



Employees' Retirement System

Annual Financial Update, Actuarial Valuations,
and Contribution Rates

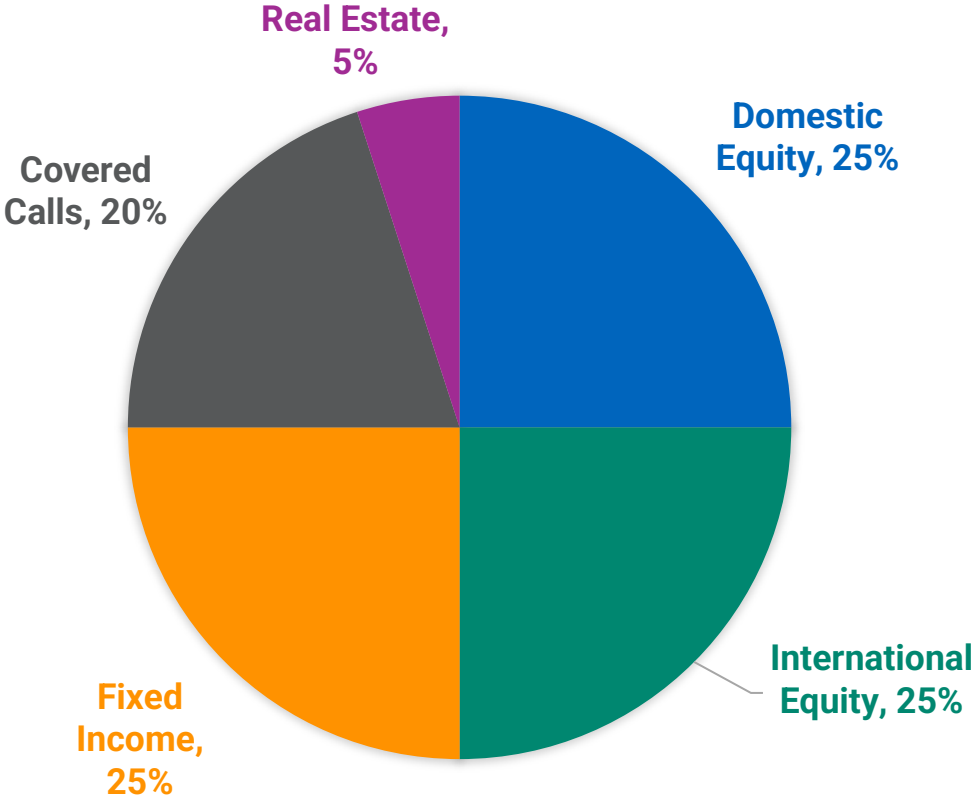
Finance/Administration Committee

February 24, 2026

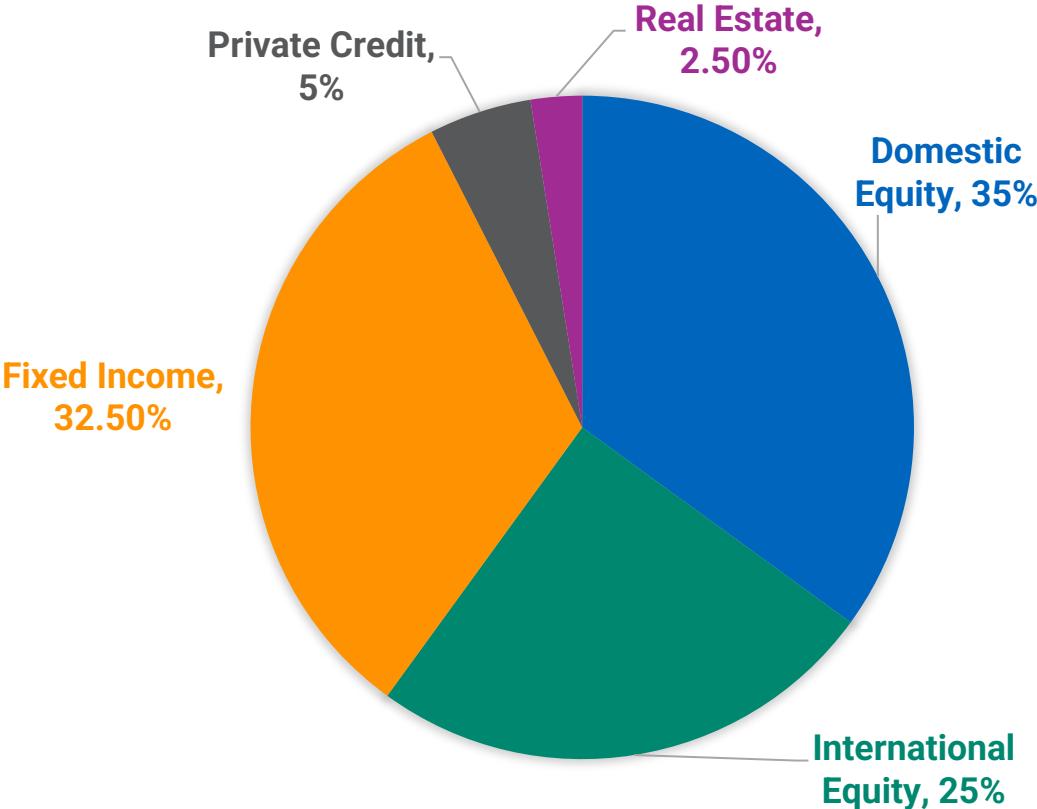
Steven Goodman-Leibof, Principal Management Analyst

Portfolio Asset Allocation

2019-2024 ALLOCATION



APPROVED ASSET ALLOCATION

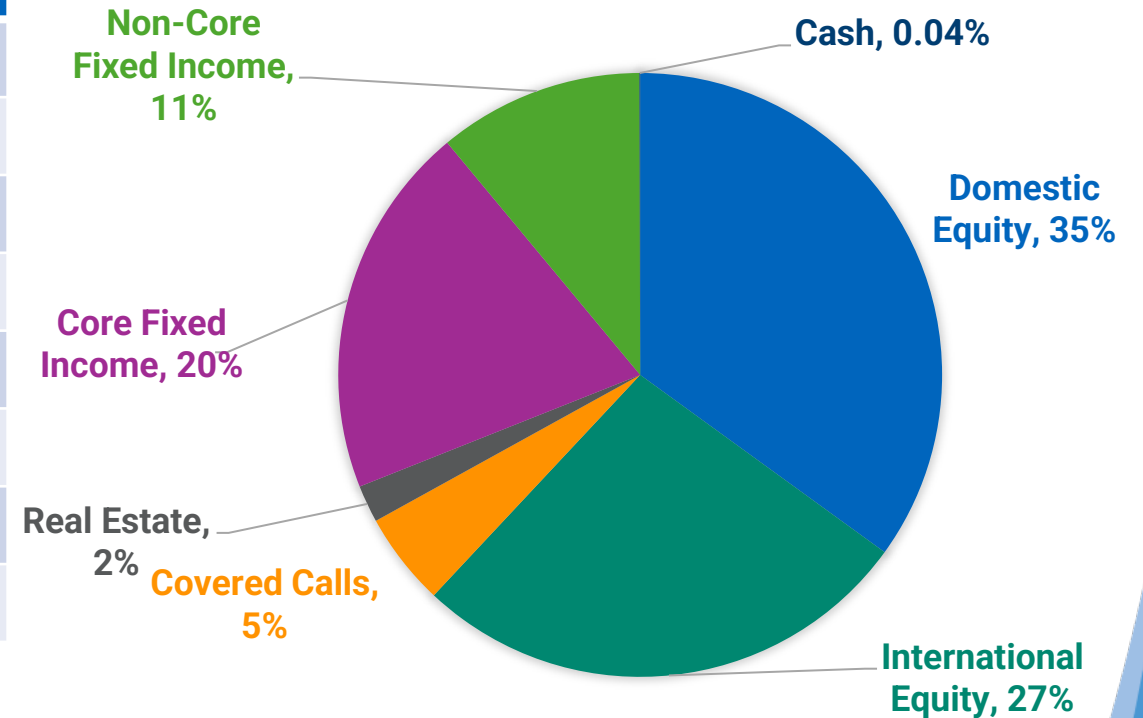


Portfolio Asset Allocation (December 31, 2025)

Asset	Current (\$)	% of Portfolio
Domestic Equity	1,073,800,826	35%
International Equity	808,904,227	27%
Covered Calls	149,387,804	5%
Real Estate	55,320,471	2%
Core Fixed Income	607,712,868	20%
Non-Core Fixed Income	349,219,356	11%
Cash	1,134,327	<1%
Total*	3,045,479,878	100%

*Totals may not sum to 100% due to rounding.

TRANSITIONAL ALLOCATION 12/31/2025



Fiscal Year (FY) 2025 Actuarial Valuations

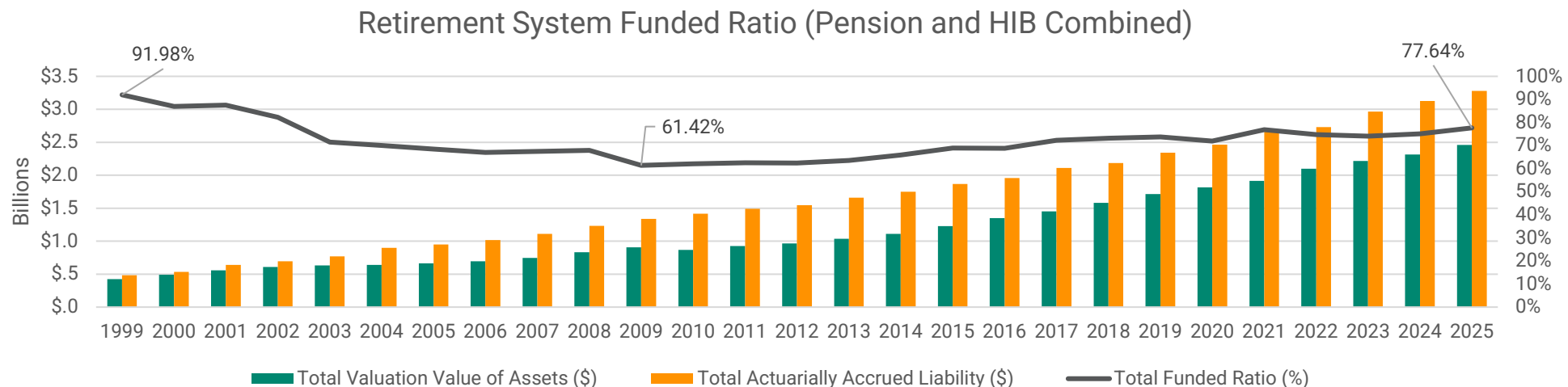
Select Plan Data	Pension	Health Insurance Benefit (HIB)	Total	Overall Annual Change
Market Value of Assets	\$2.74b	\$83m	\$2.83b	+\$309m
<i>previous year data</i>	\$2.45b	\$71m	\$2.52b	----
Valuation Value of Assets	\$2.59b	\$78m	\$2.67b	+\$212m
<i>previous year data</i>	\$2.39b	\$70m	\$2.46b	----
Funded Ratio*	79.3%	45.5%	77.6%	+2.5%
<i>previous year data</i>	76.1%	51.8%	75.1%	----
Unfunded Liability*	\$676m	\$94m	\$770m	-\$47m
<i>previous year data</i>	\$752m	\$65m	\$817m	----

*Valuation Value of Assets

- FY 2025 Actuarial Valuation reports have been reviewed and approved by the Retirement Board

Retirement System Funded Ratio 6/30/2025

- The Retirement System has made significant progress in funding its Pension and HIB obligations
 - FY 2025 Pension funded ratio 79.3%
 - FY 2025 HIB funded ratio: 45.5%
- After declining during Dot Com crash and Great Recession, funded ratio has gradually improved



Recommended Employer Contribution Rates

- Proposed FY 2027 rates are based on FY 2025 Actuarial Valuation
 - Contribution rates decreased for Pension due largely to robust investment earnings over the past several years that are being smoothed into the valuation of assets
 - Contribution rates are higher for HIB due to the enhancement in benefits established during labor negotiations
- The Retirement Board recommended adopting these rates at its January 29, 2026 meeting

	Recommended Rates FY 2027		Currently Adopted Rates FY 2026	
	1955/1980 Plan	2013 Plan	1955/1980 Plan	2013 Plan
Pension	43.58%	34.20%	45.43%	35.93%
HIB	5.76%	5.71%	4.43%	4.22%
Total*	49.34%	39.91%	49.86%	40.15%

**FY 2027 Total shown for illustration only. Due to HIB plan changes effective July 8, 2025, the 2013 Tier HIB rate is calculated on unlimited payroll, unlike the pension rate.*

Recommended Employee Contribution Rates

1955/1980 Plan

- Set in Memoranda of Understanding
- HIB increased from 0.09% to 0.55%*

2013 Tier

- Pension rate governed by Public Employees' Pension Reform Act (PEPRA)
 - Set at 50% of Normal Cost
- HIB increased from 0.09% to 0.55%*

Recommended Contribution Rates		
	1955/1980 Plan	2013 Tier
Pension	8.66%	10.08%
HIB	0.55%	0.55%

*Due to enhancements established during labor negotiations, the employee contribution rate for the HIB plan is set to rise incrementally to 0.40% effective January 1, 2026, to 0.70% effective January 1, 2027, and to 1.00% effective January 1, 2028. For display purposes in the table above, the HIB contribution rate is shown as 0.55%, representing an average between the January 1, 2026 contribution rate and the January 1, 2027 contribution rate.

Recommendation / Next Steps:

Proposed February 24, 2026 actions:

- Committee considers recommendation to accept Actuarial Valuations and adopt FY 2027 Contribution Rates
- Board considers adoption of Actuarial Valuations and recommended FY 2027 Contribution Rates

Questions?



Flowing
into the
Future