payroll operations from the Commonwealth's Payroll Service Bureau to an internal function. Going forward, Commonwealth Savers will process its own payroll with internal staff and resources.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Commonwealth Savers for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This latest certificate is included within the Report for fiscal year 2025. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We remain committed to providing the best possible customer service to our program participants and to the citizens of the Commonwealth, and to being responsible stewards of the funds in our care. We express our sincere thanks and appreciation to our outstanding staff and our business partners and for the guidance and dedication of our Board and Committee members.

Respectfully Submitted,



Mary G. Morris
Chief Executive Officer



Vivian L. Shields
Chief Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Virginia College Savings Plan (Virginia529)

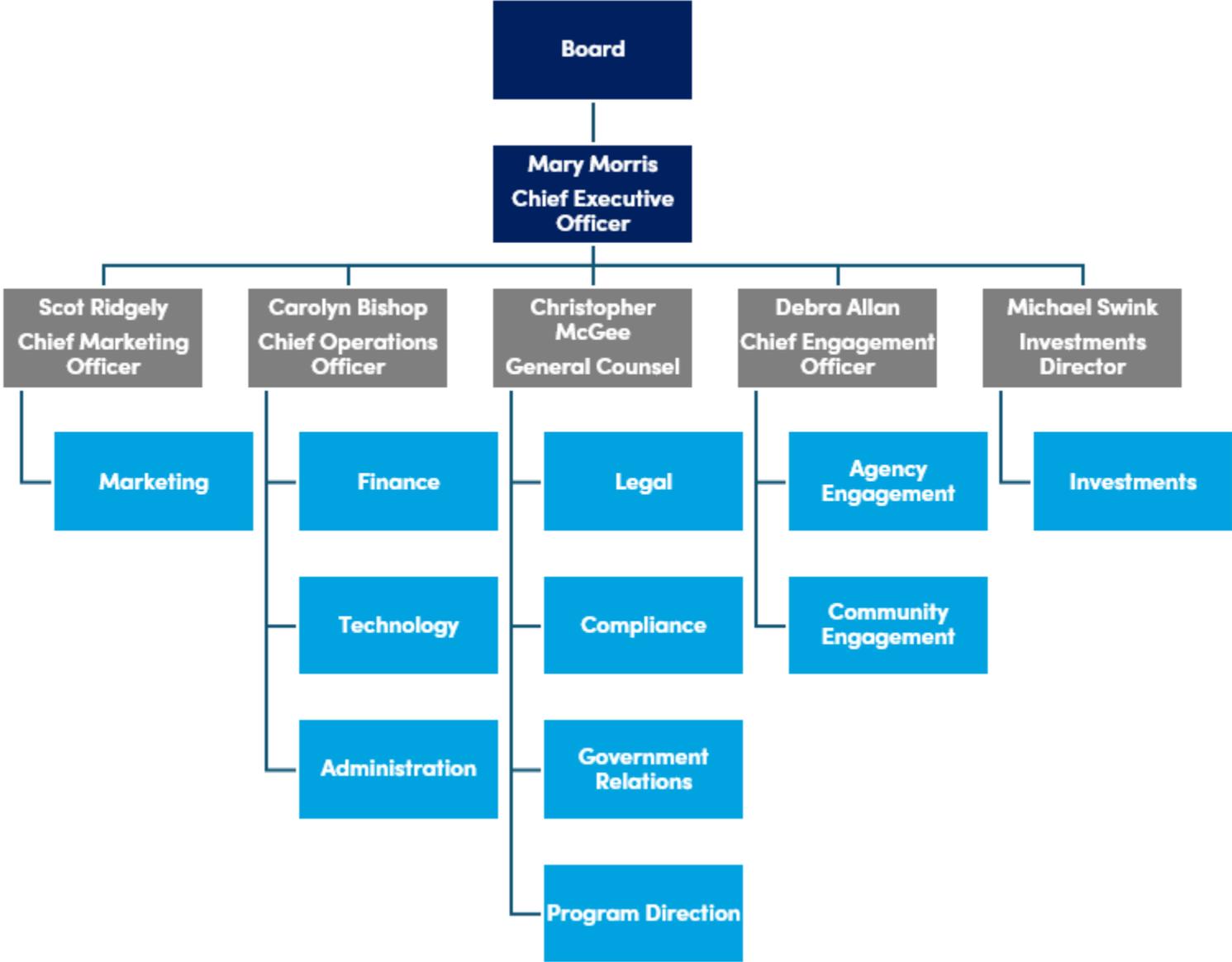
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Commonwealth Savers Organization



Commonwealth Savers Leadership Team

Mary G. Morris
Chief Executive Officer

Vivian L. Shields
Chief Financial Officer

Elizabeth Dutton
Chief Administrative Officer

Carolyn Bishop
Chief Operations Officer

Michael Swink, CFA, CPA
Investments Director

Scott Ridgely
Chief Marketing Officer

Chris McGee
General Counsel

Vacant
Chief Technology Officer

Debra Allan, SPHR, SHRM-SCP
Chief Engagement Officer

Sherri Wyatt
Chief Compliance Officer

Professional Consultants

ACTUARIES

Alan S. Perry, FSA, MAAA, CFA
Principal and Consulting
Actuary

Milliman, Inc.

Glenn Bowen, FSA, MAAA, EA
Principal and Consulting
Actuary

Milliman, Inc.

MASTER CUSTODIAN

BNY

AUDITORS

Staci Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Eide Bailly, LLP
Internal Audit

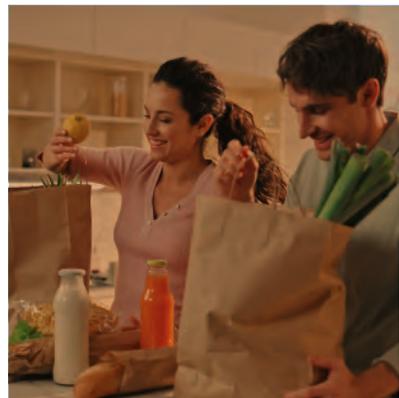
CONSULTANTS

Nick Davies, CAIA
Partner

Mercer

Andrea Feirstein
Chief Executive Officer

AKF Consulting Group



Board & Committee Members

Commonwealth Savers Board as of June 30, 2025



Dante Jackson

Board Chair
Vice President,
Atlantic Union Bank
Citizen Member
Gubernatorial Appointee
Appointed July 10, 2020



Lisa N. Jennings

Board Vice Chair
Chief Financial Officer,
Spirit of Virginia
Citizen Member
Gubernatorial Appointee
Appointed April, 2022



Scott Adams, CPA
State Comptroller
Ex-Officio Member



Dan Banister

Owner, Banister Automotive
Citizen Member
House Appointee
Appointed May, 2024



Kristin Carleton
CEO and Co-Founder,
All Needs Planning
Citizen Member
Senate Appointee
Appointed July, 2024



Ricardo Chamorro

Executive Vice President,
PenFed Credit Union
Citizen Member
Gubernatorial Appointee
Appointed July 1, 2023



Dr. Elliott J. Dubin
Policy Research Director (ref),
Multi-State Tax Commission
Citizen Member
House Appointee
Appointed August 4, 2021



Dr. Craig Herndon

Senior Vice Chancellor, VCCS
(Designee for Dr. David
Doré, Chancellor, VCCS)
Ex-Officio Member



Susan Q. Ferguson, CPA
Senior Lecturer Emeritus,
James Madison University
Citizen Member
Gubernatorial Appointee
Appointed July 1, 2023



Scott Fleming

Director, State Council
of Higher Education
Ex-Officio Member



David Richardson
Treasurer of Virginia
Ex-Officio Member



Mary G. Morris

CEO, Commonwealth Savers
Ex-Officio Member

Committee Assignments

as of June 30, 2025

Access Advisory Committee

Board Members:

Dante D. Jackson, Board Chair
Dr. Craig Herndon, Chair (permanent designee for Dr. David Doré)
Erin McGrath, Vice-Chair (permanent designee for Scott Fleming)
Kristin Carleton

Non-Board Members

Regina Barnett-Tyler
Elizabeth Creamer
Megan Healy
TeCarla Moore
Lyons Sanchezconcha

Audit and Actuarial Committee

Board Members:

Dante D. Jackson, Board Chair
Susan Ferguson, Chair
David L. Richardson, Vice Chair
Scott Adams
Scott Fleming
Dr. Craig Herndon (permanent designee for Dr. David Doré)
Lisa N. Jennings

Compensation Committee

Board Members

Dante D. Jackson, Board Chair
Dr. Craig Herndon, Chair (permanent designee for Dr. David Doré)
Susan Ferguson, Vice Chair
Ricardo Chamorro
Lisa N. Jennings

Investment Advisory Committee

Board Members

Dante D. Jackson, Board Chair
Dan Banister
Ricardo Charmorro
Dr. Elliott J. Dubin
Lisa N. Jennings
David L. Richardson

Non-Board Members

Timothy G. Berry, CFA, Chair
Frederick Nolde, CFA, Vice Chair
Kristina Alimard, CFA
Chris Culbertson, CFA
Farrah Holder

Ex Officio:

Mary G. Morris, Chief Executive Officer

Retirement Program Advisory Committee

Board Members

Dante D. Jackson, Board Chair
Kristin Carleton
Dr. Elliott J. Dubin
Susan Ferguson, CPA
David L. Richardson

Non-Board Members

Evelyn Small Traub, Chair
Wendy Young Carter, Vice Chair
Michael L. Hadley
Kelly Hiers
Jessica Holte
Lajuanna Russell

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statements

Required Supplementary Information

Supplementary Information

Other Information





Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 26, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Members of the Board
Commonwealth Savers Plan

Mary Morris, Chief Executive Officer
Commonwealth Savers Plan

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities (the Enterprise Fund) and the fiduciary activities (the Private Purpose Trust Fund) of the **Commonwealth Savers Plan** (Commonwealth Savers), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Commonwealth Savers' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund and the Private Purpose Trust Fund of Commonwealth Savers as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing

Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Commonwealth Savers, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Relationship to the Commonwealth of Virginia

As discussed in Note 1, the financial statements of Commonwealth Savers are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities and the aggregate remaining fund activities of the Commonwealth of Virginia that is attributable to the transactions of Commonwealth Savers. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Virginia, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Investments with Values that are not Readily Determined

As discussed in Notes 1 and 5, total Commonwealth Savers investments include investments valued at \$1.9 billion (57.9% of total assets) for the Enterprise Fund and \$441.3 million (4.1% of total assets) for the Private Purpose Trust Fund, respectively, as of June 30, 2025, whose fair values have been estimated by management in the absence of readily determinable values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinions are not modified with respect to this matter.

Correction of 2024 Financial Statements

As discussed in Note 2 of the accompanying financial statements, the fiscal year 2024 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Commonwealth Savers' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 31 through 45; the Schedule of Commonwealth Savers' Share of Net Pension Liability, the Schedule of Commonwealth Savers' Pension Contributions, and the Notes to the Required Supplementary Information – State Retirement Employment Plan; the Schedule of Commonwealth Savers' Share of Net OPEB Liability – GLIP, the Schedule of Commonwealth Savers' Contributions – GLIP, the Schedule of Commonwealth Savers' Share of Net OPEB Liability – HICP, the Schedule of

Commonwealth Savers' Contributions – HICP, the Schedule of Commonwealth Savers' Share of Net OPEB Liability – VSDP, the Schedule of Commonwealth Savers' Contributions – VSDP, and the Notes to the Required Supplementary Information – Commonwealth of Virginia GLIP, VSDP, and HICP; the Schedule of Commonwealth Savers' Share of Total OPEB Liability, and the Notes to the Required Supplementary Information – Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees on pages 99 through 109. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Commonwealth Savers' basic financial statements. Appendix A, Appendix B, and Appendix C (supplementary information) are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section, Statistical Section, and Other Information within the Financial Section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

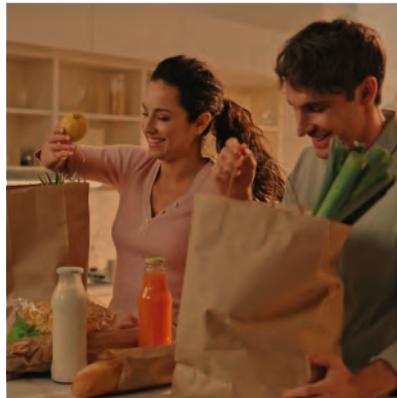
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2025, on our consideration of Commonwealth Savers' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Commonwealth Savers' internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

ZLB/vks



Management's Discussion & Analysis

Management's Discussion and Analysis (Unaudited)

The Commonwealth Savers Plan's (Commonwealth Savers') Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues and provides an overview of financial activity. This discussion includes an analysis of Commonwealth Savers' financial condition and results of operations for the fiscal year ended June 30, 2025. This presentation includes summarized data and should be read in conjunction with the accompanying financial statements and notes.

Commonwealth Savers, formerly known as Virginia College Savings Plan, operates the Commonwealth of Virginia's (the Commonwealth's) Internal Revenue Code (IRC) Section 529 qualified tuition plan, which includes the Defined Benefit 529 (DB529) Program, comprised of the legacy Prepaid529 program and the Tuition Track Portfolio (TTP), Invest529 (which includes TTP), and CollegeAmerica. In addition, Commonwealth Savers administers access initiatives through its SOAR Virginia program that has been in existence since 2010 with its SOAR Scholars early commitment scholarship program, and an expanded access program that launched in 2021 and further expanded in 2023 for future initiatives.

The legacy Prepaid529 program is a defined benefit program, which closed to new participants in fiscal year 2019. Contracts in this program are based on actuarially determined prices that provide the future payment of undergraduate tuition for the normal full-time course load for students enrolled in a general course of study at any Virginia public higher educational institution and all mandatory fees required as a condition of enrollment of all students, and differing payouts at private or out-of-state institutions. The Tuition Track Portfolio of Invest529 is also a defined benefit program, which opened in February of 2021 as the successor to Prepaid529. Units purchased in this program are based on the weighted average tuition costs (Average Tuition) of Virginia 4-year public higher educational institutions. The TTP unit price is solely based on Average Tuition and does not include any actuarial pricing reserve or additional load in the unit price. Benefits are paid out at Average Tuition at the time of maturity. Average Tuition includes tuition payments at the in-state undergraduate rates and all mandatory fees required as a condition of enrollment of all students. Annually, Commonwealth Savers' actuary determines the actuarial soundness of DB529. Key factors used in the actuarial analysis include anticipated tuition increases (both short- and long-term) as well as anticipated long-term investment performance. Collectively, the legacy Prepaid529 program and TTP are defined as Commonwealth Savers' Defined Benefit 529 Program.

Invest529, without TTP, is the Defined Contribution 529 Program (DC529). Participants can make contributions into selected investment portfolio(s) and those accounts are subject to market investment risks, including the possible loss of principal. The SOAR Scholars program, along with an expanded access fund, are combined with the DC529 Program to comprise the Fiduciary Fund financial statements, collectively.

CollegeAmerica is also a defined contribution savings program. CollegeAmerica, a broker-sold program, which offers 46 different American Funds mutual fund products as investment

options. CollegeAmerica participants bear all market risk for their investment, including the potential loss of principal. Capital Group (American Funds), acts as program manager for CollegeAmerica and provides all back office and operational services for the program.

Commonwealth Savers also operates the Commonwealth's IRC Section 529A programs. The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act authorized states to offer tax-advantaged savings programs for individuals with disabilities. ABLEnow® and ABLEAmerica®, both defined contribution plans, are Commonwealth Savers' tax-advantaged savings programs for people with disabilities. Commonwealth Savers is the program sponsor for ABLEnow and provides customer service, investment management, and marketing services, however, PNC Bank, N.A. acts as the program administrator and is responsible for account management. The American Funds acts as program manager for ABLEAmerica and provides all back office and operational services for the program. Programs managed and administered by the American Funds and PNC, respectively, are presented in Other Information and are not included in the accompanying audited financial statements.

RetirePath Virginia (RetirePath) is a state-facilitated IRA savings program which Commonwealth Savers administers. Commonwealth Savers offers program oversight, investment management and marketing services for RetirePath. Vestwell State Savings, LLC provides program administration, record keeping and custodial services. Information related to RetirePath and its funds and activities can also be found in Other Information and are not included in the accompanying audited financial statements.



Overview

This discussion and analysis is an introduction to Commonwealth Savers' basic financial statements, which include Commonwealth Savers' business-type activities or Enterprise Fund, the Fiduciary or Private Purpose Trust Fund, and notes to the financial statements.

Business Type Activities – Enterprise Fund

An enterprise fund (a statutorily-created special nonreverting fund), is typically used to account for governmental operations that are financed and operated in a manner similar to a private sector business. Enterprise funds typically report activities that charge fees for supplies or services to the general public. This activity is reported on the full accrual basis of accounting; all revenue and expenses are reflected in the financial statements even if the related cash has not been received or paid as of the June 30th fiscal year-end. Commonwealth Savers' Enterprise Fund consists of multiple sub-funds, including the agency's administration & operations fund, the access fund and the Defined Benefit 529 Program (DB529 Program). The activity within the administration & operations fund relates to charges for services and expenses related to running the organization. The DB529 Program contains the commingled assets and activity of the Legacy Prepaid529 and TTP programs discussed above. The access fund contains amounts allocated from the DB529 Program in fiscal year 2023 and subsequent investment earnings thereon. These funds remain invested alongside assets of the DB529 Program.

The Statement of Net Position presents information on the Enterprise Fund's assets and deferred outflows of resources as well as liabilities and deferred inflows of resources, with the difference between the two reported as total net position. Annually, Commonwealth Savers' actuary conducts a valuation that determines the actuarial soundness of the DB529 Program.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year, including both actual and actuarially determined contributions and contract payments from participants and payments for higher education expenses.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, financing and investing activities.

Fiduciary Fund

The DC529 Program and a portion of Commonwealth Savers' expanded access programs are reported in the private purpose trust fund, which is a type of fiduciary fund. The portion of Commonwealth Savers' expanded access programs reported in the Fiduciary Fund are those which have already been expensed out of the Enterprise Fund as they were appropriated. A private purpose trust fund accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations or other governments, and uses the full accrual basis of accounting. Activities of both programs are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The Statement of Fiduciary Net Position presents information on all assets and liabilities, with the difference between the two reported as net position restricted for program participants. The Statement of Changes in Fiduciary Net Position presents the revenues earned and expenses incurred during the year.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements and are an integral part of the basic financial statements.

Required Supplementary Information

Management's Discussion and Analysis, the schedules of Commonwealth Savers' Share of Net Pension and Other Post-Employment Benefits (OPEB) Liability and Pension and OPEB Contributions, as well as the notes to the Required Supplementary Information are required by accounting principles generally accepted in the United States of America and are presented as Required Supplementary Information.

Supplementary Information

Within the Supplementary Information, Commonwealth Savers presents a breakout schedule of each of the sub-funds that comprise the Enterprise Fund, the details of each investment held within each of the funds by manager and a schedule of investment-related expenses.

Other Information

CollegeAmerica, RetirePath, ABLEnow and ABLEAmerica are defined contribution savings programs and are presented as Other Information. CollegeWealth, which closed to new participants in fiscal year 2017, is also presented as Other Information. Other Information is unaudited but presented as additional information.

Statistical Section

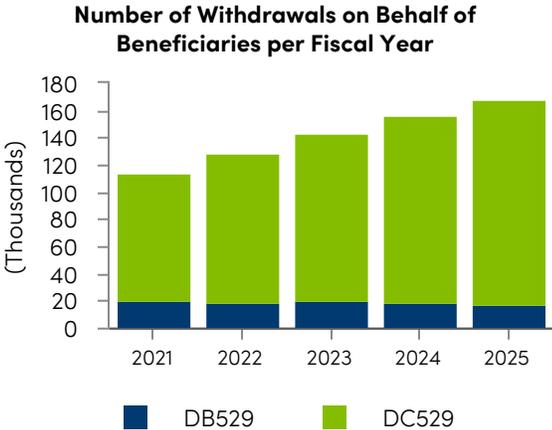
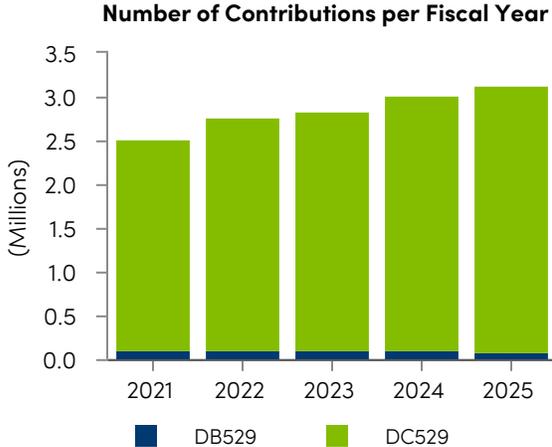
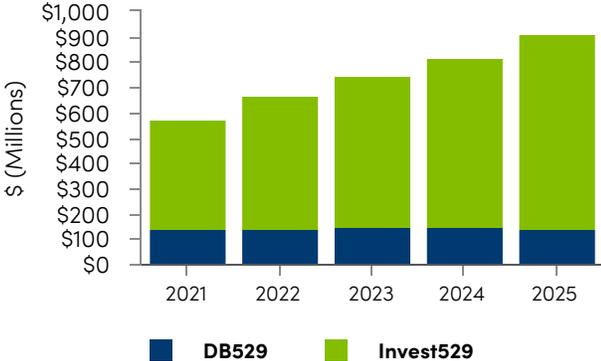
Commonwealth Savers provides ten years worth of history for selected statistics across its program within the Statistical Section of this report. This section is intended to show trends and compare various data points year-over-year. The Statistical Section is unaudited but presented as additional information.

Fiscal Year 2025 Financial Highlights

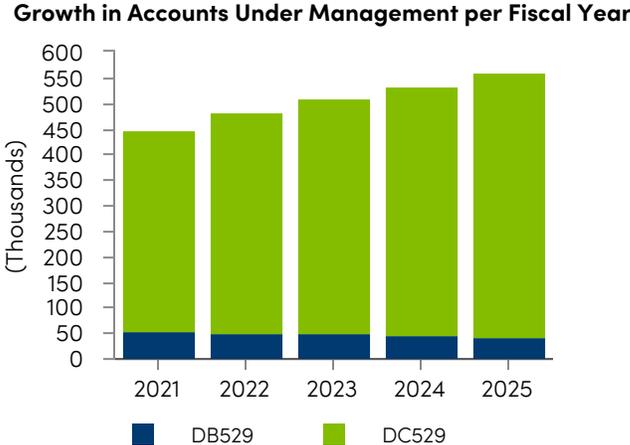
In aggregate, market movements had an overall net positive effect on fixed income and equity security prices in both the DB529 and DC529 Programs' portfolios for the fiscal year ended June 30, 2025. Transaction activity increased overall as customers continued to fund their education savings accounts and use them to pay higher education expenses. From the DB529 Program's perspective, the Prepaid529 program is closed to new participants and therefore, total Prepaid529 accounts under management and receipts from contract payments will continue to decline over time. However, growth in TTP accounts and activity have begun to offset that decline and will increase over time as new TTP units are purchased.

The two following graphs represent Defined Benefit and Defined Contribution 529 program withdrawals since fiscal year 2021. This does not include rollovers to other qualified tuition plans.

Amounts Withdrawn per Fiscal Year



The graph below represents the Defined Benefit and Defined Contribution 529 Programs' active accounts under management at fiscal year-end since fiscal year 2021.



The two following graphs represent Defined Benefit and Defined Contribution 529 program contributions received since fiscal year 2021.

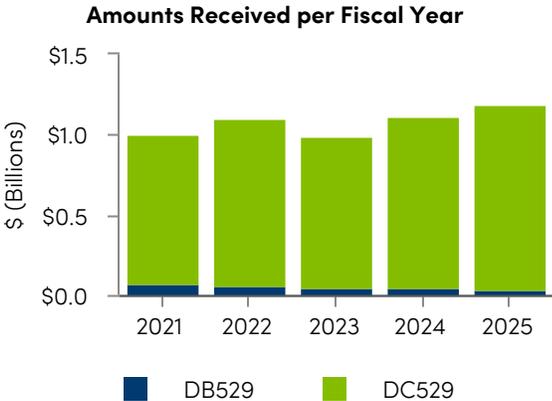




Table 1 demonstrates the numbers of students served, the amounts paid from the DB529 program directly to Virginia public universities and community colleges, and the amounts paid from the DC529 program on behalf of beneficiaries associated with the respective university or community college during fiscal year 2025. Actual DC529 payments may have been issued to account owners, beneficiaries, or the respective institution.

Table 1
Defined Benefit and Defined Contribution529 Program Payments to or Associated with
Virginia Public Universities and Community Colleges (dollars shown in thousands)
Fiscal Year 2025

	DB529*		DC529	
Public Universities	Number of Students with Contracts	Payments to Universities	Number of Students with Accounts	Payments Associated with Universities
Virginia Tech University	1,458	\$ 20,819	4,641	\$ 55,745
University of Virginia	1,226	22,930	3,895	51,723
James Madison University	983	13,364	3,175	36,031
Virginia Commonwealth University	754	9,581	2,495	25,769
George Mason University	753	9,249	2,624	24,335
College of William & Mary	519	11,435	1,424	20,550
Christopher Newport University	247	3,678	722	8,295
Old Dominion University	202	1,788	690	5,286
University of Mary Washington	140	1,627	521	5,436
Longwood University	113	1,318	302	3,219
Radford University	102	1,037	350	3,029
Virginia Military Institute	37	599	118	1,072
University of Virginia's College at Wise	12	165	50	541
Norfolk State University	6	66	38	140
Virginia State University	5	25	54	260
Total Universities	6,557	\$ 97,681	21,099	\$ 241,431

	DB529*		DC529	
Community Colleges**	Number of Students with Contracts	Payments to Community Colleges	Number of Students with Accounts	Payments Associated with Community Colleges
Northern Virginia Community College	340	\$ 972	1,817	\$ 7,089
Brightpoint Community College	73	176	276	1,119
Tidewater Community College	68	183	228	745
J Sargeant Reynolds Community College	60	120	232	855
Germanna Community College	53	122	211	652
Laurel Ridge Community College	32	75	138	559
Virginia Peninsula Community College	22	47	95	403
Virginia Western Community College	19	35	110	366
Blue Ridge Community College	15	40	79	306
Piedmont Virginia Community College	12	17	136	464
New River Community College	12	21	77	211
Central Virginia Community College	8	9	42	148
Richard Bland College	7	42	38	188
Paul D Camp Community College	6	13	11	40
Southside Virginia Community College	5	15	10	64
Danville Community College	5	10	12	35
Southwest Virginia Community College	5	15	7	13
Rappahannock Community College	4	—	39	86
Patrick Henry Community College	4	12	8	25
Mountain Gateway Community College	4	2	6	20
Eastern Shore Community College	2	1	9	30
Wytheville Community College	2	4	9	43
Virginia Highlands Community College	1	—	7	11
Mountain Empire Community College	—	—	1	1
Total Community Colleges**	759	\$ 1,931	3,598	\$ 13,473

Amounts may not sum due to rounding

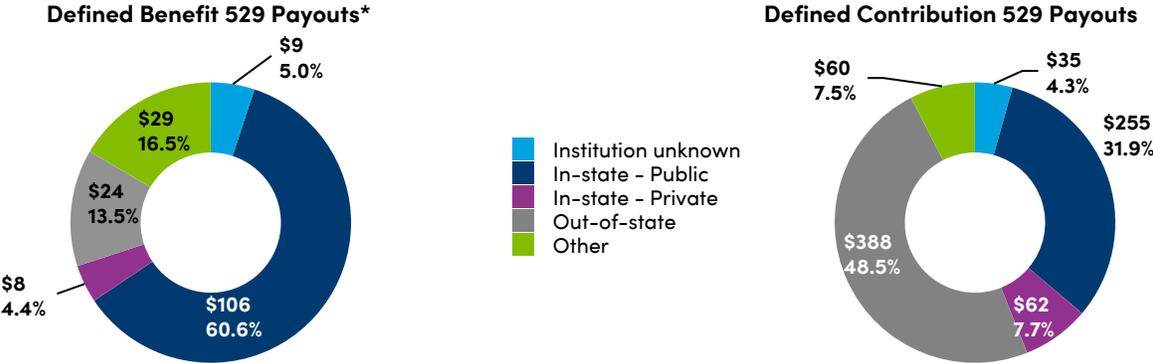
*Includes the Tuition Track Portfolio (TTP)

**Includes Richard Bland College; Virginia's only 2-year junior college

Chart 1 below reflects the types of institutions to which benefits are paid. From the DB529 Program, roughly 83 percent of payouts are payments on behalf of students for higher education purposes. This includes \$105.8 million for students attending Virginia public institutions and community colleges and \$23.5 million for students attending out-of-state institutions as well as benefits paid to in-state private and unknown institutions. "Other" DB529 payouts represents rollovers to Invest529 by account owners who desire to use more than the allowable semester under their contract for out-of-state payouts or transfers to Invest529 for accounts which reached their expiration period of ten years past high school graduation. This category may also include voluntary rollovers by account

owners to other Commonwealth Savers programs or external programs/trustees for various reasons. The majority of DC529 Program payments are made directly to account owners or beneficiaries for expenses paid to institutions, including out-of-state institutions. "Other" DC529 payments reflected in Chart 1 include rollovers to other states' plans, rollovers/transfers to other Commonwealth Savers programs, other withdrawals made by account owners and beneficiaries, and refunds to the account owner. Beginning in fiscal year 2024, participants have the ability to roll over certain qualified funds to a Roth Individual Retirement Account (IRA). These are included in the "Other" category for each fund.

Chart 1
2025 Program Payouts by Institution Type (in millions)



Amounts may not sum due to rounding
 *Includes TTP



Analysis of Enterprise Fund

Financial Activities

The Enterprise Fund includes the activities of the DB529 Program, the access fund and Commonwealth Savers' general operating activities. The access fund is part of the SOAR Virginia program expansion, which happened in fiscal year 2023. The

Enterprise Fund ended the year with net position of \$2,045.0 million, which is an increase of \$235.8 million from fiscal year 2024. The increase in net position is mostly attributable to an increase in investment balances based on the investment income earned in fiscal year 2025.

Table 2 – Enterprise Fund

Summary of Net Position (in millions)

As of JUNE 30,	2025	2024*	\$ CHANGE	% CHANGE
Assets and deferred outflows:				
Current assets	\$ 182.2	\$ 210.0	\$ (27.8)	(13.2)%
Investments	3,069.1	2,917.2	151.9	5.2 %
Capital assets, net	8.1	6.5	1.6	24.1 %
Other noncurrent assets	29.8	39.6	(9.8)	(24.8)%
Total assets	3,289.2	3,173.3	115.9	3.7 %
Total deferred outflows	5.2	4.7	0.4	9.1 %
Assets and deferred outflows	3,294.4	3,178.1	116.3	3.7 %
Liabilities and deferred inflows:				
Current liabilities	218.8	219.8	(1.0)	(0.5)%
Noncurrent liabilities	1,028.3	1,147.1	(118.8)	(10.4)%
Total liabilities	1,247.0	1,366.8	(119.8)	(8.8)%
Total deferred inflows	2.3	2.1	0.3	13.1 %
Liabilities and deferred inflows	1,249.4	1,368.9	(119.6)	(8.7)%
Net Position				
Net investment in capital assets	6.0	3.9	2.0	52.0 %
Restricted	0.9	0.7	0.2	21.5 %
Unrestricted	2,038.2	1,804.5	233.6	12.9 %
Total net position*	\$ 2,045.0	\$ 1,809.2	\$ 235.8	13.0 %

Amounts may not sum due to rounding*

*2024 amounts have been re-stated as discussed in Note 2 to the financial statements

Assets - Current assets decreased by \$27.8 million in fiscal year 2025. This is attributable to investment managers' decisions to hold a smaller portion of assets in cash equivalent positions, which is at their discretion, as well as a decrease in operating cash based on increased spending toward access initiatives. Long-term investments increased by \$151.9 million, primarily attributable to overall market increases throughout fiscal year 2025. Net capital assets increased by 24.1 percent due to the capitalization of an internally developed software project and the addition of several right-to-use assets associated with subscription-based information technology arrangements per GASB 96. Other noncurrent assets, which primarily represent the noncurrent portion of tuition contributions receivable in the Prepaid529 Program, decreased by \$9.8 million for fiscal year 2025. This represents the decrease in the actuarially determined amount expected to be collected from Prepaid529 contract holders of record in future years. This decrease is primarily due to the closure of the Prepaid529 program to new participants in fiscal year 2019. There is no contract receivable associated with Prepaid529's successor program, TTP.

Liabilities - Current liabilities decreased by \$1.0 million, primarily attributable to a decrease in the current portion of

educational expense benefits payable. This is due to the closure of the Prepaid529 program in 2019. As sales of TTP units continue to increase, this will cause the overall liability of the DB529 to increase in future years. There was also an increase in pending trades payable, which represent securities purchases at fiscal year-end for which the cash has not yet been paid. Noncurrent liabilities decreased by \$118.8 million. This decrease is due to the change in the actuarial present value of the future tuition obligations. Changes in the present value of the future tuition benefit obligation can be attributed to the passage of time, unit payouts, differences between actual experience and the actuarial assumptions used, and changes to the actuarial assumptions. An increase of \$0.3 million in deferred inflows offset the increase in net position as well, which is the result of a change in Commonwealth Savers' share of the net pension liability.

Table 3 is a summary comparison of the Enterprise Fund's Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2025 as compared to the prior year. The table reflects the change in the Enterprise Fund's net position. While the net position increased, the overall change, compared to the previous year increased by 56.4 percent for fiscal year 2025.

Table 3 – Enterprise Fund**Changes in Net Position (in millions)**

YEARS ENDED JUNE 30	2025	2024*	\$ CHANGE	% CHANGE
Operating revenues				
Charges for sales and services	\$ 56.7	\$ 53.1	\$ 3.6	6.7 %
Net increase (decrease) in investment income	264.8	216.9	47.9	22.1 %
Contributions	46.3	46.7	(0.4)	(0.8)%
Net actuarial gain/(loss)	114.0	56.9	57.1	100.4 %
Net operating revenues	481.9	373.6	108.3	29.0 %
Operating expense				
Educational benefits expense	174.8	180.3	(5.5)	(3.1)%
Other operating expenses	70.5	41.9	28.6	68.1 %
Net operating expenses	245.3	222.3	23.0	10.4 %
Operating income (loss)	236.6	151.3	85.2	56.3 %
Non-operating revenue (expense) net	(0.1)	—	(0.1)	(100.0)%
Income (loss) before transfers	236.5	151.3	85.2	56.3 %
Transfers	(0.3)	(0.3)	(0.1)	5.7 %
Loss on disposal of capital asset	(0.1)	—	(0.1)	(100.0)%
Change in net position	236.2	151.0	85.2	56.4 %
Net position, beginning**	1,809.0	1,658.1	150.9	9.1 %
Net position, ending	\$ 2,045.0	\$ 1,809.2	\$ 235.8	13.0 %

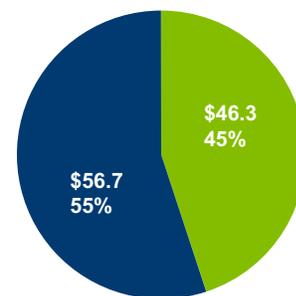
Amounts may not sum due to rounding

*2024 amounts have been re-stated as discussed in Note 2 to the financial statements

**2025 beginning net position differs from 2024 ending balance due to additional re-statement of beginning net position discussed in Note 2

Revenues - For the fiscal year ended June 30, 2025, a net increase is reflected in the market value of investments of approximately \$264.8 million, versus the increase in the prior fiscal year of \$216.9 million. The market values of investment securities change on a daily basis depending upon market conditions. This number will fluctuate from year to year, depending upon market conditions as of June 30th, or the last business day of the fiscal year. The DB529 Program's asset allocation had positive performance in fiscal year 2025, which was higher than the performance of the previous fiscal year. Contributions from customers make up a large portion of revenues and decreased by 0.8 percent from 2024. Participant contributions include actual Prepaid529 contract payments as well as purchases of TTP units, and represent approximately 45 percent of Enterprise Fund revenue. The decrease of \$0.4 million in contributions is due to the closure of the Prepaid529 program in 2019. This decrease in contributions toward Prepaid529 will be offset by purchases of TTP units in future years. The actuarial gain increased by 100.4 percent. Actuarial gains occur due to a number of factors, such as investment returns exceeding the return assumption and other factors, as discussed in Note 11. Receipts for charges for sales and services increased during fiscal year 2025 by \$3.6 million. These revenues represent administrative fees collected on Commonwealth Savers' programs outside the DB529 Program. The increase in these fees is attributable to increased market values of the CollegeAmerica and Invest529 Programs, based on account growth and positive investment performance. Chart 2 shows a breakdown of the Enterprise Fund's remaining main revenue streams.

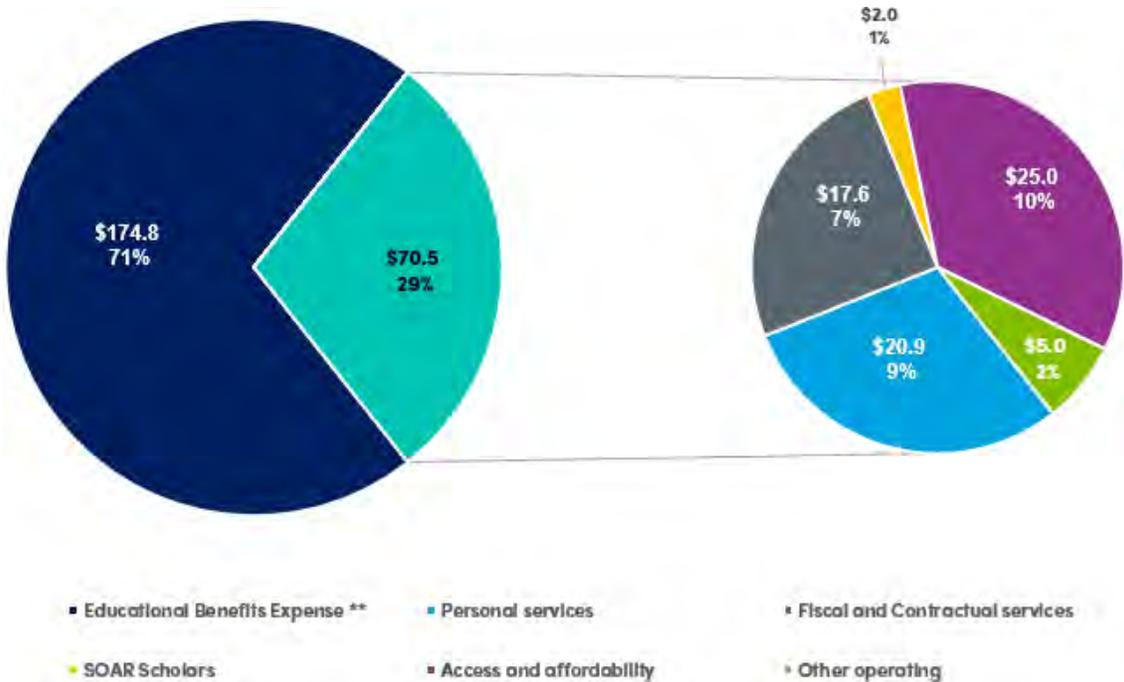
Chart 2
2025 Enterprise Fund Revenue (in millions)



■ DB529 contract payments and contributions
■ Charges for sales and services

Expenses - Educational benefits expenses decreased by 3.1 percent or \$5.5 million since 2024. This decrease is mainly due to the closure of the Prepaid529 program in 2019, resulting in less payouts as accounts close. In future years, TTP benefits will offset this decrease as more accounts in this program reach maturity and result in payouts. Fiscal year 2025 was the first full fiscal year that fully mature TTP units were in effect throughout the entire fiscal year. The remaining operating expenses increased by 68.1 percent from the previous year. Chart 3 below provides a breakdown of the Enterprise Fund's main expenses and these expenses are explained further below in Table 4.

Chart 3
2025 Enterprise Fund Expenses
 in millions



**Does not include actuarial tuition benefits
 Amounts may not exactly agree to the table below due to rounding

As shown in Chart 3, educational benefits payments represent 71 percent of actual expenses of the Enterprise Fund. Of the \$70.5 million expended for plan administration and operations expenses, 55 percent were for personal and contractual services.

YEARS ENDED JUNE 30,	2025	2024	CHANGE	% CHANGE
Personal services	\$ 20,918	\$ 19,115	\$ 1,803	9.4 %
Actuarial pension expense	1,780	1,711	69	4.0 %
Fiscal and contractual services	17,569	15,957	1,613	10.1 %
Supplies and materials	108	87	21	24.6 %
Depreciation and amortization	2,579	1,818	761	41.8 %
Expendable equipment	331	330	1	0.2 %
SOAR Scholars	2,000	2,000	—	— %
Access and affordability	25,000	—	25,000	100.0 %
Other	222	926	(705)	(76.1)%
Administration and Operations Expenses	\$ 70,508	\$ 41,945	\$ 28,563	68.1 %

Amounts may not sum due to rounding

Table 4 provides a comparison of administration and operations expenses between fiscal years 2025 and 2024, which increased by 68.1 percent. Personal services expense increased by \$1.8 million, or 9.4 percent, over the prior year's amount. The increase is attributable to hiring additional staff, paying out benefits for those who retired or voluntarily terminated

employment, and salary and incentive increases as provided in Commonwealth Savers' Compensation Plan approved by the General Assembly. Increased labor costs due to market conditions also contributed to this increase. Actuarial Pension expense increased by 4.0 percent. This expense is a function of the annual pension obligation recognition. Information on this

expense can be found in Footnote 12 – Retirement and Pension Plan. Expenses for fiscal and contractual services represent about 24.9 percent of fiscal year 2025 administrative expenses and increased by 10.1 percent from the previous year. A portion of these expenses were capitalized as part of a software in development project and another portion capitalized as part of SBITA agreements per GASB 96. Depreciation and amortization increased by \$1 million in fiscal year 2025, which is a product of capitalized expenses in previous years. The most significant increase related to access and affordability expense out of the Enterprise Fund. This new expense for fiscal 2025 was an approved budgetary execution adjustment and expenditure to support existing access and affordability initiatives discussed in Note 16.

Actuarial Soundness

Commonwealth Savers' statute requires that it annually determine the actuarial soundness of the DB529 Program; which means the actuary's projection that the Program will have the funds needed to pay future obligations. The purpose of Commonwealth Savers' actuarial valuation is to calculate the actuarial present value of the obligations under the DB529 program's accounts purchased through June 30, 2025 and compare the value of those obligations with the DB529 program's assets as of that date. Funds allocated from the DB529 fund into the access fund in fiscal year 2023 are separate from the DB529 fund even though they are commingled for investment purposes and both funds are part of the enterprise special nonreverting fund. Therefore, the access fund is not included in the DB529 fund for purposes of calculating the actuarial valuation. The Board adopted provisional plans for the investment, distribution and allocation to future access initiatives; however, the provisional plan will not go into effect until authority to execute on strategy and investment objectives is obtained. This structure, with both funds in the Enterprise Fund, allows assets in the access fund to be re-allocated back to the DB529 Fund in the future, if needed.

During fiscal year 2025, the DB529 program's actuarial reserve position, as calculated by Commonwealth Savers' actuary and reported in the 2025 Actuarial Valuation Report, increased from an actuarial reserve of \$1,207.6 million in fiscal year 2024, to \$1,398.1 million in fiscal year 2025. The primary driver of the increase in actuarial reserves was investment returns which exceeded expectations in fiscal year 2025 and tuition increases which were less than the assumption used. Future sales of TTP units will offset the decrease in contributions and liabilities from the Legacy Prepaid529 program. Actuarial assumptions are discussed in Note 11 in the Notes to the Financial Statements.

The overall effect of the changes in the actuarial reserve is summarized in Table 5. This table reflects the actuarial gains and losses and the actuarial reserve as of June 30, 2025 as calculated by Commonwealth Savers' actuary using preliminary financial statements developed and provided by Commonwealth Savers as reflected in the draft Actuarial Valuation Report as of October 8, 2025. The final report is expected to be completed no later than mid-December 2025. Any adjustments to the final Actuarial Reserve and the estimated valuation will be reflected and disclosed in the subsequent year's financial statements. A copy of the 2025 Actuarial Valuation Report may be obtained from Commonwealth Savers.

Table 5 – DB529 Program

Statement of Changes in Actuarial Reserve (dollars in millions)

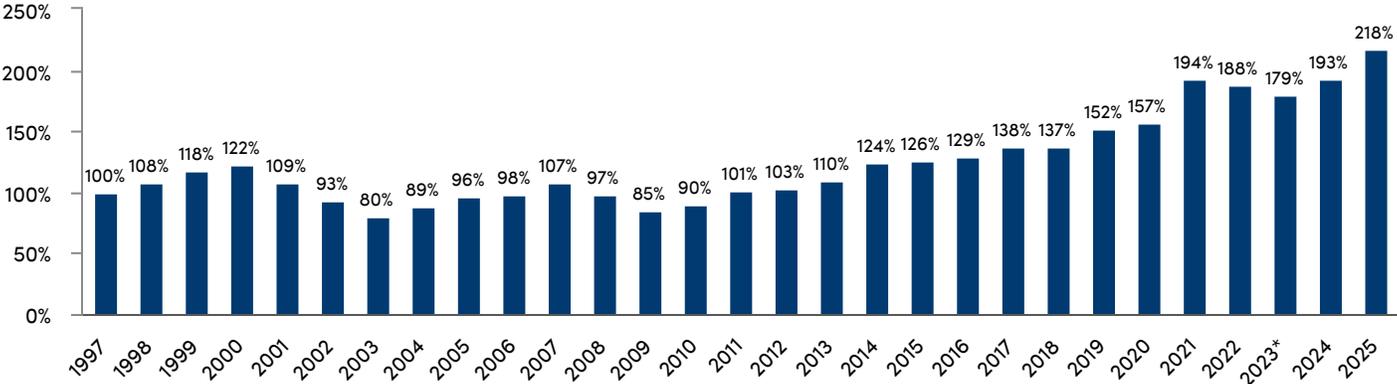
Actuarial reserve as of June 30, 2024	\$ 1,207.6
Adjustment to beginning reserve amount	(9.2)
Interest on the reserve at 5.75 percent	68.9
New TTP Sales	(1.5)
Investment return during 2024–2025 higher than expected	77.0
Change to reasonable rate and actual account balances	1.8
Tuition increases for 2025–2026 lower than expected	5.8
Account maintenance expenses paid by Operating Fund	3.4
Update to bias assumption	(1.0)
Change to investment and tuition volatility assumptions	(1.7)
Change to reasonable rate assumption	(0.2)
Change to tuition growth assumption	28.2
Change to investment return assumption	13.5
Other experience	5.5
Total increase/(decrease) in actuarial reserve	<u>190.5</u>
Actuarial reserve as of June 30, 2025	<u>\$ 1,398.1</u>

The DB529 Program's overall actuarial funded status, as calculated by the actuary, as of June 30, 2025 was 218 percent (rounded). Chart 4 below provides the DB529 Program's funded status since inception. The funded status is a result of the combination of market returns and tuition increase assumptions and generally follows the overall macro-economic environment. As shown in the chart below, the DB529 Program has experienced funded statuses from a low of 80 percent to a high of 218 percent with several periods of ups and downs in between.

Capital Assets

In order to support its operations, Commonwealth Savers invests in capital assets. Commonwealth Savers continues to maintain and upgrade its current infrastructures and pursues opportunities for future equipment and facilities improvements as well as information technology. During fiscal year 2025, Commonwealth Savers increased capital assets by 24.1 percent. This increase is primarily attributable to an internally generated software project to create a new web application process for the Invest529 program. A portion of this project was capitalized as software-in-development in fiscal year 2024 and was completed and capitalized as software in fiscal year 2025. Please see Note 7 for information on Commonwealth Savers' capital asset activity.

Chart 4
DB529 Programs Actuarially Funded Percentage as of June 30th (rounded)



*A Board-approved allocation of \$500M was made in fiscal year 2023 for use toward future access initiatives, which reduced the funded percentage in that year and going forward. See Note 16 for more information on this.

Defined Benefit 529 Program's Asset Allocation and Investments

Chart 5 illustrates the target asset allocation of the DB529 program, as approved by the Commonwealth Savers Board, as well as the actual asset allocations as of fiscal year-end. Each asset class is within its allowable range approved by the Board.

In fiscal year 2025, several investment manager changes were made to meet various mandates within the existing target asset allocation, which was approved by the Commonwealth Savers Board in August, 2021 and reaffirmed by the Board in June 2023. The strategic asset allocation policy was not

changed from the previous fiscal year. The allocation is designed to meet performance objectives while reflecting a proper balance between program needs for liquidity and return on assets, combined with an appropriate level of risk. Hamilton Lane was engaged for a custom private equity separately managed account in fiscal year 2021 and Commonwealth Savers continued to leverage this relationship in fiscal year 2025 by increasing these positions. Within this private markets mandate to Hamilton Lane, several additional general partnerships were hired. A complete list of DB529 Program's managers as of June 30, 2025 may be found in Appendix B.

Chart 5
DB529 Program's Asset Allocation as of June 30, 2025*



*Amounts may not sum due to rounding

Analysis of Fiduciary Fund Financial Activities

The Fiduciary Fund includes the activities of Commonwealth Savers' Invest529 (excluding TTP), SOAR Scholars, as well as the portion of Commonwealth Savers' expanded access programs, which have been expensed out of the Enterprise Fund in previous years. Table 6 presents a summary of the assets and liabilities for fiscal year 2025 and 2024. Cash and cash equivalents increased by \$136.3 million from fiscal year 2024, which is the result of strong growth in the FDIC-Insured portfolio. The competitive rate on this portfolio, combined with the FDIC insured protection has increased consumer demand. This portfolio also received inflows from the Prepaid529 program as expired accounts were transferred to the FDIC-insured portfolio for future usage by these customers. Commonwealth Savers engages various investment managers to invest the funds of the programs. The cash and cash equivalents position fluctuates as these managers purchase and sell investments. Overall positive market conditions partially contributed to a 15.2 percent increase in investments. Also contributing to this increase was steady account growth as the Invest529 program remains an attractive option to customers. Growth in accounts has led to higher portfolio balances from which to derive interest and dividend income. The 17.2 percent increase in receivables is the result of trading activity at year-end and the accrual of greater amounts owed to Commonwealth Savers for the sale of securities and interest, but not yet received at fiscal year-end. Two market fixed income managers, Neuberger Berman Investment Advisors and PGIM Fixed Income, were opened in fiscal year 2025. Similarly, the 191.3 percent increase in liabilities is comprised of amounts owed for the purchase of securities as well as fees payable to investment managers. Both of these increased from the previous year as a result of increased trading activity at fiscal year-end.

Table 6 - Statement of Fiduciary Net Position (in millions)

Fiscal year ended June 30	2025	2024	\$ Change	% Change
Assets:				
Cash	\$ 612.8	\$ 476.6	\$ 136.3	28.6 %
Receivables	\$ 37.0	\$ 31.5	5.4	17.2 %
Investments	\$ 10,207.4	\$ 8,863.8	1,343.6	15.2 %
Total Assets	\$ 10,857.2	\$ 9,371.9	1,485.2	15.8 %
Liabilities	\$ 46.3	\$ 15.9	30.4	191.3 %
Net position restricted, ending	\$ 10,810.9	\$ 9,356.1	\$ 1,454.9	15.5 %

Amounts may not sum due to rounding

Table 7 reflects the change in the Fiduciary Fund's net position for fiscal year 2025. Additions to the fiduciary net position restricted include contributions from participants as well as net investment income. Investment income increased \$63.9 million from fiscal year 2024, which is ultimately attributable to the overall market performance during the year as well as account growth. Participant contributions, which include payments from customers and rollovers into the Invest529 program increased by \$103.9 million, or 10 percent from the prior year as a result of strong consumer demand. This drove both the opening of new accounts as well as the rate of customers making contributions into existing accounts. DC529 Program deductions consist of educational expense benefit payments, rollovers to other

programs and administrative expenses. As anticipated, the overall disbursements to DC529 Program account owners, beneficiaries, and institutions increased over the prior year. The increase of approximately 15.2 percent is the result of participants withdrawing funds for higher education expenses. As the number of accounts grows, more customers will begin to withdraw amounts each year.

Table 7 - Change in Fiduciary Net Position (in millions)

Fiscal year ended June 30	2025	2024	\$ Change	% Change
Additions	\$ 2,261.2	\$ 2,068.4	\$ 192.8	9.3 %
Deductions	806.3	699.9	106.5	15.2 %
Net Increase (decrease)	1,454.9	1,368.5	86.3	6.3 %
Net position restricted, beginning	9,356.1	7,987.5	1,368.5	17.1 %
Net position restricted, ending	\$ 10,810.9	\$ 9,356.1	\$ 1,454.9	15.5 %

Amounts may not sum due to rounding

In October 2024, the Invest529 Program received a Bronze Medal rating from Morningstar, Inc. Morningstar is a provider of independent investment research in North America, Europe, Australia, and Asia. Morningstar offers an extensive line of products and services for individual investors, financial advisors, asset managers, and retirement plan providers and sponsors. Morningstar introduced its ratings on 529 plans in 2010 and evaluates college savings plans on four key pillars – Process, People, Parent, and Price. Morningstar evaluated the majority of 529 plans in calendar year 2024. Morningstar's ratings from highest to lowest are Gold, Silver, Bronze, Neutral and Negative. Invest529 was one of 13 plans to receive a Bronze rating.

In fiscal year 2025, the Invest529 target enrollment portfolios evolved in accordance with the rebalancing policy along their scheduled glide paths, which emphasizes more income and preservation of capital as the portfolios proceed toward their final evolution. The portfolios are rebalanced quarterly to move towards triennial target allocations.

Administrative fees charged to the Invest529 Program (other than the TTP and FDIC-Insured Portfolios) are calculated and accrued daily by the investment custodian and redemption is made by Commonwealth Savers on a quarterly basis. The fee is then collected as revenue into the Enterprise Fund and reduces investment balances within the DC529 Program. Invest529 utilizes a tiered fee structure, which results in 6 basis points being charged on underlying assets up to \$5 billion dollars and 3 basis points on underlying assets exceeding \$5 billion. The FDIC-Insured Portfolio and TTP of Invest529 are not charged administrative or other investment management fees.

Economic Factors and Outlook

Commonwealth Savers continues to remain optimistic that its asset allocation and investment strategies will result in the DB529 Program meeting or exceeding performance expectations over the long term. Commonwealth Savers has assumed a long-term rate of return of 6.0 percent on the DB529 Program's investments. As of June 30, 2025, the total return since inception was about 6.22 percent net of fees and reflected DB529 Program's 8.99 percent investment performance during fiscal year 2025. Domestic equity, developed and emerging equity markets, as well as both core and non-core fixed income markets continued to perform well in 2025, which had a positive impact on performance. Portfolio performance through fiscal year 2026 will depend on many factors.

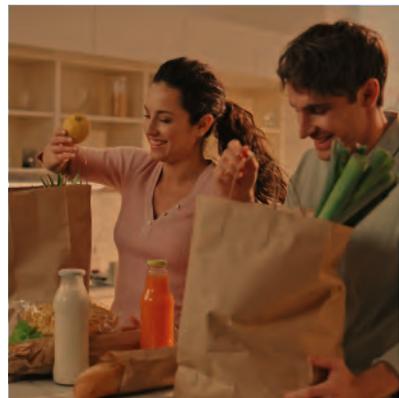
In assessing the DB529 Program's financial condition, Commonwealth Savers has projected that tuition and fees at Virginia's four-year public higher education institutions will increase by approximately 3.0 percent for the academic year beginning fall 2026 and will increase by 5.0 percent each year thereafter. Virginia's community colleges and two-year institutions are projected to increase by 2.0 percent for the upcoming academic year beginning fall 2026 and to increase 5.0 percent for each year thereafter. These long-term tuition and fee increase projections were established for the June 30, 2025 DB529 Program's actuarial valuation.

The actuarial valuation reflects the DB529 Program's portion of the Enterprise Fund. This includes the market value of the DB529 Program's assets and cash flows from program operating and investing activities.

Changes in public education funding that result in tuition increases above Commonwealth Savers' projections would have an immediate, detrimental impact on Commonwealth Savers' outstanding long-term DB529 Program obligations. With the statutory requirement that institutions provide updated, long-term tuition projections, Commonwealth Savers remains in a position to be informed of future tuition and fee increases.

All Commonwealth Savers' savings programs will depend on many of the same investment factors as those impacting the DB529 program. In the education savings, disability savings, and retirement savings programs, the participants, rather than Commonwealth Savers, bear the risk of portfolio declines as a result of the market or other factors.





Basic Financial Statements

COMMONWEALTH SAVERS STATEMENT OF NET POSITION
ENTERPRISE FUND as of June 30, 2025 (amounts in thousands)

	Enterprise Fund
Assets and Deferred Outflows of Resources	
Current assets:	
Cash and cash equivalents (Note 1, 3 and 6)	\$ 122,288
Investments (Note 1, 3, 4, 5 and 8)	7,905
Interest receivable	10,526
Prepaid529 contract payments receivable (Note 1 and 11)	11,076
Pending trade receivables	12,923
Prepaid and other assets (Note 1)	3,286
Accounts receivable (Note 1)	14,213
Total current assets	<u>182,218</u>
Noncurrent assets:	
Investments (Note 1, 3, 4, 5 and 8)	3,069,078
Other post-employment benefits, net (Note 13)	882
Prepaid529 contract payments receivable (Note 1 and 11)	28,914
Depreciable and amortizable capital assets, net (Note 1 and 7)	8,106
Total noncurrent assets	<u>3,106,980</u>
Total assets	<u>3,289,198</u>
Deferred Outflows of Resources:	
Pension contributions made after measurement date (Note 12)	1,885
Pension Related (Note 12)	2,317
Other post-employment benefits related (Note 13 and 14)	959
Total deferred outflows	<u>5,162</u>
Total Assets and Deferred Outflows of Resources	<u>3,294,360</u>
Liabilities and Deferred Inflows of Resources	
Current liabilities:	
Accounts payable (Note 1)	3,725
Treasury loan payable (Note 1)	6,000
Pending trades payable	32,125
Accrued interest payable	83
Obligations under lease agreements (Note 10)	32
Obligations under SBITA agreements (Note 10)	1,160
Obligations under securities lending (Note 6)	2,905
Educational benefits payable (Note 11)	171,455
Compensated absences (Note 1 and 10)	1,216
Total other post-employment benefits liability (Note 14)	56
Total current liabilities	<u>218,757</u>
Noncurrent liabilities:	
Obligations under SBITA agreements (Note 10)	947
Educational benefits payable (Note 10 and 11)	1,012,835
Compensated absences (Note 1 and 10)	86
Net pension liability (Note 12)	12,112
Net other post-employment benefits liability (Note 13 and 14)	2,275
Total noncurrent liabilities	<u>1,028,256</u>
Total liabilities	<u>1,247,013</u>
Deferred inflows of resources:	
Pension related (Note 12)	1,674
Other post-employment benefits related (Note 13 and 14)	673
Total deferred inflows	<u>2,347</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,249,360</u>
Net position	
Net investment in capital assets	5,966
Restricted for net other postemployment asset (Note 13)	882
Unrestricted	2,038,151
Total net position	<u>\$ 2,044,999</u>

Amounts may not sum due to rounding

The notes to financial statements are an integral part of this statement

COMMONWEALTH SAVERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUND
For the Year Ended June 30, 2025 (amounts in thousands)

	Enterprise Fund
Operating revenues:	
Charges for sales and services (Note 1)	\$ 56,702
Investment Income, net	264,848
Participant contributions (Note 1)	46,284
Net actuarial gain (Note 11)	114,017
Other revenue	3
Total operating revenues	<u>481,855</u>
Operating expenses:	
Personal services (Note 12, 13 and 14)	20,918
Actuarial pension expense (Note 12)	1,780
Fiscal and contractual services	17,569
Supplies and materials	108
Depreciation and amortization (Notes 1 and 7)	2,579
Educational benefits expense	174,783
Expendable equipment	331
SOAR Scholars (Note 16)	2,000
Access and affordability (Note 16)	25,000
Scholarship and Awards (Note 17)	222
Total operating expenses	<u>245,291</u>
Operating income/(loss)	236,564
Nonoperating revenues/(expenses)	
Interest expense	(234)
Loss on disposal of capital asset	(53)
Operating income/(deficit) before transfers	236,276
Transfers:	
Transfers to the General Fund of the Commonwealth	<u>(309)</u>
Change in net position	235,967
Net position - July 1, 2024	1,818,372
Adjustment to beginning net position (Note 2)	(9,340)
Restated net position - June 30, 2024	1,809,032
Net position - June 30, 2025	<u><u>\$ 2,044,999</u></u>

Amounts may not sum due to rounding
The notes to financial statements are an integral part of this statement.

COMMONWEALTH SAVERS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended June 30, 2025 (in thousands)

Cash flows from operating activities:	
Receipts for sales and services	\$ 56,389
Contributions and contract payments received	46,284
Other operating revenue	3
Payments to suppliers for goods & services	(439)
Payments to employees	(22,983)
Payments for contractual services	(17,259)
Payments for educational benefits	(174,783)
Other operating expenses	(27,222)
	<u>(140,009)</u>
Net cash provided by (used for) operating activities	
Cash flows from noncapital financing activities:	
Transfer to the General Fund of the Commonwealth	(309)
	<u>(309)</u>
Net cash provided by (used for) noncapital financing activities	
Cash flows from capital and related financing activities:	
Acquisition and development of capital assets	(1,860)
Payments of principal and interest on lease obligations	(40)
Payments of principal and interest on SBITA obligations	(2,725)
	<u>(4,625)</u>
Net cash provided by (used for) capital and related financing activities	
Cash flows from investing activities:	
Purchases of investments	(2,288,874)
Proceeds from sales or maturities of investments	2,250,139
Interest and dividend income on cash, cash equivalents, and investments	146,816
	<u>108,081</u>
Net cash provided by (used for) investing activities	
Net change in cash and cash equivalents	
	(36,862)
Cash and cash equivalents - Beginning	
	<u>156,245</u>
Cash and cash equivalents - Ending	
	<u>\$ 119,383</u>
Reconciliation of cash and cash equivalents:	
Per the Statement of Net Position:	
Cash and cash equivalents	\$ 122,288
Less:	
Securities lending cash equivalents	(2,905)
	<u>(2,905)</u>
Cash and cash equivalents per the Statement of Cash Flows	
	<u>\$ 119,383</u>

Amounts may not sum due to rounding.
The notes to financial statements are an integral part of this statement.

COMMONWEALTH SAVERS
STATEMENT OF CASH FLOWS (continued)
ENTERPRISE FUND
For the Year Ended June 30, 2025 (in thousands)

Reconciliation of operating income to net cash provided
by operating activities:
Operating income/(deficit) \$ 236,564

Adjustments to reconcile operating income to net cash provided
by (used for) operating activities:
Depreciation and amortization 2,579
Interest, dividends, rents and other investment income, net (264,848)

Changes in assets, liabilities, and deferred inflows and outflows:
(Increase) decrease in receivables (313)
(Increase) decrease in Prepaid 529 contract payments receivable 12,690
(Increase) decrease in prepaid and other assets 667
(Increase) decrease in other post-employment benefits asset (109)
(Increase) decrease in deferred outflows of resources - pension related (531)
(Increase) decrease in deferred outflows of resources - OPEB related 102
Increase (decrease) in accounts payable 108
Increase (decrease) in accrued interest payable (1)
Increase (decrease) in educational benefits payable (126,708)
Increase (decrease) in compensated absences 167
Increase (decrease) in long-term lease liabilities (40)
Increase (decrease) in long-term SBITA liabilities (424)
Increase (decrease) in obligations in net OPEB liability (146)
Increase (decrease) in net pension liability (53)
Increase (decrease) in total OPEB liability 16
Increase (decrease) in deferred inflows of resources - pension related 460
Increase (decrease) in deferred inflows of resources - OPEB related (189)

Net cash provided by (used for) operating activities \$ (140,009)

Noncash investing, capital, and financing activities:

The following transactions occurred prior to the statement of net position date:

Change in fair value of investments \$ 82,846
SBITA related to right-to-use asset 2,349

Amounts may not sum due to rounding.
The notes to financial statements are an integral part of this statement.

COMMONWEALTH SAVERS
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
as of June 30, 2025 (in thousands)

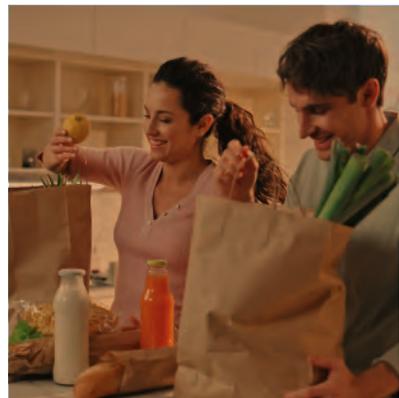
	<u>Fiduciary Fund</u>
Assets:	
Cash and cash equivalents (Note 1D and 3)	\$ 612,846
Receivables:	
Interest and dividends	27,914
Pending trades receivable	9,047
Total Receivables	<u>36,961</u>
Investments (Notes, 3, 4 and 5):	
Treasury & agency securities	82,834
Bonds and mortgage securities	995,132
Mutual funds - non-index	784,714
Mutual funds - index	5,844,796
Stable value	2,056,916
Equities	302,329
Real estate	140,652
Total investments	<u>10,207,372</u>
Total assets	<u>10,857,179</u>
Liabilities:	
Accounts payable	8,013
Pending trades payable	32,906
Due to program participants (Note 1L)	1,950
Program distributions payable	3,388
Total liabilities	<u>46,258</u>
Net position restricted for program participants:	<u>\$ 10,810,921</u>

Amounts may not sum due to rounding
The notes to financial statements are an integral part of this statement.

COMMONWEALTH SAVERS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
For the Year Ended June 30, 2025 (amounts in thousands)

	<u>Fiduciary Fund</u>
ADDITIONS	
Contributions:	
From participants	\$ 1,167,621
Access and affordability contributions	<u>25,000</u>
Total contributions	1,192,621
Investment income:	
Total investment earnings	\$ 1,074,006
Less investment costs	<u>(5,448)</u>
Net investment income	<u>1,068,558</u>
Total additions	2,261,180
DEDUCTIONS	
Educational expense benefits	\$ 741,365
Program and administrative expense	4,297
Access and affordability payments	4,216
Shares redeemed	<u>56,435</u>
Total deductions	<u>806,314</u>
Changes in net position	1,454,866
Net position restricted for program participants:	
Beginning	9,356,055
Ending	\$ 10,810,921

Amounts may not sum due to rounding
The notes to financial statements are an integral part of this statement.



Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Commonwealth Savers Plan (Commonwealth Savers), a body politic and corporate and an independent agency of the Commonwealth of Virginia, was created in 1994 by the Virginia General Assembly, and its enabling legislation is codified at §23.1-700 through §23.1-713 of the Code of Virginia, as amended. Commonwealth Savers operates the Commonwealth of Virginia's Internal Revenue Code (IRC) §529 qualified tuition plan, which includes its Defined Benefit 529 Program (Legacy Prepaid529SM and the Tuition Track Portfolio), Invest529SM (Invest529), and CollegeAmerica®. In addition, Commonwealth Savers administers access initiatives through its SOAR Virginia program. The results of the operations of the Defined Benefit 529 Program, Invest529 and SOAR Virginia are included in the financial statements. Commonwealth Savers also operates the Commonwealth's IRC §529A disability savings plans through the ABLEnow and ABLEAmerica programs, and the RetirePath state-facilitated IRA savings program. However, information pertaining to ABLE and Retirement savings programs can be found in Other Information and are not in the financial statements.

DB529 Program: Prepaid529 is a defined benefit program, which closed to new participants in fiscal year 2019. Contracts in this program were based on actuarially determined prices that provide the future payment of undergraduate tuition for the normal full-time course load for students enrolled in a general course of study at any Virginia public higher educational institution and all mandatory fees required as a condition of enrollment of all students. The contract provisions also allow benefits to be used at in-state private or out-of-state institutions with payouts based on earnings and the amounts charged by Virginia's public higher education institutions. Calculations and payouts differ between in-state private and out-of-state institutions. Approximately 133,951 accounts were opened throughout the program's history, with 32,041 contracts remaining active at fiscal year-end. Commonwealth Savers will continue to service existing contracts for this legacy program. The program invests contract payments to meet future obligations and had total assets invested of approximately \$2.4 billion as of June 30, 2025. The Tuition Track Portfolio (TTP), a principal protected portfolio offered as part of the Invest529 program, is also a defined benefit program, which sells units of the portfolio equal to all or a portion of the cost of tuition based on the weighted average tuition cost across all Virginia's public higher education institutions at the time of purchase. TTP benefits are based on the weighted average tuition cost of Virginia's public higher education institutions at the time of withdrawal. TTP ended fiscal year 2025 with 12,488 active accounts and \$162.9 million in assets under management. Collectively, the Prepaid529 and TTP programs are referred to as the Defined Benefit 529 Program or the DB529 Program.

SOAR Virginia Program: This includes the SOAR Scholars early commitment scholarship program and an expanded access and affordability program that launched in 2021. This program further expanded in fiscal year 2023 with the creation of a sub-fund within the Enterprise Fund, which will support future access initiatives. This fund, referred to as the access fund exists within Commonwealth Savers' Enterprise Fund. Funding for SOAR Scholars and the funds from the initial launch of the access program expansion in

2021 exist within Commonwealth Savers' Fiduciary Fund as they were expensed out of the Enterprise Fund.

In fiscal year 2023, Commonwealth Savers allocated \$500 million from the actuarially-determined reserve amounts of the DB529 Program to the access fund. The Commonwealth Savers Board approved this allocation in May of 2023 and the funds remained invested alongside the assets of the DB529 Program at the end of fiscal year 2025. These funds continue to accrue investment earnings until they are spent in future periods and totaled \$586.1 million as of June 30, 2025. Legislative or budgetary authority is required to spend any funds from the access fund. In addition, funds can be returned to the DB529 Program in the event they are needed. The DB529 Program and the access fund, along with the administrative and operating funds, make up the Enterprise Fund (a statutorily-created special nonreverting fund) within the financial statements.

Commonwealth Savers does not receive any general fund appropriations to cover its program or agency operating costs. Commonwealth Savers' enabling legislation provides that all moneys remaining in its Enterprise Fund at the end of a biennium shall not revert to the Commonwealth's general fund. Funds remaining may be used to pay Commonwealth Savers' obligations, including those of the DB529 Program. Commonwealth Savers' assets and income are exempt from federal, state, and local income taxation, except for taxes on unrelated business income. Commonwealth Savers' enabling legislation also provides that a sum sufficient appropriation be included in the Governor's budget to cover current obligations of Commonwealth Savers, including the obligations of the Defined Benefit 529 Program in the event of a funding shortfall.

DC529 Program: With the exception of TTP, Invest529 is a defined contribution savings program. The portfolios which make up the defined contribution program of Invest529 (collectively referred to as the Defined Contribution 529 Program or DC529 Program) allow participants of all ages to save for qualified higher education expenses, including tuition and fees, at any qualified higher education institution or primary and secondary school by making contributions into the investment portfolio(s) of their choice. Participants are allowed to select from among 23 investment portfolios. One additional portfolio remains open but is closed to new participants. The DC529's accounts are subject to investment risks, including the possible loss of principal. The DC529 Program is open year round and has no age or residency restrictions. Invest529 began operations in December 1999. The program has had 768,044 accounts since inception and 515,485 accounts remain active at fiscal year-end. These accounts had assets of approximately \$10.8 billion invested as of June 30, 2025. The DC529 Program's investment management fees and administrative fees are paid on a pro-rata basis by each account owner and vary according to the portfolio selected. DC529 Program accounts provide investors with the same federal and state tax benefits available to participants in the DB529 Program. The SOAR Scholars Program maintains an Invest529 account within the DC529 Program.

Expanded Access Program: Expenditures out of the Enterprise Fund in fiscal years 2021, 2022, and 2025 toward access initiatives are invested alongside the DC529 Program. Collectively, the expanded access fund and the DC529 Program make up the Fiduciary Fund.



An eleven-member governing Board administers Commonwealth Savers, consisting of four ex-officio members and seven non-legislative citizens. Four members are appointed by the Governor, one is appointed by the Senate Committee on Rules, and two are appointed by the Speaker of the House of Delegates. The ex-officio members are the Director of the State Council on Higher Education for Virginia, the Chancellor of the Virginia Community College System, the State Treasurer, and the State Comptroller. The non-legislative citizen members shall have significant experience in finance, accounting, law, investment management, higher education, disability advocacy, or defined contribution retirement plans. In order to assist the Board in fulfilling its fiduciary duty with the investment of Commonwealth Savers assets, the Board has appointed an Investment Advisory Committee (IAC). To assist the Board in fulfilling its responsibilities relating to Commonwealth Savers' financial reporting processes and internal and financial controls, the Board has appointed an Audit and Actuarial Committee (A&AC). The IAC and A&AC are permanent advisory committees of the Board pursuant to §23.1-702 of the *Code of Virginia*, as amended. The Board has appointed a Compensation Committee to review matters relating to and/or affecting personnel and compensation policies and plans and to make recommendations to the Board regarding those matters. The Board has also appointed a RetirePath Advisory Committee (RPAC) to assist it with fulfilling its responsibilities relating to providing a private retirement IRA savings option for working Virginians without access to retirement savings through their employers. Additionally, the Board has appointed an Access Advisory Committee to advise the Board on matters relating to the development and administration of initiatives to increase the access and affordability of post-secondary education to all Virginians.

The Board has adopted charters that describe the purpose of the committees as well as their duties and responsibilities, composition and conduct of business. Pursuant to the Commonwealth Savers Plan Act of the General Assembly, the Joint Legislative Audit and Review Commission (JLARC) provides oversight and evaluation of Commonwealth Savers on an ongoing basis and also performs special studies of Commonwealth Savers as requested by the General Assembly.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises,

or has the ability to exercise, oversight authority. Commonwealth Savers is an integral part of the reporting entity of the Commonwealth of Virginia and is included in the Commonwealth's basic financial statements.

The following is a summary of significant accounting policies employed by Commonwealth Savers.

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

B. Reporting Entity

The accompanying financial statements report the financial position, changes in financial position, cash flows, fiduciary net position and changes of fiduciary net position of Commonwealth Savers as of and for the fiscal year ended June 30, 2025. For financial reporting purposes, Commonwealth Savers includes all funds and entities over which Commonwealth Savers is financially accountable and exercises oversight authority, which includes the Enterprise Fund and Fiduciary Fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Commonwealth Savers reports its administrative and operating activity, the DB529 Program and an additional sub-fund for the access program as a single Enterprise Fund, which is a type of proprietary fund. Enterprise funds typically account for transactions related to resources received and used for financing self-supporting entities that offer products and services for a fee to external users. All operating expenses and revenue collected to support Commonwealth Savers operations, including administrative fee revenue and expenses of all Commonwealth Savers college and disability savings programs, are reflected in the Enterprise Fund. There are also funds allocated to access initiatives, which exist within the Enterprise Fund. Commonwealth Savers' Enterprise Fund is a proprietary fund of the Commonwealth of Virginia.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating activities. The principal Enterprise Fund revenues of Commonwealth Savers are program participants' contributions toward the DB529 Program and investment income. Other operating revenues include administrative and other fees received from Commonwealth Savers' programs. Commonwealth Savers' primary Enterprise Fund expenses include tuition benefits expenses as well as contractual and personal services.

Commonwealth Savers reports the activity of the DC529 and the expanded access programs as a private-purpose trust fund, which is a type of fiduciary fund. This activity primarily consists of contributions from customers into their accounts and withdrawals made

for qualified education expenses. Private-purpose trust funds account for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments.

The financial statements of the proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

D. Cash Equivalents and Investments

Money market investments of Commonwealth Savers, which are deemed short-term, highly liquid investments, are reported at amortized cost. Long-term investments of Commonwealth Savers are reported at fair value primarily based upon quoted market prices, except for stable value investments, which are reported at contract value. Cash equivalents are investments with an original maturity of three months or less. Investments are reported on a trade date basis. Trade date accounting accurately depicts Commonwealth Savers' financial position as of fiscal year-end, as all securities pending settlements at June 30, 2025 are incorporated in the reported values.

Commonwealth Savers also participated in the Commonwealth's General Account pool, which is managed by the State Treasurer. These pooled investments are valued on an amortized cost basis. Commonwealth Savers receives no additional distribution of unrealized gains or losses in the fair values of the pool's investments.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The fair value estimation methodology used to value private equity, private debt and private real estate investments is one significant estimate used. As capital statements are not always available through fiscal year-end, to value these investments, the most recent capital statements available are adjusted for cash flow transactions within the investments through fiscal year-end. Additional estimates used are transactions related to certain capital assets, such as right-to-use assets and the associated amortization and liability amounts, discussed in Notes 7 & 10; pension and other post-employment benefits, discussed in Notes 12 - 14; and actuarially determined amounts, discussed in Note 11.

F. Contributions and Contract Payments

Prepaid529 contract purchasers had the option to pay their contract in full via a lump sum payment or over a period of time. Customized financing options were available for purchasers by allowing payments to be spread over a period of time determined by the

contract purchaser. However, contracts must be paid in full prior to drawing benefits; therefore the maximum number of years available for those purchasers electing to pay over time is approximately equal to the number of years between the beneficiary's current age and their expected college entrance date. Prepaid529 contract payments receivable represent the actuarially determined present value of future payments due from contract holders.

Approximately 47.0 percent of contract holders of outstanding (active) contracts as of June 30, 2025 had elected to pay over time. Prepaid529 is closed to new participants.

Customers make payments to purchase units of TTP, which are based on the weighted average tuition costs of Virginia's 4-year public higher educational institutions. The weighted average tuition costs include tuition at the in-state undergraduate rates and all mandatory fees required as a condition of enrollment of all students.

G. Accounts Receivable

Accounts receivable reflected in Commonwealth Savers' Enterprise Fund reflect amounts due to Commonwealth Savers at June 30th for administrative and other services provided. These amounts include any second calendar quarter administrative fees assessed on behalf of Commonwealth Savers for the Invest529, CollegeAmerica, CollegeWealth, RetirePath and ABLEnow programs not yet collected.

Invest529, excluding TTP and the FDIC-Insured Portfolio, pays Commonwealth Savers an annual fee equal to six basis points (.06 percent) of the underlying assets held in the Invest529 market investment portfolios up to \$5 billion. The fee is reduced to three basis points (.03 percent) for amounts above \$5 billion. These fees are calculated and accrued daily by the investment custodian and redemption is made by Commonwealth Savers on a quarterly basis.

The American Funds pays Commonwealth Savers an annual fee equal to nine basis points (.09 percent) of the average daily net asset value of the underlying funds held in CollegeAmerica up to \$20 billion. The fee is reduced to five basis points (.05 percent) for amounts in excess of \$20 billion up to \$75 billion with further reductions to three basis points (.03 percent) for amounts above \$75 billion. This fee is calculated and accrued daily and paid to Commonwealth Savers on a quarterly basis.

CollegeWealth's banking partner, Truist pays Commonwealth Savers an annual fee equal to ten basis points (.10 percent) of the average daily assets held in 529 bank accounts under the Program. These fees are calculated, accrued and paid to Commonwealth Savers on a quarterly basis.

PNC Bank pays Commonwealth Savers an annual fee equal to ten basis points (.10 percent) of the assets held in the ABLEnow program's investment options. This fee is calculated and accrued daily and paid to Commonwealth Savers on a quarterly basis. PNC Bank also pays Commonwealth Savers a portion of its

monthly account management fee equal to 30 percent of the fee for up to 25,000 accounts, 50 percent for 25,001 - 75,000 accounts and 70 percent for over 75,000 accounts.

ABLEAmerica fees have been waived until assets under management reach \$300 million or June 2028; whichever is earlier.

RetirePath officially launched In June of 2023. Vestwell pays Commonwealth Savers an annual fee equal to .05 percent of the assets held in the RetirePath program's investment options. This fee is calculated and accrued daily and paid to Commonwealth Savers on a quarterly basis. Vestwell also pays Commonwealth Savers a portion of its monthly account management fee. Commonwealth Savers' portion totals \$3 per account and is paid in quarterly installments of \$0.75 per account throughout the year.

H. Prepaid and other assets

Commonwealth Savers' prepaid expenses include membership dues, subscriptions, maintenance and support, insurance payments and estimated payments for future unrelated business income tax obligations for future fiscal years that were paid in advance as of June 30, 2025. These amounts are recorded as assets within Commonwealth Savers' statement of net position.

I. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are a consumption of assets by Commonwealth Savers that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of assets by Commonwealth Savers that is applicable to a future reporting period. Commonwealth Savers reported deferred inflows and outflows for the fiscal year relating to pensions and other post-employment benefits (OPEB) in accordance with GASB Statements 68 and 75, respectively.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Changes in net OPEB liability or asset not included in personal services expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the liabilities or assets are reported as deferred outflows of resources. For additional information, see Note 12, Retirement and Pension Plan; Note 13, Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program; and Note 14, Healthcare Plan for Pre-Medicare Retirees.

J. Administrative Expenses and Budget

Commonwealth Savers is an independent state agency that does not receive a general fund appropriation from the Commonwealth of Virginia. However, Commonwealth Savers' operating expenditures, funded with non-general fund revenues, are included in the Commonwealth's Appropriation Acts and accordingly are subject to approval by the General Assembly and the Governor. The Board annually reviews and approves an operating budget. Operating expenses are primarily funded from administrative fee revenue. Commonwealth Savers prepares and submits a

biennial budget to the Commonwealth in compliance with biennial budgetary requirements (cash basis). Also, in accordance with its fiduciary responsibility, the Board reviews a comparison of actual versus budgeted expenses each quarter.

K. Capital Assets

Tangible capital assets are recorded at cost at the time of acquisition and are reported net of accumulated depreciation. Commonwealth Savers capitalizes all property, plant, and equipment that has a cost or value greater than \$5,000 and an expected useful life greater than two years. Depreciation is computed on a straight-line basis over the estimated useful life of the property.

The estimated useful lives of tangible capital assets which Commonwealth Savers currently owns are as follows:

	<u>Years</u>
Equipment	5-20
Software	10

Intangible assets are nonfinancial in nature, lack physical substance and have an initial useful life extending beyond a single reporting period. These assets may be acquired by purchase or license, through non-exchange transactions, or internally generated. Intangible assets are also capital assets and adhere to the same policies of other property, plant and equipment. There are three types of intangible assets which Commonwealth Savers evaluates for capitalization: purchased, internally generated computer software and right-to-use assets associated with either lease or subscription-based information technology contractual agreements. If it is determined that Commonwealth Savers has any of these categories of intangible assets, they will all be reported in Note 7 - Capital Assets.

Intangible assets with a value of \$100,000 or greater are capitalized, except for internally generated software and right-to-use assets. Internally generated software is capitalized if it has a value of \$1,000,000 or greater. Capitalization of internally developed software begins when the asset is considered identifiable, which is usually at the application development stage. This stage consists of the design, coding, installation and testing of the software and interfaces. Right-to-use assets associated with lease agreements and/or subscription based information technologies arrangements (SBITAs) with values of \$50,000 or greater are capitalized in accordance with GASB statements 87 and 96, respectively. Intangible assets with definite useful lives are amortized over the shorter of the term of the related contract or the useful life.

Right-to-use assets, which represent intangible assets resulting from lease and/or SBITA agreements are valued using the total future payments over the contract term discounted to present value plus any implementation costs. If the interest rate is not implicit in the lease or SBITA agreements, the interest rate used in these calculations is the published prime interest rate at the beginning of the contract term. This is because

Commonwealth Savers does not have any comparable borrowings for which to determine an incremental borrowing rate and the prime rate reflects the low risk which a borrower such as Commonwealth Savers would represent with 100% collateral. These assets are amortized on a straight-line basis over the shorter of the contract term or the useful life of the underlying asset.

L. Amounts Due To Program Participants

Amounts due to program participants is included within accounts payable in the financial statements and reflects accrued amounts due and payable at June 30, 2025 for distributions to other qualified tuition programs, to participants for cancelled or overpaid prepaid contracts or savings accounts. A liability to the beneficiary is recognized when an event has occurred that compels a disbursement of resources. In the Statement of Fiduciary Net Position, Due to Program Participants also includes contributions received for participants that have yet to settle to the customer's selected portfolio. These funds are classified as a liability until the settlement process is complete.

M. Treasury Loan Payable

In fiscal year 2021, the mandate for Commonwealth Savers to develop and administer a state-facilitated private retirement program became law. In order to establish this program, a loan from the Treasurer of Virginia (Treasury Loan) was issued to Commonwealth Savers in the amount of \$2 million. Additional draw-downs of \$2 million occurred during fiscal years 2023 and 2024 for a total outstanding balance of \$6 million after re-negotiations of this loan. Unless the terms are renegotiated in advance, this loan becomes due and payable after one year of issuance. Funds from this loan will be used during the planning, implementation and administration phases of this program until the program becomes cash flow positive. The state-facilitated private retirement program launched in June of 2023.

N. Accrued Leave Policy

Commonwealth Savers administers a Paid Time Off (PTO) Policy with a defined leave year of January 1 through December 31. Commonwealth Savers provides a bank of PTO that employees may use at their discretion for absences, including vacation, sick, community service, and various other leave types. The Policy applies to all leave-eligible employees including regular full-time and regular part-time employees.

When the PTO Policy became effective in 2016, employees' existing annual leave balances converted to an annual bank up to the maximum carryover amount as dictated by Commonwealth Savers' previous annual leave policy. This bank will be available for employees' use throughout their remaining tenure with Commonwealth Savers and will pay out upon termination according to the provisions below. While employees may use this time in lieu of or in addition to their PTO, they do not accrue time in the annual bank.

Full-time salaried employees accrue PTO at a rate of 8.3 to 13.3 hours semi-monthly, depending on their length of service. The maximum accumulation within

the year is dependent upon years of service, but in no case may it exceed 40 days at the end of the calendar year. Regular part-time employees who retain eligibility for benefits receive a pro-rated accrual of PTO based on the number of regularly scheduled hours and state tenure. Employees may carry over up to 80 hours of unused PTO each year.

Employees are eligible annually for a partial payout of PTO time that was accrued but not used in the previous year. The payout of unused leave will occur automatically after the end of the plan year, by February 1 of the subsequent plan year, provided certain conditions are met as specified in the PTO Policy. Eligible accrued but unused PTO will be paid out at 50 percent of the employee's current salary up to a maximum of three to ten days based on total state tenure. Employees have the option to receive a taxable cash payment or they may defer their payment to their 457(b) deferred compensation retirement account.

All employees leaving the agency are paid for accrued unused leave up to a maximum limit, not to exceed 36 days for 15-19 years of service and 42 days for 20 or more years of service, at their current earnings rate. Employees having a negative PTO balance must pay Commonwealth Savers the value of the borrowed leave as described in the PTO Policy.

In conformance with Section C60 of the *GASB Codification* and GASB Statement 101, the monetary value of accumulated leave payable upon termination is included in the accompanying financial statements. The liability at June 30, 2025, was computed using salary rates effective at that date and represents annual bank, PTO bank, overtime and disability credits held by employees up to the allowable ceilings, including the liability for Commonwealth Savers' share of Social Security and Medicare taxes on leave balances for which employees will be compensated as well as the employer contribution toward the employee's retirement savings plan. Historical data is used to project the portions of PTO Commonwealth Savers expects to be used and the portion expected to be paid out in accordance with the PTO policy.

O. Other Postemployment Benefits

Eligible Commonwealth Savers employees participate in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS). These programs include the Group Life Insurance Program (GLIP), Virginia Sickness and Disability Program (VSDP), and the Retiree Health Insurance Credit Program (HICP).

The GLIP is a multiple-employer, cost-sharing, defined benefit plan that provides members basic group life insurance upon employment. The VSDP is a single employer plan that is presented as a multiple-employer, cost-sharing plan that, in addition to sick, family and personal leave and short-term and long-term disability benefits provided to active members during employment, provides inactive members with long-term disability and long-term care benefits. The HICP is a single employer plan that is presented as a multiple-employer, cost-sharing plan that provides member retirees who have at least 15 years of service

health insurance credits to offset their monthly health insurance premiums. GLIP, VSDP and HICP benefit payments are recognized when due and payable in accordance with benefit terms and investments are reported at fair value. The GLIP liability, VSDP asset, HICP liability, deferred outflows and inflows of resources are determined on the same basis as reported by VRS. The VSDP asset, net of deferred inflows and outflows is presented as a restricted portion of net position. See Note 13 Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program for additional information on these VRS benefit programs.

Commonwealth Savers also participates in the postemployment Pre-Medicare Retiree Healthcare Plan (PMRHP), which is sponsored by the Commonwealth and administered by the Department of Human Resources Management (DHRM). This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. The plan provides the option for retirees who are not eligible to participate in Medicare to participate in the Commonwealth's healthcare plan for its active employees. Commonwealth Savers does not pay a portion of the retirees' healthcare premium because both active employees and retirees are included in the same pool for purposes of determining health insurance rates. This generally results in a higher rate for active employees. Therefore, Commonwealth Savers effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of premiums for active employees.

The PMRHP is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. The PMRHP is reported as part of the Commonwealth's Healthcare Internal Service Fund. There are no assets accumulated in a trust to pay benefits. Benefit payments are recognized when due and payable in accordance with the benefit terms. The PMRHP liability, deferred outflows and inflows of resources are determined on the same basis as reported by DHRM. See Note 14 Healthcare Plan for Pre-Medicare Retirees for additional information. Additional information related to all of these programs or plans is available at the state-wide level in the Commonwealth's Annual Comprehensive Financial Report, available at doa.virginia.gov.

P. Defined Benefit 529 Program – Investment in Real Estate

In 2008, Commonwealth Savers established Aventura Holdings LLC (Aventura), a limited liability company, to purchase a 48,500 square foot office building in Chesterfield County, Virginia. This purchase was funded by the Prepaid529 program, which was the only defined benefit program at the time. The investment in Aventura is reflected in the Defined Benefit 529 Program's assets at \$7.4 million as of fiscal year-end. The value was determined by a professional real estate appraisal in June 2025 as this is the amount expected to be received if this asset were liquidated on that date.

Commonwealth Savers is the sole member of Aventura and Commonwealth Savers' Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and Chief Administrative Officer are its only non-equity managers. Commonwealth Savers contracts with Aventura to maintain and operate the building. The building is held as an investment for the benefit of customers in the DB529 program. As the only value derived from Aventura is the building itself, which is held as an investment to generate a return for Commonwealth Savers customers, it is valued at fair value within the Enterprise Fund financial statements to reflect the value which would be received upon liquidation to fund customers' benefits if this were ever necessary. Aventura has also established a renewal and replacement reserve funded from the annual contractual payments received from Commonwealth Savers to cover capital improvements to the building.

Q. Pensions

The VRS's State Employee Retirement Plans are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12, Retirement and Pension Plan for additional information.

R. Implementation of GASB Standards

During fiscal year 2025, Commonwealth Savers implemented GASB Statement No. 101 (GASB 101), which provided clarified guidance on compensated absences. The most notable portion of this standard, relevant to Commonwealth Savers, specified the items which are included within the compensated absences liability and also historical trends of leave usage to project the short-term portion and amounts which will be used. In order to implement this standard, Commonwealth Savers added the employer portion toward the employees' retirement contributions and began using a three-year trend in leave usage to accurately project the short-term and long-term portions of the liability.

Commonwealth Savers also adopted GASB Statement No. 102 (GASB 102) during fiscal year 2025, which is related to risk disclosures. This standard requires Commonwealth Savers to assess substantial risks as they pertain to any concentrations or constraints on inflows and outflows of assets. It requires Commonwealth Savers to disclose any such items which have occurred, have begun to occur or are more likely than not to occur within 12 months of the issuance of the financial statements. Any such risks requiring disclosure under this standard would be included within Note 15 – Risk Management.

2. Beginning Net Position Restatement

The Enterprise Fund's 2024 beginning net position of \$1,809.0 million differs from the previous fiscal year's ending balance of \$1,818.4 million as reported in Commonwealth Savers' fiscal year 2024 financial statements. The difference of \$9.3 million resulted from a combination of a change in accounting principle and the correction of an error. The implementation of GASB 101 is considered a change in accounting principle and required a re-valuation of Commonwealth Savers' 2024 liability for compensated absences with new inputs outlined in the standard as discussed in Note 1R above. Additionally, a review and re-calculation of the actuarially determined liability for educational expense benefits from the DB529 fund resulted in an increase to the liability of \$9.2 million. The restatement of the June 30, 2024 net position related to these changes is summarized below (in thousands):

	06/30/2024 As Previously Reported	Change in Accounting Principle	Change due to Error Correction	06/30/2024 As Restated
Assets and deferred outflows of resources:				
Assets	\$ 3,173,342			\$ 3,173,342
Deferred outflows of resources	4,733			4,733
Total assets and deferred outflows of resources	3,178,074			3,178,074
Liabilities	1,357,627	122	9,217	1,366,966
Deferred inflows of resources	2,076			2,076
Liabilities and deferred inflows of resources	1,359,702			1,369,042
Net position	\$ 1,818,372	\$(122)	\$(9,217)	\$ 1,809,032

*Amounts may not sum due to rounding

See Note 10 for additional information on the implementation of GASB 101, and both the compensated absence and educational benefits liability amounts.

3. Cash, Cash Equivalents, and Investments

Commonwealth Savers' Board has established Statements of Investment Policy and Guidelines for its investment programs in accordance with §23.1-706 of the Code of Virginia, as amended. This section of the Code requires the Board to discharge its duties in a manner which will provide the investment return and risk level consistent with the actuarial return requirements and cash flow demands of Commonwealth Savers and conforming to all statutes governing the investment of Commonwealth Savers funds. The Board shall exercise the judgment of care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital when investing funds. In order to meet the return requirements, Commonwealth Savers' portfolio shall be invested in a broadly diversified investment portfolio including, but not limited to, domestic and foreign stocks, bonds, mutual funds, collective trust funds, hedge funds, private equity funds and cash equivalent investments, which are defined as investments with an original maturity of three months or less. The Board's allocation target for the Enterprise Fund's portfolio, at fair value, is 22 percent equities, 55 percent fixed income, and 23 percent alternatives. The Board's allocation targets for the DC529 program vary according to the investment objective of each portfolio.

To assist the Board in fulfilling its fiduciary duty with the investment of Commonwealth Savers assets, the Board-appointed IAC provides objective and prudent investment advice on all matters related to the management of investments, within the parameters set by the Board's Statements of Investment Policy and Guidelines and the IAC's Charter. The Board has also selected a group of external

managers. Complete lists of investment managers are located in Appendix B in Supplemental Information. In addition, the Enterprise Fund's contributions are considered Commonwealth revenue and as a result must pass through the State Treasury. Prior to being moved to Commonwealth Savers' custodian, these monies along with other minor balances may be invested with the State Treasurer as part of the Commonwealth's General Account. The Appropriation Act includes a provision for the allocation of interest on balances held at the State Treasury to Commonwealth Savers and certain other agencies. Accordingly, Commonwealth Savers receives interest earnings on a quarterly basis from the Commonwealth based on its relative participation during the quarter.



Fiduciary Fund contributions are excluded as Commonwealth revenue and accordingly are deposited directly with Commonwealth Savers' financial institution, Wells Fargo Bank N.A.

Commitments Related to Investments Measured at the Net Asset Value (NAV)

In fiscal year 2025, Commonwealth Savers extended investment commitments under limited partnership agreements for NAV investments in the DB529 and DC529 Programs. At June 30, 2025, Commonwealth Savers' investment unfunded commitments amounted to \$352.4 million to DB529 managers and \$75.0 million to DC529 managers as of June 30, 2025.

Custodial Credit Risk

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, Commonwealth Savers' deposits may not be returned to it. All deposits of the Enterprise and Fiduciary Funds, except those accounts in the FDIC-Insured Omnibus Account up to \$250,000 per account, are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, §2.2-4400, of the Code of Virginia, which means they are collateralized through the pledging of securities by the financial institution.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Commonwealth Savers will not be able to recover the value of its investments or collateral securities that

are in the possession of an outside party. At June 30, 2025, all investments of the Enterprise and Fiduciary Funds, except those investments in open-end mutual funds, certain collective trusts, or private equity, were held in Commonwealth Savers' name by Commonwealth Savers' custodian, the Bank of New York (BNY) Mellon. Approximately 66.3 percent of total Enterprise Fund investments and 70.1 percent of total Fiduciary Fund investments are invested in vehicles that are not held in Commonwealth Savers' name by its custodian. All investments of the CollegeAmerica and ABLEAmerica programs are invested in mutual funds managed by the American Funds. Investments in open-end mutual funds, collective trusts, and private equity are not directly exposed to custodial credit risk because their existence is not evidenced by individual securities held by the custodian.

Interest Rate Risk – Fixed Income Securities

As of June 30, 2025, Commonwealth Savers had fixed income investment securities held in the Enterprise and Fiduciary Funds with the following effective durations. Effective duration is a measure of interest rate and price sensitivity that takes into account options, such as early call provisions, embedded in the securities. It is widely used in the management of fixed income portfolios as it quantifies the risk of interest rate changes.

Enterprise Fund		
Investment Type	Fair Value (thousands)	Effective Duration
Agency Unsecured Bonds & Notes	\$ 2,766	8.09
Agency Mortgage Backed Securities ¹	170,606	5.66
Asset Backed Securities ¹	176,267	1.77
Convertible Bonds & Notes ²	101	1.75
Corporate Bonds & Notes	433,596	3.84
Fixed Income & Commingled Funds	738,348	4.27
Municipal Securities	1,265	13.07
Mutual & Money Market Funds	93,483	0.08
Non-U.S. Government Bonds & Notes	76,405	5.43
U.S. Treasury & Agency Securities	71,110	10.37
Total	\$ 1,763,947	4.14
Fiduciary Fund		
Investment Type	Fair Value (thousands)	Effective Duration
Agency Unsecured Bonds & Notes	\$ 1,232	11.72
Agency Mortgage Backed Securities ¹	137,935	5.72
Asset Backed Securities ¹	144,421	1.71
Corporate Bonds & Notes	483,182	4.40
Fixed Income & Commingled Funds	682,165	6.19
Municipal Securities	469	7.73
Mutual & Money Market Funds	123,382	0.08
Non-US Governmental Bonds & Notes	229,594	6.39
Stable Value ³	2,056,916	3.52
U. S. Treasury & Agency Securities	81,133	9.65
Total	\$ 3,940,429	4.29

¹Assets in this category may be subject to prepayment risk and may be highly sensitive to interest rate changes.

²Effective duration for convertible bonds and convertible bond funds is calculated using a methodology that takes into account the duration impact of equity warrants and rate-sensitive instruments.

³Reported at contract value.

Commonwealth Savers' Statements of Investment Policy and Guidelines do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Although not an explicit requirement,

duration of fixed income portfolios, if applicable, is expected to be within +/-20 percent of each portfolio's designated benchmark.

Concentration of Credit Risk

At June 30, 2025, Commonwealth Savers had no investment securities held in separately managed accounts in the Enterprise and Fiduciary Funds in any one issuer that represented 5 percent or more of total investments. Thus limiting the concentration of credit risk to which each program is exposed.

Mutual Fund Risks

At June 30, 2025, Commonwealth Savers participated in a number of open-end domestic and foreign equity and fixed income mutual funds and collective trusts in both the Enterprise and Fiduciary Funds. These funds are subject to various investment risks, including the possibility that the value of the fund's portfolio holdings may fluctuate in response to events specific to the companies in which the fund invests, as well as economic, political or social events in the United States and abroad. Certain mutual funds may be subject to additional risks due to investments in a more limited group of sectors and industries than the broad market. Those funds with holdings issued by entities based outside the United States are subject to foreign securities risks, including currency fluctuations.

The value of and the income generated by fixed income securities held by certain mutual funds in which Commonwealth Savers participates, may be affected by changing interest rates and credit risk assessments. Lower quality or longer maturity bonds may be subject to greater price volatility than higher quality or shorter maturity bonds.

Prospectuses for each of the mutual funds in which Commonwealth Savers participates may be requested from Commonwealth Savers, 9001 Arboretum Parkway, North Chesterfield, VA 23236, or at Commonwealthsavers.com. A prospectus may also be requested directly from each of the underlying fund managers. Please see Supplementary Information for a listing of investment managers for the Defined Benefit and Defined Contribution 529 programs.

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value, in U.S. dollars (USD), of non-USD denominated securities. At June 30, 2025, Commonwealth Savers had indirect exposure to this risk through its investments in certain investments, including mutual funds, other pooled vehicles and others. More information relating to currency risk in Commonwealth Savers' mutual fund investments can be found in each fund's prospectus.

Within the Enterprise Fund, Commonwealth Savers has direct exposure to foreign currency risk through investments held in accounts managed by Acadian Asset Management, LLC (Acadian); Hamilton Lane; Loomis, Sayles and Co. (Loomis); and Prudential Investment Management (PGIM). Acadian invests in international equity with a mandate benchmarked against the MSCI EAFE. Loomis uses a multi-asset credit strategy to invest in a wide variety of fixed income instruments globally. PGIM uses a strategy of diversifying within investment-grade and non-investment-grade fixed income securities. All three managers use currency forward contracts to hedge portfolio risks associated with currency fluctuations.

Within the Fiduciary Fund, Commonwealth Savers has direct exposure to foreign currency risk through investments held in accounts managed by Neuberger Berman and PGIM. Each of these managers uses a strategy of diversifying within

investment-grade and non-investment-grade fixed income securities and use currency forward contracts to hedge portfolio risks associated with currency fluctuations.

The table below shows exposures to non-USD denominated currencies by asset class. A similar exhibit showing non-USD denominated currency exposure associated with the forward contracts is included in Note 4 - Investment Derivative Instruments and Stable Value Investments. Foreign currency gains and losses are recorded in net investment income in the financial statements.

Enterprise Fund Foreign Currency Exposures by Asset Class (thousands)

Currency	Asset Backed Securities	Cash & Short-Term Investments	Common & Preferred Stock	Corporate Bonds & Notes	Non-U.S. Government Bonds and Notes	Other - Equity Securities	Total*
Australian Dollar		\$ 138	\$ 7,411				\$ 7,549
Brazil Real					\$ 807		807
Colombian Peso		—			781		781
Danish Krone			2,034				2,034
Egyptian Pound		4,862					4,862
Euro Currency Unit	\$ 11,862	451	34,799	\$ 4,373	3,222	\$ 4,375	59,082
Hong Kong Dollar		41	2,605				2,646
Hungarian Forint		23			811		834
Indian Rupee					760		760
Indonesian Rupiah		41			782		823
Israeli Shekel		—	2				2
Japanese Yen		88	19,108				19,196
Mexican Peso		70			659		729
Norwegian Krone			589				589
Polish Zloty					798		798
Pound Sterling		146	6,076	198		9,827	16,246
Romanian Leu					511		511
Singapore Dollar			3,141				3,141
South African Rand		21			812		834
Swedish Krona			922				922
Swiss Franc			11,495				11,495
Turkish Lira		112			726		838
Uruguayan Peso					788		788
Total*	\$ 11,862	\$ 5,993	\$ 88,182	\$ 4,571	\$ 11,458	\$ 14,202	\$ 136,268

Note: Amounts shown in U.S. dollars using June 30, 2025 foreign exchange rates

*Amounts may not sum due to rounding

Investments within the Fiduciary Fund have direct exposure to foreign currency risk through assets managed by emerging markets debt manager, Neuberger Berman and core bond and high-yield fixed income manager, PGIM. The table below shows exposures to non-USD denominated currencies by asset class.

Fiduciary Fund Foreign Currency Exposures by Asset Class (thousands)				
Currency	Cash & Short-Term Investments	Fixed Income Securities	Futures	Total*
Euro	\$ 11,945	\$ 51,306	\$ 173	\$ 63,423
Pound Sterling	46	527		573
Total*	\$ 11,992	\$ 51,833	\$ 173	\$ 63,997

Note: Amounts shown in U.S. dollars using June 30, 2025 foreign exchange rates.

*Amounts may not sum due to rounding

Counterparty Risk

Counterparty risk is the risk of loss arising from the failure of one party to a transaction to fulfill its contractual obligation to the other. Commonwealth Savers has a minimal amount of exposure to counterparty risk through its investments. Potential examples of risk for over-the-counter transactions may include transaction costs/inefficiencies/errors, fraud or reputation risk. As of June 30, 2025 less than 1 percent of the Commonwealth Savers' investments were invested in investment vehicles exposed to this type of risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to Commonwealth Savers. Commonwealth Savers' Statements of Investment Policy and Guidelines require its fixed income securities managers to invest in holdings which, on average, are comprised of high quality securities and may not include securities deemed to be below investment grade. Investment grade is generally defined as a rating of BBB or above by one of the three major rating agencies (Standard & Poor's, Fitch or Moody's). This requirement does not apply to Commonwealth

Savers' managers who are instructed to manage a specific investment strategy (e.g., high-yield fixed income), whether in a separate account or as a dedicated allocation within a broader fixed income portfolio. Many of Commonwealth Savers' fixed income investment securities held in the Enterprise and Fiduciary Funds as of June 30, 2025 were rated by nationally recognized rating organizations as reported by Commonwealth Savers' custodian. In the tables below, the most conservative rating available is shown across each asset class subject to credit risk disclosure per GASB No. 40 (GASB 40).

Enterprise Fund Credit Quality by Investment Type (thousands)										
Credit Rating	Agency Mortgage Backed Securities	Agency Unsecured Bonds & Notes	Asset Backed Securities	Convertible Bonds & Notes	Corporate Bonds & Notes	Municipal Securities	Fixed Income & Commingled Funds	Mutual & Money Market Funds	Non-U.S. Government Bonds & Notes	Total*
Aaa/AAA	—	—	\$ 133,102	—	\$ 943	\$ 488	—	—	\$ 4,370	\$ 138,903
Aa/AA	—	\$ 2,766	5,805	—	7,301	672	—	—	7,157	23,701
A	—	—	26,022	—	52,740	105	—	—	6,950	85,818
Baa/BBB	—	—	2,435	—	123,084	—	—	—	14,993	140,513
Ba/BB and Below	—	—	2,798	—	244,327	—	—	—	38,759	285,883
Unrated¹	\$ 170,606	—	6,105	\$ 101	5,200	—	\$ 738,348	\$ 93,483	4,177	1,018,020
Total*	\$ 170,606	\$ 2,766	\$ 176,267	\$ 101	\$ 433,596	\$ 1,265	\$ 738,348	\$ 93,483	\$ 76,405	\$ 1,692,837

¹Securities have not been rated by Standard & Poor's, Fitch or Moody's

*Amounts may not sum due to rounding

In addition to the above investments, there were \$71.1 million in U.S. Treasury and Agency Securities which are not required to be reported as a part of credit quality risk disclosure.

Fiduciary Fund Credit Quality by Investment Type (thousands)										
Credit Rating	Agency Mortgage Backed Securities	Agency Unsecured Bonds & Notes	Asset Backed Securities	Corporate Bonds & Notes	Fixed Income & Commingled Funds	Municipal Securities	Mutual & Money Market Funds	Non-U.S. Government Bonds & Notes	Stable Value ²	Total*
Aaa/AAA	—	—	\$ 114,094	\$ 625	—	—	—	\$ 3,691	—	\$ 118,410
Aa/AA	—	\$ 1,232	2,267	10,512	—	\$ 469	—	7,791	—	22,271
A	—	—	19,077	40,356	—	—	—	12,400	—	71,834
Baa/BBB	—	—	6,323	116,061	—	—	—	33,804	—	156,188
Ba/BB and Below	—	—	—	309,064	—	—	—	169,976	—	479,041
Unrated¹	\$ 137,935	—	2,661	6,563	\$ 682,165	—	\$ 123,382	1,931	\$ 2,056,916	3,011,553
Total*	\$ 137,935	\$ 1,232	\$ 144,421	\$ 483,182	\$ 682,165	\$ 469	\$ 123,382	\$ 229,594	\$ 2,056,916	\$ 3,859,295

¹Securities have not been rated by Standard & Poor's, Fitch or Moody's.

²Stable Value Contracts (which include the Access Program) are not rated directly by S&P, Fitch or Moody's, however the underlying investments weighted average credit quality rating is AA

*Amounts may not sum due to rounding

In addition to the above investments, there were \$81.1 million in U.S. Treasury and Agency Securities which are not required to be reported as a part of credit quality risk disclosure

4. Investment Derivative Instruments and Stable Value Investments

GAAP requires that Commonwealth Savers disclose its exposure to investment derivative instruments and certain investments described as synthetic guaranteed investment contracts.

A. Investment Derivative Instruments:

Pursuant to the Statements of Investment Policy and Guidelines established for Commonwealth Savers' investment programs, investments in derivative instrument securities are prohibited except where specifically permitted in the investment manager agreement for a separate account or prospectus for a fund. The Board may permit managers in certain asset classes to use derivative instruments consistent with the overall investment guidelines and objectives of that asset class. Synthetic positions are not allowed and the use of derivative instruments should not be considered as an alpha generator.

All derivative instruments held by Commonwealth Savers are considered investment derivative instruments. The fair value of all derivative financial instruments is reported on a net basis on the Statement of Net Position and the Statement of Fiduciary Net Position. The derivative instruments are either subject to an enforceable master netting arrangement or similar agreement. The master netting arrangements allow Commonwealth Savers to net applicable liabilities or prepayment obligations to counterparties to the derivative contracts against amounts owed to Commonwealth Savers by the counterparties. As of June 30, 2025, four separate account managers, in the asset classes shown below, were permitted to use derivative instruments as shown in the tables that follow.

Fund	Manager	Asset Class
Enterprise	Acadian Asset Management, LLC	Developed Markets International Equity
Enterprise	Loomis, Sayles & Company, L.P.	Multi-Asset Credit
Enterprise	Neuberger Berman	Core Bond Fixed Income
Enterprise	PGIM Fixed Income	High-yield Fixed Income
Enterprise	PGIM Fixed Income	Core Bond Fixed Income
Fiduciary	Neuberger Berman	Emerging Markets Debt
Fiduciary	Neuberger Berman	Core Bond Fixed Income
Fiduciary	PGIM Fixed Income	High-yield Fixed Income
Fiduciary	PGIM Fixed Income	Core Bond Fixed Income

(i) Derivative Instruments Summary

Derivative instruments are financial instruments whose values are derived from the value of underlying assets. The summary of Commonwealth Savers' derivative instruments at June 30, 2025 are shown in the table below (amounts expressed in thousands).

Investment Derivative Instruments	Changes in Fair Value		Fair Value at June 30, 2025		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise Fund					
Pay Credit Default Swaps	Revenue	\$ (43)	Investment	\$ (178)	\$ 7,922
Receive Credit Default Swaps	Revenue	113	Investment	345	4,595
Futures Contracts Long	Revenue	2,385	Investment	2,385	205,894
Futures Contracts Short	Revenue	(979)	Investment	(979)	(35,397)
Total Return Swaps	Revenue	(324)	Investment	(324)	12,713
Pay Zero Coupon Swaps	Revenue	(34)	Investment	195	\$ 13,425
Receive Zero Coupon Swaps	Revenue	10	Investment	(3)	\$ 5,005
Options	Revenue	—	Investment	—	210
Total*		\$ 1,127		\$ 1,441	
Fiduciary Fund					
Pay Credit Default Swaps	Revenue	\$ (593)	Investment	\$ (597)	\$ 32,728
Receive Credit Default Swaps	Revenue	378	Investment	1,153	15,360
Futures Contracts Long	Revenue	—	Investment	2,600	234,123
Futures Contracts Short	Revenue	—	Investment	(581)	(44,243)
Total Return Swaps	Revenue	56	Investment	56	13,870
Total*		\$ (158)		\$ 2,632	

*Amounts may not sum due to rounding

Pursuant to their investment management agreements, PGIM High Yield Fixed Income; PGIM Core Bond Fixed Income; Loomis, Sayles & Company (Loomis); Neuberger Berman Emerging Markets Debt and Neuberger Core Bond may invest in derivative instruments for hedging, cash management and/or duration management.

Each portfolio's exposure to derivative instruments, as measured on a net market value basis, is limited to 10 percent of the market value of the accounts, with the exception of futures contracts, which are excluded from the 10 percent limit.

Within the Enterprise Fund at June 30, 2025, the Loomis Multi-Asset Credit, Neuberger Core Bond and PGIM Core Bond portfolios, as well as the PGIM High Yield Fixed Income accounts each held futures contracts. Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. The PGIM Core Bond and High Yield Fixed Income accounts each held total return swaps and credit default swaps. The PGIM Core Bond account also held zero coupon swaps. Swaps are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indexes. Swaps are, therefore, sensitive to interest rate changes and are incorporated into the Interest Rate Risk note disclosure in Note 3 above.

Within the Fiduciary Fund at June 30, 2025, the Neuberger Berman Emerging Markets Debt, Core Bond and PGIM High Yield and Core Bond accounts each held futures contracts and credit default swaps. The PGIM High Yield Fixed Income account also held total return swaps.

Futures contracts are permissible to hedge duration while total return swaps are held to gain exposure to assets with minimal cash outlay. Credit risk is mitigated with credit default swaps and zero coupon swaps as they are each centrally cleared derivative instruments.

(ii) Forward Foreign Exchange Contracts

Pursuant to their investment management agreements, Loomis, Hamilton Lane, the PGIM High Yield Fixed Income and Core Bond accounts as well as Acadian may invest in foreign exchange forward contracts for hedging purposes or for efficient portfolio management within the Enterprise Fund. PGIM High Yield and Core Bond and Neuberger Berman Fixed Income accounts invest in foreign exchange forward contracts for the same purposes within the Fiduciary Fund's investment portfolio. Each of these managers primarily uses forward foreign exchange contracts to hedge the value of investments denominated in non-U.S. dollar currencies. Credit risk of exchange traded currency contracts lies with the clearinghouse of the exchange at which the contracts are traded, while credit risk of currency contracts traded over the counter lies with the counterparty. Counterparty risk exposure is generally equal to the unrealized gain on in-the-money contracts. The following table contains a breakdown of these forward contracts by currency.

Enterprise Fund Foreign Currency Forwards (thousands)				
Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Market Value
Euro Currency Unit	\$ (15,769)	\$ 10,198	\$ (26,375)	\$ (16,177)
Indonesian Rupiah	1,523	1,532	—	1,532
Japanese Yen	(133)	—	(133)	(133)
Pound Sterling	(180)	183	(366)	(183)
South Korean Won	1,607	1,634	—	1,634
Swiss Franc	(52)	—	(53)	(53)
U.S. Dollar	13,005	26,401	(13,397)	13,005
Total *	\$ —	\$ 39,948	\$ (40,323)	\$ (375)

Note: Amounts shown in U.S. dollars using June 30, 2025 foreign exchange rates.

*Amounts may not sum due to rounding.

Fiduciary Fund Foreign Currency Forwards (thousands)				
Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Market Value
Euro Currency Unit	\$ (61,026)	\$ 66,878	\$ (129,564)	\$ (62,687)
Pound Sterling	(538)	546	(1,092)	(546)
U.S. Dollar	61,564	128,657	(67,093)	61,564
Total*	\$ —	\$ 196,081	\$ (197,750)	\$ (1,669)

Note: Amounts shown in U.S. dollars using June 30, 2025 foreign exchange rates.

*Amounts may not sum due to rounding.

B. Stable Value:

GASB Statement No. 53 defines stable value investment vehicles as synthetic guaranteed investment contracts. Stable value funds are invested in a high quality, diversified, intermediate term, fixed income portfolio that is protected against interest rate volatility by wrap or investment contracts from banks and insurance companies that guarantee the payment of benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value. Commonwealth Savers utilizes stable value investments in the Fiduciary Fund. Commonwealth Savers' stable value investments meet the definition of fully benefit-responsive synthetic guaranteed investment contracts and are reported at contract value. At June 30, 2025, Commonwealth Savers had the following stable value investments outstanding as shown in the table below.

Fund	Wrap Provider	Notional Amount (Thousands)	Effective Date	Maturity Date	Crediting Rate
Fiduciary	American General Life	\$ 341,504	1/16/2014	Open ended	3.36%
	Nationwide Life Insurance	348,968	1/29/2018	Open ended	4.21%
	Pacific Life Ins	341,501	3/27/2025	Open ended	3.36%
	Prudential Retirement Ins. & Annuity	341,833	1/30/2014	Open ended	3.38%
	RGA	341,492	8/28/2015	Open ended	3.37%
	Voya Retirement & Annuity	341,619	10/05/2012	Open ended	3.36%
	Total*		\$ 2,056,916		

*Amounts may not sum due to rounding.

At June 30, 2025, the fair value of the underlying investments for the Fiduciary Fund was less than the book value (notional amount) of the wrap contracts. The book value of the wrap contracts provides a guaranteed minimum value that program participants would receive upon liquidation, and therefore has a separate fair value only in the circumstance that the fair value of the associated underlying investment pool is below the book value of the wrap contracts. The fair value of the wrap contracts is the amount required to bring the total value of the stable value investments up to the book value of the wrap contracts. In the Fiduciary Fund, the fair value of the wrapped stable value investments at June 30, 2025, was \$2.0 billion.

5. Fair Value Measurement and Application

GAAP prescribes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs of valuation techniques used to determine fair value. The hierarchy gives highest priority to valuations maximizing observable inputs and lowest priority to those utilizing unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability

Level 3: Unobservable inputs

GAAP also permits certain investments that do not have a readily determinable fair value to be reported at the investment's Net Asset Value (NAV). As the NAV is not as readily determinable as the fair value, it is likely that upon liquidation, these investments would sell for amounts different than the reported NAV. These investments are excluded from the fair value hierarchy below and accordingly are reported in a separate table. The following exhibits represent Commonwealth Savers' investments and related disclosures in accordance with GAAP by program.

Enterprise Fund investments measured at fair value as of June 30, 2025 (thousands):

Investments By Fair Value Level	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Agency Mortgage Backed Securities	\$ 170,606	—	\$ 170,606	—
Agency Unsecured Bonds & Notes	2,766	—	2,766	—
Asset Backed Securities	176,267	—	176,267	—
Convertible Bonds & Notes	101	—	101	—
Corporate Bonds & Notes	433,596	—	433,596	—
Municipal Securities	1,265	—	1,265	—
Non-U.S. Government Bonds & Notes	76,405	—	76,405	—
U.S. Treasury & Agency Securities	71,110	\$ 71,110	—	—
Total Debt Securities	\$ 932,116	\$ 71,110	\$ 861,006	\$ —
Equity Securities				
Common & Preferred Stocks	\$ 103,512	\$ 102,707	\$ 805	—
Equity Real Estate	7,450	—	—	\$ 7,450
International & Emerging Markets Funds	130,287	130,287	—	—
Other Equity Securities	455	—	455	—
Total Equity Securities	\$ 241,704	\$ 232,994	\$ 1,260	\$ 7,450
Total Investments at Fair Value	\$ 1,173,820	\$ 304,104	\$ 862,266	\$ 7,450

Note: Cash equivalent investments, in the amount of \$94.6 million, that are measured at amortized cost are not classified in the fair value hierarchy and as a result, are not included in the above table.



Enterprise Fund's investments measured at NAV (thousands):

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency* (if Currently Eligible)	Redemption Notice Period
Equity Index & Pooled Funds	\$ 403,349	—	Daily	5 Business Days
Fixed Income & Commingled Funds	738,348	\$ 109,703	Monthly - Quarterly	None, 10 - 60 Days
Other Equity Securities - Private Equity	501,566	191,779	N/A for closed end private equity	
Real Estate	259,899	50,896	Quarterly	None, 45 - 90 Days
Total Investments Measured at the NAV	\$ 1,903,162	\$ 352,378		

*See descriptions below for details related to redemption frequency and eligibility, if applicable.

Description of Enterprise Fund investments measured at NAV:

1. **Equity Index and Pooled Funds:** This investment type includes one index fund. The fair value of investments in this type have been determined using the NAV per share of the investments. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
BlackRock, Inc.	MSCI U.S. Equity Index Fund	The index fund invests in U.S. equity securities whose total rates of return will approximate the capitalization weighted total rates of return of the markets for equity securities in the U.S.

2. **Fixed Income and Commingled Funds:** This investment type includes 11 limited partnerships and two investments in collective trusts. The fair value of investments in this type have been determined using the NAV per share of the investments. For investments with Ares Global Multi-Asset Credit, Brigade and Wellington, capital representing 70.1 percent of the fair value in this investment type, can be redeemed subject to the fund redemption terms shown in the ranges in the table above. The remaining 29.9 percent of the fair value of this asset class is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
Ares Global Multi-Asset Credit	Ares Global Multi-Asset Credit	Multi-asset credit securities
Ares Management	Ares Pathfinder Fund, LP & Fund II, LP	Private debt
AS Private Debt	ADAMS ST PTNS (FDR) SPC III-A2LP	Private debt
Audax Private Debt	Audax Direct Lending Solutions Fund III	Private debt
Brigade Capital Management	Brigade Credit Fund II, LP	Multi-asset credit securities
Carlyle Global Credit	Carlyle Credit Opp Fund II, LP	Private debt
Chorus Capital	Chorus Capital Credit V	Private debt (non-core)
Eagle Point Credit	Eagle Point Defensive Income M L.P.	Private debt
Golub Capital	Golub Capital Partners 11 & 12, LP	Private debt - U.S. middle markets, senior secured, low / floating rate loans
Monarch Alternative Capital	Monarch Capital VI, LP	Private debt (non-core)
Schroder	Schroder Focus II Fund	Multi-asset credit securities
Wellington	Emerging Market Debt Common Trust Fund	Securities, derivative instruments, private placements or other pooled vehicles in order to generate excess returns over the J.P. Morgan Emerging Markets Bond Index Plus.
Wellington	Multi-Sector Credit Portfolio	Multi-asset credit securities

3. **Other Equity Securities:** This investment type includes private equity funds of funds managed by 9 managers and several different funds. These investments cannot be redeemed from the fund. Capital for this investment type is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying

fund investments during the 3rd through 15th years. Secondary funds of funds may have an accelerated capital call and return of capital profile. Commonwealth Savers invests in multiple funds with its private equity investment managers and is also diversified by vintage year with respect to these investments. The fair values of investments in this type have generally been determined using the March 31, 2025 NAV of Commonwealth Savers' ownership of the partnership, adjusted for cash flows (capital calls and distributions) through June 30, 2025. The following table provides information for this investment type by investment manager, fund name and underlying investments.



Investment Manager	Fund Name(s)	Invests In
Adams Street Partners	Multiple U.S./Non-U.S. Centric Buyout Funds	Emerging markets, U.S. and non-U.S. developed markets funds
Adams Street Partners	Venture Innovation Funds I, II & III	Venture
Adams Street Partners	Leaders Fund	Private equity
Aether Investment Partners, LLC	Real Assets III, IV & V LP Funds	Natural resources
Asia Alternatives	Asia Alternatives Capital Partners VI, L.P.	Private equity
Commonfund	Capital Natural Resources Fund IX, LP	Natural resources
Hamilton Lane	Multiple U.S./Non-U.S. Private Equity and Venture Capital Funds	Private equity
Horsley Bridge Partners	XII Growth Buyout, LP	U.S. small company buyout (Growth)
LGT Capital Partners	Crown Global Secondaries Fund IV, plc	Private equity secondaries (Global)
Neuberger Berman	Crossroads Fund XXI - Asset Allocation, LP	Asset allocation fund of funds; diversified geographically and strategically
Private Advisors, LLC	Multiple small company buyout/private equity funds	U.S. small company growth equity/buyout, distressed and turnaround, and opportunistic funds

4. Real Estate: For Morgan Stanley, capital representing approximately 29.6 percent of the fair value in this investment type is generally contributed up front and can be redeemed as requested according to the redemption frequency of 90 days. 23.8 percent of the total real estate invested at the NAV is with Stockbridge and can be redeemed quarterly after a 45 day minimum notice, subject to the approval of the fund. For the remaining investments in this type, capital is generally

expected to be called during the initial four to five years of the investment period and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. As distributions from the funds in this asset type are received through income as well as the liquidation of the underlying assets of the fund, there are limitations on the timing of withdrawals which can be taken. Additionally, within real estate investment agreements, there are exit queues which limit liquidation of funds in these investments. The fair value of investments in this type have been determined using the NAV per share of the investments. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
Bain Capital Real Estate	Bain Capital Real Estate Fund II	Direct equity-owned real estate assets
Morgan Stanley Prime	JP Morgan Prime Property Fund, LLC	Direct equity-owned real estate assets
Related Real Estate	Related Real Estate Fund III, LP	Direct equity-owned real estate assets
Starwood Capital	Starwood Distressed Opportunity Fund, XII	Direct equity-owned real estate assets
Stockbridge Real Estate	Stockbridge Smart Markets Fund	Direct equity-owned real estate assets
UBS Trumbull	UBS Trumbull Property Fund	Direct equity-owned real estate assets

Description of Fiduciary Fund investments measured at fair value:

1. Debt and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in level 2 of the fair value hierarchy utilize dealer quotes for similar securities traded in active markets.

2. Stable Value investments are held at contract value and are thus excluded from this exhibit.

Fiduciary Fund investments measured at fair value as of June 30, 2025 (thousands):

Investments By Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Agency Mortgage Backed Securities	\$ 137,935	—	\$ 137,935	—
Agency Unsecured Bonds & Notes	1,232	—	1,232	—
Asset Backed Securities	144,421	—	144,421	—
Corp Bonds & Notes	483,182	\$ 2,019	481,163	—
Fixed Income & Commingled Funds	682,165	682,165	—	—
Municipal Securities	469	—	469	—
Non-US Governmental Bonds & Notes	229,594	—	229,594	—
U.S. Treasury & Agency Securities	81,133	81,133	—	—
Total Debt Securities	\$ 1,760,131	\$ 765,318	\$ 994,813	—
Equity Securities				
Common & Preferred Stocks	\$ 1,718	\$ 794	\$ 924	—
Equity Index & Pooled Funds	5,162,630	5,162,630	—	—
Equity Mutual Funds	261,959	261,959	—	—
International & Emerging Market Funds	522,755	522,755	—	—
Total Equity Securities	\$ 5,949,062	\$ 5,948,138	\$ 924	—
Total Investments by Fair Value Level*	\$ 7,709,193	\$ 6,713,456	\$ 995,737	—

*Amounts may not sum due to rounding.

Note: Cash equivalent investments, in the amount of \$135.4 million, that are measured at amortized cost are not classified in the fair value hierarchy and as a result, are not included in the above table.

Fiduciary Fund investments measured at NAV (thousands):

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency* (if Currently Eligible)	Redemption Notice Period
Equity Index and Pooled Funds	\$ 300,611	—	Daily	
Real Estate	140,652	\$ 75,000	Quarterly	60- 90 Days
Total Investments Measured at the NAV	\$ 441,263	\$ 75,000		

*See descriptions below for details related to redemption frequency and eligibility, if applicable.

Description of Fiduciary Fund investments measured at NAV

1. **Equity Index and Pooled Funds:** This investment type includes one common trust fund. The Wellington Management Co., LLP invests in developed markets' international equities through the Wellington International Contrarian Value Fund. The fair value of investments in this type have been determined using the NAV per share of the investments.

2. **Real Estate:** This investment type includes two limited partnerships and a limited liability company. The UBS Trumbull Property Fund's investment strategy is to invest primarily through direct equity-owned real estate assets and represents approximately 9.5 percent of the fair value in this investment type. The fund also has flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however debt may be used where UBS determines leverage is prudent and is expected to enhance total return without undue risk. Blackstone Property Partners, which represents approximately 37.2 percent of the fair value in this investment type, is an open ended commingled fund seeking core plus real estate investments in the U.S. and Canada. The Morgan Stanley Prime Property Fund LLC, which represents 53.3 percent of investments within this investment type is a diversified, open-ended core real estate fund that targets high quality, well-leased, income-producing properties located in select primary markets in the U.S.

Commonwealth Savers has entered into an agreement with the Stockbridge Smart Markets Fund, LP, which is a real estate core fund focused on investing in real estate in areas with strong educational attainment and growing employment bases within the U.S. As part of this agreement, Commonwealth Savers has committed a total of \$75 million. As of fiscal year end, however, no capital has yet been contributed to this investment. As distributions from the funds in this asset type are received through income as well as the liquidation of the underlying assets of the fund, there are limitations on the timing of withdrawals which can be taken. Additionally, within real estate investment agreements, there are exit queues which limit liquidation of funds in these investments. The fair values of investments in this type have been determined using the NAV per share of Commonwealth Savers' ownership of the partnership.

6. Securities Lending Transactions

As of June 30, 2025, there was \$2.9 million in investments and cash equivalents held by the Treasurer of Virginia that represent Commonwealth Savers' allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. The Treasurer of Virginia is authorized to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future – for a fee. The Commonwealth's policy is to record unrealized gains and

losses on the State Treasury's securities lending program in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies. Accordingly, Commonwealth Savers recorded interest of \$2 thousand for securities lending transactions in fiscal year 2025. Information related to the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report found at doa.virginia.gov/.

7. Capital Assets

The following schedule presents capital asset activity of Commonwealth Savers for the year ended June 30, 2025 (amounts shown in thousands).

Enterprise Fund	Balance			Balance*
	June 30, 2024	Increases	Decreases	
Non - Depreciable capital assets:				
Software in development	\$ 1,930	\$ —	\$ 1,930	\$ —
Total non-depreciable capital assets:	1,930	—	1,930	—
Depreciable capital assets:				
Equipment	3,590	317	—	3,906
Software	999	3,473	\$ —	4,472
Right-to-use assets				
Equipment leases	138	—	—	138
Subscription-based IT arrangements	5,582	2,349	147	7,784
Total depreciable and amortizable capital assets:	10,308	6,139	147	16,300
Total capital assets:	12,238	6,139	2,077	16,300
Less accumulated depreciation for:				
Equipment	2,264	327	—	2,591
Software	1,019	289	—	1,309
Total Accumulated Depreciation	3,283	616	—	3,900
Less accumulated amortization for:				
Equipment leases	67	39	—	106
Subscription-based IT arrangements	2,358	1,924	94	4,188
Total accumulated amortization	2,425	1,963	94	4,294
Total accumulated depreciation and amortization	5,708	2,579	94	8,194
Net depreciable and amortizable capital assets	4,600	3,559	53	8,106
Total net capital assets*	\$ 6,529	\$ 3,559	\$ 1,983	\$ 8,106

*Amounts may not sum due to rounding.

8. Commitments

Investment-related commitments are discussed in Note 3. Commitments related to leases for business equipment which qualify as either leases under GASB 87 or SBITAs under GASB 96 are discussed in Note 10. Commitments to partners for access and affordability initiatives are discussed in Note 16. The remaining commitment is related to the agreement to manage the office building which Commonwealth Savers occupies.

On July 1, 2018, Commonwealth Savers entered into a 10-year extension of its contract with Aventura Holdings, LLC under which it maintains the 48,500 square foot headquarters office building through June 30, 2028. As Commonwealth Savers reports this as a real estate investment and reports the asset at market value as it is held for a profit within the Enterprise Fund, this contract does not qualify as a lease under GASB 87. Information related to the market value of this asset is reported within Note 5, but information related to the scheduled payments for maintenance of this building are discussed here.

Pursuant to this agreement, Commonwealth Savers will make payments as reflected below on an annual basis in advance, and will make additional payments on a quarterly basis in advance in an amount sufficient to pay building operating costs for the next quarter. Aventura has entered into an agreement with a property management company for the purpose of providing facilities maintenance, grounds keeping, custodial services, etc. Any additional payments made to Aventura by Commonwealth Savers will cover operating costs incurred by Aventura under the property management agreement. At the end of each quarter, Commonwealth Savers and Aventura reconcile expenses before funding operating expenses for the subsequent quarter.

Base Rent Periods (Fiscal Year)	Annual Payment Due (Thousands)
2026	\$ 776
2027	796
2028	815
Total Aventura future minimum rental payments	<u>\$ 2,387</u>

*Amounts may not sum due to rounding.

Aventura has also established a renewal and replacement reserve funded from a portion of the annual payments received from Commonwealth Savers to cover capital improvements to the building. The total reserve funding expense for the fiscal

Changes in long-term liabilities are shown below (thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences**	\$ 1,257	\$ 45		\$ 1,302	\$ 1,216
Educational Benefits Payable	1,310,998	48,075	\$ 174,783	1,184,290	171,455
Lease Liability	73	—	40	32	32
Subscription-based IT arrangements	2,531	2,252	2,676	2,107	1,160
Total*	<u>\$ 1,314,858</u>	<u>\$ 50,372</u>	<u>\$ 177,499</u>	<u>\$ 1,187,732</u>	<u>\$ 173,863</u>

*Amounts may not sum due to rounding.

**The beginning balance of the compensated absences liability was re-stated due to the implementation of GASB 101. The beginning balance of Educational benefits payable was re-stated due to an error correction. See Note 2 for details. The change in the compensated absences liability is presented as a net change.

year ending 2025 was \$114 thousand. The reserve funding schedule for future periods is set forth in the following table.

Base Reserve Periods	Annual Reserve Funding (Thousands)
2026	\$ 116
2027	119
2028	122
Total Aventura future reserve funding	<u>\$ 358</u>

Amounts may not sum due to rounding.



9. Unrelated Business Income Tax

During fiscal year 2025, Commonwealth Savers paid \$0.4 million in combined Federal and Virginia State tax due to unrelated business taxable income. Based on federal tax payments made toward previous tax years, Commonwealth Savers is entitled to a refund of \$0.7 million in federal tax, which has been accrued as a prepaid expense for fiscal year 2025 and will be used to reduce future tax obligations.

10. Long-Term Liabilities

Long-term liabilities include educational benefits payable, compensated absences and obligations toward lease and SBITA agreements. These are summarized in the table below.

A. Educational Benefits Payable

This liability represents the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the Enterprise Fund.

B. Compensated Absences

GASB Statement Number 101, Compensated Absences, (GASB 101), requires Commonwealth Savers to recognize a liability for both leave that has not been used, leave that has been used, but not paid, and certain salary-related payments related with that leave. Compensated Absences represent the estimated leave liability for accrued Paid-Time-Off (PTO), or disability credits, compensatory, overtime, on-call, and other leave for all leave-eligible employees employed on June 30, 2025. This liability is further apportioned as current or noncurrent based on whether they are estimated to be due within one year or due greater than one year, respectively.

C. Lease Liabilities

GASB Statement Number 87, Leases, (GASB 87), requires Commonwealth Savers to disclose the present value of its obligations under all agreements which contain a lease or a lease element. Lessee is required to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate as the discount for the lease. Generally Commonwealth Savers cannot determine the implicit interest rate as this is not a common term spelled out in lease agreements. Additionally, Commonwealth Savers' incremental borrowing rate is indeterminable as the only debt which Commonwealth Savers has historically ever had is the current interest-free loan from the Department of Treasury. Since it is unlikely that Commonwealth Savers could obtain similar terms to pay for its leases, Commonwealth Savers utilizes the prime interest rate at the time of the lease's inception to discount its lease agreements as Commonwealth Savers would be a low risk borrower with over 100% collateral on its obligations.

As noted in Note 7, as of June 30, 2025, Commonwealth Savers recognized right-to-use lease assets of \$32 thousand, net of accumulated amortization and lease liabilities of \$32 thousand relating to lease agreements. During the fiscal year, Commonwealth Savers recorded \$39 thousand in amortization expense and \$3 thousand in interest expense relating to the contracts. In addition, Commonwealth Savers paid \$9 thousand in variable costs toward these agreements. The future minimum lease obligations based on the net present value as of June 30, 2025 were as follows (in thousands):

Year Ending June 30	Principal	Interest	Total*
2026	\$ 32	\$ 1	\$ 33

*Amounts may not sum due to rounding.

D. Subscription-based IT Arrangements Liabilities

GASB Statement Number 96 (GASB 96), related to SBITAs, requires Commonwealth Savers to disclose the present value of its obligations under all agreements which contain a SBITA. During the fiscal year 2025,

Commonwealth Savers entered into multiple agreements where Commonwealth Savers paid for the right to use a vendor's information technology (IT) software for a pre-determined period of time. Commonwealth Savers is required to make principal and interest payments through the end dates for each of these contracts.

The liabilities for each of these contracts were valued using the present value of the total payments owed throughout the terms of each of the contracts. Similar to leases under GASB 87, Commonwealth Savers has determined that when the implicit rate of the lease is unavailable or indeterminable, the prime interest rate at the time of each SBITA agreement's inception is used to discount the liability to present value.

As noted in Note 7, as of June 30, 2025, Commonwealth Savers recognized right-to-use SBITA assets of \$3.60 million, net of accumulated amortization and SBITA liabilities of \$2.11 million relating to license agreements. During the fiscal year, Commonwealth Savers recorded \$1.92 million in amortization expense and \$216 thousand in interest expense relating to the contracts. In addition, Commonwealth Savers paid \$84 thousand in variable costs toward these agreements. The future minimum SBITA obligations based on the present value as of June 30, 2025 were as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
FY2026	\$ 1,160	\$ 132	\$ 1,292
FY2027	947	32	979
Total	\$ 2,107	\$ 164	\$ 2,271

*Amounts may not sum due to rounding.

11. Defined Benefit 529 Program - Summary of Actuarial Assumptions and Methods

Commonwealth Savers' statute requires that it annually determine the actuarial soundness of the DB529 Program, which includes Prepaid529 and the Tuition Track Portfolio (TTP). Commonwealth Savers has assumed that the term "actuarially sound," when applied to the DB529 Program, means that Commonwealth Savers has sufficient assets (including the value of future installment payments due under current Prepaid529 contracts) to cover the actuarially estimated value of the tuition obligations of programs, including any administrative costs associated with Prepaid529 contracts and TTP accounts.

The two most significant assumptions used to prepare the actuarial valuation report are the rates of investment return and future tuition growth. In addition, there are other assumptions the actuary employs in the actuarial valuation. In August 2025, Commonwealth Savers' Board reviewed the rates of investment return and future tuition growth assumptions. The following assumptions were used in the actuarial valuation for June 30, 2025:

Investment Rate of Return: 6.00 percent per annum.

Projected Tuition Increase: The current year's assumed tuition increase rates used in the current year's valuation are outlined in the table below.

Academic Year Beginning	Universities	Community Colleges
Fall 2026	3.0%	2.0%
Fall 2027 and thereafter	5.0%	5.0%

In addition to the investment rate of return and the projected tuition increase assumptions, additional assumptions affecting the valuation include forfeiture, attendance, utilization and demographic assumptions. In 2023, an experience study was performed to update these assumptions based on recent historical experience of the DB529 Program's activities. The updated assumptions are described below.

Forfeiture: It is assumed that 0.75 percent of DB529 Program's accounts will be cancelled or otherwise forfeited each year for beneficiaries ages 0 through 17 (prior to the year of matriculation).

Attendance and Bias: It is assumed that, starting in the year of matriculation, 75 percent of beneficiaries will attend a public university in Virginia, 5.7 percent will attend a private university in Virginia, 14.3 percent will attend a university in another state, and 5 percent will request a cancellation, transfer, or rollover to a savings plan. These are summarized in the table below.

Institution Type	Actuarial Assumption	Cancellation Assumption	Remaining Assumed to Attend
Virginia Public	79%	4.0%	75.0%
Virginia Private	6%	0.3%	5.7%
Out-of-State	15%	0.7%	14.3%

Weighted average tuition for four-year public universities and two-year community colleges in Virginia was adjusted with 110.0 percent and 1 percent loads, respectively, to add a bias for attendance at more expensive schools. The highest tuition for a public university in Virginia was assumed to be 166 percent of weighted average tuition (\$26,456/\$15,968). Out-of-state students and contracts requesting a rollover are assumed to receive a benefit equal to the payments made on the contract plus interest at the composite reasonable rate of return. For combination contracts a portion of the remaining university and community college years are assumed to be paid each year. For combination contracts currently in payout with only university years or community college years remaining, the applicable remaining years are assumed to be paid. All TTP accounts are assumed to be paid out at weighted average tuition for units redeemed after reaching the expected enrollment year.

Reasonable Rate: The reasonable rate tracks the quarterly performance of the Institutional Money Funds Index as reported in the Money Fund Monitor by iMoneyNet. For Prepaid529 accounts, the account holder has the option of transferring the total of their payments, accumulated at the reasonable rate of return over to a savings program, such as Invest529. The accumulation of this reasonable rate also serves as the minimum benefit in the event that the Prepaid529 benefit is lower than the reasonable rate. For beneficiaries attending an out-of-state public or private college or university, Prepaid529 will pay the lesser of 1) the payments made on the contract plus interest at the composite reasonable rate of return or 2) the Average Tuition of in-state schools.

For TTP accounts, if TTP units are redeemed prior to the beneficiary's high school graduation, they will receive the purchase price of their units plus the Tuition Track Interest, which is the reasonable rate.

In the past year, the reasonable rate balance has decreased from 5.06 percent in the first quarter to 4.1 percent during the fourth quarter compared to the assumption that it would remain at 5.06 percent during the full year. The assumption for the reasonable rate was changed from 3.75 percent in the first year and 3.25 percent thereafter to 4.05 percent in the first year, 3.30 percent in the second year, and 3.15 percent thereafter. For purposes of the valuation, each of Virginia's public university projected tuition and fee amounts are compared to the projected reasonable rate account balance, and the higher of the two is assumed to be paid.

Utilization: It is assumed that participants will begin utilizing their DB529 Program's accounts at actuarially determined rates. Most will redeem up to two semesters of tuition per year until the account is depleted, but some may redeem up to seven or more units per year until depleted. While some participants redeem accounts and utilize benefits in the year of expected matriculation, many delay redeeming units until later years. In addition, it is assumed that TTP accounts with fewer than five semesters will eventually purchase five units.

Expenses: The expenses included in the present value of future obligations are those relating to the Annual Maintenance Expense per Legacy Prepaid529 contract and TTP account, which are \$87.62 and \$23.37, respectively. These expenses were developed by Commonwealth Savers staff and are assumed to increase annually at the rate of general price inflation plus 0.50 percent.

Receivables and Payables: At June 30, 2025, the accrual of the actuarially determined Prepaid529 contract payments receivable decreased over the prior year, primarily because the Prepaid529 program is closed to new participants. TTP has no receivable as payment is received at the time of purchase for TTP units. The accrual of the educational benefits payable decreased over the prior year, resulting in a decrease in actuarial Prepaid529 tuition benefit expenses. This is primarily attributable to payments of educational expense benefits in the current fiscal year and changes in actuarial assumptions in the previous year. The net of the change in these estimates is reported as net actuarial gain/(loss) within the statement of revenues, expenses, and changes in net position and is summarized below (in thousands):

	2025	2024	Change
Prepaid529 contract payments receivable	\$ 39,990	\$ 52,681	\$ (12,690)
DB529 Educational benefits payable	\$ 1,184,290	\$ 1,310,998	\$ (126,708)
Net actuarial gain/(loss)*			\$ 114,018

*Net actuarial gain/(loss) is the negative amount of the decrease in receivables, plus the absolute value of decrease in payables. 2024 amounts have been re-stated, as noted in Note 2.

12. Retirement and Pension Plan

Plan Description and Eligibility

Commonwealth Savers employees are employees of the Commonwealth of Virginia. As such, all full-time, salaried permanent employees are automatically covered by one of two defined benefit pension plans or a hybrid retirement plan. Each of these plans, along with plans for other employer groups in the Commonwealth of Virginia, are administered by the Virginia Retirement System (VRS or System). Members earn one month of service credit for each month they are employed and for which they and Commonwealth Savers pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The VRS State Employee Retirement Plan is a single employer pension plan that is treated like a cost-sharing plan.

The first defined benefit plan (Plan 1) includes members who became eligible for VRS prior to July 1, 2010 and vested as of January 1, 2013, and have not taken a refund. Otherwise, Plan 1 is a closed plan. Plan 2 is a defined benefit plan for employees who became eligible on or after July 1, 2010 or whose membership date was before July 1, 2010 but they were not vested as of January 1, 2013, and have not taken a refund. The hybrid retirement plan combines the features of a defined benefit plan and a defined contribution plan and is open to members hired on or after January 1, 2014, as well as other members who were eligible and opted into this plan. Eligibility is determined by the *Code of Virginia*, as may be amended from time to time. In addition, certain members are eligible for an optional retirement plan (ORP), having service under Plans 1 or 2 and are not eligible to elect the hybrid retirement plan option.

Benefits provided

Plan 1's and Plan 2's members are eligible for benefits based on a formula adjusting for age, creditable service and average final compensation. The hybrid retirement plan contains a similar formula to the defined benefit plans, but incorporates a defined contribution (DC) component. The DC element depends on the member and Commonwealth Savers' contributions made to the plan and the investment performance of those contributions, net of any required fees.

Benefit provisions, including vesting requirements, creditable service multipliers, retirement eligibility, cost of living adjustments and disability retirement, based on the Plans are detailed in the VRS annual report found at <https://www.varetire.org>. The following paragraphs provide information specific to Commonwealth Savers employees.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution for the fiscal year 2025 was 12.52% of covered employee compensation for employees in the VRS State Employee Retirement Plan. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from Commonwealth Savers to the VRS State Employee Retirement Plan were 1,885,289 and 1,816,754 for the years ending June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$76,650 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$149,208 for the year ended June 30, 2025. The total plan participant covered payroll totaled \$15,060,956 for the year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, Commonwealth Savers reported a liability of \$12,112,496 for its proportionate share of the VRS Net Pension Liability (NPL). The NPL was measured as of June 30, 2024 and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. Commonwealth Savers' proportion of the NPL was based on a projection of Commonwealth Savers' actuarially-determined long-term share of contributions to the pension plan for the year ended June 30, 2024 relative to the projected contributions of all participating employers. At June 30, 2024, Commonwealth Savers' proportion of the VRS State Employee Retirement Plan was 0.24591 percent as compared to 0.24044 percent at June 30, 2023.

For the year ended June 30, 2025, Commonwealth Savers recognized pension expense of \$1,780,283 for the VRS State Employee Retirement Plan. Due to the change in proportionate share from June 30, 2023 to June 30, 2024, a portion of the pension expense relates to deferred amounts from changes in proportion and differences between Commonwealth

Savers' contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, Commonwealth Savers reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,986,841	\$ 66,793
Net difference between projected and actual earnings on pension plan investments	—	1,592,130
Change in assumptions	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	330,377	15,138
Employer contributions subsequent to the measurement date	1,885,289	—
Total	\$ 4,202,507	\$ 1,674,061

\$1,885,289 reported as deferred outflows of resources related to pensions resulting from Commonwealth Savers' contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended June 30	Pension Expense
2026	(188,738)
2027	1,287,402
2028	(117,882)
2029	(337,625)

Actuarial Assumptions

The total pension liability in the VRS State Employee Retirement Plan's actuarial valuation as of June 30, 2023, using Entry Age Normal actuarial cost method and the following assumptions applied to periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on:

Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020. The following adjustments were made as a result of the Study and VRS Board action:

Mortality Rates (Pre-retirement, post-retirement health, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS State Employee Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	
Total Pension Liability	\$	29,769,365
Plan Fiduciary Net Position		24,843,784
Employers' Net Pension Liability (Asset)	\$	<u>4,925,581</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.45 %

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted
			Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Estate	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP- Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00)%	3.50%	(0.11)%
Total	<u>100.00%</u>		<u>7.07%</u>

*Expected arithmetic nominal return 7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the state agency for the VRS State Employee Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 102% of the actuarially determined contribution rate. From July 1, 2024, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Commonwealth Savers' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents Commonwealth Savers' proportionate share of the VRS State Employee Retirement Plan's NPL using the discount rate of 6.75 percent, as well as what Commonwealth Savers' proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Commonwealth Savers' proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 20,646,463	\$ 12,112,496	\$ 4,995,637

Pension Plan Fiduciary Net Position

Detailed information about the VRS's fiduciary net position is available in the separately issued VRS Annual Comprehensive Financial Report found at <https://www.varetire.org>.

Payables to the Pension Plan

As of June 30, 2025, Commonwealth Savers reported payables to VRS in the amount of \$105,557. This amount is comprised of payments due to the VRS that were not made until after the fiscal year-end through the normal course of business.

13. Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program

Eligibility and Plan Descriptions

Commonwealth Savers employees are employees of the Commonwealth of Virginia and are eligible for programs provided separately from the Virginia Retirement System's (VRS's or the System's) pension plans but administered by the VRS. The VRS administers the Group Life Insurance Program (GLIP), Disability Insurance Program (Virginia Sickness and Disability Program or VSDP) and the State Employee Health Insurance Credit Program (HICP).

Details as to eligibility, the benefit provisions including cost of living adjustments, and contribution requirements for each of these programs may be found in the VRS annual report found at <https://www.varetire.org>. The programs and eligibility for each plan, as they pertain to Commonwealth Savers, are summarized in the paragraphs below.

Group Life Insurance Program: Commonwealth Savers' full-time, salaried, permanent employees are automatically covered by the GLIP. The GLIP is a defined benefit plan that provides a basic group life insurance benefit. In addition to the basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLIP OPEB. Basic group life insurance coverage is automatic upon employment and coverage ends

for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Virginia Sickness and Disability Program: Commonwealth Savers' full-time and part-time, salaried, permanent employees hired on or after January 1, 1999 are automatically covered by the VSDP. The VSDP also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. All Commonwealth Savers employees participate in the VSDP. The VSDP is a managed care program that provides short-term and long-term disability benefits for non-work-related and work-related disabilities.

State Employee Health Insurance Credit Program: Commonwealth Savers' full-time, salaried, permanent employees are automatically covered by the HICP, administered by the VRS. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HICP provides a credit toward the cost of health insurance coverage for retired state employees who retire with at least 15 years of service credit. Employees earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Benefits for each of the programs include the following:

GLIP	VSDP	HICP
<p>The benefits payable under the GLIP include natural death and accidental death benefits and additional benefits provided under specific circumstances. The benefit amounts provided to members are double the employee's rounded covered compensation for natural death and quadrupled for accidental death and are subject to a reduction factor. The benefit amount reduces by 25 percent on January 1 following one calendar year of separation and continues to reduce by an additional 25 percent on each subsequent January 1 until it reaches 25 percent of its original value. For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLIP of \$8,000. This amount is increased annually based on a cost-of-living adjustment and is currently \$9,532 as of June 30, 2025.</p>	<p>Leave and short-term disability benefits under the VSDP are paid by the employer. The short-term and long-term disability benefits include income replacement up to certain levels and for certain time periods based on the employee's disability period and length of service. Short-term are paid by Commonwealth Savers and begin at 100% of the employee's pre-disability income and reduces to 80% and then 60% based on the period of the disability and length of service. Long-term disability benefits are paid from the VSDP at 60% - 80% of pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided the employee remains eligible. The program also includes a self-funded long-term care plan that assist with the cost of covered long-term care services.</p>	<p>The monthly benefit payable to retired Commonwealth Savers employees under the HICP is \$4.25 per year of service per month with no cap on the benefit amount. For Commonwealth Savers employees who retire on disability or go on long-term disability under the VSDP, the monthly benefit is \$120.00 or \$4.25 per year of service, whichever is higher.</p>

Contributions

The contribution requirements for the GLIP, VSDP and HICP are governed by the *Code of Virginia*, as amended, but may be impacted as a result of funding provided by the General Assembly. Contribution provisions are summarized as follows:

GLIP	VSDP	HICP
<p>The total rate for the GLIP was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Commonwealth Savers' contributions were \$71,175 and \$76,625 for the years ended June 30, 2025 and June 30, 2024, respectively.</p>	<p>Commonwealth Savers' contractually required contribution rate for the VSDP for the year ended June 30, 2025 was 0.50% of covered employee compensation. This rate was approved by the General Assembly which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Commonwealth Savers' contributions to the VSDP were \$75,305 and \$85,915 for the years ended June 30, 2025 and June 30, 2024, respectively.</p>	<p>Commonwealth Savers' contractually required contribution rate for the year ended June 30, 2025, was 1.12% of covered employee compensation. This rate was approved by the General Assembly which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Commonwealth Savers' contributions were \$168,683 and \$157,746 for the years ended June 30, 2025 and June 30, 2024, respectively.</p> <p>In June 2024, the Commonwealth made a special contribution of approximately \$52.8 million which was applied to the HICP for state employees. Authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 1, 2024 Acts of Assembly, Special Session I, and is classified as a special employer contribution. Commonwealth Savers' proportionate share is reflected in non-operating revenues/(expenses) in the financial statements.</p>

OPEB Liabilities (Assets), OPEB Expense (Gain), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VRS OPEB Plan

At June 30, 2025, Commonwealth Savers reported the following liabilities (assets) and expenses for its proportionate share of these programs:

Total activity related to all OPEB plans is summarized in the following table:

Program	OPEB Net Assets Related to:	Deferred OPEB Outflows:	OPEB Liabilities Related to:	Deferred OPEB Inflows:	OPEB Expenses Related to:
GLI		\$ 252,330	\$ 616,770	\$ 98,074	\$ 50,280
HIC		307,180	1,100,974	92,388	151,523
VSDP	881,934	115,898	—	192,714	(3,983)
Pre-Medicare*		283,772	613,132	289,576	(23,785)
Totals	\$ 881,934	\$ 959,180	\$ 2,330,876	\$ 672,752	\$ 174,035

*See Note 14 Healthcare Plan for Pre-Medicare Retirees for additional information on this program

GLIP OPEB Liabilities, GLIP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLIP OPEB

At June 30, 2025, Commonwealth Savers reported a liability \$616,770 for its proportionate share of the VRS Net GLIP OPEB Liability. The Net GLIP OPEB Liability was measured as of June 30, 2024 and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. Commonwealth Savers' proportion of the Net GLIP OPEB Liability was based on Commonwealth Savers' actuarially determined employer contributions to the GLIP for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, Commonwealth Savers' proportion was 0.05527% as compared to 0.05271% at June 30, 2023.

For the year ended June 30, 2025, Commonwealth Savers recognized GLIP OPEB expense of \$50,280. Since there was a change in proportionate share between measurement dates, a portion of the GLIP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, Commonwealth Savers reported deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB from the following sources:

	Deferred Outflows of Resources *	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,279	\$ 15,066
Net difference between projected and actual earnings on GLIP OPEB program investments	—	51,987
Change in assumptions	3,516	30,566
Changes in proportionate share	80,361	455
Commonwealth Savers contributions subsequent to the measurement date	\$ 71,175	—
Total	\$ 252,330	\$ 98,074

*Amount may not sum due to rounding

\$71,175 reported as deferred outflows of resources related to the GLIP OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net GLIP OPEB Liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB will be recognized in the GLIP OPEB expense in future years as follows:

Fiscal Year ended June 30	GLIP OPEB Expense
2026	\$ 4,575
2027	34,477
2028	13,737
2029	16,079
2030	14,213
Thereafter	—

VSDP OPEB Liabilities, VSDP Net OPEB Assets, VSDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VSDP OPEB

At June 30, 2025, Commonwealth Savers reported an asset of \$881,934 for its proportionate share of the Net VSDP OPEB Asset. The Net VSDP OPEB Asset was measured as of June 30, 2024 and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. Commonwealth Savers' proportion of the Net VSDP OPEB Asset was based on Commonwealth Savers' actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, Commonwealth Savers' proportion was 0.24923% as compared to 0.24458% at June 30, 2023.

For the year ended June 30, 2025, Commonwealth Savers recognized VSDP OPEB expense of \$(3,983). Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, Commonwealth Savers reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,433	\$ 97,012
Net difference between projected and actual earnings on VSDP OPEB plan investments	—	42,056
Change in assumptions	1,158	2,863
Changes in proportionate share	—	50,783
Commonwealth Savers contributions subsequent to the measurement date	75,305	—
Total	\$ 115,898	\$ 192,714

*Amount may not sum due to rounding

\$75,305 reported as deferred outflows of resources related to the VSDP OPEB resulting from contributions subsequent to the measurement date will be recognized as an adjustment of the Net VSDP OPEB Asset in the fiscal year ended June 30,

2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense in future years as follows:

Fiscal Year ended June 30	VSDP OPEB Expense
2026	\$ (72,303)
2027	(23,684)
2028	(21,542)
2029	(14,678)
2030	(6,248)
Thereafter	(13,669)

HICP OPEB Liabilities, HICP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HICP OPEB

At June 30, 2025, Commonwealth Savers reported a liability of \$1,100,974 for its proportionate share of the VRS HICP Net OPEB Liability. The Net HICP OPEB Liability was measured as of June 30, 2024 and the total HICP OPEB liability used to calculate the Net HICP OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. Commonwealth Savers' proportion of the Net HICP OPEB Liability was based on Commonwealth Savers' actuarially determined employer contributions to the HICP OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, Commonwealth Savers' proportion of the HICP was 0.15523% as compared to 0.15106% at June 30, 2023.

For the year ended June 30, 2025, Commonwealth Savers recognized HICP OPEB expense of \$151,523. Since there was a change in proportionate share between measurement dates, a portion of the HICP Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2025, Commonwealth Savers reported deferred outflows of resources and deferred inflows of resources related to the HICP OPEB from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 87,074
Net difference between projected and actual earnings on State HICP OPEB plan investments	—	3,727
Change in assumptions	17,736	—
Changes in proportionate share	120,760	1,587
Commonwealth Savers contributions subsequent to the measurement date	168,683	—
Total	<u>\$ 307,180</u>	<u>\$ 92,388</u>

*Amount may not sum due to rounding

\$168,683 reported as deferred outflows of resources related to the HICP OPEB resulting from Commonwealth Savers' contributions subsequent to the measurement date, which will be recognized as a reduction of the Net HICP OPEB Liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HICP OPEB will be recognized in the HICP OPEB expense in future reporting periods as follows:

Fiscal Year ended June 30	HICP OPEB Expense
2026	\$ 27,291
2027	19,251
2028	1,060
2029	(1,327)
2030	(167)
Thereafter	—

Actuarial Assumptions

The various total OPEB liabilities were based on an actuarial valuation for all programs as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The actuarial valuation for OPEB programs was based on assumptions related to the Commonwealth as a whole. Information related to these assumptions can be found within the

Virginia Retirement System's Annual Comprehensive Financial Report, available at varetire.org. The information below is limited to information and assumptions specific to Commonwealth Savers employees.

Assumptions	Provisions
Inflation	2.5 percent
Salary increases, including inflation (General state employees only)	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation
Mortality rates:	
Pre-Retirement	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years
Post-Retirement	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years
Beneficiaries and Survivors	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Assumptions	Changes
Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year of age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net OPEB Liability (Asset)

The net OPEB Liability (NOL) for the GLI program, the net OPEB asset (NOA) for the VSDP and the NOL for the HIC programs each represent the respective program's total OPEB Liability/(Asset) determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL/NOA amounts for each of these programs are as follows (amounts expressed in thousands):

Net GLI OPEB Liability (Asset)

	GLI OPEB Program
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
Net GLI OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41 %

Net VSDP OPEB Liability (Asset)

	VSDP OPEB Program
Total VSDP OPEB Liability	\$ 339,007
Plan Fiduciary Net Position	692,870
Net VSDP OPEB Liability (Asset)	<u>\$ (353,863)</u>
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	204.38 %

Net HIC OPEB Liability (Asset)

	HIC OPEB Plan
Total State Employee HIC OPEB Liability	\$ 1,094,073
Plan Fiduciary Net Position	384,820
Net HIC OPEB Liability (Asset)	<u>\$ 709,253</u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	35.17 %

The total GLI, VSDP & HIC OPEB Liabilities (Assets) are calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB Liabilities (Assets) are disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00)%	3.50%	(0.11)%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the various total OPEB liabilities was 6.75 percent, determined as follows:

Program	Method
GLIP	Projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by VRS Board of Trustees.
VSDP	Projection of cash flows used to determine the discount rate assumed that employer contributions will be made per VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by VRS Board of Trustees.
HICP	Projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with VRS funding policy at rates equal to the actuarially determined contribution rates adopted by VRS Board of Trustees.

Through the fiscal year ending June 30, 2024, Commonwealth Savers contributed 113 percent of the actuarially determined rate to the GLIP, 109 percent to the VSDP, and 108 percent to the HICP. A portion of the rates for each program was funded by an appropriation from the Commonwealth. From July 1, 2024, all agencies are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. VRS's fiduciary net position for the GLIP, VSDP and HICP programs is projected to be available to make all projected future benefit payments for eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the respective liability.

Sensitivity of Commonwealth Savers' Proportionate Share of the Net OPEB Liabilities (Asset) to Changes in the Discount Rate

The following table presents Commonwealth Savers' proportionate share of the net GLIP OPEB liability, net VSDP OPEB asset and net HICP OPEB liability using the discount rate of 6.75% percent, as well as what Commonwealth Savers' proportionate share of the net GLIP OPEB liability, net VSDP OPEB asset, and net HICP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

Commonwealth Savers' proportionate share of the VRS:	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLIP Net OPEB Liability	\$ 959,158	\$ 616,770	\$ 340,166
VSDP Net OPEB Asset	\$ (821,348)	\$ (881,934)	\$ (935,590)
HICP Net OPEB Liability	\$ 1,262,082	\$ 1,100,974	\$ 962,686

GLIP, VSDP and HICP Fiduciary Net Position

Detailed information about the VRS GLIP, VSDP and HICP's fiduciary net positions is available in the separately issued VRS Annual Comprehensive Financial Report found at <https://www.varetire.org>.

Payables to the VRS GLIP, VSDP and HICP

As of June 30, 2025, Commonwealth Savers reported payables to VRS in the amount of \$10,179 for GLIP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year-end through the normal course of business.

As of June 30, 2025, Commonwealth Savers reported payables to VRS in the amount of \$4,314 for VSDP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year-end through the normal course of business.

As of June 30, 2025, Commonwealth Savers reported payables to VRS in the amount of \$9,658 for HICP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year-end through the normal course of business.

14. Healthcare Plan for Pre-Medicare Retirees

Eligibility and Plan Description

Commonwealth Savers employees who retire from state service and receive VRS monthly benefits or periodic benefits from another qualified vendor, and who are not eligible to participate in Medicare because of their age, are eligible to participate in the Pre-Medicare Retiree Healthcare Plan (PMRHP) administered by the Commonwealth's Department of Human Resource Management (DHRM). Details as to eligibility, the benefit provisions, and contribution requirements for each of these programs may be found in the Commonwealth of Virginia's ACFR found at <https://www.doa.virginia.gov/reports.shtml#ACFReport>. The program and eligibility for each plan, as they pertain to Commonwealth Savers, are summarized in the paragraphs below.

For a retiree to participate in the Plan, the participant must:

- be a retired state employee who is eligible for a monthly VRS benefit;
- have started receiving (not deferring) the periodic benefit immediately upon retirement;
- have the individual's last employer before retirement be the Commonwealth of Virginia;
- be eligible for (even if not enrolled in) coverage as an active employee in the State Health Benefits Program until retirement date (not including Extended Coverage); and,
- have enrolled within 31 days of retirement date.

Effective January 1, 2017**, the participant must be a terminating state employee who participates in one of the qualified Optional Retirement Plans (ORPs), and

- the last employer before termination was the Commonwealth of Virginia, and
- was eligible for (even if you were not enrolled in) coverage in the State Employee Health Benefits Program for active employees at the time of termination, and
- has met the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that the participant would have been eligible for on the date of hire had the participant not elected the ORP, and
- was enrolled in the State Retiree Health Benefits Program no later than 31 days from the date that coverage (or eligibility for coverage) in the State Health Benefits Program for active employees was lost due to termination of employment.

**This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.

Benefits

Commonwealth Savers effectively subsidizes the costs of the participating retirees' healthcare through payment of its portion of the premiums for active employees.

Contributions

Commonwealth Savers does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees.

Actuarial Assumptions and Discount Rate

The Total PMRHP OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2024. DHRM selected the economic, demographic and healthcare claim cost assumptions. DHRM's actuary provided guidance with

respect to these assumptions. Initial healthcare costs trend rates used were 7.50 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Assumptions – PMRHP	Provisions – PMRHP
Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2024 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed.
Effective Amortization Period	5.80 years
Discount Rate	3.93%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.50% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2034
Mortality:	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2024.

Changes of Assumptions

There were not any changes in assumptions since the June 30, 2023 measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage – rate remained at 20 %
- Retiree Participation – rate remained at 35 %

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.65% to 3.93% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024.

There were no plan changes in the valuation since the prior year.

Total PMRHP OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, Commonwealth Savers reported \$613,132 as Commonwealth Savers' proportionate share of the PMRHP's Total OPEB liability of \$356.5 million. The PMRHP OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024. Commonwealth Savers' proportionate amount of the PMRHP OPEB liability was based on each employer's healthcare premium contributions, as a percentage of the total employer's healthcare premium contributions for all participating employers. At June 30, 2024, Commonwealth Savers' proportion was 0.171990% as compared to 0.16711% at June 30, 2023. For the year ended June 30, 2025, Commonwealth Savers recognized PMRHP OPEB expense of \$(70,409).

At June 30, 2025, Commonwealth Savers reported deferred outflows of resources and deferred inflows of resources related to PMRHP OPEB comprised of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,291	\$ 73,814
Change in assumptions	12,023	215,762
Change in proportion	203,682	—
Subtotal	<u>227,996</u>	<u>289,576</u>
Commonwealth Savers contributions subsequent to the measurement date	55,776	
Total	<u><u>\$ 283,772</u></u>	<u><u>\$ (289,576)</u></u>

Commonwealth Savers reported \$55,776 as deferred outflows of resources related to PMRHP OPEB resulting from amounts associated with transactions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PMRHP OPEB will be recognized as part of PMRHP OPEB expense in future years as follows:

Fiscal Year Ended June 30	PMRHP OPEB Expense
2026	\$ (41,741)
2027	(19,707)
2028	(10,747)
2029	7,045
2030	3,576
Thereafter	—

Sensitivity of the Employer's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents Commonwealth Savers' proportionate share of the PMRHP OPEB liability using the discount rate of 3.93 percent, as well as what Commonwealth Savers' proportionate share of the PMRHP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93 percent) or one percentage point higher (4.93 percent) than the current rate:

	1.00% Decrease (2.93%)	Current Discount Rate (3.93%)	1.00% Increase (4.93%)
Commonwealth Savers' proportionate share of the total PMRHP liability	\$ 650,449	\$ 613,132	\$ 577,757

Sensitivity of Commonwealth Savers' Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents Commonwealth Savers' proportionate share of the PMRHP OPEB liability using a healthcare cost trend rate of 7.50 percent decreasing to 4.50 percent, as well as what Commonwealth Savers' proportionate share of the PMRHP OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.50 percent decreasing to 3.50 percent) or one percentage point higher (8.50 percent decreasing to 5.50 percent) than the current rate:

	1.00% Decrease (6.50% decreasing to 3.50%)	Trend Rate (7.50% decreasing to 4.50%)	1.00% Increase (8.50% decreasing to 5.50%)
Commonwealth Savers proportionate share of the total PMRHP liability	\$557,249	\$613,132	\$677,956

Detailed information about the Commonwealth's PMRHP, including the OPEB liability, OPEB expense, and deferred outflows and inflows of resources as well as actuarial assumptions, can be found in the separately issued Commonwealth's Annual Comprehensive Financial Report found at <https://www.doa.virginia.gov>, where this program is included within the Commonwealth's Healthcare Internal Service Fund.

15. Risk Management

Commonwealth Savers engages in an ongoing enterprise risk management (ERM) process to evaluate all significant risks it

may encounter in order to determine what actions are necessary to reduce or mitigate these risks. In addition to identifying general and specific risks to Commonwealth Savers and potential mitigating actions, throughout the ERM process,

Commonwealth Savers also identifies all significant concentrations and constraints, as defined in GASB 102, as well as all events associated with these concentrations and constraints in order to determine what actions are necessary to take in order to mitigate these risks. Any such event, which has occurred, has begun to occur, or is more-likely-than-not to occur through the date of this report, as well as mitigating actions will then be disclosed in accordance with GASB 102. Commonwealth Savers is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. Commonwealth Savers participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. At present, most insurance coverage is obtained from the Division of Risk Management including property, general liability, faithful performance of duty bond, automobile, and airplanes. In addition Commonwealth Savers maintains cyber security liability coverage with other carriers. Commonwealth Savers pays premiums to each of these entities for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

16. SOAR Virginia

Commonwealth Savers' access initiatives are administered through the SOAR Virginia program, which includes the SOAR Scholars early commitment scholarship program and external partnerships which provide educational opportunities to Virginians.

SOAR Scholars

SOAR Scholars® is an early commitment scholarship program created to inspire and assist high school students to reach their post-secondary education goals. To participate, eligible students pledge to meet program requirements. In return, participating students receive a range of assistance and accumulate scholarship support up to \$2,000 to apply toward their post-secondary education expenses. SOAR Scholars is a unique program created by Commonwealth Savers to further its mission to make college more affordable and accessible to all Virginians and is offered in partnership with local Virginia college access providers.

Commonwealth Savers' Board (Board) has funded an Invest529 account in the name of Commonwealth Savers for the program. Amounts deposited, plus earnings thereon, remain in the account until distributed. Amounts are allocated to students once awarded pursuant to program rules. Commonwealth Savers will not commit support in excess of amounts on-hand in the SOAR Virginia account. As of June 30, 2025, the SOAR Virginia account had a balance of \$22.3 million. During fiscal year 2025, \$1.1 million was distributed to institutions on behalf of SOAR Scholars. Details as to the number of students enrolled in the program and amounts committed as of June 30, 2025 are shown in the following table.

Number of Students Enrolled ⁽¹⁾	11,364
Award Amounts Allocated to Enrolled Students	\$ 14,794,828
Additional Awards Enrolled Students May Receive	\$ 3,822,250
Total SOAR Commitment	\$ 18,617,078

(1) Number of students that have completed a SOAR application and pledge, and have been admitted to and are currently enrolled in the program

Access and Affordability Expansion

The Board approved the expansion of Commonwealth Savers' existing access programs in fiscal year 2021. This program, under the umbrella of SOAR Virginia, is designed to partner with organizations who already administer programs which align with the three pillars of the initiatives. These pillars are: scholarships, workforce/middle-skill development, and mentoring/coaching. Commonwealth Savers has identified these programs and their partners and has made annual awards to each based on overall funding levels approved by the Board. After the programs and partners were identified and funding was approved, agreements were established through June 30, 2025 to outline how Commonwealth Savers will fund the initiatives. Disbursement to respective partners is made via funding requests in accordance with these agreements.

In fiscal years 2021 and 2022, the Board approved allocations of net operating income for a combined total of \$15.5 million. In fiscal year 2025, an additional allocation of \$25 million was also approved. Since this initial allocation in fiscal year 2021, Commonwealth Savers has identified partners and begun to provide awards according to existing partnership agreements toward access initiatives. The table below provides the amounts committed to access initiatives by year.

Fiscal Year	Commitment Amounts to Access Partners (millions)	
2026	\$	4.86
2027		6.21
2028		6.21
2029		5.34
2030		0.23
Total	\$	22.85

To account for this program, funds have been authorized and expensed from the Enterprise Fund to the fiduciary fund. As of June 30, 2025, funding amounts totaling \$40.5 million have been deposited into a master access program account within the fiduciary fund. Since the inception of additional access and affordability initiatives, \$14.5 million has been distributed to access partners. This includes \$3.5 million distributed on behalf of the Gear Up Scholarship, which is administered by the State Council of Higher Education (SCHEV). The Gear Up Scholarship was established prior to the inception of the expanded access fund and is paid directly from the DC529 Program. This expanded access fund has a balance of \$27.2 million at the end of fiscal year 2025. The funds will remain in the master account and invested within the stable value investment portfolio until subsequent allocations to partner sub-accounts and subsequent disbursements to respective partners begin.

In May of 2023, the Commonwealth Savers Board approved an allocation of \$500 million be made from the actuarial reserve amounts from the DB529 fund into a separate fund. A portion of this is intended for access initiatives under the SOAR Virginia program as well as other potential initiatives. As of June 30, 2025, this fund remains invested alongside DB529 assets, accruing interest and other investment earnings. A schedule showing this fund broken out from the DB529 fund is found within the Supplementary Information section. This account has a balance of \$586.1 million at the end of fiscal year 2025.

17. Scholarship Program And Promotional Accounts

The Commonwealth Savers scholarship program consists of the Defined Benefit 529 and Defined Contribution 529 Programs' third party scholarship accounts (excluding SOAR Virginia) established to provide a range of benefits to future beneficiaries. The purpose of the program is to enable individuals, organizations, community groups, corporations, and trusts to make qualified charitable contributions, which are used to purchase accounts for beneficiaries. The mission of Commonwealth Savers' scholarship program is to work with community partners to make the dream of college a reality for

deserving youth in Virginia. Scholarship accounts are funded by Commonwealth Savers, individuals, organizations, school groups, or other entities.

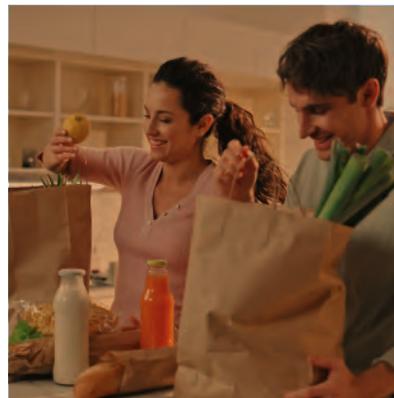
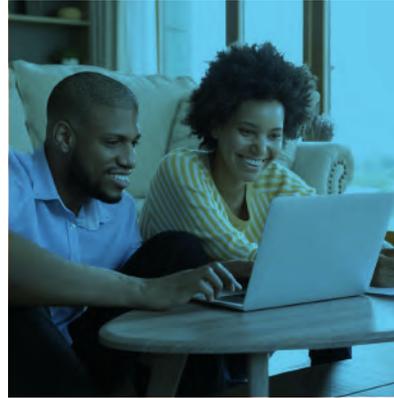
In addition to scholarship accounts, Commonwealth Savers awards and funds promotional accounts that do not specifically qualify as scholarships as defined by federal law.

Active scholarship (excluding SOAR) and promotional accounts at June 30, 2025:

Program	Scholarship		Promotional	
	Accounts	Value	Accounts	Value
DC529¹	206	\$904,057	141	\$1,065,979
DB529²	7	\$103,348	7	\$99,732

¹ DC529 Program value represents the cancellation value of Invest529 accounts at June 30, 2025.

² DB529 Program's value represents the aggregate market value of Prepaid529 accounts at June 30, 2025.



Required Supplementary Information

Schedule of Commonwealth Savers' Share of Net Pension Liability

VRS State Employee Retirement Plan

For the Annual Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Commonwealth Savers' Proportion of the										
Net Pension Liability (Asset)	0.24591 %	0.24044 %	0.23555 %	0.22967 %	0.21124 %	0.19588 %	0.18750 %	0.18062 %	0.17742 %	0.17215 %
Commonwealth Savers' Proportionate Share of the										
Net Pension Liability (Asset)	12,112,496	12,165,545	10,690,248	8,330,659	15,304,038	12,379,092	10,150,000	10,526,000	11,693,000	10,540,000
Commonwealth Savers' Covered Payroll	\$14,084,499	\$12,392,101	\$11,053,824	\$10,264,022	\$9,502,561	\$8,268,139	\$7,816,602	\$7,274,947	\$7,018,667	\$6,633,764
Commonwealth Savers' Proportionate Share of the										
Net Pension Liability (Asset) as a Percentage										
of its Covered Payroll	86.00 %	98.17 %	96.71 %	81.16 %	161.05 %	149.72 %	129.85 %	144.69 %	166.60 %	158.88 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.45 %	82.19 %	83.26 %	86.44 %	72.15 %	75.13 %	77.39 %	75.33 %	71.29 %	72.81 %

See notes to RSI

Schedule of Commonwealth Savers' Pension Contributions					
VRS State Employee Retirement Plan					
For the Years Ended June 30, 2016 through 2025					
Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$1,885,632	\$1,885,632	\$—	\$15,060,956	12.52%
2024	\$2,036,619	\$2,036,619	\$—	\$14,084,499	14.46%
2023	\$1,791,898	\$1,791,898	\$—	\$12,392,101	14.46%
2022	\$1,598,383	\$1,598,383	\$—	\$11,053,824	14.46%
2021	\$1,484,178	\$1,484,178	\$—	\$10,264,022	14.46%
2020	\$1,284,746	\$1,284,746	\$—	\$9,502,561	13.52%
2019	\$1,117,852	\$1,117,852	\$—	\$8,268,139	13.52%
2018	\$1,054,460	\$1,054,460	\$—	\$7,816,602	13.49%
2017	\$981,390	\$981,390	\$—	\$7,274,947	13.49%
2016	\$981,917	\$981,917	\$—	\$7,018,667	13.99%

**Notes to Required Supplementary Information
State Retirement Employment Plan**

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions for the VRS - State Employee Retirement Plan as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year of age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Commonwealth Savers OPEB Liability

Schedule of Commonwealth Savers' Share of Net OPEB Liability

Group Life Insurance Program (GLIP)

For the Annual Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Commonwealth Savers' Proportion of the Net GLIP OPEB Liability (Asset)	0.05527%	0.05271%	0.05083%	0.04971%	0.04617%	0.04218%	0.04111%	0.03944%
Commonwealth Savers' Proportionate Share of the Net GLIP OPEB Liability (Asset)	\$616,770	\$632,158	\$612,042	\$578,759	\$770,501	\$686,381	\$624,000	\$593,000
Commonwealth Savers' Covered Payroll	\$14,189,792	\$12,417,224	\$11,057,324	\$10,264,022	\$9,502,561	\$8,268,139	\$7,816,602	\$7,274,947
Commonwealth Savers' Proportionate Share of the Net GLIP OPEB Liability (Asset) as a Percentage of its Covered Payroll	4.35%	5.09%	5.54%	5.64%	8.11%	8.30%	7.98%	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only 8 years of data is available.

However, additional years will be included as they become available.

See notes to RSI

Schedule of Commonwealth Savers' Contributions - GLIP

For the Years Ended June 30, 2016 through 2025

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2025	\$ 71,175	\$ 71,175	\$ —	\$ 15,143,697	0.47%
2024	\$ 76,625	\$ 76,625	\$ —	\$ 14,189,792	0.54%
2023	\$ 67,053	\$ 67,053	\$ —	\$ 12,417,224	0.54%
2022	\$ 59,710	\$ 59,710	\$ —	\$ 11,057,324	0.54%
2021	\$ 55,426	\$ 55,426	\$ —	\$ 10,264,022	0.54%
2020	\$ 49,413	\$ 49,413	\$ —	\$ 9,502,561	0.52%
2019	\$ 42,994	\$ 42,994	\$ —	\$ 8,268,139	0.52%
2018	\$ 40,646	\$ 40,646	\$ —	\$ 7,816,602	0.52%
2017	\$ 37,830	\$ 37,830	\$ —	\$ 7,274,947	0.52%
2016	\$ 33,690	\$ 33,690	\$ —	\$ 7,018,667	0.48%

Schedule of Commonwealth Savers' Share of Net OPEB Liability
Health Insurance Credit Program (HICP)
For the Annual Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Commonwealth Savers' Proportion of the Net HICP OPEB Liability (Asset)	0.15523%	0.15106%	0.14588%	0.14243%	0.13190%	0.12133%	0.11609%	0.11259%
Commonwealth Savers' Proportionate Share of the Net HICP OPEB Liability (Asset)	\$1,100,974	\$1,241,141	\$1,195,009	\$1,202,879	\$1,210,850	\$1,119,962	\$1,059,000	\$1,025,000
Commonwealth Savers' Covered Payroll	\$14,084,499	\$12,392,101	\$11,053,824	\$10,264,022	\$9,502,561	\$8,268,139	\$7,816,602	\$7,274,947
Commonwealth Savers' Proportionate Share of the Net HICP OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.82%	10.02%	10.81%	11.72%	12.74%	13.55%	13.55%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	35.17%	25.46%	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only 8 years of data is available.

However, additional years will be included as they become available.

See notes to RSI

Schedule of Commonwealth Savers' Contributions - HICP					
For the Years Ended June 30, 2016 through 2025					
Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 168,683	\$ 168,683	\$ —	\$ 15,060,956	1.12%
2024	\$ 157,746	\$ 157,746	\$ —	\$ 14,084,499	1.12%
2023	\$ 138,792	\$ 138,792	\$ —	\$ 12,392,101	1.12%
2022	\$ 123,803	\$ 123,803	\$ —	\$ 11,053,824	1.12%
2021	\$ 114,957	\$ 114,957	\$ —	\$ 10,264,022	1.12%
2020	\$ 111,180	\$ 111,180	\$ —	\$ 9,502,561	1.17%
2019	\$ 96,737	\$ 96,737	\$ —	\$ 8,268,139	1.17%
2018	\$ 92,236	\$ 92,236	\$ —	\$ 7,816,602	1.18%
2017	\$ 85,844	\$ 85,844	\$ —	\$ 7,274,947	1.18%
2016	\$ 73,696	\$ 73,696	\$ —	\$ 7,018,667	1.05%

Schedule of Commonwealth Savers' Share of Net OPEB Liability

Virginia Sickness and Disability Program (VSDP)

For the Annual Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Commonwealth Savers' Proportion of the Net VSDP OPEB Liability (Asset)	0.24923%	0.24458%	0.23924%	0.23622%	0.21806%	0.20299%	0.19690%	0.19152%
Commonwealth Savers' Proportionate Share of the Net VSDP OPEB Liability (Asset)	\$(881,934)	\$(772,575)	\$(706,123)	\$(814,299)	\$(481,233)	\$(398,256)	\$(444,000)	\$(393,000)
Commonwealth Savers' Covered Payroll	\$14,084,499	\$12,392,101	\$11,011,878	\$10,209,579	\$9,449,285	\$8,216,289	\$7,765,006	\$7,225,108
Commonwealth Savers' Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	(6.26)%	(6.23)%	(6.41)%	(7.98)%	(5.09)%	(4.85)%	(5.72)%	(5.44)%
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	204.38%	199.05%	195.9%	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only 8 years of data is available.

However, additional years will be included as they become available.

See notes to RSI

Schedule of Commonwealth Savers' Contributions - VSDP						
For the Years Ended June 30, 2016 through 2025						
Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)	
2025	\$ 75,305	\$75,305	\$ —	\$15,060,956	0.50%	
2024	\$ 85,915	\$85,915	\$ —	\$14,084,499	0.61%	
2023	\$ 75,592	\$75,592	\$ —	\$12,392,101	0.61%	
2022	\$ 67,172	\$67,172	\$ —	\$11,011,878	0.61%	
2021	\$ 62,278	\$62,278	\$ —	\$10,209,579	0.61%	
2020	\$ 58,586	\$58,586	\$ —	\$9,449,285	0.62%	
2019	\$ 50,941	\$50,941	\$ —	\$8,216,289	0.62%	
2018	\$ 51,249	\$51,249	\$ —	\$7,765,006	0.66%	
2017	\$ 47,686	\$47,686	\$ —	\$7,225,108	0.66%	
2016	\$ 45,996	\$45,996	\$ —	\$6,969,031	0.66%	

**Notes to Required Supplementary Information
Commonwealth of Virginia GLIP, VSDP, and HICP**

Details as to the actuarial assumptions for each of these programs may be found in the VRS annual report found at <https://www.varetire.org>. The actuarial assumptions, as they pertain to Commonwealth Savers, are summarized below.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Commonwealth Savers' Share of Total OPEB Liability
Pre-Medicare Retirees
For the Annual Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Commonwealth Savers' proportion of the collective total OPEB liability	0.17199 %	0.16711 %	0.16343 %	0.15748 %	0.14497 %	0.12625 %	0.12019 %	0.11627 %
Commonwealth Savers' proportionate share of the collective total OPEB liability	\$ 613,132	\$588,095	\$ 593,911	\$706,935	\$ 824,639	\$ 857,063	\$ 1,208,717	\$ 1,510,217
Commonwealth Savers' covered employee payroll	\$14,084,499	\$12,392,101	\$11,053,824	\$10,264,022	\$9,502,561	\$8,268,139	\$ 7,816,602	\$ 7,274,947
Commonwealth Savers' proportionate share of the collective total OPEB liability as a percentage of its covered payroll	4.35 %	4.75 %	5.37 %	6.89 %	8.68 %	10.37 %	15.46 %	20.76 %

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only 8 years of data is available. However, additional years will be included as they become available.

**Notes to Required Supplementary Information
Commonwealth of Virginia State Health Plans Program
for Pre-Medicare Retirees**

There are no assets accumulated in a trust to pay related benefits.

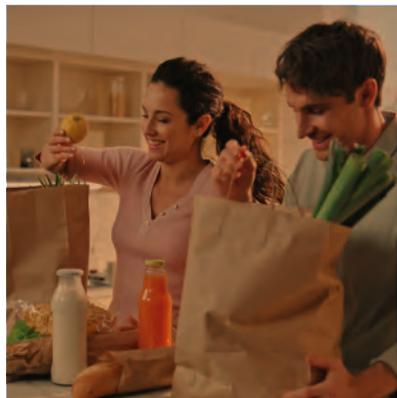
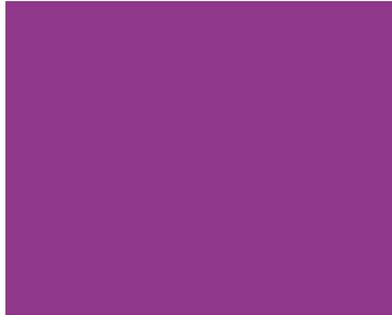
Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – There were not any changes in assumptions since the June 30, 2022, measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage - rate remained at 20%
- Retiree Participation - rate remained at 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.65% to 3.93% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024.



Supplementary Information

ADDITIONAL FINANCIAL INFORMATION

The following schedules provide additional information not included in the Basic Financial Statements:

- Appendix A - Breakout of Enterprise Fund
- Appendix B - Investment Details by Program
- Appendix C - Schedule of Investment Expenses

Appendix A - Breakout of Enterprise Fund - Summary Net Position (millions)

as of June 30, 2025	Administration and Operations	Defined Benefit 529	Access Program	Total Enterprise Fund
Assets and deferred outflows:				
Current assets	\$ 78.6	\$ 103.7	\$ —	\$ 182.2
Investments	—	2,483.0	586.1	3,069.1
Capital assets, net	7.8	0.3	—	8.1
Other noncurrent assets	0.9	28.9	—	29.8
Total assets	87.3	2,615.9	586.1	3,289.2
Total deferred outflows	5.2	—	—	5.2
Assets and deferred outflows	92.4	2,615.9	586.1	3,294.4
Liabilities and deferred inflows:				
Current liabilities	12.7	206.0	—	218.8
Noncurrent liabilities	15.3	1,013.0	—	1,028.3
Total liabilities	28.0	1,219.0	—	1,247.0
Total deferred inflows	2.3	—	—	2.3
Liabilities and deferred inflows	30.4	1,219.0	—	1,249.4
Net position				
Investment in capital assets	5.9	—	—	6.0
Restricted	0.9	—	—	0.9
Unrestricted	55.2	1,396.9	586.1	2,038.2
Total net position*	\$ 62.0	\$ 1,396.9	\$ 586.1	\$ 2,045.0

Breakout of Enterprise Fund - Changes in Net Position (millions)

as of June 30, 2025	Administration and Operations	Defined Benefit 529	Access Program	Total Enterprise Fund
Operating revenues				
Charges for sales and services	\$ 56.7	\$ —	\$ —	\$ 56.7
Investment income, net	3.4	213.1	48.4	264.8
Prepaid 529 contract payments	—	46.3	—	46.3
Net actuarial gain/(loss)	—	114.0	—	114.0
Other revenue	—	—	—	—
Net operating revenues	60.1	373.4	48.4	481.9
Operating expense				
Educational benefits expense	—	174.8	—	174.8
Total operating expenses	70.3	174.9	—	245.2
Operating income (loss)	(10.2)	198.5	48.4	236.6
Nonoperating revenue (expense) net	(0.3)	—	—	(0.3)
Income (loss) before transfers	(10.5)	198.5	48.4	236.4
Transfer	(0.3)	—	—	(0.3)
Change in net position	(10.8)	198.5	48.4	236.1
Restated net position, beginning	\$ 72.8	\$ 1,198.5	\$ 537.7	\$ 1,809.0
Net position, ending	\$ 62.0	\$ 1,397.0	\$ 586.1	\$ 2,045.1

*Amounts may not sum due to rounding.

Appendix B
Investment Details by Program as of June 30, 2025
Defined Benefit 529 and Access and Affordability Programs (thousands)

Investment Manager	Asset Class/Strategy	Mutual Fund(s) (if applicable)	Aggregate Fair Value	% of Total Fund ¹
Equities				
Acadian Asset Management, LLC	Developed Markets International Equity	N/A	\$ 102,176	3.24%
BlackRock MSCI Equity Index	US All Cap Equity	N/A	403,349	12.78%
Capital Research and Management Co.	International Growth	EUPAC Fund	62,296	1.97%
Dimensional Fund Advisors, LP	Emerging Market Equity	Emerging Markets Core Equity	26,962	0.85%
RBC Global Asset Management	Emerging Market Equity	Emerging Markets Equity Fund	41,029	1.30%
Total Equities			635,812	20.14%
Alternative Investments				
Adams Street Partners	Private Equity Fund of Funds	N/A	215,673	6.83%
Aether Investment Partners, LLC	Private Equity Fund of Funds	N/A	33,955	1.08%
Apogem Capital	Private Equity Fund of Funds	N/A	14,576	0.46%
Asia Alternatives Management, LLC	Private Equity Fund of Funds	N/A	18,266	0.58%
Aventura Holdings, LLC	Private Real Estate	N/A	8,141	0.26%
Bain Capital Real Estate	Private Real Estate	N/A	20,880	0.66%
Commonfund	Private Equity Fund of Funds	N/A	10,348	0.33%
Hamilton Lane	Private Equity Fund of Funds	N/A	153,069	4.85%
Horsley Bridge Partners	Private Equity Fund of Funds	N/A	23,765	0.75%
LGT Capital Partners	Private Equity Secondaries	N/A	6,395	0.20%
Morgan Stanley Real Estate Advisor, Inc.	Private Real Estate	N/A	77,042	2.44%
Neuberger Berman Investment Advisers	Private Equity Fund of Funds	N/A	25,518	0.81%
Related Fund Management, LLC	Private Real Estate	N/A	36,075	1.14%
Starwood Capital Group, LLC	Private Real Estate	N/A	22,956	0.73%
Stockbridge Capital Group, LLC	Private Real Estate	N/A	61,795	1.96%
UBS Realty Investors, LLC	Private Real Estate	N/A	41,152	1.30%
Total Alternative Investments			\$ 769,606	24.38%

*Table continued on next page

Appendix B
Investment Details by Program as of June 30, 2025 (continued from previous page)
Defined Benefit 529 and Access and Affordability Programs (thousands)

Investment Manager	Asset Class/Strategy	Mutual Fund(s) (if applicable)	Aggregate Fair Value	% of Total Fund ¹
Fixed Income				
Ares Capital Management	Multi Asset Credit	N/A	85,194	2.70 %
Ares Capital Management	Private Debt	N/A	45,774	1.45 %
Adams Street Partners	Private Debt	N/A	4,405	0.14 %
Brigade Capital Management, LP	Multi Asset Credit	N/A	80,917	2.56 %
The Carlyle Group	Private Debt	N/A	14,927	0.47 %
Chorus Capital Management, LTD	Private Debt	N/A	9,909	0.31 %
Dreyfus Cash Investment Strategies ²	Cash Equivalents	Dreyfus Cash Management	28,148	0.89 %
Eagle Point Credit Management, LLC	Private Debt	N/A	18,565	0.59 %
Golub Capital	Private Debt	N/A	62,125	1.97 %
Loomis, Sayles & Company, LP	Multi Asset Credit	N/A	160,253	5.08 %
Monarch Alternative Capital, LP	Private Debt	N/A	18,218	0.58 %
Neuberger Berman Investment Advisers	Core Bonds	N/A	310,871	9.85 %
PGIM Fixed Income	Core Bonds	N/A	316,371	10.02 %
PGIM Fixed Income	High Yield Bonds	N/A	113,935	3.61 %
Schroders Investment Management, Inc.	Multi Asset Credit	N/A	46,662	1.48 %
Shenkman Capital Management, Inc.	Senior Secured Bank Loans	N/A	58,087	1.84 %
Wellington Management Co., LLP	Emerging Market Debt	N/A	191,544	6.07 %
Wellington Management Co., LLP	Multi Asset Credit	N/A	160,108	5.07 %
Treasurer of Virginia	Cash Equivalents	N/A	24,769	0.78 %
Total Fixed Income			1,750,782	55.46 %
Grand Total			\$ 3,156,201	100.00 %

¹May not sum to 100% due to rounding.

²Operating Cash of \$40.2 million is not included in the total above.

Appendix B
Investment Details by Program as of June 30, 2025
Fiduciary Fund (thousands)

Investment Manager	Asset Class / Strategy	Mutual Fund (if applicable)	Aggregate Fair Value ¹
Atlantic Union Bank	FDIC - Insured (Cash & Equivalents)	N/A	\$ 471,316
Blackstone Property Advisors L.P.	Private Real Estate	N/A	52,246
Capital Research and Management Co.	Global Small-Cap	American Funds SMALLCAP World Fund	3,369
Capital Research and Management Co.	International Growth	EUPAC Fund	304,088
DFA Investment Dimensions Group, Inc.	Emerging Market Equity	Emerging Markets Core Equity	107,588
Invesco Advisers, Inc. ²	Stable Value	N/A	2,143,085
Morgan Stanley	Private Real Estate	N/A	75,000
Neuberger Berman Investment Advisers	Market Fixed Income	N/A	249,837
Neuberger Berman Investment Advisers	Emerging Market Debt	N/A	313,535
Parnassus Investments	Socially Targeted Large Cap Core Equity	Core Equity Fund	261,959
PGIM Fixed Income	Market Fixed Income	NA	258,919
PGIM Fixed Income	High Yield Bonds	N/A	304,993
RBC Global Asset Management	Emerging Market Equity	Emerging Markets Equity Fund	107,708
Rothschild Asset Management ³	Small/Mid Cap Domestic Equity	N/A	54
The Vanguard Group, Inc.	Domestic Equity	Total Stock Market Index Fund	3,373,648
The Vanguard Group, Inc.	Inflation Protected Securities	Inflation-Protected Securities Fund	45,190
The Vanguard Group, Inc.	Intermediate Core Fixed Income	Total Bond Market Index Fund	477,949
The Vanguard Group, Inc.	International Equity	Total International Stock Index Fund	760,821
The Vanguard Group, Inc.	International Fixed Income	Total International Bond Index Fund	159,026
The Vanguard Group, Inc.	Large-Cap Domestic Equity Blend	Institutional Index Fund	723,268
The Vanguard Group, Inc.	Small Cap Domestic Equity Blend	Small Cap Index Fund	77,672
The Vanguard Group, Inc.	U.S. Real Estate	Real Estate Index Fund	227,222
UBS Realty Investors LLC	Private Real Estate	N/A	13,405
Wellington Management Company	International Equity	N/A	300,611
Grand Total			\$ 10,812,511

¹Cash, net of distributions liability held with Wells Fargo as well as with BNY Mellon (custodian) in the amount of (\$304,605) is not included in the total above.

²Includes funds from expanded access program.

³Investment Manager terminated; funds in transition

APPENDIX C

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEAR ENDING JUNE 30, 2025

Enterprise Fund ¹	
Management Fees:	
Domestic Equity	\$ 60,502
International Equity	1,166,548
Domestic Fixed Income	1,246,144
International Fixed Income	957,720
Multi Asset Credit	2,196,396
Private Equity	4,162,707
Private Debt	2,011,864
Private Real Estate	2,866,131
Other Investment-Related Expenses ²	3,444,999
Total Management Fees	\$ 18,113,011

Fiduciary Fund	
Management Fees:	
Domestic Equity ³	\$ (112,679)
Domestic Fixed Income	1,736,778
International Equity	1,815,302
International Fixed Income	1,098,881
Real Estate	696,021
Total Management Fees	\$ 5,234,303
Total Administrative Fees	4,297,454
Total Investment Expenses⁴	\$ 9,531,757

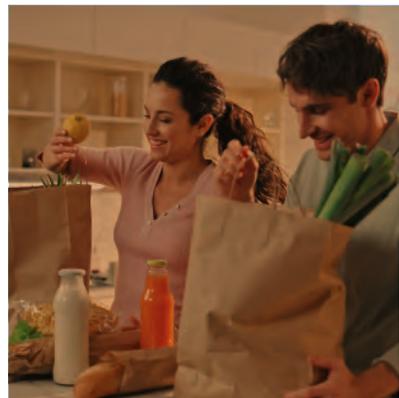
*Amounts may not sum due to rounding

¹Manager fees include fees that are charged directly on separately managed accounts and management fees that are implicit within a pooled vehicle's net asset value.

²Other Investment-Related Expenses include custodial and other services (actuarial, proxy voting, investment consultant, taxes on UBTI and others). These types of expenses, are charged directly to the investments of the Enterprise Fund as a fee is already charged to the Invest529 program.

³Domestic Equity manager provided a rebate resulting in a negative fee amount.

⁴Total Investment Expenses may not exactly agree to the Statement of Changes in Fiduciary Net Position due to accrual entries posted in the financial statements



Other Information

CollegeAmerica®

CollegeAmerica, a broker-sold IRC §529 college savings option, was launched on February 15, 2002. CollegeAmerica is a defined contribution savings program administered by Capital Research and Management Company, American Funds Distributors, Inc., and American Funds Service Company, Inc. (together, the American Funds) pursuant to a contract. The American Funds acts as program manager and provides all back office and operational services for the program. As a result of this structure, Commonwealth Savers is responsible for program oversight and review; however, Commonwealth Savers' staff does not manage the day-to-day operations of the CollegeAmerica program. Commonwealth Savers has contracted these services with the American Funds through February 15, 2050.

CollegeAmerica is available year round and has no age or residency restrictions. Accounts are subject to market risk, including the possible loss of principal. As of June 30, 2025, approximately 2.6 million unique active accounts were open with net assets of \$104.1 billion. American Funds defines unique active accounts as unique open account numbers at period end. Fees and expenses of the program are also paid on a pro-rata basis by each account owner and vary according to the fund and share class selected.

As of June 30, 2025, the CollegeAmerica program offered 46 American Funds mutual funds over multiple share classes. A complete list of approved and available funds is shown in the tables on the following pages.

A separate audited report for each of the 46 funds available for investment in the CollegeAmerica program is published annually by the American Funds. Each of the funds has a different year ending date, so these audited reports are published throughout the year. An individual fund audit report includes that fund's results for all share classes offered in the fund, including the IRC §529 share classes created for the CollegeAmerica program. The individual fund reports are available in their entirety from the American Funds. A summary of the 529 Share Class Net Assets as of Fund Fiscal Year-End and at June 30, 2025 for each fund are presented in the following charts.



CollegeAmerica

529 Share Class Net Assets as of Fund Fiscal Year-End (dollars and shares in thousands)

Fund	Shares	Net Assets	Fiscal Year-End
Growth funds			
AMCAP Fund [®]	73,997	\$ 3,115,891	02/29/25
American Funds Global Insight Fund SM	906	21,427	10/31/24
American Funds International Vantage Fund SM	850	14,524	10/31/24
EUPAC Fund TM	27,420	1,487,767	03/31/25
The Growth Fund of America [®]	222,180	15,124,423	08/31/24
The New Economy Fund [®]	19,542	1,298,048	11/30/24
New Perspective Fund [®]	59,066	3,828,373	09/30/24
New World Fund [®]	13,587	1,103,448	10/31/24
SMALLCAP World Fund [®]	28,919	2,011,053	09/30/24
Growth-and-income funds			
American Mutual Fund [®]	33,031	1,928,206	10/31/24
Capital World Growth and Income Fund [®]	62,880	4,219,996	11/30/24
American Funds Developing World Growth and Income Fund SM	4,510	48,384	11/30/24
Fundamental Investors [®]	59,343	4,779,589	12/31/24
International Growth and Income Fund SM	6,000	223,644	06/30/24
The Investment Company of America [®]	78,777	4,527,356	12/31/24
Washington Mutual Investors Fund SM	66,632	4,042,537	04/30/25
Equity-income funds			
Capital Income Builder [®]	35,931	318,487	10/31/24
The Income Fund of America [®]	83,719	2,095,264	07/31/24
Balanced funds			
American Balanced Fund [®]	198,983	6,818,922	12/31/24
American Funds Global Balanced Fund SM	9,795	379,041	10/31/24
Bond funds			
American High-Income Trust [®]	38,923	384,967	09/30/24
American Funds Inflation Linked Bond Fund [®]	5,478	51,597	11/30/24
The Bond Fund of America [®]	133,387	1,485,979	12/31/24
Capital World Bond Fund [®]	13,852	185,252	12/31/24
Intermediate Bond Fund of America [®]	40,670	514,767	08/31/24
Short-Term Bond Fund of America [®]	66,796	639,747	08/31/24
American Funds Strategic Bond Fund SM	13,634	121,989	12/31/24
U.S. Government Securities Fund [®]	15,491	188,384	08/31/24
American Funds Mortgage Fund [®]	2,968	20,174	08/31/24
American Funds Corporate Bond Fund [®]	8,159	76,458	05/31/24
American Funds Emerging Markets Bond Fund [®]	2,076	15,632	12/31/24
American Funds Multi-Sector Income Fund SM	4,831	45,164	12/31/24
Money market fund			
American Funds U.S. Government Money Market Fund SM	3,457,585	3,458,408	09/30/24
American Funds College Target Date Series funds			
American Funds College 2024 Fund [®]	283,861	3,494,125	10/31/24
American Funds College 2027 Fund [®]	306,073	4,151,478	10/31/24
American Funds College 2030 Fund [®]	264,441	3,402,098	10/31/24
American Funds College 2033 Fund [®]	200,065	2,634,264	10/31/24
American Funds College 2036 Fund [®]	105,816	1,231,413	10/31/24
American Funds College 2039 Fund [®]	10,967	118,542	10/31/24
American Funds College Enrollment Fund [®]	421,996	4,029,582	10/31/24
American Funds Portfolio SeriesSM funds			
American Funds Global Growth Portfolio SM	42,901	997,558	10/31/24
American Funds Growth Portfolio SM	131,275	3,422,234	10/31/24
American Funds Growth and Income Portfolio SM	86,122	1,684,023	10/31/24
American Funds Moderate Growth and Income Portfolio SM	45,634	841,198	10/31/24
American Funds Conservative Growth and Income Portfolio SM	32,297	435,787	10/31/24
American Funds Preservation Portfolio SM	25,286	238,064	10/31/24

Data compiled from American Funds audited fund statements. Funds listed are those open as of June 30, 2025.

CollegeAmerica

529 Share Class Net Assets as of June 30, 2025 (dollars and shares in thousands)

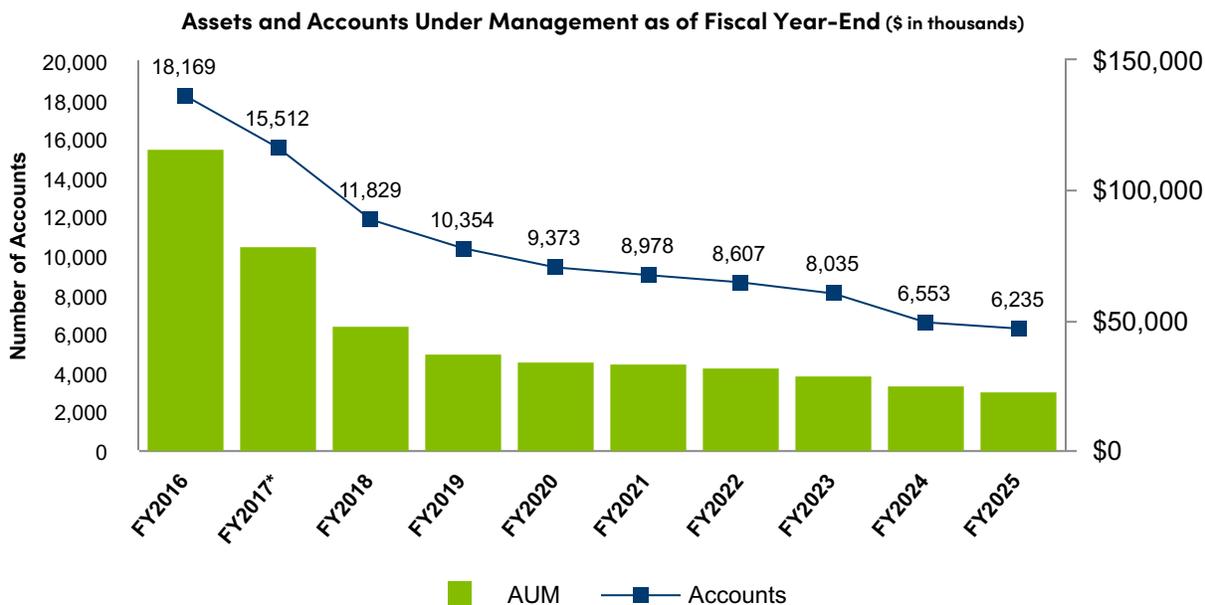
Fund	Shares	Net Assets
Growth funds		
AMCAP Fund [®]	75,824	\$ 3,280,322
American Funds Global Insight Fund SM	941	24,822
American Funds International Vantage Fund SM	1,178	23,050
EUPAC Fund TM	27,968	1,669,451
The Growth Fund of America [®]	234,995	18,943,953
The New Economy Fund [®]	20,710	1,380,768
New Perspective Fund [®]	59,530	4,083,042
New World Fund [®]	13,287	1,169,354
SMALLCAP World Fund [®]	27,791	1,977,135
Growth-and-income funds		
American Mutual Fund [®]	34,076	2,018,043
Capital World Growth and Income Fund [®]	63,752	4,515,019
American Funds Developing World Growth and Income Fund SM	4,494	55,581
Fundamental Investors [®]	59,284	5,196,342
International Growth and Income Fund SM	6,037	257,827
The Investment Company of America [®]	77,836	4,881,878
Washington Mutual Investors Fund SM	69,165	4,403,807
Equity-income funds		
Capital Income Builder [®]	35,762	2,730,785
The Income Fund of America [®]	82,540	2,192,496
Balanced funds		
American Balanced Fund [®]	197,431	7,227,691
American Funds Global Balanced Fund SM	9,949	394,492
Bond funds		
American High-Income Trust [®]	39,494	389,018
American Funds Inflation Linked Bond Fund [®]	5,453	52,056
The Bond Fund of America [®]	136,242	1,547,710
Capital World Bond Fund [®]	13,820	230,136
Intermediate Bond Fund of America [®]	41,745	529,318
Short-Term Bond Fund of America [®]	72,686	698,967
American Funds Strategic Bond Fund SM	13,483	125,267
U.S. Government Securities Fund [®]	16,383	197,360
American Funds Mortgage Fund [®]	2,999	26,481
American Funds Corporate Bond Fund [®]	8,173	77,640
American Funds Emerging Markets Bond Fund [®]	2,189	17,425
American Funds Multi-Sector Income Fund SM	5,883	55,537
Money market fund		
American Funds U.S. Government Money Market Fund SM	3,742,289	3,742,289
American Funds College Target Date Series funds		
American Funds College 2027 Fund [®]	305,809	3,812,627
American Funds College 2030 Fund [®]	334,080	4,633,748
American Funds College 2033 Fund [®]	292,287	3,909,236
American Funds College 2036 Fund [®]	228,711	3,133,098
American Funds College 2039 Fund [®]	128,945	1,618,004
American Funds College 2042 Fund [®]	29,856	358,979
American Funds College Enrollment Fund [®]	392,778	3,791,069
American Funds Portfolio SeriesSM funds		
American Funds Global Growth Portfolio SM	45,246	1,137,678
American Funds Growth Portfolio SM	144,509	4,025,831
American Funds Growth and Income Portfolio SM	91,324	1,894,642
American Funds Moderate Growth and Income Portfolio SM	46,422	905,103
American Funds Conservative Growth and Income Portfolio SM	33,603	468,002
American Funds Preservation Portfolio SM	27,461	261,476
Total Assets		\$ 104,064,558

Data compiled from American Funds reports. Figures may not sum foot due to rounding.

CollegeWealth®

CollegeWealth was Commonwealth Savers’ FDIC-insured, defined contribution, 529 college savings program, which closed to new participants in fiscal year 2017. Each CollegeWealth account with a value up to \$250,000 (when combined with any other holdings of an individual at the bank) is FDIC insured. CollegeWealth began in the autumn of 2007 with Atlantic Union Bank (AUB) as Commonwealth Savers’ first banking partner. In the autumn of 2009, Commonwealth Savers added Branch Banking and Trust (BB&T) Corporation, which is now Truist, as a banking partner in an effort to significantly expand the availability of CollegeWealth within and outside of the Commonwealth.

In January 2017, Commonwealth Savers introduced an FDIC-Insured Portfolio option within the Invest529 program through an omnibus account with AUB. With this offering, Commonwealth Savers terminated the existing CollegeWealth offering through AUB and transferred those remaining assets to the Invest529 FDIC-Insured Portfolio. On April 23, 2017, the CollegeWealth program offered through BB&T was closed to new participants. As of June 30, 2025, there were 6,235 unique active accounts and total assets under management (AUM) of \$23.3 million remaining in the program. Unique active accounts represent all active accounts at period end. The net position represent amounts held in savings instruments at the participating banks and were thus not subject to market value adjustments at year-end.



* On April 3, 2017, \$33.9 million representing 3,350 accounts was transferred from the CollegeWealth offering through Atlantic Union Bank to the Invest529 FDIC-Insured Portfolio.

ABLE Programs

ABLE accounts were made possible by the federal Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act, which authorized states to establish tax-advantaged savings programs for individuals with disabilities and their families to save for “qualified disability expenses” without losing certain federal means-tested benefits. The Virginia ABLE Act of the 2015 Virginia Acts of Assembly amended Commonwealth Savers’ enabling legislation, adding the development and implementation of ABLE program(s) to its statutory mission. Accordingly, Commonwealth Savers established two IRC §529A savings options, ABLEnow and ABLEAmerica.

For 2025, individuals can save up to \$19,000 per year in an ABLE account. Earnings grow free of federal taxation and may be free of state taxation if benefits are used for qualified disability expenses.



ABLEnow®

ABLEnow launched in December 2016, and is a direct-sold defined contribution savings program. Commonwealth Savers is the program sponsor and manager, providing customer service for the program. Commonwealth Savers has contracted with PNC Bank, N.A. (PNC) to offer the ABLEnow program through November 2025.

The first \$2,000 in an ABLEnow account is automatically allocated to the PNC FDIC Insured Deposit Account. Once the balance in the ABLEnow Deposit Account exceeds \$2,000 the additional contributions may be used to invest in one or more investment portfolios offered. There are four mutual funds open; three Vanguard LifeStrategy® Funds and a Fidelity® Money Market Fund, as investment options administered through PNC. Eligible individuals can start their ABLEnow account with no enrollment fee and no minimum contribution.

As of June 30, 2025, 21,823 accounts were open with more than \$196.2 million in assets under management. More information on ABLEnow can be found at www.ablenow.com. The following below outlines the shares and net position for the ABLEnow portfolios as of June 30, 2025.

Shares and Net Assets as of June 30, 2025 (dollars and shares in thousands)

Fund	Shares	Net Assets ¹ *
Money market fund		
Fidelity® Investments Money Market Government Portfolio	15,731 \$	15,731
LifeStrategy funds		
Vanguard LifeStrategy® Growth Fund	1,013	48,423
Vanguard LifeStrategy® Moderate Growth Fund	517	17,299
Vanguard LifeStrategy® Income Fund	374	5,808
Total Assets	\$	87,260

¹PNC Bank NA, FDIC Insured Deposit Account of \$108.9 million is not included in the value above.

* Amount may not sum due to rounding

ABLEAmerica®

ABLEAmerica launched in July 2018, and is a broker-sold defined contribution savings program. The program is administered by American Funds pursuant to a contract with Commonwealth Savers. The American Funds acts as program manager and provides all back office and operational services for the program. As a result of this structure, Commonwealth Savers is responsible for program oversight and review; however, Commonwealth Savers’ staff does not manage the day-to-day operations of this program. Commonwealth Savers has contracted these services with the American Funds through February 15, 2050.

Accounts are subject to market risk, including the possible loss of principal. As of June 30, 2025, approximately 4,108 unique active accounts were open with net assets in excess of \$82.4 million. American Funds defines unique active accounts as unique open account numbers at period end. Fees and expenses of the program shall be waived until June 30, 2028 or until assets in the program exceed \$300 million, whichever occurs first.

A separate audited report for each of the seven (7) funds available for investment in the ABLEAmerica program is published by the American Funds. Each of the funds may have a different year ending date, so these audited reports are published throughout the year. An individual fund audit report includes that fund’s results for all share classes offered in the fund, including the IRC §529 share classes created for the ABLEAmerica program. The individual fund reports are available in their entirety from the American Funds. A summary of the 529 Share Class Net Assets as of Fund Fiscal Year-End and at June 30, 2025 for each fund are presented in the following charts.

529 Share Class Net Assets as of Fund Fiscal Year-End
(dollars and shares in thousands)

Fund	Shares	Net Assets	Fiscal Year-End
Money market fund			
American Funds U.S. Government Money Market Fund SM	4,661	\$ 4,662	9/30/2024
American Funds Portfolio SeriesSM funds			
American Funds Global Growth Portfolio SM	225	5,249	10/31/2024
American Funds Growth Portfolio SM	772	20,153	10/31/2024
American Funds Growth and Income Portfolio SM	737	14,430	10/31/2024
American Funds Moderate Growth and Income Portfolio SM	635	11,717	10/31/2024
American Funds Conservative Growth and Income Portfolio SM	404	5,456	10/31/2024
American Funds Preservation Portfolio SM	181	1,708	10/31/2024

ABLEAmerica

529 Share Class Net Assets as of June 30, 2025
(dollars and shares in thousands)

Fund	Shares	Net Assets *
Money market fund		
American Funds U.S. Government Money Market Fund SM	6,242	\$ 6,242
American Funds Portfolio SeriesSM funds		
American Funds Global Growth Portfolio SM	257	6,447
American Funds Growth Portfolio SM	977	27,234
American Funds Growth and Income Portfolio SM	887	18,444
American Funds Moderate Growth and Income Portfolio SM	776	15,160
American Funds Conservative Growth and Income Portfolio SM	499	6,957
American Funds Preservation Portfolio SM	209	1,997
Total Assets		\$ 82,483

*Amounts may not sum due to rounding

RetirePath

In June of 2023, Commonwealth Savers launched the Commonwealth's new state-facilitated IRA savings program, RetirePath Virginia. The program is an automatic enrollment Individual Retirement Account (IRA) savings program for private-sector workers. Eligible employers that do not offer a qualified retirement plan, employ at least 25 eligible employees, and have been operating for at least two years are required to facilitate the program for their eligible employees. Employees are eligible if they are 18 years of age or older, currently employed at least 30 hours per week and receiving wages in the state of Virginia. Participation is voluntary. Employees can opt out or back in at any time. Once enrolled, employees have 30-days to make changes or opt out. If no action is taken, employees will be automatically enrolled in RetirePath. At the end of fiscal year 2025, there were 17,652 funded RetirePath accounts with \$16.7 million in assets under management across a combination of Blackrock target date series portfolios and index portfolios which customers can choose.

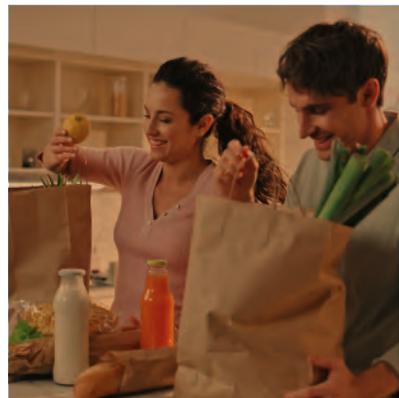
RetirePath

Share Class Net Assets as of June 30, 2025
(dollars and shares in thousands)

Fund	Shares	Net Assets*
Blackrock Bond Index Fund SM	1	\$ 15
Blackrock Capital Preservation Fund SM	30	330
Blackrock International Stock Index Fund SM	3	41
Blackrock U.S. Stock Index Fund SM	11	171
Blackrock Target Retirement 2025 Fund SM	0	0
Blackrock Target Retirement 2030 Fund SM	124	1,604
Blackrock Target Retirement 2035 Fund SM	125	1,684
Blackrock Target Retirement 2040 Fund SM	121	1,692
Blackrock Target Retirement 2045 Fund SM	122	1,759
Blackrock Target Retirement 2050 Fund SM	119	1,764
Blackrock Target Retirement 2055 Fund SM	128	1,926
Blackrock Target Retirement 2060 Fund SM	117	1,767
Blackrock Target Retirement 2065 Fund SM	118	1,775
Blackrock Target Retirement 2070 Fund SM	42	637
Blackrock Target Retirement Fund SM	123	1,510
Total Assets		\$ 16,674

*Amounts may not sum due to rounding





Statistical Section

Statistical Section

The Statistical Section presents detailed historical information related to the financial trends, revenue capacity, demographic and economic information, and operating information about education saving programs including Commonwealth Savers' Defined Benefit 529 program, Invest529, and CollegeAmerica.

The following schedules provide additional information not included in the Basic Financial Statements:

Changes in Net Position (Enterprise and Fiduciary)

Net Position by Component

Revenues by Source

Total Outstanding Debt

Actuarial Information

Investment Return Rates

Weighted Average Tuition and Fees

Customers by Program - Active Accounts

Operating Expense as a Percentage of Net Position

Financial Trends

These schedules contain trend information to assist the reader in understanding and assessing how Commonwealth Savers' financial position has changed over time.

Changes in net position for the past ten fiscal years (dollars in millions)

Enterprise Fund

Fiscal Year	2016	2017	2018*	2019	2020	2021	2022	2023**	2024*	2025*
Net Position - Beginning of year	\$ 546.3	\$ 589.7	\$ 783.8	\$ 784.6	\$ 1,029.4	\$ 1,068.2	\$ 1,650.9	\$ 1,456.3	\$ 1,658.1	\$ 1,809.0
Revenues										
Charges for sales and services and other	48.7	41.0	45.8	46.7	48.1	54.5	55.4	50.0	53.1	56.7
Net investment income/(loss)	0.6	255.6	135.2	131.1	43.6	624.1	(164.7)	112.9	216.9	264.8
DB529 contributions	97.2	107.4	114.4	128.6	3.6	28.3	38.1	50.2	46.7	46.3
Net actuarial gain/(loss)	—	—	—	—	—	—	—	208.6	66.1	114.0
Total Revenues	\$ 146.5	\$ 404.1	\$ 295.4	\$ 306.4	\$ 95.3	\$ 706.9	\$ (71.2)	\$ 421.7	\$ 382.8	\$ 481.9
Expenses										
Operating expenses	102.5	206.1	291.3	61.2	56.1	123.9	123.4	220.6	222.3	245.3
Non-operating expenses and transfers	0.6	0.9	3.4	0.4	0.4	0.4	0.4	0.1	(0.2)	0.6
Total expenses	\$ 103.1	\$ 207.0	\$ 294.7	\$ 61.6	\$ 56.5	\$ 124.3	\$ 123.8	\$ 220.8	\$ 222.1	\$ 245.9
Net Increase/(decrease) in net positions	43.4	197.1	0.8	244.8	38.8	582.7	(194.9)	201.0	160.3	236.0
Net Position - End of year	\$ 589.7	\$ 786.8	\$ 784.6	\$ 1,029.4	\$ 1,068.2	\$ 1,650.9	\$ 1,455.9	\$ 1,657.2	\$ 1,818.4	\$ 2,045.0

*Beginning balance was re-stated

**Beginning balance was re-stated; additionally, the total net position includes an allocation of \$500 million, which was made from the DB529 fund into a separate sub-fund in support of potential access initiatives of the SOAR Virginia Program.

Amounts may not sum due to rounding

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Financial Trends

These schedules contain trend information to assist the reader in understanding and assessing how Commonwealth Savers' financial position has changed over time.

Changes in net position for the past ten fiscal years (dollars in millions)

Fiduciary Fund

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net position restricted for program participants: - Beginning of Year	\$ 3,072.4	\$ 3,329.0	\$ 3,944.5	\$ 4,521.7	\$ 5,103.4	\$ 5,626.0	\$ 7,318.4	\$ 6,958.7	\$ 7,987.5	\$ 9,356.1
Additions										
Contributions	433.8	551.7	666.7	708.6	780.6	935.7	1,042.9	942.8	1,063.7	1,192.6
Net investment income/(loss)	51.0	328.0	239.6	270.4	166.5	1,235.7	(833.4)	692.4	1,004.6	1,068.6
Total additions:	484.8	879.7	906.4	979.0	947.0	2,171.4	209.5	1,635.2	2,068.4	2,261.2
Deductions	228.2	264.2	329.1	397.3	424.5	479.1	569.1	606.7	699.9	806.3
Net increase/(decrease)	256.6	615.5	577.2	581.7	522.6	1,692.4	(359.6)	1,028.6	1,368.5	1,454.9
Net position restricted for program participants: - End of Year	<u>\$ 3,329.0</u>	<u>\$ 3,944.5</u>	<u>\$ 4,521.7</u>	<u>\$ 5,103.4</u>	<u>\$ 5,626.0</u>	<u>\$ 7,318.4</u>	<u>\$ 6,958.7</u>	<u>\$ 7,987.5</u>	<u>\$ 9,356.1</u>	<u>\$ 10,810.9</u>

Amounts may not sum due to rounding

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Financial Trends

These schedules contain trend information to assist the reader in understanding and assessing how Commonwealth Savers' financial position has changed over time.

Net Position by component for the past ten fiscal years (dollars in millions)

Enterprise Fund

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023*	2024	2025
Net Position -										
Net investment in capital assets	\$ 3.3	\$ 3.3	\$ 0.8	\$ 1.0	\$ 0.7	\$ 0.7	\$ 0.6	\$ 1.0	\$ 3.9	\$ 6.0
Restricted for net OPEB asset	-	-	-	0.4	0.3	0.3	0.5	0.4	0.7	0.9
Unrestricted	586.4	783.5	783.9	1,028.0	1,067.2	1,649.9	1,454.8	1,656.1	1,813.7	2,038.2
Total Enterprise Fund Net Position	<u>\$ 589.7</u>	<u>\$ 786.8</u>	<u>\$ 784.6</u>	<u>\$ 1,029.4</u>	<u>\$ 1,068.2</u>	<u>\$ 1,650.9</u>	<u>\$ 1,455.9</u>	<u>\$ 1,657.5</u>	<u>\$ 1,818.4</u>	<u>\$ 2,045.0</u>
Percent Change	7.9 %	33.4 %	(0.3)%	31.2 %	3.8 %	54.5 %	(11.8)%	13.8 %	9.7 %	12.5 %

Fiduciary Fund

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fiduciary Net Position										
Net position restricted for program participants	<u>\$ 3,329.2</u>	<u>\$ 3,944.7</u>	<u>\$ 4,521.9</u>	<u>\$ 5,103.6</u>	<u>\$ 5,626.2</u>	<u>\$ 7,318.5</u>	<u>\$ 6,958.9</u>	<u>\$ 7,987.5</u>	<u>\$ 9,356.1</u>	<u>\$ 10,810.9</u>
Percent Change	8.4 %	18.5 %	14.6 %	12.9 %	10.2 %	30.1 %	(4.9)%	14.8 %	17.1 %	15.5 %

Amounts may not sum due to rounding

*Includes an allocation of \$500 million, which was made from the DB529 fund into a separate sub-fund in support of potential access initiatives of the SOAR Virginia Program.

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Revenue Capacity

These schedules contain information to assist the reader in understanding and assessing Commonwealth Savers' revenue sources.

Revenues by source for the past ten fiscal years (dollars in millions)**

Enterprise Fund

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Charges for sales and services	\$ 48.7	\$ 41.0	\$ 45.8	\$ 46.7	\$ 48.1	\$ 54.5	\$ 55.4	\$ 50.0	\$ 53.1	\$ 56.7
Net investment income	0.6	255.6	135.2	131.2	43.6	624.1	(164.7)	112.9	216.9	264.8
Contributions from customers	107.7	111.6	114.8	113.2	49.0	72.1	68.7	50.2	46.7	46.3
Actuarial contributions from customers	(10.5)	(4.2)	(0.3)	15.4	(45.4)	(43.8)	(30.6)	—	—	—
Net actuarial gain/(loss)*	—	—	—	—	—	—	—	208.6	66.1	114.0
Total Revenues	<u>\$ 146.5</u>	<u>\$ 404.0</u>	<u>\$ 295.4</u>	<u>\$ 306.4</u>	<u>\$ 95.3</u>	<u>\$ 706.9</u>	<u>\$ (71.1)</u>	<u>\$ 421.7</u>	<u>\$ 382.8</u>	<u>\$ 481.9</u>
Percent Change	(22.0)%	175.9 %	(26.9)%	3.7 %	(68.9)%	641.7 %	(110.1)%	692.9 %	9.2 %	25.9 %

Fiduciary Fund

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Participant contributions	\$ 433.8	\$ 551.7	\$ 666.7	\$ 708.6	\$ 780.6	\$ 935.7	\$ 1,042.9	\$ 943.2	\$ 1,063.7	\$ 1,192.6
Net investment income	50.9	328.0	239.6	270.4	166.4	1,235.8	(833.5)	696.0	1,008.6	1,068.6
Total additions:	<u>\$ 484.7</u>	<u>\$ 879.7</u>	<u>\$ 906.3</u>	<u>\$ 979.0</u>	<u>\$ 947.0</u>	<u>\$ 2,171.5</u>	<u>\$ 209.4</u>	<u>\$ 1,639.2</u>	<u>\$ 2,072.3</u>	<u>\$ 2,261.2</u>
Percent Change	6.5 %	81.5 %	3.0 %	8.0 %	(3.3)%	129.3 %	(90.4)%	682.6 %	26.4 %	9.1 %

*Through fiscal year 2022, changes in actuarial receivables and payables were reported as decreases in revenues and expenses, respectively. In fiscal year 2023, the amounts are net and reported as one line item entitled "net actuarial gain/(loss)."

**Amounts may not sum due to rounding

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Debt Capacity - Schedule of Ratios of Outstanding Debt and Administrative Liabilities

This schedule contains information to assist the reader in understanding and assessing Commonwealth Savers' total outstanding debt (liabilities shown in millions).

Total Outstanding Debt for the past ten fiscal years

Enterprise Fund

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administrative liabilities*	\$ 18.0	\$ 20.1	\$ 15.7	\$ 15.1	\$ 17.2	\$ 23.0	\$ 16.1	\$ 22.6	\$ 27.9	\$ 28.0
Total active customers**	216,283	244,190	283,154	316,681	350,177	392,853	431,590	458,583	486,896	515,485
Ratio	83.4	82.2	55.4	47.5	49.3	58.6	37.2	49.2	57.4	54.4

*Liabilities include administrative liabilities within the administrative sub-fund broken out in Appendix C above.

**Includes active customers in the Invest529 programs as these are subject to administrative fees that fund obligations.

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Actuarial Information

These schedules contain information to assist the reader in understanding and assessing Commonwealth Savers' Defined Benefit 529 program..

Actuarial Information for the past ten fiscal years (dollars in millions)

Enterprise Fund

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023*	2024	2025
Value of DB529 assets	\$ 2,625.3	\$ 2,835.0	\$ 2,919.9	\$ 3,020.9	\$ 2,881.2	\$ 3,354.5	\$ 3,025.3	\$ 2,484.5	\$ 2,509.4	\$ 2,582.4
Present value of DB529 obligations	2,035.6	2,048.2	2,135.3	1,991.5	1,831.0	1,734.0	1,613.8	1,384.7	1,301.8	1,184.3
Actuarial reserve/(deficit)	\$ 589.7	\$ 786.8	\$ 784.6	\$ 1,029.4	\$ 1,050.2	\$ 1,620.5	\$ 1,411.5	\$ 1,099.8	\$ 1,207.6	\$ 1,398.1
Actuarial funded status	129.0 %	138.4 %	136.7 %	151.7 %	157.4 %	193.5 %	187.5 %	179.4 %	192.8 %	218.1 %

Investment return rates for the past ten fiscal years

Time-weighted average rates, net of fees

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DB529 Program	0.10%	10.70%	5.18%	4.92%	1.64%	23.63%	(5.35)%	4.00%	7.56%	8.99%

*Actuarial valuation amount does not include the \$500 million allocation from the DB529 fund to support access initiatives under the SOAR Virginia as this is no longer part of DB529 assets.

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Investment Information

These schedules contain information to assist the reader in understanding and assessing Commonwealth Savers' revenue sources.

Investment return rates for the past ten fiscal years, continued

Time-weighted average rates, net of fees

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DC529 Program										
2042 Portfolio *									13.36 %	13.71 %
2039 Portfolio						33.16 %	(14.55)%	11.03 %	12.73 %	13.26 %
2036 Portfolio			7.26 %	4.81 %	(0.08) %	30.43 %	(14.13)%	10.91 %	12.06 %	12.25 %
2033 Portfolio	(0.66)%	13.81 %	6.86 %	4.77 %	0.77 %	26.22 %	(13.03)%	9.77 %	10.97 %	11.33 %
2030 Portfolio	(0.39)%	12.40 %	6.24 %	4.97 %	1.47 %	22.12 %	(12.01)%	9.03 %	9.60 %	9.44 %
2027 Portfolio	0.34 %	10.71 %	5.38 %	5.08 %	2.18 %	18.34 %	(9.78)%	6.38 %	7.07 %	7.03 %
2024 Portfolio	0.94 %	9.26 %	4.69 %	4.75 %	3.00 %	12.64 %	(6.44)%	3.82 %	4.55 %	4.36 %
2021 Portfolio	1.33 %	7.12 %	3.65 %	4.27 %	3.81 %	4.47 %	(1.84)%	2.25 %	2.97 %	3.38 %
2018 Portfolio **	2.21 %	3.74 %	1.93 %	3.37 %	2.73 %	1.71 %	1.42 %			
ESG Core Equity Portfolio	4.03 %	14.38 %	11.77 %	17.33 %	6.78 %	42.65 %	(11.31)%	18.15 %	21.39 %	13.61 %
Global Equity Portfolio					0.67 %	46.13 %	(18.63)%	18.08 %	16.91 %	16.86 %
Aggressive Growth Portfolio	(0.61)%	14.83 %	9.34 %	6.21 %	3.66 %	31.93 %	(14.87)%	12.98 %	15.15 %	14.61 %
Moderate Growth Portfolio	1.32 %	10.84 %	7.15 %	6.75 %	4.95 %	23.17 %	(13.64)%	9.57 %	12.10 %	12.54 %
Conservative Income Portfolio	4.72 %	3.05 %	2.76 %	7.53 %	6.90 %	7.08 %	(11.32)%	2.80 %	6.12 %	8.40 %
Active Aggressive Portfolio		14.12 %	7.30 %	5.01 %	(0.71) %	33.14 %	(14.98)%	11.59 %	13.45 %	14.08 %
Active Moderate Portfolio		9.99 %	5.06 %	5.39 %	1.66 %	21.41 %	(12.32)%	9.45 %	10.89 %	11.64 %
Active Conservative Portfolio		5.77 %	3.08 %	5.18 %	2.88 %	11.19 %	(7.57)%	5.27 %	6.84 %	8.07 %
Total Stock Market Index Portfolio	1.95 %	18.42 %	14.74 %	8.90 %	6.31 %	44.26 %	(14.30)%	18.89 %	23.15 %	15.07 %
Total Bond Market Index Portfolio	5.99 %	(0.54)%	(0.61)%	7.77 %	8.93 %	(0.49)%	(10.43)%	(0.93)%	2.73 %	6.00 %
Total International Stock Portfolio	(9.26)%	19.98 %	7.03 %	0.50 %	(4.13) %	36.43 %	(18.97)%	12.29 %	10.96 %	18.30 %
Total Inflation-Protected Securities	4.59 %	(0.88)%	1.83 %	4.61 %	8.05 %	6.41 %	(5.05)%	(1.88)%	2.71 %	5.76 %
REIT Index Portfolio	23.74 %	(1.95)%	2.22 %	12.14 %	(7.06) %	34.29 %	(8.09)%	(3.96)%	4.75 %	10.29 %
Stable Value Portfolio	1.57 %	1.69 %	1.95 %	2.34 %	2.39 %	1.72 %	1.42 %	2.23 %	2.97 %	3.39 %
FDIC-Insured Portfolio			0.63 %	1.87 %	2.00 %	0.99 %	0.80 %	3.95 %	5.44 %	4.93 %

* 2042 Portfolio was launched in December 2022

** Assets of the 2018 Portfolio were transferred to the Stable Value in December 2022 as the 2018 Portfolio was closed.

Performance information is derived from the investment custodian

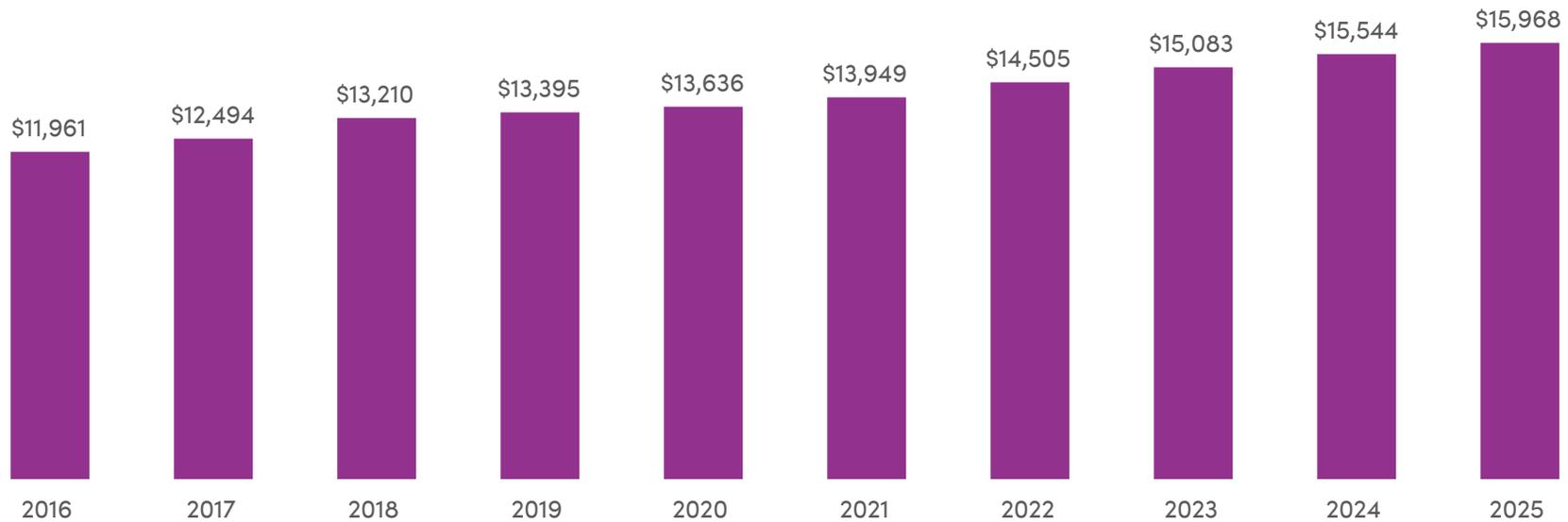
Demographic and Economic Information

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which Commonwealth Savers' financial activities take place.

Schedule of Weighted Average Tuition (WAT)

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WAT	\$ 11,961	\$ 12,494	\$ 13,210	\$ 13,395	\$ 13,636	\$ 13,949	\$ 14,505	\$ 15,083	\$ 15,544	\$ 15,968
Increase from previous year	4.8%	4.5%	5.7%	1.4%	1.8%	2.3%	4.0%	4.0%	3.1%	2.7%

Enrollment-Weighted Average Tuition & Fees

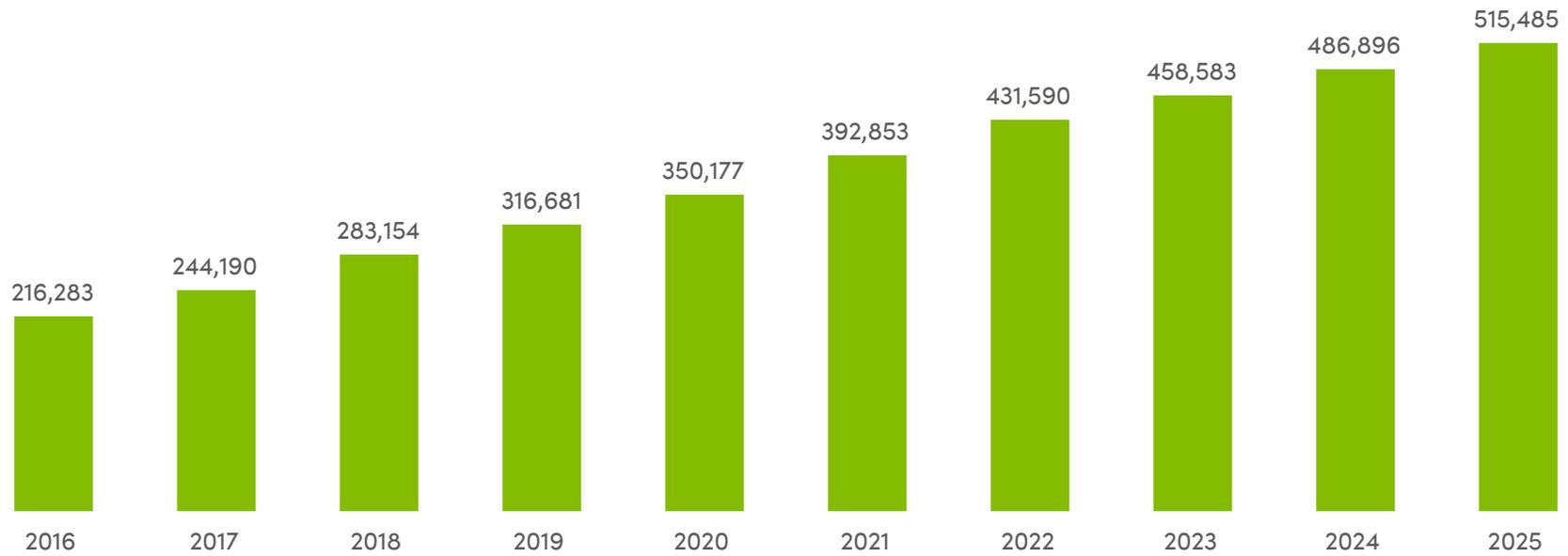


Includes tuition rates plus fees required of all in-state, undergraduate full-time students as a condition of enrollment at Virginia's 4-year institutions
 Full-time in-state undergraduate tuition and all mandatory fees and enrollment statistics obtained from: schev.edu

Customers by Program



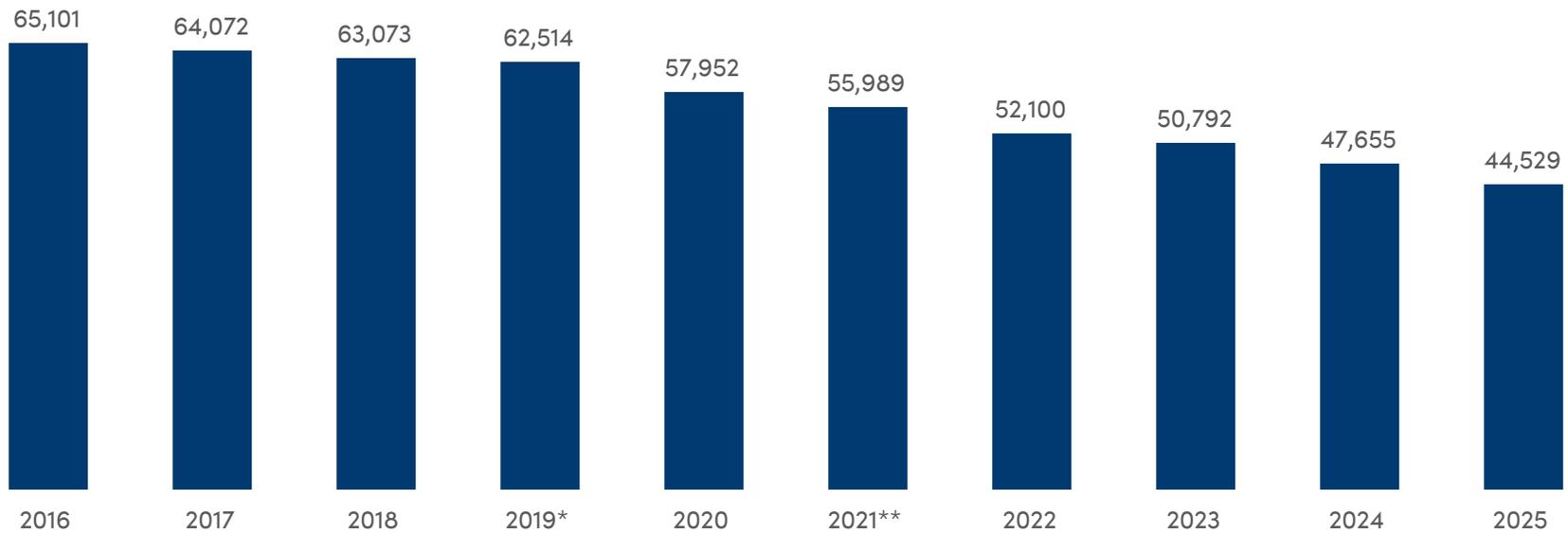
Active Accounts by Fiscal Year



Customers by Program

Defined Benefit 529 Program

Active Accounts by Fiscal Year



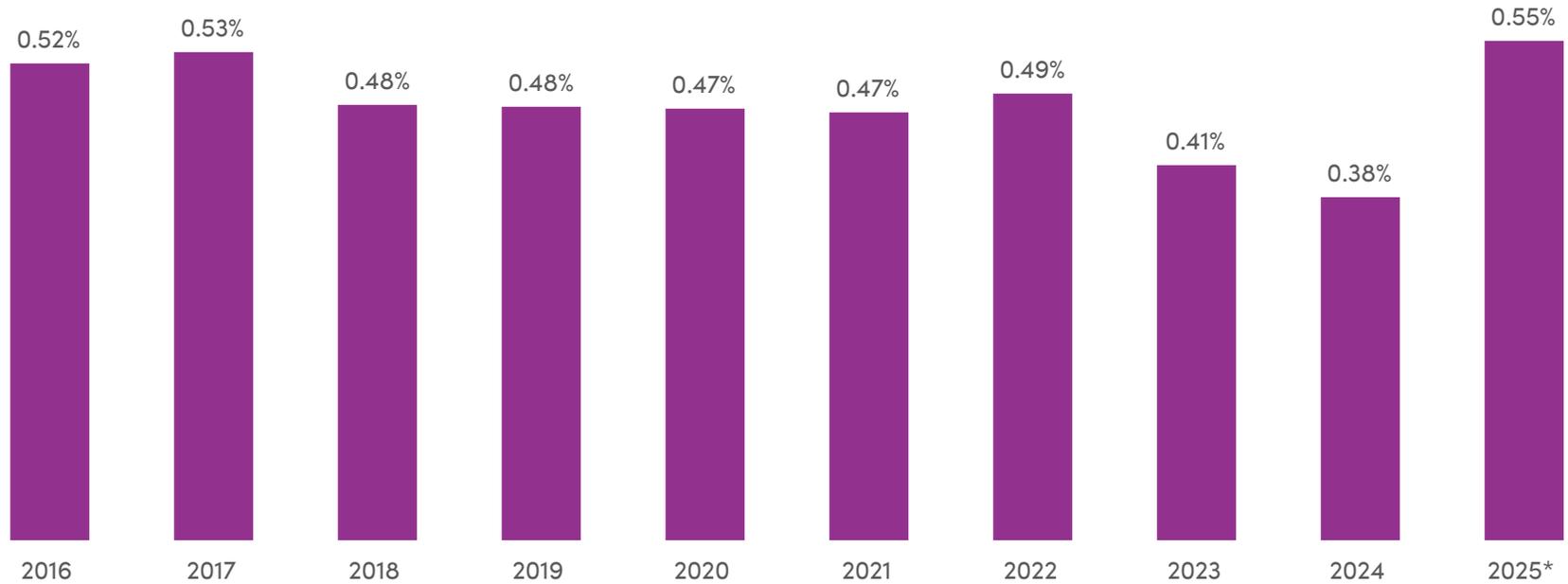
*Prepaid529 was closed to new participants in fiscal year 2019

**Tuition Track Portfolio was opened as the successor program to Prepaid529 in fiscal year 2021

Operating Information

This graph shows Commonwealth Savers' operating expenses (excluding educational benefits expense) as a percentage of its net position to assist the reader in understanding how Commonwealth Savers' financial information relates to the activities it performs.

Operating expense as a percentage of net position



* During fiscal year 2025, there was an additional \$25 million contribution to expanded access and affordability initiatives which contributed to the increase in expenditures.

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.