

# State of Alaska Teachers' Retirement System

Actuarial Valuation Report as of June 30, 2025



**Gallagher**

Insurance | Risk Management | Consulting



Insurance | Risk Management | Consulting

May 8, 2026

State of Alaska  
The Alaska Retirement Management Board  
The Department of Revenue, Treasury Division  
The Department of Administration, Division of Retirement and Benefits  
P.O. Box 110203  
Juneau, AK 99811-0203

### **Certification of Actuarial Valuation**

Dear Members of The Alaska Retirement Management Board, The Department of Revenue, and The Department of Administration,

This report summarizes the annual actuarial valuation results of the State of Alaska Teachers' Retirement System (TRS) as of June 30, 2025 performed by Gallagher Benefit Services, Inc. (Gallagher).

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP, member data provided by the Division of Retirement and Benefits, and medical enrollment data provided by the healthcare claims administrator (Aetna), as summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2025. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities, and other factors under TRS were determined in accordance with generally accepted actuarial principles and procedures. An actuarial cost method is used to measure the actuarial liabilities which we believe is reasonable. Gallagher is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of TRS as of June 30, 2025.

TRS is funded by Employer, State, and Member Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board) and as required by Alaska state statutes. The calculations of the Employer and State Contributions are reasonable actuarially determined contributions as defined in Actuarial Standard of Practice No. 4 (ASOP 4), and are consistent with the requirements set out in Alaska Statutes 37.10.220(a)(8). When determining the smoothing period for the actuarial value of assets and the amortization period for the unfunded actuarial accrued liability, the following items were considered: (i) the balance among benefit security, intergenerational equity, and stability of actuarially determined contributions, (ii) the timing and duration of expected benefit payments, and (iii) the nature and frequency of plan amendments.

The funding objective for TRS is to pay required contributions that remain level as a percent of total TRS compensation. The Board has also established a funding policy objective that the required contributions be sufficient to pay the Normal Costs of active plan members, plan expenses, and amortize the Unfunded Actuarial Accrued Liability (UAAL) as a level percent of total TRS compensation over a closed 25-year period as required by Alaska state statutes. The closed 25-year period was originally established effective June 30, 2014.

Effective June 30, 2018, the Board adopted a 25-year layered UAAL amortization method in order to help control future contribution volatility. The amortization period for the "initial amount" layer was the

remainder of the 25-year closed period that was originally established in 2014. The amortization period for all other layers was 25 years. Effective June 30, 2025, the Board modified the 25-year layered UAAL amortization method to reduce the initial amortization period from 25 years to 15 years for all layers, except for the “initial amount” layer which was not changed.

The UAAL amortization continues to be on a level percent of pay basis. The compensation used to determine required contributions is the total compensation of all active members in TRS, including those hired after July 1, 2006 who are members of the Defined Contribution Retirement (DCR) Plan. This objective is currently being met and is projected to continue to be met. Absent future gains/losses, changes in actuarial assumptions/methods, and/or actual contributions different than the actuarially determined contributions, the actuarially determined contributions are expected to remain level as a percent of pay and the funded status of the pension trust is expected to increase to 100% in FY39 based on the projections in Section 3.9A of this report. Absent future gains/losses and/or changes in actuarial assumptions/methods, the funded status of the healthcare trust is expected to remain above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of TRS. Use of this report for any other purpose or by anyone other than the Board or staff of the State of Alaska may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Gallagher recommends requesting its advanced review of any statement to be based on information contained in this report. Gallagher will accept no liability for any such statement made without its prior review.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes in assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. In particular, retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences is beyond the scope of this valuation.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the plan. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias. The actuary performs an analysis of plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The last full experience analysis was performed for the period July 1, 2017 to June 30, 2021. Based on that experience study, the Board adopted new assumptions effective beginning with the June 30, 2022 valuation to better reflect expected future experience. Based on our annual analysis of recent claims experience, changes were made to the healthcare per capita claims cost rates effective June 30, 2025 to better reflect expected future healthcare experience.

In June 2025, the Board adopted a new payroll growth assumption of 1.00% effective beginning with the June 30, 2025 valuation. The payroll growth assumption does not affect the plan's liabilities. It is used to amortize the unfunded liability on a level percent of payroll basis. The prior payroll growth assumption was 2.75%. The Board adopted the new assumption to better match recent payroll growth experience.

A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 5.2 and 5.3. We certify that the assumptions and methods used for funding purposes, as described in Sections 5.2 and 5.3 of this report, meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standard of Practice No. 27 (ASOP 27) requires the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with those that, in the actuary's professional judgment, are reasonable for the purpose of the measurement. Gallagher provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions to be used in the valuation, and the signing actuaries review the assumptions annually through discussions with staff and the Board, and analysis of actuarial experience.

In the case of the Board's selected expected return on assets (EROA), the signing actuaries have used economic information and tools provided by Gallagher's Investments Practice. A spreadsheet tool created by this practice converts averages, standard deviations, and correlations from Gallagher's Capital Market Assumptions that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. The EROA spreadsheet tool is intended to suggest possible reasonable ranges for the expected return on assets without attempting to predict or select a specific best estimate rate of return. It takes into account the duration of investment and the target allocation of assets in the portfolio to various asset classes.

Based on the actuaries' analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the EROA spreadsheet tool described above, and review of actuarial gain/loss analysis, the signing actuaries believe the assumptions, in their professional judgment, do not significantly conflict with what are reasonable for the purpose of the measurement.

#### **ACFR Information**

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 4; (ii) analysis of financial experience in Section 1.6; (iii) summary of actuarial assumptions in Section 5.3; and (iv) historical information in Section 7.

Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) was effective for TRS beginning with fiscal year ending June 30, 2014, and Statement No. 74 (GASB 74) was effective for TRS beginning with fiscal year ending June 30, 2017. Please see our separate GASB 67 and GASB 74 reports for other information needed for the ACFR.

#### **Risk Information**

Actuarial Standard of Practice No. 51 (ASOP 51) applies to actuaries performing funding calculations related to a pension plan. ASOP 51 does not apply to actuaries performing services in connection with other post-employment benefits, such as medical benefits. Accordingly, ASOP 51 does not apply to the healthcare portion of TRS. See Section 6 of this report for further details regarding ASOP 51. Section 6 also contains information on the Low-Default-Risk Obligation Measure (LDROM) required to be disclosed under Actuarial Standard of Practice No. 4 (ASOP 4).

#### **Use of Models**

Actuarial Standard of Practice No. 56 (ASOP 56) provides guidance to actuaries performing actuarial services that involve designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the EROA spreadsheet tool disclosed above, Gallagher uses third-party software to perform annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. Gallagher also uses internally developed models that apply applicable funding methods and policies to the liabilities derived from the third-party software and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report.

Gallagher maintains an extensive review process in which the results of the liability calculations are checked using detailed sample life output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal models are similarly reviewed in detail and at a higher level for accuracy, reasonability, and consistency with prior

results. Gallagher also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Gallagher who are familiar with applicable funding methods, as well as the manner in which the model generates its output. If significant changes are made to the internal models, extra checking and review are completed.

Additional models used to value health benefits are described later in the report.

This report was prepared under our supervision and in accordance with all applicable Actuarial Standards of Practice. David Kershner is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. Kevin Spanier is an Associate of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. Brett Hunter is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

We are available to discuss this report with you at your convenience. David can be reached at (602) 803-6174, Kevin can be reached at (770) 916-4184, and Brett can be reached at (260) 423-1072.

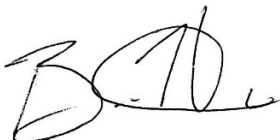
Respectfully submitted,



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Principal



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Senior Consultant

The undersigned actuary is responsible for all assumptions related to the average annual per capita health claims cost and the health care cost trend rates, and hereby affirms his qualification to render opinions in such matters in accordance with the Qualification Standards of the American Academy of Actuaries. Robert can be reached at (312) 399-9339.



Robert Besenhofer, ASA, MAAA, FCA  
Director

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# Executive Summary

## Overview

The State of Alaska Teachers' Retirement System (TRS) provides pension and postemployment healthcare benefits to teachers and other eligible participants. The Commissioner of the Department of Administration is responsible for administering the plan. The Alaska Retirement Management Board (Board) has fiduciary responsibility over the assets of the plan. This report presents the results of the actuarial valuation of TRS as of the valuation date of June 30, 2025.

## Purpose

An actuarial valuation is performed on the plan annually as of the end of the fiscal year. The main purposes of the actuarial valuation detailed in this report are:

1. To determine the Employer/State contribution necessary to meet the Board's funding policy for the plan;
2. To disclose the funding assets and liability measures as of the valuation date;
3. To review the current funded status of the plan and assess the funded status as an appropriate measure for determining future actuarially determined contributions;
4. To compare actual and expected experience under the plan during the last fiscal year; and
5. To report trends in contributions, assets, liabilities, and funded status over the last several years.

The actuarial valuation provides a "snapshot" of the funded position of TRS based on the plan provisions, membership data, assets, and actuarial methods and assumptions as of the valuation date.

Actuarial projections are also performed to provide a long-term view of the expected future funded status and contribution patterns (see Section 3). The future funded status and contribution patterns would be different than those shown in Section 3 if future experience does not match the actuarial assumptions used in the projections.

Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

## Funded Status

Where presented, references to "funded ratio" and "unfunded actuarial accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e., purchase annuities) for a portion or all of its liabilities.

| Funded Status as of June 30 (\$ in thousands)            | 2024             | 2025             |
|----------------------------------------------------------|------------------|------------------|
| <b>Pension</b>                                           |                  |                  |
| a. Actuarial Accrued Liability                           | \$ 8,018,737     | \$ 8,051,399     |
| b. Valuation Assets                                      | <u>6,247,250</u> | <u>6,422,103</u> |
| c. Unfunded Actuarial Accrued Liability, (a) - (b)       | \$ 1,771,487     | \$ 1,629,296     |
| d. Funded Ratio based on Valuation Assets, (b) ÷ (a)     | 77.9%            | 79.8%            |
| e. Fair Value of Assets                                  | \$ 6,216,525     | \$ 6,478,048     |
| f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a) | 77.5%            | 80.5%            |

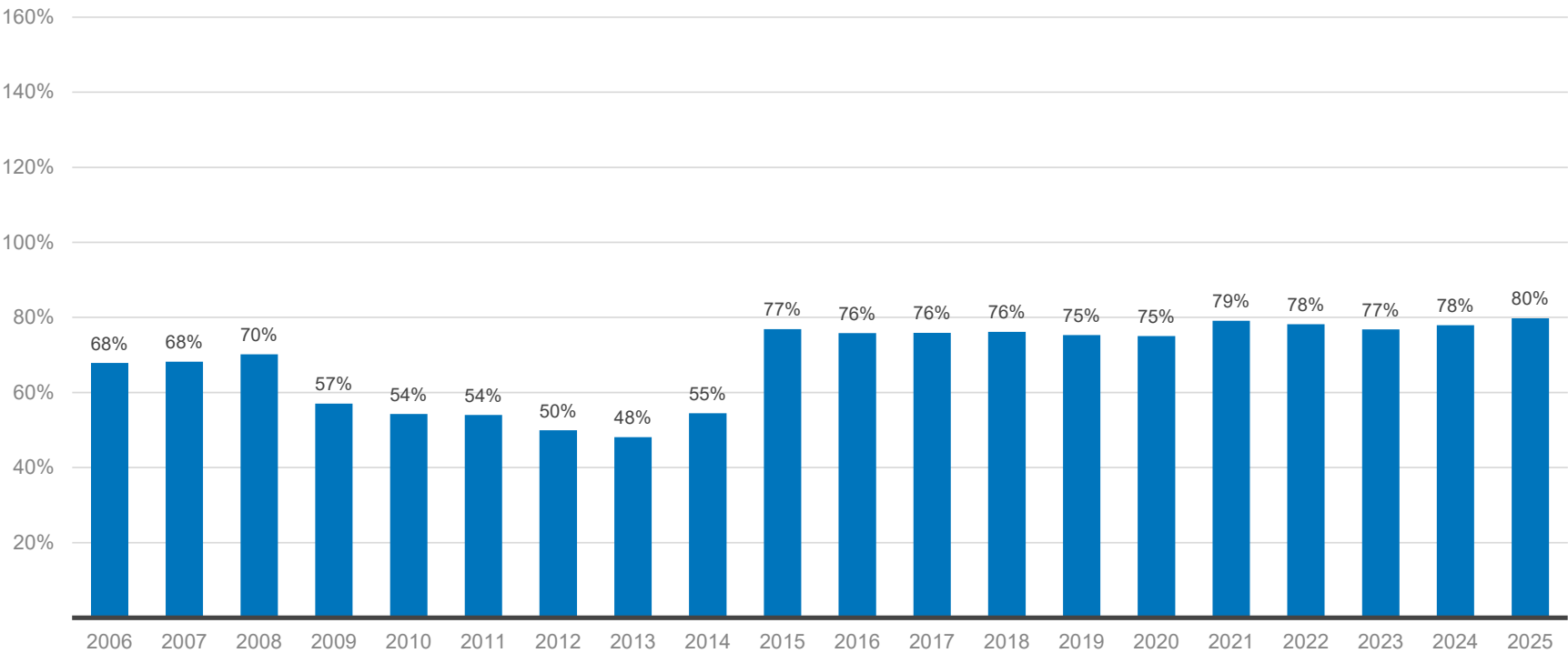
# Executive Summary

| Funded Status as of June 30 (\$ in thousands)            | 2024             | 2025             |
|----------------------------------------------------------|------------------|------------------|
| <b>Healthcare</b>                                        |                  |                  |
| a. Actuarial Accrued Liability                           | \$ 2,651,545     | \$ 2,735,920     |
| b. Valuation Assets                                      | <u>3,677,415</u> | <u>3,846,857</u> |
| c. Unfunded Actuarial Accrued Liability, (a) - (b)       | \$ (1,025,870)   | \$ (1,110,937)   |
| d. Funded Ratio based on Valuation Assets, (b) ÷ (a)     | 138.7%           | 140.6%           |
| e. Fair Value of Assets                                  | \$ 3,665,189     | \$ 3,891,081     |
| f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a) | 138.2%           | 142.2%           |

# Executive Summary

## Funded Ratio History (Based on Valuation Assets)

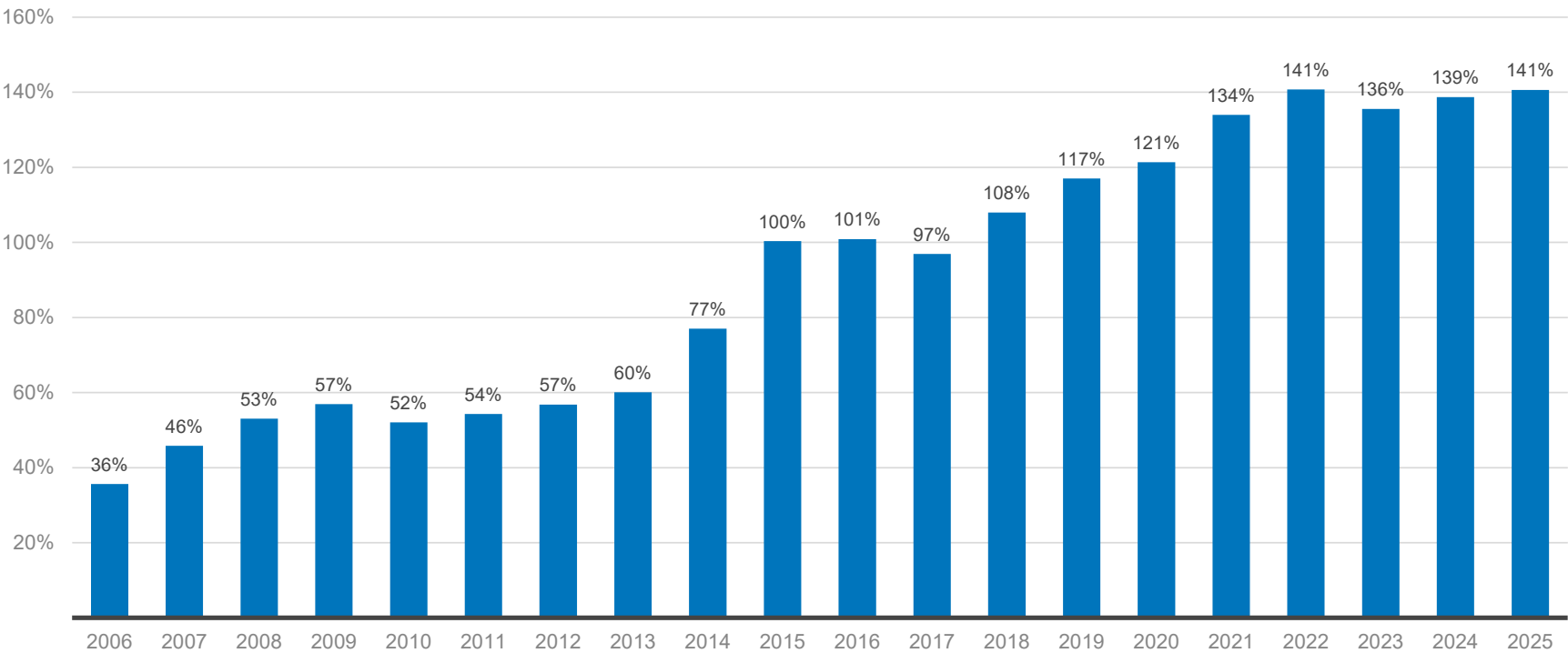
### Pension (2006 and later)



# Executive Summary

## Funded Ratio History (Based on Valuation Assets)

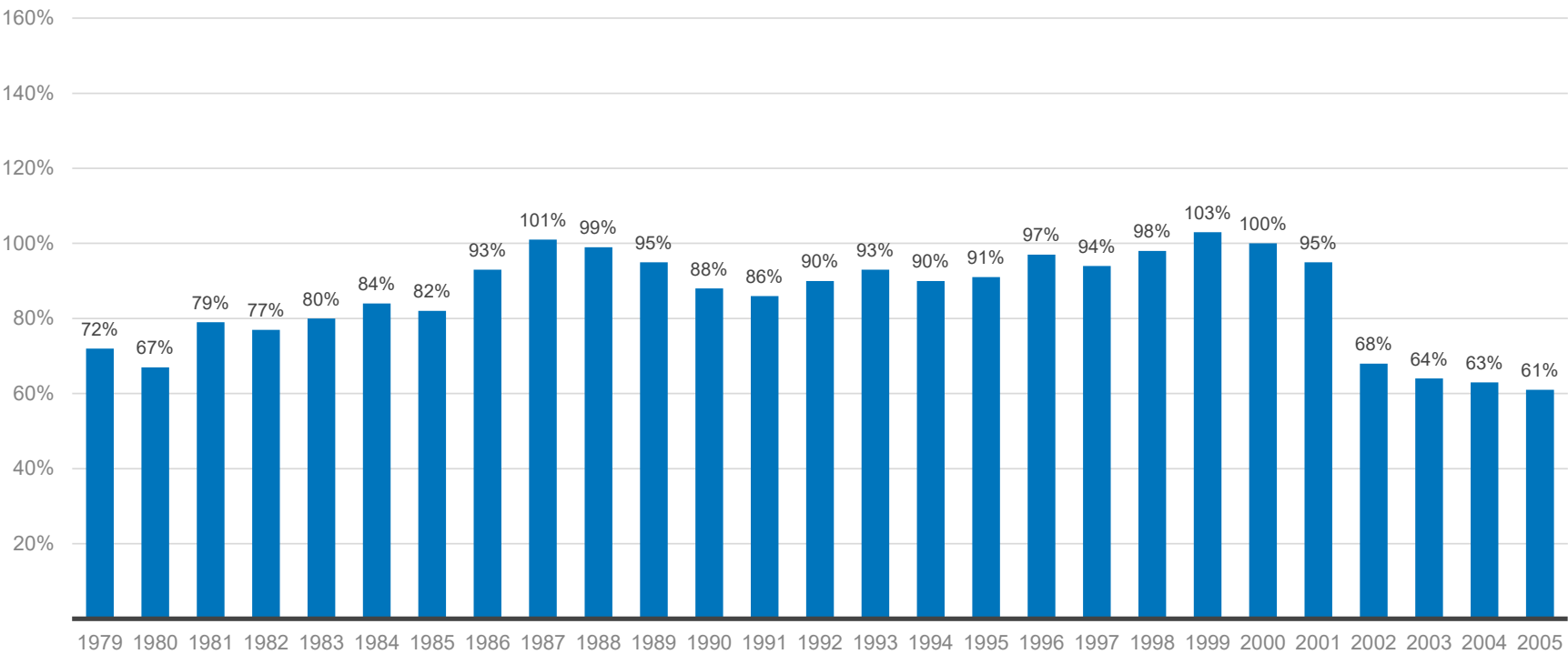
### Healthcare (2006 and later)



# Executive Summary

## Funded Ratio History (Based on Valuation Assets)

Total (1979 – 2005)\*



\* Prior to 2006, assets and liabilities were provided in aggregate only (Pension and Healthcare combined).

# Executive Summary

The key reasons for the change in the funded status are explained below. The funded status for healthcare benefits is not necessarily an appropriate measure to confirm that assets are sufficient to settle health plan obligations as there are no available financial instruments for purchase. Future experience is likely to vary from assumptions, so there is potential for actuarial gains or losses.

## 1. Investment Experience

The asset valuation method recognizes 20% of the investment gain or loss each year, for a period of five years. The FY25 investment return based on fair value of assets was approximately 10.9% compared to the expected investment return of 7.25% (net of investment expenses). This resulted in a market asset gain of \$215 million (pension) and \$129 million (healthcare). Due to the recognition of investment gains and losses over a 5-year period, the FY25 investment return based on actuarial value of assets was approximately 9.3%, which resulted in an actuarial asset gain of \$126 million (pension) and \$72 million (healthcare).

## 2. Salary Increases

Salary increases for continuing active members during FY25 were higher than expected based on the valuation assumptions, resulting in a liability loss of \$27 million.

## 3. Demographic Experience

Section 4 provides statistics on active and inactive members. The number of active members decreased from 2,447 at June 30, 2024 to 2,167 at June 30, 2025 due to active members exiting the plan during the year (due to retirement, termination, death, and disability) and the closure of the plan to new entrants as of July 1, 2006. The average age of active members increased from 53.36 to 53.76 and average credited service increased from 21.69 to 22.21 years.

The number of benefit recipients increased from 14,445 to 14,522, and their average age increased from 73.40 to 73.86. The number of vested terminated participants decreased from 642 to 628. Their average age increased from 53.70 to 54.68.

The overall effect of the demographic experience during FY25 was a liability loss of \$0.5 million (pension) and a liability gain of \$16 million<sup>1</sup> (healthcare).

## 4. COLA / PRPA Experience

The cost-of-living increases (COLA) for benefit recipients during FY25 were less than expected based on the valuation assumptions, resulting in a liability gain of \$2 million. The CPI-based postretirement pension adjustments (PRPA) were also less than expected, resulting in a liability gain of \$15 million.

## 5. Retiree Medical Claims Experience

As described in Section 5.2, recent medical claims experience and changes in healthcare enrollment data provided to us for the June 30, 2025 valuation generated a liability loss of \$53 million. Healthcare benefits paid during FY25 were greater than expected, which generated a liability loss of \$1 million. The EGWP subsidy received by the plan during FY25 was \$27 million, as compared to the expected EGWP subsidy of \$25 million.

## 6. Changes in Methods Since the Prior Valuation

Effective June 30, 2025, the Board modified the 25-year layered UAAL amortization method to reduce the initial amortization period from 25 years to 15 years for all layers, except for the "initial amount" layer. The amortization period for the "initial amount" layer was originally established effective June 30, 2014.

There were no other changes in actuarial methods since the prior valuation.

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<sup>1</sup> Includes the effects of changes in dependent coverage elections and Medicare Part B only experience.

# Executive Summary

## **7. Changes in Assumptions Since the Prior Valuation**

Healthcare claim costs are updated annually as described in Section 5.2. The effects of these assumption changes are shown on page 10.

The amounts included in the Normal Cost for administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

In June 2025, the Board adopted a new payroll growth assumption of 1.00% effective beginning with the June 30, 2025 valuation. The prior payroll growth assumption was 2.75%. The Board adopted the new assumption to better match recent payroll growth experience.

There were no other changes in actuarial assumptions since the prior valuation.

## **8. Changes in Benefit Provisions Since the Prior Valuation**

There have been no changes in benefit provisions valued since the prior valuation.

# Executive Summary

## Comparative Summary of Contribution Rates

|                                                                                      | Actual<br>FY 2027   | Estimated<br>FY 2028 |
|--------------------------------------------------------------------------------------|---------------------|----------------------|
| <b>Pension</b>                                                                       |                     |                      |
| a. Normal Cost Rate Net of Member Contributions                                      | 1.98%               | 1.81%                |
| b. Past Service Cost Rate                                                            | <u>23.14%</u>       | <u>22.98%</u>        |
| c. Total Employer/State Contribution Rate, (a) + (b), not less than (a) <sup>1</sup> | 25.12%              | 24.79%               |
| <b>Healthcare</b>                                                                    |                     |                      |
| a. Normal Cost Rate                                                                  | 1.93%               | 1.76%                |
| b. Past Service Cost Rate                                                            | <u>(12.75%)</u>     | <u>(21.75%)</u>      |
| c. Total Employer/State Contribution Rate, (a) + (b), not less than (a) <sup>1</sup> | 1.93%               | 1.76%                |
| <b>Total</b>                                                                         |                     |                      |
| a. Normal Cost Rate Net of Member Contributions                                      | 3.91%               | 3.57%                |
| b. Past Service Cost Rate                                                            | <u>23.14%</u>       | <u>22.98%</u>        |
| c. Total Employer/State Contribution Rate, (a) + (b) <sup>1</sup>                    | 27.05%              | 26.55%               |
| d. Adopted Total Employer/State Contribution Rate                                    | 26.00% <sup>2</sup> | TBD                  |
| e. Defined Contribution Retirement (DCR) Rate Paid by Employers                      | <u>8.02%</u>        | <u>8.29%</u>         |
| f. Adopted Total Rate, Including DCR Rate Paid by Employers,<br>(d) + (e)            | 34.02%              | TBD                  |

Contribution rates are based on total (DB and DCR) payroll. Contribution rates reflect the 1.00% payroll growth assumption, which was adopted at the June 2025 meeting and effective for the June 30, 2025 valuation. The contribution rates shown above for FY28 are estimated assuming no actuarial gains/losses during FY26 and FY27. Actual FY28 contribution rates will be adopted by the Board in September 2026 reflecting FY26 asset experience.

Contribution rates include Employer contribution rates as limited by Alaska state statutes and the Additional State Contribution required under SB 125.

<sup>1</sup> Beginning with the June 30, 2014 valuation, contribution rates for FY17 and beyond are determined using new methodology in accordance with 2014 legislation under HB 385 and SB 119, 2014 Alaska Laws, which changed the amortization methodology to a closed 25-year period as a level percentage of pay, and eliminated the time lag on the contribution rate calculation by using a 2-year “roll-forward” approach assuming 0% population growth. Investment gains and losses are recognized over a 5-year period beginning in FY15. Effective June 30, 2025, the Board modified the 25-year layered UAAL amortization method that was adopted effective June 30 2018 by reducing the initial amortization period from 25 years to 15 years for all layers, except for the “initial amount” layer. The amortization period for the “initial amount” layer was originally established effective June 30, 2014 and has not been modified.

<sup>2</sup> The FY27 contribution rates adopted by the Board in September 2025 were 26.00% for Pension and 0.00% for Healthcare. The FY27 adopted rates reflect the modified layered UAAL amortization method described in Section 5.2 and the 1.00% payroll growth assumption.

# Executive Summary

## Summary of Actuarial Accrued Liability Gain/(Loss) and Other Changes During the Year

The following table summarizes the sources of change in the total Employer/State contribution rate as of June 30, 2024 and June 30, 2025 based on DB and DCR payroll combined:

|                                                                                | Pension      | Healthcare   |
|--------------------------------------------------------------------------------|--------------|--------------|
| 1. Total Employer/State Contribution Rate as of June 30, 2024                  | 22.99%       | 2.41%        |
| 2. Change due to:                                                              |              |              |
| a. Health Claims Experience                                                    | N/A          | 0.03%        |
| b. Salary Increases                                                            | 0.22%        | N/A          |
| c. Investment Experience                                                       | (1.05%)      | 0.00%        |
| d. Demographic Experience and Miscellaneous <sup>1</sup>                       | (0.05%)      | (0.23%)      |
| e. Actual vs Expected Contributions                                            | 0.01%        | 0.00%        |
| f. Assumption Changes <sup>2</sup>                                             | 2.01%        | 0.00%        |
| g. Method Changes <sup>3</sup>                                                 | 0.50%        | 0.00%        |
| h. Plan Changes                                                                | <u>0.00%</u> | <u>0.00%</u> |
| i. Total Change, (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)                 | 1.64%        | (0.20%)      |
| 3. Total Employer/State Contribution Rate as of June 30, 2025,<br>(1) + (2)(i) | 24.63%       | 2.21%        |

<sup>1</sup> Includes the effects of census data changes between the two valuations.

<sup>2</sup> Effective June 30, 2025, the payroll growth assumption was changed from 2.75% to 1.00%. The payroll growth assumption is used to amortize the unfunded liability on a level percent of payroll basis.

<sup>3</sup> Effective June 30, 2025, the Board modified the 25-year layered UAAL amortization method that was adopted effective June 30, 2018 by reducing the initial amortization period from 25 years to 15 years for all layers, except for the "initial amount" layer. The amortization period for the "initial amount" layer was originally established effective June 30, 2014 and has not been modified.

# Executive Summary

The following table shows the FY25 gain/(loss) on actuarial accrued liability as of June 30, 2025 (\$ in thousands):

|                                          | Pension         | Healthcare     |
|------------------------------------------|-----------------|----------------|
| Retirement Experience <sup>1</sup>       | \$ 10,212       | \$ 25,809      |
| Termination Experience                   | (7,124)         | (2,356)        |
| Disability Experience                    | (385)           | (661)          |
| Active Mortality Experience              | (827)           | (241)          |
| Inactive Mortality Experience            | (2,353)         | (1,564)        |
| Salary Increases                         | (26,749)        | N/A            |
| Rehires (Net of Rehire Load)             | 692             | 156            |
| Metcalf Transfers <sup>2</sup>           | (397)           | (241)          |
| COLA Increases                           | 2,036           | N/A            |
| PRPA Increases                           | 15,495          | N/A            |
| Benefit Payments Different than Expected | 10,753          | (1,353)        |
| Per Capita Claims Cost                   | N/A             | (53,397)       |
| Medicare Part B Only Experience          | N/A             | (359)          |
| Changes in Dependent Coverage Elections  | N/A             | (4,268)        |
| Programming Changes <sup>3</sup>         | 19              | (139)          |
| Miscellaneous <sup>4</sup>               | <u>(20,254)</u> | <u>(3,155)</u> |
| Total                                    | \$ (18,882)     | \$ (41,769)    |

<sup>1</sup> The healthcare figure includes a \$27M gain due to new retirees from active status who elected not to receive healthcare benefits.

<sup>2</sup> These liability losses were partly offset by amounts (\$128K pension and \$62K healthcare) that were deposited in FY25 to the DB trusts on behalf of Metcalfe transfers from DCR to DB.

<sup>3</sup> Includes adjustments to the rounding of annuity certain periods (pension), adjustments to the COLA for Tier 2 death benefits (pension), adjustments to the refund of contribution for post-termination deaths (pension), and adjustments to the retirement decrements for active members with claimed service (pension and healthcare).

<sup>4</sup> Includes the effects of various data changes that are typical when new census data is received for the annual valuation, as well as other items that do not fit neatly into any of the other categories. The pension figure includes losses of \$12M for changes in the underlying data from the previous valuation, \$4M for changes in QDRO participants, and \$5M for changes in indebtedness balances.

# Executive Summary

The rehire gain/(loss) amount is the difference between (i) the increase in Actuarial Accrued Liability at June 30, 2025 due to rehires during the most recent plan year, and (ii) the load that was added to the June 30, 2024 Normal Cost based on the rehire load assumption used in the June 30, 2024 valuation. The development of the FY25 rehire gain/(loss) amount is shown in the table below (\$ in thousands):

|                                                                                       | Pension  | Healthcare |
|---------------------------------------------------------------------------------------|----------|------------|
| 1. Increase/(Decrease) in Actuarial Accrued Liability at June 30, 2025 due to Rehires | \$ 3,585 | \$ (121)   |
| 2. June 30, 2024 Normal Cost Rehire Load, with interest to June 30, 2025              | \$ 4,277 | \$ 35      |
| 3. Rehire Gain/(Loss), (2) - (1)                                                      | \$ 692   | \$ 156     |

# 1 Actuarial Funding Results

## 1.1 Actuarial Liabilities and Normal Cost (\$ in thousands)

| As of June 30, 2025                           | Present Value of<br>Projected Benefits | Actuarial Accrued<br>(Past Service)<br>Liability |
|-----------------------------------------------|----------------------------------------|--------------------------------------------------|
| <b>Active Members</b>                         |                                        |                                                  |
| Retirement Benefits                           | \$ 1,558,729                           | \$ 1,440,334                                     |
| Termination Benefits                          | 8,941                                  | (6,089)                                          |
| Disability Benefits                           | 554                                    | (2,008)                                          |
| Death Benefits                                | 6,090                                  | 5,242                                            |
| Return of Contributions                       | 1,340                                  | (20,537)                                         |
| Medical and Prescription Drug Benefits        | 781,058                                | 682,836                                          |
| Medicare Part D Subsidy                       | (143,364)                              | (125,858)                                        |
| Indebtedness                                  | (22,370)                               | (22,370)                                         |
| Subtotal                                      | \$ 2,190,978                           | \$ 1,951,550                                     |
| <b>Inactive Members</b>                       |                                        |                                                  |
| Not Vested                                    | \$ 37,992                              | \$ 37,992                                        |
| Vested Terminations                           |                                        |                                                  |
| - Retirement Benefits                         | 161,994                                | 161,994                                          |
| - Medical and Prescription Drug Benefits      | 363,970                                | 363,970                                          |
| - Medicare Part D Subsidy                     | (70,101)                               | (70,101)                                         |
| - Indebtedness                                | (5,065)                                | (5,065)                                          |
| Retirees & Beneficiaries                      |                                        |                                                  |
| - Retirement Benefits                         | 6,461,906                              | 6,461,906                                        |
| - Medical and Prescription Drug Benefits      | 2,526,197                              | 2,526,197                                        |
| - Medicare Part D Subsidy                     | (641,124)                              | (641,124)                                        |
| Subtotal                                      | \$ 8,835,769                           | \$ 8,835,769                                     |
| <b>Total</b>                                  | <b>\$ 11,026,747</b>                   | <b>\$ 10,787,319</b>                             |
| <b>Total Pension</b>                          | <b>\$ 8,210,111</b>                    | <b>\$ 8,051,399</b>                              |
| <b>Total Medical, Net of Part D Subsidy</b>   | <b>\$ 2,816,636</b>                    | <b>\$ 2,735,920</b>                              |
| <b>Total Medical, Gross of Part D Subsidy</b> | <b>\$ 3,671,225</b>                    | <b>\$ 3,573,003</b>                              |
| <b>By Tier</b>                                |                                        |                                                  |
| Tier 1                                        |                                        |                                                  |
| - Pension                                     | \$ 4,116,010                           | \$ 4,113,658                                     |
| - Medical, Net of Part D Subsidy              | 1,052,000                              | 1,050,927                                        |
| Tier 2                                        |                                        |                                                  |
| - Pension                                     | 4,094,101                              | 3,937,741                                        |
| - Medical, Net of Part D Subsidy              | 1,764,636                              | 1,684,993                                        |
| <b>Total</b>                                  | <b>\$ 11,026,747</b>                   | <b>\$ 10,787,319</b>                             |

# 1 Actuarial Funding Results

## 1.1 Actuarial Liabilities and Normal Cost (\$ in thousands) (continued)

| As of June 30, 2025                    |  | Normal Cost, with half year interest |         |
|----------------------------------------|--|--------------------------------------|---------|
| Active Members                         |  |                                      |         |
| Retirement Benefits                    |  | \$                                   | 23,717  |
| Termination Benefits                   |  |                                      | 3,035   |
| Disability Benefits                    |  |                                      | 511     |
| Death Benefits                         |  |                                      | 177     |
| Return of Contributions                |  |                                      | 4,433   |
| Medical and Prescription Drug Benefits |  |                                      | 19,223  |
| Medicare Part D Subsidy                |  |                                      | (3,465) |
| Rehire Assumption (Pension)            |  |                                      | 3,825   |
| Rehire Assumption (Medical)            |  |                                      | 32      |
| Administrative Expenses (Pension)      |  |                                      | 3,667   |
| Administrative Expenses (Medical)      |  |                                      | 1,758   |
| Total                                  |  | \$                                   | 56,913  |
| Total Pension                          |  | \$                                   | 39,365  |
| Total Medical, Net of Part D Subsidy   |  | \$                                   | 17,548  |
| Total Medical, Gross of Part D Subsidy |  | \$                                   | 21,013  |
|                                        |  |                                      |         |
| By Tier                                |  |                                      |         |
| Tier 1                                 |  |                                      |         |
| - Pension                              |  | \$                                   | 974     |
| - Medical, Net of Part D Subsidy       |  |                                      | 381     |
| Tier 2                                 |  |                                      |         |
| - Pension                              |  |                                      | 38,391  |
| - Medical, Net of Part D Subsidy       |  |                                      | 17,167  |
| Total                                  |  | \$                                   | 56,913  |

# 1 Actuarial Funding Results

## 1.2 Actuarial Contributions as of June 30, 2025 (\$ in thousands)

| Normal Cost Rate                                 | Pension   | Healthcare |
|--------------------------------------------------|-----------|------------|
| 1. Total Normal Cost, with half year interest    | \$ 39,365 | \$ 17,548  |
| 2. DB Rate Payroll Projected for FY26            | 238,052   | 238,052    |
| 3. DCR Rate Payroll Projected for FY26           | 554,764   | 554,764    |
| 4. Total Rate Payroll Projected for FY26         | 792,816   | 792,816    |
| 5. Normal Cost Rate                              |           |            |
| a. Based on DB Rate Payroll, (1) ÷ (2)           | 16.54%    | 7.37%      |
| b. Based on Total Rate Payroll, (1) ÷ (4)        | 4.97%     | 2.21%      |
| 6. Average Member Contribution Rate <sup>1</sup> | 2.60%     | 0.00%      |
| 7. Employer Normal Cost, (5)(b) - (6)            | 2.37%     | 2.21%      |

| Past Service Rate                                                  | Pension      | Healthcare     |
|--------------------------------------------------------------------|--------------|----------------|
| 1. Actuarial Accrued Liability                                     | \$ 8,051,399 | \$ 2,735,920   |
| 2. Valuation Assets                                                | 6,422,103    | 3,846,857      |
| 3. Unfunded Actuarial Accrued Liability, (1) - (2)                 | \$ 1,629,296 | \$ (1,110,937) |
| 4. Funded Ratio, (2) ÷ (1)                                         | 79.8%        | 140.6%         |
| 5. Past Service Cost Amortization Payment, with half year interest | 176,463      | (144,223)      |
| 6. Total Rate Payroll Projected for FY26                           | 792,816      | 792,816        |
| 7. Past Service Rate, (5) ÷ (6)                                    | 22.26%       | (18.19%)       |

|                                                                                     |               |              |
|-------------------------------------------------------------------------------------|---------------|--------------|
| <b>Total Employer / State Contribution Rate,<br/>not less than Normal Cost Rate</b> | <b>24.63%</b> | <b>2.21%</b> |
|-------------------------------------------------------------------------------------|---------------|--------------|

### Normal Cost Rate by Tier (Total Employer and Member)<sup>2</sup>

|        |        |       |
|--------|--------|-------|
| Tier 1 | 16.98% | 6.64% |
| Tier 2 | 16.53% | 7.39% |

<sup>1</sup> Assumes no member contributions from members in the DCR plan, 9.65% contributions for Tier 1 members who elected supplemental coverage, and 8.65% for the remaining members.

<sup>2</sup> Rates determined considering the payroll for members in each tier. DCR payroll is excluded from these calculations.

# 1 Actuarial Funding Results

## 1.2 Actuarial Contributions as of June 30, 2025 (continued)

### Schedule of Past Service Cost Amortizations - Pension (\$ in thousands)

| Layer                 | Amortization Period |                 | Balances     |                     | Beginning-of-Year Payment |
|-----------------------|---------------------|-----------------|--------------|---------------------|---------------------------|
|                       | Date Created        | Years Remaining | Initial      | Outstanding         |                           |
| Initial Amount        | 6/30/2018           | 14              | \$ 1,720,344 | \$ 1,584,355        | \$ 162,395                |
| Change in Assumptions | 6/30/2018           | 8               | 14,346       | 14,206              | 2,170                     |
| FY19 Loss             | 6/30/2019           | 9               | 94,314       | 94,148              | 13,142                    |
| FY20 Loss             | 6/30/2020           | 10              | 44,395       | 44,552              | 5,751                     |
| FY21 Gain             | 6/30/2021           | 11              | (285,576)    | (287,418)           | (34,650)                  |
| Change in Assumptions | 6/30/2022           | 12              | 144,033      | 145,078             | 16,465                    |
| FY22 Loss             | 6/30/2022           | 12              | 17,525       | 17,652              | 2,003                     |
| FY23 Loss             | 6/30/2023           | 13              | 185,790      | 187,005             | 20,112                    |
| FY24 Gain             | 6/30/2024           | 14              | (64,248)     | (64,509)            | (6,612)                   |
| FY25 Gain             | 6/30/2025           | 15              | (105,773)    | (105,773)           | (10,382)                  |
| <b>Total</b>          |                     |                 |              | <b>\$ 1,629,296</b> | <b>\$ 170,394</b>         |

### Schedule of Past Service Cost Amortizations - Healthcare (\$ in thousands)

| Layer                                  | Amortization Period |                 | Balances    |                       | Beginning-of-Year Payment |
|----------------------------------------|---------------------|-----------------|-------------|-----------------------|---------------------------|
|                                        | Date Created        | Years Remaining | Initial     | Outstanding           |                           |
| Initial Amount                         | 6/30/2018           | 14              | \$ (48,285) | \$ (44,469)           | \$ (4,558)                |
| Change in Assumptions/Methods/EGWP     | 6/30/2018           | 8               | (166,274)   | (164,678)             | (25,160)                  |
| FY19 Gain                              | 6/30/2019           | 9               | (213,757)   | (213,380)             | (29,786)                  |
| FY20 Gain                              | 6/30/2020           | 10              | (101,507)   | (101,864)             | (13,150)                  |
| Medical/Prescription Drug Plan Changes | 6/30/2021           | 11              | (21,763)    | (21,903)              | (2,641)                   |
| FY21 Gain                              | 6/30/2021           | 11              | (273,877)   | (275,642)             | (33,230)                  |
| Change in Assumptions                  | 6/30/2022           | 12              | 20,542      | 20,691                | 2,348                     |
| FY22 Gain                              | 6/30/2022           | 12              | (185,832)   | (187,181)             | (21,243)                  |
| FY23 Loss                              | 6/30/2023           | 13              | 64,467      | 64,888                | 6,979                     |
| Change in Assumptions                  | 6/30/2024           | 14              | (68,312)    | (68,590)              | (7,030)                   |
| FY24 Gain                              | 6/30/2024           | 14              | (29,672)    | (29,793)              | (3,054)                   |
| FY25 Gain                              | 6/30/2025           | 15              | (89,016)    | (89,016)              | (8,738)                   |
| <b>Total</b>                           |                     |                 |             | <b>\$ (1,110,937)</b> | <b>\$ (139,263)</b>       |

# 1 Actuarial Funding Results

## 1.3 Roll-Forward Contribution Rate Calculation for FY28 (\$ in thousands)

|                                                                                          | Pension             | Healthcare            |
|------------------------------------------------------------------------------------------|---------------------|-----------------------|
| <b>1. Liability Roll Forward</b>                                                         |                     |                       |
| <b>a. Actuarial Accrued Liability as of June 30, 2025</b>                                | <b>\$ 8,051,399</b> | <b>\$ 2,735,920</b>   |
| b. Normal Cost                                                                           | 34,470              | 15,247                |
| c. Interest on (a) and (b) at 7.25%                                                      | 586,226             | 199,460               |
| d. Estimated Benefit Payments                                                            | (609,572)           | (168,321)             |
| e. Interest on (d) at 7.25%, adjusted for timing                                         | (27,676)            | (6,034)               |
| <b>f. Expected Actuarial Accrued Liability as of June 30, 2026</b>                       | <b>\$ 8,034,847</b> | <b>\$ 2,776,272</b>   |
| g. Projected Normal Cost                                                                 | 30,565              | 13,714                |
| h. Interest on (f) and (g) at 7.25%                                                      | 584,742             | 202,274               |
| i. Estimated Benefit Payments                                                            | (625,323)           | (171,441)             |
| j. Interest on (i) at 7.25%, adjusted for timing                                         | (27,247)            | (6,422)               |
| <b>k. Expected Actuarial Accrued Liability as of June 30, 2027</b>                       | <b>\$ 7,997,584</b> | <b>\$ 2,814,397</b>   |
| <b>2. Asset Roll Forward</b>                                                             |                     |                       |
| <b>a. Actuarial Value of Assets as of June 30, 2025</b>                                  | <b>\$ 6,422,103</b> | <b>\$ 3,846,857</b>   |
| b. Interest on (a) at 7.25%                                                              | 465,602             | 278,897               |
| c. Employee Contributions                                                                | 23,454              | 0                     |
| d. Employer Contributions                                                                | 38,927              | 0                     |
| e. State Assistance Contributions                                                        | 138,982             | 0                     |
| f. Interest on (c) thru (e) at 7.25%, adjusted for timing*                               | 12,298              | 0                     |
| g. Estimated Benefit Payments                                                            | (609,572)           | (168,321)             |
| h. Administrative Expenses                                                               | (3,541)             | (1,698)               |
| i. Interest on (g) and (h) at 7.25%, adjusted for timing                                 | (27,802)            | (6,095)               |
| j. AVA Adjustments                                                                       | (108,007)           | (55,379)              |
| <b>k. Expected Actuarial Value of Assets as of June 30, 2026</b>                         | <b>\$ 6,352,444</b> | <b>\$ 3,894,261</b>   |
| l. Interest on (k) at 7.25%                                                              | 460,552             | 282,334               |
| m. Employee Contributions                                                                | 21,419              | 0                     |
| n. Employer Contributions                                                                | 36,121              | 0                     |
| o. State Assistance Contributions**                                                      | 163,926             | 0                     |
| p. Interest on (m) thru (o) at 7.25%, adjusted for timing*                               | 13,934              | 0                     |
| q. Estimated Benefit Payments                                                            | (625,323)           | (171,441)             |
| r. Administrative Expenses                                                               | (3,157)             | (1,527)               |
| s. Interest on (q) and (r) at 7.25%, adjusted for timing                                 | (27,360)            | (6,476)               |
| t. AVA Adjustments                                                                       | 76,305              | 47,239                |
| <b>u. Expected Actuarial Value of Assets as of June 30, 2027</b>                         | <b>\$ 6,468,861</b> | <b>\$ 4,044,390</b>   |
| <b>3. Expected Unfunded Actuarial Accrued Liability as of June 30, 2027, 1(k) - 2(u)</b> | <b>\$ 1,528,723</b> | <b>\$ (1,229,993)</b> |

\* Employee and Employer Contributions are paid throughout the year. State Assistance Contributions are assumed to be paid on July 1, 2025 for FY26, and July 1, 2026 for FY27.

\*\* The FY27 State Assistance Contribution is expected to be contributed 100% to pension.

# 1 Actuarial Funding Results

## 1.3 Roll-Forward Contribution Rate Calculation for FY28 (\$ in thousands) (continued)

|                                                                                         | Pension           | Healthcare        |
|-----------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>4. Expected Annual Rate Payroll for FY28</b>                                         |                   |                   |
| a. Defined Benefit Members                                                              | \$ 188,114        | \$ 188,114        |
| b. Defined Contribution Retirement Members                                              | 612,947           | 612,947           |
| <b>c. Total Rate Payroll</b>                                                            | <b>\$ 801,061</b> | <b>\$ 801,061</b> |
| <b>5. Expected FY28 Contribution Rate Calculation</b>                                   |                   |                   |
| a. Projected Normal Cost for FY28                                                       | \$ 30,734         | \$ 14,082         |
| b. Projected Normal Cost Rate for FY28                                                  | 3.84%             | 1.76%             |
| c. Expected Member Contribution Rate for FY28                                           | (2.03%)           | 0.00%             |
| <b>d. Expected Employer Normal Cost Rate for FY28</b>                                   | <b>1.81%</b>      | <b>1.76%</b>      |
| e. Expected Unfunded Liability as of June 30, 2027                                      | \$ 1,528,723      | \$ (1,229,993)    |
| f. FY28 Layered Amortization of Expected Unfunded Liability                             | 184,098           | (174,203)         |
| <b>g. Expected Past Service Cost Contribution Rate for FY28</b>                         | <b>22.98%</b>     | <b>(21.75%)</b>   |
| <b>h. Expected Total Contribution Rate for FY28,<br/>not less than Normal Cost Rate</b> | <b>24.79%</b>     | <b>1.76%</b>      |

# 1 Actuarial Funding Results

## 1.3 Roll-Forward Contribution Rate Calculation for FY28 (continued)

The components of the expected FY28 amortization amounts are shown below (totals may not add due to rounding):

### Expected FY28 Schedule of Past Service Cost Amortizations - Pension (\$ in thousands)

| Layer                 | Amortization Period |                            | Balances     |                        | Beginning-of-Year Payment for FY28 |
|-----------------------|---------------------|----------------------------|--------------|------------------------|------------------------------------|
|                       | Date Created        | Years Remaining at 6/30/27 | Initial      | Outstanding at 6/30/27 |                                    |
| Initial Amount        | 6/30/2018           | 12                         | \$ 1,720,344 | \$ 1,459,709           | \$ 165,659                         |
| Change in Assumptions | 6/30/2018           | 6                          | 14,346       | 11,494                 | 2,214                              |
| FY19 Loss             | 6/30/2019           | 7                          | 94,314       | 78,941                 | 13,406                             |
| FY20 Loss             | 6/30/2020           | 8                          | 44,395       | 38,401                 | 5,867                              |
| FY21 Gain             | 6/30/2021           | 9                          | (285,576)    | (253,215)              | (35,346)                           |
| Change in Assumptions | 6/30/2022           | 10                         | 144,033      | 130,103                | 16,795                             |
| FY22 Loss             | 6/30/2022           | 10                         | 17,525       | 15,831                 | 2,044                              |
| FY23 Loss             | 6/30/2023           | 11                         | 185,790      | 170,184                | 20,517                             |
| FY24 Gain             | 6/30/2024           | 12                         | (64,248)     | (59,435)               | (6,745)                            |
| FY25 Gain             | 6/30/2025           | 13                         | (105,773)    | (98,478)               | (10,591)                           |
| Expected FY26 Loss    | 6/30/2026           | 14                         | 117,731      | 113,873                | 11,671                             |
| Expected FY27 Gain    | 6/30/2027           | 15                         | (78,685)     | (78,685)               | (7,724)                            |
| <b>Total</b>          |                     |                            |              | <b>\$ 1,528,723</b>    | <b>\$ 177,767</b>                  |

### Expected FY28 Schedule of Past Service Cost Amortizations - Healthcare (\$ in thousands)

| Layer                                  | Amortization Period |                            | Balances    |                        | Beginning-of-Year Payment for FY28 |
|----------------------------------------|---------------------|----------------------------|-------------|------------------------|------------------------------------|
|                                        | Date Created        | Years Remaining at 6/30/27 | Initial     | Outstanding at 6/30/27 |                                    |
| Initial Amount                         | 6/30/2018           | 12                         | \$ (48,285) | \$ (40,971)            | \$ (4,650)                         |
| Change in Assumptions/Methods/EGWP     | 6/30/2018           | 6                          | (166,274)   | (133,227)              | (25,666)                           |
| FY19 Gain                              | 6/30/2019           | 7                          | (213,757)   | (178,916)              | (30,385)                           |
| FY20 Gain                              | 6/30/2020           | 8                          | (101,507)   | (87,800)               | (13,414)                           |
| Medical/Prescription Drug Plan Changes | 6/30/2021           | 9                          | (21,763)    | (19,295)               | (2,693)                            |
| FY21 Gain                              | 6/30/2021           | 9                          | (273,877)   | (242,840)              | (33,898)                           |
| Change in Assumptions                  | 6/30/2022           | 10                         | 20,542      | 18,555                 | 2,395                              |
| FY22 Gain                              | 6/30/2022           | 10                         | (185,832)   | (167,861)              | (21,670)                           |
| FY23 Loss                              | 6/30/2023           | 11                         | 64,467      | 59,051                 | 7,119                              |
| Change in Assumptions                  | 6/30/2024           | 12                         | (68,312)    | (63,194)               | (7,172)                            |
| FY24 Gain                              | 6/30/2024           | 12                         | (29,672)    | (27,450)               | (3,115)                            |
| FY25 Gain                              | 6/30/2025           | 13                         | (89,016)    | (82,875)               | (8,913)                            |
| Expected FY26 Gain                     | 6/30/2026           | 14                         | (75,868)    | (73,381)               | (7,521)                            |
| Expected FY27 Gain                     | 6/30/2027           | 15                         | (189,789)   | (189,789)              | (18,629)                           |
| <b>Total</b>                           |                     |                            |             | <b>\$ (1,229,993)</b>  | <b>\$ (168,212)</b>                |

# 1 Actuarial Funding Results

## 1.4 Actuarial Gain/(Loss) for FY25 (\$ in thousands)

|                                                                                                                          | Pension      | Healthcare   |
|--------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| 1. Expected Actuarial Accrued Liability                                                                                  |              |              |
| a. Actuarial Accrued Liability as of June 30, 2024                                                                       | \$ 8,018,737 | \$ 2,651,545 |
| b. Normal Cost                                                                                                           | 37,226       | 16,307       |
| c. Interest on (a) and (b) at 7.25%                                                                                      | 584,057      | 193,419      |
| d. Employer Group Waiver Plan                                                                                            | 0            | 26,525       |
| e. Benefit Payments                                                                                                      | (583,187)    | (187,898)    |
| f. Refund of Contributions                                                                                               | (1,715)      | 0            |
| g. Interest on (d) thru (f) at 7.25%, adjusted for timing                                                                | (22,601)     | (5,747)      |
| h. Assumptions/Methods Changes                                                                                           | 0            | 0            |
| i. Expected Actuarial Accrued Liability as of June 30, 2025<br>(a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)             | \$ 8,032,517 | \$ 2,694,151 |
| 2. Actual Actuarial Accrued Liability as of June 30, 2025                                                                | 8,051,399    | 2,735,920    |
| 3. Liability Gain/(Loss), (1)(i) - (2)                                                                                   | \$ (18,882)  | \$ (41,769)  |
| 4. Expected Actuarial Asset Value                                                                                        |              |              |
| a. Actuarial Value of Assets as of June 30, 2024                                                                         | \$ 6,247,250 | \$ 3,677,415 |
| b. Interest on (a) at 7.25%                                                                                              | 452,926      | 266,613      |
| c. Employee Contributions                                                                                                | 25,225       | 0            |
| d. Employer Contributions                                                                                                | 47,011       | 64           |
| e. State Assistance Contributions                                                                                        | 123,358      | 0            |
| f. Employer Group Waiver Plan                                                                                            | 0            | 26,525       |
| g. Interest on (c) thru (f) at 7.25%, adjusted for timing                                                                | 11,516       | 947          |
| h. Benefit Payments                                                                                                      | (583,187)    | (187,898)    |
| i. Refund of Contributions                                                                                               | (1,715)      | 0            |
| j. Administrative Expenses                                                                                               | (3,393)      | (1,616)      |
| k. Interest on (h) thru (j) at 7.25%, adjusted for timing                                                                | (22,722)     | (6,750)      |
| l. Expected Actuarial Asset Value as of June 30, 2025<br>(a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) + (i) + (j) + (k) | \$ 6,296,269 | \$ 3,775,300 |
| 5. Actual Actuarial Asset Value as of June 30, 2025                                                                      | 6,422,103    | 3,846,857    |
| 6. Actuarial Asset Value Gain/(Loss), (5) - (4)(l)                                                                       | \$ 125,834   | \$ 71,557    |
| 7. Total Actuarial Gain/(Loss), (3) + (6)                                                                                | \$ 106,952   | \$ 29,788    |
| 8. Contribution Gain/(Loss)                                                                                              | \$ (1,419)   | \$ 58,946    |
| 9. Administrative Expense Gain/(Loss)                                                                                    | \$ 240       | \$ 282       |
| 10. FY25 Gain/(Loss), (7) + (8) + (9)                                                                                    | \$ 105,773   | \$ 89,016    |

# 1 Actuarial Funding Results

## 1.5 Development of Change in Unfunded Liability During FY25 (\$ in thousands)

|                                                                                                       | Pension          | Healthcare      |
|-------------------------------------------------------------------------------------------------------|------------------|-----------------|
| 1. 2024 Unfunded Liability                                                                            | \$ 1,771,487     | \$ (1,025,870)  |
| a. Interest on Unfunded Liability at 7.25%                                                            | \$ 128,433       | \$ (74,376)     |
| b. Normal Cost                                                                                        | 37,226           | 16,307          |
| c. Employee Contributions                                                                             | (25,225)         | 0               |
| d. Employer Contributions                                                                             | (47,011)         | (64)            |
| e. State Assistance Contributions                                                                     | (123,358)        | 0               |
| f. Administrative Expenses                                                                            | 3,393            | 1,616           |
| g. Interest on (b) thru (f) at 7.25%, adjusted for timing                                             | (8,697)          | 1,238           |
| h. Assumptions/Methods Changes                                                                        | <u>0</u>         | <u>0</u>        |
| i. Expected Change in Unfunded Liability During FY25<br>(a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) | \$ (35,239)      | \$ (55,279)     |
| 2. Expected 2025 Unfunded Liability, (1) + (1)(i)                                                     | \$ 1,736,248     | \$ (1,081,149)  |
| a. Liability (Gain)/Loss During FY25                                                                  | \$ 18,882        | \$ 41,769       |
| b. Actuarial Assets (Gain)/Loss During FY25                                                           | <u>(125,834)</u> | <u>(71,557)</u> |
| c. Total Actuarial (Gain)/Loss During FY25                                                            | \$ (106,952)     | \$ (29,788)     |
| 3. Actual 2025 Unfunded Liability, (2) + (2)(c)                                                       | \$ 1,629,296     | \$ (1,110,937)  |

# 1 Actuarial Funding Results

## 1.6 Analysis of Financial Experience

### Pension

Change in Employer / State Contribution Rate During Last Five Fiscal Years  
Due to (Gains)/Losses from Differences Between Assumed and Actual Experience

| Fiscal Year                                                                   | 2021           | 2022           | 2023          | 2024          | 2025          |
|-------------------------------------------------------------------------------|----------------|----------------|---------------|---------------|---------------|
| 1. Health Claims                                                              | N/A            | N/A            | N/A           | N/A           | N/A           |
| 2. Salary Experience                                                          | 0.25%          | 0.26%          | (0.15%)       | 0.12%         | 0.22%         |
| 3. Investment Experience                                                      | (1.95%)        | (0.63%)        | (0.08%)       | (0.36%)       | (1.05%)       |
| 4. Demographic Experience and Miscellaneous                                   | (0.68%)        | 0.91%          | 2.09%         | (0.93%)       | (0.05%)       |
| 5. Actual vs Expected Contributions                                           | <u>(0.03%)</u> | <u>(0.25%)</u> | <u>0.14%</u>  | <u>0.22%</u>  | <u>0.01%</u>  |
| 6. (Gain) or Loss During Year From Experience,<br>(1) + (2) + (3) + (4) + (5) | (2.41%)        | 0.29%          | 2.00%         | (0.95%)       | (0.87%)       |
| 7. Assumptions Changes                                                        | 0.00%          | 1.39%          | 0.00%         | 0.00%         | 2.01%         |
| 8. Method Changes                                                             | 0.00%          | 0.00%          | 0.00%         | 0.94%         | 0.50%         |
| 9. Plan Changes                                                               | <u>0.00%</u>   | <u>0.00%</u>   | <u>0.00%</u>  | <u>0.00%</u>  | <u>0.00%</u>  |
| 10. Composite (Gain) or Loss During Year,<br>(6) + (7) + (8) + (9)            | (2.41%)        | 1.68%          | 2.00%         | (0.01%)       | 1.64%         |
| 11. Beginning Total Employer / State Contribution Rate                        | <u>21.73%</u>  | <u>19.32%</u>  | <u>21.00%</u> | <u>23.00%</u> | <u>22.99%</u> |
| 12. Ending Valuation Year Employer / State Contribution Rate,<br>(10) + (11)  | 19.32%         | 21.00%         | 23.00%        | 22.99%        | 24.63%        |
| 13. Fiscal Year Rates Adopted by ARMB                                         |                |                |               |               |               |
| a. Fiscal Year Employer / State Contribution Rate                             | 18.49%         | 21.30%         | 23.68%        | 26.00%        | 24.79% *      |
| b. Fiscal Year for which Rate Applies                                         | FY24           | FY25           | FY26          | FY27          | FY28          |

\* Expected rate. Actual rate to be determined

# 1 Actuarial Funding Results

## 1.6 Analysis of Financial Experience (continued)

### Healthcare

#### Change in Employer / State Contribution Rate During Last Five Fiscal Years Due to (Gains)/Losses from Differences Between Assumed and Actual Experience

| Fiscal Year                                                                   | 2021           | 2022         | 2023         | 2024         | 2025         |
|-------------------------------------------------------------------------------|----------------|--------------|--------------|--------------|--------------|
| 1. Health Claims                                                              | (0.11%)        | (0.11%)      | 0.11%        | 0.01%        | 0.03%        |
| 2. Salary Experience                                                          | N/A            | N/A          | N/A          | N/A          | N/A          |
| 3. Investment Experience                                                      | 0.00%          | 0.00%        | 0.00%        | 0.00%        | 0.00%        |
| 4. Demographic Experience and Miscellaneous                                   | (0.23%)        | (0.21%)      | (0.11%)      | (0.23%)      | (0.23%)      |
| 5. Actual vs Expected Contributions                                           | <u>0.00%</u>   | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| 6. (Gain) or Loss During Year From Experience,<br>(1) + (2) + (3) + (4) + (5) | (0.34%)        | (0.32%)      | 0.00%        | (0.22%)      | (0.20%)      |
| 7. Assumptions Changes                                                        | 0.00%          | (0.06%)      | 0.00%        | (0.02%)      | 0.00%        |
| 8. Method Changes                                                             | 0.00%          | 0.00%        | 0.00%        | 0.09%        | 0.00%        |
| 9. Plan Changes                                                               | <u>(0.02%)</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| 10. Composite (Gain) or Loss During Year,<br>(6) + (7) + (8) + (9)            | (0.36%)        | (0.38%)      | 0.00%        | (0.15%)      | (0.20%)      |
| 11. Beginning Total Employer / State Contribution Rate                        | <u>3.30%</u>   | <u>2.94%</u> | <u>2.56%</u> | <u>2.56%</u> | <u>2.41%</u> |
| 12. Ending Valuation Year Employer / State Contribution Rate,<br>(10) + (11)  | 2.94%          | 2.56%        | 2.56%        | 2.41%        | 2.21%        |
| 13. Fiscal Year Rates Adopted by ARMB                                         |                |              |              |              |              |
| a. Fiscal Year Employer / State Contribution Rate                             | 0.00%          | 0.00%        | 0.00%        | 0.00%        | 1.76% *      |
| b. Fiscal Year for which Rate Applies                                         | FY24           | FY25         | FY26         | FY27         | FY28         |

\* Expected rate. Actual rate to be determined

# 1 Actuarial Funding Results

## 1.7 History of Unfunded Liability and Funded Ratio

Pension (\$ in thousands)

| Valuation Date | Total Actuarial<br>Accrued Liability | Valuation Assets | Assets as a<br>Percent of<br>Actuarial<br>Accrued Liability | Unfunded<br>Actuarial<br>Accrued Liability<br>(UAAL) |
|----------------|--------------------------------------|------------------|-------------------------------------------------------------|------------------------------------------------------|
| June 30, 2006  | \$ 4,859,336                         | \$ 3,296,934     | 67.8%                                                       | \$ 1,562,402                                         |
| June 30, 2007  | 5,043,448                            | 3,441,867        | 68.2%                                                       | 1,601,581                                            |
| June 30, 2008  | 5,231,654                            | 3,670,086        | 70.2%                                                       | 1,561,568                                            |
| June 30, 2009  | 5,463,987                            | 3,115,719        | 57.0%                                                       | 2,348,268                                            |
| June 30, 2010  | 6,006,981                            | 3,259,868        | 54.3%                                                       | 2,747,113                                            |
| June 30, 2011  | 6,196,104                            | 3,345,949        | 54.0%                                                       | 2,850,155                                            |
| June 30, 2012  | 6,399,777                            | 3,194,994        | 49.9%                                                       | 3,204,783                                            |
| June 30, 2013  | 6,589,553                            | 3,170,313        | 48.1%                                                       | 3,419,240                                            |
| June 30, 2014  | 6,921,362                            | 3,771,139        | 54.5%                                                       | 3,150,223                                            |
| June 30, 2015  | 7,051,724                            | 5,422,651        | 76.9%                                                       | 1,629,073                                            |
| June 30, 2016  | 7,159,788                            | 5,428,687        | 75.8%                                                       | 1,731,101                                            |
| June 30, 2017  | 7,217,525                            | 5,476,835        | 75.9%                                                       | 1,740,690                                            |
| June 30, 2018  | 7,276,290                            | 5,541,600        | 76.2%                                                       | 1,734,690                                            |
| June 30, 2019  | 7,388,020                            | 5,563,931        | 75.3%                                                       | 1,824,089                                            |
| June 30, 2020  | 7,447,036                            | 5,587,064        | 75.0%                                                       | 1,859,972                                            |
| June 30, 2021  | 7,471,887                            | 5,910,369        | 79.1%                                                       | 1,561,518                                            |
| June 30, 2022  | 7,804,046                            | 6,100,204        | 78.2%                                                       | 1,703,842                                            |
| June 30, 2023  | 8,036,685                            | 6,171,460        | 76.8%                                                       | 1,865,225                                            |
| June 30, 2024  | 8,018,737                            | 6,247,250        | 77.9%                                                       | 1,771,487                                            |
| June 30, 2025  | 8,051,399                            | 6,422,103        | 79.8%                                                       | 1,629,296                                            |

# 1 Actuarial Funding Results

## 1.7 History of Unfunded Liability and Funded Ratio (continued)

Healthcare (\$ in thousands)

| Valuation Date | Total Actuarial<br>Accrued Liability | Valuation Assets | Assets as a<br>Percent of<br>Actuarial<br>Accrued Liability | Unfunded<br>Actuarial<br>Accrued Liability<br>(UAAL) |
|----------------|--------------------------------------|------------------|-------------------------------------------------------------|------------------------------------------------------|
| June 30, 2006  | \$ 2,370,515                         | \$ 844,766       | 35.6%                                                       | \$ 1,525,749                                         |
| June 30, 2007  | 2,145,955                            | 982,532          | 45.8%                                                       | 1,163,423                                            |
| June 30, 2008  | 2,387,524                            | 1,266,890        | 53.1%                                                       | 1,120,634                                            |
| June 30, 2009  | 2,383,527                            | 1,357,239        | 56.9%                                                       | 1,026,288                                            |
| June 30, 2010  | 2,840,807                            | 1,479,260        | 52.1%                                                       | 1,361,547                                            |
| June 30, 2011  | 2,932,691                            | 1,591,988        | 54.3%                                                       | 1,340,703                                            |
| June 30, 2012  | 2,946,667                            | 1,674,160        | 56.8%                                                       | 1,272,507                                            |
| June 30, 2013  | 3,002,554                            | 1,803,763        | 60.1%                                                       | 1,198,791                                            |
| June 30, 2014  | 2,919,670                            | 2,248,135        | 77.0%                                                       | 671,535                                              |
| June 30, 2015  | 2,677,393                            | 2,686,272        | 100.3%                                                      | (8,879)                                              |
| June 30, 2016  | 2,747,836                            | 2,771,704        | 100.9%                                                      | (23,868)                                             |
| June 30, 2017  | 2,927,093                            | 2,836,802        | 96.9%                                                       | 90,291                                               |
| June 30, 2018  | 2,684,150                            | 2,898,709        | 108.0%                                                      | (214,559)                                            |
| June 30, 2019  | 2,518,644                            | 2,947,562        | 117.0%                                                      | (428,918)                                            |
| June 30, 2020  | 2,489,675                            | 3,021,283        | 121.4%                                                      | (531,608)                                            |
| June 30, 2021  | 2,439,603                            | 3,267,737        | 133.9%                                                      | (828,134)                                            |
| June 30, 2022  | 2,442,577                            | 3,437,216        | 140.7%                                                      | (994,639)                                            |
| June 30, 2023  | 2,617,821                            | 3,547,973        | 135.5%                                                      | (930,152)                                            |
| June 30, 2024  | 2,651,545                            | 3,677,415        | 138.7%                                                      | (1,025,870)                                          |
| June 30, 2025  | 2,735,920                            | 3,846,857        | 140.6%                                                      | (1,110,937)                                          |

## 2 Plan Assets

### 2.1 Summary of Fair Value of Assets (\$ in thousands)

| As of June 30, 2025                  | Pension      | Healthcare   | Allocation Percent |
|--------------------------------------|--------------|--------------|--------------------|
| Cash and Short-Term Investments      |              |              |                    |
| - Cash and Cash Equivalents          | \$ 80,941    | \$ 49,244    | 1.3%               |
| - Subtotal                           | \$ 80,941    | \$ 49,244    | 1.3%               |
| Fixed Income Investments             |              |              |                    |
| - Domestic Fixed Income Pool         | \$ 1,373,006 | \$ 829,019   | 21.2%              |
| - International Fixed Income Pool    | 0            | 0            | 0.0%               |
| - Alternative Fixed Income Pool      | 171,522      | 103,565      | 2.6%               |
| - High Yield Pool                    | 0            | 0            | 0.0%               |
| - Treasury Inflation Protection Pool | 0            | 0            | 0.0%               |
| - Emerging Debt Pool                 | 0            | 0            | 0.0%               |
| - Subtotal                           | \$ 1,544,528 | \$ 932,584   | 23.8%              |
| Equity Investments                   |              |              |                    |
| - Domestic Equity Pool               | \$ 1,663,845 | \$ 1,004,592 | 25.7%              |
| - International Equity Pool          | 938,078      | 566,406      | 14.5%              |
| - Private Equity Pool                | 991,486      | 598,658      | 15.3%              |
| - Emerging Markets Equity Pool       | 173,459      | 104,734      | 2.7%               |
| - Alternative Equity Strategies      | 196,613      | 118,715      | 3.0%               |
| - Subtotal                           | \$ 3,963,481 | \$ 2,393,105 | 61.2%              |
| Other Investments                    |              |              |                    |
| - Real Estate Pool                   | \$ 421,033   | \$ 254,219   | 6.5%               |
| - Other Investments Pool             | 467,610      | 282,342      | 7.2%               |
| - Absolute Return Pool               | 0            | 0            | 0.0%               |
| - Other Assets                       | 0            | 318          | 0.0%               |
| - Subtotal                           | \$ 888,643   | \$ 536,879   | 13.7%              |
| Total Cash and Investments           | \$ 6,477,593 | \$ 3,911,812 | 100.0%             |
| Net Accrued Receivables              | 455          | (20,731)     |                    |
| Net Assets                           | \$ 6,478,048 | \$ 3,891,081 |                    |

## 2 Plan Assets

### 2.2 Changes in Fair Value of Assets During FY25 (\$ in thousands)

| Fiscal Year 2025                                                                        | Pension      | Healthcare   |
|-----------------------------------------------------------------------------------------|--------------|--------------|
| 1. Fair Value of Assets as of June 30, 2024                                             | \$ 6,216,525 | \$ 3,665,189 |
| 2. Additions:                                                                           |              |              |
| a. Employee Contributions                                                               | \$ 25,225    | \$ 0         |
| b. Employer Contributions                                                               | 47,010       | 2            |
| c. State Assistance Contributions                                                       | 123,358      | 0            |
| d. Interest and Dividend Income                                                         | 112,796      | 66,922       |
| e. Net Appreciation/(Depreciation) in Fair Value of Investments                         | 558,470      | 331,696      |
| f. Employer Group Waiver Plan                                                           | 0            | 26,525       |
| g. Transfer In                                                                          | 1            | 62           |
| h. Other                                                                                | 40           | 267          |
| i. Total Additions                                                                      | \$ 866,900   | \$ 425,474   |
| 3. Deductions:                                                                          |              |              |
| a. Medical Benefits                                                                     | \$ 0         | \$ 187,898   |
| b. Retirement Benefits                                                                  | 583,187      | 0            |
| c. Refund of Contributions                                                              | 1,715        | 0            |
| d. Investment Expenses                                                                  | 17,082       | 10,068       |
| e. Administrative Expenses                                                              | 3,393        | 1,616        |
| f. Transfer Out                                                                         | 0            | 0            |
| g. Total Deductions                                                                     | \$ 605,377   | \$ 199,582   |
| 4. Fair Value of Assets as of June 30, 2025                                             | \$ 6,478,048 | \$ 3,891,081 |
| 5. Approximate Fair Value Investment Return Rate during FY25 Net of Investment Expenses | 10.9%        | 10.8%        |

## 2 Plan Assets

### 2.3 Development of Actuarial Value of Assets (\$ in thousands)

The actuarial value of asset was set equal to the fair value as of June 30, 2014 and the 20% corridor was eliminated. Investment gains and losses after June 30, 2014 are recognized 20% per year over 5 years.

|                                                                                              | Pension      | Healthcare   |
|----------------------------------------------------------------------------------------------|--------------|--------------|
| 1. Investment Gain/(Loss) for FY25                                                           |              |              |
| a. Fair Value as of June 30, 2024                                                            | \$ 6,216,525 | \$ 3,665,189 |
| b. Contributions                                                                             | 195,593      | 2            |
| c. Employer Group Waiver Plan                                                                | 0            | 26,525       |
| d. Benefit Payments                                                                          | 584,902      | 187,898      |
| e. Administrative Expenses                                                                   | 3,393        | 1,616        |
| f. Transfers In/(Out)                                                                        | 1            | 62           |
| g. Actual Investment Return (net of investment expenses)                                     | 654,224      | 388,817      |
| h. Expected Return Rate (net of investment expenses)                                         | 7.25%        | 7.25%        |
| i. Expected Return, Weighted for Timing                                                      | 439,493      | 259,924      |
| j. Investment Gain/(Loss) for the Year, (g) - (i)                                            | 214,731      | 128,893      |
| 2. Actuarial Value as of June 30, 2025                                                       |              |              |
| a. Fair Value as of June 30, 2025                                                            | \$ 6,478,048 | \$ 3,891,081 |
| b. Deferred Investment Gain/(Loss)                                                           | 55,945       | 44,224       |
| c. Actuarial Value as of June 30, 2025, (a) - (b)                                            | 6,422,103    | 3,846,857    |
| 3. Ratio of Actuarial Value of Assets to Fair Value of Assets                                | 99.1%        | 98.9%        |
| 4. Approximate Actuarial Value Investment Return Rate during FY25 Net of Investment Expenses | 9.4%         | 9.2%         |

## 2 Plan Assets

### 2.3 Development of Actuarial Value of Assets (continued)

The tables below show the development of the gains/(losses) to be recognized in the current year:

#### Pension (\$ in thousands)

| Fiscal Year Ending | Asset Gain / (Loss) | Gain / (Loss) Recognized in Prior Years | Gain / (Loss) Recognized This Year | Gain / (Loss) Deferred to Future Years |
|--------------------|---------------------|-----------------------------------------|------------------------------------|----------------------------------------|
| June 30, 2021      | \$ 1,200,625        | \$ 960,500                              | \$ 240,125                         | \$ 0                                   |
| June 30, 2022      | (880,940)           | (528,564)                               | (176,188)                          | (176,188)                              |
| June 30, 2023      | 15,922              | 6,368                                   | 3,185                              | 6,369                                  |
| June 30, 2024      | 89,965              | 17,993                                  | 17,993                             | 53,979                                 |
| June 30, 2025      | 214,731             | 0                                       | 42,946                             | 171,785                                |
| <b>Total</b>       | <b>\$ 640,303</b>   | <b>\$ 456,297</b>                       | <b>\$ 128,061</b>                  | <b>\$ 55,945</b>                       |

#### Healthcare (\$ in thousands)

| Fiscal Year Ending | Asset Gain / (Loss) | Gain / (Loss) Recognized in Prior Years | Gain / (Loss) Recognized This Year | Gain / (Loss) Deferred to Future Years |
|--------------------|---------------------|-----------------------------------------|------------------------------------|----------------------------------------|
| June 30, 2021      | \$ 655,144          | \$ 524,115                              | \$ 131,029                         | \$ 0                                   |
| June 30, 2022      | (491,853)           | (295,112)                               | (98,371)                           | (98,370)                               |
| June 30, 2023      | 12,687              | 5,074                                   | 2,538                              | 5,075                                  |
| June 30, 2024      | 57,341              | 11,468                                  | 11,468                             | 34,405                                 |
| June 30, 2025      | 128,893             | 0                                       | 25,779                             | 103,114                                |
| <b>Total</b>       | <b>\$ 362,212</b>   | <b>\$ 245,545</b>                       | <b>\$ 72,443</b>                   | <b>\$ 44,224</b>                       |

## 2 Plan Assets

### 2.4 Historical Asset Rates of Return

| Year Ending   | Actuarial Value |            | Fair Value |            |
|---------------|-----------------|------------|------------|------------|
|               | Annual          | Cumulative | Annual     | Cumulative |
| June 30, 2005 | 9.1%            | 9.1%       | 8.5%       | 8.5%       |
| June 30, 2006 | 9.6%            | 9.3%       | 11.4%      | 9.9%       |
| June 30, 2007 | 11.9%           | 10.2%      | 18.5%      | 12.7%      |
| June 30, 2008 | 10.2%           | 10.2%      | (3.0%)     | 8.6%       |
| June 30, 2009 | (7.9%)          | 6.3%       | (21.0%)    | 1.9%       |
| June 30, 2010 | 8.1%            | 6.6%       | 10.6%      | 3.3%       |
| June 30, 2011 | 6.9%            | 6.6%       | 20.5%      | 5.6%       |
| June 30, 2012 | 0.7%            | 5.9%       | 0.2%       | 4.9%       |
| June 30, 2013 | 3.7%            | 5.6%       | 12.2%      | 5.7%       |
| June 30, 2014 | 22.7%           | 7.2%       | 18.2%      | 6.9%       |
| June 30, 2015 | 7.2%            | 7.2%       | 3.2%       | 6.5%       |
| June 30, 2016 | 5.1%            | 7.1%       | (0.7%)     | 5.9%       |
| June 30, 2017 | 5.6%            | 6.9%       | 12.9%      | 6.4%       |
| June 30, 2018 | 6.2%            | 6.9%       | 8.2%       | 6.6%       |
| June 30, 2019 | 5.5%            | 6.8%       | 5.9%       | 6.5%       |
| June 30, 2020 | 5.8%            | 6.7%       | 4.1%       | 6.4%       |
| June 30, 2021 | 11.6%           | 7.0%       | 30.1%      | 7.6%       |
| June 30, 2022 | 8.7%            | 7.1%       | (6.0%)     | 6.8%       |
| June 30, 2023 | 7.4%            | 7.1%       | 7.6%       | 6.9%       |
| June 30, 2024 | 8.0%            | 7.2%       | 8.9%       | 7.0%       |
| June 30, 2025 | 9.3%            | 7.3%       | 10.9%      | 7.1%       |

Rates of return are shown based on combined assets for Pension and Healthcare.

Cumulative returns are since fiscal year ending June 30, 2005.

## 3 Projections

### 3.1 Projection Assumptions and Methods

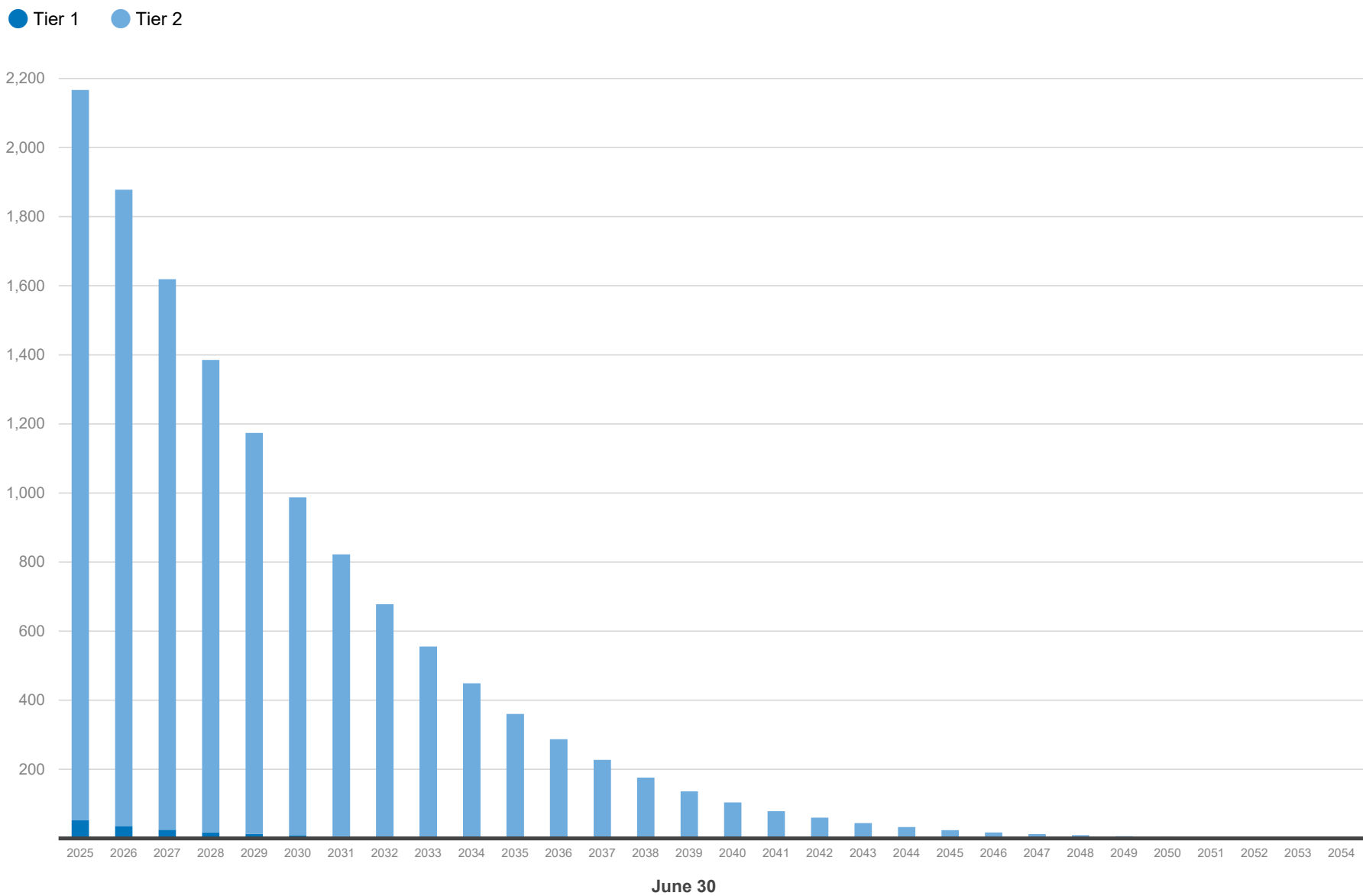
#### Key Assumptions

- 7.25% investment return (net of investment expenses) on the Fair Value of Assets in all future years.
- The Actuarial Value of Assets reflects the deferred gains and losses generated by the smoothing method. The current deferred amount is recognized in the first four years of the projections.
- Actuarial assumptions and methods as described in Section 5. Experience after June 30, 2025 is assumed to match the assumptions.
- The actuarially calculated contribution rate using a two-year roll-forward approach is adopted each year.
- Projections assume a 0% increase in the total active member population. All new members are expected to enter the DCR plan.
- Contribution rates are determined as a percent of total DB and DCR payroll.
- The DCR contribution rate determined as of June 30, 2025 is assumed to remain constant in all future years.
- The active rehire assumption shown in Section 5 is assumed to grade to zero on a uniform basis over 20 years.
- The Normal Cost is increased by the administrative expenses shown in Section 5. For future years, the percent increase is assumed to remain constant.
- Board-adopted contribution rates for FY26 and FY27 are reflected. The projected actuarially determined contributions are assumed to be deposited to the trusts each year.
- Outstanding amortization bases for the pension trust are eliminated in the year that the pension trust is projected to reach 100% funding.
- For the projections in Section 3.9A, the healthcare Normal Cost is assumed to be contributed to the healthcare trust in FY28 and beyond. For the projections in Section 3.9B, zero healthcare Normal Cost is assumed to be contributed to the healthcare trust in all years.

# 3 Projections

## 3.2 Membership Projections

Active Member Counts

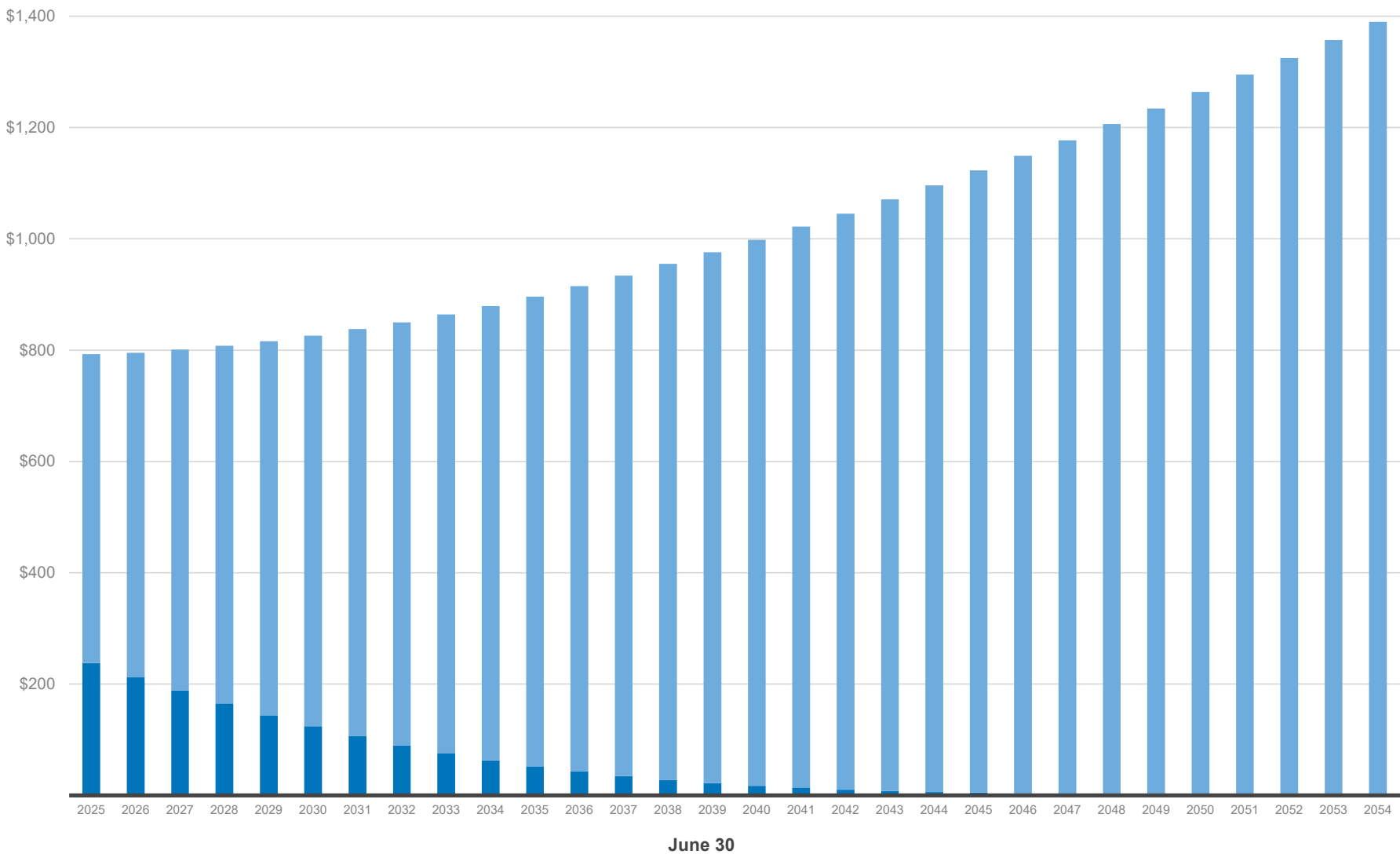


# 3 Projections

## 3.2 Membership Projections (continued)

Total Payroll (\$ in millions)

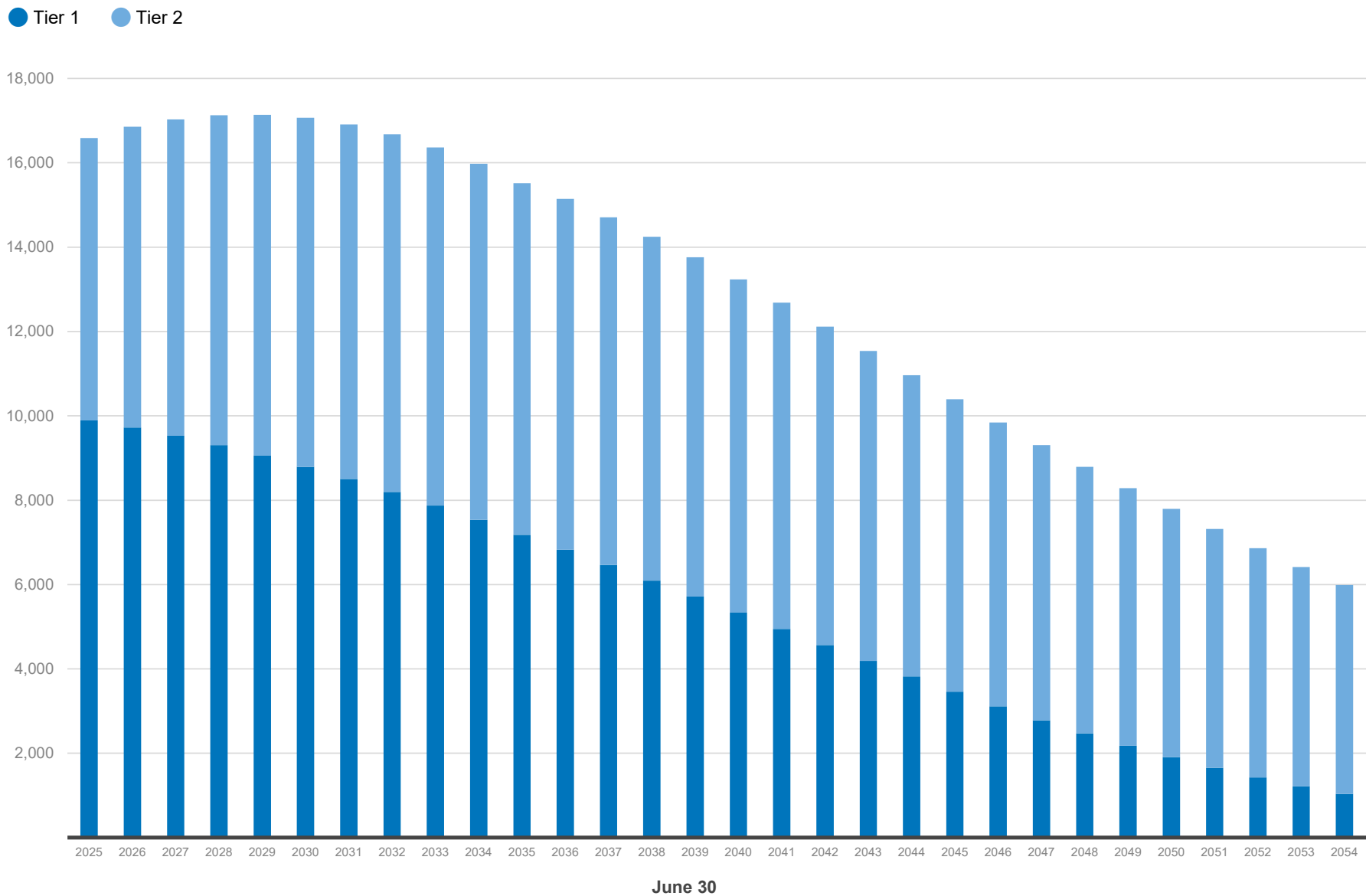
DB DCR



# 3 Projections

## 3.2 Membership Projections (continued)

### Inactive Member Counts

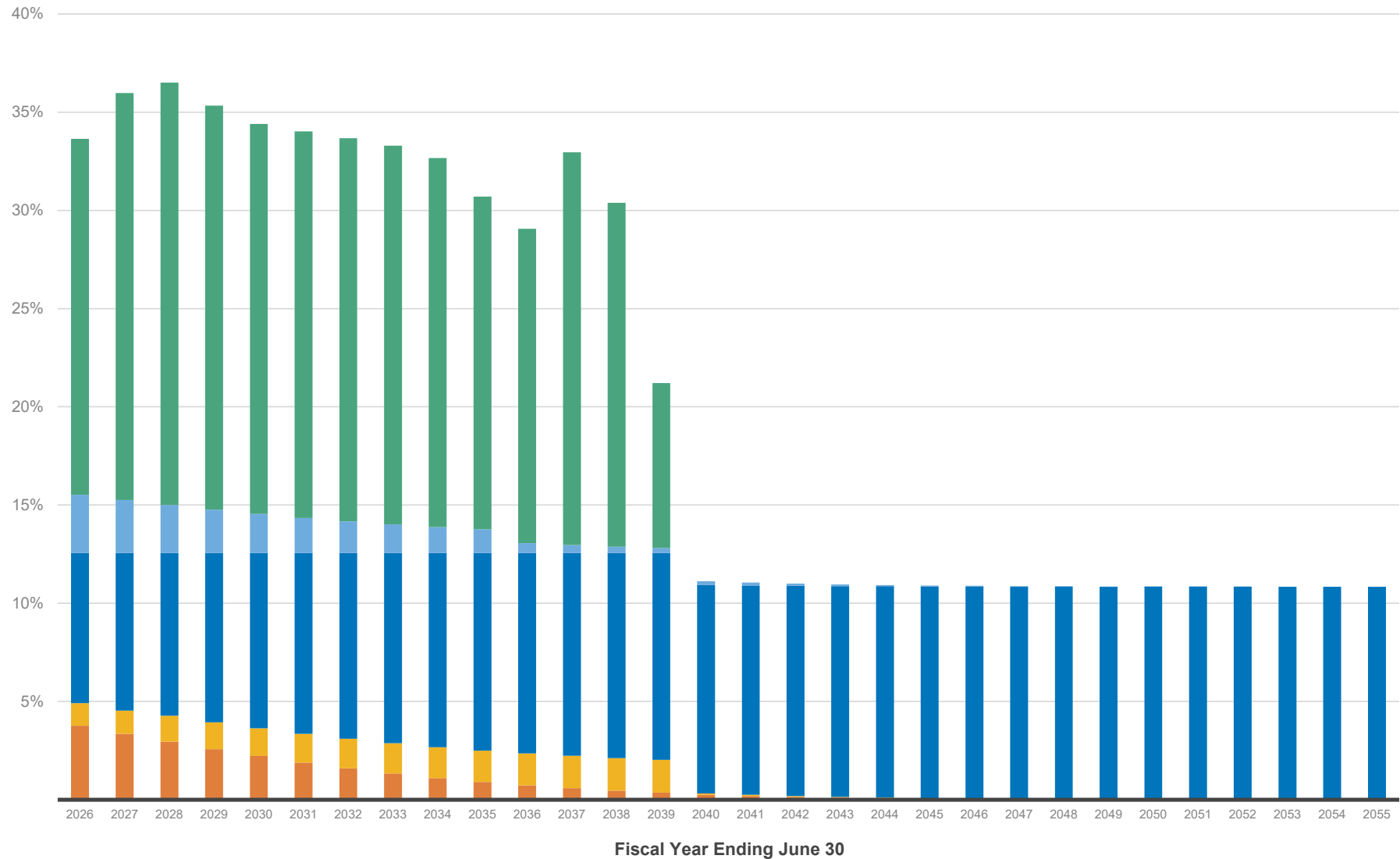


## 3 Projections

### 3.3 Projected Contribution Rates

Based on Total Payroll (DB and DCR)

DB Employers on DB Pay DB Employers on DCR Pay DCR Employers DB Employees State Assistance

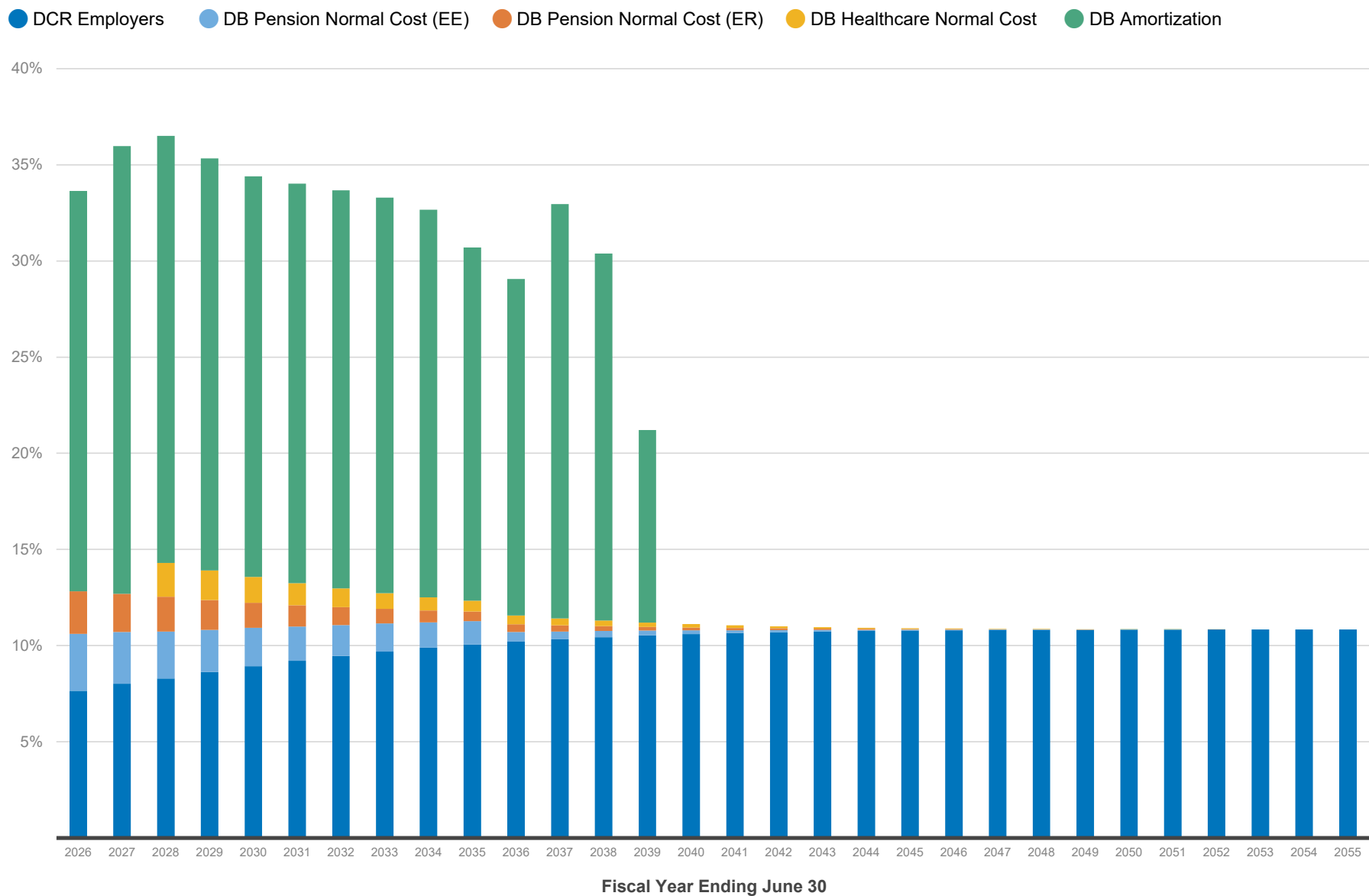


These projections reflect the DB contribution rates shown in Section 3.9A.

# 3 Projections

## 3.4 Projected Contribution Rates by Component

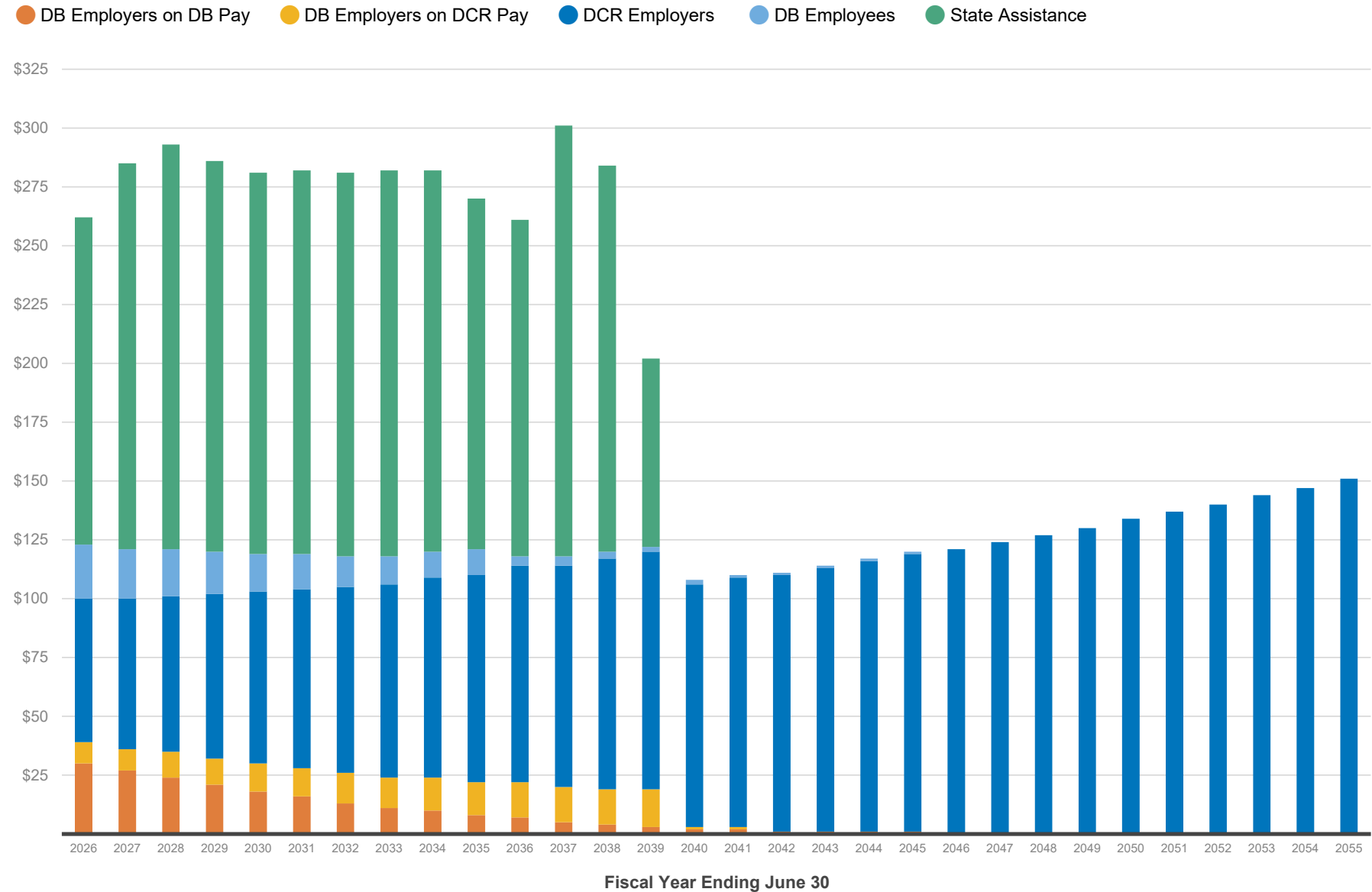
Based on Total Payroll (DB and DCR)



These projections reflect the DB contribution rates shown in Section 3.9A.

### 3 Projections

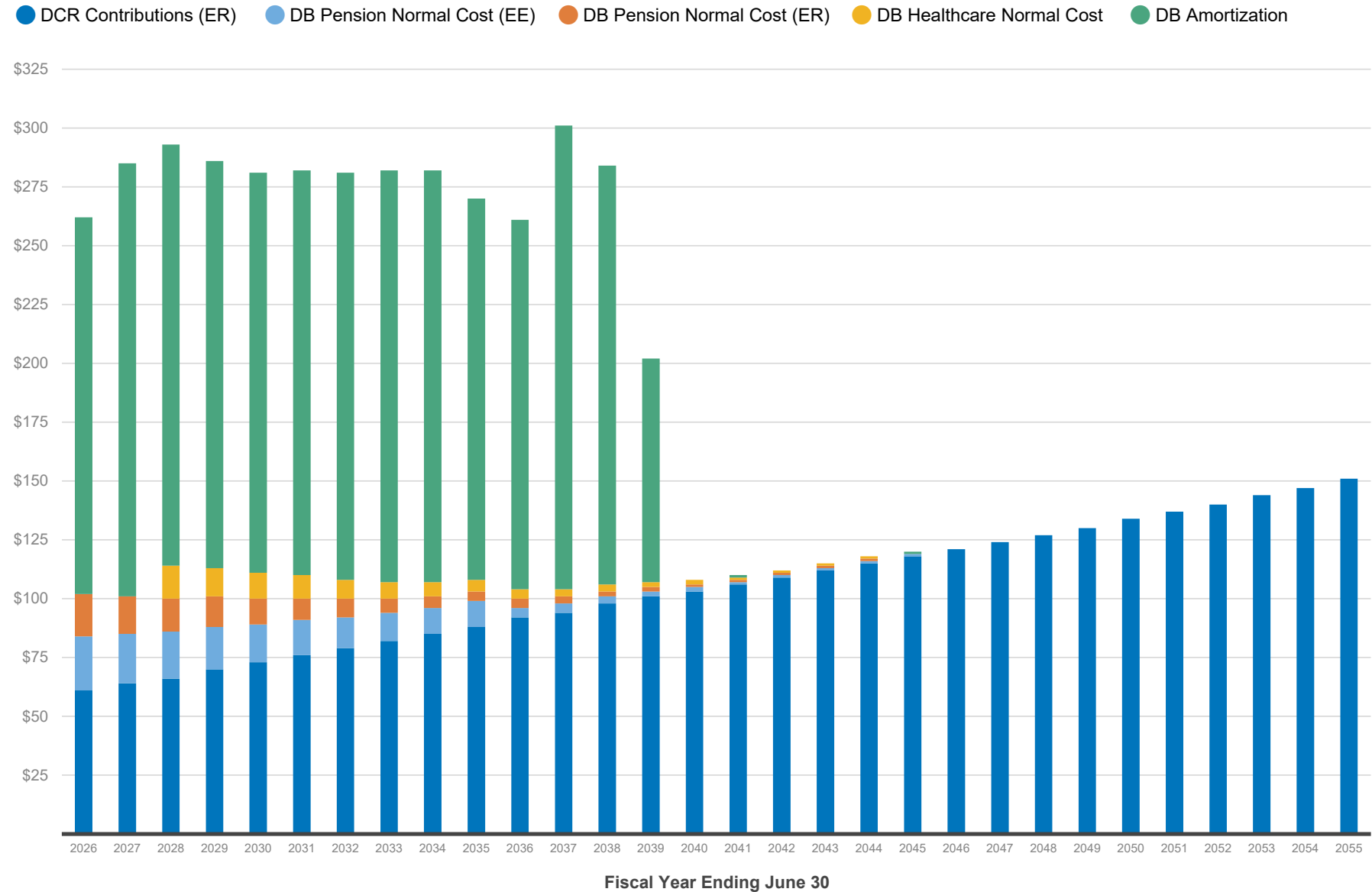
#### 3.5 Projected Contribution Amounts (\$ in millions)



These projections reflect the DB contribution rates shown in Section 3.9A.

### 3 Projections

#### 3.6 Projected Contribution Amounts by Component (\$ in millions)

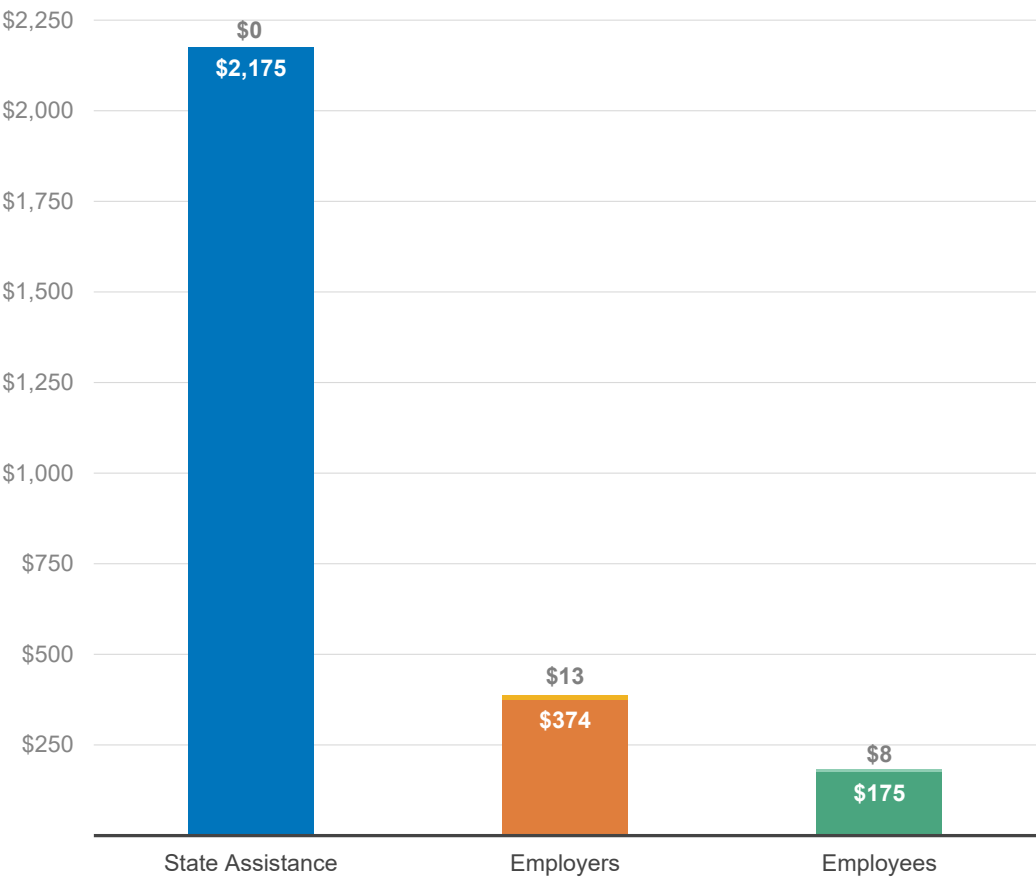
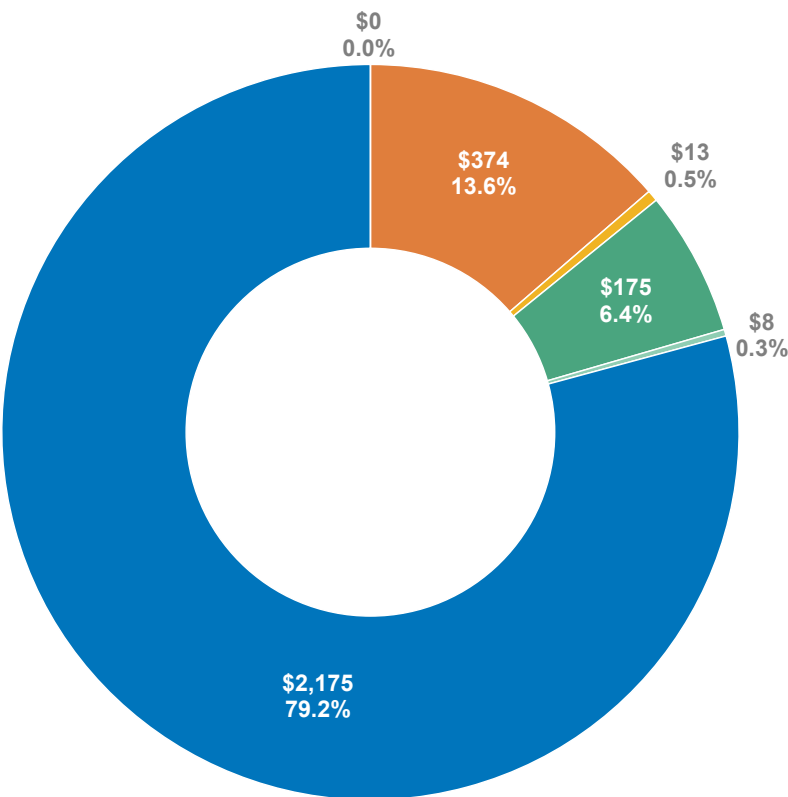


These projections reflect the DB contribution rates shown in Section 3.9A.

# 3 Projections

## 3.7 Summary of Projected Contributions by Source (\$ in millions)

- State Assistance FY26-FY39
- Employers FY26-FY39
- Employees FY26-FY39
- State Assistance FY40-FY55
- Employers FY40-FY55
- Employees FY40-FY55

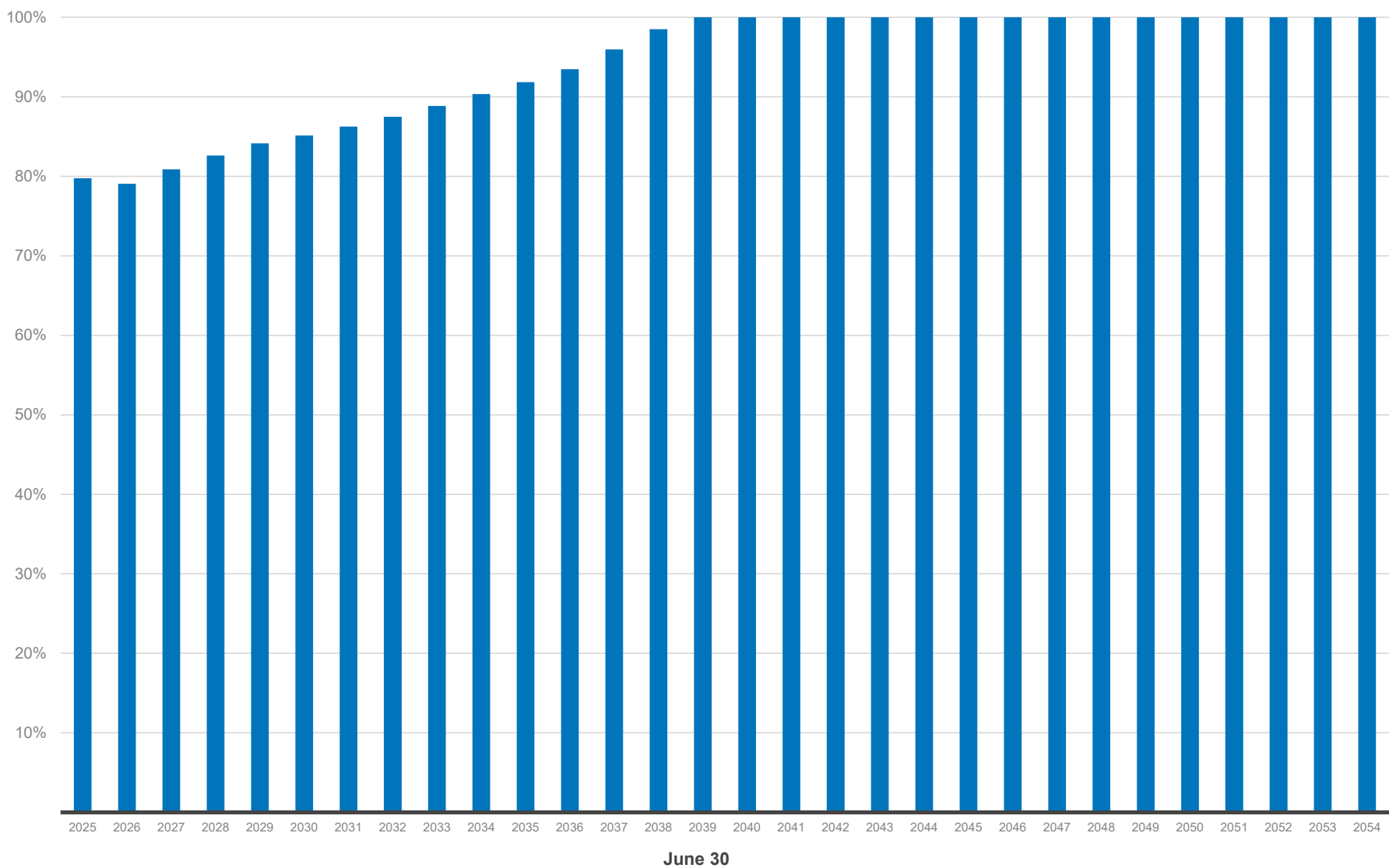


These projections reflect the DB contribution rates shown in Section 3.9A.

# 3 Projections

## 3.8 Projected Funded Ratios

### Pension

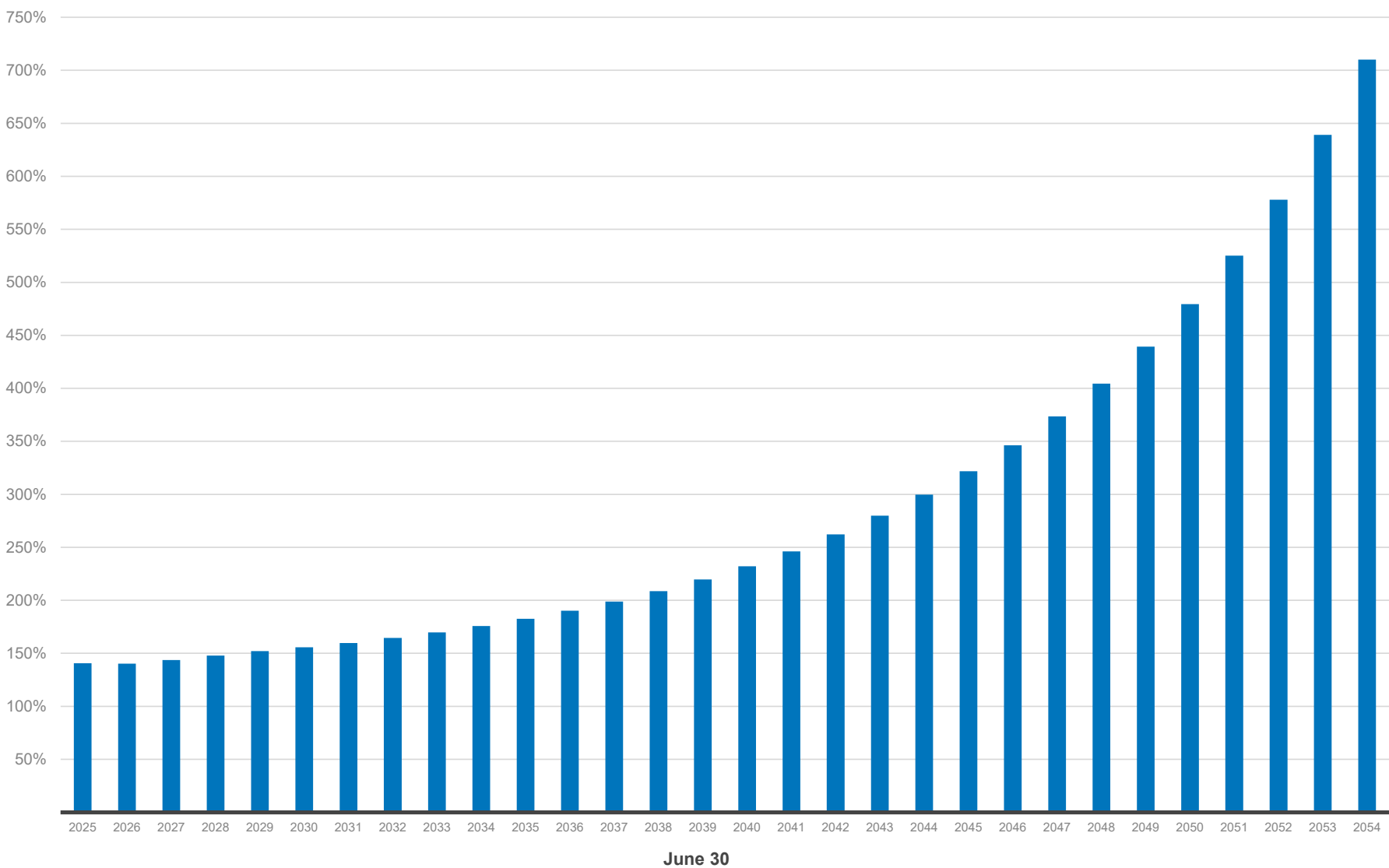


These projections reflect the DB contribution rates shown in Section 3.9A.

# 3 Projections

## 3.8 Projected Funded Ratios (continued)

### Healthcare



These projections reflect the DB contribution rates shown in Section 3.9A.

## 3 Projections

### 3.9A Tables of Projected Actuarial Results (\$ in thousands)

| June 30 | Valuation Amounts on June 30 |                   |                  |                   | Cash Flow Amounts during Following 12 Months |                          |        |        |                  |                  |            |              |                  | Deferred Asset Gain / (Loss) |            |
|---------|------------------------------|-------------------|------------------|-------------------|----------------------------------------------|--------------------------|--------|--------|------------------|------------------|------------|--------------|------------------|------------------------------|------------|
|         | Pension                      |                   | Healthcare       |                   | Total Salaries                               | Actuarial Contrib. Rates |        |        | DB Contributions |                  |            |              | Benefit Payments |                              |            |
|         | Actuarial Assets             | Accrued Liability | Actuarial Assets | Accrued Liability |                                              | DB                       | DCR    | Total  | Employer         | State Assistance | Employee   | Total        |                  |                              |            |
| 2025    | \$ 6,422,103                 | \$ 8,051,399      | \$ 3,846,857     | \$ 2,735,920      | \$ 792,816                                   | 23.68%                   | 7.65%  | 31.33% | \$ 38,927        | \$ 138,982       | \$ 23,454  | \$ 201,363   | \$ 777,893       | \$ 168,009                   | \$ 102,810 |
| 2026    | 6,352,444                    | 8,034,847         | 3,894,261        | 2,776,272         | 795,622                                      | 26.00%                   | 8.02%  | 34.02% | 36,121           | 163,926          | 21,419     | 221,466      | 796,764          | 103,885                      | 63,025     |
| 2027    | 6,468,861                    | 7,997,584         | 4,044,390        | 2,814,397         | 801,061                                      | 26.55%                   | 8.29%  | 34.84% | 34,206           | 172,308          | 19,515     | 226,029      | 821,345          | 42,946                       | 25,779     |
| 2028    | 6,561,636                    | 7,942,119         | 4,204,038        | 2,842,986         | 807,990                                      | 25.24%                   | 8.62%  | 33.86% | 31,835           | 166,204          | 17,782     | 215,821      | 844,951          | 0                            | 0          |
| 2029    | 6,617,015                    | 7,864,065         | 4,347,862        | 2,860,460         | 816,507                                      | 24.19%                   | 8.93%  | 33.12% | 29,639           | 162,077          | 16,217     | 207,933      | 865,815          | 0                            | 0          |
| 2030    | 6,612,825                    | 7,766,359         | 4,462,334        | 2,867,032         | 826,355                                      | 23.73%                   | 9.21%  | 32.94% | 27,683           | 162,627          | 14,728     | 205,038      | 884,108          | 0                            | 0          |
| 2031    | 6,598,424                    | 7,650,300         | 4,573,395        | 2,862,389         | 837,683                                      | 23.29%                   | 9.46%  | 32.75% | 25,968           | 163,348          | 13,479     | 202,795      | 900,225          | 0                            | 0          |
| 2032    | 6,574,871                    | 7,516,183         | 4,682,032        | 2,846,908         | 850,433                                      | 22.83%                   | 9.69%  | 32.52% | 24,408           | 163,878          | 12,386     | 200,672      | 914,069          | 0                            | 0          |
| 2033    | 6,543,735                    | 7,365,239         | 4,788,322        | 2,820,113         | 864,279                                      | 22.13%                   | 9.89%  | 32.02% | 23,076           | 162,398          | 11,451     | 196,925      | 922,812          | 0                            | 0          |
| 2034    | 6,504,660                    | 7,198,708         | 4,895,415        | 2,784,483         | 879,691                                      | 20.03%                   | 10.06% | 30.09% | 21,992           | 148,932          | 10,677     | 181,601      | 927,560          | 0                            | 0          |
| 2035    | 6,446,769                    | 7,018,103         | 5,005,372        | 2,741,358         | 896,318                                      | 18.92%                   | 10.21% | 29.13% | 21,063           | 143,411          | 4,482      | 168,956      | 923,536          | 0                            | 0          |
| 2036    | 6,380,200                    | 6,825,221         | 5,119,131        | 2,690,990         | 914,463                                      | 22.94%                   | 10.33% | 33.27% | 20,392           | 182,893          | 3,658      | 206,943      | 922,132          | 0                            | 0          |
| 2037    | 6,354,547                    | 6,620,966         | 5,238,088        | 2,633,934         | 933,932                                      | 20.25%                   | 10.44% | 30.69% | 19,799           | 163,531          | 2,989      | 186,319      | 916,935          | 0                            | 0          |
| 2038    | 6,311,779                    | 6,406,793         | 5,364,722        | 2,571,756         | 954,527                                      | 10.73%                   | 10.53% | 21.26% | 19,376           | 80,180           | 2,386      | 101,942      | 909,131          | 0                            | 0          |
| 2039    | 6,184,505                    | 6,184,503         | 5,500,030        | 2,504,545         | 976,119                                      | 0.32%                    | 10.60% | 10.92% | 3,124            | 0                | 1,952      | 5,076        | 899,284          | 0                            | 0          |
| 2040    | 5,955,638                    | 5,955,637         | 5,644,845        | 2,432,156         | 998,474                                      | 0.25%                    | 10.65% | 10.90% | 2,496            | 0                | 1,498      | 3,994        | 885,489          | 0                            | 0          |
| 2041    | 5,721,565                    | 5,721,564         | 5,802,277        | 2,356,631         | 1,021,947                                    | 0.19%                    | 10.70% | 10.89% | 1,942            | 0                | 1,124      | 3,066        | 868,343          | 0                            | 0          |
| 2042    | 5,483,911                    | 5,483,879         | 5,974,823        | 2,279,409         | 1,045,798                                    | 0.14%                    | 10.73% | 10.87% | 1,464            | 0                | 941        | 2,405        | 846,991          | 0                            | 0          |
| 2043    | 5,244,013                    | 5,243,954         | 6,166,557        | 2,203,210         | 1,070,699                                    | 0.11%                    | 10.76% | 10.87% | 1,177            | 0                | 642        | 1,819        | 824,170          | 0                            | 0          |
| 2044    | 5,003,005                    | 5,002,937         | 6,379,131        | 2,128,428         | 1,096,321                                    | 0.07%                    | 10.78% | 10.85% | 768              | 0                | 548        | 1,316        | 799,027          | 0                            | 0          |
| 2045    | 4,762,083                    | 4,762,015         | 6,615,252        | 2,056,413         | 1,122,647                                    | 0.06%                    | 10.80% | 10.86% | 674              | 0                | 337        | 1,011        | 774,035          | 0                            | 0          |
| 2046    | 4,522,355                    | 4,522,265         | 6,875,572        | 1,986,240         | 1,149,691                                    | 0.03%                    | 10.81% | 10.84% | 345              | 0                | 345        | 690          | 749,146          | 0                            | 0          |
| 2047    | 4,284,663                    | 4,284,594         | 7,160,964        | 1,917,194         | 1,177,292                                    | 0.03%                    | 10.82% | 10.85% | 353              | 0                | 235        | 588          | 725,244          | 0                            | 0          |
| 2048    | 4,049,867                    | 4,049,797         | 7,471,734        | 1,847,752         | 1,205,534                                    | 0.02%                    | 10.82% | 10.84% | 242              | 0                | 121        | 363          | 701,549          | 0                            | 0          |
| 2049    | 3,818,630                    | 3,818,570         | 7,808,924        | 1,777,225         | 1,234,377                                    | 0.01%                    | 10.83% | 10.84% | 304              | 0                | 123        | 427          | 677,940          | 0                            | 0          |
| 2050    | 3,591,656                    | 3,591,463         | 8,174,211        | 1,705,191         | 1,263,957                                    | 0.01%                    | 10.83% | 10.84% | 250              | 0                | 126        | 376          | 654,009          | 0                            | 0          |
| 2051    | 3,369,258                    | 3,368,921         | 8,569,840        | 1,631,758         | 1,294,346                                    | 0.01%                    | 10.84% | 10.85% | 177              | 0                | 0          | 177          | 630,041          | 0                            | 0          |
| 2052    | 3,151,727                    | 3,151,318         | 8,997,931        | 1,556,838         | 1,325,399                                    | 0.00%                    | 10.84% | 10.84% | 87               | 0                | 0          | 87           | 606,008          | 0                            | 0          |
| 2053    | 2,939,419                    | 2,938,980         | 9,461,009        | 1,480,437         | 1,357,392                                    | 0.00%                    | 10.84% | 10.84% | 54               | 0                | 0          | 54           | 581,506          | 0                            | 0          |
| 2054    | 2,732,675                    | 2,732,204         | 9,962,190        | 1,403,027         | 1,390,453                                    | 0.00%                    | 10.84% | 10.84% | 33               | 0                | 0          | 33           | 556,905          | 0                            | 0          |
| Total   |                              |                   |                  |                   |                                              |                          |        |        | \$ 387,975       | \$ 2,174,695     | \$ 182,615 | \$ 2,745,285 |                  |                              |            |

The contribution rates, contribution amounts, and benefit payments are determined separately for Pension and Healthcare. They are aggregated solely for purposes of display in this exhibit.

For these projections, the healthcare Normal Cost is assumed to be contributed to the healthcare trust in FY28 and beyond.

## 3 Projections

### 3.9A Tables of Projected Actuarial Results (\$ in thousands) (continued)

| June<br>30 | Funded Ratio |            | Unfunded Liability / (Surplus) |                |
|------------|--------------|------------|--------------------------------|----------------|
|            | Pension      | Healthcare | Pension                        | Healthcare     |
| 2025       | 80%          | 141%       | \$ 1,629,296                   | \$ (1,110,937) |
| 2026       | 79%          | 140%       | 1,682,403                      | (1,117,989)    |
| 2027       | 81%          | 144%       | 1,528,723                      | (1,229,993)    |
| 2028       | 83%          | 148%       | 1,380,483                      | (1,361,052)    |
| 2029       | 84%          | 152%       | 1,247,050                      | (1,487,402)    |
| 2030       | 85%          | 156%       | 1,153,534                      | (1,595,302)    |
| 2031       | 86%          | 160%       | 1,051,876                      | (1,711,006)    |
| 2032       | 87%          | 164%       | 941,312                        | (1,835,124)    |
| 2033       | 89%          | 170%       | 821,504                        | (1,968,209)    |
| 2034       | 90%          | 176%       | 694,048                        | (2,110,932)    |
| 2035       | 92%          | 183%       | 571,334                        | (2,264,014)    |
| 2036       | 93%          | 190%       | 445,021                        | (2,428,141)    |
| 2037       | 96%          | 199%       | 266,419                        | (2,604,154)    |
| 2038       | 99%          | 209%       | 95,014                         | (2,792,966)    |
| 2039       | 100%         | 220%       | (2)                            | (2,995,485)    |
| 2040       | 100%         | 232%       | (1)                            | (3,212,689)    |
| 2041       | 100%         | 246%       | (1)                            | (3,445,646)    |
| 2042       | 100%         | 262%       | (32)                           | (3,695,414)    |
| 2043       | 100%         | 280%       | (59)                           | (3,963,347)    |
| 2044       | 100%         | 300%       | (68)                           | (4,250,703)    |
| 2045       | 100%         | 322%       | (68)                           | (4,558,839)    |
| 2046       | 100%         | 346%       | (90)                           | (4,889,332)    |
| 2047       | 100%         | 374%       | (69)                           | (5,243,770)    |
| 2048       | 100%         | 404%       | (70)                           | (5,623,982)    |
| 2049       | 100%         | 439%       | (60)                           | (6,031,699)    |
| 2050       | 100%         | 479%       | (193)                          | (6,469,020)    |
| 2051       | 100%         | 525%       | (337)                          | (6,938,082)    |
| 2052       | 100%         | 578%       | (409)                          | (7,441,093)    |
| 2053       | 100%         | 639%       | (439)                          | (7,980,572)    |
| 2054       | 100%         | 710%       | (471)                          | (8,559,163)    |

For these projections, the healthcare Normal Cost is assumed to be contributed to the healthcare trust in FY28 and beyond.

## 3 Projections

### 3.9B Tables of Projected Actuarial Results (\$ in thousands)

| June 30 | Valuation Amounts on June 30 |                   |                  |                   | Cash Flow Amounts during Following 12 Months |                          |        |        |                  |                  |            |              |                  | Deferred Asset Gain / (Loss) |            |
|---------|------------------------------|-------------------|------------------|-------------------|----------------------------------------------|--------------------------|--------|--------|------------------|------------------|------------|--------------|------------------|------------------------------|------------|
|         | Pension                      |                   | Healthcare       |                   | Total Salaries                               | Actuarial Contrib. Rates |        |        | DB Contributions |                  |            |              | Benefit Payments |                              |            |
|         | Actuarial Assets             | Accrued Liability | Actuarial Assets | Accrued Liability |                                              | DB                       | DCR    | Total  | Employer         | State Assistance | Employee   | Total        |                  | Pension                      | Healthcare |
| 2025    | \$ 6,422,103                 | \$ 8,051,399      | \$ 3,846,857     | \$ 2,735,920      | \$ 792,816                                   | 23.68%                   | 7.65%  | 31.33% | \$ 38,927        | \$ 138,982       | \$ 23,454  | \$ 201,363   | \$ 777,893       | \$ 168,009                   | \$ 102,810 |
| 2026    | 6,352,444                    | 8,034,847         | 3,894,261        | 2,776,272         | 795,622                                      | 26.00%                   | 8.02%  | 34.02% | 36,121           | 163,926          | 21,419     | 221,466      | 796,764          | 103,885                      | 63,025     |
| 2027    | 6,468,861                    | 7,997,584         | 4,044,390        | 2,814,397         | 801,061                                      | 24.79%                   | 8.29%  | 33.08% | 34,205           | 158,690          | 19,515     | 212,410      | 821,345          | 42,946                       | 25,779     |
| 2028    | 6,561,630                    | 7,942,119         | 4,189,437        | 2,842,986         | 807,990                                      | 23.70%                   | 8.62%  | 32.32% | 31,835           | 154,164          | 17,782     | 203,781      | 844,951          | 0                            | 0          |
| 2029    | 6,616,982                    | 7,864,065         | 4,319,317        | 2,860,460         | 816,507                                      | 22.85%                   | 8.93%  | 31.78% | 29,639           | 151,544          | 16,217     | 197,400      | 865,815          | 0                            | 0          |
| 2030    | 6,612,824                    | 7,766,359         | 4,420,389        | 2,867,032         | 826,355                                      | 22.58%                   | 9.21%  | 31.79% | 27,683           | 153,454          | 14,728     | 195,865      | 884,108          | 0                            | 0          |
| 2031    | 6,598,427                    | 7,650,300         | 4,518,568        | 2,862,389         | 837,683                                      | 22.31%                   | 9.46%  | 31.77% | 25,968           | 155,390          | 13,479     | 194,837      | 900,225          | 0                            | 0          |
| 2032    | 6,574,840                    | 7,516,183         | 4,614,729        | 2,846,908         | 850,433                                      | 22.01%                   | 9.69%  | 31.70% | 24,407           | 157,160          | 12,386     | 193,953      | 914,069          | 0                            | 0          |
| 2033    | 6,543,718                    | 7,365,239         | 4,708,918        | 2,820,113         | 864,279                                      | 21.45%                   | 9.89%  | 31.34% | 23,076           | 156,694          | 11,451     | 191,221      | 922,812          | 0                            | 0          |
| 2034    | 6,504,611                    | 7,198,708         | 4,804,168        | 2,784,483         | 879,691                                      | 19.47%                   | 10.06% | 29.53% | 21,992           | 144,181          | 10,677     | 176,850      | 927,560          | 0                            | 0          |
| 2035    | 6,446,723                    | 7,018,103         | 4,902,408        | 2,741,358         | 896,318                                      | 18.47%                   | 10.21% | 28.68% | 21,063           | 139,557          | 4,482      | 165,102      | 923,536          | 0                            | 0          |
| 2036    | 6,380,194                    | 6,825,221         | 5,004,525        | 2,690,990         | 914,463                                      | 22.58%                   | 10.33% | 32.91% | 20,393           | 179,692          | 3,658      | 203,743      | 922,132          | 0                            | 0          |
| 2037    | 6,354,518                    | 6,620,966         | 5,111,764        | 2,633,934         | 933,932                                      | 19.96%                   | 10.44% | 30.40% | 19,799           | 160,916          | 2,989      | 183,704      | 916,935          | 0                            | 0          |
| 2038    | 6,311,748                    | 6,406,793         | 5,226,435        | 2,571,756         | 954,527                                      | 10.51%                   | 10.53% | 21.04% | 19,377           | 78,176           | 2,386      | 99,939       | 909,131          | 0                            | 0          |
| 2039    | 6,184,597                    | 6,184,503         | 5,349,444        | 2,504,545         | 976,119                                      | 0.14%                    | 10.60% | 10.74% | 1,367            | 0                | 1,952      | 3,319        | 899,284          | 0                            | 0          |
| 2040    | 5,955,737                    | 5,955,637         | 5,481,522        | 2,432,156         | 998,474                                      | 0.11%                    | 10.65% | 10.76% | 1,098            | 0                | 1,498      | 2,596        | 885,489          | 0                            | 0          |
| 2041    | 5,721,671                    | 5,721,564         | 5,625,665        | 2,356,631         | 1,021,947                                    | 0.09%                    | 10.70% | 10.79% | 920              | 0                | 1,124      | 2,044        | 868,343          | 0                            | 0          |
| 2042    | 5,484,025                    | 5,483,879         | 5,784,348        | 2,279,409         | 1,045,798                                    | 0.06%                    | 10.73% | 10.79% | 627              | 0                | 941        | 1,568        | 846,991          | 0                            | 0          |
| 2043    | 5,244,135                    | 5,243,954         | 5,961,405        | 2,203,210         | 1,070,699                                    | 0.05%                    | 10.76% | 10.81% | 535              | 0                | 642        | 1,177        | 824,170          | 0                            | 0          |
| 2044    | 5,003,136                    | 5,002,937         | 6,158,440        | 2,128,428         | 1,096,321                                    | 0.03%                    | 10.78% | 10.81% | 329              | 0                | 548        | 877          | 799,027          | 0                            | 0          |
| 2045    | 4,762,224                    | 4,762,015         | 6,378,106        | 2,056,413         | 1,122,647                                    | 0.03%                    | 10.80% | 10.83% | 337              | 0                | 337        | 674          | 774,035          | 0                            | 0          |
| 2046    | 4,522,506                    | 4,522,265         | 6,620,884        | 1,986,240         | 1,149,691                                    | 0.01%                    | 10.81% | 10.82% | 115              | 0                | 345        | 460          | 749,146          | 0                            | 0          |
| 2047    | 4,284,824                    | 4,284,594         | 6,887,572        | 1,917,194         | 1,177,292                                    | 0.01%                    | 10.82% | 10.83% | 118              | 0                | 235        | 353          | 725,244          | 0                            | 0          |
| 2048    | 4,050,040                    | 4,049,797         | 7,178,278        | 1,847,752         | 1,205,534                                    | 0.01%                    | 10.82% | 10.83% | 121              | 0                | 121        | 242          | 701,549          | 0                            | 0          |
| 2049    | 3,818,815                    | 3,818,570         | 7,494,068        | 1,777,225         | 1,234,377                                    | 0.00%                    | 10.83% | 10.83% | 181              | 0                | 123        | 304          | 677,940          | 0                            | 0          |
| 2050    | 3,591,855                    | 3,591,463         | 7,836,401        | 1,705,191         | 1,263,957                                    | 0.00%                    | 10.83% | 10.83% | 124              | 0                | 126        | 250          | 654,009          | 0                            | 0          |
| 2051    | 3,369,471                    | 3,368,921         | 8,207,408        | 1,631,758         | 1,294,346                                    | 0.01%                    | 10.84% | 10.85% | 129              | 0                | 0          | 129          | 630,041          | 0                            | 0          |
| 2052    | 3,151,955                    | 3,151,318         | 8,609,173        | 1,556,838         | 1,325,399                                    | 0.00%                    | 10.84% | 10.84% | 56               | 0                | 0          | 56           | 606,008          | 0                            | 0          |
| 2053    | 2,939,663                    | 2,938,980         | 9,044,034        | 1,480,437         | 1,357,392                                    | 0.00%                    | 10.84% | 10.84% | 34               | 0                | 0          | 34           | 581,506          | 0                            | 0          |
| 2054    | 2,732,936                    | 2,732,204         | 9,514,963        | 1,403,027         | 1,390,453                                    | 0.00%                    | 10.84% | 10.84% | 21               | 0                | 0          | 21           | 556,905          | 0                            | 0          |
| Total   |                              |                   |                  |                   |                                              |                          |        |        | \$ 380,597       | \$ 2,092,526     | \$ 182,615 | \$ 2,655,738 |                  |                              |            |

The contribution rates, contribution amounts, and benefit payments are determined separately for Pension and Healthcare. They are aggregated solely for purposes of display in this exhibit.

For these projections, zero healthcare Normal Cost is assumed to be contributed to the healthcare trust in all years.

## 3 Projections

### 3.9B Tables of Projected Actuarial Results (\$ in thousands) (continued)

| June<br>30 | Funded Ratio |            | Unfunded Liability / (Surplus) |                |
|------------|--------------|------------|--------------------------------|----------------|
|            | Pension      | Healthcare | Pension                        | Healthcare     |
| 2025       | 80%          | 141%       | \$ 1,629,296                   | \$ (1,110,937) |
| 2026       | 79%          | 140%       | 1,682,403                      | (1,117,989)    |
| 2027       | 81%          | 144%       | 1,528,723                      | (1,229,993)    |
| 2028       | 83%          | 147%       | 1,380,489                      | (1,346,451)    |
| 2029       | 84%          | 151%       | 1,247,083                      | (1,458,857)    |
| 2030       | 85%          | 154%       | 1,153,535                      | (1,553,357)    |
| 2031       | 86%          | 158%       | 1,051,873                      | (1,656,179)    |
| 2032       | 87%          | 162%       | 941,343                        | (1,767,821)    |
| 2033       | 89%          | 167%       | 821,521                        | (1,888,805)    |
| 2034       | 90%          | 173%       | 694,097                        | (2,019,685)    |
| 2035       | 92%          | 179%       | 571,380                        | (2,161,050)    |
| 2036       | 93%          | 186%       | 445,027                        | (2,313,535)    |
| 2037       | 96%          | 194%       | 266,448                        | (2,477,830)    |
| 2038       | 99%          | 203%       | 95,045                         | (2,654,679)    |
| 2039       | 100%         | 214%       | (94)                           | (2,844,899)    |
| 2040       | 100%         | 225%       | (100)                          | (3,049,366)    |
| 2041       | 100%         | 239%       | (107)                          | (3,269,034)    |
| 2042       | 100%         | 254%       | (146)                          | (3,504,939)    |
| 2043       | 100%         | 271%       | (181)                          | (3,758,195)    |
| 2044       | 100%         | 289%       | (199)                          | (4,030,012)    |
| 2045       | 100%         | 310%       | (209)                          | (4,321,693)    |
| 2046       | 100%         | 333%       | (241)                          | (4,634,644)    |
| 2047       | 100%         | 359%       | (230)                          | (4,970,378)    |
| 2048       | 100%         | 388%       | (243)                          | (5,330,526)    |
| 2049       | 100%         | 422%       | (245)                          | (5,716,843)    |
| 2050       | 100%         | 460%       | (392)                          | (6,131,210)    |
| 2051       | 100%         | 503%       | (550)                          | (6,575,650)    |
| 2052       | 100%         | 553%       | (637)                          | (7,052,335)    |
| 2053       | 100%         | 611%       | (683)                          | (7,563,597)    |
| 2054       | 100%         | 678%       | (732)                          | (8,111,936)    |

For these projections, zero healthcare Normal Cost is assumed to be contributed to the healthcare trust in all years.

## 3 Projections

### 3.10 Projected Pension Benefit Recipients and Amounts (\$ in thousands)

| June 30 | Pension          |                 | June 30 | Pension          |                 |
|---------|------------------|-----------------|---------|------------------|-----------------|
|         | Recipient Counts | Benefit Amounts |         | Recipient Counts | Benefit Amounts |
| 2025    | 14,522           | \$ 609,572      | 2065    | 1,992            | \$ 175,263      |
| 2026    | 14,896           | 625,323         | 2066    | 1,772            | 158,176         |
| 2027    | 15,188           | 639,821         | 2067    | 1,564            | 141,670         |
| 2028    | 15,400           | 652,336         | 2068    | 1,370            | 125,845         |
| 2029    | 15,536           | 663,024         | 2069    | 1,189            | 110,797         |
| 2030    | 15,589           | 671,438         | 2070    | 1,024            | 96,620          |
| 2031    | 15,558           | 678,637         | 2071    | 873              | 83,396          |
| 2032    | 15,455           | 683,707         | 2072    | 737              | 71,197          |
| 2033    | 15,273           | 686,738         | 2073    | 614              | 60,073          |
| 2034    | 15,017           | 687,550         | 2074    | 506              | 50,061          |
| 2035    | 14,693           | 680,206         | 2075    | 412              | 41,171          |
| 2036    | 14,313           | 676,412         | 2076    | 331              | 33,395          |
| 2037    | 13,872           | 670,639         | 2077    | 262              | 26,698          |
| 2038    | 13,406           | 662,624         | 2078    | 205              | 21,024          |
| 2039    | 12,916           | 652,726         | 2079    | 158              | 16,299          |
| 2040    | 12,391           | 641,187         | 2080    | 120              | 12,432          |
| 2041    | 11,843           | 627,883         | 2081    | 90               | 9,327           |
| 2042    | 11,275           | 613,101         | 2082    | 66               | 6,882           |
| 2043    | 10,700           | 597,147         | 2083    | 48               | 4,993           |
| 2044    | 10,130           | 580,050         | 2084    | 34               | 3,566           |
| 2045    | 9,571            | 561,987         | 2085    | 24               | 2,509           |
| 2046    | 9,029            | 543,182         | 2086    | 17               | 1,743           |
| 2047    | 8,506            | 523,795         | 2087    | 12               | 1,201           |
| 2048    | 8,003            | 503,965         | 2088    | 9                | 825             |
| 2049    | 7,517            | 483,875         | 2089    | 6                | 568             |
| 2050    | 7,045            | 463,664         | 2090    | 5                | 396             |
| 2051    | 6,590            | 443,421         | 2091    | 4                | 282             |
| 2052    | 6,153            | 423,218         | 2092    | 3                | 207             |
| 2053    | 5,735            | 403,100         | 2093    | 2                | 156             |
| 2054    | 5,334            | 383,106         | 2094    | 2                | 122             |
| 2055    | 4,951            | 363,256         | 2095    | 1                | 98              |
| 2056    | 4,587            | 343,566         | 2096    | 1                | 81              |
| 2057    | 4,240            | 324,040         | 2097    | 1                | 68              |
| 2058    | 3,909            | 304,683         | 2098    | 1                | 58              |
| 2059    | 3,593            | 285,498         | 2099    | 1                | 51              |
| 2060    | 3,293            | 266,496         | 2100    | 1                | 44              |
| 2061    | 3,006            | 247,692         | 2101    | 1                | 39              |
| 2062    | 2,733            | 229,117         | 2102    | 1                | 34              |
| 2063    | 2,473            | 210,812         | 2103    | 0                | 0               |
| 2064    | 2,226            | 192,838         | 2104    | 0                | 0               |

Counts include retirees, disabilitants, and beneficiaries.

## 4 Member Data

### 4.1 Summary of Members Included

| As of June 30                                                                                             | 2021          | 2022          | 2023          | 2024          | 2025               |
|-----------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|--------------------|
| <b>Active Members</b>                                                                                     |               |               |               |               |                    |
| 1. Number                                                                                                 | 3,396         | 3,023         | 2,734         | 2,447         | 2,167 <sup>1</sup> |
| 2. Average Age                                                                                            | 52.14         | 52.57         | 52.95         | 53.36         | 53.76              |
| 3. Average Credited Service                                                                               | 20.31         | 20.85         | 21.18         | 21.69         | 22.21              |
| 4. Average Entry Age                                                                                      | 31.83         | 31.72         | 31.77         | 31.67         | 31.55              |
| 5. Average Annual Earnings                                                                                | \$ 94,143     | \$ 97,702     | \$ 98,820     | \$ 102,323    | \$ 107,306         |
| 6. Number Vested                                                                                          | 3,396         | 3,023         | 2,734         | 2,447         | 2,167              |
| 7. Percent Who Are Vested                                                                                 | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%             |
| <b>Retirees, Disabilitants, and Beneficiaries</b>                                                         |               |               |               |               |                    |
| 1. Number                                                                                                 | 13,972        | 14,126        | 14,255        | 14,445        | 14,522             |
| 2. Average Age                                                                                            | 72.26         | 72.60         | 73.10         | 73.40         | 73.86              |
| 3. Average Years Since Retirement                                                                         | 15.24         | 15.51         | 15.80         | 16.03         | 16.37              |
| 4. Average Monthly Pension Benefit                                                                        |               |               |               |               |                    |
| a. Base                                                                                                   | \$ 2,363      | \$ 2,411      | \$ 2,445      | \$ 2,491      | \$ 2,529           |
| b. COLA <sup>2</sup>                                                                                      | 125           | 123           | 122           | 120           | 119                |
| c. PRPA <sup>2</sup>                                                                                      | 491           | 561           | 692           | 679           | 696                |
| d. Adjustment                                                                                             | (1)           | 0             | (1)           | 0             | (1)                |
| e. Sick                                                                                                   | 70            | 72            | 74            | 77            | 79                 |
| f. Total                                                                                                  | \$ 3,048      | \$ 3,167      | \$ 3,332      | \$ 3,367      | \$ 3,422           |
| <b>Vested Terminations (vested at termination, not refunded contributions, and not commenced benefit)</b> |               |               |               |               |                    |
| 1. Number                                                                                                 | 727           | 729           | 763           | 642           | 628                |
| 2. Average Age                                                                                            | 52.68         | 53.22         | 53.70         | 53.70         | 54.68              |
| 3. Average Monthly Pension Benefit                                                                        | \$ 1,635      | \$ 1,725      | \$ 1,967      | \$ 1,718      | \$ 1,903           |
| <b>Non-Vested Terminations (not vested at termination and not refunded contributions)</b>                 |               |               |               |               |                    |
| 1. Number                                                                                                 | 1,679         | 1,616         | 1,560         | 1,507         | 1,437              |
| 2. Average Account Balance                                                                                | \$ 23,388     | \$ 23,906     | \$ 24,693     | \$ 25,966     | \$ 26,438          |
| <b>Total Number of Members</b>                                                                            | <b>19,774</b> | <b>19,494</b> | <b>19,312</b> | <b>19,041</b> | <b>18,754</b>      |

<sup>1</sup> Includes 633 male active members and 1,534 female active members.

<sup>2</sup> Calculated by taking the average of the data field, as provided by the State of Alaska, for all participants in the group.

## 4 Member Data

### 4.1 Summary of Members Included (continued)

| As of June 30, 2025         | DB           |                |                | DCR Tier 3     | Grand Total    |
|-----------------------------|--------------|----------------|----------------|----------------|----------------|
|                             | Tier 1       | Tier 2         | Total          |                |                |
| Active Members              |              |                |                |                |                |
| 1. Number                   | 52           | 2,115          | 2,167          | 6,231          | 8,398          |
| 2. Average Age              | 67.53        | 53.42          | 53.76          | 43.46          | 46.12          |
| 3. Average Credited Service | 31.26        | 21.99          | 22.21          | 7.31           | 11.15          |
| 4. Average Entry Age        | 36.27        | 31.43          | 31.55          | 36.15          | 34.97          |
| 5. Annual Earnings          |              |                |                |                |                |
| a. Total                    | \$ 5,570,448 | \$ 226,961,595 | \$ 232,532,043 | \$ 533,244,737 | \$ 765,776,780 |
| b. Average                  | \$ 107,124   | \$ 107,310     | \$ 107,306     | \$ 85,579      | \$ 91,186      |

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

| As of June 30, 2025                               | Tier 1   | Tier 2   | Total    |
|---------------------------------------------------|----------|----------|----------|
| <b>Retirees, Disabilitants, and Beneficiaries</b> |          |          |          |
| 1. Number                                         | 9,694    | 4,828    | 14,522   |
| 2. Average Age                                    | 77.22    | 67.12    | 73.86    |
| 3. Average Years Since Retirement                 | 20.77    | 7.55     | 16.37    |
| 4. Average Monthly Pension Benefit                |          |          |          |
| a. Base                                           | \$ 2,423 | \$ 2,742 | \$ 2,529 |
| b. COLA                                           | 145      | 68       | 119      |
| c. PRPA                                           | 932      | 223      | 696      |
| d. Adjustment                                     | (1)      | 0        | (1)      |
| e. Sick                                           | 73       | 90       | 79       |
| f. Total                                          | \$ 3,572 | \$ 3,123 | \$ 3,422 |

## 4 Member Data

### 4.1 Summary of Members Included (continued)

| As of June 30, 2025                | Active Members | Inactive Members |                 |                               |          | Total Inactive Members |
|------------------------------------|----------------|------------------|-----------------|-------------------------------|----------|------------------------|
|                                    |                | Retirees         | Covered Spouses | Covered Children / Dependents | Deferred |                        |
| Retiree Medical Participants       |                |                  |                 |                               |          |                        |
| 1. Retiree Coverage Only           | 2,151          | 7,967            | 0               | 0                             | 405      | 8,372                  |
| 2. Retiree + Spouse                | 0              | 3,953            | 3,953           | 0                             | 543      | 8,449                  |
| 3. Retiree + Children / Dependents | 0              | 181              | 0               | 162                           | 0        | 343                    |
| 4. Family                          | 0              | 286              | 286             | 418                           | 0        | 990                    |
| 5. Total                           | 2,151          | 12,387           | 4,239           | 580                           | 948      | 18,154                 |

| As of June 30, 2025                 | Retirees | Covered Spouses | Covered Children / Dependents | Deferred | Total Inactive Members |
|-------------------------------------|----------|-----------------|-------------------------------|----------|------------------------|
| <b>Retiree Medical Participants</b> |          |                 |                               |          |                        |
| 1. Pre-Medicare                     | 1,876    | 1,085           | 580                           | 916      | 4,457                  |
| 2. Medicare Part A & B              | 10,284   | 3,120           | 0                             | 32       | 13,436                 |
| 3. Medicare Part B Only             | 227      | 34              | 0                             | 0        | 261                    |
| 4. Total                            | 12,387   | 4,239           | 580                           | 948      | 18,154                 |

| As of June 30, 2025                                           | Retirees |
|---------------------------------------------------------------|----------|
| <b>Summary of Retiree Medical Data Received</b>               |          |
| 1. Retiree records on pension data                            | 14,522   |
| 2. Remove duplicates on pension data                          | (588)    |
| 3. Valued in a different retiree healthcare plan <sup>1</sup> | (864)    |
| 4. Records without medical coverage                           | (705)    |
| 5. Medical only retirees                                      | 22       |
| 6. Total                                                      | 12,387   |

| As of June 30                   | 2021   | 2022   | 2023   | 2024   | 2025   |
|---------------------------------|--------|--------|--------|--------|--------|
| <b>Retiree Medical Retirees</b> |        |        |        |        |        |
| 1. Number                       | 12,138 | 12,325 | 10,831 | 12,503 | 12,387 |
| 2. Average Age                  | 72.48  | 72.80  | 73.25  | 73.61  | 74.28  |

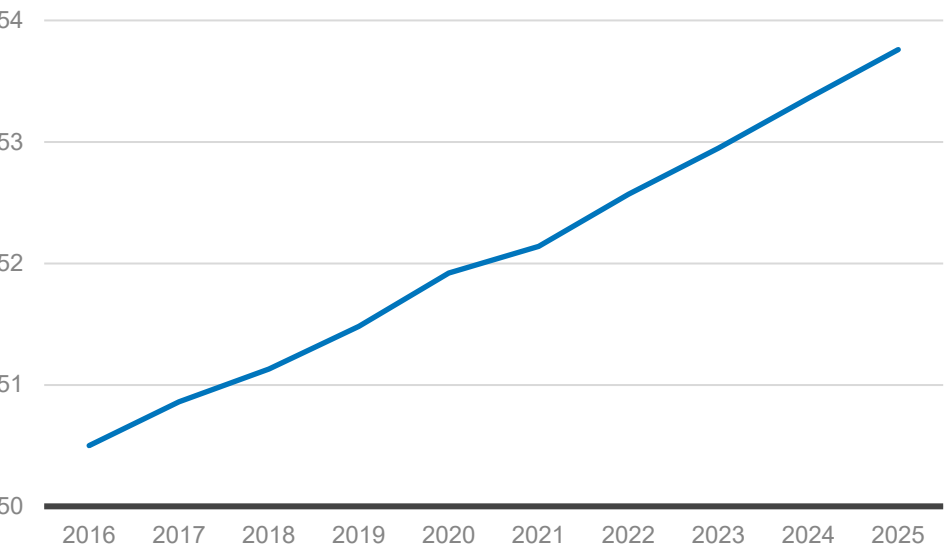
<sup>1</sup> Each member's retiree medical benefits are valued in the plan indicated in the data from Aetna

# 4 Member Data

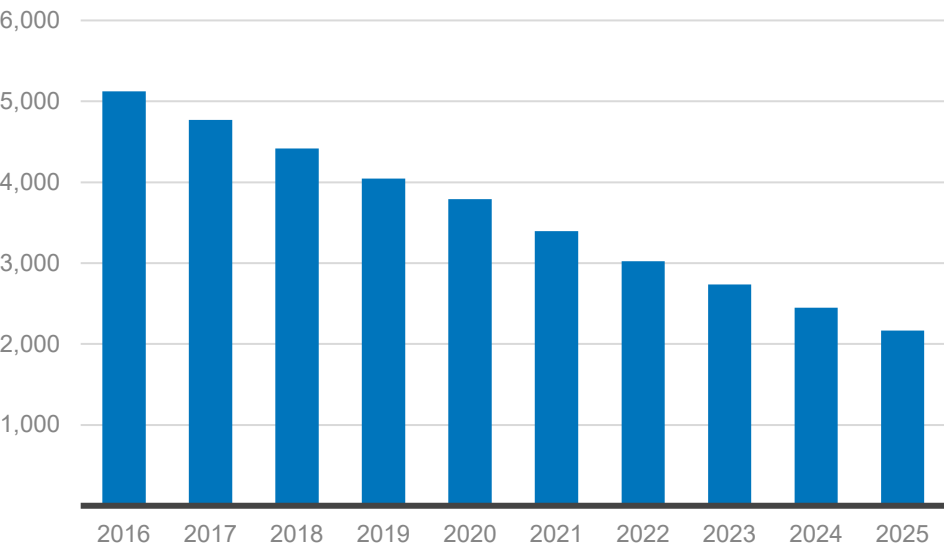
## 4.1 Summary of Members Included (continued)

### Active Members at June 30

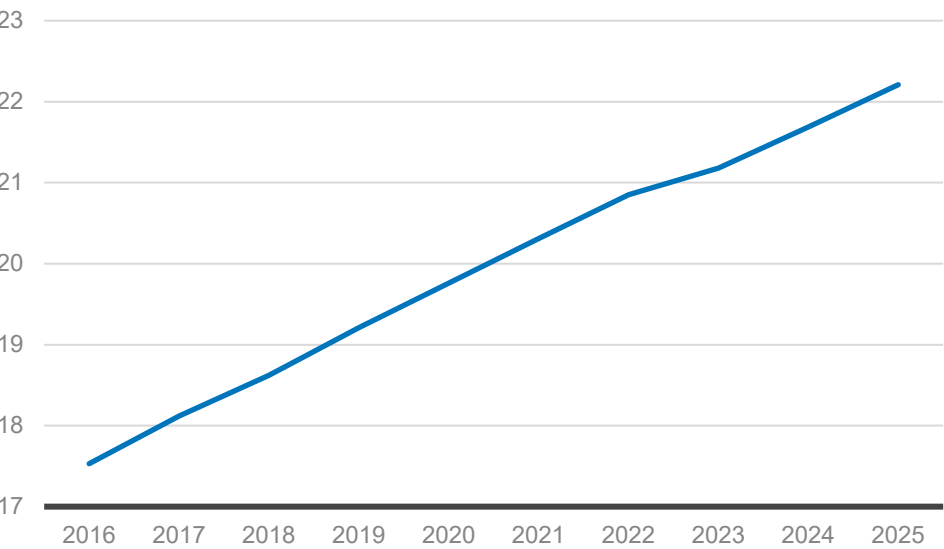
Average Age



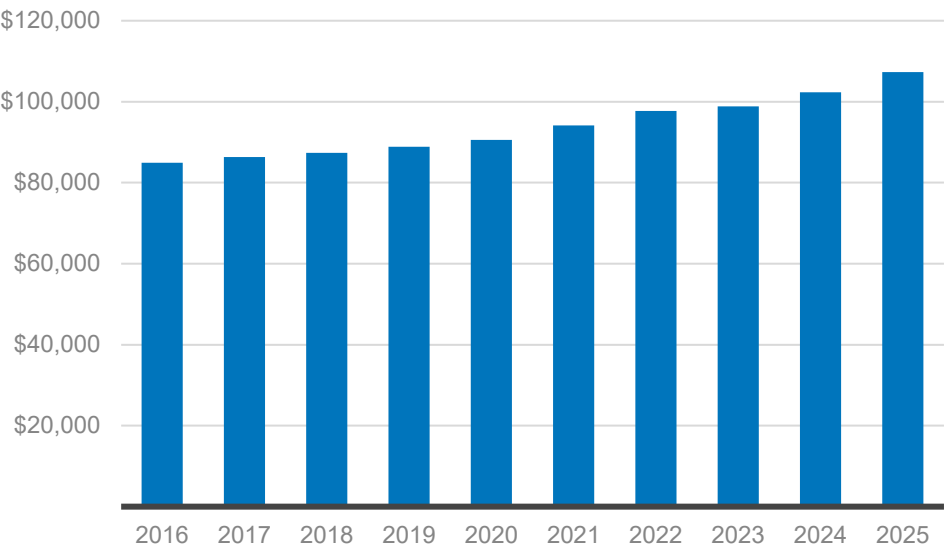
Number of Actives



Average Credited Service



Average Annual Earnings



Average annual earnings (“valuation pay”) are the annualized earnings for the fiscal year ending on the valuation date.

## 4 Member Data

### 4.2 Age and Service Distribution of Active Members

#### Annual Earnings by Age

| Age          | Number       | Total Annual Earnings | Average Annual Earnings |
|--------------|--------------|-----------------------|-------------------------|
| 0 - 19       | 0            | \$ 0                  | \$ 0                    |
| 20 - 24      | 0            | 0                     | 0                       |
| 25 - 29      | 0            | 0                     | 0                       |
| 30 - 34      | 0            | 0                     | 0                       |
| 35 - 39      | 0            | 0                     | 0                       |
| 40 - 44      | 102          | 10,591,321            | 103,836                 |
| 45 - 49      | 576          | 61,470,576            | 106,720                 |
| 50 - 54      | 688          | 74,825,820            | 108,758                 |
| 55 - 59      | 491          | 52,348,804            | 106,617                 |
| 60 - 64      | 186          | 20,087,374            | 107,997                 |
| 65 - 69      | 83           | 8,908,717             | 107,334                 |
| 70 - 74      | 20           | 2,162,502             | 108,125                 |
| 75+          | 21           | 2,136,929             | 101,759                 |
| <b>Total</b> | <b>2,167</b> | <b>\$232,532,043</b>  | <b>\$ 107,306</b>       |

#### Annual Earnings by Credited Service

| Years of Service | Number       | Total Annual Earnings | Average Annual Earnings |
|------------------|--------------|-----------------------|-------------------------|
| 0                | 0            | \$ 0                  | \$ 0                    |
| 1                | 0            | 0                     | 0                       |
| 2                | 3            | 278,311               | 92,770                  |
| 3                | 4            | 285,790               | 71,448                  |
| 4                | 3            | 194,742               | 64,914                  |
| <b>0 - 4</b>     | <b>10</b>    | <b>\$ 758,843</b>     | <b>\$ 75,884</b>        |
| 5 - 9            | 64           | 5,350,094             | 83,595                  |
| 10 - 14          | 123          | 11,355,604            | 92,322                  |
| 15 - 19          | 337          | 34,300,170            | 101,781                 |
| 20 - 24          | 988          | 107,878,481           | 109,189                 |
| 25 - 29          | 525          | 59,108,694            | 112,588                 |
| 30 - 34          | 87           | 10,177,873            | 116,987                 |
| 35 - 39          | 24           | 2,654,145             | 110,589                 |
| 40+              | 9            | 948,139               | 105,349                 |
| <b>Total</b>     | <b>2,167</b> | <b>\$232,532,043</b>  | <b>\$ 107,306</b>       |

#### Years of Credited Service by Age

| Age          | Years of Service |           |            |            |            |            |           |           |          | Total        |
|--------------|------------------|-----------|------------|------------|------------|------------|-----------|-----------|----------|--------------|
|              | 0 - 4            | 5 - 9     | 10 - 14    | 15 - 19    | 20 - 24    | 25 - 29    | 30 - 34   | 35 - 39   | 40+      |              |
| 0 - 19       | 0                | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0        | 0            |
| 20 - 24      | 0                | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0        | 0            |
| 25 - 29      | 0                | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0        | 0            |
| 30 - 34      | 0                | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0        | 0            |
| 35 - 39      | 0                | 0         | 0          | 0          | 0          | 0          | 0         | 0         | 0        | 0            |
| 40 - 44      | 0                | 2         | 8          | 36         | 56         | 0          | 0         | 0         | 0        | 102          |
| 45 - 49      | 3                | 17        | 48         | 109        | 355        | 44         | 0         | 0         | 0        | 576          |
| 50 - 54      | 4                | 14        | 34         | 103        | 298        | 224        | 11        | 0         | 0        | 688          |
| 55 - 59      | 2                | 19        | 22         | 56         | 195        | 156        | 38        | 3         | 0        | 491          |
| 60 - 64      | 0                | 7         | 7          | 21         | 55         | 62         | 22        | 11        | 1        | 186          |
| 65 - 69      | 1                | 3         | 3          | 7          | 19         | 28         | 14        | 5         | 3        | 83           |
| 70 - 74      | 0                | 1         | 0          | 2          | 5          | 7          | 2         | 2         | 1        | 20           |
| 75+          | 0                | 1         | 1          | 3          | 5          | 4          | 0         | 3         | 4        | 21           |
| <b>Total</b> | <b>10</b>        | <b>64</b> | <b>123</b> | <b>337</b> | <b>988</b> | <b>525</b> | <b>87</b> | <b>24</b> | <b>9</b> | <b>2,167</b> |

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

## 4 Member Data

### 4.3 Member Data Reconciliation

#### Pension

|                            | Active Members | Inactive Members |                   |                 |                  |                | Total         |
|----------------------------|----------------|------------------|-------------------|-----------------|------------------|----------------|---------------|
|                            |                | Due a Refund     | Deferred Benefits | Retired Members | Disabled Members | Bene-ficiaries |               |
| <b>As of June 30, 2024</b> | <b>2,447</b>   | <b>1,507</b>     | <b>642</b>        | <b>12,779</b>   | <b>8</b>         | <b>1,658</b>   | <b>19,041</b> |
| Vested Terminations        | (92)           | (1)              | 93                | 0               | 0                | 0              | 0             |
| Non-Vested Terminations    | (5)            | 5                | 0                 | 0               | 0                | 0              | 0             |
| Refund of Contributions    | 0              | (53)             | (1)               | 0               | 0                | 0              | (54)          |
| Disability Retirements     | (2)            | 0                | 0                 | 0               | 2                | 0              | 0             |
| Age Retirements            | (233)          | (6)              | (71)              | 312             | (2)              | 0              | 0             |
| Deaths With Beneficiary    | (1)            | 0                | (1)               | (98)            | 0                | 100            | 0             |
| Deaths Without Beneficiary | 0              | (8)              | (1)               | (162)           | (1)              | (82)           | (254)         |
| Data Corrections           | 0              | (2)              | 0                 | 0               | 0                | (1)            | (3)           |
| Transfers In/Out           | 2              | 0                | 0                 | 0               | 0                | 0              | 2             |
| Rehires                    | 49             | (8)              | (33)              | (8)             | 0                | 0              | 0             |
| Pick Ups*                  | 2              | 3                | 0                 | 0               | 0                | 17             | 22            |
| <b>Net Change</b>          | <b>(280)</b>   | <b>(70)</b>      | <b>(14)</b>       | <b>44</b>       | <b>(1)</b>       | <b>34</b>      | <b>(287)</b>  |
| <b>As of June 30, 2025</b> | <b>2,167</b>   | <b>1,437</b>     | <b>628</b>        | <b>12,823</b>   | <b>7</b>         | <b>1,692</b>   | <b>18,754</b> |

\* Pickup beneficiaries are primarily new DROs.

## 4 Member Data

### 4.3 Member Data Reconciliation (continued)

#### Healthcare

|                                  | Active Members | Inactive Members |                 |                               |            | Total Inactive Members |
|----------------------------------|----------------|------------------|-----------------|-------------------------------|------------|------------------------|
|                                  |                | Retirees         | Covered Spouses | Covered Children / Dependents | Deferred   |                        |
| <b>As of June 30, 2024</b>       | <b>2,428</b>   | <b>12,503</b>    | <b>4,338</b>    | <b>641</b>                    | <b>849</b> | <b>18,331</b>          |
| Vested Terminations              | (78)           | 0                | 0               | 0                             | 78         | 78                     |
| Non-Vested Terminations          | (5)            | 0                | 0               | 0                             | 0          | 0                      |
| Refund of Contributions          | 0              | 0                | 0               | 0                             | (1)        | (1)                    |
| Disability Retirements           | (2)            | 2                | 2               | 1                             | 0          | 5                      |
| Age Retirements                  | (27)           | 27               | 14              | 9                             | 0          | 50                     |
| Deferred Retirements             | 0              | 34               | 22              | 3                             | (34)       | 25                     |
| Retired without Medical Coverage | (208)          | 0                | 0               | 0                             | 125        | 125                    |
| Deceased                         | (1)            | (288)            | (18)            | (1)                           | (3)        | (310)                  |
| New Beneficiaries                | 0              | 53               | (53)            | 0                             | 0          | 0                      |
| Added Retiree Medical Coverage   | 0              | 48               | 20              | 12                            | (32)       | 48                     |
| Added Dependent Coverage         | 0              | 0                | 22              | 38                            | 0          | 60                     |
| Dropped Retiree Medical Coverage | 0              | (11)             | (1)             | (2)                           | 5          | (9)                    |
| Dropped Dependent Coverage       | 0              | 0                | (94)            | (121)                         | 0          | (215)                  |
| Change in Double Coverage        | 0              | 17               | (17)            | 0                             | 0          | 0                      |
| Removal of Spouse Duplicates     | 0              | 0                | 0               | 0                             | (3)        | (3)                    |
| Rehires                          | 44             | (2)              | (2)             | (2)                           | (30)       | (36)                   |
| Transfers In/Out                 | 0              | 4                | 6               | 2                             | (6)        | 6                      |
| <b>Net Change</b>                | <b>(277)</b>   | <b>(116)</b>     | <b>(99)</b>     | <b>(61)</b>                   | <b>99</b>  | <b>(177)</b>           |
| <b>As of June 30, 2025</b>       | <b>2,151</b>   | <b>12,387</b>    | <b>4,239</b>    | <b>580</b>                    | <b>948</b> | <b>18,154</b>          |

## 4 Member Data

### 4.4 Schedule of Active Member Data

| Valuation Date | Number | Annual Earnings (000's) | Annual Average Earnings | Percent Increase in Average Earnings | Number of Participating Employers |
|----------------|--------|-------------------------|-------------------------|--------------------------------------|-----------------------------------|
| June 30, 2025  | 2,167  | \$ 232,532              | \$ 107,306              | 4.9%                                 | 57                                |
| June 30, 2024  | 2,447  | 250,383                 | 102,323                 | 3.5%                                 | 57                                |
| June 30, 2023  | 2,734  | 270,174                 | 98,820                  | 1.1%                                 | 57                                |
| June 30, 2022  | 3,023  | 295,354                 | 97,702                  | 3.8%                                 | 57                                |
| June 30, 2021  | 3,396  | 319,711                 | 94,143                  | 4.0%                                 | 56                                |
| June 30, 2020  | 3,789  | 343,146                 | 90,564                  | 1.9%                                 | 56                                |
| June 30, 2019  | 4,044  | 359,426                 | 88,879                  | 1.7%                                 | 56                                |
| June 30, 2018  | 4,418  | 386,016                 | 87,374                  | 1.2%                                 | 56                                |
| June 30, 2017  | 4,772  | 411,951                 | 86,327                  | 1.6%                                 | 57                                |
| June 30, 2016  | 5,123  | 435,222                 | 84,954                  | 2.4%                                 | 57                                |

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

## 4 Member Data

### 4.5 Active Member Payroll Reconciliation (\$ in thousands)

| Payroll Field                                          | Payroll Data |
|--------------------------------------------------------|--------------|
| a) DRB actual reported salaries FY25 in employer list  | \$ 852,268   |
| b) DRB actual reported salaries FY25 in valuation data | 755,990      |
| c) Annualized valuation data                           | 765,777      |
| d) Valuation payroll as of June 30, 2025               | 798,487      |
| e) Rate payroll for FY26                               | 792,816      |
| f) Rate payroll for FY28                               | 801,061      |

- a) Actual reported salaries from DRB employer listing showing all payroll paid during FY25, including those who were not active as of June 30, 2025
- b) Payroll from valuation data for people who are in active status as of June 30, 2025
- c) Payroll from (b) annualized for both new entrants and part-timers
- d) Payroll from (c) with one year of salary scale applied to estimate salaries payable for the upcoming year
- e) Payroll from (d) with the part-timer annualization removed
- f) Payroll from (e) with two years of assumed decrements and salary scale, and 0% population growth

## 4 Member Data

### 4.6 Summary of New Pension Benefit Recipients

| During the Year Ending June 30                        | 2021     | 2022     | 2023     | 2024     | 2025     |
|-------------------------------------------------------|----------|----------|----------|----------|----------|
| <b>Service</b>                                        |          |          |          |          |          |
| 1. Number                                             | 447      | 394      | 334      | 423      | 312      |
| 2. Average Age at Commencement                        | 59.79    | 58.49    | 58.97    | 58.31    | 58.91    |
| 3. Average Monthly Pension Benefit                    | \$ 3,593 | \$ 4,079 | \$ 4,092 | \$ 4,089 | \$ 4,152 |
| <b>Survivor (including surviving spouse and DROs)</b> |          |          |          |          |          |
| 1. Number                                             | 145      | 135      | 144      | 127      | 117      |
| 2. Average Age at Commencement                        | 76.80    | 73.76    | 75.00    | 74.61    | 75.23    |
| 3. Average Monthly Pension Benefit                    | \$ 1,951 | \$ 2,071 | \$ 2,052 | \$ 2,078 | \$ 2,245 |
| <b>Disability</b>                                     |          |          |          |          |          |
| 1. Number                                             | 1        | 0        | 0        | 3        | 2        |
| 2. Average Age at Commencement                        | 54.35    | 0.00     | 0.00     | 51.49    | 51.86    |
| 3. Average Monthly Pension Benefit                    | \$ 4,886 | \$ 0     | \$ 0     | \$ 4,472 | \$ 4,713 |
| <b>Total</b>                                          |          |          |          |          |          |
| 1. Number                                             | 593      | 529      | 478      | 553      | 431      |
| 2. Average Age at Commencement                        | 63.94    | 62.39    | 63.80    | 62.02    | 63.31    |
| 3. Average Monthly Pension Benefit                    | \$ 3,194 | \$ 3,567 | \$ 3,477 | \$ 3,629 | \$ 3,637 |

## 4 Member Data

### 4.6 Summary of New Pension Benefit Recipients (continued)

#### Average Pension Benefit Payments

|                              | Years of Credited Service |           |           |           |            |            |            |
|------------------------------|---------------------------|-----------|-----------|-----------|------------|------------|------------|
|                              | 0 - 4                     | 5 - 9     | 10 - 14   | 15 - 19   | 20 - 24    | 25 - 29    | 30+        |
| Period 7/1/2024 – 6/30/2025: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 264                    | \$ 821    | \$ 1,407  | \$ 2,897  | \$ 4,078   | \$ 4,982   | \$ 6,135   |
| Average Final Avg Salary     | \$ 40,102                 | \$ 58,477 | \$ 70,973 | \$ 92,561 | \$ 103,138 | \$ 107,245 | \$ 109,177 |
| Number of Recipients         | 4                         | 17        | 13        | 36        | 97         | 113        | 34         |
| Period 7/1/2023 – 6/30/2024: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 277                    | \$ 861    | \$ 1,325  | \$ 2,961  | \$ 3,875   | \$ 4,872   | \$ 6,489   |
| Average Final Avg Salary     | \$ 31,466                 | \$ 64,244 | \$ 69,447 | \$ 91,434 | \$ 99,023  | \$ 105,139 | \$ 107,999 |
| Number of Recipients         | 3                         | 16        | 25        | 49        | 155        | 127        | 51         |
| Period 7/1/2022 – 6/30/2023: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 191                    | \$ 698    | \$ 1,431  | \$ 2,705  | \$ 4,018   | \$ 4,919   | \$ 6,375   |
| Average Final Avg Salary     | \$ 32,298                 | \$ 45,878 | \$ 69,642 | \$ 89,836 | \$ 99,759  | \$ 103,676 | \$ 107,194 |
| Number of Recipients         | 1                         | 9         | 26        | 46        | 118        | 89         | 45         |
| Period 7/1/2021 – 6/30/2022: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 1,073                  | \$ 994    | \$ 1,828  | \$ 2,952  | \$ 3,984   | \$ 4,743   | \$ 6,936   |
| Average Final Avg Salary     | \$ 56,500                 | \$ 63,629 | \$ 79,736 | \$ 92,533 | \$ 98,208  | \$ 101,942 | \$ 112,372 |
| Number of Recipients         | 5                         | 19        | 15        | 69        | 139        | 101        | 46         |
| Period 7/1/2020 – 6/30/2021: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 451                    | \$ 764    | \$ 1,509  | \$ 2,684  | \$ 3,625   | \$ 4,659   | \$ 6,090   |
| Average Final Avg Salary     | \$ 43,545                 | \$ 54,444 | \$ 71,764 | \$ 88,437 | \$ 94,909  | \$ 97,881  | \$ 98,847  |
| Number of Recipients         | 8                         | 24        | 33        | 83        | 142        | 112        | 46         |
| Period 7/1/2019 – 6/30/2020: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 243                    | \$ 1,054  | \$ 1,647  | \$ 2,600  | \$ 3,616   | \$ 4,874   | \$ 6,772   |
| Average Final Avg Salary     | \$ 35,203                 | \$ 70,014 | \$ 76,621 | \$ 86,341 | \$ 91,619  | \$ 96,657  | \$ 107,454 |
| Number of Recipients         | 8                         | 19        | 26        | 72        | 90         | 78         | 40         |
| Period 7/1/2018 – 6/30/2019: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 334                    | \$ 891    | \$ 1,540  | \$ 2,760  | \$ 3,567   | \$ 4,666   | \$ 6,777   |
| Average Final Avg Salary     | \$ 21,317                 | \$ 57,735 | \$ 72,728 | \$ 85,580 | \$ 92,422  | \$ 96,096  | \$ 104,880 |
| Number of Recipients         | 4                         | 23        | 39        | 87        | 93         | 85         | 41         |
| Period 7/1/2017 – 6/30/2018: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 204                    | \$ 899    | \$ 1,583  | \$ 2,583  | \$ 3,422   | \$ 4,580   | \$ 6,083   |
| Average Final Avg Salary     | \$ 34,164                 | \$ 56,061 | \$ 75,433 | \$ 85,174 | \$ 90,449  | \$ 94,803  | \$ 102,076 |
| Number of Recipients         | 5                         | 21        | 61        | 85        | 109        | 130        | 57         |
| Period 7/1/2016 – 6/30/2017: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 426                    | \$ 795    | \$ 1,626  | \$ 2,433  | \$ 3,549   | \$ 4,536   | \$ 6,351   |
| Average Final Avg Salary     | \$ 37,851                 | \$ 56,206 | \$ 75,706 | \$ 81,394 | \$ 91,313  | \$ 95,651  | \$ 101,423 |
| Number of Recipients         | 10                        | 22        | 60        | 75        | 100        | 64         | 48         |
| Period 7/1/2015 – 6/30/2016: |                           |           |           |           |            |            |            |
| Average Monthly Pension      | \$ 245                    | \$ 1,002  | \$ 1,535  | \$ 2,540  | \$ 3,445   | \$ 4,472   | \$ 6,168   |
| Average Final Avg Salary     | \$ 33,030                 | \$ 59,102 | \$ 74,725 | \$ 85,087 | \$ 89,590  | \$ 91,468  | \$ 98,446  |
| Number of Recipients         | 11                        | 31        | 82        | 69        | 105        | 74         | 54         |

“Average Monthly Pension” includes postretirement pension adjustments and cost-of-living increases.

Beneficiaries are not included in the table above.

## 4 Member Data

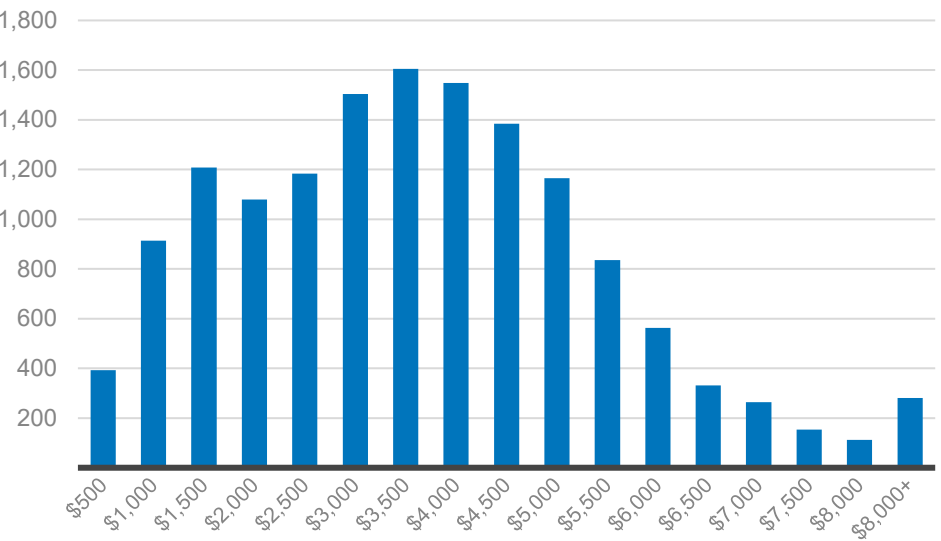
### 4.7 Summary of All Pension Benefit Recipients

| As of June 30                            | 2021     | 2022     | 2023     | 2024     | 2025     |
|------------------------------------------|----------|----------|----------|----------|----------|
| <b>Service</b>                           |          |          |          |          |          |
| 1. Number, Fiscal Year Start             | 12,267   | 12,459   | 12,570   | 12,618   | 12,779   |
| 2. Net Change                            | 192      | 111      | 48       | 161      | 44       |
| 3. Number, Fiscal Year End               | 12,459   | 12,570   | 12,618   | 12,779   | 12,823   |
| 4. Average Age at Commencement           | 56.05    | 56.12    | 56.20    | 56.28    | 56.33    |
| 5. Average Current Age                   | 71.85    | 72.20    | 72.64    | 72.95    | 73.39    |
| 6. Average Monthly Pension Benefit       | \$ 3,210 | \$ 3,338 | \$ 3,519 | \$ 3,557 | \$ 3,618 |
| <b>Surviving Spouse (including DROs)</b> |          |          |          |          |          |
| 1. Number, Fiscal Year Start             | 1,400    | 1,493    | 1,540    | 1,627    | 1,658    |
| 2. Net Change                            | 93       | 47       | 87       | 31       | 34       |
| 3. Number, Fiscal Year End               | 1,493    | 1,540    | 1,627    | 1,658    | 1,692    |
| 4. Average Age at Commencement           | 65.32    | 65.24    | 65.87    | 65.91    | 66.23    |
| 5. Average Current Age                   | 75.97    | 76.13    | 76.67    | 77.01    | 77.49    |
| 6. Average Monthly Pension Benefit       | \$ 1,688 | \$ 1,770 | \$ 1,883 | \$ 1,900 | \$ 1,949 |
| <b>Survivor (other than spouse)</b>      |          |          |          |          |          |
| 1. Number, Fiscal Year Start             | 2        | 0        | 0        | 0        | 0        |
| 2. Net Change                            | (2)      | 0        | 0        | 0        | 0        |
| 3. Number, Fiscal Year End               | 0        | 0        | 0        | 0        | 0        |
| 4. Average Age at Commencement           | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     |
| 5. Average Current Age                   | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     |
| 6. Average Monthly Pension Benefit       | \$ 0     | \$ 0     | \$ 0     | \$ 0     | \$ 0     |
| <b>Disability</b>                        |          |          |          |          |          |
| 1. Number, Fiscal Year Start             | 20       | 20       | 16       | 10       | 8        |
| 2. Net Change                            | 0        | (4)      | (6)      | (2)      | (1)      |
| 3. Number, Fiscal Year End               | 20       | 16       | 10       | 8        | 7        |
| 4. Average Age at Commencement           | 47.37    | 46.92    | 49.37    | 51.19    | 51.37    |
| 5. Average Current Age                   | 52.85    | 53.23    | 55.92    | 56.00    | 54.32    |
| 6. Average Monthly Pension Benefit       | \$ 3,643 | \$ 3,752 | \$ 3,962 | \$ 3,955 | \$ 4,264 |
| <b>Total</b>                             |          |          |          |          |          |
| 1. Number, Fiscal Year Start             | 13,689   | 13,972   | 14,126   | 14,255   | 14,445   |
| 2. Net Change                            | 283      | 154      | 129      | 190      | 77       |
| 3. Number, Fiscal Year End               | 13,972   | 14,126   | 14,255   | 14,445   | 14,522   |
| 4. Average Age at Commencement           | 57.02    | 57.09    | 57.30    | 57.37    | 57.49    |
| 5. Average Current Age                   | 72.26    | 72.60    | 73.10    | 73.40    | 73.86    |
| 6. Average Monthly Pension Benefit       | \$ 3,048 | \$ 3,167 | \$ 3,332 | \$ 3,367 | \$ 3,422 |

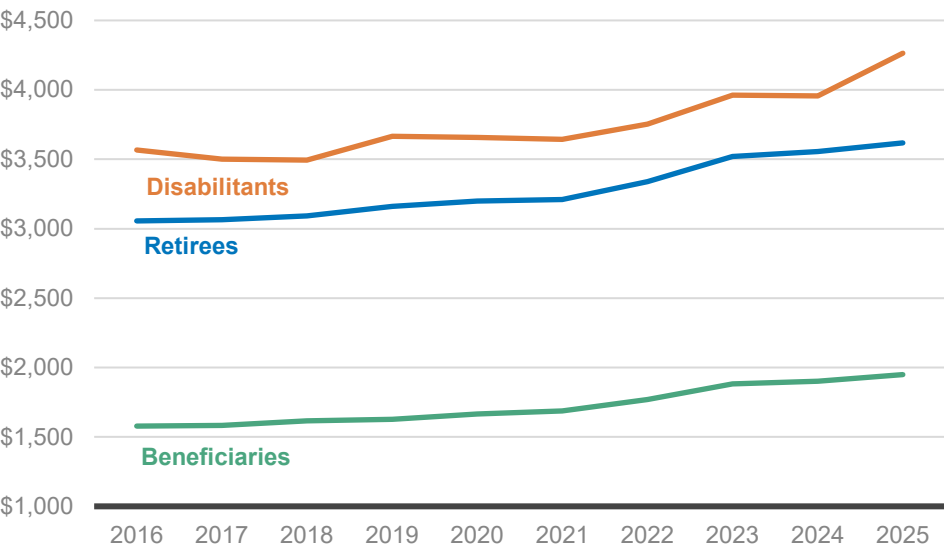
# 4 Member Data

## 4.7 Summary of All Pension Benefit Recipients (continued)

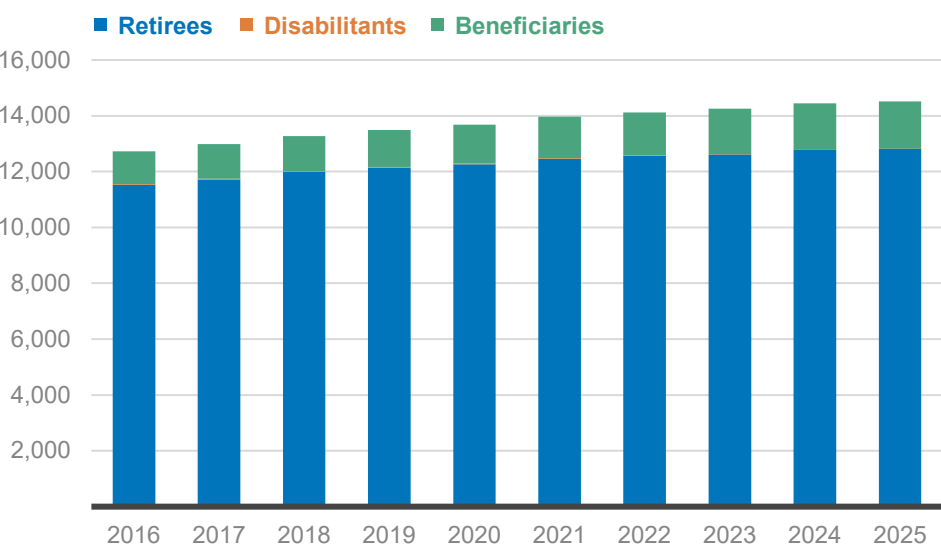
Number of Recipients by Monthly Pension Amount at June 30, 2025



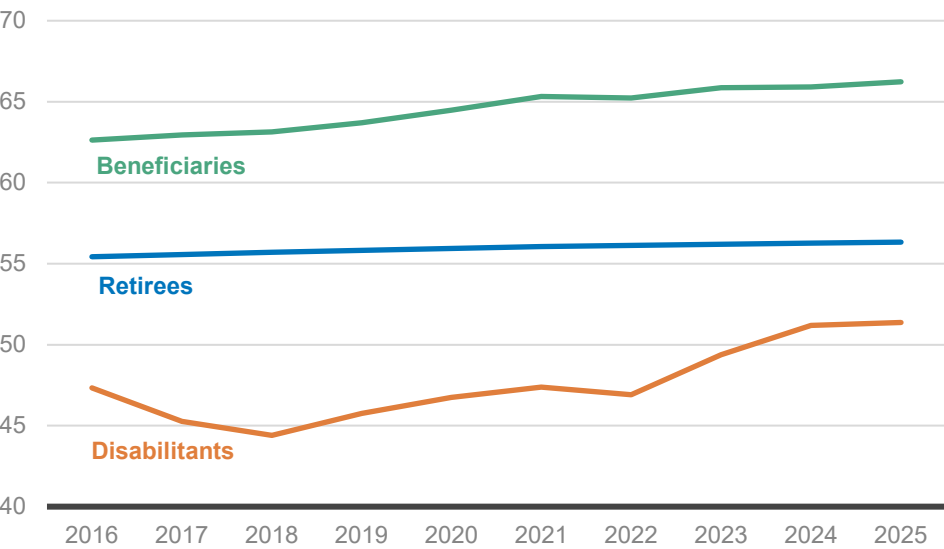
Average Monthly Pension Amount



Number of Recipients by Status



Average Commencement Age



## 4 Member Data

### 4.7 Summary of All Pension Benefit Recipients (continued)

#### Distribution of Annual Pension Benefits for Benefit Recipients

##### Annual Pension Benefit by Age

| Age          | Number        | Total Annual Pension Benefit | Average Annual Pension Benefit |
|--------------|---------------|------------------------------|--------------------------------|
| 0 - 19       | 0             | \$ 0                         | \$ 0                           |
| 20 - 24      | 0             | 0                            | 0                              |
| 25 - 29      | 0             | 0                            | 0                              |
| 30 - 34      | 1             | 24,359                       | 24,359                         |
| 35 - 39      | 1             | 11,038                       | 11,038                         |
| 40 - 44      | 4             | 161,004                      | 40,251                         |
| 45 - 49      | 61            | 2,379,855                    | 39,014                         |
| 50 - 54      | 323           | 15,604,611                   | 48,311                         |
| 55 - 59      | 729           | 36,148,134                   | 49,586                         |
| 60 - 64      | 1,373         | 58,588,938                   | 42,672                         |
| 65 - 69      | 2,092         | 86,619,301                   | 41,405                         |
| 70 - 74      | 3,059         | 119,682,552                  | 39,125                         |
| 75+          | 6,879         | 277,368,426                  | 40,321                         |
| <b>Total</b> | <b>14,522</b> | <b>\$596,588,218</b>         | <b>\$ 41,082</b>               |

##### Annual Pension Benefit by Years Since Commenced

| Years Since Comm. | Number        | Total Annual Pension Benefit | Average Annual Pension Benefit |
|-------------------|---------------|------------------------------|--------------------------------|
| 0                 | 376           | \$ 16,254,524                | \$ 43,230                      |
| 1                 | 456           | 19,821,169                   | 43,467                         |
| 2                 | 517           | 23,081,294                   | 44,645                         |
| 3                 | 499           | 22,569,270                   | 45,229                         |
| 4                 | 516           | 22,371,780                   | 43,356                         |
| <b>0 - 4</b>      | <b>2,364</b>  | <b>\$104,098,037</b>         | <b>\$ 44,035</b>               |
| 5 - 9             | 2,276         | 96,781,803                   | 42,523                         |
| 10 - 14           | 2,433         | 102,288,496                  | 42,042                         |
| 15 - 19           | 1,898         | 68,294,016                   | 35,982                         |
| 20 - 24           | 1,927         | 68,662,989                   | 35,632                         |
| 25 - 29           | 2,046         | 84,087,847                   | 41,099                         |
| 30 - 34           | 722           | 31,570,833                   | 43,727                         |
| 35 - 39           | 699           | 34,007,043                   | 48,651                         |
| 40+               | 157           | 6,797,154                    | 43,294                         |
| <b>Total</b>      | <b>14,522</b> | <b>\$596,588,218</b>         | <b>\$ 41,082</b>               |

##### Years Since Commencement by Age

| Age          | Years Since Commencement |              |              |              |              |              |            |            |            | Total         |
|--------------|--------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|---------------|
|              | 0 - 4                    | 5 - 9        | 10 - 14      | 15 - 19      | 20 - 24      | 25 - 29      | 30 - 34    | 35 - 39    | 40+        |               |
| 0 - 19       | 0                        | 0            | 0            | 0            | 0            | 0            | 0          | 0          | 0          | 0             |
| 20 - 24      | 0                        | 0            | 0            | 0            | 0            | 0            | 0          | 0          | 0          | 0             |
| 25 - 29      | 0                        | 0            | 0            | 0            | 0            | 0            | 0          | 0          | 0          | 0             |
| 30 - 34      | 1                        | 0            | 0            | 0            | 0            | 0            | 0          | 0          | 0          | 1             |
| 35 - 39      | 1                        | 0            | 0            | 0            | 0            | 0            | 0          | 0          | 0          | 1             |
| 40 - 44      | 4                        | 0            | 0            | 0            | 0            | 0            | 0          | 0          | 0          | 4             |
| 45 - 49      | 54                       | 6            | 1            | 0            | 0            | 0            | 0          | 0          | 0          | 61            |
| 50 - 54      | 276                      | 43           | 4            | 0            | 0            | 0            | 0          | 0          | 0          | 323           |
| 55 - 59      | 460                      | 211          | 46           | 11           | 0            | 1            | 0          | 0          | 0          | 729           |
| 60 - 64      | 668                      | 410          | 188          | 84           | 22           | 1            | 0          | 0          | 0          | 1,373         |
| 65 - 69      | 319                      | 754          | 546          | 283          | 144          | 41           | 3          | 1          | 1          | 2,092         |
| 70 - 74      | 195                      | 451          | 975          | 693          | 448          | 273          | 22         | 2          | 0          | 3,059         |
| 75+          | 386                      | 401          | 673          | 827          | 1,313        | 1,730        | 697        | 696        | 156        | 6,879         |
| <b>Total</b> | <b>2,364</b>             | <b>2,276</b> | <b>2,433</b> | <b>1,898</b> | <b>1,927</b> | <b>2,046</b> | <b>722</b> | <b>699</b> | <b>157</b> | <b>14,522</b> |

## 4 Member Data

### 4.8 Pension Benefit Recipients by Type of Benefit and Option Elected

| Monthly Pension<br>Benefit Amount | Number of<br>Recipients | Type of Pension Benefit |       |   | Option Selected |       |       |     |
|-----------------------------------|-------------------------|-------------------------|-------|---|-----------------|-------|-------|-----|
|                                   |                         | 1                       | 2     | 3 | 1               | 2     | 3     | 4   |
| \$ 1 – 500                        | 393                     | 261                     | 132   | 0 | 247             | 69    | 60    | 17  |
| 501 – 1,000                       | 913                     | 660                     | 253   | 0 | 530             | 157   | 176   | 50  |
| 1,001 – 1,500                     | 1,208                   | 948                     | 260   | 0 | 718             | 234   | 205   | 51  |
| 1,501 – 2,000                     | 1,079                   | 764                     | 315   | 0 | 655             | 199   | 197   | 28  |
| 2,001 – 2,500                     | 1,183                   | 920                     | 263   | 0 | 634             | 249   | 257   | 43  |
| 2,501 – 3,000                     | 1,504                   | 1,317                   | 187   | 0 | 705             | 353   | 406   | 40  |
| 3,001 – 3,500                     | 1,605                   | 1,472                   | 132   | 1 | 722             | 399   | 435   | 49  |
| 3,501 – 4,000                     | 1,549                   | 1,488                   | 59    | 2 | 640             | 361   | 496   | 52  |
| 4,001 – 4,500                     | 1,385                   | 1,347                   | 37    | 1 | 588             | 305   | 449   | 43  |
| 4,501 – 5,000                     | 1,165                   | 1,144                   | 20    | 1 | 484             | 239   | 410   | 32  |
| 5,001 – 5,500                     | 835                     | 825                     | 8     | 2 | 319             | 185   | 309   | 22  |
| 5,501 – 6,000                     | 562                     | 551                     | 11    | 0 | 227             | 119   | 196   | 20  |
| 6,001 – 6,500                     | 332                     | 323                     | 9     | 0 | 139             | 52    | 124   | 17  |
| 6,501 – 7,000                     | 264                     | 260                     | 4     | 0 | 103             | 46    | 103   | 12  |
| 7,001 – 7,500                     | 153                     | 152                     | 1     | 0 | 62              | 25    | 55    | 11  |
| 7,501 – 8,000                     | 112                     | 111                     | 1     | 0 | 42              | 19    | 47    | 4   |
| 8,000+                            | 280                     | 280                     | 0     | 0 | 104             | 51    | 110   | 15  |
| Total                             | 14,522                  | 12,823                  | 1,692 | 7 | 6,919           | 3,062 | 4,035 | 506 |

#### Type of Pension Benefit

1. Regular Retirement
2. Survivor Payment
3. Disability

#### Option Selected

1. Single Life Annuity
2. 75% Joint and Contingent Annuity
3. 50% Joint and Contingent Annuity
4. 66 2/3% Joint and Survivor Annuity

## 4 Member Data

### 4.9 Pension Benefit Recipients Added to and Removed from Rolls

| Year Ended    | Added to Rolls   |                                      | Removed from Rolls |                                      | Rolls at End of Year |                         | Percent Increase in Annual Pension Benefits | Average Annual Pension Benefit |
|---------------|------------------|--------------------------------------|--------------------|--------------------------------------|----------------------|-------------------------|---------------------------------------------|--------------------------------|
|               | No. <sup>1</sup> | Annual Pension Benefits <sup>1</sup> | No. <sup>1</sup>   | Annual Pension Benefits <sup>1</sup> | No.                  | Annual Pension Benefits |                                             |                                |
| June 30, 2025 | 431              | \$ 18,810,564                        | 354                | \$ 5,829,262                         | 14,522               | \$ 596,588,218          | 2.2%                                        | \$ 41,082                      |
| June 30, 2024 | 553              | 24,082,044                           | 363                | 10,544,001                           | 14,445               | 583,606,916             | 2.4%                                        | 40,402                         |
| June 30, 2023 | 478              | 19,944,072                           | 349                | (13,224,261)                         | 14,255               | 570,068,873             | 6.2%                                        | 39,991                         |
| June 30, 2022 | 529              | 22,643,316                           | 375                | (3,174,745)                          | 14,126               | 536,900,540             | 5.1%                                        | 38,008                         |
| June 30, 2021 | 593              | 22,728,504                           | 310                | 11,391,465                           | 13,972               | 511,082,479             | 2.3%                                        | 36,579                         |
| June 30, 2020 | 460              | 17,641,920                           | 262                | 5,527,983                            | 13,689               | 499,745,440             | 2.5%                                        | 36,507                         |
| June 30, 2019 | 468              | 18,004,896                           | 254                | 871,684                              | 13,491               | 487,631,503             | 3.6%                                        | 36,145                         |
| June 30, 2018 | 555              | 21,924,986                           | 261                | 6,926,129                            | 13,277               | 470,498,291             | 3.3%                                        | 35,437                         |
| June 30, 2017 | 487              | 17,151,684                           | 230                | 7,736,025                            | 12,983               | 455,499,434             | 2.1%                                        | 35,084                         |
| June 30, 2016 | 530              | 18,364,581                           | 222                | 6,144,109                            | 12,726               | 446,083,775             | 2.8%                                        | 35,053                         |

<sup>1</sup> Numbers are estimated, and include other internal transfers.

# 5 Basis of the Actuarial Valuation

## 5.1 Summary of Plan Provisions

### Effective Date

July 1, 1955, with amendments through June 30, 2025. Chapter 97, 1990 Session Laws of Alaska, created a two-tier retirement system. Members who were first hired under TRS before July 1, 1990 (Tier 1) are eligible for different benefits than members hired after June 30, 1990 (Tier 2). Chapter 9, 2005 Session Laws of Alaska, closed the plan to new members hired after June 30, 2006. The 2021 Alaska Supreme Court Metcalfe decision allows certain members the option of transferring from the DCR plan to the DB plan.

### Administration of Plan

The Commissioner of Administration or the Commissioner's designee is the administrator of the system. The Attorney General of the state is the legal counsel for the system and shall advise the administrator and represent the system in legal proceedings.

Prior to June 30, 2005, the Teachers' Retirement Board prescribed policies and adopted regulations and performed other activities necessary to carry out the provisions of the system. The Alaska State Pension Investment Board, Department of Revenue, Treasury Division was responsible for investing TRS funds.

On July 27, 2005, Senate Bill 141, enacted as Chapter 9, 2005 Session laws of Alaska, replaced the Teachers' Retirement Board and the Alaska State Pension Investment Board with the Alaska Retirement Management Board.

### Employers Included

Currently, there are 57 employers participating in TRS, including the State of Alaska, 53 school districts, and three other eligible organizations.

### Membership

Membership in TRS is mandatory for the following employees hired before July 1, 2006:

- certificated full-time and part-time elementary and secondary teachers, certificated school nurses, and certificated employees in positions requiring teaching certificates;
- positions requiring a teaching certificate as a condition of employment in the Department of Education and Early Development and the Department of Labor and Workforce Development;
- University of Alaska full-time and part-time teachers, and full-time administrative employees in positions requiring academic standing if approved by the TRS administrator;
- certain full-time or part-time teachers of Alaska Native language or culture who have elected to be covered under TRS;
- members on approved sabbatical leave under AS 14.20.310;
- certain State legislators who have elected to be covered under TRS; and
- a teacher who has filed for worker's compensation benefits due to an on-the-job assault and who, as a result of the physical injury, is placed on leave without pay.

Employees participating in the University of Alaska's Optional Retirement Plan or other retirement plans funded by the State are not covered by TRS.

Employees who work half-time in TRS and Public Employees' Retirement System (PERS) simultaneously are eligible for half-time TRS and PERS credit.

Senate Bill 141, signed into law on July 27, 2005, closes the plan effective July 1, 2006 to new members first hired on or after July 1, 2006.

The 2021 Alaska Supreme Court Metcalfe decision allows certain members the option of transferring from the DCR plan to the DB plan.

## 5 Basis of the Actuarial Valuation

### Credited Service

TRS members receive a year of membership credit if they work a minimum of 172 days during the school year (July 1 through June 30 of the following year). Fractional credit is determined based on the number of days worked. Part-time members who work at least 50% of full-time receive membership credit for each day in proportion to full-time service. Credit is granted for all Alaskan public school service.

Members may claim other types of service, including:

- Outside teaching service in out-of-state schools or Alaska private schools (not more than ten years may be claimed);
- Military service (not more than five years of military service or ten years of combined outside and military service may be claimed);
- Alaska Bureau of Indian Affairs (BIA) service;
- Retroactive Alaska service that was not creditable at the time it occurred, but later became creditable because of legislative change;
- Unused sick leave credit after members retire; and
- Leave of absence without pay.

Except for retroactive Alaska service that occurred before July 1, 1955, and unused sick leave, contributions are required for all claimed service.

Members receiving TRS disability benefits continue to earn TRS credit while disabled.

Survivors who are receiving occupational death benefits continue to earn TRS service credit while occupational survivor benefits are being paid.

### Employer Contributions

TRS employers contribute the amounts required, in addition to employees' contributions, to fund the benefits of the system.

The normal cost rate is a uniform rate for all participating employers (less the value of members' contributions).

The past service rate is a uniform rate for all participating employers to amortize the unfunded past service liability with payments that are a level percentage of payroll amount over a closed 25-year period starting June 30, 2014. Effective June 30, 2018, each future year's difference between actual and expected unfunded service liability is separately amortized on a level percent of pay basis over 25 years.

Employer rates cannot be less than the normal cost rate.

Pursuant to AS14.25.070 effective July 1, 2008, each TRS employer will pay a simple uniform contribution rate of 12.56% of member payroll.

### Additional State Contributions

Pursuant to AS14.25.085 effective July 1, 2008, the State shall contribute an amount (in addition to the State contribution as an employer) that, when combined with the employer contribution of 12.56%, will be sufficient to pay the total contribution rate adopted by the Board.

## 5 Basis of the Actuarial Valuation

### Member Contributions

#### Mandatory Contributions

Members are required to contribute 8.65% of their base salaries. Members' contributions are deducted from gross salaries before federal income taxes are withheld.

#### Contributions for Claimed Service

Member contributions are also required for most of the claimed service described above.

#### 1% Supplemental Contributions

Members who joined the system before July 1, 1982 and elected to participate in the supplemental contributions provision are required to contribute an additional 1% of their salaries. Supplemental contributions are deducted from gross salaries after federal income taxes are withheld. Under the supplemental provision, an eligible spouse or dependent child will receive a survivor's allowance or spouse's pension if the member dies (see below). Supplemental contributions are only refundable upon death (see below).

#### Interest

Members' contributions earn 4.5% interest, compounded annually on June 30.

#### Refund of Contributions

Terminated members may receive refunds of their member contribution accounts which includes their mandatory contributions, indebtedness payments, and interest earned. Terminated members' accounts may be attached to satisfy claims under Alaska Statute 09.38.065, federal income tax levies, and valid Qualified Domestic Relations Orders.

#### Reinstatement of Contributions

Refunded accounts and the corresponding TRS service may be reinstated upon reemployment in TRS. Interest accrues on refunds until paid in full or members retire.

# 5 Basis of the Actuarial Valuation

## Retirement Benefits

### Eligibility

- a. Members, including deferred vested members, are eligible for normal retirement at age 55 or early retirement at age 50 if they were hired before July 1, 1990 (Tier 1), and age 60 or early retirement at age 55 if they were hired on or after July 1, 1990 (Tier 2). Additionally, they must have at least:
  - (i) eight years of paid-up membership service;
  - (ii) 15 years of paid-up creditable service, the last five years of which are membership service, and they were first hired under TRS before July 1, 1975;
  - (iii) five years of paid-up membership service and three years of paid-up Alaska Bureau of Indian Affairs service;
  - (iv) 12 years of combined part-time and full-time paid-up membership service;
  - (v) two years of paid-up membership service if they are vested in PERS; or
  - (vi) one year of paid-up membership service if they are retired from PERS.
- b. Members may retire at any age when they have:
  - (i) 25 years of paid-up creditable service, the last five years of which are membership service;
  - (ii) 20 years of paid-up membership service;
  - (iii) 20 years of combined paid-up membership and Alaska Bureau of Indian Affairs service, the last five years of which are membership service; or
  - (iv) 20 years of combined paid-up part-time and full-time membership service.

### Benefit Type

Lifetime benefits are paid to members. Eligible members may receive normal, unreduced benefits when they (1) reach normal retirement age and complete the service required; or (2) satisfy the minimum service requirements to retire at any age under (b) above. Members may receive early, actuarially reduced benefits when they reach early retirement age and complete the service required.

Members may select joint and survivor options and a last survivor option. Under these options and early retirement, benefits are actuarially adjusted so that members receive the actuarial equivalents of their normal benefit amounts.

### Benefit Calculations

Retirement benefits are calculated by multiplying the average base salary (ABS) times the total TRS service times the percentage multiplier. The ABS is determined by averaging the salaries earned during the three highest school years. Members must earn at least 115 days of credit in a school year to include it in the ABS calculation. TRS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers are 2% for the first 20 years and 2.5% for all remaining service. Service before July 1, 1990 is calculated at 2%.

Salaries are subject to compensation limits under IRC 401(a)(17) for members first hired on or after July 1, 1996. Retirement benefit amounts are subject to IRC 415(b) limits regardless of hire date.

## 5 Basis of the Actuarial Valuation

### Indebtedness

Members who terminate and refund their TRS contributions are not eligible to retire unless they return to TRS employment and pay back their refunds plus interest or accrue additional service which qualifies them for retirement. TRS refunds must be paid in full if the corresponding service is to count toward the minimum service requirements for retirement. Refunded TRS service is included in total service for the purpose of calculating retirement benefits. However, when refunds are not completely paid before retirement, benefits are actuarially reduced for life. Indebtedness balances may also be created when a member purchases qualified claimed service.

### Reemployment of Retired Members

Retirees who return to work in a permanent full-time or part-time TRS position after a normal retirement are eligible to return under the Standard Option.

Under the Standard Option, retirement and retiree healthcare benefits are suspended while retired members are reemployed under TRS. During reemployment, members earn additional TRS service and contributions are withheld from their wages.

Members retired under the Retirement Incentive Programs (RIPs) who return to employment will:

- a. forfeit the three years of incentive credits that they received;
- b. owe TRS 110% of the benefits that they received under the RIP, which may include costs for health insurance, excluding amounts that they paid to participate; and
- c. be charged 7% interest from the date that they are reemployed until their indebtedness is paid in full or they retire again. If the indebtedness is not completely paid, future benefits will be actuarially reduced for life.

Employers make contributions to the unfunded liability of the plan on behalf of rehired retired members at the rate the employer is making contributions to the unfunded liability of the plan for other members.

### Disability Benefits

Monthly disability benefits are paid to permanently disabled members until they die, recover, or become eligible for normal retirement. To be eligible, members must have at least five years of paid-up membership service.

Disability benefits are equal to 50% of the member's base salary at the time of disability. The benefit is increased by 10% of the base salary for each minor child, up to a maximum of 40%. Members continue to earn TRS service until eligible for normal retirement.

Members are appointed to normal retirement on the first of the month after they become eligible.

## 5 Basis of the Actuarial Valuation

### Death Benefits

Death benefits may be paid to a spouse, dependent children, or a designated beneficiary upon the death of a member.

#### Occupational Death

When an active member dies from occupational causes, a monthly survivor's pension may be paid to the spouse or to the member's dependent children if there is no spouse, unless benefits are payable under the supplemental contributions provision. The pension equals 40% of the member's base salary on the date of death or disability. On the member's normal retirement date, the benefit converts to a normal retirement benefit based on the member's average base salary on the date of death and TRS service, including service accumulated from the date of death to normal retirement date.

If there is no surviving spouse or dependent children, the designated beneficiary receives the member's contribution account, which includes mandatory contributions, supplemental contributions, indebtedness payments, and interest earned. The designated beneficiary also receives a lump sum payment equal to \$1,000 plus \$100 for each year of TRS service, up to a maximum of \$3,000.

#### Non-Occupational Death

When a vested member dies from non-occupational causes, the surviving spouse may elect to receive a monthly 50% joint and survivor benefit or a lump sum benefit (see below), unless benefits are payable under the supplemental contributions provision. The monthly benefit is based on the member's average base salary and TRS service accrued on the date of death.

Upon the death of an active member who has less than one year of service or an inactive member who is not vested, the designated beneficiary receives the member's contribution account, which includes mandatory contributions, supplemental contributions, indebtedness payments, and interest earned. If the member has more than one year of TRS service or is vested, the designated beneficiary also receives a lump sum payment equal to \$1,000 plus \$100 for each year of TRS service, up to a maximum of \$3,000. An additional \$500 may be payable if the member is survived by dependent children.

#### Supplemental Contributions Provision

Members are eligible for supplemental coverage if they joined TRS before July 1, 1982, elected to participate in the supplemental provision, and made the required contributions. A survivor's allowance or spouse's pension may be payable if the member made supplemental contributions for at least one year and dies while in membership service or while disabled under TRS. In addition, the allowance and pension may be payable if the member dies while retired or in deferred vested status if supplemental contributions were made for at least five years.

#### Survivor's Allowance

If the member is survived by dependent children, the surviving spouse and dependent children are entitled to a survivor's allowance. The allowance for the spouse is equal to 35% of the member's base salary at the time of death or disability, plus 10% for each dependent child up to a maximum of 40%. The allowance terminates and a spouse's pension becomes payable when there is no longer an eligible dependent child.

#### Spouse's Pension

A monthly spouse's pension is payable to the surviving spouse if there are no dependent children. The spouse's pension is equal to 50% of the retirement benefit that the deceased member was receiving or the unreduced retirement benefit that the deceased member would have received if retired at the time of death. The spouse's pension begins on the first of the month after the member's death or termination of the survivor's allowance.

## 5 Basis of the Actuarial Valuation

### Death After Retirement

If a joint and survivor option was selected at retirement, the eligible spouse receives continuing, lifetime monthly benefits after the member dies. A survivor's allowance or spouse's pension may be payable if the member participated in the supplemental contributions provision. If a joint and survivor option was not selected and benefits are not payable under the supplemental contributions provision, the designated beneficiary receives the member's contribution account, less any benefits already paid and the member's last benefit check.

### Postretirement Pension Adjustments

Postretirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit including past PRPAs, but excluding the Alaska COLA, times:

- a. The lesser of 75% of the CPI increase in the preceding calendar year or 9% if the recipient is at least age 65 or on TRS disability; or
- b. The lesser of 50% of the CPI increase in the preceding calendar year or 6% if the recipient is at least age 60, or under age 60 if the recipient has been receiving benefits for at least eight years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who were first hired before July 1, 1990 (Tier 1) if the CPI increases and the funded ratio is at least 105%.

In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

### Alaska Cost-of-Living Allowance (COLA)

Eligible benefit recipients who reside in Alaska receive an Alaska COLA equal to 10% of their base benefits. The following benefit recipients are eligible:

- a. members who were first hired under TRS before July 1, 1990 (Tier 1) and their survivors;
- b. members who were first hired under TRS after June 30, 1990 (Tier 2) and their survivors if they are at least age 65; and
- c. all disabled members.

## 5 Basis of the Actuarial Valuation

### Postemployment Healthcare Benefits

When pension benefits begin, major medical benefits are provided by TRS to (1) all employees first hired before July 1, 1990 (Tier 1) and their surviving spouses and (2) members and their surviving spouses who have 25 years of membership service, are disabled, or age 60 or older, regardless of their initial hire dates. Employees first hired after June 30, 1990 (Tier 2) and their surviving spouses may receive major medical benefits prior to age 60 by paying premiums.

Medical, prescription drug, dental, vision, and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Participants in dental, vision, and audio coverage pay a full self-supporting rate and those benefits are not included in this valuation.

Starting in 2022, prior authorization is required for certain specialty medications for all participants. There is no change to the medications that are covered by the plan.

Starting in 2022, certain preventive benefits for pre-Medicare participants are covered by the plan.

Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Alternate payees (i.e., individuals who are the subject of a domestic relations order or DRO) are allowed to participate in the plan, but must pay the full cost.

Where premiums are required prior to age 60 (Tier 2), the valuation bases this payment upon the age of the retiree.

Participants in the defined benefit plan are covered under the following benefit design:

| Plan Design Feature                                                 | Amounts         |
|---------------------------------------------------------------------|-----------------|
| Deductible (single / family)                                        | \$150 / \$450   |
| Coinsurance (most services)                                         | 20%             |
| Outpatient Surgery / Testing                                        | 0%              |
| Maximum Out-of-Pocket (single / family, excluding deductible)       | \$800 / \$2,400 |
| Rx Copays (generic / brand / mail-order), does not apply to OOP max | \$4 / \$8 / \$0 |
| Lifetime Maximum                                                    | \$2,000,000     |

The plan coordinates with Medicare on a traditional Coordination of Benefits Method. Starting in 2019, the prescription drug coverage is through a Medicare Part D EGWP arrangement.

### Changes in Benefit Provisions Valued Since the Prior Valuation

There were no changes in benefit provisions since the prior valuation.

# 5 Basis of the Actuarial Valuation

## 5.2 Description of Actuarial Methods and Valuation Procedures

The funding method used in this valuation was adopted by the Board in October 2006. Changes in methods were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017, and in September 2025 to reflect a preference to fund the UAAL more rapidly. The asset smoothing method used to determine valuation assets was changed effective June 30, 2014.

Benefits valued are those delineated in Alaska State statutes as of the valuation date. Changes in State statutes effective after the valuation date are not taken into consideration in setting the assumptions and methods.

### Actuarial Cost Method

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method, level percent of pay.

Effective June 30, 2018, the Board adopted a 25-year layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the FY18 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014<sup>1</sup>. Layer #2 equals the change in UAAL at June 30, 2018 due to the experience study and EGWP implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the difference between actual and expected UAAL occurring that year, and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

Effective June 30, 2025, the Board modified the 25-year layered UAAL amortization method to reduce the initial amortization period from 25 years to 15 years for all layers, except for Layer #1 which was unchanged.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Under this method, experience gains or losses (i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions) adjust the unfunded actuarial accrued liability.

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<sup>1</sup> Layer #1 is referred to as "initial amount" in the cover letter, Executive Summary, and Section 1.

## 5 Basis of the Actuarial Valuation

### Valuation of Assets

The actuarial asset value was reinitialized to equal Fair Value of Assets as of June 30, 2014. Beginning in FY15, the asset valuation method recognizes 20% of the investment gain or loss each year, for a period of five years. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from financial statements audited by KPMG LLP.

### Changes in Methods Since the Prior Valuation

The UAAL amortization method was modified as described above beginning with the June 30, 2025 valuation. There were no other changes in the asset or valuation methods since the prior valuation.

### Valuation of Retiree Medical and Prescription Drug Benefits

This section outlines the detailed methodology used in the internal model developed by Gallagher to calculate the initial per capita claims cost rates for the TRS postemployment healthcare plan. Note that the methodology reflects the results of our annual experience rate update for the period from July 1, 2024 to June 30, 2025.

Base claims cost rates are incurred healthcare costs expressed as a rate per member per year. Ideally, claims cost rates should be derived for each significant component of cost that can be expected to require differing projection assumptions or methods (i.e., medical claims, prescription drug claims, administrative costs, etc.). Separate analysis is limited by the availability and historical credibility of cost and enrollment data for each component of cost. This valuation reflects non-prescription claims separated by Medicare status, including eligibility for free Part A coverage. Prescription costs are analyzed separately as in prior valuations. Administrative costs are assumed in the final per capita claims cost rates used for valuation purposes, as described below. Analysis to date on Medicare Part A coverage is limited since Part A claim data is not available by individual, nor is this status incorporated into historical claim data.

### Benefits

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan and is available to employees of the State and subdivisions who meet retirement criteria based on the retirement plan tier in effect at their date of hire. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination for those Medicare-eligible. Dental, vision, and audio claims (DVA) are excluded from data analyzed for this valuation because those are retiree-pay all benefits where rates are assumed to be self-supporting. Gallagher relies upon rates set by a third-party for the DVA benefits. Gallagher reviewed historical rate-setting information and views contribution rate adjustments made are not unreasonable.

### Administration and Data Sources

The plan has been administered by Aetna since January 1, 2014.

Claims incurred for the period from June 2024 through May 2025 were provided by the State of Alaska from reports extracted from their data warehouse, which separated claims by Medicare status. Monthly enrollment data for the same period was provided by Aetna.

Aetna also provided census information identifying Medicare Part B only participants. These participants are identified when hospital claims are denied by Medicare. Aetna then flags that participant as a Part B only participant. Gallagher added newly identified participants to our list of Medicare Part B only participants. Gallagher assumes that once identified as Part B only, that participant remains in that status until we are notified otherwise.

## 5 Basis of the Actuarial Valuation

Aetna provided a snapshot file as of July 1, 2025 of retirees and dependents that included a coverage level indicator. The monthly enrollment data includes double coverage participants. These are participants whereby both the retiree and spouse are retirees from the State and both are reflected with Couple coverage in the enrollment. In this case, such a couple would show up as four members in the monthly enrollment (each would be both a retiree and a spouse). As a result, the snapshot census file was used to adjust the total member counts in the monthly enrollment reports to estimate the number of unique participants enrolled in coverage. Based on the snapshot files from the last two valuations, the total member count in the monthly enrollment reports needs to be reduced by approximately 12-13% to account for the number of participants with double coverage.

Aetna does not provide separate experience by Medicare status in standard reporting, so the special reports mentioned above from the data warehouse were used to obtain that information and incorporate it into the per capita rate development for each year of experience (with corresponding weights applied in the final per capita cost).

### Methodology

Gallagher projected historical claim data to FY26 for retirees using the following steps:

1. Develop historical annual incurred claim cost rates – An analysis of medical costs was completed based on claims information and enrollment data provided by the State of Alaska and Aetna for each year in the experience period of June 1, 2023 through May 31, 2025. The experience periods are shifted one month earlier compared to the prior valuation.
  - Costs for medical services and prescriptions were analyzed separately, and separate trend rates were developed to project expected future medical and prescription costs for the valuation year (e.g., from the experience period up through FY26).
  - Because the reports provided reflected incurred claims, no additional adjustment was needed to determine incurred claims to be used in the valuation.
  - An offset for costs expected to be reimbursed by Medicare was incorporated beginning at age 65. Alaska retirees who do not have 40 quarters of Medicare-covered compensation do not qualify for Medicare Part A coverage free of charge. This is a relatively small and closed group. Medicare was applied to State employment for all employees hired after March 31, 1986. For the “no-Part A” individuals who are required to enroll in Medicare Part B, the State is the primary payer for hospital bills and other Part A services. Claims experience is not available separately for participants with both Medicare Parts A and B and those with Part B only. For Medicare Part B only participants, a lower average claims cost was applied to retirees covered by both Medicare Part A and B vs. retirees covered only by Medicare Part B based upon manual rate models that estimate the Medicare covered proportion of medical costs. To the extent that no-Part A claims can be isolated and applied strictly to the appropriate closed group, actuarial accrued liability will be more accurate.
  - Based on census data received from Aetna, approximately 2% of the current retiree population was identified as having coverage only under Medicare Part B. We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.
  - Based upon a reconciliation of valuation census data to the snapshot eligibility files provided by Aetna as of July 1, 2024, and July 1, 2025, Gallagher adjusted member counts used for duplicate records where participants have double coverage (i.e., primary coverage as a retiree and secondary coverage as the covered spouse of another retiree). This adjustment is to reflect the total cost per distinct individual/member which is then applied to distinct members in the valuation census.
  - Gallagher understands that pharmacy claims reported do not reflect rebates. Based on actual pharmacy rebate information provided by Optum, rebates were assumed to be 29.8% of pre-Medicare and 19.8% of Medicare prescription drug claims for FY24; and 29.2% of pre-Medicare and 22.8% of Medicare prescription drug claims for FY25. These rebate assumptions were used for the experience periods starting and ending one month prior to the respective fiscal years.

## 5 Basis of the Actuarial Valuation

2. Develop estimated EGWP reimbursements – The estimated CY26 reimbursements under EGWP were provided by Segal Consulting, who worked with the EGWP administrator (Optum) to develop those estimates. These amounts are applicable only to Medicare-eligible participants. The estimated reimbursements under EGWP from FY22 through FY26 were trended to FY26 and then blended to develop the EGWP subsidies for the June 30, 2025 valuation. The first-year trend rate applied to EGWP per capita costs was also adjusted to reflect the increase in EGWP subsidies from CY25 to CY26.
3. Adjust for claim fluctuation, anomalous experience, etc. – Explicit adjustments are often made for anticipated large claims or other anomalous experience. Due to group size and demographics, we did not make any large claim adjustments. We do blend both Alaska plan-specific and national trend factors as described below. Gallagher compared data utilized to lag reports and quarterly plan experience presentations provided by the State and Aetna to assess accuracy and reasonableness of data.
4. Trend all data points to the projection period – Project prior years' experience forward to FY26 for retiree benefits on an incurred claim basis. Trend factors derived from historical Alaska-specific experience and national trend factors are shown below in item 5.
5. Apply credibility to prior experience – Adjust prior year's data by assigning weighting factors to recent periods, as shown at the right of the table below. The Board approved a change in the weighting of experience periods beginning with the June 30, 2017 valuation. We averaged projected plan costs by applying 75% weight to Alaska-specific trends and 25% weight to national trends.

### Alaska-Specific and National Average Weighted Trend from Experience Period to Valuation Year

| Experience Period     | Medical, Pre-Medicare | Medical, Medicare | Prescription Drugs | Weighting Factors |
|-----------------------|-----------------------|-------------------|--------------------|-------------------|
| 6/1/2023 to 5/31/2024 | 6.8%                  | 8.9%              | 12.0%              | 50%               |
| 6/1/2024 to 5/31/2025 | 6.1%                  | 10.0%             | 17.8%              | 50%               |

Trend assumptions used for rate development are assessed annually and as additional/improved reporting becomes available, we will incorporate into rate development as appropriate. Due to the one-month lag in claims experience, all claims were trended an additional month to FY26.

6. Develop separate administration costs – No adjustments were made for internal administrative costs. Third party retiree plan administration fees for FY26 are based upon total fees projected to 2026 by Segal Consulting based on actual FY25 fees. The annual per participant per year administrative cost rate for medical and prescription benefits is \$353.

## 5 Basis of the Actuarial Valuation

### Healthcare Reform

Healthcare Reform legislation passed on March 23, 2010 included several provisions with potential implications for the State of Alaska Retiree Health Plan liability. Gallagher evaluated the impact due to these provisions.

Because the State plan is retiree-only, and was in effect at the time the legislation was enacted, not all provisions of the health reform legislation apply to the State plan. Unlimited lifetime benefits and dependent coverage to age 26 are two of these provisions. We reviewed the impact of including these provisions, but there was no decision made to adopt them, and no requirement to do so.

Because Transitional Reinsurance fees are only in effect until 2016, we excluded these for valuation purposes.

The Further Consolidated Appropriations Act, 2020 passed in December 2019 repealed several healthcare-related taxes, including the Cadillac Tax.

The Tax Cuts and Jobs Act passed in December 2017 included the elimination of the individual mandate penalty and changed the inflation measure for purposes of determining the limits for the High Cost Excise Tax to use chained CPI. It is our understanding the law does not directly impact other provisions of the ACA. While the nullification of the ACA's individual mandate penalty does not directly impact employer group health plans, it could contribute to the destabilization of the individual market and increase the number of uninsured. Such destabilization could translate to increased costs for employers. We have considered this when setting our healthcare cost trend assumptions and will continue to monitor this issue.

The Inflation Reduction Act (IRA) was signed into law on August 16, 2022. The law contains several provisions that are expected to impact Alaska's Medicare prescription drug plan (EGWP) due to design and funding changes, the most meaningful of which occurred in 2025. The IRA is also expected to bend the trend curve through price control measures such as HHS's ability to negotiate prices for older, high-cost single source brand drugs (first effective in 2026) and through the imposition of rebates for drugs that increase in excess of inflation (first effective in 2023). We have adjusted the EGWP subsidy and the first-year trend that is applied to these subsidies for the June 30, 2025 valuation based on estimated reimbursements provided by Segal Consulting. As further guidance and projections regarding the impact of the IRA become available, updates to these assumptions may be made for future measurement dates if deemed appropriate.

We have not identified any other specific provisions of healthcare reform or its potential repeal that would be expected to have a significant impact on the measured obligation. We will continue to monitor legislative activity.

## 5 Basis of the Actuarial Valuation

### Data

In accordance with actuarial standards, we note the following specific data sources and steps taken to value retiree medical benefits:

The Division of Retirement and Benefits provided pension valuation census data, which for people currently in receipt of healthcare benefits was supplemented by coverage data from the healthcare claims administrator (Aetna).

Certain adjustments and assumptions were made to prepare the data for valuation:

- All records provided with retiree medical coverage on the Aetna data were included in this valuation and we relied on the Aetna data as the source of medical coverage for current retirees and their dependents.
- Some records in the Aetna data were duplicates due to the double coverage (i.e., coverage as a retiree and as a spouse of another retiree) allowed under the plan. Records were adjusted for these members so that each member was only valued once. Any additional value of the double coverage (due to coordination of benefits) is small and reflected in the per capita costs.
- Covered children included in the Aetna data were valued until age 23, unless disabled. We assumed that those dependents over 23 were only eligible and valued due to being disabled.
- For individuals included in the pension data expecting a future pension, we valued health benefits starting at the same point that the pension benefit is assumed to start.
- Some records in the pension data were duplicates due to being a covered spouse in the Aetna data. Records were adjusted for these members so that each inactive member was only valued once, removing the record that came in through the pension data.

We are not aware of any other data issues that would be expected to have a material impact on the results and there are no unresolved matters related to the data.

The following chart shows the basis of setting the per capita claims cost assumption, which includes both PERS and TRS.

## 5 Basis of the Actuarial Valuation

|                                                                                            | Medical        |                | Prescription Drugs (Rx) |                |
|--------------------------------------------------------------------------------------------|----------------|----------------|-------------------------|----------------|
|                                                                                            | Pre-Medicare   | Medicare       | Pre-Medicare            | Medicare       |
| <b>A. Fiscal 2024</b>                                                                      |                |                |                         |                |
| 1. Incurred Claims                                                                         | \$ 211,522,877 | \$ 124,759,268 | \$ 71,627,927           | \$ 301,319,664 |
| 2. Adjustments for Rx Rebates                                                              | 0              | 0              | (21,315,243)            | (59,698,014)   |
| 3. Net incurred claims                                                                     | \$ 211,522,877 | \$ 124,759,268 | \$ 50,312,684           | \$ 241,621,650 |
| 4. Average Enrollment                                                                      | 15,459         | 51,852         | 15,459                  | 51,852         |
| 5. Claim Cost Rate (3) / (4)                                                               | 13,682         | 2,406          | 3,255                   | 4,660          |
| 6. Trend to Fiscal 2026                                                                    | 1.139          | 1.207          | 1.337                   | 1.337          |
| 7. Fiscal 2026 Incurred Cost Rate (5) x (6)                                                | \$ 15,581      | \$ 2,905       | \$ 4,352                | \$ 6,232       |
| 8. Adjustment Factor for 2022 Plan Changes                                                 | 1.000          | 1.000          | 0.976                   | 0.976          |
| 9. Adjusted Fiscal 2026 Incurred Cost Rate (7) x (8)                                       | \$ 15,581      | \$ 2,905       | \$ 4,247                | \$ 6,081       |
| <b>B. Fiscal 2025</b>                                                                      |                |                |                         |                |
| 1. Incurred Claims                                                                         | \$ 205,404,879 | \$ 139,592,893 | \$ 75,467,663           | \$ 367,360,515 |
| 2. Adjustments for Rx Rebates                                                              | 0              | 0              | (22,038,554)            | (83,667,013)   |
| 3. Net incurred claims                                                                     | \$ 205,404,879 | \$ 139,592,893 | \$ 53,429,108           | \$ 283,693,502 |
| 4. Average Enrollment                                                                      | 14,289         | 52,441         | 14,289                  | 52,441         |
| 5. Claim Cost Rate (3) / (4)                                                               | 14,375         | 2,662          | 3,739                   | 5,410          |
| 6. Trend to Fiscal 2026                                                                    | 1.066          | 1.109          | 1.194                   | 1.194          |
| 7. Fiscal 2026 Incurred Cost Rate (5) x (6)                                                | \$ 15,325      | \$ 2,951       | \$ 4,463                | \$ 6,458       |
| 8. Adjustment Factor for 2022 Plan Changes                                                 | 1.000          | 1.000          | 0.986                   | 0.973          |
| 9. Adjusted Fiscal 2026 Incurred Cost Rate (7) x (8)                                       | \$ 15,325      | \$ 2,951       | \$ 4,401                | \$ 6,283       |
| <b>C. Adjusted Incurred Cost Rate by Fiscal Year</b>                                       |                |                |                         |                |
| 1. Fiscal 2024 A.(9)                                                                       | 15,581         | 2,905          | 4,247                   | 6,081          |
| 2. Fiscal 2025 B.(9)                                                                       | 15,325         | 2,951          | 4,401                   | 6,283          |
| <b>D. Weighting by Fiscal Year</b>                                                         |                |                |                         |                |
| 1. Fiscal 2024                                                                             | 50%            | 50%            | 50%                     | 50%            |
| 2. Fiscal 2025                                                                             | 50%            | 50%            | 50%                     | 50%            |
| <b>E. Fiscal 2026 Incurred Cost Rate</b>                                                   |                |                |                         |                |
| 1. Rate at Average Age C x D                                                               | \$ 15,453      | \$ 2,928       | \$ 4,324                | \$ 6,182       |
| 2. Average Aging Factor                                                                    | 0.813          | 1.224          | 0.838                   | 1.149          |
| 3. Rate at Age 65 (1) / (2)                                                                | \$ 19,003      | \$ 2,393       | \$ 5,158                | \$ 5,381       |
| <b>F. Development of Part A&amp;B and Part B Only Cost from Pooled Rate Above</b>          |                |                |                         |                |
| 1. Part A&B Average Enrollment                                                             |                | 51,897         |                         |                |
| 2. Part B Only Average Enrollment                                                          |                | 544            |                         |                |
| 3. Total Medicare Average Enrollment B(4)                                                  |                | 52,441         |                         |                |
| 4. Cost ratio for those with Part B only to those with Parts A&B                           |                | 3.300          |                         |                |
| 5. Factor to determine cost for those with Parts A&B<br>(2) / (3) x (4) + (1) / (3) x 1.00 |                | 1.024          |                         |                |
| 6. Medicare per capita cost for all participants: E(3)                                     |                | \$ 2,393       |                         |                |
| 7. Cost for those eligible for Parts A&B: (6) / (5)                                        |                | \$ 2,337       |                         |                |
| 8. Cost for those eligible for Part B only: (7) x (4)                                      |                | \$ 7,712       |                         |                |

## 5 Basis of the Actuarial Valuation

Following the development of total projected costs, per capita claims costs were distributed by age by allocating total projected costs to the population census used in the valuation. The allocation was done separately for each of prescription drug and medical costs for the Medicare eligible and pre-Medicare populations. The allocation weights were developed using participant counts by age and assumed morbidity and aging factors. Results were tested for reasonableness based on historical trend and external benchmarks for costs paid by Medicare. The results of our analysis are summarized in the table below.

**Per Capita Claims Costs by Age for July 1, 2025 through June 30, 2026**

| Age | Medical and Medicare Parts A & B | Medical and Medicare Part B Only | Prescription Drug | Medicare EGWP Subsidy |
|-----|----------------------------------|----------------------------------|-------------------|-----------------------|
| 45  | \$ 11,597                        | \$ 11,597                        | \$ 3,310          | \$ 0                  |
| 50  | \$ 13,121                        | \$ 13,121                        | \$ 3,931          | \$ 0                  |
| 55  | \$ 14,845                        | \$ 14,845                        | \$ 4,669          | \$ 0                  |
| 60  | \$ 16,796                        | \$ 16,796                        | \$ 4,907          | \$ 0                  |
| 65  | \$ 2,337                         | \$ 7,712                         | \$ 5,381          | \$ 2,106              |
| 70  | \$ 2,580                         | \$ 8,515                         | \$ 5,970          | \$ 2,337              |
| 75  | \$ 2,849                         | \$ 9,401                         | \$ 6,624          | \$ 2,593              |
| 80  | \$ 3,176                         | \$ 10,482                        | \$ 6,525          | \$ 2,554              |

# 5 Basis of the Actuarial Valuation

## 5.3 Summary of Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2025 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021.

### Investment Return

7.25% per year, net of investment expenses.

### Salary Scale

Salary scale rates based on the 2017-2021 actual experience (see Table 1).

Inflation – 2.50% per year.

Productivity – 0.25% per year.

### Payroll Growth

1.00% per year.

### Total Inflation

Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.

### Mortality (Pre-Commencement)

Mortality rates based on the 2017-2021 actual experience, to the extent the experience was statistically credible.

- Pension: Pub-2010 Teachers Employee table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Deaths are assumed to result from occupational causes 15% of the time.

### Mortality (Post-Commencement)

Mortality rates based on the 2017-2021 actual experience, to the extent the experience was statistically credible.

Retiree mortality in accordance with the following tables:

- Pension: 97% of male and 97% of female rates of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Beneficiary mortality in accordance with the following tables. These tables are applied only after the death of the original member.

- Pension: 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

## 5 Basis of the Actuarial Valuation

### Turnover

Select and ultimate rates based on the 2017-2021 actual experience (see Table 2).

### Disability

No changes to the incidence rates from the prior valuation due to insufficient 2017-2021 actual experience (see Table 3). Disability rates cease once a member is eligible for retirement.

Post-disability mortality in accordance with the following tables:

- Pension: Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

### Retirement

Retirement rates based on the 2017-2021 actual experience (see Table 4).

Deferred vested members are assumed to retire at their earliest unreduced retirement date.

The modified cash refund annuity is valued as a three-year certain and life annuity.

### Spouse Age Difference

Male members are assumed to be three years older than their wives. Female members are assumed to be two years younger than their husbands.

### Percent Married for Pension

85% of male members and 75% of female members are assumed to be married at termination from active service.

### Dependent Spouse Medical Coverage Election

Applies to members who do not have double medical coverage. 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.

### Dependent Children

- Pension: For the participants who are assumed to be married, those between ages 25 and 45 are assumed to have two dependent children.
- Healthcare: Benefits for dependent children have been valued only for members currently covering their dependent children. These benefits are only valued through the dependent children's age 23 (unless the child is disabled).

### Imputed Data

Data changes from the prior year which are deemed to have an immaterial impact on liabilities and contribution rates are assumed to be correct in the current year's client data.

Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage.

### Active Data Adjustment

No adjustment was made to reflect participants who terminate employment before the valuation date and are subsequently rehired after the valuation date.

## 5 Basis of the Actuarial Valuation

### Administrative Expenses

The Normal Cost as of June 30, 2025 was increased by the following amounts, payable at the beginning of the year. These amounts are based on the average of actual administrative expenses during the last two fiscal years. For projections, the percent increase was assumed to remain constant in future years.

- Pension: \$3,541,000
- Healthcare: \$1,698,000

### Rehire Assumption

The Normal Cost used for determining contribution rates and in the projections includes a rehire assumption to account for anticipated rehires. The Normal Cost shown in the report includes the following assumptions based on the four years of rehire loss experience through June 30, 2021. For projections, these assumptions were assumed to grade to zero uniformly over a 20-year period.

- Pension: 12.00%
- Healthcare: 0.20%

### Re-Employment Option

All re-employed retirees are assumed to return to work under the Standard Option.

### Service

Total credited service is provided by the State. This service is assumed to be the only service that should be used to calculate benefits. Additionally, the State provides claimed service (including Bureau of Indian Affairs Service). Claimed service is used for vesting and eligibility purposes as described in Section 5.1.

### Part-Time Service

Part-time employees are assumed to earn 0.75 years of credited service per year.

### Unused Sick Leave

5.25 days of unused sick leave for each year of service are assumed to be available to be credited once the member is retired, terminates, or dies.

### Final Average Earnings

Final Average Earnings is provided on the data for active members. This amount is used as a minimum in the calculation of the average earnings in the future.

### Contribution Refunds

0% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.

### Early Retirement Factors

State of Alaska staff provided the early retirement factors, which reflect grandfathered factors.

### Alaska Cost-of-Living Adjustments (COLA)

Of those benefit recipients who are eligible for the Alaska COLA, 60% are assumed to remain in Alaska and receive the COLA.

### Postretirement Pension Adjustment (PRPA)

50% and 75% of assumed inflation, or 1.25% and 1.875% respectively, is valued for the annual automatic PRPA as specified in the statute.

## 5 Basis of the Actuarial Valuation

### Healthcare Participation

100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

### Medicare Part B Only

We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.

### Healthcare Per Capita Claims Cost

Sample claims cost rates for FY26 are shown below. These costs are adjusted to age 65. Members are assumed to attain Medicare eligibility at age 65.

|                        | Medical   | Prescription Drugs |
|------------------------|-----------|--------------------|
| Pre-Medicare           | \$ 19,003 | \$ 5,158           |
| Medicare Parts A & B   | \$ 2,337  | \$ 5,381           |
| Medicare Part B Only   | \$ 7,712  | \$ 5,381           |
| Medicare Part D – EGWP | N/A       | \$ 2,106           |

The smoothed FY26 EGWP subsidy assumption reflects a weighted blend of estimated reimbursements from FY22 through FY26. Since we received the estimated CY26 EGWP subsidy from Segal Consulting, the FY27 estimated subsidy is estimated as 6 months of the CY26 subsidy plus 6 months of this subsidy trended by the prescription drug trend table. This leads to a larger FY27 trend of 25.6%. Thereafter, the EGWP subsidy is assumed to increase in future years by the trend rates shown on the following pages. No future legislative changes or other events are expected to impact the EGWP subsidy. If any legislative or other changes occur in the future that impact the EGWP subsidy (which could either increase or decrease the plan's Actuarial Accrued Liability), those changes will be evaluated and quantified when they occur.

### Healthcare Morbidity

Morbidity rates (also called aging factors) are used to estimate utilization of healthcare benefits at each age to reflect the fact that healthcare utilization typically increases with age. Separate morbidity rates are used for medical and prescription drug benefits. These rates are based on 2017-2021 actual experience.

| Age     | Medical | Prescription Drugs |
|---------|---------|--------------------|
| 0 - 44  | 2.0%    | 4.5%               |
| 45 - 54 | 2.5%    | 3.5%               |
| 55 - 64 | 2.5%    | 1.0%               |
| 65 - 74 | 2.0%    | 2.1%               |
| 75 - 84 | 2.2%    | (0.3%)             |
| 85 - 94 | 0.5%    | (2.5%)             |
| 95+     | 0.0%    | 0.0%               |

### Healthcare Third Party Administrator Fees

\$353 per person per year; assumed to increase at 4.50% per year.

## 5 Basis of the Actuarial Valuation

### Healthcare Cost Trend

The table below shows the rate used to project the cost from the shown fiscal year to the next fiscal year. For example, 6.20% is applied to the FY26 pre-Medicare medical claims costs to get the FY27 pre-Medicare medical claims costs.

| Fiscal Year | Medical Pre-65 | Medical Post-65 | Prescription Drugs / EGWP |
|-------------|----------------|-----------------|---------------------------|
| FY26        | 6.20%          | 5.40%           | 8.50% <sup>1</sup>        |
| FY27        | 6.05%          | 5.35%           | 8.20%                     |
| FY28        | 5.85%          | 5.35%           | 7.90%                     |
| FY29        | 5.65%          | 5.30%           | 7.45%                     |
| FY30        | 5.45%          | 5.30%           | 7.05%                     |
| FY31        | 5.30%          | 5.30%           | 6.60%                     |
| FY32        | 5.30%          | 5.30%           | 6.15%                     |
| FY33        | 5.30%          | 5.30%           | 5.70%                     |
| FY34-FY38   | 5.30%          | 5.30%           | 5.30%                     |
| FY39        | 5.25%          | 5.25%           | 5.30%                     |
| FY40        | 5.20%          | 5.20%           | 5.30%                     |
| FY41        | 5.10%          | 5.10%           | 5.20%                     |
| FY42        | 5.05%          | 5.05%           | 5.10%                     |
| FY43        | 4.95%          | 4.95%           | 5.00%                     |
| FY44        | 4.90%          | 4.90%           | 4.90%                     |
| FY45        | 4.80%          | 4.80%           | 4.85%                     |
| FY46        | 4.75%          | 4.75%           | 4.75%                     |
| FY47        | 4.70%          | 4.70%           | 4.70%                     |
| FY48        | 4.60%          | 4.60%           | 4.65%                     |
| FY49        | 4.55%          | 4.55%           | 4.55%                     |
| FY50+       | 4.50%          | 4.50%           | 4.50%                     |

For the June 30, 2014 valuation and later, the updated Society of Actuaries' Healthcare Cost Trend Model is used to project medical and prescription drug costs. This model estimates trend amounts that are projected out for 80 years. The model has been populated with assumptions that are specific to the State of Alaska.

<sup>1</sup> The FY26 trend rate applied to the EGWP subsidy is 25.60%.

## 5 Basis of the Actuarial Valuation

### Retired Member Contributions for Medical Benefits

Currently, contributions are required for TRS members who are under age 60 and have less than 25 years of service. Eligible Tier 1 members are exempt from contribution requirements. Annual FY26 contributions based on monthly rates shown below for CY26 are assumed based on the coverage category for current retirees. The retiree only rate shown is used for current active and inactive members and spouses in Tier 2 who are assumed to retire prior to age 60 with less than 25 years of service and who are not disabled. For dependent children, we value 1/3 of the annual retiree contribution to estimate the per child rate based on the assumed number of children in rates where children are covered.

| Coverage Category      | CY26<br>Annual<br>Contribution | CY26<br>Monthly<br>Contribution | CY25<br>Monthly<br>Contribution |
|------------------------|--------------------------------|---------------------------------|---------------------------------|
| Retiree Only           | \$ 9,312                       | \$ 776                          | \$ 739                          |
| Retiree and Spouse     | \$ 18,624                      | \$ 1,552                        | \$ 1,478                        |
| Retiree and Child(ren) | \$ 13,164                      | \$ 1,097                        | \$ 1,045                        |
| Retiree and Family     | \$ 22,476                      | \$ 1,873                        | \$ 1,784                        |
| Composite              | \$ 13,836                      | \$ 1,153                        | \$ 1,098                        |

### Trend Rate for Retired Member Medical Contributions

CY26 contributions are trended back to FY26 using half a year of 4.00% trend. Thereafter, a rate of 4.00% is used to project retired member medical contributions to each subsequent fiscal year.

### Changes in Assumptions Since the Prior Valuation

The healthcare per capita claims cost assumption is updated annually as described in Section 5.2.

The amounts included in the Normal Cost for administrative expenses were changed from \$3,500,000 to \$3,541,000 for pension, and from \$1,823,000 to \$1,698,000 for healthcare. These amounts are based on the most recent two years of actual administrative expenses paid from plan assets.

In June 2025, the Board adopted a new payroll growth assumption of 1.00% effective beginning with the June 30, 2025 valuation. The prior payroll growth assumption was 2.75%. The Board adopted the new assumption to better match recent payroll growth experience.

There were no other changes in actuarial assumptions since the prior valuation.

## 5 Basis of the Actuarial Valuation

**Table 1: Salary Scale**

| Years of Service | Percent Increase |
|------------------|------------------|
| < 1              | 7.00%            |
| 1                | 6.50%            |
| 2                | 6.00%            |
| 3                | 5.75%            |
| 4                | 5.50%            |
| 5                | 5.25%            |
| 6                | 5.00%            |
| 7                | 4.75%            |
| 8                | 4.50%            |
| 9                | 4.25%            |
| 10               | 4.00%            |
| 11               | 3.75%            |
| 12               | 3.50%            |
| 13               | 3.45%            |
| 14               | 3.35%            |
| 15               | 3.25%            |
| 16               | 3.15%            |
| 17               | 3.05%            |
| 18               | 3.00%            |
| 19               | 2.95%            |
| 20+              | 2.85%            |

## 5 Basis of the Actuarial Valuation

**Table 2: Turnover Rates**

**Select Rates during the First 8 Years of Employment**

| Years of Service | Male   | Female |
|------------------|--------|--------|
| < 1              | 20.40% | 17.00% |
| 1                | 20.40% | 17.00% |
| 2                | 16.80% | 14.00% |
| 3                | 14.40% | 12.00% |
| 4                | 12.00% | 10.00% |
| 5                | 10.80% | 9.00%  |
| 6                | 9.00%  | 7.50%  |
| 7                | 7.20%  | 6.00%  |

**Ultimate Rates after the First 8 Years of Employment**

| Age     | Male  | Female |
|---------|-------|--------|
| < 30    | 3.60% | 4.60%  |
| 30 - 34 | 3.60% | 5.40%  |
| 35 - 39 | 3.60% | 3.90%  |
| 40 - 44 | 3.10% | 2.60%  |
| 45 - 49 | 3.10% | 2.60%  |
| 50 - 54 | 4.60% | 4.80%  |
| 55+     | 2.80% | 4.80%  |

## 5 Basis of the Actuarial Valuation

**Table 3: Disability Rates**

| Age  | Male    | Female  | Age | Male    | Female  |
|------|---------|---------|-----|---------|---------|
| < 31 | 0.0337% | 0.0612% | 50  | 0.0601% | 0.1093% |
| 31   | 0.0337% | 0.0613% | 51  | 0.0634% | 0.1152% |
| 32   | 0.0337% | 0.0613% | 52  | 0.0666% | 0.1211% |
| 33   | 0.0342% | 0.0622% | 53  | 0.0746% | 0.1356% |
| 34   | 0.0347% | 0.0631% | 54  | 0.0826% | 0.1501% |
| 35   | 0.0353% | 0.0641% | 55  | 0.0905% | 0.1645% |
| 36   | 0.0357% | 0.0650% | 56  | 0.0985% | 0.1790% |
| 37   | 0.0362% | 0.0659% | 57  | 0.1064% | 0.1935% |
| 38   | 0.0371% | 0.0674% | 58  | 0.1245% | 0.2263% |
| 39   | 0.0379% | 0.0689% | 59  | 0.1426% | 0.2592% |
| 40   | 0.0387% | 0.0703% | 60  | 0.1606% | 0.2920% |
| 41   | 0.0395% | 0.0718% | 61  | 0.1787% | 0.3249% |
| 42   | 0.0403% | 0.0733% | 62  | 0.1967% | 0.3577% |
| 43   | 0.0423% | 0.0770% | 63  | 0.2253% | 0.4096% |
| 44   | 0.0443% | 0.0806% | 64  | 0.2572% | 0.4677% |
| 45   | 0.0464% | 0.0843% | 65  | 0.2933% | 0.5332% |
| 46   | 0.0483% | 0.0879% | 66  | 0.3343% | 0.6079% |
| 47   | 0.0504% | 0.0916% | 67  | 0.3812% | 0.6930% |
| 48   | 0.0536% | 0.0975% | 68  | 0.4345% | 0.7900% |
| 49   | 0.0569% | 0.1034% | 69  | 0.4953% | 0.9006% |
|      |         |         | 70+ | 0.5647% | 1.0267% |

## 5 Basis of the Actuarial Valuation

**Table 4: Retirement Rates**

| Age     | Reduced |        | Unreduced |         |
|---------|---------|--------|-----------|---------|
|         | Male    | Female | Male      | Female  |
| < 45    | N/A     | N/A    | 3.00%     | 3.00%   |
| 45      | N/A     | N/A    | 5.50%     | 7.00%   |
| 46      | N/A     | N/A    | 5.50%     | 7.00%   |
| 47      | N/A     | N/A    | 5.50%     | 7.00%   |
| 48      | N/A     | N/A    | 5.50%     | 7.00%   |
| 49      | N/A     | N/A    | 5.50%     | 7.00%   |
| 50      | 5.00%   | 5.00%  | 12.50%    | 13.00%  |
| 51      | 5.00%   | 5.00%  | 12.50%    | 13.00%  |
| 52      | 5.00%   | 10.00% | 12.50%    | 13.00%  |
| 53      | 5.00%   | 5.00%  | 12.50%    | 13.00%  |
| 54      | 10.00%  | 5.00%  | 12.50%    | 13.00%  |
| 55      | 14.50%  | 11.00% | 20.00%    | 17.50%  |
| 56      | 9.50%   | 11.00% | 20.00%    | 17.50%  |
| 57      | 9.50%   | 11.00% | 20.00%    | 17.50%  |
| 58      | 9.50%   | 11.00% | 20.00%    | 17.50%  |
| 59      | 9.50%   | 11.00% | 20.00%    | 17.50%  |
| 60 - 64 | N/A     | N/A    | 19.50%    | 23.50%  |
| 65 - 69 | N/A     | N/A    | 28.00%    | 23.50%  |
| 70 - 74 | N/A     | N/A    | 30.00%    | 36.00%  |
| 75 - 79 | N/A     | N/A    | 50.00%    | 50.00%  |
| 80+     | N/A     | N/A    | 100.00%   | 100.00% |

## 6 Risk Information

### 6.1 Risk Overview

Funding future retirement benefits prior to when those benefits become due involves assumptions regarding future economic and demographic experience. These assumptions are applied to calculate actuarial liabilities, current contribution requirements, and the funded status of the plan. However, to the extent future experience deviates from the assumptions used, variations will occur in these calculated values. These variations create risk to the plan. Understanding the risks to the funding of the plan is important.

Actuarial Standard of Practice No. 51 (ASOP 51)<sup>1</sup> requires certain disclosures of potential risks to the plan and provides useful information for intended users of actuarial reports that determine plan contributions or evaluate the adequacy of specified contribution levels to support benefit provisions.

Under ASOP 51, risk is defined as the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience.

It is important to note that not all risk is negative, but all risk should be understood and accepted based on knowledge, judgment, and educated decisions. Future measurements may deviate in ways that produce positive or negative financial impacts to the plan.

In the actuary's professional judgment, the following risks may reasonably be anticipated to significantly affect the pension plan's future financial condition and contribution requirements.

- Investment Risk – potential that the investment return will differ from the rate assumed in the actuarial valuation
- Contribution Risk – potential that actual contributions will differ from actuarially determined contributions
- Long-Term Return on Investment Risk – potential that changes in long-term capital market assumptions or the plan's asset allocation will create the need to update the long-term return on investment assumption
- Longevity Risk – potential that participants live longer than projected under valuation mortality assumptions
- Salary Increase Risk – potential that future salaries will differ from the valuation assumptions
- Inflation Risk – potential that the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage will differ from the rate assumed in the actuarial valuation
- Other Demographic Risk – potential that other demographic experience will differ from the valuation assumptions

The following information is provided to comply with ASOP 51 and furnish beneficial information on potential risks to the plan. This list is not all-inclusive. It is an attempt to identify the more significant risks and how those risks might affect the results shown in this report.

Note that ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor to make contributions to the plan when due, or to assess the likelihood or consequences of potential future changes in law. In addition, this valuation report is not intended to provide investment advice or to provide guidance on the management or reduction of risk.

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<sup>1</sup> ASOP 51 does not apply to the healthcare portion of the plan. Accordingly, all figures in this section relate to the pension portion.

# 6 Risk Information

## 6.2 Assessment of Risks

### Investment Risk

Plan costs are very sensitive to the market return.

- Any return on assets lower than assumed will increase costs.
- The plan uses an actuarial value of assets that smooths gains and losses on market returns over a five-year period to help control some of the volatility in costs due to investment risk.
- Historical experience of actual returns is shown in Section 2.4 of this report. This historical experience illustrates how returns can vary over time.

The plan invests in a diversified portfolio of assets with the objective of maximizing investment returns at a reasonable level of risk. Actuarial Standard of Practice No. 4 (ASOP 4) requires the actuary to disclose a Low-Default-Risk Obligation Measure (LDROM) of the plan's pension liability and provide commentary to help the intended users of this report understand the significance of the LDROM with respect to funded status, contributions, and participant benefit security.

The LDROM is based on discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of pension benefits expected to be paid in the future. The LDROM shown here represents what the plan's pension liability would be if the plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future pension benefit payments. Consequently, the difference between the LDROM and the Actuarial Accrued Liability represents the taxpayer savings from investing in a diversified portfolio of assets versus only investing in high-quality bonds. Furthermore, this difference also represents the cost of reducing investment risk.

As of June 30, 2025, the LDROM is \$9.5 billion for the pension plan based on an interest rate of 5.64%. The interest rate used for the LDROM was determined by calculating a single equivalent discount rate using projected pension benefit payments and the Gallagher Above Median Yield Curve as of June 30, 2025. Please note that the interest rate used for the LDROM is based on bond yields as of the measurement date and will therefore vary for different measurement dates. All other assumptions are the same as those used for funding purposes as shown in this report.

Actuaries play a role in helping to determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on the Actuarial Accrued Liability, as well as the actuarially determined contributions, are calculated using the expected return on assets, which reflects the actual investment portfolio. Since the assets are not invested solely in an all-bond portfolio, the LDROM does not indicate the plan's pension funded status or progress, nor does it provide information on necessary plan contributions.

Regarding participant benefit security, if this plan were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date might be considered more secure, since the investment risk would be significantly reduced. However, the fact that assets are invested in a diversified portfolio does not mean that the participants' benefits are not secure. The security of participant benefits relies on a combination of the assets in the plan, the investment returns generated from those assets, and the promise of future contributions from the plan sponsor. Reducing investment risk by investing solely in bonds may significantly increase the actuarially determined contributions, and thereby increase contribution risk by decreasing the ability of the plan sponsor to make necessary contributions to fund the benefits. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security. Participant benefits will remain secure if reasonable and appropriate contributions with managed risk are calculated and paid.

Since this plan is closed to new entrants, the investment horizon of the funds will decrease over the long term. As this change happens, the asset allocation may shift to less risky assets, and the difference between the Actuarial Accrued Liability and LDROM will become smaller. Monitoring this difference may help the plan sponsor decide when the cost of less investment risk is advantageous.

## 6 Risk Information

### Contribution Risk

There is a risk to the plan when the employer's and/or State's actual contribution amount and the actuarially determined contribution differ.

- If the actual contribution is lower than the actuarially determined contribution, the plan may not be sustainable in the long term.
- Any underpayment of the actuarially determined contribution will increase future contribution amounts to help pay off the additional Unfunded Actuarial Accrued Liability associated with the underpayment.
- As long as the Board consistently adopts the actuarially determined contributions and the State pays the amount adopted by the Board, this risk is mitigated.

### Long-Term Return on Investment Risk

Inherent in the long-term return on investment assumption is the expectation that the current rate will be used until the last benefit payment of the plan is made. There is a risk that sustained changes in economic conditions, changes in long-term future capital market assumptions, or changes to the plan's asset allocation will necessitate an update to the long-term return on investment assumption used.

- Under a lower long-term return on investment assumption, less investment return is available to pay plan benefits. This may lead to a need for increased employer contributions.
- The liabilities will be higher at a lower assumed rate of return because future benefits will have a lower discount rate applied when calculating the present value.
- A 1% decrease in the long-term return on investment assumption will increase the actuarial accrued liability by approximately 10%.
- This risk may be increased due to the plan being closed to new entrants. As the plan continues to mature, the magnitude of negative cash flow discussed in the Plan Maturity Measures later in this section will grow, thereby creating a need for more liquid assets that may not garner the same long-term return as currently assumed.

### Longevity Risk

Plan costs will be increased as participants are expected to live longer.

- Benefits are paid over a longer lifetime when life expectancy is expected to increase. The longer duration of payments leads to higher liabilities.
- Health care has been improving, which affects the life expectancy of participants. As health care improves, leading to longer life expectancies, costs to the plan could increase.
- The mortality assumption for the plan mitigates this risk by assuming future improvement in mortality. However, any improvement in future mortality greater than that expected under the current mortality assumption would lead to increased costs for the plan.
- The Postretirement Pension Adjustments increase longevity risk because members who live longer than expected will incur more benefit payment increases than expected and therefore increase costs.

## 6 Risk Information

### Salary Increase Risk

Plan costs will be increased if actual salary increases are larger than expected.

- Higher-than-expected salary increases will produce higher benefits.
- The higher benefits may be partially offset by increased employee contributions due to higher salaries.
- If future payroll grows at a rate different than assumed, contributions as a percentage of payroll will be affected.

### Inflation Risk

Plan costs will be increased if the actual CPI for Anchorage is greater than the 2.5% assumed in the valuation.

- Retirement benefits will be greater than expected if the CPI is greater than the assumed rate, which will increase costs.
- This risk is mitigated by the 75% and 50% of CPI provisions and the 9% and 6% maximums.
- This risk is also mitigated by the age and time in payment requirements to receive an increase.
- Inflation risk may be associated with the interaction of inflation with other assumptions, but this is not significant as a standalone assumption, and therefore is considered as part of the associated assumption risk instead of being discussed here.

### Other Demographic Risk

The plan is subject to risks associated with other demographic assumptions (e.g., retirement, termination, and retired members remaining in Alaska assumptions). Differences between actual and expected experience for these assumptions tend to have less impact on the overall costs of the plan. The demographic assumptions used in the valuation are re-evaluated regularly as part of the four-year experience studies to ensure the assumptions are consistent with long-term expectations.

## 6 Risk Information

### 6.3 Historical Information

Monitoring certain information over time may help understand risks faced by the plan. Historical information is included throughout this report. Some examples are:

- Funded Ratio History shown in the Executive Summary illustrates how the plan's funded status (comparison of actuarial accrued liabilities to actuarial value of assets) has changed over time.
- Section 1.6 shows historical analysis of financial experience including how contribution rates have changed over time.
- Section 2.4 shows the volatility of asset returns over time.
- Section 4 includes various historical information showing how member census data has changed over time.
- Section 7 includes historical information for the plan's funding progress, solvency test results, and changes in member demographics.

## 6 Risk Information

### 6.4 Plan Maturity Measures

There are certain measures that may aid in understanding the significant risks to the plan.

#### Ratio of Retired Liability to Total Liability (\$ in thousands)

| As of June 30                                   | 2021         | 2022         | 2023         | 2024         | 2025         |
|-------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 1. Retiree and Beneficiary<br>Accrued Liability | \$ 5,657,056 | \$ 5,977,257 | \$ 6,274,565 | \$ 6,385,059 | \$ 6,461,906 |
| 2. Total Accrued Liability                      | \$ 7,471,887 | \$ 7,804,046 | \$ 8,036,685 | \$ 8,018,737 | \$ 8,051,399 |
| 3. Ratio, (1) ÷ (2)                             | 75.7%        | 76.6%        | 78.1%        | 79.6%        | 80.3%        |

A high percentage of liability concentrated on participants in pay status indicates a mature plan (often a ratio above 60% - 65%). Because the plan was closed to new entrants in 2006, we expect the percentage in item #3 to continue to increase over time. An increasing percentage may indicate a need for a less risky asset allocation, which may lead to a lower long-term return on asset assumption and increased costs. Higher percentages may also indicate greater investment risk as benefit payments may be greater than contributions creating an increased reliance on investment returns. This ratio should be monitored each year in the future.

#### Ratio of Cash Flow to Assets (\$ in thousands)

| During FYE June 30      | 2021           | 2022           | 2023           | 2024           | 2025           |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| 1. Contributions        | \$ 196,748     | \$ 202,459     | \$ 172,993     | \$ 174,893     | \$ 195,593     |
| 2. Benefit Payments     | <u>501,429</u> | <u>511,762</u> | <u>538,270</u> | <u>573,974</u> | <u>584,902</u> |
| 3. Cash Flow, (1) - (2) | \$ (304,681)   | \$ (309,303)   | \$ (365,277)   | \$ (399,081)   | \$ (389,309)   |
| 4. Fair Value of Assets | \$ 6,731,481   | \$ 6,026,651   | \$ 6,099,520   | \$ 6,216,525   | \$ 6,478,048   |
| 5. Ratio, (3) ÷ (4)     | (4.5%)         | (5.1%)         | (6.0%)         | (6.4%)         | (6.0%)         |

When this cash flow ratio is negative, more cash is being paid out than deposited in the trust. Negative cash flow indicates the trust needs to rely on investment returns to cover benefit payments and / or may need to invest in more liquid assets to cover the benefit payments. More liquid assets may not generate the same returns as less liquid assets, which can increase the investment risk. Currently, the low magnitude of the ratio implies there may already be enough liquid assets to cover the benefit payments, less investment return is needed to cover the shortfall, or only a small portion of assets will need to be converted to cash. Therefore, the investment risk is likely not amplified at this time. However, due to the plan being closed, we expect this measure to become more negative over time. This maturity measure should be monitored in the future.

## 6 Risk Information

### Contribution Volatility (\$ in thousands)

| As of June 30                               | 2021         | 2022         | 2023         | 2024         | 2025         |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 1. Fair Value of Assets                     | \$ 6,731,481 | \$ 6,026,651 | \$ 6,099,520 | \$ 6,216,525 | \$ 6,478,048 |
| 2. DB/DCR Payroll                           | 750,334      | 758,938      | 754,274      | 779,350      | 792,816      |
| 3. Asset to Payroll Ratio,<br>(1) ÷ (2)     | 9.0          | 7.9          | 8.1          | 8.0          | 8.2          |
| 4. Accrued Liability                        | \$ 7,471,887 | \$ 7,804,046 | \$ 8,036,685 | \$ 8,018,737 | \$ 8,051,399 |
| 5. Liability to Payroll Ratio,<br>(4) ÷ (2) | 10.0         | 10.3         | 10.7         | 10.3         | 10.2         |

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 10 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 5.

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, if an assumption change increases the liability of two plans by the same percent, the plan with a liability-to-payroll ratio of 10 may experience twice the contribution volatility than a plan with a liability-to-payroll ratio of 5.

## 7 Historical Information<sup>1</sup>

### 7.1 Funding Progress

#### Pension (\$ in thousands)

| Valuation Date | Actuarial Accrued Liability | Valuation Assets | Assets as Pct. of Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability (UAAL) | Active Member Payroll | UAAL as Pct. of Active Member Payroll |
|----------------|-----------------------------|------------------|-----------------------------------------------|---------------------------------------------|-----------------------|---------------------------------------|
| June 30, 2025  | \$ 8,051,399                | \$ 6,422,103     | 79.8%                                         | \$ 1,629,296                                | \$ 238,052            | 684.4%                                |
| June 30, 2024  | 8,018,737                   | 6,247,250        | 77.9%                                         | 1,771,487                                   | 255,949               | 692.1%                                |
| June 30, 2023  | 8,036,685                   | 6,171,460        | 76.8%                                         | 1,865,225                                   | 276,417               | 674.8%                                |
| June 30, 2022  | 7,804,046                   | 6,100,204        | 78.2%                                         | 1,703,842                                   | 303,011               | 562.3%                                |
| June 30, 2021  | 7,471,887                   | 5,910,369        | 79.1%                                         | 1,561,518                                   | 326,551               | 478.2%                                |
| June 30, 2020  | 7,447,036                   | 5,587,064        | 75.0%                                         | 1,859,972                                   | 349,236               | 532.6%                                |
| June 30, 2019  | 7,388,020                   | 5,563,931        | 75.3%                                         | 1,824,089                                   | 366,037               | 498.3%                                |
| June 30, 2018  | 7,276,290                   | 5,541,600        | 76.2%                                         | 1,734,690                                   | 392,609               | 441.8%                                |
| June 30, 2017  | 7,217,525                   | 5,476,835        | 75.9%                                         | 1,740,690                                   | 425,841               | 408.8%                                |
| June 30, 2016  | 7,159,788                   | 5,428,687        | 75.8%                                         | 1,731,101                                   | 449,629               | 385.0%                                |
| June 30, 2015  | 7,051,724                   | 5,422,651        | 76.9%                                         | 1,629,073                                   | 473,734               | 343.9%                                |
| June 30, 2014  | 6,921,362                   | 3,771,139        | 54.5%                                         | 3,150,223                                   | 490,667               | 642.0%                                |
| June 30, 2013  | 6,589,553                   | 3,170,313        | 48.1%                                         | 3,419,240                                   | 527,474               | 648.2%                                |
| June 30, 2012  | 6,399,777                   | 3,194,994        | 49.9%                                         | 3,204,783                                   | 554,277               | 578.2%                                |
| June 30, 2011  | 6,196,104                   | 3,345,949        | 54.0%                                         | 2,850,155                                   | 571,143               | 499.0%                                |
| June 30, 2010  | 6,006,981                   | 3,259,868        | 54.3%                                         | 2,747,113                                   | 591,943               | 464.1%                                |
| June 30, 2009  | 5,463,987                   | 3,115,719        | 57.0%                                         | 2,348,268                                   | 583,746               | 402.3%                                |
| June 30, 2008  | 5,231,654                   | 3,670,086        | 70.2%                                         | 1,561,568                                   | 575,946               | 271.1%                                |
| June 30, 2007  | 5,043,448                   | 3,441,867        | 68.2%                                         | 1,601,581                                   | 582,743               | 274.8%                                |
| June 30, 2006  | 4,859,336                   | 3,296,934        | 67.8%                                         | 1,562,402                                   | 603,035               | 259.1%                                |

Change in assumptions reflected in 2022, 2018, 2014, 2010, and 2006 valuations.

Change in methods reflected in 2014 and 2006 valuations.

<sup>1</sup> GASB 67 replaced GASB 25 effective for the fiscal year ending June 30, 2014, and GASB 74 replaced GASB 43 effective for the fiscal year ending June 30, 2017. At the request of the State, historical accounting information has been included in this section as if GASB 25 and GASB 43 were still effective.

## 7 Historical Information

### 7.1 Funding Progress (continued)

#### Healthcare (\$ in thousands)

| Valuation Date | Actuarial Accrued Liability | Valuation Assets | Assets as Pct. of Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability (UAAL) | Active Member Payroll | UAAL as Pct. of Active Member Payroll |
|----------------|-----------------------------|------------------|-----------------------------------------------|---------------------------------------------|-----------------------|---------------------------------------|
| June 30, 2025  | \$ 2,735,920                | \$ 3,846,857     | 140.6%                                        | \$ (1,110,937)                              | \$ 238,052            | (466.7%)                              |
| June 30, 2024  | 2,651,545                   | 3,677,415        | 138.7%                                        | (1,025,870)                                 | 255,949               | (400.8%)                              |
| June 30, 2023  | 2,617,821                   | 3,547,973        | 135.5%                                        | (930,152)                                   | 276,417               | (336.5%)                              |
| June 30, 2022  | 2,442,577                   | 3,437,216        | 140.7%                                        | (994,639)                                   | 303,011               | (328.3%)                              |
| June 30, 2021  | 2,439,603                   | 3,267,737        | 133.9%                                        | (828,134)                                   | 326,551               | (253.6%)                              |
| June 30, 2020  | 2,489,675                   | 3,021,283        | 121.4%                                        | (531,608)                                   | 349,236               | (152.2%)                              |
| June 30, 2019  | 2,518,644                   | 2,947,562        | 117.0%                                        | (428,918)                                   | 366,037               | (117.2%)                              |
| June 30, 2018  | 2,684,150                   | 2,898,709        | 108.0%                                        | (214,559)                                   | 392,609               | (54.6%)                               |
| June 30, 2017  | 2,927,093                   | 2,836,802        | 96.9%                                         | 90,291                                      | 425,841               | 21.2%                                 |
| June 30, 2016  | 2,747,836                   | 2,771,704        | 100.9%                                        | (23,868)                                    | 449,629               | (5.3%)                                |
| June 30, 2015  | 2,677,393                   | 2,686,272        | 100.3%                                        | (8,879)                                     | 473,734               | (1.9%)                                |
| June 30, 2014  | 2,919,670                   | 2,248,135        | 77.0%                                         | 671,535                                     | 490,667               | 136.9%                                |
| June 30, 2013  | 3,002,554                   | 1,803,763        | 60.1%                                         | 1,198,791                                   | 527,474               | 227.3%                                |
| June 30, 2012  | 2,946,667                   | 1,674,160        | 56.8%                                         | 1,272,507                                   | 554,277               | 229.6%                                |
| June 30, 2011  | 2,932,691                   | 1,591,988        | 54.3%                                         | 1,340,703                                   | 571,143               | 234.7%                                |
| June 30, 2010  | 2,840,807                   | 1,479,260        | 52.1%                                         | 1,361,547                                   | 591,943               | 230.0%                                |
| June 30, 2009  | 2,383,527                   | 1,357,239        | 56.9%                                         | 1,026,288                                   | 583,746               | 175.8%                                |
| June 30, 2008  | 2,387,524                   | 1,266,890        | 53.1%                                         | 1,120,634                                   | 575,946               | 194.6%                                |
| June 30, 2007  | 2,145,955                   | 982,532          | 45.8%                                         | 1,163,423                                   | 582,743               | 199.6%                                |
| June 30, 2006  | 2,370,515                   | 844,766          | 35.6%                                         | 1,525,749                                   | 603,035               | 253.0%                                |

Change in assumptions reflected in 2024, 2022, 2018, 2016, 2014, 2012, 2010, 2008, and 2006 valuations.

Change in methods reflected in 2018, 2014, 2006 valuations.

# 7 Historical Information

## 7.2 Solvency Test

Pension (\$ in thousands)

| Valuation Date | Actuarial Accrued Liability (AAL) |                  |                                  | Valuation Assets | Portion of AAL Covered by Valuation Assets |       |      |
|----------------|-----------------------------------|------------------|----------------------------------|------------------|--------------------------------------------|-------|------|
|                | (1)                               | (2)              | (3)                              |                  | (1)                                        | (2)   | (3)  |
|                | Active Member Contributions       | Inactive Members | Active Members Employer Financed |                  |                                            |       |      |
| June 30, 2025  | \$ 493,737                        | \$ 6,656,827     | \$ 900,835                       | \$ 6,422,103     | 100.0%                                     | 89.1% | 0.0% |
| June 30, 2024  | 528,288                           | 6,562,982        | 927,467                          | 6,247,250        | 100.0%                                     | 87.1% | 0.0% |
| June 30, 2023  | 557,567                           | 6,511,368        | 967,750                          | 6,171,460        | 100.0%                                     | 86.2% | 0.0% |
| June 30, 2022  | 594,033                           | 6,169,712        | 1,040,301                        | 6,100,204        | 100.0%                                     | 89.2% | 0.0% |
| June 30, 2021  | 634,029                           | 5,833,812        | 1,004,046                        | 5,910,369        | 100.0%                                     | 90.4% | 0.0% |
| June 30, 2020  | 668,105                           | 5,749,353        | 1,029,578                        | 5,587,064        | 100.0%                                     | 85.6% | 0.0% |
| June 30, 2019  | 673,540                           | 5,672,003        | 1,042,477                        | 5,563,931        | 100.0%                                     | 86.2% | 0.0% |
| June 30, 2018  | 690,775                           | 5,502,418        | 1,083,097                        | 5,541,600        | 100.0%                                     | 88.2% | 0.0% |
| June 30, 2017  | 706,772                           | 5,418,948        | 1,091,805                        | 5,476,835        | 100.0%                                     | 88.0% | 0.0% |
| June 30, 2016  | 709,903                           | 5,329,673        | 1,120,212                        | 5,428,687        | 100.0%                                     | 88.5% | 0.0% |
| June 30, 2015  | 714,422                           | 5,192,935        | 1,144,367                        | 5,422,651        | 100.0%                                     | 90.7% | 0.0% |
| June 30, 2014  | 718,694                           | 5,042,250        | 1,160,418                        | 3,771,139        | 100.0%                                     | 60.5% | 0.0% |
| June 30, 2013  | 726,139                           | 4,726,282        | 1,137,132                        | 3,170,313        | 100.0%                                     | 51.7% | 0.0% |
| June 30, 2012  | 727,435                           | 4,532,982        | 1,139,360                        | 3,194,994        | 100.0%                                     | 54.4% | 0.0% |
| June 30, 2011  | 717,819                           | 4,352,035        | 1,126,250                        | 3,345,949        | 100.0%                                     | 60.4% | 0.0% |
| June 30, 2010  | 716,675                           | 4,153,119        | 1,137,187                        | 3,259,868        | 100.0%                                     | 61.2% | 0.0% |
| June 30, 2009  | 692,105                           | 3,815,020        | 956,862                          | 3,115,719        | 100.0%                                     | 63.5% | 0.0% |
| June 30, 2008  | 654,662                           | 3,700,812        | 876,180                          | 3,670,086        | 100.0%                                     | 81.5% | 0.0% |
| June 30, 2007  | 638,420                           | 3,567,894        | 837,134                          | 3,441,867        | 100.0%                                     | 78.6% | 0.0% |
| June 30, 2006  | 615,207                           | 3,432,703        | 811,426                          | 3,296,934        | 100.0%                                     | 78.1% | 0.0% |

Change in assumptions reflected in 2022, 2018, 2014, 2010, and 2006 valuations.

Change in methods reflected in 2014 and 2006 valuations.

# 7 Historical Information

## 7.2 Solvency Test (continued)

Healthcare (\$ in thousands)

| Valuation Date | Actuarial Accrued Liability (AAL) |                  |                                  |              | Valuation Assets | Portion of AAL Covered by Valuation Assets |        |  |
|----------------|-----------------------------------|------------------|----------------------------------|--------------|------------------|--------------------------------------------|--------|--|
|                | (1)                               | (2)              | (3)                              | (1)          |                  | (2)                                        | (3)    |  |
|                | Active Member Contributions       | Inactive Members | Active Members Employer Financed |              |                  |                                            |        |  |
| June 30, 2025  | \$ 0                              | \$ 2,178,942     | \$ 556,978                       | \$ 3,846,857 | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2024  | 0                                 | 2,071,570        | 579,975                          | 3,677,415    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2023  | 0                                 | 2,015,723        | 602,098                          | 3,547,973    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2022  | 0                                 | 1,841,588        | 600,989                          | 3,437,216    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2021  | 0                                 | 1,778,645        | 660,958                          | 3,267,737    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2020  | 0                                 | 1,776,704        | 712,971                          | 3,021,283    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2019  | 0                                 | 1,788,124        | 730,520                          | 2,947,562    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2018  | 0                                 | 1,874,333        | 809,817                          | 2,898,709    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2017  | 0                                 | 1,980,148        | 946,945                          | 2,836,802    | 100.0%           | 100.0%                                     | 90.5%  |  |
| June 30, 2016  | 0                                 | 1,853,084        | 894,752                          | 2,771,704    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2015  | 0                                 | 1,870,987        | 806,406                          | 2,686,272    | 100.0%           | 100.0%                                     | 100.0% |  |
| June 30, 2014  | 0                                 | 2,008,223        | 911,447                          | 2,248,135    | 100.0%           | 100.0%                                     | 26.3%  |  |
| June 30, 2013  | 0                                 | 2,012,114        | 990,440                          | 1,803,763    | 100.0%           | 89.6%                                      | 0.0%   |  |
| June 30, 2012  | 0                                 | 1,933,288        | 1,013,379                        | 1,674,160    | 100.0%           | 86.6%                                      | 0.0%   |  |
| June 30, 2011  | 0                                 | 1,879,564        | 1,053,127                        | 1,591,988    | 100.0%           | 84.7%                                      | 0.0%   |  |
| June 30, 2010  | 0                                 | 1,755,961        | 1,084,846                        | 1,479,260    | 100.0%           | 84.2%                                      | 0.0%   |  |
| June 30, 2009  | 0                                 | 1,477,788        | 905,739                          | 1,357,239    | 100.0%           | 91.8%                                      | 0.0%   |  |
| June 30, 2008  | 0                                 | 1,480,864        | 906,660                          | 1,266,890    | 100.0%           | 85.6%                                      | 0.0%   |  |
| June 30, 2007  | 0                                 | 1,344,131        | 801,824                          | 982,532      | 100.0%           | 73.1%                                      | 0.0%   |  |
| June 30, 2006  | 0                                 | 1,493,219        | 877,296                          | 844,766      | 100.0%           | 56.6%                                      | 0.0%   |  |

Change in assumptions reflected in 2024, 2022, 2018, 2016, 2014, 2012, 2010, 2008, and 2006 valuations.

Change in methods reflected in 2018, 2014, 2006 valuations.

## 7 Historical Information

### 7.3 Member Data

| As of June 30                                                                                             | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          | 2023          | 2024          | 2025          |
|-----------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Active Members</b>                                                                                     |               |               |               |               |               |               |               |               |               |               |
| 1. Number                                                                                                 | 5,123         | 4,772         | 4,418         | 4,044         | 3,789         | 3,396         | 3,023         | 2,734         | 2,447         | 2,167         |
| 2. Average Age                                                                                            | 50.50         | 50.86         | 51.13         | 51.48         | 51.92         | 52.14         | 52.57         | 52.95         | 53.36         | 53.76         |
| 3. Average Credited Service                                                                               | 17.53         | 18.12         | 18.62         | 19.21         | 19.76         | 20.31         | 20.85         | 21.18         | 21.69         | 22.21         |
| 4. Average Entry Age                                                                                      | 32.97         | 32.74         | 32.51         | 32.27         | 32.16         | 31.83         | 31.72         | 31.77         | 31.67         | 31.55         |
| 5. Average Annual Earnings                                                                                | \$ 84,954     | \$ 86,327     | \$ 87,374     | \$ 88,879     | \$ 90,564     | \$ 94,143     | \$ 97,702     | \$ 98,820     | \$ 102,323    | \$ 107,306    |
| 6. Number Vested                                                                                          | 4,966         | 4,772         | 4,418         | 4,044         | 3,789         | 3,396         | 3,023         | 2,734         | 2,447         | 2,167         |
| 7. Percent Who Are Vested                                                                                 | 96.9%         | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        |
| <b>Retirees, Disabilitants, and Beneficiaries</b>                                                         |               |               |               |               |               |               |               |               |               |               |
| 1. Number                                                                                                 | 12,726        | 12,983        | 13,277        | 13,491        | 13,689        | 13,972        | 14,126        | 14,255        | 14,445        | 14,522        |
| 2. Average Age                                                                                            | 69.85         | 70.36         | 70.78         | 71.30         | 71.85         | 72.26         | 72.60         | 73.10         | 73.40         | 73.86         |
| 3. Average Years Since Retirement                                                                         | 13.78         | 14.13         | 14.40         | 14.74         | 15.06         | 15.24         | 15.51         | 15.80         | 16.03         | 16.37         |
| 4. Average Monthly Pension Benefit                                                                        | \$ 2,921      | \$ 2,924      | \$ 2,954      | \$ 3,014      | \$ 3,043      | \$ 3,048      | \$ 3,167      | \$ 3,332      | \$ 3,367      | \$ 3,422      |
| <b>Vested Terminations (vested at termination, not refunded contributions, and not commenced benefit)</b> |               |               |               |               |               |               |               |               |               |               |
| 1. Number                                                                                                 | 875           | 876           | 797           | 812           | 764           | 727           | 729           | 763           | 642           | 628           |
| 2. Average Age                                                                                            | 50.25         | 50.82         | 51.01         | 51.71         | 52.37         | 52.68         | 53.22         | 53.70         | 53.70         | 54.68         |
| 3. Average Monthly Pension Benefit                                                                        | \$ 1,352      | \$ 1,441      | \$ 1,350      | \$ 1,534      | \$ 1,579      | \$ 1,635      | \$ 1,725      | \$ 1,967      | \$ 1,718      | \$ 1,903      |
| <b>Non-Vested Terminations (not vested at termination and not refunded contributions)</b>                 |               |               |               |               |               |               |               |               |               |               |
| 1. Number                                                                                                 | 2,103         | 1,994         | 1,900         | 1,810         | 1,744         | 1,679         | 1,616         | 1,560         | 1,507         | 1,437         |
| 2. Average Account Balance                                                                                | \$ 19,728     | \$ 20,290     | \$ 20,872     | \$ 21,612     | \$ 22,591     | \$ 23,388     | \$ 23,906     | \$ 24,693     | \$ 25,966     | \$ 26,438     |
| <b>Total Number of Members</b>                                                                            | <b>20,827</b> | <b>20,625</b> | <b>20,392</b> | <b>20,157</b> | <b>19,986</b> | <b>19,774</b> | <b>19,494</b> | <b>19,312</b> | <b>19,041</b> | <b>18,754</b> |

Average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

# Glossary of Terms

## **Actuarial Accrued Liability**

Total accumulated cost to fund pension or postemployment benefits arising from service in all prior years.

## **Actuarial Cost Method**

Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension or postemployment plan for a group of plan members to the years of service that give rise to that cost.

## **Actuarial Present Value of Projected Benefits**

Amount which, together with future interest, is expected to be sufficient to pay all future benefits.

## **Actuarial Valuation**

Study of probable amounts of future pension or postemployment benefits and the necessary amount of contributions to fund those benefits.

## **Actuary**

Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.

## **GASB 67 and 68**

Governmental Accounting Standards Board Statement Number 67 amends Number 25 effective for the fiscal year beginning after June 15, 2013 and defines new financial reporting requirements for public pension plans. Governmental Accounting Standards Board Statement Number 68 amends Number 27 effective for fiscal years beginning after June 15, 2014 and defines new accounting and financial reporting requirements for employers sponsoring public pension plans.

## **GASB 74 and 75**

Governmental Accounting Standards Board Statement Number 74 amends Number 43 effective for the fiscal year beginning after June 15, 2016 and defines new financial reporting requirements for public postemployment benefit plans. Governmental Accounting Standards Board Statement Number 75 amends Number 45 effective for fiscal years beginning after June 15, 2017 and defines new accounting and financial reporting requirements for employers sponsoring public postemployment benefit plans.

## **Normal Cost**

That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.

## **Rate Payroll**

Members' earnings used to determine contribution rates.

## **Unfunded Actuarial Accrued Liability (UAAL)**

The portion of the actuarial accrued liability not offset by plan assets.

## **Valuation Payroll**

Members' earnings used to determine Normal Cost and Actuarial Accrued Liability.

## **Vested Benefits**

Benefits which are unconditionally guaranteed regardless of employment.

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