# Public Employees Retirement Association of Minnesota

## Local Government Correctional Service Retirement Plan

## Actuarial Valuation Report as of July 1, 2025

800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

November 19, 2025

Public Employees Retirement Association of Minnesota
Trustees of the Local Government Correctional Service Retirement Plan
St. Paul, Minnesota

Dear Trustees of the Local Government Correctional Service Retirement Plan:

The results of the July 1, 2025 annual actuarial valuation of the Local Government Correctional Service Retirement Plan are presented in this report. This report was prepared at the request of the Board and is intended for use by the Board and staff and those designated or approved by the Board. This report may be provided to parties other than the Board and staff only in its entirety and only with permission of the Board. GRS is not responsible for the consequences of any unauthorized use of this report by persons other than the intended users as described above.

The purpose of the valuation is to measure the Fund's funding progress and to determine the required contribution rate for the fiscal year beginning July 1, 2025 according to prescribed assumptions. Note that the impact of GASB Statements No. 67 and No. 68 is provided in a separate report. This report should not be relied on for any purpose other than the purpose described herein. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

Actuarial assumptions, including discount rates, mortality tables and others identified in this report, are prescribed by Minnesota Statutes Section 356.215, the Legislative Commission on Pensions and Retirement (LCPR), and the Trustees. These parties are responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in the Actuarial Basis section of this report. PERA is solely responsible for communicating to GRS any changes required thereto.

All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice. Additional information about the actuarial assumptions is included in the Actuarial Basis section of this report.

277 Coon Rapids Boulevard | Suite 212 | Coon Rapids, Minnesota 55433-2629

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in the Actuarial Basis section of this report. This report includes risk metrics on pages 8-11, but does not include a more robust assessment of the risks of future experience differing materially from the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment. We encourage a review and assessment of investment and other significant risks that may have a material effect on the plan's financial condition.

We have assessed that the contribution rate calculated under the current funding policy is a reasonable Actuarially Determined Employer Contribution (ADEC) and it is consistent with the plan accumulating adequate assets to make benefit payments when due.

The valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data and other information through June 30, 2025. The valuation was based upon information furnished by the Public Employees Retirement Association of Minnesota (PERA), concerning benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by PERA.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge and belief, the information contained in this report is accurate and fairly presents the actuarial position of the Local Government Correctional Service Retirement Plan as of the valuation date and was performed in accordance with the requirements of Minnesota Statutes Section 356.215, and the requirements of the Standards for Actuarial Work established by the LCPR. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Bonita J. Wurst and Sheryl L. Christensen are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. In addition, GRS meets the requirements of "approved actuary" under Minnesota Statutes Section 356.215, Subdivision 1, Paragraph (c).

We are available to answer any questions or provide further details.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Bonita J. Wurst, ASA, EA, FCA, MAAA

Sheryl L. Christensen, FSA, EA, FCA, MAAA

BJW/SLC:rmn

# Other Observations

## General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if there are no changes in benefits, Chapter 356 required contributions are made, and all actuarial assumptions are met (including the assumption of the plan earning 7.00% on the actuarial value of assets, as prescribed by statutes), it is expected that:

(1) The normal cost of the plan is expected to remain approximately level as a percent of pay; and
(2) The funded status of the plan is expected to remain over 100% funded.

## Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

(1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
(2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amounts of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon the actuarial assumptions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
(3) The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets.

## Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

# Contents

# Summary of Valuation Results

## Contributions

The following table summarizes important contribution information as described in the Development of Costs section.

| Contributions | Actuarial Valuation as of July 1, 2025 | July 1, 2024 |
|---|---|---|
| Statutory Contributions - Chapter 353E (% of Payroll) | 17.08% | 14.58% |
| Required Contributions - Chapter 356 (% of Payroll) | 13.72% | 17.25% |
| Sufficiency / (Deficiency) | 3.36% | (2.67%) |

Statutory contributions represent the amount actually contributed to the Fund and include fixed percentage of payroll contributions plus any supplemental contributions. Required contributions are defined in statutes and the LCPR Standards for Actuarial Work, and represent the amount needed to fully fund the plan according to the layered amortization schedule (normal cost, expenses and a payment to amortize the unfunded liability). When member contributions of 6.83% of pay are reflected, the remaining employer statutory contribution is 10.25% of pay, and the remaining employer required contribution is 6.89% of pay.

The contribution sufficiency/(deficiency) changed from a deficiency of 2.67% of payroll as of July 1, 2024 to a sufficiency of 3.36% of payroll as of July 1, 2025. Statutory contributions increased 2.5% effective July 1, 2025. In addition, plan assets returned 9.8% (on an Actuarial Value of Assets basis), and assumption changes decreased liability.

The Plan Assets section provides detail on the plan assets used for the valuation including a development of the Actuarial Value of Assets (AVA). The Market Value of Assets (MVA) earned 11.0% for the plan year ending June 30, 2025. The AVA earned approximately 9.8% for the plan year ending June 30, 2025 compared to the assumed rate of 7.0%.

Participant reconciliation and statistics are detailed in the Membership Data section. The Actuarial Basis section includes a summary of plan provisions and actuarial methods and assumptions used for the calculations in this report.

Accounting information prepared according to the Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 will be provided in a separate report.

# Summary of Valuation Results

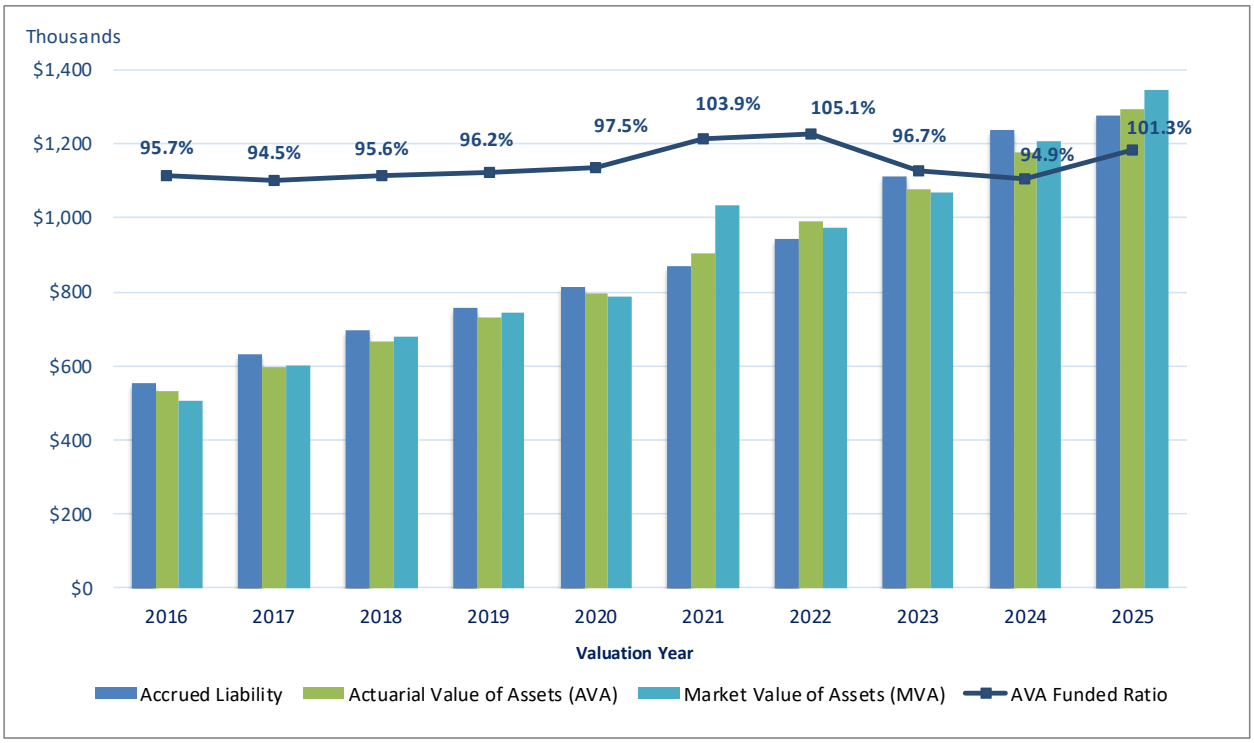
A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in plan provisions, actuarial assumptions or valuation methods and procedures between the two valuations are described after the summary.

| | Actuarial Valuation as of | |
|---|---|---|
| | **July 1, 2025** | **July 1, 2024** |
| **Contributions** (*% of Payroll*) | | |
| Statutory - Chapter 353E | 17.08% | 14.58% |
| Required - Chapter 356 | 13.72% | 17.25% |
| Sufficiency / (Deficiency) | 3.36% | (2.67%) * |
| | | |
| **Funding Ratios** (*dollars in thousands*) | | |
| Assets | | |
| - Current assets (AVA) | $ 1,294,938 | $ 1,176,113 |
| - Current assets (MVA) | $ 1,344,302 | $ 1,208,413 |
| Accrued Benefit Funding Ratio | | |
| - Current benefit obligations | $ 1,194,391 | $ 1,165,308 |
| - Funding ratio (AVA) | 108.42% | 100.93% |
| - Funding ratio (MVA) | 112.55% | 103.70% |
| Accrued Liability Funding Ratio | | |
| - Actuarial accrued liability | $ 1,278,154 | $ 1,238,891 |
| - Funding ratio (AVA) | 101.31% | 94.93% |
| - Funding ratio (MVA) | 105.18% | 97.54% |
| Projected Benefit Funding Ratio | | |
| - Current and expected future assets | $ 1,693,564 | $ 1,494,219 |
| - Current and expected future benefit obligations | $ 1,550,204 | $ 1,556,997 |
| - Projected benefit funding ratio (AVA) | 109.25% | 95.97% |
| | | |
| **Participant Data** | | |
| Active members | | |
| - Number | 4,059 | 3,914 |
| - Actual covered payroll (GASB) *(000s)* | $ 273,276 | $ 254,734 |
| - Annual valuation earnings *(000s)* | $ 291,777 | $ 268,763 |
| - Average annual valuation earnings | $ 71,884 | $ 68,667 |
| - Projected annual earnings *(000s)* | $ 305,805 | $ 282,673 |
| - Average projected annual earnings | $ 75,340 | $ 72,221 |
| - Average age | 38.1 | 38.2 |
| - Average service | 6.9 | 7.0 |
| Service retirements | 1,709 | 1,605 |
| Survivors | 113 | 105 |
| Disability retirements | 252 | 248 |
| Deferred retirements | 4,797 | 4,637 |
| Non-vested terminations eligible for refund only | 2,589 | 2,635 |
| **Total** | **13,519** | **13,144** |

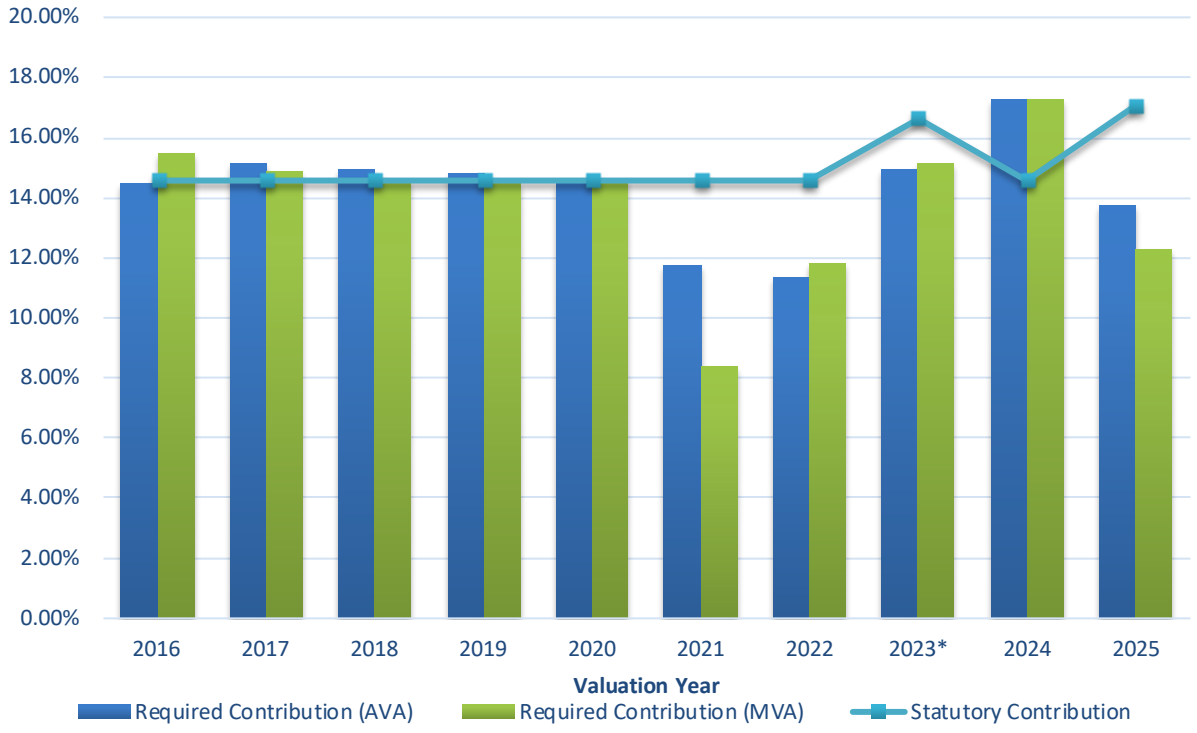
**Does not include 2.5% in future statutory contribution increases, effective July 1, 2025.*

# Summary of Valuation Results

## Funded Ratio History




## Contribution Rate History (% of Pay)




**Includes 2.07% of Payroll ($5.3 million) in one-time direct State aid, payable in October, 2023.*

# Summary of Valuation Results

## Effects of Changes

The following changes in plan provisions were recognized as of July 1, 2025:

- The benefit payable to a member who qualifies for a duty disability benefit is changed to be 47.5% of average salary plus, for each year of service in excess of 25 years, 1.9% for each year of allowable service before July 1, 2025 and 2.2% for each year of allowable service beginning after June 30, 2025.
- Actuarial equivalent factors were updated to reflect changes in assumptions.

The following change in actuarial methods was recognized as of July 1, 2025:

- Layered amortization was implemented, effective with the July 1, 2025 valuation, with the amortization periods as defined in the Assumptions and Methods Section of this report.

The following changes in actuarial assumptions were recognized as of July 1, 2025:

- Assumed rates of salary increases were reduced slightly and changed to service-based (vs. age based).
- Assumed rates of retirement were adjusted resulting in an overall increase in unreduced (Normal) retirements and reduced (Early) retirements.
- Assumed rates of withdrawal were changed from age-based rates after three years of service to service-based for all years; the new rates result in an increase in predicted terminations for males and females.
- Minor changes to assumed rates of disability retirements.
- Continued use of the Pub-2010 Public Safety mortality table, with no adjustments.
- Minor changes to the assumed percent married, beneficiary age difference and form of payment assumptions for future retirees.
- Minor changes to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 35% to 9% for vested terminated members, and from 1% to 119% for non-vested terminated members.

# Summary of Valuation Results

## Effects of Changes (Continued)

Refer to the Actuarial Basis section of this report for a complete description of these changes. The combined impact of the above changes was to decrease the unfunded actuarial accrued liability by $63.1 million and decrease the required contribution by 2.82% of pay, as follows:

| | Before Changes | Reflecting Method Change | Reflecting Plan Provision and Method Changes | Reflecting Assumption, Plan Provision and Method Changes |
|---|---|---|---|---|
| Normal Cost Rate, % of Pay | 15.35% | 15.35% | 15.20% | 14.14% |
| Amortization of UAAL*, % of pay | 1.00% | 0.88% | 0.94% | -0.61% |
| Expenses, % of Pay | 0.19% | 0.19% | 0.19% | 0.19% |
| Total Required Contribution, % of pay | 16.54% | 16.42% | 16.33% | 13.72% |
| | | | | |
| Accrued Liability Funding Ratio | 96.5% | 96.5% | 96.4% | 101.3% |
| Projected Benefit Funding Ratio | 101.5% | 101.5% | 101.8% | 109.2% |
| | | | | |
| UAAL* (in millions) | $46.4 | $46.4 | $48.3 | ($16.8) |

** Unfunded Actuarial Accrued Liability.*

Note: Totals may not add due to rounding.

# Summary of Valuation Results

## Valuation of Future Post-Retirement Benefit Increases

The 2018 Omnibus Pension Bill, which was passed during the 2018 legislative session, revised the post-retirement benefit increases payable to retirees in the Local Government Correctional Service Retirement Plan (LGCSRP). Effective January 1, 2019, benefit recipients receive a future annual post-retirement benefit increase equal to 100% of the Social Security Cost-of-Living Adjustment (COLA), not less than 1.0% and not more than 2.5%. If the funding status declines to 85% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.5%. Effective July 1, 2023, the maximum benefit increase will revert back to 2.5%, if the maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

The liabilities in this report reflect an annual future COLA assumption of 2.00% based on our analysis in the Local Government Correctional Service Retirement Plan Experience Study dated July 10, 2020. This is only an assumption; actual increases will depend on actual experience.

Actual benefit increases since this plan provision was enacted are summarized in the table below:

| Effective Date | Benefit Increase |
|---|---|
| January 1, 2019 | 2.5% |
| January 1, 2020 | 1.6% |
| January 1, 2021 | 1.3% |
| January 1, 2022 | 2.5% |
| January 1, 2023 | 2.5% |
| January 1, 2024 | 2.5% |
| January 1, 2025 | 2.5% |

The January 1, 2026 benefit increase of 2.5% will first be reflected in the valuation as of July 1, 2026.

# Summary of Valuation Results

## Sensitivity Tests

During the 2017 legislative session, the Legislative Commission on Pensions and Retirement (LCPR) enacted a new sensitivity disclosure requirement for PERA's valuations. Per the LCPR's requirement, we have calculated the liabilities associated with the following scenarios:

1) 6.00% interest rate assumption
2) 8.00% interest rate assumption

We also included two alternate post-retirement benefit increase scenarios for informational purposes. The maximum benefit increase paid under current plan provisions is 2.5% per year. If the funding status declines to a specified level, the maximum benefit increase will be lowered to 1.5% per year. The financial impact of a 1.5% or 2.5% post-retirement benefit increase compared to the baseline assumption of 2.0% is shown below.

In each case, all other assumptions were unchanged from those used to develop the final valuation results in this report. Note that we believe the 8.00% interest rate assumption does not comply with Actuarial Standards of Practice.

| $ in millions | Final Valuation Assumptions (7.00% Interest) | Final Valuation Assumptions with 6.00% Interest | Final Valuation Assumptions with 8.00% Interest | Final Valuation Assumptions with 2.5% COLA for All Future Years | Final Valuation Assumptions with 1.5% COLA for All Future Years |
|---|---|---|---|---|---|
| Normal Cost Rate, % of Pay | 14.14% | 17.87% | 11.50% | 14.91% | 13.43% |
| Amortization of Unfunded Accrued Liability*, % of pay | (0.61%) | 4.29% | (5.21%) | 1.17% | (2.24%) |
| Expenses, % of Pay | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |
| Total Required Contribution, % of Pay | 13.72% | 22.35% | 6.48% | 16.27% | 11.38% |
| Contribution Sufficiency/(Deficiency), % of Pay | 3.36% | (5.27%) | 10.60% | 0.81% | 5.70% |
| Accrued Liability Funding Ratio | 101.3% | 86.3% | 117.6% | 95.7% | 107.1% |
| Present Value of Projected Benefits | $1,550.2 | $1,870.6 | $1,308.1 | $1,639.9 | $1,468.2 |
| Present Value of Future Normal Costs | 272.0 | 369.7 | 207.3 | 286.9 | 258.6 |
| Actuarial Accrued Liability | $1,278.2 | $1,500.9 | $1,100.8 | $1,353.0 | $1,209.6 |
| Unfunded/(Surplus) Accrued Liability | $ (16.8) | $ 206.0 | $(194.2) | $ 58.1 | $ (85.4) |

**The change in liability from the final valuation assumptions is amortized over the 20-year assumption change layer.*

# Summary of Valuation Results

## Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

# Summary of Valuation Results

The Required Contribution rate shown on page 1 may be considered as a minimum contribution rate that complies with Minnesota Statutes and the requirements of the Standards for Actuarial Work published by the LCPR. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

## Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following. Additional maturity measures are shown on the following page.

| | 2025 | 2024 |
|---|---|---|
| Ratio of market value of assets to total payroll | 4.92 | 4.74 |
| Ratio of actuarial accrued liability to total payroll | 4.68 | 4.86 |
| Ratio of actives to retirees and beneficiaries | 1.96 | 2.00 |
| Ratio of net cash flow to market value of assets | 0.2% | 0.8% |
| Approximate modified duration* of: | | |
| ▪ Total projected benefits: | 18.14 | 18.82 |
| ▪ Actuarial accrued liability: | 15.65 | 15.75 |
| ▪ Retiree liability: | 10.08 | 10.15 |

* *Based on 7.00% interest.*

## Ratio of Market Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 5.0 times the payroll, a return on assets 5% different than assumed would equal 25% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

## Ratio of Actuarial Accrued Liability to Payroll

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time. The ratio of liability to payroll may also be used as a measure of sensitivity of contribution rates to liability gains and losses. For example, if the actuarial accrued liability is 5.0 times the payroll, a change in liability 2% other than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

# Summary of Valuation Results

## Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

## Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means benefits and expenses exceed contributions, and existing funds may be used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

## Duration of Actuarial Liability

The modified duration (as opposed to the Macaulay duration) may be used to approximate the sensitivity of the liability to a small change in the assumed rate of return. For example, a modified duration of 10 indicates that the liability would change by approximately 10% if the assumed rate of return were changed by 1% (e.g., from 7.00% to 6.00%).

## Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability. We would be pleased to perform such assessments upon request.

# Summary of Valuation Results

## Risk Measures Summary *(Dollars in Thousands)*

| Valuation Date (6/30) | (1) Accrued Liabilities (AAL) | (2) Market Value of Assets | (3) Market Value Unfunded AAL | (4) Actual Covered Payroll | (5) Market Value Funded Ratio (2)/(1) | (6) Retiree Liabilities | (7) Retiree Liabilities / AAL (6)/(1) | (8) AAL/ Payroll (1)/(4) | (9) Assets/ Payroll (2)/(4) |
|---|---|---|---|---|---|---|---|---|---|
| 2016 | $ 553,840 | $ 507,783 | $46,057 | $188,816 | 91.7% | $ 126,066 | 22.8% | 293.3% | 268.9% |
| 2017 | 629,870 | 602,460 | 27,410 | 200,103 | 95.6% | 162,539 | 25.8% | 314.8% | 301.1% |
| 2018 | 696,842 | 680,395 | 16,447 | 205,077 | 97.6% | 189,738 | 27.2% | 339.8% | 331.8% |
| 2019 | 758,268 | 744,423 | 13,845 | 214,151 | 98.2% | 218,046 | 28.8% | 354.1% | 347.6% |
| 2020 | 814,456 | 787,322 | 27,134 | 217,702 | 96.7% | 247,929 | 30.4% | 374.1% | 361.7% |
| 2021 | 870,567 | 1,035,716 | (165,149) | 222,093 | 119.0% | 280,208 | 32.2% | 392.0% | 466.3% |
| 2022 | 944,741 | 975,315 | (30,574) | 220,292 | 103.2% | 328,697 | 34.8% | 428.9% | 442.7% |
| 2023 | 1,112,405 | 1,067,200 | 45,205 | 238,319 | 95.9% | 389,261 | 35.0% | 466.8% | 447.8% |
| 2024 | 1,238,891 | 1,208,413 | 30,478 | 254,734 | 97.5% | 430,839 | 34.8% | 486.3% | 474.4% |
| 2025 | 1,278,154 | 1,344,302 | (66,148) | 273,276 | 105.2% | 474,004 | 37.1% | 467.7% | 491.9% |

| Valuation Date (6/30) | (10) Portfolio Std Dev | (11) Std Dev % of Pay (9) x (10) | (12) Unfunded/Payroll (3)/(4) | (13) Non-Investment Cash Flow (NICF) | (14) NICF/ Assets (13)/(2) | (15) SBI Market Rate of Return | (16) SBI 5-Year Average | (17) SBI 10-Year Average |
|---|---|---|---|---|---|---|---|---|
| 2016 | 14.1% | 37.9% | 24.4% | 16,845 | 3.3% | -0.1% | 7.7% | N/A |
| 2017 | 14.1% | 42.5% | 13.7% | 16,314 | 2.7% | 15.1% | 10.2% | 6.2% |
| 2018 | 14.1% | 46.8% | 8.0% | 14,972 | 2.2% | 10.3% | 9.4% | 7.8% |
| 2019 | 14.3% | 49.7% | 6.5% | 13,175 | 1.8% | 7.3% | 7.3% | 10.8% |
| 2020 | 14.3% | 51.7% | 12.5% | 11,125 | 1.4% | 4.2% | 7.2% | 9.7% |
| 2021 | 13.9% | 64.8% | -74.4% | 9,727 | 0.9% | 30.3% | 13.1% | 10.3% |
| 2022 | 14.0% | 61.9% | -13.9% | 5,614 | 0.6% | -6.4% | 8.5% | 9.4% |
| 2023 | 14.2% | 63.6% | 19.0% | 4,492 | 0.4% | 8.9% | 8.2% | 8.8% |
| 2024 | 14.2% | 67.4% | 12.0% | 9,251 | 0.8% | 12.3% | 9.2% | 8.2% |
| 2025 | 14.2% | 69.8% | -24.2% | 3,236 | 0.2% | 11.0% | 10.6% | 8.9% |

*(5) The Funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.*

*(6) and (7) The ratio of Retiree liabilities to total accrued liabilities gives an indication of the maturity of the system. As the ratio increases, cash flow needs increase, and the liquidity needs of the portfolio change. A ratio on the order of 50% indicates a maturing system.*

*(8) and (9) The ratios of liabilities and assets to payroll gives an indication of both maturity and volatility. Many systems have ratios between 500% and 700%. Ratios significantly above that range may indicate difficulty in supporting the benefit level as a level % of payroll.*

*(10) and (11) The portfolio standard deviation measures the volatility of investment return. When multiplied by the ratio of assets to payroll it gives the effect of a one standard deviation asset move as a percent of payroll. This figure helps users understand the difficulty of dealing with investment volatility and the challenges volatility brings to sustainability.*

*(12) The ratio of unfunded liability to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A ratio above approximately 300% or 400% may indicate difficulty in discharging the unfunded liability within a reasonable time frame.*

*(13) and (14) The ratio of Non-Investment Cash Flow to assets is an important measure of sustainability. Negative ratios are common and expected for a maturing system. In the longer term, this ratio should be on the order of approximately -4%. A ratio that is significantly more negative than that for an extended period could be a leading indicator of potential exhaustion of assets.*

*(15) (16) and (17) Investment return is probably the largest single risk that most systems face. The year by year return and the 5-year and 10-year geometric average give an indicator of past performance. Of course, past performance is not a guarantee of future results, may not even be reflective of potential future results, and historical averages are very sensitive to the time period chosen. The performance data for the Combined Funds (pooled investments of major Minnesota Public Retirement Systems) is presented in these columns. The source of this data is the Minnesota State Board of Investment.*

# Low-Default-Risk Obligation Measure

Actuarial Standards of Practice No. 4 (ASOP No. 4) was revised and reissued in December 2021 by the Actuarial Standards Board (ASB). It includes a new calculation called a Low-Default-Risk Obligation Measure (LDROM) to be prepared and issued annually for defined benefit pension plans. The transmittal memorandum for ASOP No. 4 includes the following explanation:

"The ASB believes that the calculation and disclosure of this measure provides appropriate, useful information for the intended user regarding the funded status of a pension plan. The calculation and disclosure of this additional measure is not intended to suggest that this is the "right" liability measure for a pension plan. However, the ASB does believe that this additional disclosure provides a more complete assessment of a plan's funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date."

The following information has been prepared in compliance with this new requirement. Unless otherwise noted, the measurement date, actuarial cost methods, and assumptions used are the same as for the funding valuation covered in this actuarial valuation report.

A. Low-Default-Risk Obligation Measure of benefits earned as of the measurement date: $1,611,349,000

B. Discount rate used to calculate the LDROM: 5.58%
*(Based on the FTSE Pension Liability Index as of the valuation date)*

C. Other significant assumptions that differ from those used for the funding valuation: none

D. Actuarial cost method used to calculate the LDROM: Entry Age Actuarial Cost Method

E. Valuation procedures to value any significant plan provisions that are difficult to measure using traditional valuation procedures, and that differ from the procedures used in the funding valuation: none

F. The LDROM is a market-based measurement of the pension obligation. It estimates the amount the plan would need to invest in low-risk securities to provide the benefits with greater certainty. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligation.

**The difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on the risk in a diversified portfolio.**

| | |
|---|---|
| Funding Valuation Actuarial Accrued Liability: | $1,278,154,000 |
| LDROM: | $1,611,349,000 |
| Difference: | $(333,195,000) |

# Supplemental Information

The remainder of the report includes information supporting the results presented in the previous sections.

- **Plan assets** presents information about the Plan's assets as reported by the Public Employees Retirement Association of Minnesota. The assets represent the portion of total fund liabilities that has been funded.
- **Membership data** presents and describes the membership data used in the valuation.
- **Development of costs** shows the liabilities for plan benefits and the derivation of the contribution amount.
- **Actuarial basis** describes the Plan provisions, as well as the methods and assumptions used to value the Plan. The valuation is based on the premise that the Plan is ongoing.
- **Additional schedules** shows the Schedule of Funding Progress and Schedule of Contributions.
- **Glossary** defines the terms used in this report.

# Plan Assets

## Statement of Fiduciary Net Position *(Dollars in Thousands)*

| Assets in Trust | Market Value June 30, 2025 | Market Value June 30, 2024 |
|---|---|---|
| Cash, equivalents, short term securities | $ 38,110 | $ 19,749 |
| Fixed income | $ 304,817 | $ 278,227 |
| Equity | $ 703,523 | $ 614,445 |
| Private Markets | $ 299,393 | $ 297,216 |
| Other | $ - | $ - |
| **Total Assets in Trust** | **$ 1,345,843** | **$ 1,209,637** |
| Assets Receivable | $ 1,240 | $ 964 |
| Amounts Payable | $ (2,781) | $ (2,188) |
| **Net Assets Held in Trust for Pension Benefits** | **$ 1,344,302** | **$ 1,208,413** |

# Plan Assets

## Reconciliation of Plan Assets *(Dollars in Thousands)*

The following exhibit shows the revenue, expenses and resulting assets of the Fund as reported by the Public Employees Retirement Association for the Plan's prior two fiscal years.

| **Change in Assets** | **Market Value** | |
|---|---|---|
| **Year Ending** | **June 30, 2025** | **June 30, 2024** |
| 1. Fund balance at market value at end of prior year | $ 1,208,413 | $ 1,067,200 |
| 2. Adjustment to match beginning of year asset statement | $ - | $ (1) |
| 3. Fund balance at market value at end of prior year | $ 1,208,413 | $ 1,067,199 |
| 4. Contributions | | |
| a. Member | $ 15,932 | $ 14,851 |
| b. Employer | $ 23,914 | $ 22,209 |
| c. Other sources | $ - | $ 5,256 |
| d. Total contributions | $ 39,846 | $ 42,316 |
| 5. Investment income | | |
| a. Investment income/(loss) | $ 137,489 | $ 136,466 |
| b. Investment expenses | $ (4,861) | $ (4,481) |
| c. Net subtotal | $ 132,628 | $ 131,985 |
| 6. Other | $ 25 | $ (22) |
| **7. Total income:** *(4.d.) + (5.c.) + (6.)* | **$ 172,499** | **$ 174,279** |
| 8. Benefits Paid | | |
| a. Annuity benefits | $ (33,644) | $ (29,865) |
| b. Refunds | $ (2,422) | $ (2,559) |
| c. Total benefits paid | $ (36,066) | $ (32,424) |
| 9. Expenses | | |
| a. Other | $ - | $ - |
| b. Administrative | $ (544) | $ (641) |
| c. Total expenses | $ (544) | $ (641) |
| **10. Total disbursements:** *(8.c.) + (9.c.)* | **$ (36,610)** | **$ (33,065)** |
| **11. Fund balance at market value at end of year** | **$ 1,344,302** | **$ 1,208,413** |
| 12. State Board of Investment calculated investment return[#] | 11.0% | 12.4% |

[#] *Provided by PERA and calculated by the State Board of Investment.*

# Plan Assets

## Actuarial Asset Value *(Dollars in Thousands)*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| 1. Market value of assets available for benefits | $ 1,344,302 | $ 1,208,413 |
| 2. Determination of average balance | | |
| a. Total assets available at beginning of year* | $ 1,208,413 | $ 1,067,200 |
| b. Total assets available at end of year | $ 1,344,302 | $ 1,208,413 |
| c. Net investment income for fiscal year | $ 132,628 | $ 131,985 |
| d. Average balance *[a. + b. - c.] / 2* | $ 1,210,044 | $ 1,071,814 |
| 3. Expected return *[7.0% x 2.d.]* | $ 84,703 | $ 75,027 |
| 4. Actual return | $ 132,628 | $ 131,985 |
| 5. Current year asset gain/(loss) *[4. - 3.]* | $ 47,925 | $ 56,958 |
| 6. Unrecognized asset returns | | |

| | Original Amount | Unrecognized Amount | |
|---|---|---|---|
| a. Year ended June 30, 2025 | $ 47,925 | $ 38,340 | N/A |
| b. Year ended June 30, 2024 | $ 56,958 | $ 34,175 | $ 45,566 |
| c. Year ended June 30, 2023 | $ 14,076 | $ 5,630 | $ 8,446 |
| d. Year ended June 30, 2022 | $ (143,904) | $ (28,781) | $ (57,562) |
| e. Year ended June 30, 2021 | $ 179,252 | N/A | $ 35,850 |
| f. Unrecognized return adjustment | | $ 49,364 | $ 32,300 |

| | | |
|---|---|---|
| 7. **Actuarial value at end of year** *(1. - 6.f.)* | **$ 1,294,938** | **$ 1,176,113** |
| 8. Approximate return on actuarial value of assets during fiscal year | 9.8% | 8.4% |
| 9. Ratio of actuarial value of assets to market value of assets | 0.96 | 0.97 |

* *Prior to beginning of year asset adjustment.*

# Plan Assets

## 10-Year History of AVA and MVA Asset Returns

# Membership Data

## Distribution of Active Members

| | Years of Service as of June 30, 2025 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Age** | **<3*** | **3 - 4** | **5 - 9** | **10 - 14** | **15 - 19** | **20 - 24** | **25 - 29** | **30 - 34** | **35+** | **Total** |
| < 25 | 492 | 33 | 2 | | | | | | | **527** |
| Avg. Earnings | $ 45,515 | $ 60,303 | $ 66,792 | | | | | | | **$ 46,522** |
| 25 - 29 | 453 | 149 | 72 | | | | | | | **674** |
| Avg. Earnings | $ 56,079 | $ 71,068 | $ 69,835 | | | | | | | **$ 60,862** |
| 30 - 34 | 285 | 95 | 180 | 30 | | | | | | **590** |
| Avg. Earnings | $ 55,543 | $ 76,981 | $ 84,402 | $ 81,014 | | | | | | **$ 69,095** |
| 35 - 39 | 198 | 59 | 155 | 97 | 13 | | | | | **522** |
| Avg. Earnings | $ 60,966 | $ 76,069 | $ 82,390 | $ 92,636 | $ 90,378 | | | | | **$ 75,652** |
| 40 - 44 | 161 | 46 | 102 | 77 | 90 | 23 | 1 | | | **500** |
| Avg. Earnings | $ 58,323 | $ 75,863 | $ 80,368 | $ 87,576 | $ 95,812 | $ 92,110 | $ 137,174 | | | **$ 77,399** |
| 45 - 49 | 132 | 36 | 75 | 54 | 68 | 66 | 13 | | | **444** |
| Avg. Earnings | $ 63,458 | $ 80,988 | $ 79,925 | $ 90,053 | $ 101,108 | $ 93,508 | $ 92,032 | | | **$ 81,965** |
| 50 - 54 | 80 | 16 | 46 | 38 | 46 | 80 | 72 | | | **378** |
| Avg. Earnings | $ 65,336 | $ 90,265 | $ 82,873 | $ 85,029 | $ 92,990 | $ 101,828 | $ 100,655 | | | **$ 88,321** |
| 55 - 59 | 49 | 13 | 39 | 30 | 31 | 48 | 50 | | | **260** |
| Avg. Earnings | $ 68,873 | $ 96,224 | $ 76,078 | $ 86,841 | $ 98,136 | $ 103,004 | $ 107,061 | | | **$ 90,528** |
| 60 - 64 | 20 | 9 | 15 | 12 | 24 | 29 | 20 | | | **129** |
| Avg. Earnings | $ 47,503 | $ 91,393 | $ 76,075 | $ 80,661 | $ 93,041 | $ 97,166 | $ 92,351 | | | **$ 83,561** |
| 65 - 69 | 2 | 4 | 7 | 1 | 3 | 7 | 5 | | | **29** |
| Avg. Earnings | $ 203,085 | $ 47,814 | $ 98,534 | $ 14,866 | $ 86,194 | $ 101,512 | $ 101,673 | | | **$ 95,847** |
| 70+ | 4 | | 1 | | 1 | | | | | **6** |
| Avg. Earnings | $ 68,699 | | $ 83,477 | | $ 51,466 | | | | | **$ 68,290** |
| **Total** | **1,876** | **460** | **694** | **339** | **276** | **253** | **161** | | | **4,059** |
| **Avg. Earnings** | **$ 55,276** | **$ 74,988** | **$ 80,706** | **$ 88,028** | **$ 96,145** | **$ 98,454** | **$ 101,175** | | | **$ 71,884** |

* *This exhibit does not reflect service earned in other PERA funds or service earned in a Combined Service Annuity arrangement. It should not be relied upon as an indicator of non-vested status.*

In each cell, the top number is the count of active participants for the age/service combination and the bottom number is average valuation earnings for the fiscal year ending on the valuation date.

# Membership Data

## Distribution of Service Retirements

| | Years Retired as of June 30, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Age** | **<1** | **1 - 4** | **5 - 9** | **10 - 14** | **15 - 19** | **20 - 24** | **25+** | **Total** |
| <50 | | | | | | | | |
| Avg. Benefit | | | | | | | | |
| 50 - 54 | 5 | 23 | | | | | | **28** |
| Avg. Benefit | $ 18,310 | $ 9,898 | | | | | | **$ 11,400** |
| 55 - 59 | 63 | 150 | 30 | | | | | **243** |
| Avg. Benefit | $ 21,531 | $ 19,431 | $ 14,668 | | | | | **$ 19,387** |
| 60 - 64 | 19 | 146 | 172 | 26 | | | | **363** |
| Avg. Benefit | $ 28,568 | $ 22,533 | $ 16,137 | $ 11,007 | | | | **$ 18,993** |
| 65 - 69 | 21 | 143 | 170 | 73 | 9 | | | **416** |
| Avg. Benefit | $ 15,333 | $ 19,725 | $ 18,682 | $ 12,007 | $ 6,278 | | | **$ 17,432** |
| 70 - 74 | 5 | 39 | 128 | 123 | 49 | 1 | | **345** |
| Avg. Benefit | $ 18,119 | $ 16,256 | $ 16,040 | $ 14,929 | $ 9,707 | $ 1,341 | | **$ 14,756** |
| 75 - 79 | | 4 | 27 | 89 | 61 | 29 | | **210** |
| Avg. Benefit | | $ 19,874 | $ 16,996 | $ 13,467 | $ 8,008 | $ 5,288 | | **$ 11,328** |
| 80 - 84 | | | 3 | 17 | 29 | 19 | 2 | **70** |
| Avg. Benefit | | | $ 13,928 | $ 10,126 | $ 8,834 | $ 4,368 | $ 600 | **$ 7,918** |
| 85 - 89 | | | 1 | 2 | 7 | 18 | 5 | **33** |
| Avg. Benefit | | | $ 27,651 | $ 11,180 | $ 5,662 | $ 3,676 | $ 575 | **$ 4,809** |
| 90+ | | | | | | | 1 | **1** |
| Avg. Benefit | | | | | | | $ 89 | **$ 89** |
| **Total** | **113** | **505** | **531** | **330** | **155** | **67** | **8** | **1,709** |
| **Avg. Benefit** | **$ 21,269** | **$ 19,735** | **$ 16,898** | **$ 13,309** | **$ 8,493** | **$ 4,535** | **$ 520** | **$ 16,009** |

In each cell, the top number is the count of retired participants for the age/years retired combination and the bottom number is the average annual benefit amount as of the valuation date.

# Membership Data

## Distribution of Survivors

| | Years Since Death as of June 30, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Age** | **<1** | **1 - 4** | **5 - 9** | **10 - 14** | **15 - 19** | **20 - 24** | **25+** | **Total** |
| <45 | | 5 | 3 | | 1 | | | **9** |
| Avg. Benefit | | $ 5,363 | $ 8,131 | | $ 4,889 | | | **$ 6,233** |
| 45 - 49 | 1 | 2 | 1 | 2 | | | | **6** |
| Avg. Benefit | $ 1,285 | $ 25,753 | $ 11,857 | $ 7,378 | | | | **$ 13,234** |
| 50 - 54 | 1 | 2 | 2 | 2 | | | | **7** |
| Avg. Benefit | $ 27,718 | $ 19,349 | $ 12,729 | $ 10,467 | | | | **$ 16,115** |
| 55 - 59 | | | 2 | 2 | 1 | | | **5** |
| Avg. Benefit | | | $ 15,603 | $ 8,372 | $ 12,560 | | | **$ 12,102** |
| 60 - 64 | | 5 | 5 | 4 | 1 | | | **15** |
| Avg. Benefit | | $ 14,859 | $ 20,651 | $ 13,573 | $ 2,939 | | | **$ 15,652** |
| 65 - 69 | 4 | 8 | 6 | 1 | | 1 | | **20** |
| Avg. Benefit | $ 10,670 | $ 13,905 | $ 10,485 | $ 3,577 | | $ 1,303 | | **$ 11,085** |
| 70 - 74 | 2 | 10 | 7 | 4 | | 1 | | **24** |
| Avg. Benefit | $ 12,134 | $ 6,768 | $ 9,809 | $ 8,411 | | $ 1,565 | | **$ 8,159** |
| 75 - 79 | 2 | 8 | 3 | 1 | 1 | 1 | | **16** |
| Avg. Benefit | $ 7,402 | $ 5,907 | $ 17,821 | $ 7,467 | $ 9,569 | $ 26,925 | | **$ 9,968** |
| 80 - 84 | | 1 | 3 | 3 | 1 | 1 | | **9** |
| Avg. Benefit | | $ 13,612 | $ 13,032 | $ 4,697 | $ 9,121 | $ 10,690 | | **$ 9,623** |
| 85 - 89 | | 1 | | 1 | | | | **2** |
| Avg. Benefit | | $ 2,116 | | $ 1,255 | | | | **$ 1,685** |
| 90+ | | | | | | | | |
| Avg. Benefit | | | | | | | | |
| **Total** | **10** | **42** | **32** | **20** | **5** | **4** | | **113** |
| **Avg. Benefit** | **$ 11,075** | **$ 10,315** | **$ 13,134** | **$ 8,338** | **$ 7,816** | **$ 10,121** | | **$ 10,713** |

In each cell, the top number is the count of survivors for the age/years since death combination and the bottom number is the average annual benefit amount as of the valuation date.

# Membership Data

## Distribution of Disability Retirements

| | Years Disabled as of June 30, 2025 * | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Age** | **<1** | **1 - 4** | **5 - 9** | **10 - 14** | **15 - 19** | **20 - 24** | **25+** | **Total** |
| < 45 | 1 | 17 | 4 | 2 | | | | **24** |
| Avg. Benefit | $ 46,314 | $ 28,136 | $ 23,935 | $ 19,535 | | | | **$ 27,476** |
| 45 - 49 | 1 | 9 | 6 | 3 | 2 | | | **21** |
| Avg. Benefit | $ 9,160 | $ 34,305 | $ 26,073 | $ 14,791 | $ 18,079 | | | **$ 26,423** |
| 50 - 54 | 1 | 12 | 6 | 3 | 5 | | | **27** |
| Avg. Benefit | $ 33,606 | $ 30,458 | $ 16,382 | $ 22,501 | $ 16,656 | | | **$ 24,007** |
| 55 - 59 | 4 | 21 | 3 | 8 | 8 | | | **44** |
| Avg. Benefit | $ 25,506 | $ 33,327 | $ 27,703 | $ 27,413 | $ 27,509 | | | **$ 30,100** |
| 60 - 64 | 3 | 13 | 1 | 11 | 7 | 1 | 2 | **38** |
| Avg. Benefit | $ 29,065 | $ 21,386 | $ 16,876 | $ 15,428 | $ 20,777 | $ 32,306 | $ 29,496 | **$ 20,751** |
| 65 - 69 | 4 | 30 | 1 | 1 | | 1 | | **37** |
| Avg. Benefit | $ 29,425 | $ 25,844 | $ 3,532 | $ 16,887 | | $ 33,867 | | **$ 25,603** |
| 70 - 74 | | 5 | 22 | | | | | **27** |
| Avg. Benefit | | $ 16,908 | $ 20,525 | | | | | **$ 19,855** |
| 75+ | | | 2 | 24 | 7 | 1 | | **34** |
| Avg. Benefit | | | $ 16,915 | $ 24,635 | $ 18,379 | $ 16,885 | | **$ 22,665** |
| **Total** | **14** | **107** | **45** | **52** | **29** | **3** | **2** | **252** |
| **Avg. Benefit** | **$ 28,286** | **$ 27,947** | **$ 20,875** | **$ 22,078** | **$ 21,159** | **$ 27,686** | **$ 29,496** | **$ 24,720** |

** Based on effective date as provided by PERA, "Years Disabled" may reflect years since age 65 for members over age 65.*

In each cell, the top number is the count of disabled participants for the age/years disabled combination and the bottom number is the average annual benefit amount as of the valuation date.

# Membership Data

## Reconciliation of Members

| | | Terminated | | Recipients | | | |
|---|---|---|---|---|---|---|---|
| | Actives | Deferred Retirement | Other Non-Vested | Service Retirement | Disability Retirement | Survivor | Total |
| **Members on July 1, 2024** | **3,914** | **4,637** | **2,635** | **1,605** | **248** | **105** | **13,144** |
| New members | 731 | - | - | - | - | - | **731** |
| Return to active | 45 | (17) | (28) | - | - | - | **-** |
| Terminated non-vested | (316) | - | 316 | - | - | - | **-** |
| Service retirements | (52) | (66) | - | 118 | - | - | **-** |
| Terminated deferred | (163) | 163 | - | - | - | - | **-** |
| Terminated refund/transfer | (92) | (55) | (367) | - | - | - | **(514)** |
| Deaths | (1) | (5) | (12) | (15) | (8) | (3) | **(44)** |
| New beneficiary | - | - | - | - | - | 11 | **11** |
| Disabled | (7) | - | - | - | 7 | - | **-** |
| Data correction | - | 140 | 45 | 1 | 5 | - | **191** |
| Net change | 145 | 160 | (46) | 104 | 4 | 8 | **375** |
| **Members on June 30, 2025** | **4,059** | **4,797** | **2,589** | **1,709** | **252** | **113** | **13,519** |

## Summary of Membership

| Active Member Statistics | Total |
|---|---|
| Number | 4,059 |
| Average age | 38.1 |
| Average service | 6.9 |
| Average salary | $ 71,884 |

| Terminated Member Statistics | Deferred Retirement | Other Non-Vested | Total |
|---|---|---|---|
| Number | 4,797 | 2,589 | 7,386 |
| Average age | 43.6 | 37.2 | 41.3 |
| Average service | 3.9 | 0.8 | 2.8 |
| Average annual benefit, with augmentation to December 31, 2018 and 9% Combined Service Annuity (CSA) load | $ 6,015 | N/A | $ 6,015 |
| Average refund value, with 9% CSA load (119% CSA load for Non-Vested) | $ 11,103 | $ 3,705 | $ 8,510 |

| Retiree & Survivor Member Statistics | Service Retirees | Disabled Retirees | Survivors | Total |
|---|---|---|---|---|
| Number | 1,709 | 252 | 113 | 2,074 |
| Average age | 67.5 | 60.6 | 65.7 | 66.6 |
| Average annual benefit | $ 16,009 | $ 24,720 | $ 10,713 | $ 16,779 |

# Development of Costs

## Actuarial Valuation Balance Sheet *(Dollars in Thousands)*

The actuarial balance sheet is based on the principle that the long-term projected benefit obligations of the Plan should be ideally equal to the long-term resources available to fund those obligations. A Projected Benefit Funding Ratio less than 100% indicates that contributions are insufficient. The resources available to meet projected obligations for current members consist of current fund assets plus the present value of anticipated future contributions intended to fund benefits for current members. In the exhibit below, B.2 is the estimated present value of contributions to fund the normal cost rate for current members until their respective termination dates. Per the LCPR Standards for Actuarial Work, Item B.1 is the present value of the total 17.08% statutory contribution net of normal cost and anticipated Plan expenses during the period from the valuation date to the statutory amortization. Item D. Current Benefit Obligation, is the liability based on current service and projected compensation (the Entry Age Normal cost method is used to determine liabilities and contributions elsewhere in the report).

The contributions made in excess of amounts required for current benefit payments are accumulated as a reserve to help meet benefit payments in later years. It is this reserve system which permits the establishment of a level rate of contribution each year.

| | | June 30, 2025 |
|---|---|---|
| A. | Actuarial Value of Assets | $ 1,294,938 |
| B. | Expected Future Assets | |
| | 1. Present value of expected future statutory supplemental contributions | $ 126,576 |
| | 2. Present value of future normal cost contributions | $ 272,050 |
| | 3. Total expected future assets: *(1.) + (2.)* | $ 398,626 |
| C. | Total Current and Expected Future Assets: *(A.+ B.3)* | $ 1,693,564 |

| D. Current Benefit Obligations* | Non-Vested | Vested | Total |
|---|---|---|---|
| 1. Benefit recipients | | | |
| a. Service retirements | $ - | $ 369,578 | $ 369,578 |
| b. Disability retirements | $ - | $ 90,383 | $ 90,383 |
| c. Survivors | $ - | $ 14,043 | $ 14,043 |
| 2. Deferred retirements with augmentation | $ - | $ 261,974 | $ 261,974 |
| 3. Former members without vested rights | $ 4,523 | $ - | $ 4,523 |
| 4. Active members | $ 46,804 | $ 407,086 | $ 453,890 |
| 5. Total Current Benefit Obligations | $ 51,327 | $ 1,143,064 | $ 1,194,391 |

| | | |
|---|---|---|
| E. | Expected Future Benefit Obligations | $ 355,813 |
| F. | Total Current and Expected Future Benefit Obligations** | $ 1,550,204 |
| G. | Unfunded Current Benefit Obligations: *(D.5.) - (A.)* | $ (100,547) |
| H. | Unfunded Current and Future Benefit Obligations: *(F.) - (C.)* | $ (143,360) |
| I. | Accrued Benefit Funding Ratio: *(A.)/(D.)* | 108.42% |
| J. | Projected Benefit Funding Ratio: *(C.)/(F.)* | 109.25% |

* *Present value of credited projected benefits (projected compensation, current service).*

** *Present value of projected benefits (projected compensation, projected service).*

# Development of Costs

## Determination of Unfunded Actuarial Accrued Liability
## (Dollars in Thousands)

| | Actuarial Present Value of Projected Benefits | Actuarial Present Value of Future Normal Costs | Actuarial Accrued Liability |
|---|---|---|---|
| A. Determination of Actuarial Accrued Liability (AAL) | | | |
| 1. Active members | | | |
| a. Retirement annuities | $ 630,295 | $ 142,148 | $ 488,147 |
| b. Disability benefits | $ 69,334 | $ 41,200 | $ 28,134 |
| c. Survivor's benefits | $ 6,098 | $ 1,742 | $ 4,356 |
| d. Deferred retirements | $ 96,358 | $ 64,043 | $ 32,315 |
| e. Refunds* | $ 7,618 | $ 22,917 | $ (15,299) |
| f. Total | $ 809,703 | $ 272,050 | $ 537,653 |
| 2. Deferred retirements with future augmentation | $ 261,974 | $ - | $ 261,974 |
| 3. Former members without vested rights | $ 4,523 | $ - | $ 4,523 |
| 4. Annuitants | $ 474,004 | $ - | $ 474,004 |
| 5. Total | $ 1,550,204 | $ 272,050 | $ 1,278,154 |
| B. Determination of Unfunded Actuarial Accrued Liability (UAAL) | | | |
| 1. Actuarial accrued liability | | | $ 1,278,154 |
| 2. Current assets (AVA) | | | $ 1,294,938 |
| 3. Unfunded actuarial accrued liability | | | $ (16,784) |

* *Includes non-vested refunds and non-married survivor benefits only.*

# Development of Costs

## Changes in Unfunded Actuarial Accrued Liability (UAAL) *(Dollars in Thousands)*

| | Year Ending June 30, 2025 | | |
|---|---|---|---|
| | Actuarial Accrued Liability | Current Assets | Unfunded Actuarial Accrued Liability |
| A. Values at beginning of year | $ 1,238,891 | $ 1,176,113 | $ 62,778 |
| B. Changes due to interest requirements and current rate of funding | | | |
| 1. Normal cost, including expenses | $ 43,984 | $ (544) | $ 44,528 |
| 2. Benefit payments | $ (36,066) | $ (36,066) | $ - |
| 3. Contributions | $ - | $ 39,846 | $ (39,846) |
| 4. Interest on A., B.1., B.2. and B.3. | $ 87,023 | $ 82,451 | $ 4,572 |
| 5. Total *(B.1. + B.2. + B.3. + B.4.)* | $ 94,941 | $ 85,687 | $ 9,254 |
| C. Expected values at end of year *(A. + B.5.)* | $ 1,333,832 | $ 1,261,800 | $ 72,032 |
| D. Increase (decrease) due to actuarial losses (gains) because of experience deviations from expected | | | |
| 1. Age and Service Retirements | | | $ 864 |
| 2. Disability Retirements | | | $ (2,427) |
| 3. Death-in-Service Benefits | | | $ 50 |
| 4. Withdrawals | | | $ (661) |
| 5. Salary increases | | | $ 9,696 |
| 6. Investment income | | | $ (33,138) |
| 7. Mortality of annuitants | | | $ (62) |
| 8. January 1, 2025 COLA (gain)/loss* | | | $ 2,098 |
| 9. Other items | | | $ (2,090) |
| 10.Total | | | $ (25,670) |
| E. Unfunded actuarial accrued liability at end of year before Plan amendments and changes in actuarial assumptions *(C. + D.9.)* | | | $ 46,362 |
| F. Change in unfunded actuarial accrued liability due to changes in Plan provisions | | | $ 1,918 |
| G. Change in unfunded actuarial accrued liability due to changes in actuarial assumptions | | | $ (65,064) |
| H. Change in unfunded actuarial accrued liability due to changes in methodology | | | $ - |
| I. Unfunded actuarial accrued liability at end of year *(E. + F. + G. + H.)*** | | | $ (16,784) |

* *January 1, 2025 benefits increased 2.5% and were expected to increase 2.0%.*

** *On a market value of assets basis, assets exceed liabilities by $66,148.*

# Development of Costs

## Determination of Supplemental Contribution Rate (Dollars in Thousands)

| Unfunded Actuarial Accrued Liability<br>Source of Unfunded Liability | Date Established | Initial Amount | Initial Period | Current Amount | Remaining Period 6/30/2025 | Contribution (% of Payroll) |
|---|---|---|---|---|---|---|
| Initial unfunded actuarial accrued liability | 6/30/2024 | $ 62,778 | 24 yrs. | $ 62,982 | 23 yrs. | 1.37% |
| Experience (Gain)/Loss | 6/30/2025 | 7,468 | 15 yrs. | 7,468 | 15 yrs. | 0.22% |
| Asset (Gain)/Loss | 6/30/2025 | (33,138) | 15 yrs. | (33,138) | 15 yrs. | (0.97)% |
| Assumption or Method Change | 6/30/2025 | (65,064) | 20 yrs. | (65,064) | 20 yrs. | (1.55)% |
| Benefit Changes - Active | 6/30/2025 | 1,918 | 15 yrs. | 1,918 | 15 yrs. | 0.06% |
| Benefit Changes - Inactive, Long Term | 6/30/2025 | - | 15 yrs. | - | 15 yrs. | 0.00% |
| Benefit Changes - Inactive, Short Term | 6/30/2025 | - | 1 yr. | - | 1 yr. | 0.00% |
| Contribution (Sufficiency)/Deficiency | 6/30/2025 | 9,050 | 15 yrs. | 9,050 | 15 yrs. | 0.26% |
| **Total** | | | | **$ (16,784)** | | **(0.61)%** |

# Development of Costs

## Determination of Contribution Sufficiency/(Deficiency) *(Dollars in Thousands)*

The required contribution is defined in Minnesota statutes as the sum of normal cost, a supplemental contribution to amortize the UAAL, and an allowance for expenses. The dollar amounts shown are for illustration purposes and equal percent of payroll multiplied by projected annual payroll.

| | Percent of Payroll | Dollar Amount |
|---|---|---|
| A. Statutory contributions - Chapter 353E | | |
| 1. Employee contributions | 6.83% | $ 20,886 |
| 2. Employer contributions | 10.25% | $ 31,345 |
| 3. Total | 17.08% | $ 52,231 |
| B. Required contributions - Chapter 356 | | |
| 1. Normal cost | | |
| a. Retirement benefits | 7.56% | $ 23,119 |
| b. Disability benefits | 2.26% | $ 6,911 |
| c. Survivors | 0.09% | $ 275 |
| d. Deferred retirement benefits | 3.10% | $ 9,480 |
| e. Refunds* | 1.13% | $ 3,456 |
| f. Total | 14.14% | $ 43,241 |
| 2. Supplemental contribution amortization of Unfunded Actuarial Accrued Liability | -0.61% | $ (1,865) |
| 3. Allowance for expenses | 0.19% | $ 581 |
| 4. Total | 13.72% ** | $ 41,957 |
| C. Contribution Sufficiency/(Deficiency) *(A.3. - B.4.)* | 3.36% | $ 10,274 |

* *Includes non-vested refunds and non-married survivor benefits only.*

** *The required contribution on a market value of assets basis is 12.28% of payroll.*

Note: Projected annual payroll for fiscal year beginning on the valuation date: $305,805 (determined by increasing reported pay for each member by one full year's assumed pay increase according to the actuarial salary scale, as prescribed by the LCPR Standards for Actuarial Work).

# Actuarial Basis

## Actuarial Methods

All actuarial methods are prescribed by Minnesota Statutes, the Legislative Commission on Pensions and Retirement, or the Board of Trustees. Different methodologies may also be reasonable and results based on other methodologies would be different.

## Actuarial Cost Method

Actuarial Accrued Liability and required contributions in this report are computed using the Entry Age Normal Cost Method. This method is prescribed by Minnesota Statute. Under this method, a normal cost is developed by amortizing the actuarial value of benefits expected to be received by each active participant (as a level percentage of pay) over the total working lifetime of that participant, from hire to termination. Age as of the valuation date was calculated based on the dates of birth provided by the Fund. Entry age for valuation purposes was calculated as the age on the valuation date minus the provided years of service on the valuation date.

To the extent that current assets and future normal costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued Liability ("UAAL") develops. The UAAL is amortized over the statutory amortization period using level percent of payroll. The total contribution developed under this method is the sum of normal cost, expenses, and the payment toward the UAAL.

## Valuation of Future Post-Retirement Benefit Increases

Benefit increases after retirement will equal 100% of the Social Security Cost-of-Living Adjustment, not less than 1.0% and not more than 2.5%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.5%. If the maximum increase is 1.5%, and the Plan's funding ratio improves to 85% for two consecutive years, on a market value of assets basis, then the maximum increase will revert to 2.5%. Stochastic modeling was used to determine the assumption that benefit increases will equal 2.00% per year. This is only an assumption; actual increases will depend on actual experience.

## Funding Objective

The fundamental financing objective of the Fund is to establish contribution rates which, when expressed as a percentage of active member payroll, will remain approximately level from generation to generation and meet the required deadline for full funding.

# Actuarial Basis

## Actuarial Methods (Continued)

### Asset Valuation Method

The assets are valued based on a five-year moving average of expected and market values (five-year average actuarial value) and determined as follows:

- At the end of each plan year, an average asset value is calculated as the average of the market asset value at the beginning and end of the fiscal year net of investment income for the fiscal year;
- The investment gain or (loss) is taken as the excess of actual investment income over the expected investment income based on the average asset value as calculated above;
- The investment gain or (loss) so determined is recognized over five years at 20% per year; and
- The asset value is the sum of the market asset value plus the scheduled recognition of investment gains or (losses) during the current and the preceding four fiscal years.

### Payment on the Unfunded Actuarial Accrued Liability

Payments on the Unfunded Actuarial Accrued Liability (UAAL) are determined by source as a level percentage of payroll each year assuming payroll increases of 3.00% per annum, and amortized according to the following closed statutory amortization periods, beginning in the valuation year in which they arise:

| Source of UAAL | Closed Period |
|---|---|
| Legacy UAAL as of July 1, 2024 | Period ending June 30, 2048 |
| Experience gain or loss | 15 years |
| Assumption or method changes | 20 years |
| Active member benefit changes | 15 years |
| Long-term inactive member benefit changes | 15 years |
| Short-term inactive member benefit changes | Period during which benefit change is in effect |
| Statutory Contributions (per Chapter 353E) that are more or less than the Total Required Contribution (per Chapter 356) | 15 years |

As required by the Standards for Actuarial Work, projected payroll is 1) determined by increasing reported payroll for each member by one full year's assumed pay increase according to the actuarial salary scale and 2) multiplied by 0.964 in the determination of the present value of future payroll to account for timing differences. This statutory method produces a required contribution that is similar to, but slightly below, the contribution that would be produced by more common actuarial methods.

PERA may consider synchronizing or accelerating bases with fewer than three years remaining in order to minimize potential volatility.

# Actuarial Basis

## Actuarial Methods (Concluded)

### Changes in Methods Since Prior Valuation

Layered amortization was implemented, effective with the July 1, 2025 valuation, with the amortization periods as defined on the prior page.

# Actuarial Basis

## Summary of Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the plan. All actuarial assumptions are prescribed by Minnesota Statutes, the Legislative Commission on Pensions and Retirement (LCPR), or the Board of Trustees. These parties are responsible for selecting the assumptions used for this valuation. Unless noted otherwise, the assumptions prescribed are based on the experience study dated July 31, 2024, and a review of inflation and investment assumptions in the General Employees Retirement Plan Experience Study dated June 29, 2023. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the LCPR actuary and documented in a report dated February 2025.

| | |
|---|---|
| **Investment return** | 7.00% per annum (prescribed by Minnesota Statutes). |
| **Benefit increases after retirement** | 2.00% per annum. |
| **Salary increases** | Reported salary at valuation date increased according to the rate table, to current fiscal year and annually for each future year. Prior fiscal year salary is annualized for members with less than one year of service earned during the year. |
| **Inflation** | 2.25% per year. |
| **Payroll growth** | 3.00% per year. |
| **Mortality rates** | |
| Healthy pre-retirement | Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021. |
| Healthy post-retirement | Pub-2010 Public Safety Healthy Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2021. |
| Disabled | Pub-2010 Public Safety Disabled Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021. |
| Notes | The Pub-2010 employee mortality table as published by the Society of Actuaries (SOA) contains mortality rates for ages 18 to 80 and the annuitant mortality table contains mortality rates for ages 50 to 120. We have extended the annuitant mortality table as needed for members and beneficiaries younger than age 50 who are receiving a benefit by deriving rates based on the employee table and the juvenile table. Similarly, we have extended the employee table as needed for members older than age 80 by deriving rates based on the annuitant table. |
| **Retirement** | Members retiring from active status are assumed to retire according to the age related rates shown in the rate table. Members who have attained the highest assumed retirement age are assumed to retire in one year. Note that plan changes reflected in this report may ultimately result in behavior changes that are not anticipated in the current retirement rates. |
| **Withdrawal** | Service-related rates based on experience; see table of sample rates. |
| **Disability** | Age-related rates based on experience; see table of sample rates. All incidences are assumed to be duty-related. |
| **Allowance for combined service annuity** | Liabilities for former members are increased 9% for vested members and 119% for non-vested members to account for the effect of some participants having eligibility for a Combined Service Annuity. |
| **Administrative expenses** | Prior year administrative expenses expressed as a percentage of prior year projected payroll. |

# Actuarial Basis

## Summary of Actuarial Assumptions (Continued)

| | |
|---|---|
| **Refund of contributions** | For non-vested members, account balances accumulate interest until the assumed commencement date and are discounted back to the valuation date. Active members decrementing after becoming eligible for a benefit are assumed to take the contributions accumulated with interest if larger than the value of the benefit. |
| **Commencement of deferred benefits** | Members receiving deferred annuities (including current terminated deferred members) are assumed to begin receiving benefits at age 55. |
| **Percentage married** | 75% of active male members and 65% of active female members are assumed to be married. Actual marital status is used for members in payment status. |
| **Age of spouse** | Females are assumed to be two years younger than their male spouses. For members in payment status, actual spouse date of birth is used, if provided. |
| **Eligible children** | Retiring members are assumed to have no dependent children. |
| **Form of payment** | Married members retiring from active status are assumed to elect the subsidized joint and survivor form of annuity as follows:<br><br>Males: 10.0% elect 25% Joint & Survivor option<br>12.5% elect 50% Joint & Survivor option<br>7.5% elect 75% Joint & Survivor option<br>55.0% elect 100% Joint & Survivor option<br>Females: 5.0% elect 25% Joint & Survivor option<br>10.0% elect 50% Joint & Survivor option<br>5.0% elect 75% Joint & Survivor option<br>30.0% elect 100% Joint & Survivor option<br><br>Remaining married members and unmarried members are assumed to elect the Straight Life option.<br><br>Members receiving deferred annuities (including current terminated deferred members) are assumed to elect a straight life annuity. |
| **Eligibility testing** | Eligibility for benefits is determined based upon the age nearest birthday and service on the date the decrement is assumed to occur. |
| **Decrement operation** | Withdrawal decrements do not operate during retirement eligibility. Decrements are assumed to occur mid-fiscal year. |
| **Service credit accruals** | It is assumed that members accrue one year of service credit per year. |
| **Benefit service** | Exact fractional service is used to determine the amount of benefit payable. |
| **Pay increases** | Pay increases are assumed to happen at the beginning of the fiscal year. This is equivalent to assuming that reported earnings are pensionable earnings for the year ending on the valuation date. |

# Actuarial Basis

## Summary of Actuarial Assumptions (Continued)

| | |
|---|---|
| **Final average salary** | For present value of future benefit purposes, final average salary was calculated in accordance with pay increase assumptions, but was not permitted to fall below the final average salary reported in the data. |
| **Unknown data for certain members** | To prepare this report, GRS has used and relied on participant data supplied by the Fund. Although GRS has reviewed the data in accordance with Actuarial Standards of Practice No. 23, GRS has not verified or audited any of the data or information provided.<br><br>In cases where submitted data was missing or incomplete, the following assumptions, based on average results for applicable members, were applied:<br><br><u>Data for active members:</u><br>There were 227 members reported with a salary less than $100 after annualization. We used prior year salary (103 members), if available; otherwise high five salary with a 10% load to account for salary increases (122 members). If neither prior year salary nor high five salary was available, we assumed a value of $62,900 (2 members).<br><br>There were also 265 members reported without a gender. We assumed male gender. There were also 5 members reported without a date of birth. We assumed these members were hired at age 31.<br><br><u>Data for terminated members:</u><br>There were 11 members reported without a gender; male was assumed. There were 9 members reported without a date of birth; we assumed the member was age 43.<br><br>We calculated benefits for these members using the reported Average Salary and credited service. If credited service was not reported (33 members), we used elapsed time from hire date to termination date (16 members); if elapsed time was not available, we assumed four years of service. If termination date was invalid or not reported (19 members), we assumed the termination date was equal to the hire date plus credited service, otherwise the valuation date. If Average Salary was not reported (0 members), we assumed a value of $64,000. If the reported termination date occurs prior to the reported hire date, the two dates were swapped.<br><br><u>Data for retired members:</u><br>There were 5 members reported without a gender; male was assumed. There were no members reported without a date of birth or benefit.<br><br>Because PERA reclassifies disabled members as retirees once the member reaches Normal Retirement Age, we compare the members that PERA reports as retirees to our disabled group from the last valuation. If a member was disabled in the prior valuation, we reclassify that member as a disabled retiree in this year's valuation. We reclassified 114 retirees as disabled retirees in this valuation. |

# Actuarial Basis

## Summary of Actuarial Assumptions (Continued)

| | |
|---|---|
| **Changes in actuarial assumptions since the prior valuation** | The following changes in assumptions are effective with the July 1, 2025 valuation, as recommended in the most recent experience study (dated July 31, 2024):<br>• Assumed rates of salary increases were reduced slightly and changed to service-based (vs. age based).<br>• Assumed rates of retirement were adjusted resulting in an overall increase in unreduced (Normal) retirements and reduced (Early) retirements.<br>• Assumed rates of withdrawal were changed from age-based rates after three years of service to service-based for all years; the new rates result in an increase in predicted terminations for males and females.<br>• Minor changes to assumed rates of disability retirements.<br>• Continued use of the Pub-2010 Public Safety mortality table, with no adjustments.<br>• Minor changes to the assumed percent married, beneficiary age difference and form of payment assumptions for future retirees.<br>• Minor changes to assumptions made with respect to missing participant data.<br>The combined service annuity load was changed from 35% to 9% for vested terminated members, and from 1% to 119% for non-vested terminated members. |

# Actuarial Basis

## Summary of Actuarial Assumptions (Continued)

| Age in 2025 | Percentage of Members Dying Each Year* | | | | | |
|---|---|---|---|---|---|---|
| | Healthy Post-Retirement Mortality** | | Healthy Pre-Retirement Mortality** | | Disability Mortality** | |
| | Male | Female | Male | Female | Male | Female |
| 20 | 0.04% | 0.02% | 0.04% | 0.02% | 0.12% | 0.06% |
| 25 | 0.04 | 0.02 | 0.04 | 0.02 | 0.13 | 0.08 |
| 30 | 0.06 | 0.04 | 0.06 | 0.04 | 0.17 | 0.12 |
| 35 | 0.07 | 0.05 | 0.07 | 0.05 | 0.21 | 0.17 |
| 40 | 0.09 | 0.06 | 0.08 | 0.06 | 0.24 | 0.20 |
| 45 | 0.14 | 0.09 | 0.09 | 0.07 | 0.27 | 0.22 |
| 50 | 0.18 | 0.13 | 0.11 | 0.08 | 0.33 | 0.27 |
| 55 | 0.29 | 0.25 | 0.16 | 0.12 | 0.45 | 0.44 |
| 60 | 0.51 | 0.45 | 0.27 | 0.17 | 0.74 | 0.71 |
| 65 | 0.87 | 0.72 | 0.41 | 0.21 | 1.18 | 1.00 |
| 70 | 1.43 | 1.15 | 0.70 | 0.39 | 1.74 | 1.39 |
| 75 | 2.46 | 1.97 | 1.25 | 0.77 | 2.82 | 2.09 |
| 80 | 4.46 | 3.53 | 2.34 | 1.60 | 4.90 | 3.53 |
| 85 | 8.22 | 6.32 | 7.36 | 5.54 | 8.29 | 6.32 |
| 90 | 14.64 | 11.14 | 14.64 | 11.14 | 14.64 | 11.14 |

* *Generally, mortality rates are expected to increase as age increases (with the exception of young ages, where expected mortality may decrease as age increases). In cases where the application of the projection scale would reverse the nature of this trend, standard mortality rates have been adjusted slightly. The adjustment has no material effect on these results.*

** *Rates are adjusted for mortality improvement using Scale MP-2021, from a base year of 2010.*

| Age | Rates of Disability Retirement | |
|---|---|---|
| | Male | Female |
| 20 | 0.05% | 0.04% |
| 25 | 0.10% | 0.06% |
| 30 | 0.10% | 0.08% |
| 35 | 0.23% | 0.17% |
| 40 | 0.26% | 0.18% |
| 45 | 0.31% | 0.39% |
| 50 | 0.80% | 0.70% |
| 55 | 0.80% | 0.90% |
| 60 | 0.80% | 0.90% |
| 65 | 0.80% | 0.90% |

# Actuarial Basis

## Summary of Actuarial Assumptions (Concluded)

| Age | Percent Retiring | Salary Scale Year | Salary Scale Increase | Rates of Withdrawal Year | Rates of Withdrawal Male | Rates of Withdrawal Female |
|---|---|---|---|---|---|---|
| 50 | 6% | 1 | 8.00% | 1 | 30.00% | 30.00% |
| 51 | 5 | 2 | 6.00% | 2 | 25.00% | 25.00% |
| 52 | 6 | 3 | 5.50% | 3 | 20.00% | 18.00% |
| 53 | 5 | 4 | 5.40% | 4 | 15.00% | 14.00% |
| 54 | 9 | 5 | 5.30% | 5 | 13.00% | 14.00% |
| 55 | 20 | 6 | 5.20% | 6 | 12.00% | 12.00% |
| 56 | 12 | 7 | 5.10% | 7 | 11.00% | 11.00% |
| 57 | 11 | 8 | 4.90% | 8 | 10.00% | 10.00% |
| 58 | 15 | 9 | 4.60% | 9 | 9.00% | 10.00% |
| 59 | 17 | 10 | 4.50% | 10 | 8.00% | 10.00% |
| 60 | 15 | 11 | 4.40% | 11 | 7.00% | 10.00% |
| 61 | 15 | 12 | 4.30% | 12 | 6.00% | 10.00% |
| 62 | 30 | 13 | 4.20% | 13 | 5.00% | 10.00% |
| 63 | 24 | 14 | 4.10% | 14 | 5.00% | 10.00% |
| 64 | 25 | 15 | 3.90% | 15 | 4.50% | 9.00% |
| 65 | 45 | 16 | 3.70% | 16 | 4.50% | 8.00% |
| 66 | 40 | 17 | 3.50% | 17 | 4.50% | 7.00% |
| 67 | 50 | 18 | 3.50% | 18 | 4.00% | 5.00% |
| 68 | 35 | 19 | 3.50% | 19 | 3.50% | 5.00% |
| 69 | 40 | 20+ | 3.00% | 20 | 3.50% | 5.00% |
| 70+ | 100 | | | 21 | 3.50% | 4.00% |
| | | | | 22 | 3.50% | 3.50% |
| | | | | 23 | 3.50% | 3.50% |
| | | | | 24 | 3.50% | 3.50% |
| | | | | 25+ | 3.50% | 3.50% |

# Actuarial Basis

## Summary of Plan Provisions

Following is a summary of the major plan provisions used in the valuation of this report. PERA is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report.

**Plan year**

July 1 through June 30.

**Eligibility**

Local government employees in covered correctional service for a county administered jail or correctional facility or in a regional correctional facility administered by multiple counties, who are directly responsible for security, custody and control of persons confined in jail or facility, who are expected to respond to incidents within the jail or facility, and who are not members of the Public Employees Police and Fire Fund.

**Contributions**

Shown as a percent of salary:

| Effective as of | Member | Employer |
|---|---|---|
| Previous | 5.83% | 8.75% |
| July 1, 2025 | 6.83% | 10.25% |

Member contributions are "picked up" according to the provisions of Internal Revenue Code 414(h).

**Allowable service**

Local Government Correctional Service during which member contributions were made (effective July 1, 1999). May also include certain leaves of absence, military service and periods while temporary Worker's Compensation is paid.

**Salary**

Includes amounts deducted for deferred compensation or supplemental retirement plans, net income from fees and sick leave payments funded by the employer. Excludes unused annual leaves and sick leave payments, severance payments, Workers' Compensation benefits and employer-paid flexible spending accounts, cafeteria plans, healthcare expense accounts, day-care expenses, fringe benefits and the cost of insurance coverage.

**Average salary**

Average of the five highest successive years of salary. Average Salary is based on all Allowable Service if less than five years.

**Vesting**

Hired before July 1, 2010: 100% vested after 3 years of Allowable Service.

Hired after June 30, 2010: 50% vested after 5 years of Allowable Service;
60% vested after 6 years of Allowable Service;
70% vested after 7 years of Allowable Service;
80% vested after 8 years of Allowable Service;
90% vested after 9 years of Allowable Service; and
100% vested after 10 years of Allowable Service.

**Retirement**

Normal retirement benefit

Age/service requirement

Age 55 and vested. Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.

Amount

1.9% of Average Salary for each year of Allowable Service earned through June 30, 2025, plus 2.2% of Average Salary for each year of Allowable Service earned on or after July 1, 2025, pro rata for completed months, adjusted for partial vesting if applicable.

# Actuarial Basis

## Summary of Plan Provisions (Continued)

**Retirement (Concluded)**

Early Retirement

| | |
|---|---|
| Age/service requirement | Age 50 and vested. |
| Amount | Normal Retirement Benefit based on Allowable Service and Average Salary at retirement date with actuarial reduction to commencement age.<br>Prior to July 1, 2024, the early retirement adjustment included either full or partial augmentation. This augmentation adjustment was completely phased out by July 1, 2024. |
| Form of payment | Life annuity. Actuarially equivalent options are:<br>25%, 50%, 75% or 100% Joint and Survivor. If a Joint and Survivor benefit is elected and the beneficiary predeceases the annuitant, the annuitant's benefit increases to the Life Annuity amount. This "bounce back" is subsidized by the plan. |
| Benefit increases | Benefit recipients receive increases each year in January based upon 100% of the current Social Security increase, not less than 1.0% and not more than 2.5%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years or 80% for one year on a market value of assets basis, the maximum increase will be lowered to 1.5%. If the maximum increase is 1.5%, and the Plans' funding ratio improves to 85% for two consecutive years on a market value of assets basis, then the maximum increase will revert to 2.5%.<br>A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. |

**Disability**

Duty Disability

| | |
|---|---|
| Age/service requirement | Member who cannot perform duties as a direct result of a disability relating to an act of duty specific to protecting the property and personal safety of others. |
| Amount | 47.5% of Average Salary plus 2.20% (1.90% if disabled prior to July 1, 2025) of Average Salary for each year in excess of 25 years of Allowable Service (pro rata for completed months).<br>Payment begins at disability and ends at age 65 or earlier if disability ceases or death occurs. Benefits may be paid upon re-employment but salary plus benefit cannot exceed current salary of position held at time of disability. |

Regular Disability

| | |
|---|---|
| Age/service requirement | At least one year of Allowable Service and a disability preventing member from performing normal duties that arise out of activities not related to covered employment or while at work; activities related to duties that do not present inherent dangers specific to occupation. |

# Actuarial Basis

## Summary of Plan Provisions (Continued)

| | |
|---|---|
| **Disability (Concluded)** | |
| Amount | Normal Retirement Benefit based on Allowable Service (minimum of 10 years) and Average Salary at disability.<br><br>Payment begins at disability and ends at age 65 or earlier if disability ceases or death occurs. Benefits may be paid upon re-employment but salary plus benefit cannot exceed current salary of position held at time of disability. |
| Retirement benefit | |
| Age/service requirement | Age 65 with continued disability. |
| Amount | Any optional annuity continues. Otherwise, the larger of the disability benefit paid before age 65 or the normal retirement benefit available at age 65, or an actuarially equivalent optional annuity. |
| Form of payment | Same as for retirement. |
| Benefit increases | Same as for retirement. |
| **Death** | |
| Surviving spouse benefit | |
| Age/service requirement | Vested active member at any age or vested former member age 50 or older who dies before retirement or disability benefit commences. If an active member dies, benefits may commence immediately, regardless of age. |
| Amount | Surviving spouse receives the 100% joint and survivor benefit using the Normal Retirement formula above. If commencement is prior to age 55, the appropriate early retirement formula described above applies except that one-half the monthly reduction factor is used from age 50 to the commencement age. In lieu of this benefit, the surviving spouse may elect a refund of contributions with interest or an actuarially equivalent term certain annuity (lump sum payable to estate at death). |
| Benefit increases | Same as for retirement. |
| Surviving dependent children's benefit | |
| Age/service requirement | If no surviving spouse, all dependent children (biological or adopted) below age 23 who are dependent for more than half of their support on deceased member. |
| Amount | Actuarially equivalent to surviving spouse 100% joint and survivor annuity payable to the later of age 23 or five years. The amount is to be proportionally divided among surviving children. |

# Actuarial Basis

## Summary of Plan Provisions (Continued)

| | |
|---|---|
| **Death (Concluded)** | |
| Refund of contributions | |
| Age/service requirement | Active employee dies and survivor benefits paid are less than member's contributions or a former employee dies before annuity begins. |
| Amount | If no survivor benefits are paid, the member's contributions with 6.00% interest until June 30, 2011; 4.00% to June 30, 2018; 3.00% thereafter. If survivor benefits are paid and accumulated contributions exceed total payments to the surviving spouse and children, then the remaining contributions are paid out. |
| **Termination** | |
| Refund of contributions | |
| Age/service requirement | Termination of local government service. |
| Amount | Member's contributions with 6.00% interest through June 30, 2011. Beginning July 1, 2011, a member's contributions increase at 4.00% interest. Beginning July 1, 2018, a member's contributions increase at 3.00% interest. If a member is vested, a deferred annuity may be elected in lieu of a refund. |
| Deferred benefit | |
| Age/service requirement | Partially or fully vested. |
| Amount | Benefit computed under law in effect at termination and increased by the following percentage (augmentation), compounded annually, if termination of employment is prior to January 1, 2012:<br><br>(a.) 3.00% (2.50% if hired after June 30, 2006) until the earlier of January 1 of the year following attainment of age 55 and January 1, 2012;<br>(b.) 5.00% (2.50% if hired after June 30, 2006) thereafter until the earlier of the date the annuity begins and January 1, 2012;<br>(c.) 1.00% from January 1, 2012 through December 31, 2018; and<br>(d.) 0.00% thereafter.<br><br>If a member terminates employment after 2011, they are not eligible for augmentation. |
| Form of payment | Same as for retirement. |
| **Actuarial equivalent factors** | Effective July 1, 2025, actuarially equivalent factors are based on the Pub-2010 Public Safety mortality rates for a member turning age 57 in 2027, reflecting projected mortality improvements using Scale MP-2021 from a base year of 2010, blended 65% males, 7.00% interest rate, and 2.0% benefit increase assumption. Reflecting statutory requirements, joint and survivor factors are based on an interest assumption of 6.50%. |

| | |
|---|---|
| **Combined service annuity** | Members are eligible for combined service benefits if they:<br><br>(a.) Meet minimum retirement age for each plan participated in and total public service meets the vesting requirements of each plan;<br><br>or<br><br>(b.) Have three or more years of service under PERA and the covered fund(s) (if hired prior to July 1, 2010).<br><br>Other requirements for combined service include:<br><br>(a.) Member must have at least six months of allowable service credit in each plan worked under; and<br><br>(b.) Member may not be in receipt of a benefit from another plan.<br><br>Members who meet the above requirements must have their benefit based on the following:<br><br>(a.) Allowable service in all covered plans is combined in order to determine eligibility for early retirement.<br><br>(b.) Average salary is based on the high five consecutive years during their entire service in all covered plans. |
| **Changes in plan provisions** | The benefit payable to a member who qualifies for a duty disability benefit is changed to be 47.5% of average salary plus, for each year of service in excess of 25 years, 1.9% for each year of allowable service before July 1, 2025 and 2.2% for each year of allowable service beginning after June 30, 2025.<br><br>Actuarial equivalent factors were updated to reflect changes in assumptions. |

# Additional Schedules

## Schedule of Funding Progress[1] *(Dollars in Thousands)*

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded (Overfunded) AAL (UAAL) (b) - (a) | Funded Ratio (a)/(b) | Actual Covered Payroll (Previous FY) (c) | UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c) |
|---|---|---|---|---|---|---|
| 7-1-2008 | $ 192,937 | $ 192,572 | $ (365) | 100.19 % | $ 154,202 | (0.24) % |
| 7-1-2009 | 217,577 | 229,383 | 11,806 | 94.85 | 154,650 | 7.63 |
| 7-1-2010 | 242,019 | 248,867 | 6,848 | 97.25 | 154,777 | 4.42 |
| 7-1-2011 | 274,704 | 284,593 | 9,889 | 96.53 | 165,077 [2] | 5.99 |
| 7-1-2012 | 306,454 | 343,199 | 36,745 | 89.29 | 164,340 [2] | 22.36 |
| 7-1-2013 | 346,778 | 381,179 | 34,401 | 90.98 | 164,820 [2] | 20.87 |
| 7-1-2014 | 410,489 | 426,508 | 16,019 | 96.24 | 172,041 [2] | 9.31 |
| 7-1-2015 | 475,963 | 498,052 | 22,089 | 95.56 | 179,623 [2] | 12.30 |
| 7-1-2016 | 529,879 | 553,840 | 23,961 | 95.67 | 188,816 [2] | 12.69 |
| 7-1-2017 | 595,366 | 629,870 | 34,504 | 94.52 | 200,103 [2] | 17.24 |
| 7-1-2018 | 666,012 | 696,842 | 30,830 | 95.58 | 205,077 [2] | 15.03 |
| 7-1-2019 | 729,570 | 758,268 | 28,698 | 96.22 | 214,151 [2] | 13.40 |
| 7-1-2020 | 794,221 | 814,456 | 20,235 | 97.52 | 217,702 [2] | 9.29 |
| 7-1-2021 | 904,434 | 870,567 | (33,867) | 103.89 | 222,093 [2] | (15.25) |
| 7-1-2022 | 992,811 | 944,741 | (48,070) | 105.09 | 220,292 [2] | (21.82) |
| 7-1-2023 | 1,075,475 | 1,112,405 | 36,930 | 96.68 | 238,319 [2] | 15.50 |
| 7-1-2024 | 1,176,113 | 1,238,891 | 62,778 | 94.93 | 254,734 [2] | 24.64 |
| 7-1-2025 | 1,294,938 | 1,278,154 | (16,784) | 101.31 | 273,276 [2] | (6.14) |

*[1] Information prior to 2012 provided by prior actuaries. See prior reports for additional detail.*
*[2] Assumed equal to actual member contributions divided by 5.83%.*

# Additional Schedules

## Schedule of Contributions from the Employer and Other Contributing Entities[1]

### *(Dollars in Thousands)*

| Plan Year Ended June 30 | Actuarially Required Contribution Rate (a) | Actual Covered Payroll (b) | Actual Member Contributions (c) | Annual Required Contributions [(a)x(b)] - (c) = (d) | Actual Employer Contributions[2] (e) | Percentage Contributed (e)/(d) |
|---|---|---|---|---|---|---|
| 2008 | 12.37 % | $ 154,202 | $ 8,922 | $ 10,153 | $ 13,388 | 131.87 % |
| 2009 | 13.50 | 154,650 | 9,409 | 11,469 | 14,124 | 123.15 |
| 2010 | 14.03 | 154,777 | 9,442 | 12,273 | 14,170 | 115.46 |
| 2011 | 13.21 | 165,077 [3] | 9,624 | 12,183 | 14,289 | 117.29 |
| 2012 | 13.42 | 164,340 [3] | 9,581 | 12,473 | 14,320 | 114.80 |
| 2013 | 14.45 | 164,820 [3] | 9,609 | 14,207 | 14,498 | 102.04 |
| 2014 | 14.32 | 172,041 [3] | 10,030 | 14,606 | 15,054 | 103.07 |
| 2015 | 13.49 | 179,623 [3] | 10,472 | 13,759 | 15,736 | 114.37 |
| 2016 | 14.54 | 188,816 [3] | 11,008 | 16,446 | 16,490 | 100.27 |
| 2017 | 14.46 | 200,103 [3] | 11,666 | 17,269 | 17,489 | 101.27 |
| 2018 | 15.11 | 205,077 [3] | 11,956 | 19,031 | 17,871 | 93.90 |
| 2019 | 14.92 | 214,151 [3] | 12,485 | 19,466 | 18,676 | 95.94 |
| 2020 | 14.83 | 217,702 [3] | 12,692 | 19,593 | 19,043 | 97.19 |
| 2021 | 14.46 | 222,093 [3] | 12,948 | 19,167 | 19,351 | 100.96 |
| 2022 | 11.76 | 220,292 [3] | 12,843 | 13,063 | 19,227 | 147.18 |
| 2023 | 11.39 | 238,319 [3] | 13,894 | 13,251 | 20,518 | 154.84 |
| 2024 | 14.94 | 254,734 [3] | 14,851 | 23,206 | 27,465 | 118.35 |
| 2025 | 17.25 | 273,276 [3] | 15,932 | 31,208 | 23,914 | 76.63 |
| 2026 | 13.72 | | | | | |

[1] *Information prior to 2012 provided by prior actuary. See prior reports for additional detail.*
[2] *Includes contributions from other sources (if applicable).*
[3] *Assumed equal to actual member contributions divided by 5.83%.*

# Glossary of Terms

| | |
|---|---|
| **Actual Covered Payroll (GASB)** | The payroll of covered employees, which is typically only the pensionable pay (meets the statutory salary definition) and does not include pay above any pay cap. |
| **Actuarial Accrued Liability (AAL)** | The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs. |
| **Accrued Benefit Funding Ratio** | The ratio of assets to Current Benefit Obligations. |
| **Accrued Liability Funding Ratio** | The ratio of assets to Actuarial Accrued Liability. |
| **Actuarial Assumptions** | Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items. |
| **Actuarial Cost Method** | A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of future Normal Costs and the Actuarial Accrued Liability. |
| **Actuarial Equivalent** | Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions. |
| **Actuarial Present Value (APV)** | The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made. |
| **Actuarial Present Value of Projected Benefits** | The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due. |
| **Actuarial Valuation** | The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for developing and monitoring a retirement system's funding policy, such as the Funded Ratio and the Annual Required Contribution (ARC). |
| **Actuarial Value of Assets** | The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the Funded Ratio and the Annual Required Contribution (ARC). |

# Glossary of Terms (Continued)

| | |
|---|---|
| **Amortization Method** | A method for determining the Amortization Payment. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. The stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase. |
| **Amortization Payment** | That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability. |
| **Amortization Period** | The period used in calculating the Amortization Payment. |
| **Annual Required Contribution (ARC)** | The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ARC consists of the Employer Normal Cost and Amortization Payment. |
| **Annual Valuation Earnings** | Reported salary at valuation date. annualized for members with less than one year of service earned during the year. |
| **Augmentation** | Annual increases to deferred benefits. |
| **Closed Amortization Period** | A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. |
| **Current Benefit Obligations** | The present value of benefits earned to the valuation date, based on current service and including future salary increases to retirement (comparable to a Projected Unit Credit measurement). |
| **Employer Normal Cost** | The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions. |
| **Expected Assets** | The present value of anticipated future contributions intended to fund benefits for current members. |
| **Experience Gain/Loss** | A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience; e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience; i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected. |
| **GASB** | Governmental Accounting Standards Board. |

# Glossary of Terms (Concluded)

| | |
|---|---|
| **GASB Statements No. 25 and No. 27** | These are the governmental accounting standards that previously set the accounting and financial reporting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting and financial reporting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves. These statements remain in effect only for pension plans that are not administered as trusts or equivalent arrangements. Please refer to the definition of GASB Statements No. 67 and No. 68 on the following page. |
| **GASB Statement No. 50** | The accounting standard governing a state or local governmental employer's accounting for pensions. This statement remains in effect only for pension plans that are not administered as trusts. Please refer to the definition of GASB Statements No. 67 and No. 68. |
| **GASB Statements No. 67 and No. 68** | Statements No. 67 and No. 68, issued in June 2012, replace the requirements of Statements No. 25, No. 27 and No. 50, respectively, for pension plans administered as trusts. Statement No. 68, effective for the fiscal year beginning July 1, 2014, sets the accounting and financial reporting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67, effective for the fiscal year beginning July 1, 2013, sets the rules for the systems themselves. Accounting and financial reporting information prepared according to Statements No. 67 and No. 68 is provided in a separate report beginning with the June 30, 2014 actuarial valuation. |
| **GASB Statement No. 82** | Statement No. 82, issued in March 2016, is an amendment to Statements No. 67, No. 68, and No. 73, and is intended to improve consistency in the application of the accounting statements. |
| **Normal Cost** | The annual cost assigned, under the Actuarial Cost Method, to the current plan year. |
| **Projected Annual Earnings** | Projected annual payroll for fiscal year beginning on the valuation date, determined by increasing reported pay for each member by one full year's assumed pay increase according to the actuarial salary scale, as prescribed by the LCPR Standards for Actuarial Work. |
| **Projected Benefit Funding Ratio** | The ratio of the sum of Actuarial Value of Assets and Expected Assets to the Actuarial Present Value of Projected Benefits. A ratio less than 100% indicates that contributions are insufficient. |
| **Unfunded Actuarial Accrued Liability** | The difference between the Actuarial Accrued Liability and Actuarial Value of Assets. |
| **Valuation Date** | The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date. |