COAERS

STATE OF THE FUND

A Closer Look at Your Retirement System

COAERS

INVESTMENT PROGRAM

FUNDING AND STRATEGY

DAVID STAFFORD
DEPUTY CHIEF INVESTMENT OFFICER

COAERS INVESTMENT STAFF

Experienced, dedicated team of four professionals who are also members of the System

David Kushner, CFA
Chief Investment Officer

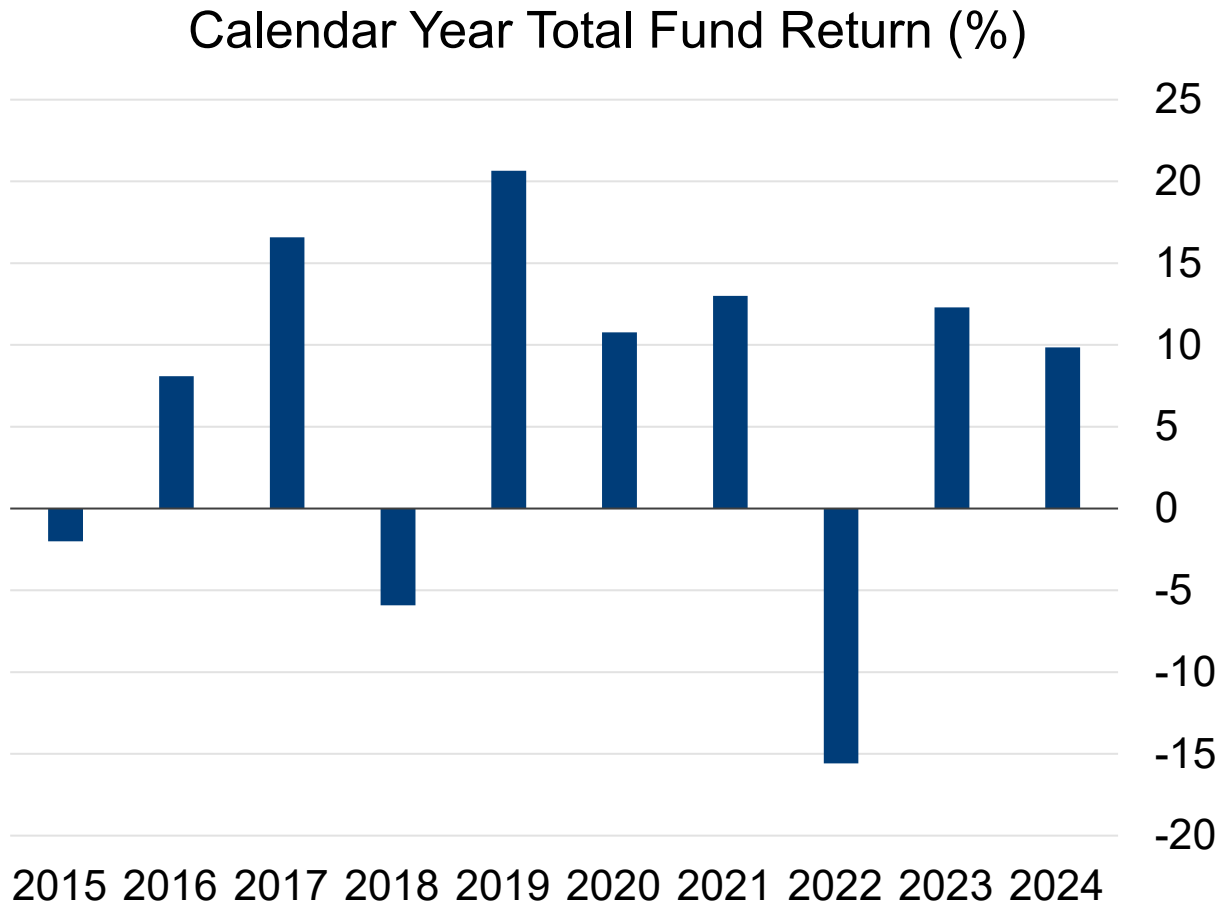
David Stafford, CFA, CAIA, FRM
Deputy Chief Investment Officer

Ty Sorrel
Director of Investment Implementation

Kelly Doggett, CFA, CPA
Portfolio Manager, Investment Analytics

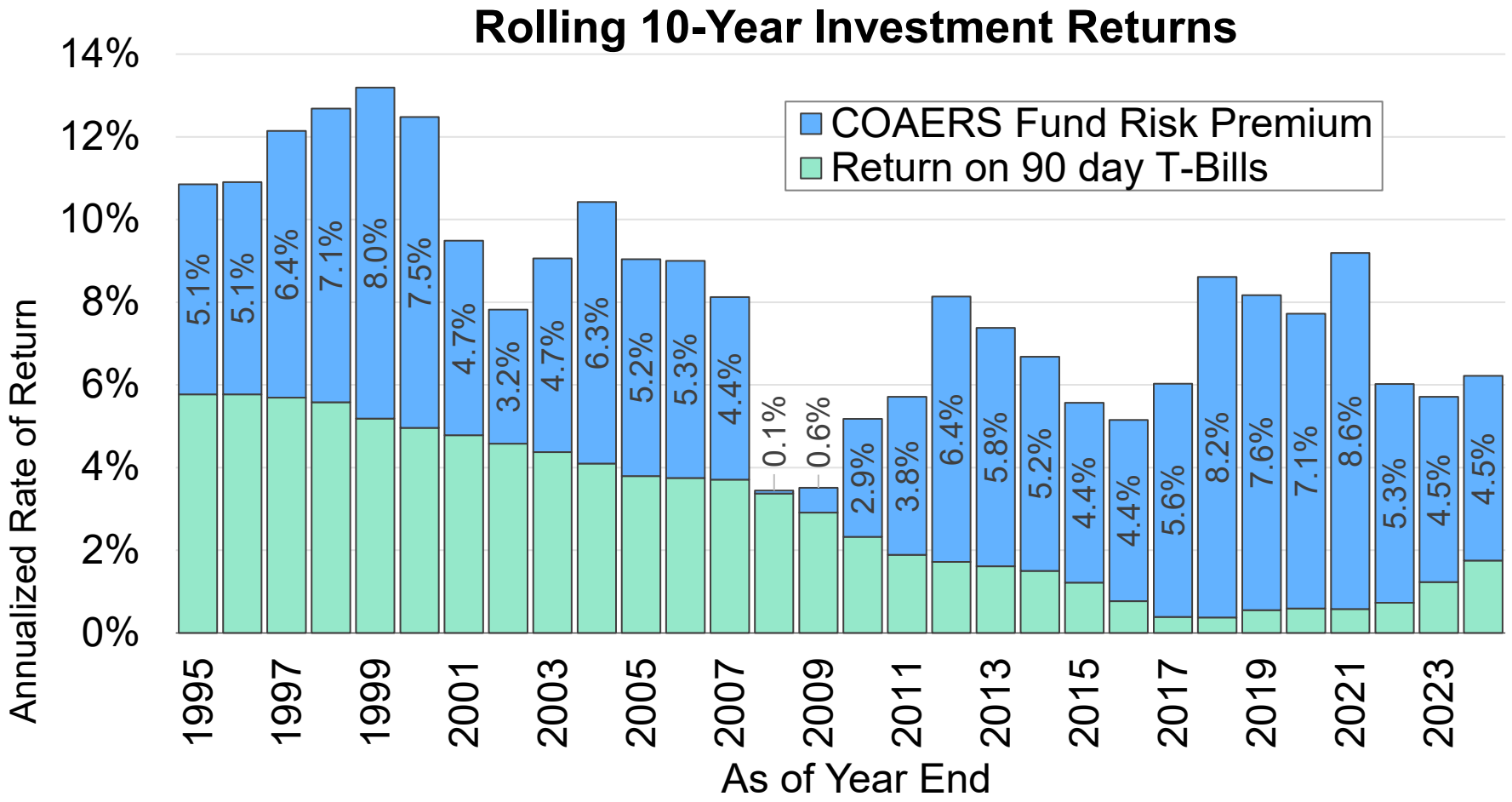
2024 in Review

- After a good year in 2023, the Fund returned +9.9% in 2024 which increased assets under management to $3.5 billion.
- Most investment strategies posted strong returns during the year, led by global equities which returned +13.2%.
- Attractive yields on cash were available with the Fund earning 5.2% on cash during the year.



Source: BNYM, Meketa; returns are net-of-fees

RETURN FOR BEARING INVESTMENT RISK



Over the prior decade, the Fund earned returns in excess of cash rates of 4.5% annualized

Source: Staff analysis of Meketa, Bloomberg data, returns are net-of-fees

COAERS

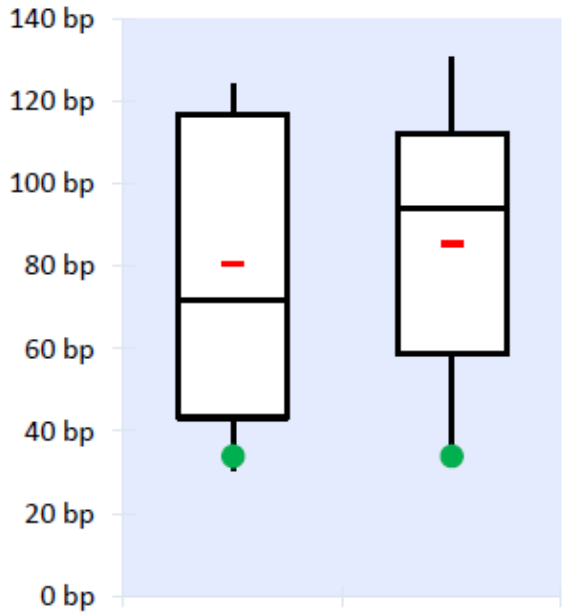
Excellent Cost Control

- In 2023, major cost benchmarking was performed which showed the cost effectiveness of the investment program
- This report showed that if another plan were running our same allocation, the baseline cost expectation would be $3.4 million higher than COAERS, placing total costs in the bottom decile of all US public funds

Your cost versus benchmark

	$000s	basis points
Your total investment cost	11,093	33.9 bp
Your benchmark cost	14,514	44.4 bp
Your excess cost	(3,421)	(10.5) bp

Total investment cost
excluding transaction costs



	Peer	U.S. Public Universe
90th %ile	124.2	130.6
75th %ile	116.6	112.1
Median	71.8	93.8
25th %ile	43.3	58.6
10th %ile	30.7	33.9
— Average	80.4	85.4
Count	15	41
Med. assets	3,038	39,901
City of Austin Employees' Retirement System		
● You	33.9	33.9
%ile	14%	10%

Source: CEM benchmarking report

Recent Accomplishments

During 2024 and into 2025, the investment program completed several key initiatives:

- Selection of new General Consultant
- Education on Private Markets
- Adoption of new Strategic Asset Allocation
- Updates to the Investment Policy Statement
- Selection of new Private Markets Consultant

General Consultant

- Following a robust request for proposal (RFP) process, the Board selected and onboarded Meketa as the new general investment consultant for COAERS in Q3 2024.
- Meketa provides comprehensive investment consulting services, including strategy, portfolio analytics, strategic asset allocation, risk management, and performance monitoring.
- Since onboarding, Meketa has guided Board conversations on several topics including asset class structure reviews, education on private markets, investment policy best practices, capital market expectations and strategic asset allocation.

Private Markets

- Relative to its peers, the COAERS Fund historically has had lower exposure to private markets strategies, which may offer benefits to institutional investors
- Over the past couple of years, the Board has been considering the potential benefits and risks to COAERS in adding additional private markets exposures to the Fund, particularly in light of recent contribution changes and secular market trends

Compared to 25 years ago, there are fewer publicly listed companies (green) that are now significantly larger (blue)

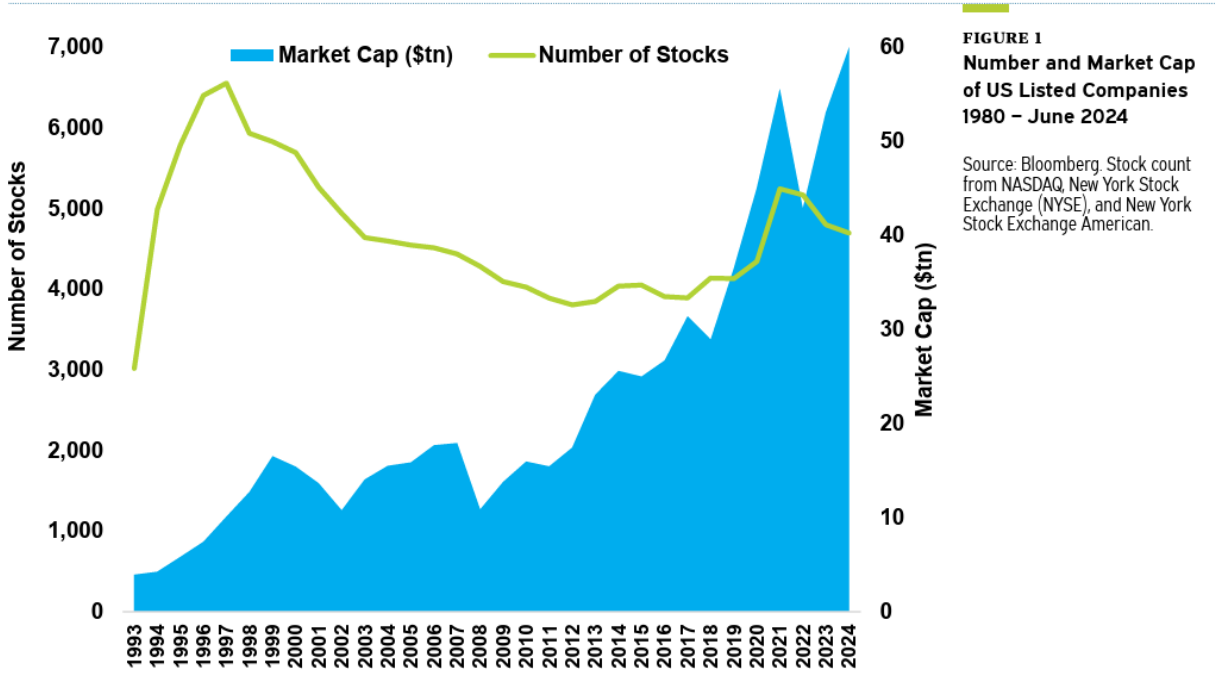


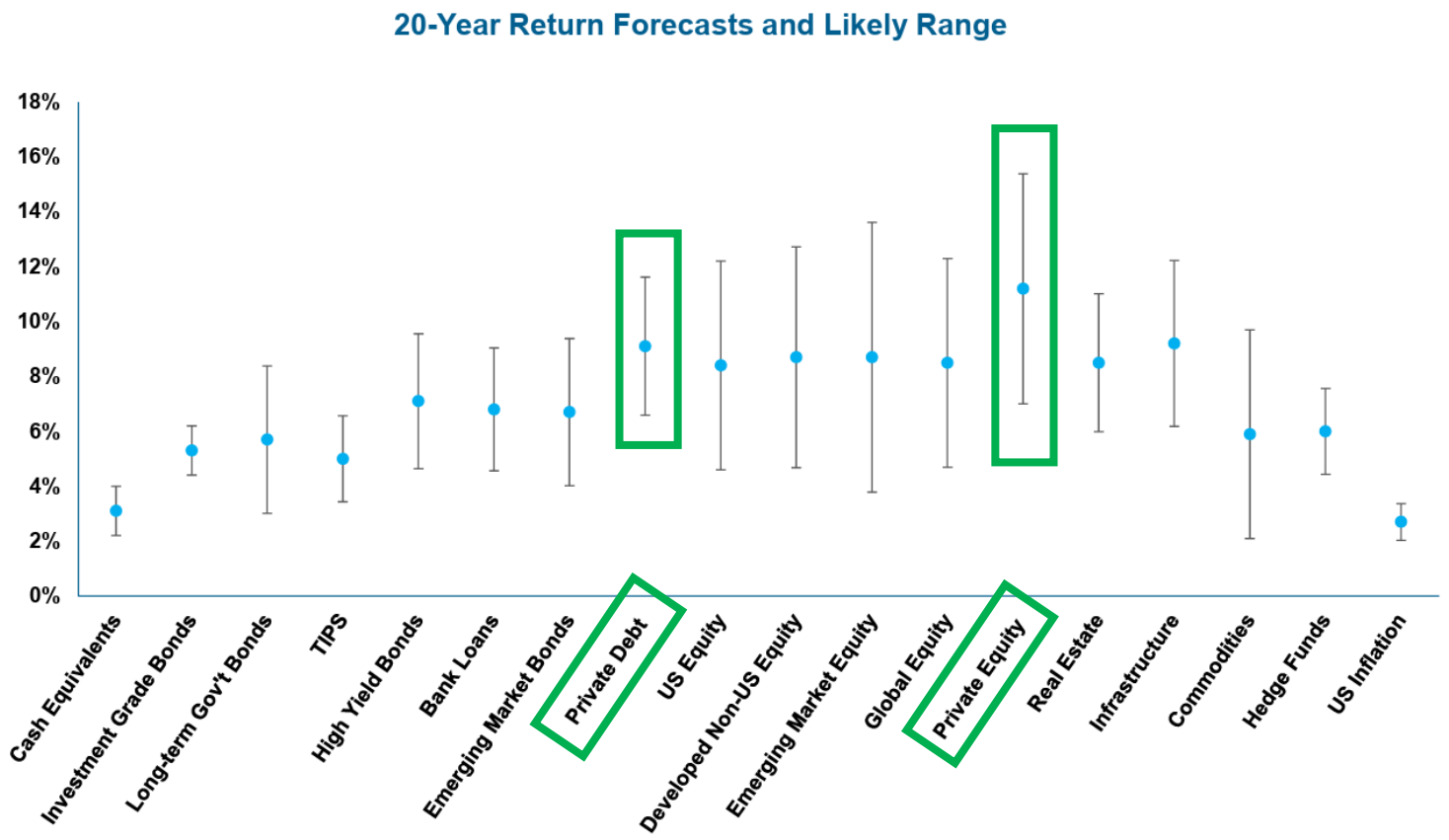
FIGURE 1
Number and Market Cap of US Listed Companies 1980 – June 2024

Source: Bloomberg. Stock count from NASDAQ, New York Stock Exchange (NYSE), and New York Stock Exchange American.

Source: Meketa White Paper "The Decreasing Number of Public Companies," September 2024

Strategic Asset Allocation

- Following educational sessions, the Board, on advice of the General Consultant and Staff, adopted a new Strategic Asset Allocation which included new allocations to Private Credit (10%) and Private Equity (8%)
- This new asset allocation is expected increase returns by approximately 0.5% annually once fully implemented

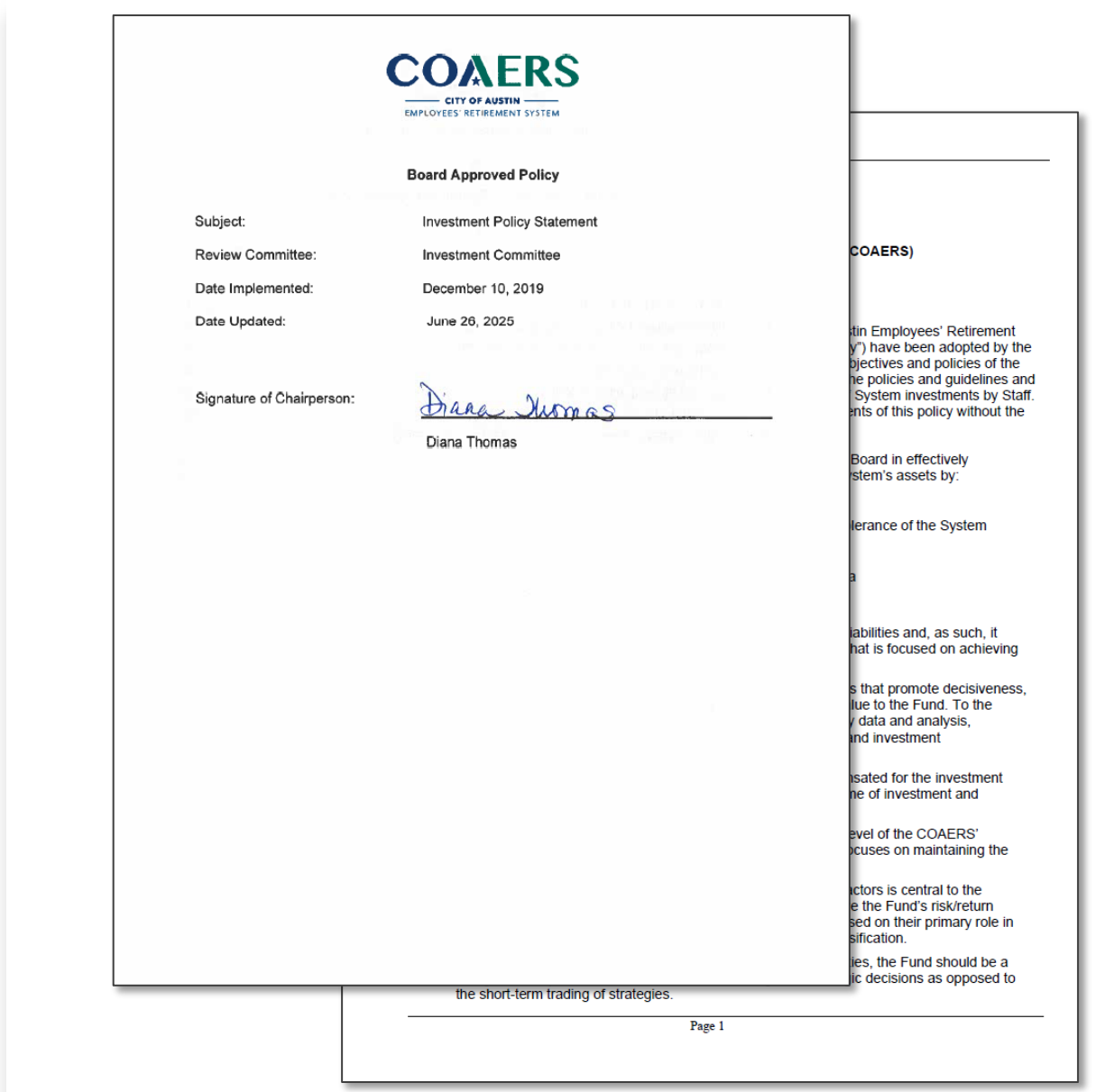


Source: Meketa 2025 Capital Market Expectations

Investment Policy

- In its annual review of key policies, The Board adopted changes to the Investment Policy Statement (the guiding policy for the investment program) to simplify policy and further focus on what is most important.

- Staff believes these updates have helped streamline the investment program and represent additional improvements on the Board oversight of the program.



COAERS
CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

Board Approved Policy

Subject:	Investment Policy Statement
Review Committee:	Investment Committee
Date Implemented:	December 10, 2019
Date Updated:	June 26, 2025

Signature of Chairperson: Diana Thomas

Diana Thomas

COAERS)

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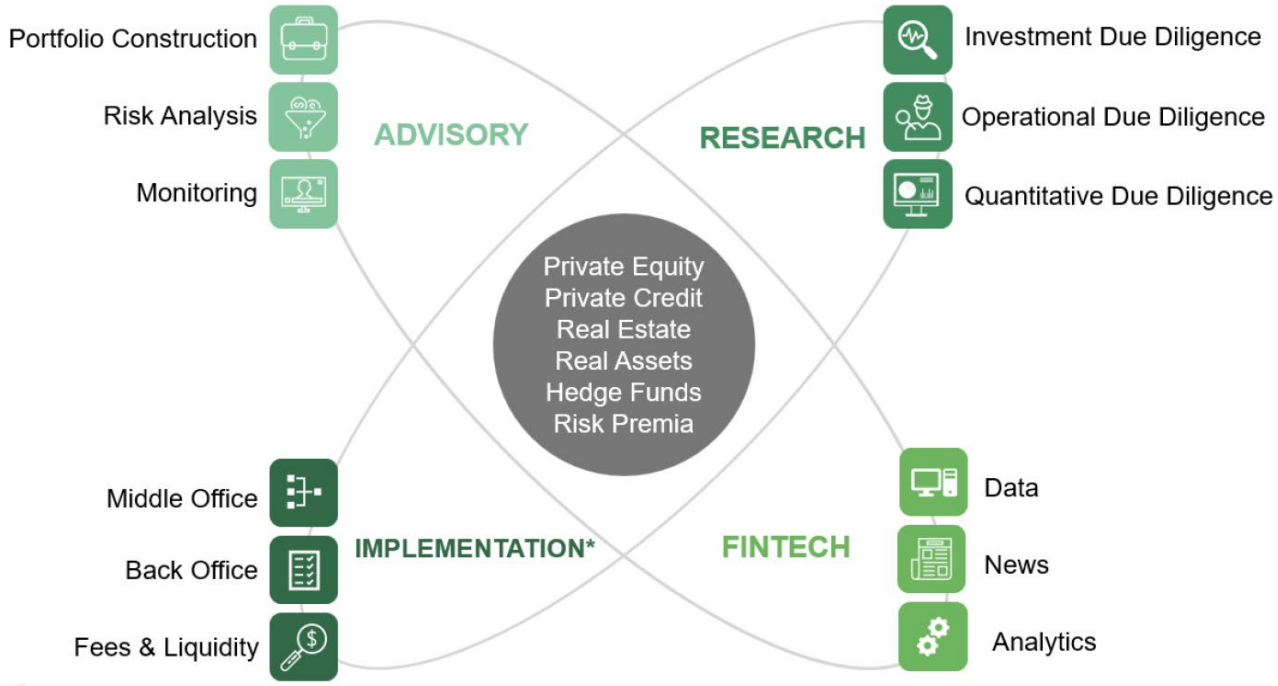
the short-term trading of strategies.

Page 1

Specialist Consultant

- In order to best position the private markets program for success, the Board selected Albourne as its new Private Markets Investment Consultant following a comprehensive request for proposal process.

- Albourne provides specialist consulting for private markets, which will be invaluable in implementing new exposures to private markets strategies



Source: Albourne presentation

Key Future Initiatives

Fine tune policies and guidelines for the implementation of private markets strategies

Begin thoughtful buildout of exposures

Continue to refine processes in line with best industry practice

COAERS

OPERATIONS AND INITIATIVES

SERVING OUR MEMBERS

RUSSELL NASH
DEPUTY EXECUTIVE DIRECTOR

APPOINTMENT BOOKING MADE EASY

www.coaers.org/contact

COAERS

City of Austin Employees' Retirement System

SELECT A SERVICE

- **Retirement Counseling Telephone Appointment**
  This feature allows you to speak one-on-on... Read more
  1 hour
- **General In-Person Appointment**
  This feature is for members who want to ph... Read more
  30 minutes
- **In-Person Counseling Appointments**
  This in-person appointment will allow you a... Read more
  1 hour
- **Virtual Counseling Appointment**
  This feature provides a virtual meeting with... Read more
  1 hour

Select a service to see available dates and times

SELECT STAFF (OPTIONAL)

Anyone

DATE

July 2022

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

TIME

Select a service and date to see available times.

ADD YOUR DETAILS

Name
Name

Email
Email

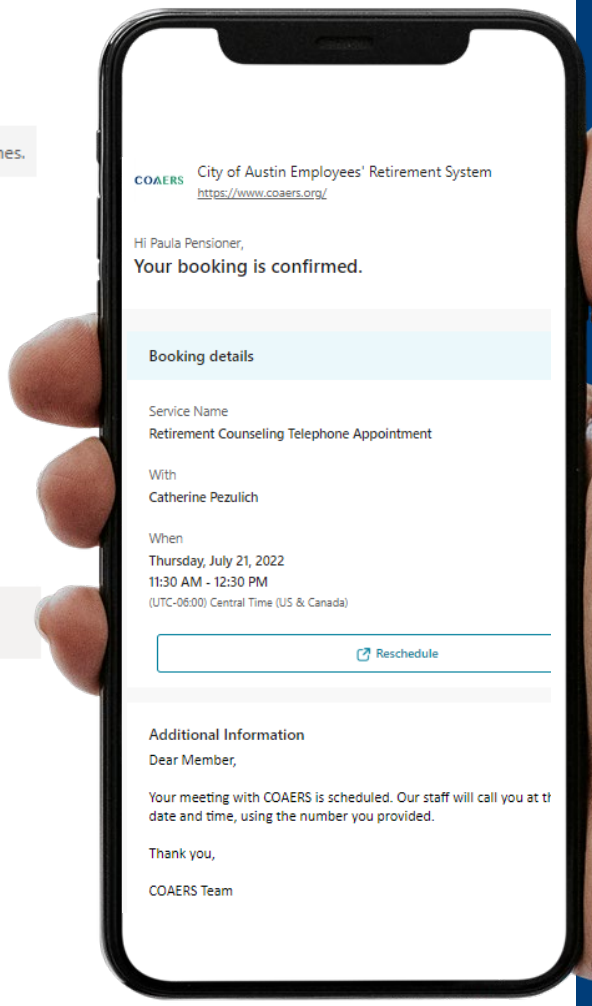
Address (optional)
Address (optional)

Phone number (optional)
Add your phone number

Notes (optional)
Add any special requests

Book

Appointment Confirmation



MemberDirect

- Launched in October 2020

- Features
  - Online Member Portal
  - Works on any device
  - Provides key member account data
  - Estimates benefits/options for survivor benefits
  - Estimates for purchases at retirement
  - Allows proportionate service declaration
  - Obtain forms
  - Communicate securely to COAERS staff
  - Retirees can obtain annual tax documents
  - Retirees returning to work can track hours
  - Retirees can change tax withholding

MemberDirect Enrollment
As of 7/1/25

Actives	**4,962**
Retirees	**3,609**
Other	**1,428**
Total	**9,999**

WWW.COAERS.ORG

Active Member Features

Review Beneficiaries

Contribution Balance

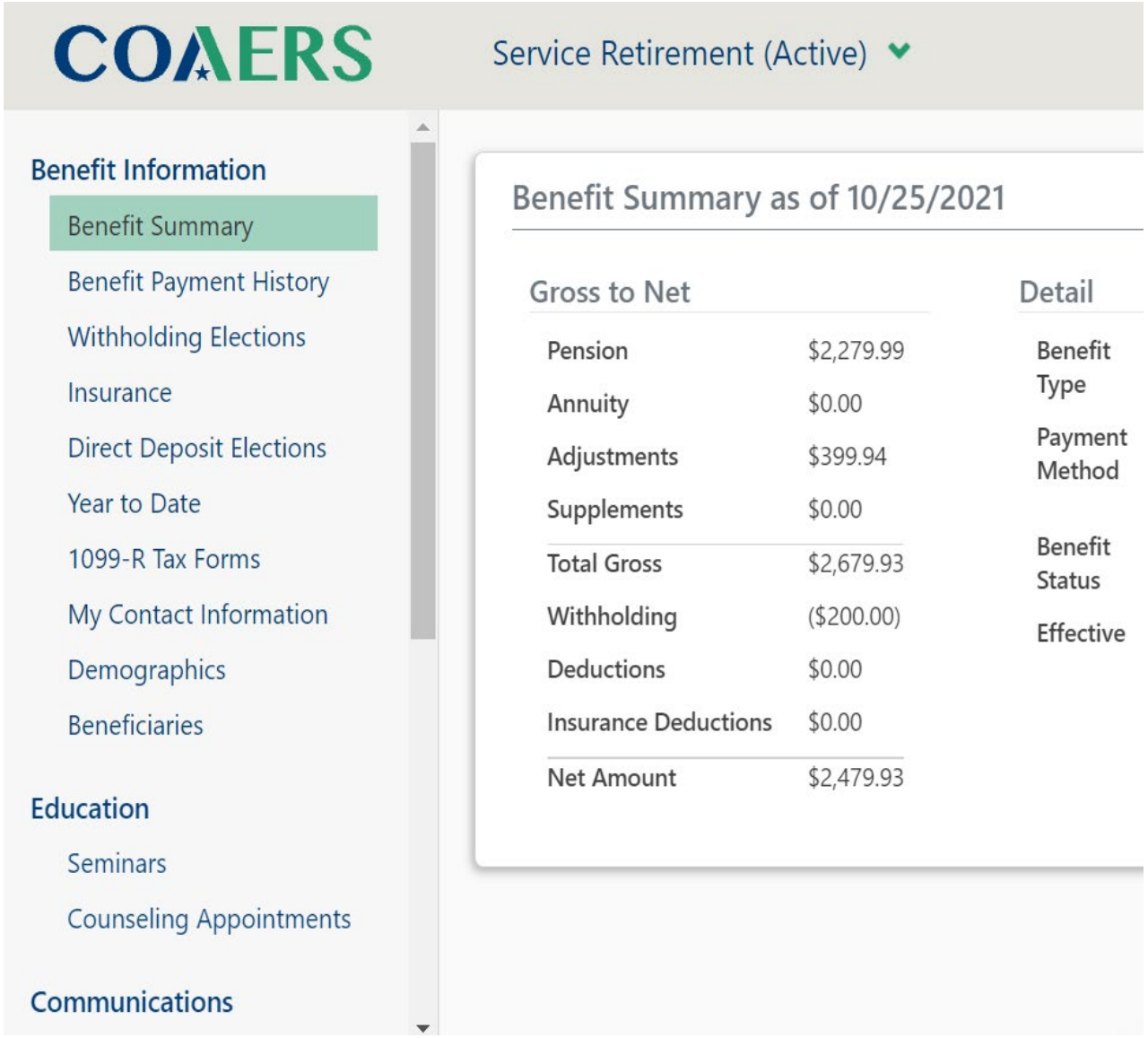
Estimate a Benefit

Declare Proportionate

Sign Up for Seminars and Events

Secure Messaging

WWW.COAERS.ORG



Retiree Member Features

Access Tax Documents (1099-R)

View Benefit Summary

Benefit Payment History

Beneficiary Changes

Track Return to Work Hours

WWW.COAERS.ORG

Surpassed

Member enrollments as of July 24, 2025

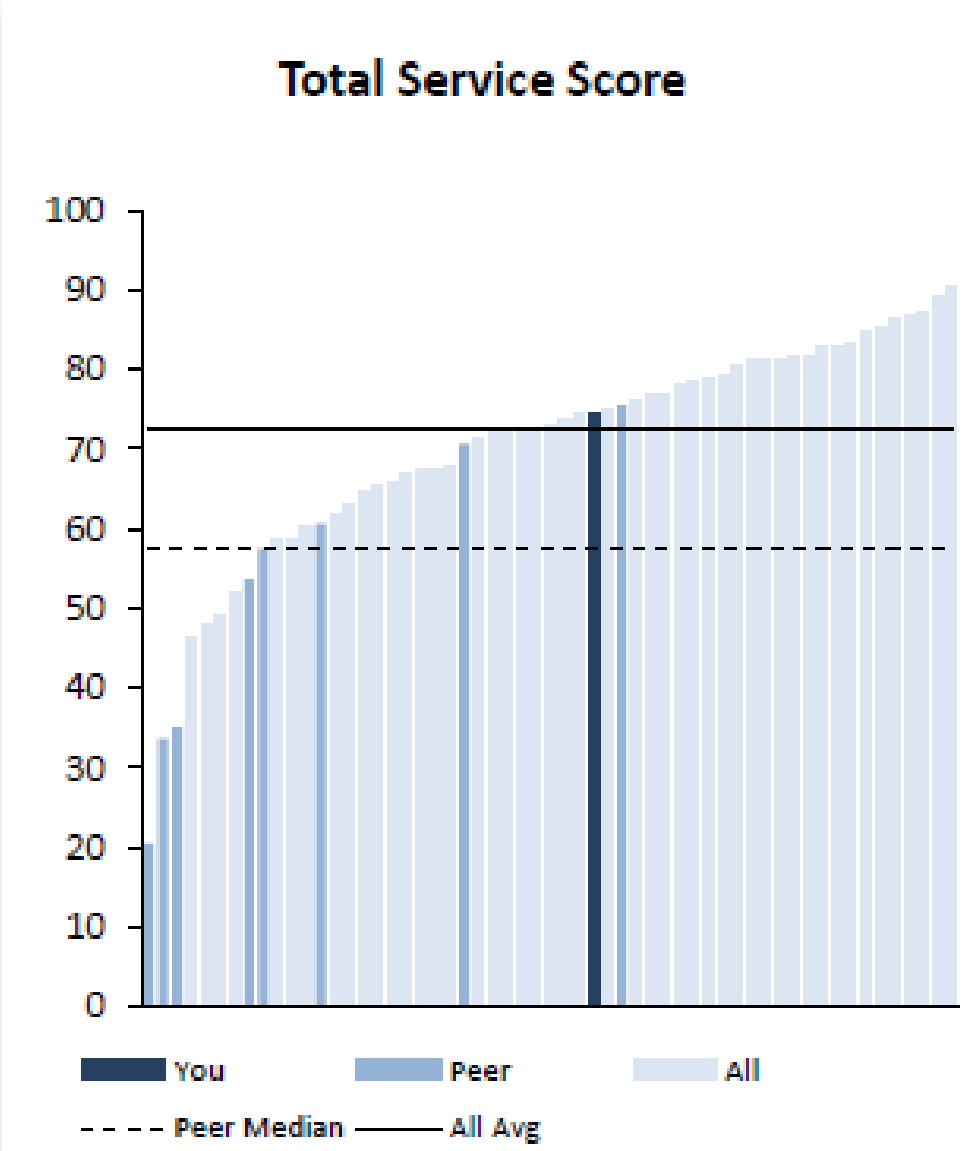
Industry Standards
How does COAERS stack up?

CEM is the pension industry's benchmarking service

The benchmarks cover a broad range of measurements

- Cost
- Total Service
- Paying Pensions
- Benefit Estimates
- Counseling
- Presentations
- Website
- Communications
- Disability
- Red Tape
- Member Satisfaction

For 2023, COAERS was the smallest plan, but received a total service scored higher the average for all plans and well above our peer median



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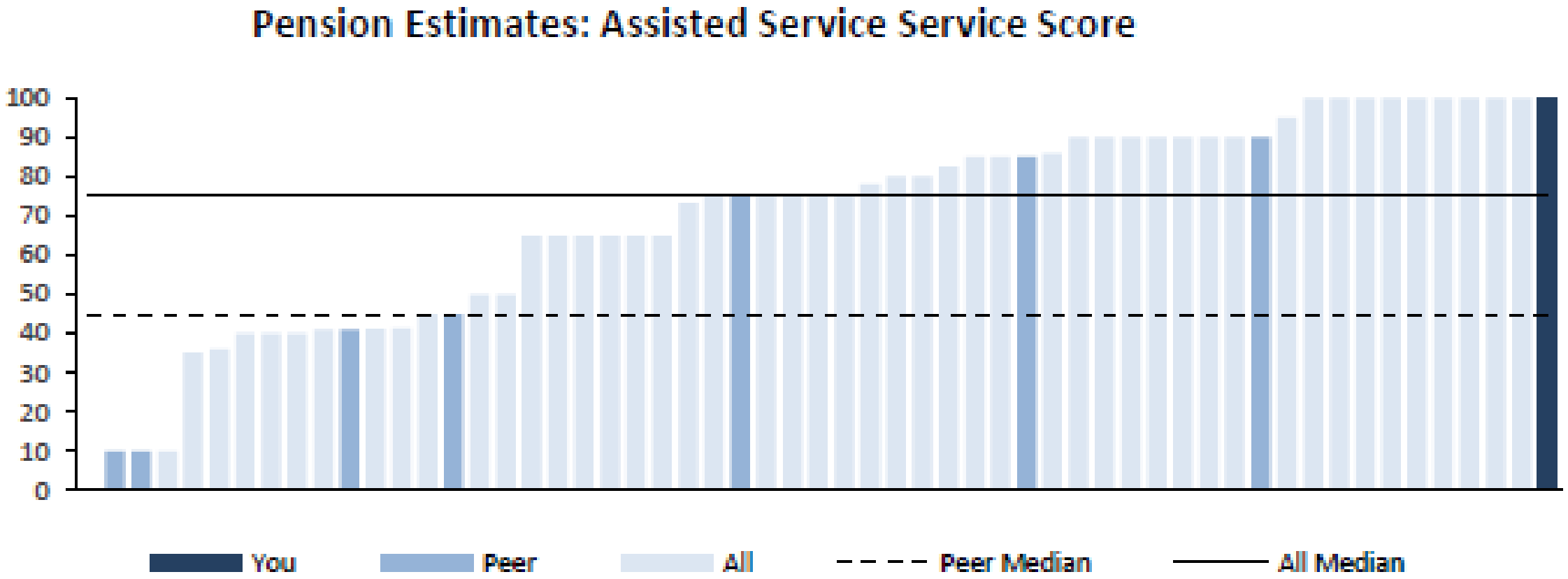

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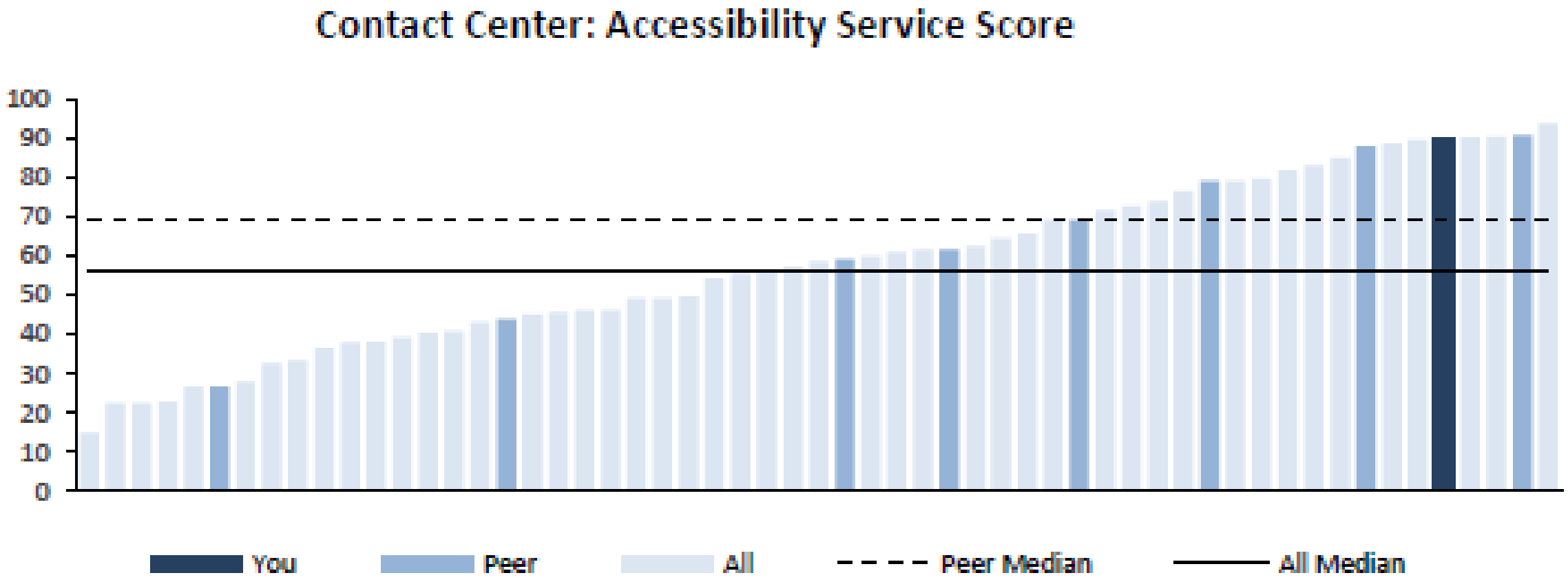

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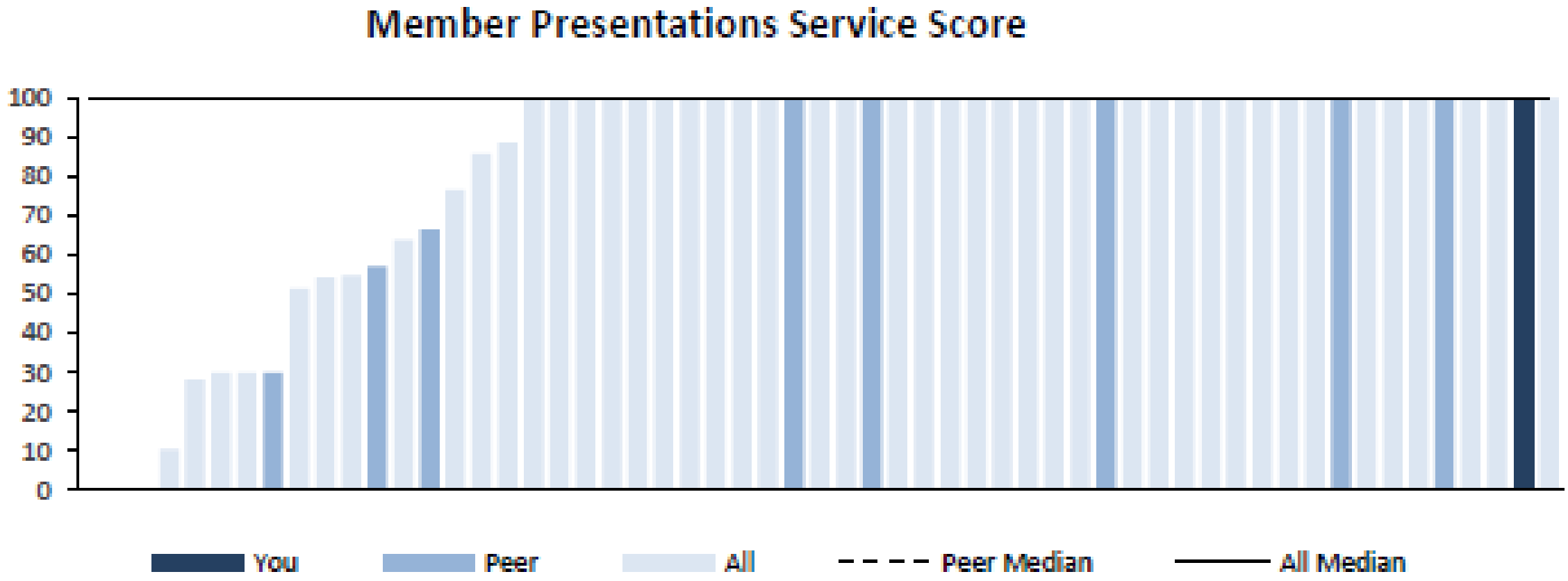


Customer Surveys

We are listening

Survey opportunities

- Each customer service encounter
- Each new retirement
- Each seminar

Fill them out!

- Good/Bad
- Suggestions to Improve

WHAT MEMBERS HAD TO SAY

"Lovie is fantastic! She has helped me since I first met her in 2019 and wondered whether to purchase service and when I should retire so I maximize my pension - two concepts that are challenging both conceptually and mathematically. For me, that is, not Lovie. She explained both in a way I could understand and has been doing that all the way through to my retirement this month. She is also endlessly patient with my many questions. I've had appointments with Lovie at THREE different COAERS locations and each time I'm ecstatic that she is still working for COAERS, which is a compliment to both you and Lovie. Many, many thanks. 💔"

"Gloria Cordero was amazing. We started the process with a zoom call. She explained everything and answered so many questions that my wife and I had. She emailed us with updates, responses to questions and helped us go through the entire process step by step. She is kind, courteous, professional, and always responded in a timely and thorough manner. So grateful to her. 10 out of 10"

"Sarah Habel was very prompt with handling my request. Thank you so very much. That's what I call efficient."

"Provide info on how sick leave 80/160/240 hours conversions are calculated. Would like better communications between COAERS, HR, Payroll, and Empower."

Measuring Success

Member service and education exceeds industry benchmarks

IN 2024

Membership

11,783
Members

8,052
Retirees & Beneficiaries

$269+ million
in retirement benefits paid

Services Provided

345
New Retirements Processed

890
One-on-One Counseling Sessions Held

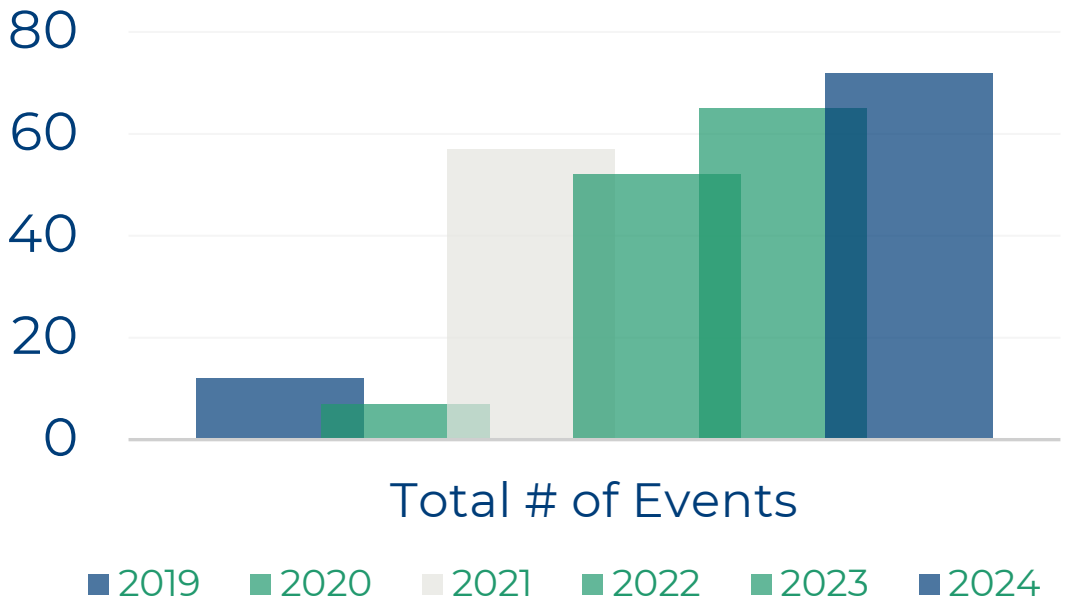
1000+
Benefits Claims Completed

6,100+
Member Inquiries Answered

Measuring Success

Member service and education exceeds industry benchmarks

MEMBER EDUCATION



IN 2024

Member Education

72

Seminars and Presentations Conducted

3,100+

Attendees served

COAERS

Education

- Navigating Senior Living (Long Term Care/Facilities)
- Retirement Planning for Women
- Budgeting
- Advanced Care Planning
- Aging and Living Well in Texas
- Sandwich Generation
- Tax Prep Readiness
- Loneliness and the Power of Social Connection
- Fraud and Scam Protection
- Medicare
- Mid Career Seminar
- Pre-retirement
- New Employee Orientation

Services

Retiree Resource Web Page
Notary
Mobility
Legal Forms
Online Budget Tool
Ombudsman

Power of Attorney

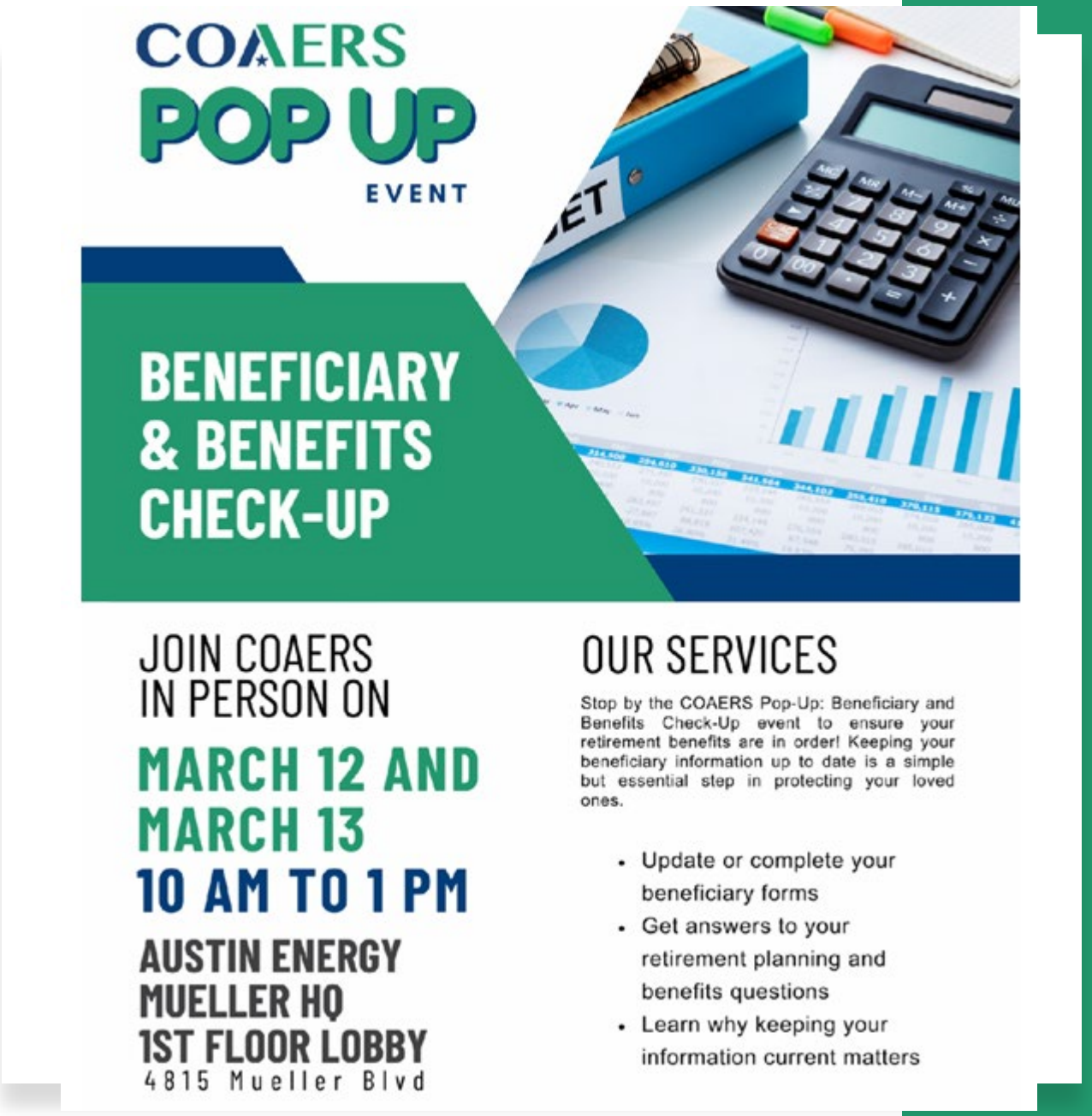
A **power of attorney** (POA) is a legal document that allows one person, known as the agent or attorney-in-fact, to make decisions on behalf of another person, called the principal.

- To keep the costs low for our members, we have created a Power of Attorney form for COAERS members to designate an agent to act of their behalf for COAERS business.

- Register or Log On to Member Direct to find the form. Print, complete, notarize and submit it to COAERS.

Beneficiary Designations

- Log on to MemberDirect.
- Review your Beneficiaries.
- If you don’t have one on file, designate one now.
- If you need to change, do it now.
- Don’t wait to take care of this important business.
- Review your beneficiary designations on other accounts – Empower 457 Plan.



4700 Mueller

You Own It!

The property transitioned COAERS from a rent-paying, negative cash-flow position to a positive cash-flow position as owner which reduces operating expenses for the fund.

Community partner - Property Owners Association.

COAERS Staff

Finance

Chief Financial Officer
Yun Quintanilla

Controller
Candace Nolte

Information Technology

IT Manager
Blake Lemen

NEW

Security Analyst
Sravani Batchu

Operations

Senior Services Officer
Michelle Mahaini

Ombuds

Financial Literacy Specialist & Ombuds
Sarah McCleary

NEW

COAERS

LONG-TERM FINANCIAL HEALTH AND FUNDING REPORT

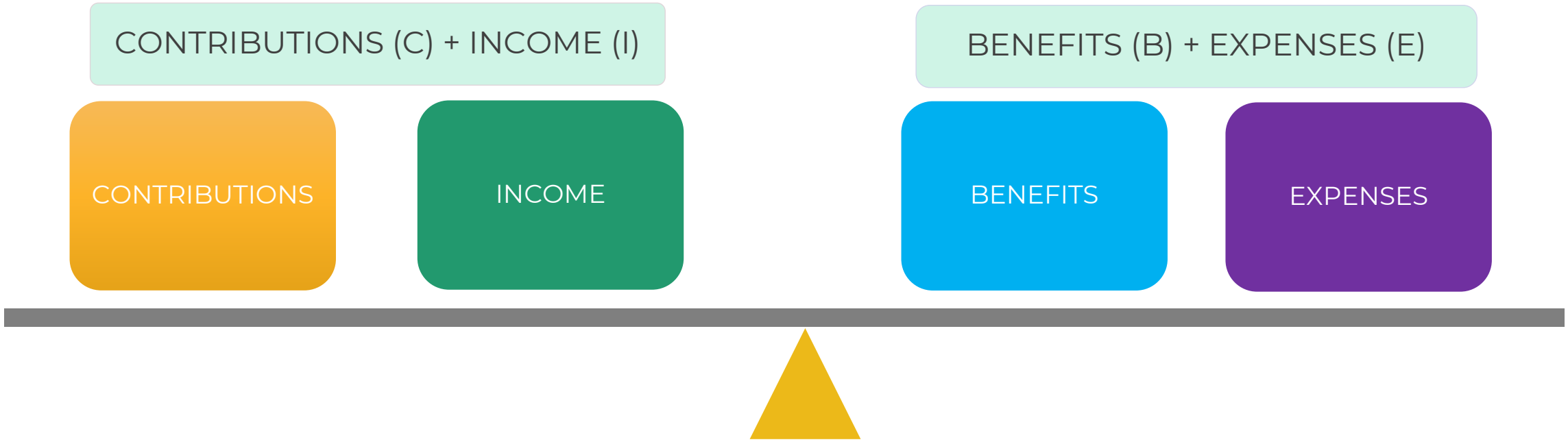
PROVIDING YOUR PROMISED BENEFITS

CHRISTOPHER HANSON
EXECUTIVE DIRECTOR

THANK YOU FOR YOUR SERVICE TO THE CITY OF AUSTIN!

DEFINED-BENEFIT PLAN

FUNDING MECHANISM FOR LONG-TERM SUSTAINABILITY



Determining the Long-Term Funding of COAERS

- Historically, COAERS actuary would take the annual experience of the system, including investment returns, salary changes, retirement rates, mortality experience, as well as other actuarial assumption; and calculate the funding period of COAERS.
- SB 1444 passed during the 88th Legislative Session established a new contribution policy for COAERS including an actuarially determined employer contribution (ADEC).

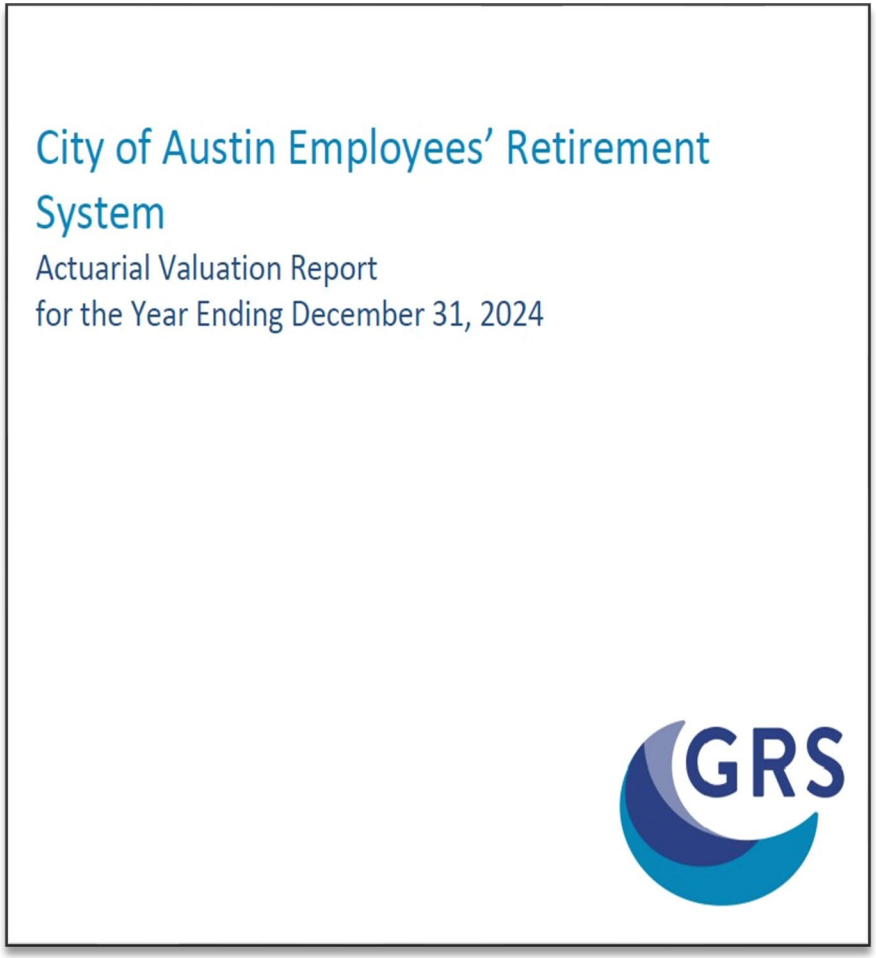
Improving the Long-Term Financial Health of COAERS

- In addition to establishing a trajectory for COAERS to achieve 100% funding by eliminating the unfunded actuarial accrued liability (UAAL), COAERS will also be better positioned to withstand future market volatility and projected net cash flows have significantly improved.
- COAERS members' benefits are already insulated from market volatility due to the plan benefits being set up a "defined benefit" structure.

2025 Funding Report

Key Results: December 31, 2024 Actuarial Valuation

1. he amortization period is now 29 years—one year less than in the December 31, 2023 actuarial valuation, which was 30 years
2. Although COAERS investment returns in 2024 exceeded the assumed rate of 6.75%, the valuation reflects $51 million in deferred losses from 2022. An additional $73 million in deferred losses remain unrecognized.
3. The System incurred an $85 million liability loss due to salary increases that were higher than anticipated.
4. Changes to actuarial assumptions, including higher projections for pay and salary, increased the normal cost by 1.19% of payroll.



Funding Period

- Under the current contribution policy based on an actuarially determined rate, COAERS will know its annual funding period.
- For the December 31, 2024 actuarial valuation, the funding period is 29 years. This period is expected to decrease each year until the System reaches full funding as projected in the December 31, 2053 valuation.

Projection of Remaning Legacy Liability and Legacy Liability Payments

Fiscal Year Ending (1)	Remaining Legacy Liability (2)	Fiscal Year Payment (3)
December 31, 2022	$ 1,895,804,234	$ -
December 31, 2023	1,947,696,801	-
December 31, 2024	1,976,986,927	98,896,162
December 31, 2025	1,995,582,254	111,160,870
December 31, 2026	2,011,987,227	114,495,696
December 31, 2027	2,025,950,631	117,930,567
December 31, 2028	2,037,201,193	121,468,484
December 31, 2029	2,045,446,134	125,112,539
December 31, 2030	2,050,369,624	128,865,915
December 31, 2031	2,051,631,127	132,731,892
December 31, 2032	2,048,863,627	136,713,849
December 31, 2033	2,041,671,744	140,815,264
December 31, 2034	2,029,629,703	145,039,722
December 31, 2035	2,012,279,178	149,390,914
December 31, 2036	1,989,126,977	153,872,641
December 31, 2037	1,959,642,571	158,488,820
December 31, 2038	1,923,255,453	163,243,485
December 31, 2039	1,879,352,314	168,140,790
December 31, 2040	1,827,274,026	173,185,014
December 31, 2041	1,766,312,417	178,380,564
December 31, 2042	1,695,706,822	183,731,981
December 31, 2043	1,614,640,399	189,243,940
December 31, 2044	1,522,236,193	194,921,258
December 31, 2045	1,417,552,930	200,768,896
December 31, 2046	1,299,580,521	206,791,963
December 31, 2047	1,167,235,257	212,995,722
December 31, 2048	1,019,354,679	219,385,594
December 31, 2049	854,692,093	225,967,162
December 31, 2050	671,910,712	232,746,177
December 31, 2051	469,577,395	239,728,562
December 31, 2052	246,155,960	246,920,419
December 31, 2053	-	254.328.071

2025 Actuarial Experience Study

- Conducting regular Actuarial Experience Studies is essential for assessing and maintaining the financial health of the retirement system.
- COAERS governing statute requires the System to conduct an actuarial experience at least every five years.
- This is consistent with actuarial best practices as well as Texas Pension Review Board requirements.
- As part of the pension legislation enacted during the 88th Legislative Session, COAERS now collaborates with the City of Austin on the experience study process, giving the City the opportunity to review COAERS's findings.

2025 Actuarial Experience Study

- Using outdated or inaccurate assumptions can misrepresent costs.
- Understating costs will result in significantly higher future contribution requirements and overstating costs places an undue financial burden on current members, employers, and taxpayers.

Providing Promised Benefits

Thank you to the COAERS Board of Trustees and the City of Austin for their work to ensure the long-term financial health of the retirement system!

COAERS

THANK YOU!