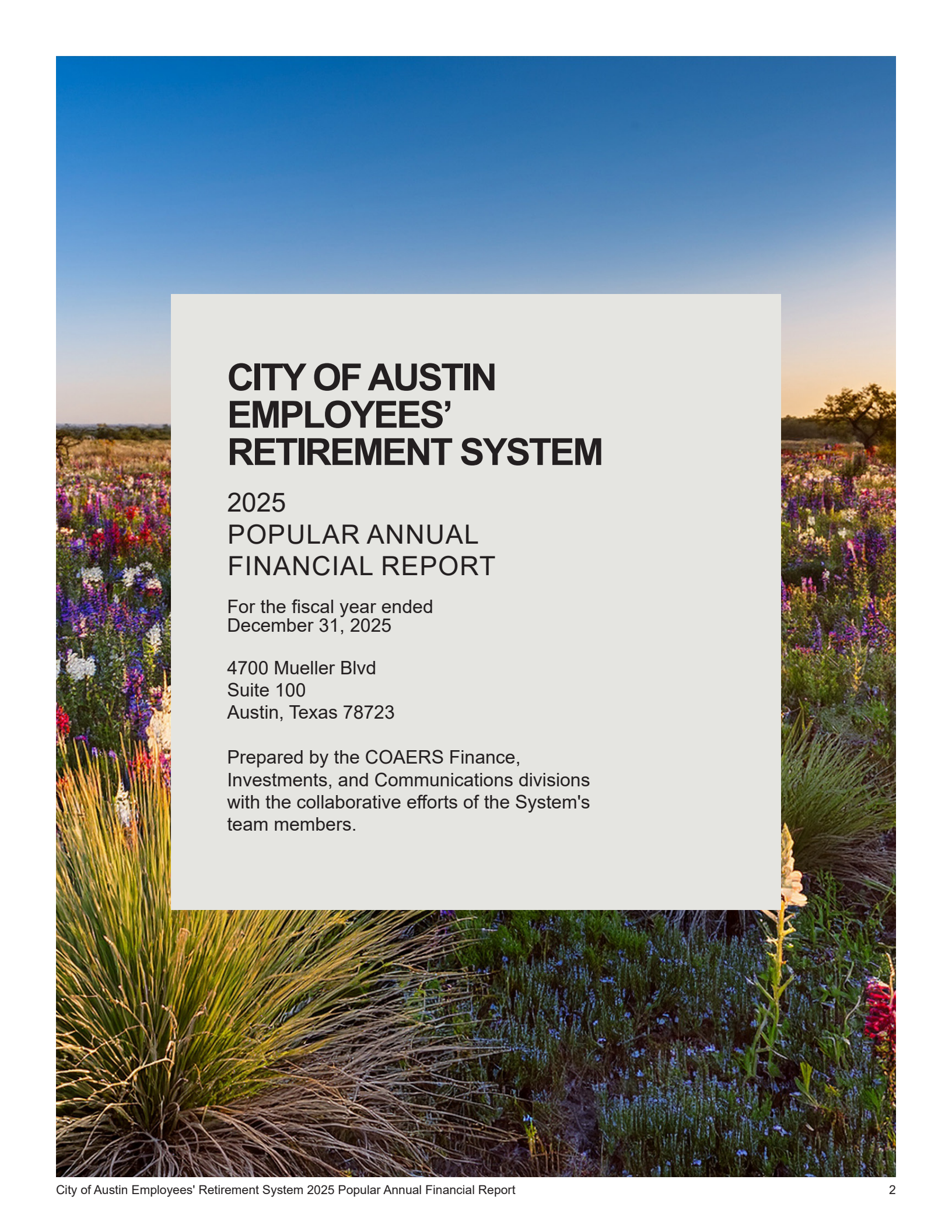


2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal years ended
December 31, 2025 and 2024





CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM

2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal years ended
December 31, 2025 and 2024

4700 Mueller Blvd
Suite 100
Austin, Texas 78723

Prepared by the COAERS Finance,
Investments, and Communications divisions
with the collaborative efforts of the System's
team members.

Our Mission:

The mission of the City of Austin Employees' Retirement System is to provide our members their promised benefits.

We Value:

Accessibility

Accountability

Cooperation

Ethical Behavior

Fairness

Innovation

Integrity

Open Communication

Respect

Responsiveness

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INTRODUCTORY SECTION





June 11, 2026

The Board of Trustees and the Members of the City of Austin Employees' Retirement System
Austin, Texas

Ladies and Gentlemen:

It is our pleasure to submit the Annual Comprehensive Financial Report of the City of Austin Employees' Retirement System (COAERS or System) for the year ended December 31, 2025. The management of COAERS assumes full responsibility for the accuracy, completeness, and fair presentation of information as well as all disclosures in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Plan Profile

COAERS was established in 1941 and has provided retirement benefits to eligible City of Austin employees since that time. Though originally created by City ordinance, COAERS is now codified in State law and governed by an eleven-member Board of Trustees.

The Plan provides retirement, disability, and death benefits to eligible employees of the City of Austin. Both the City of Austin, as the employer, and its employees make contributions to COAERS. Retirement benefits are based on a predetermined formula that considers final average salary, the number of years of creditable service, and retirement group. Disability retirement is available pursuant to specific criteria established by statute and death benefits are payable upon the death of an active or retired member of COAERS. Vesting occurs at five years of creditable service.

Additional information concerning the current COAERS plan provisions is contained in the Membership and Benefits Overview report in this section.

Audited Financial Statements

The financial statements included in this Annual Comprehensive Financial Report have been prepared by the management of COAERS in accordance with Generally Accepted Accounting Principles (GAAP) and presented in accordance with guidelines established by the Governmental Accounting Standards Board (GASB). The governing statute requires an annual audit of COAERS' accounts by a Certified Public Accountant. The Board of Trustees has retained CliftonLarsonAllen (CLA) as the System's independent external auditor.

CLA's December 31, 2025 financial statement audit was conducted in accordance with Generally Accepted Auditing Standards (GAAS) and resulted in an unmodified opinion on the financial statements. The Financial Section contains CLA's audit opinion letter and additional information including Management's Discussion and Analysis (MD&A) that provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Internal Controls

The concept of reasonable assurance recognizes first that the cost of a control should not exceed the benefits likely to be derived, and second, that the valuation of costs and benefits requires estimates and judgments by management. A framework of internal controls has been established by the management of COAERS to provide reasonable assurance that assets are properly safeguarded, that financial records are fairly and accurately maintained, and that the governing statute and policies are correctly followed.

Investments

Essential to the mission of COAERS is the responsibility to ensure that System assets will be sufficient over the long term to fulfill its liabilities. The prudent pursuit of investment returns by the Fund is a major contributor to this responsibility.

Investments are made with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. COAERS funds are invested solely in the interest of the membership and their beneficiaries, and for the exclusive purpose of providing benefits to such membership and their beneficiaries while defraying reasonable expenses of administering COAERS.

The Board of Trustees has established an Investment Policy Statement and other guidelines which provide objectives, procedures, and reporting requirements for Staff and professional investment advisors. The Board retains Meketa Investment Group, Inc. to provide independent investment consulting services, strategic asset recommendations, and long-range asset/liability analyses. COAERS also employs professional staff to administer the day-to-day management of the Fund and assist the Board in devising and implementing strategic investment decisions.

The investments of the Fund are strategically allocated to maximize returns relative to risk by using a highly diversified and cost-effective portfolio structure. COAERS has consistently followed an investment philosophy that employs a long-term time horizon, which is consistent with the nature of the System's liabilities.

During 2025, the return on Fund investments totaled 14.9% net of fees. Additional information regarding the investments of the pension trust fund can be found in the Investment Section of this report.

Funding

COAERS is funded by contributions from employees, the plan sponsor, and investment income. For fiscal year 2025, City employees contributed 10% of base compensation. The City of Austin contributed 8.47% of base compensation and, in addition, made a required payment towards COAERS' Legacy Liability in the amount of \$111,160,870 which represents an additional 11.05% of base compensation. As of December 31, 2025, the System's funded position is 63.1% and the amortization period for the Unfunded Actuarial Accrued Liability (UAAL) is 28 years. The actuarial accrued liability and the actuarial value of assets of COAERS, as of December 31, 2025, amounted to \$6.211 billion and \$3.917 billion, respectively. A detailed discussion of funding is provided in the Actuarial Section of this report.

LETTER OF TRANSMITTAL

Major Initiatives

In 2025, COAERS took significant steps in the development of its Private Markets Investment Program. The Board of Trustees selected Albourne as its new private markets investment consultant after a comprehensive Request for Proposal (RFP) process. The Board also adopted a new Private Markets Strategic Plan. The Plan outlines goals of private markets investments, defines the roles and responsibilities of the Board, Consultant, and Staff, and establishes guidelines for thorough due diligence of investment opportunities. The Board also completed its annual review of the Investment Policy Statement and the Strategic Asset Allocation.

The Board of Trustees also adopted the results of the December 31, 2024 Actuarial Experience Study, which included recommendations for adjustments to certain actuarial assumptions. In accordance with the provisions of SB 1444 of the 89th Legislative Session, staff collaborated with the City of Austin on the plan sponsor's review of the Study, which concluded that the findings were consistent with SB 1444 guidelines. COAERS also undertook an RFP process for actuarial consulting services and selected Milliman as its new actuarial consultant for valuations beginning December 31, 2025 and thereafter.

During the year, COAERS transitioned property managers for the 4700 Mueller building. COAERS also partnered with a technology consultant to conduct an organization wide evaluation of technology usage and efficiency. The assessment provided recommendations to leverage existing software to streamline workflows, enhance data management and dashboard development, and consolidate internal communication channels.

Awards

For the fiscal year ended December 31, 2024, COAERS was awarded a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report by the Government Finance Officers' Association of the United States and Canada (GFOA). COAERS is pleased to have achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

For 2025, COAERS again earned the Public Pension Coordinating Council's Recognition Award for Funding and Administration.

Acknowledgments

This report reflects the combined efforts of COAERS Staff under the leadership of the Board of Trustees. We express our gratitude to the staff, advisors, and members of the Board who have contributed to the preparation of this report and to the continued successful operation of the City of Austin Employees' Retirement System.

Respectfully Submitted,



Diana Thomas
Board Chair



Christopher D. Hanson
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Austin Employees' Retirement System
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2025***

Presented to

City of Austin Employees' Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

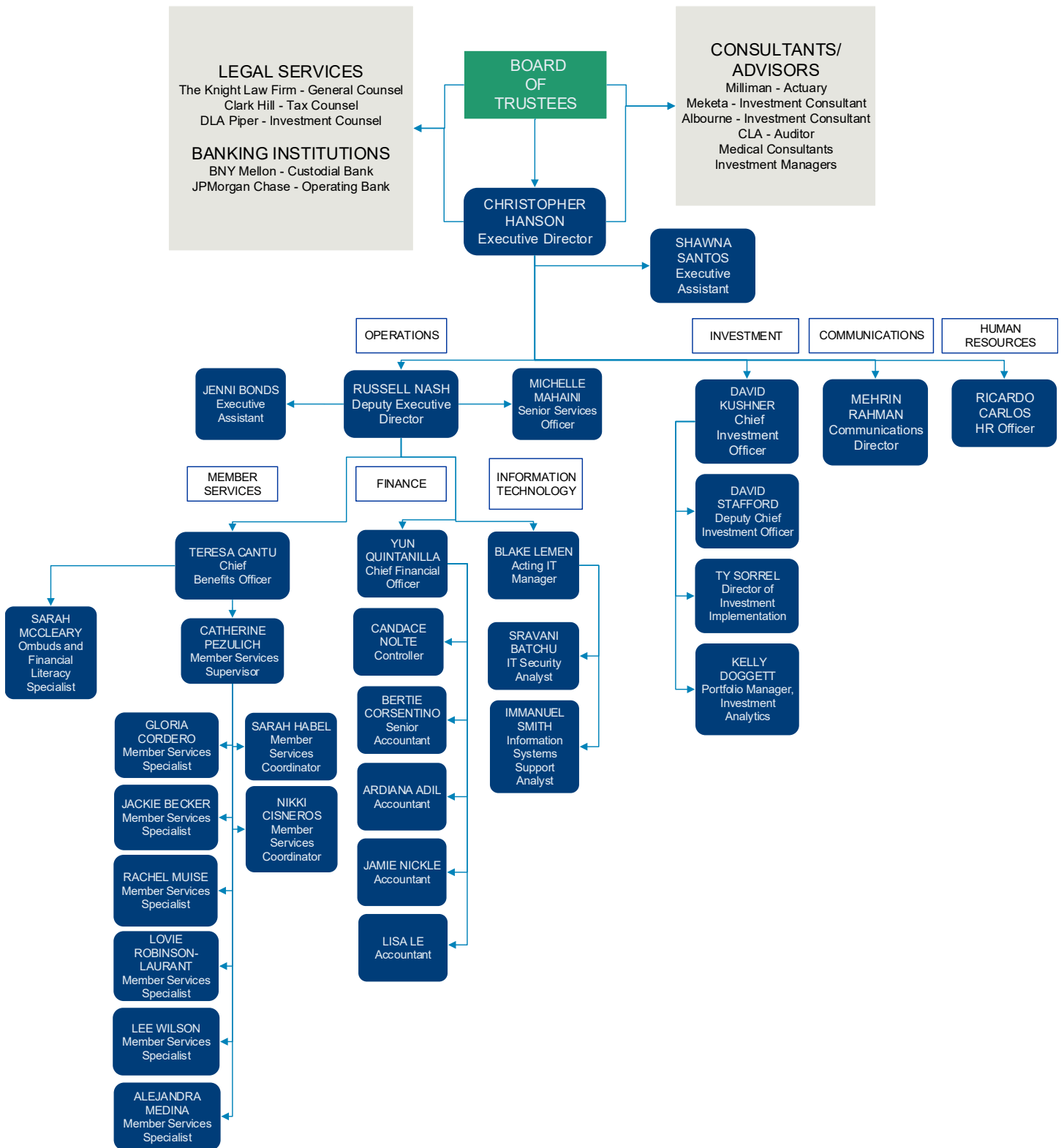
Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Robert A. Wylie'.

Robert A. Wylie
Program Administrator

ORGANIZATIONAL CHART AS OF DECEMBER 31, 2025



For more information on investment professionals who provide services to COAERS, refer to the investment management fees in the Schedule of Investment Results on page 73 and the Broker Commissions over \$5,000 on page 78.

KRISTA LAINE
City Council Member
Trustee Place 1

DIANA THOMAS
City Manager Designee
Trustee Place 2
2025 Board Chair

KELLY CROOK
Council Appointed
Citizen
Trustee Place 3

DICK LAVINE
Council Appointed Citizen
Trustee Place 4
2025 Board Vice Chair

MICHAEL GRANOF
Board Appointed Citizen
Trustee Place 5

ED VAN EENOO
City Appointed
Member
Trustee Place 6

BEN ELLINOR
Active Elected Member
Trustee Place 7

CHRIS NOAK
Active Elected Member
Trustee Place 8

YUEJIAO LIU
Active Elected Member
Trustee Place 9

MICHAEL BENSON
Retired Elected Member
Trustee Place 10

ANTHONY B. ROSS, SR.
Retired Elected Member
Trustee Place 11

PROFESSIONAL SERVICE PROVIDERS

Investment Consultants
Meketa Investment Group
Albourne

Custodial Bank
Bank of New York Mellon

Independent Auditor
CliftonLarsonAllen LLP

Actuary
Milliman

General Counsel
The Knight Law Firm

Tax Counsel
Clark Hill PLC

Investments Counsel
Jackson Walker LLP
DLA Piper LLP

Operating Bank
JPMorgan Chase Bank

A list of investment managers can be found in the Investment Section of this report.

MEMBERSHIP AND BENEFITS OVERVIEW

INTRODUCTION

This is a general overview of the City of Austin Employees' Retirement System (COAERS) membership and benefits. In the event of any inconsistency between this general overview and state or federal law as modified, interpreted, and applied from time to time, the state or federal law will govern and control.

COAERS is an IRS tax-qualified 401(a) defined benefit plan governed by Texas state law.

Membership Requirements

City of Austin regular employees working 30 or more hours per week become members of COAERS on the date of employment as mandated by Statute. Members do not include:

- Temporary employees
- Part-time employees working less than 30 hours per week
- Civil service employees of the Fire Department and the Police Department
- The Mayor and members of the City Council

Contributions

Employee: For 2025, members of COAERS contributed 10% of their base compensation calculated on a 40-hour work week. Contributions are made through payroll deduction each pay period (every two weeks). Overtime and special pay are not included.

Employer: The employer contribution for each year is comprised of an actuarial determined contribution rate and a legacy liability payment. For 2025, the City of Austin contributed 8.47% of base compensation and, in addition, made a required payment towards COAERS' Legacy Liability in the amount of \$111,160,870 which represents an additional 11.05% of base compensation.

RETIREMENT BENEFITS

Retirement Eligibility

Members are eligible for retirement when they meet one of the following age and service requirements for the membership group to which they belong:

Group A Members (Normal Retirement)

- Age 62, with 5 years of Creditable Service
- Age 55 with 20 years of Creditable Service, or
- Any age with 23 years of Creditable Service

Group B Members (Normal Retirement)

- Age 65 with 5 years of Creditable Service (excluding Supplementary Service Credit), or
- Age 62 with 30 years of Creditable Service (excluding Supplementary Service Credit)

Group B Members (Early Retirement – Reduced Benefits)

- Age 55 with at least 10 years of Creditable Service (excluding Supplementary Service Credit)

MEMBERSHIP AND BENEFITS OVERVIEW (CONTINUED)

Vesting

Members become vested with COAERS when they have five years of Creditable Service. Members who leave active membership before attaining retirement eligibility must have five years of Creditable Service to be considered vested. Verified service credit with a participating proportionate retirement system(s) or in the limited proportionate service arrangement between COAERS and the Travis County Healthcare District may also be combined with COAERS service credit in determining vested status and eligibility to receive a future benefit. The member is not entitled to receive the employer contribution at any time. Instead, vesting means that a member is entitled to receive a lifetime benefit as long as their contributions are on deposit in the System upon reaching retirement eligibility. COAERS refers to vested members as either having a “Deferred” or “Deferred Reciprocal” status.

Creditable Service

Creditable Service is a combination of membership service and other types of Creditable Service described below.

Current active-contributing/vested members, as of October 1, 1995, were granted service credit for the period between their date of hire and their date of participation, up to six months. All members hired after October 1, 1995 became members on their date of hire or on their date of regular employment at 30 or more hours per calendar week.

Types of Creditable Service

Membership Service – The employment period during which a member makes payroll contributions to the System is considered the “Membership Service” period.

Reinstated Membership Service (Prior City of Austin Service) – When members leave City employment, withdraw their deposits, and later return to City employment or employment with a participating proportionate system, they may purchase and reinstate service credit representing the previous employment with the City. To purchase this service, they must become a member of COAERS or another proportionate system. The cost to purchase prior service credit is based on the amount previously withdrawn, plus interest, as required by law.

Non-Contributory Service Credit – Effective January 1, 2024, members may purchase service credit for the following non-contributory categories, but may only do so at retirement:

- Temporary or part-time employment (less than 30 hours per week)
- Approved leave of absence
- Workers’ compensation leave because of an injury sustained in the course and scope of employment with the employer

Credit for Federal Active Duty Military Service

Prior Federal Active Duty Military Service – Effective January 1, 2024, members may establish up to 48 months Creditable Service for prior military service through making a service purchase, but may only do so at retirement. Military service eligible for purchase is full-time active duty service in the armed forces of the United States performed before the first day of the most recent period of active membership in COAERS. Military service in the reserves, a service academy, or for less than 90 consecutive days is not eligible for purchase. To purchase prior military service, members must present an original DD214 showing honorable discharge.

MEMBERSHIP AND BENEFITS OVERVIEW (CONTINUED)

Military Leave of Absence – Members may establish Creditable Service for an authorized leave of absence from employment for military service. The member may establish such Creditable Service during the authorized leave of absence by continuing to make retirement contributions during the period of service. Alternatively, if the member returns to employment within the applicable period (that varies from 14 to 90 days, depending on the length of service) after the completion of the military service, the member and the employer may secure such Creditable Service by making a lump-sum payment within five years of the date the member returns to employment and active-contributing member status.

Supplementary Service Credit – Effective January 1, 2024 Group A and B members may only purchase Supplementary Service Credit at retirement. Group A members may purchase up to five years of Creditable Service to advance their retirement eligibility date and/or increase the amount of their monthly annuity upon retirement. Group B members may purchase up to five years of Creditable Service only to increase the amount of their annuity but not to advance their retirement eligibility.

Sick Leave Conversion – Retiring members may convert unused sick leave hours to increase Creditable Service time. Employees eligible to be paid by the City of Austin for up to 720 hours of sick leave upon retirement cannot convert the eligible hours to Creditable Service. Converted sick leave hours cannot be used to reach retirement eligibility. Sick leave must be converted in pay period (80-hour) increments. The member must pay the current contribution rate at the time of retirement to convert unused sick leave hours.

2023 Limited Transitional Service Purchase Election – Members were given a limited time in 2023 to preserve the right to make a supplementary service purchase prior to retirement. In order to receive this right, the member must have made a written election prior to December 31, 2023. Members making a timely election have the right to make supplementary service purchases up to the maximum allowed by the plan as of the earlier of December 31, 2028, or the member's actual retirement date whichever occurs first.

Proportionate Service

In 1991 the Texas Legislature established a Proportionate Retirement Program for the benefit of members of participating public retirement systems. A member of two or more of the following participating retirement systems may be eligible for proportionate benefits:

- City of Austin Employees' Retirement System
- City of Austin Police Retirement System
- El Paso City Employees' Pension Fund
- El Paso Firemen and Policemen's Pension Fund
- Employees Retirement System of Texas
- Judicial Retirement System of Texas I & II
- Texas Municipal Retirement System
- Texas County and District Retirement System
- Teacher Retirement System of Texas
- Other Texas retirement systems covering municipal employees who have qualified plans and have elected to participate in the Proportionate Retirement Program

Participating systems recognize service from other participating systems upon proper notice. A member with service credit in more than one participating retirement system may be eligible to retire in another system based on the combined service of two or more systems in order to satisfy the length of service requirements used to determine eligibility for service retirement.

MEMBERSHIP AND BENEFITS OVERVIEW (CONTINUED)

Members must qualify for retirement eligibility independently in each system. Retirement benefits will be paid separately from each system and will be determined based on the actual amount of Creditable Service earned and the benefit structure of each plan. Military service may only be used once in determining the amount of the member's combined service credit. Proportionate participation is generally based on funded service.

A limited proportionate service arrangement was also established in 2007 for individuals who have membership in COAERS and a retirement system within the Travis County Healthcare District (District) organization. This arrangement, effective with employees transitioning into the District effective March 1, 2009, is similar to the general proportionate program except that it applies only between these two retirement systems. Participation in the District retirement system can be used to establish retirement eligibility with COAERS.

Calculation of Retirement Benefits

Factors used to calculate COAERS retirement benefits:

Total Creditable Service – Total years and months of Creditable Service, including:

- Regular membership service
- Reinstated membership service
- Military service purchased
- Non-contributory service purchased
- Supplementary service purchased
- Converted sick leave
- Up to one six-month probationary period granted at retirement to active-contributing/vested members hired on or before October 1, 1995
- Note: Proportionate service is only used to reach eligibility; it is not used to calculate retirement benefits.

Multiplier for Group A Members – 3.0%; Multiplier for Group B Members – 2.5%

Average Final Compensation – The average base salary for the highest 36 months of contributory service during the last 10 years of salary prior to retirement.

Important Dates in the Retirement Process

Except for claims for disability retirement, a Notice of Intent to Retire must be signed and received no later than the close of business 30 calendar days prior to the member's actual retirement date. The deadline shall be the close of business the previous business day if the 30th calendar day falls on a non-business day.

Retirement Options

COAERS provides several options for payment of monthly benefits. All payment options are actuarially equivalent to the basic Member Only Life Annuity benefit.

The options that include benefits to a survivor are calculated according to the ages of both the member and the surviving beneficiary. The member's benefits are reduced if an option is chosen that provides survivor benefits. This reduction is applied to the member's basic Life Annuity benefit according to the option the member chooses. Some restrictions may apply to non-spouse survivor benefits.

MEMBERSHIP AND BENEFITS OVERVIEW (CONTINUED)

If the member is married, spousal consent is required. A member cannot change options or the survivor beneficiary after retirement. Even if a retiree and the beneficiary spouse later divorce, the survivor beneficiary cannot be changed. Only the survivor beneficiary named at retirement will receive survivor benefits.

Life Annuity – A basic monthly benefit payable for the life of the retiree.

Option I: 100% Joint and Survivor – A reduced monthly benefit payable throughout the retiree’s life. At the retiree’s death, the survivor beneficiary will continue to receive the retiree’s benefit for the remainder of his/her life.

Option II: 50% Joint and Survivor – A reduced monthly benefit payable throughout the retiree’s life. At the retiree’s death, the survivor beneficiary will continue to receive 50% of the retiree’s benefit for the remainder of his/her life.

Option III: 66 $\frac{2}{3}$ % Joint and Survivor – A reduced monthly benefit payable throughout the retiree’s life. At the retiree’s death, the survivor beneficiary will continue to receive 66 $\frac{2}{3}$ % of the retiree’s benefit for the remainder of his/her life.

Option IV: Joint and 66 $\frac{2}{3}$ % Last Survivor – A reduced monthly benefit payable until the death of either the retiree or the survivor beneficiary. After death of the retiree or the survivor beneficiary, the last survivor of the two will receive 66 $\frac{2}{3}$ % of the retiree’s benefit for the remainder of his/her life.

Option V: Fifteen Year Certain and Life Annuity (180 payments) – A monthly benefit payable to the Retiree. If the retiree’s death occurs before 180 payments are made, the retiree’s beneficiary, spouse (if applicable), or estate will receive remaining monthly payments until all 180 payments have been made. If the retiree is still living after receiving 180 payments, payments to the retiree will continue until the retiree’s death.

Option VI: Actuarial Equivalent of Life Annuity – This option allows members to develop their own benefit payment plan with the assistance and approval of the System’s actuary. Members have flexibility to design a retirement benefit that is most appropriate for the needs of both the member and the member’s beneficiary, subject to limitations established in Board policy. All options are subject to approval by the Board of Trustees.

A “Pop-up” benefit is provided for retirees choosing Options I, II, or III as well as retirees who selected any Joint and Survivor option other than Joint and Last Survivor option. The “Pop-up” increases the retiree’s benefits to the Member Only Life Annuity level if the survivor beneficiary predeceases the retiree. Benefits are increased only after COAERS is properly notified of the death of the survivor.

Lump-Sum Payments

Backward DROP Program – The Backward Deferred Retirement Option Program (Back DROP) allows a member to receive a lump-sum payment in addition to receiving a monthly annuity.

Members who have already reached retirement eligibility, excluding proportionate service, and who continue to work and contribute to COAERS beyond retirement eligibility, may elect to receive a lump-sum amount and have their retirement calculated as though they had retired at an earlier date.

MEMBERSHIP AND BENEFITS OVERVIEW (CONTINUED)

The Back DROP period can be no earlier than:

- The day of first retirement eligibility,
- The date of the last purchase of Creditable Service of any type other than Sick Leave Conversion, or
- 60 months (in one-month increments) prior to the retirement date.

The lump-sum amount is 90% of the sum of the monthly annuity payments and is based on the Member Only Life Annuity benefit the participant would have received had the Member retired at the earlier date. The lump-sum amount may be rolled over to other qualified plans, paid in one lump-sum to the member, or a combination of both.

Cost-of-living adjustments, interest, and member or employer contributions do not increase the amount credited to the Back DROP.

Partial Lump-Sum Payment – As an alternative to the Back DROP, a member may select a retirement option and request a one-time, lump-sum payment to be paid at the same time as the member's first annuity payment. The member's annuity amount will be actuarially reduced for the lump-sum payment. The partial lump sum amount cannot exceed the equivalent of 60 monthly annuity payments.

IRS Section 415 Restoration of Retirement Income Plan

Certain highly compensated members may have their retirement annuity limited because of Section 415(b)(1) of the Internal Revenue Code. A plan amendment, effective January 1, 2000, provides for COAERS to pay a benefit that exceeds the limitation imposed by the Internal Revenue Code from a separate, non-qualified, and unfunded "Restoration of Retirement Income Plan." Additional details are made available to affected members during the retirement process.

Retirees Returning to Work

The retirement allowance of a retired member who resumes employment with an employer within 90 days after retirement and has not attained age 55, or who resumes employment after retirement as a regular full-time employee of an employer is subject to suspension. Suspension also occurs if a retired member resumes employment with an employer in a position that is not required to participate in another retirement system maintained by an employer, and works for, or is compensated by, an employer for more than 1,508 hours in any rolling 12-month period after the member resumes employment with the employer.

DISABILITY RETIREMENT BENEFITS

Disability Retirement Requirements

Members may apply for disability retirement benefits if:

- They are mentally or physically incapacitated for the performance of all employment duties; AND
- The incapacity is likely to be permanent.

Disability Retirement Eligibility

Active-contributing members with less than five years of creditable service may only apply for disability retirement if the disability is a result of an on-the-job accident or injury. Active-contributing members with five or more years of creditable service may apply for disability retirement even if the disability is not job-related. Members who are already eligible to retire may not apply for disability retirement.

MEMBERSHIP AND BENEFITS OVERVIEW (CONTINUED)

Members are considered to remain in the same membership category in effect on the date of termination for 90 days following termination. Members are allowed to apply for disability retirement for up to 90 days following termination for inability to perform all employment duties.

Disability retirees are periodically required to provide proof of continued disability and are annually required to provide employment and income documentation to the COAERS Board of Trustees.

Disability Retirement Options

A member approved for disability retirement may choose a Member Only Life Annuity benefit or a benefit described in Options I, II, III, or IV. Disability retirees are not eligible for any type of lump-sum payment.

DEATH AND SURVIVOR BENEFITS

Retired Members

Upon the death of a retiree, a death benefit of \$10,000 is paid by COAERS to the designated beneficiary(ies) of the deceased. This \$10,000 death benefit is paid to the beneficiary(ies) in addition to any of the following benefits that are applicable:

If the retired member chose the Member Only Life Annuity option, the monthly benefit stops the month following the death of the retiree. However, if death occurs before the retiree's accumulated deposits have been paid out, the retiree's remaining deposits will be paid in a lump-sum to the retiree's designated beneficiary(ies), spouse (if applicable), or estate.

If the retired member chose an option providing benefits to a survivor beneficiary, upon the retiree's death, such benefits will be paid to the designated survivor. If the survivor beneficiary does not survive the retiree, monthly benefits cease. However, if the survivor beneficiary does not survive the retiree, and the retiree's deposits have not been paid out, the retiree's remaining deposits will be paid in a lump-sum to the retiree's designated beneficiary(ies), spouse (if applicable), or estate.

Active Members

Not Eligible to Retire

Upon the death of an active member who was not yet eligible for retirement, the designated beneficiary(ies) is entitled to a lump-sum payment of the member's accumulated deposits (contributions and interest) plus a death benefit from COAERS equal to the member's deposits (excluding any purchases for non-contributory time, prior military service purchases, or Supplementary Service Credit).

Eligible to Retire

If the active member was eligible for retirement prior to death and had not yet retired:

- A surviving spouse may choose any retirement option that would have been available to the member, except for Member Only Life Annuity, and receive the \$10,000 death benefit. Alternatively, a surviving spouse may choose to receive a one-time lump-sum payment of the member's accumulated deposits and a death benefit from COAERS equal to the member's deposits (excluding any purchases for non-contributory time, prior military service purchases, or Supplementary Service Credit).

MEMBERSHIP AND BENEFITS OVERVIEW (CONCLUDED)

- If there is no spouse, the deceased member's designated beneficiary may elect to receive payments under Option V, Fifteen Year Certain and Life Annuity, and receive the \$10,000 death benefit. The non-spouse beneficiary may otherwise choose to receive a one-time lump-sum payment as described above.
- The \$10,000 death benefit is not paid to beneficiaries electing a one-time lump-sum payment.

Inactive Vested Members

Beneficiaries of inactive vested members receive the same death benefits as beneficiaries of active members as described above.

OTHER INFORMATION

Compliance with Applicable Law

Article 6243n of Vernon's Texas Civil Statutes, the Internal Revenue Code, and other state and federal laws are applicable to the operation and management of, and the benefits provided by, the System. Such laws place restrictions and limitations on retirement systems, including COAERS, and directly or indirectly affect member benefits and options. Deposits or retirement benefits may not be transferred or assigned except pursuant to a Qualified Domestic Relations Order (QDRO). All QDROs are subject to approval and must meet all statutory requirements. In addition, funds actually due and payable to a member, beneficiary, or alternate payee may be subject to IRS levy. The Internal Revenue Code also sets limits which affect purchases of service credit, final average salary, and monthly benefits for certain individuals.

Determining Interest on Member Contributions

The Board of Trustees annually determines the amount of interest paid on member accumulated deposits, taking into consideration the average yield of the 10-year U.S. Treasury note during the 12-month period ending on October 31st and recommendations of the System's actuary. Retirement interest is accrued on the last day of the calendar year based on the amount that each member had in the System on the first day of the calendar year. The money must remain on deposit for the entire calendar year in order to accrue interest.

For the 2025 calendar year, COAERS credited member contributions on deposit with 4.33% interest.

Prohibition on COAERS Loans and Withdrawals

Plan provisions do not allow active members to make a partial withdrawal of deposits or to receive loans from their retirement funds.

Request for Hearing

A member or beneficiary directly affected by a decision of the Executive Director of the City of Austin Employees' Retirement System may appeal to the Board of Trustees. The member or beneficiary must appeal the decision within 30 days of notification of denial by the Executive Director or their designee.

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

Audit and Risk Committee of the Board of Trustees
City of Austin Employees' Retirement System
Austin, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Austin Employees' Retirement System as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the City of Austin Employees' Retirement System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the City of Austin Employees' Retirement System as of December 31, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Austin Employees' Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Austin Employees' Retirement System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Audit and Risk Committee of the Board of Trustees
City of Austin Employees' Retirement System

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Austin Employees' Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Austin Employees' Retirement System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Investment Returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT (CONCLUDED)

Audit and Risk Committee of the Board of Trustees
City of Austin Employees' Retirement System

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Austin Employees' Retirement System's basic financial statements. The Other Supplementary Information – Schedules of Investment Expenses, Professional Services, and Administrative Expenses (as referenced in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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



CliftonLarsonAllen LLP

Austin, Texas
May 29, 2026

This section of the City of Austin Employees' Retirement System's (COAERS, or the System) financial report presents our discussion and analysis of the System's financial performance during fiscal years 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the financial statements that follow, as well as the Letter of Transmittal in the Introductory Section.

FINANCIAL HIGHLIGHTS

The System's fiduciary net position was \$4.1 billion and \$3.6 billion as of December 31, 2025 and 2024, respectively, reflecting an increase of \$515.2 million, or 14.4%, in 2025.

Contributions received totaled \$305.0 million in 2025 and \$273.6 million in 2024, an increase of \$31.4 million, or 11.5% in 2025.

Benefits paid were \$303.5 million in 2025 and \$285.0 million in 2024, an increase of \$18.5 million, or 6.5%, in 2025.

Net investment income of \$526.0 million was earned in 2025 compared with \$315.4 million in 2024. The System's money-weighted rate of return on investments for the year ended December 31, 2025, was 15.02% net of fees, on a fair value basis, which was an increase from the return of 9.86% net of fees for the year ended December 31, 2024. The actuarial investment return assumption was 6.75% for both years.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to assist the reader's understanding of the purpose and meaning of each of the key components of COAERS' financial statements, which are comprised of the following:

- **The Statement of Fiduciary Net Position** presents the System's assets, liabilities, and the resulting net position, which is held in trust for pension benefits.
- **The Statement of Changes in Fiduciary Net Position** reports the current year's additions to and deductions from net position.
- **Notes to the Financial Statements** provide important background and detailed information about COAERS, the Plan, and the financial statements.
- **Required Supplementary Information** provides 10-year historical information on changes in the System's Net Pension Liability, contributions, and money-weighted returns.
- **Other Supplementary Information** includes additional information about the System's investment expenses, administrative expenses, and professional services.

Collectively, this information presents the net position held in trust for pension benefits as of the end of each year and summarizes the changes in net position held in trust for pension benefits for the year.

FINANCIAL ANALYSIS

Summary of Fiduciary Net Position Years Ended December 31, 2025, 2024, and 2023

	2025	\$ Change	2024	\$ Change	2023
Assets					
Cash	\$ 19,135,594	4,377,189	14,758,405	(4,799,335)	19,557,740
Receivables and other assets	23,330,004	(42,919,165)	66,249,169	3,921,035	62,328,134
Investments	4,044,287,715	531,419,806	3,512,867,909	294,295,225	3,218,572,684
Capital assets	30,344,021	(1,249,877)	31,593,898	(933,789)	32,527,687
Total assets	4,117,097,334	491,627,953	3,625,469,381	292,483,136	3,332,986,245
Liabilities					
Payables and accrued expenses	31,154,663	(23,569,220)	54,723,883	449,954	54,273,929
Total liabilities	31,154,663	(23,569,220)	54,723,883	449,954	54,273,929
Net position restricted for pensions	\$ 4,085,942,671	515,197,173	3,570,745,498	292,033,182	3,278,712,316

Assets

As illustrated in the summary table, total assets increased by \$491.6 million (13.6%) in 2025, following a \$292.5 million (8.8%) increase in 2024. These fluctuations were driven primarily by net appreciation in the investment portfolio. In 2025, investments increased by \$531.4 million, or 15.1%, and in 2024, investments increased by \$294.3 million, or 9.1%. These changes are reflective of the investment returns in each period. Other asset changes include:

- **Cash:** Strategic cash management decisions led to a \$4.4 million increase in cash as of December 31, 2025, compared to a \$4.8 million decrease in 2024.
- **Receivables:** Receivables decreased by \$42.9 million in 2025, primarily due to the closure of a short-term sovereign account. This account utilized a U.S. dollar hedging strategy that previously resulted in significant foreign exchange contract receivables. In 2024, receivables increased by \$3.9 million, driven by the timing of contributions.
- **Capital Assets:** In both 2025 and 2024, the decrease in capital assets reflects annual depreciation of the building, furniture and equipment.

Liabilities

Total liabilities decreased by \$23.6 million (43.1%) in 2025, followed by a marginal increase of \$0.4 million (0.8%) in 2024. The substantial decrease in 2025 was primarily driven by the liquidation of a short-term sovereign account, which eliminated the need for associated forward foreign exchange contracts used to hedge U.S dollar value. The slight uptick in 2024 was due to the timing of investment trade settlements net of the reduction in death benefits payable as a result of increased efforts to locate missing beneficiaries.

**Summary of Changes in Fiduciary Net Position
Years Ended December 31, 2025, 2024, and 2023**

	2025	\$ Change	2024	\$ Change	2023
Additions					
Contributions	\$ 304,986,782	31,430,660	273,556,122	29,046,563	244,509,559
Net investment income	525,985,772	210,624,106	315,361,666	(39,741,419)	355,103,085
Other income	2,703,002	(153,163)	2,856,165	845,786	2,010,379
Total additions	<u>833,675,556</u>	<u>241,901,603</u>	<u>591,773,953</u>	<u>(9,849,070)</u>	<u>601,623,023</u>
Deductions					
Benefit payments	303,535,092	18,492,106	285,042,986	14,918,964	270,124,022
Refunds	5,520,083	(65,112)	5,585,195	1,552,034	4,033,161
Administrative expenses	9,423,208	310,618	9,112,590	563,305	8,549,285
Total deductions	<u>318,478,383</u>	<u>18,737,612</u>	<u>299,740,771</u>	<u>17,034,303</u>	<u>282,706,468</u>
Net increase in net position	515,197,173	223,163,991	292,033,182	(26,883,373)	318,916,555
Net position restricted for pensions					
Beginning of year	3,570,745,498	292,033,182	3,278,712,316	318,916,555	2,959,795,761
End of year	\$ <u>4,085,942,671</u>	<u>515,197,173</u>	<u>3,570,745,498</u>	<u>292,033,182</u>	<u>3,278,712,316</u>

Additions

The resources required to fund benefit obligations are generated through a combination of member and employer contributions and net investment income.

Additions from contributions increased by \$31.4 million (11.5%) in 2025, and \$29.0 million (11.9%) in 2024. This growth is primarily attributed to the continued implementation of Senate Bill 1444 of the 88th Legislative Session (SB 1444), enacted May 29, 2023, which restructured the funding framework for COAERS.

- **Employer Contributions:** Under the SB 1444 framework, the System transitioned to a funding model comprised of a flexible actuarially determined employer contribution (ADEC) rate and a fixed payment schedule, referred to as the legacy liability payment, designed to pay off the \$1.9 billion Unfunded Actuarial Accrued Liability (UAAL) existing as of December 31, 2022 over a 30-year period.
 - In 2025, employer contributions rose by \$15.8 million (8.6%), due mainly to the scheduled increase in the legacy liability payment from \$98.9 million in 2024 to \$111.2 million in 2025.
 - In 2024, while the employer contribution rate decreased from 19.0% to 8.68%, the addition of the \$98.9 million legacy liability payment led to an overall increase of \$19.6 million in total employer funding.
- **Member Contributions:** Member contributions increased by \$16.1 million (18.4%) in 2025 and \$18.9 million (27.5%) in 2024. These increases reflect the phased-in rate adjustments mandated by SB 1444, with the member contribution rate rising to 10.0% in 2025, up from 9.0% in 2024 and 8.0% in 2023.
- **Membership and Payroll Growth:** Contribution growth was further supported by an expanding workforce and rising salaries. Active membership increased to 11,838 in 2025 from 11,783 in 2024 and 11,197 in 2023. As a result, covered payroll rose to \$1,037.8 million in 2025 from \$972.0 million in 2024 and from \$862.3 million in 2023, providing a broader base for percentage-based employer and member contributions.

Net investment income consists of appreciation (depreciation) in the fair value of investments, as well as interest and dividend earnings. Year-over-year changes in net investment income are driven primarily by market fluctuations. Net investment income increased 66.8% to \$526.0 million in 2025, reflecting significant unrealized gains. In 2024, net investment income decreased by \$39.7 million, mainly due to reduced net appreciation in the fair value of investments.

While portfolio generated positive returns, the pace of market appreciation moderated in 2024 following the strong growth in 2023.

Other income consists of rental income from the building acquired in 2023 and interest earned on bank deposits. Other income decreased slightly by \$0.2 million in 2025, primarily due to a lower interest rate environment. The building achieved full occupancy in 2023 and remained fully occupied throughout 2025 and 2024.

Deductions

Deductions from the System's net position include benefit payments to retirees and beneficiaries, refunds of member contributions, and administrative expenses.

Benefits paid to retirees and beneficiaries steadily increase each year with new retirements. As of December 31, 2025, 2024 and 2023, the numbers of retirees were 8,341, 8,052 and 7,802, respectively. Retiree annuity payments are the primary driver of the increase in total benefits paid, rising by \$14.6 million in 2025 and \$14.3 million in 2024. Retiree lump-sum annuity payments were the secondary contributor to the year-over-year increase, rising by \$4.6 million in 2025 and \$2.4 million in 2024.

Refunds of member contributions decreased slightly in 2025 and increased by \$1.6 million, or 38%, from 2023 to 2024. These changes reflect variations in the number of terminating members each year.

Administrative expenses increased by 3.4% in 2025 and 6.6% in 2024. The increases were largely driven by the inflation environment and expenses for the finish-out and relocation to the new headquarters in 2024.

Overall Analysis

Overall, as of December 31, 2025, net position increased by \$515.2 million, or 14.4%, from the prior year; and increased by \$1,126.1 million, or 38.0%, over the three-year period ending December 31, 2025.

CONTRIBUTIONS AND FUNDING INFORMATION

Senate Bill 1444 of the 88th Legislative Session, enacted on May 29, 2023, amended Article 6243n and introduced significant changes related to funding, contributions, benefits, and governance. The provisions of the bill are expected to have a significantly positive impact on the funding status of the System in future years. Funded ratio using actuarial value of assets increased to 63.1% in 2025 from 61.2% in 2024.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the City of Austin Employees' Retirement System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Austin Employees' Retirement System, 4700 Mueller Boulevard, Suite 100, Austin, Texas 78723.

STATEMENT OF FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2025

	Retirement Plan	Restoration Plan	Total
Assets			
Cash	\$ 19,085,594	50,000	19,135,594
Receivables:			
Interest and dividends	11,048,539	-	11,048,539
Pending trades	2,373,746	-	2,373,746
Employer contributions	4,622,487	-	4,622,487
Member contributions	5,240,523	-	5,240,523
Other	44,709	-	44,709
Total receivables	23,330,004	-	23,330,004
Investments, at fair value:			
U.S. equities	1,471,494,633	-	1,471,494,633
Developed markets equities	537,208,096	-	537,208,096
Emerging markets equities	280,041,077	-	280,041,077
Fixed income	813,846,056	-	813,846,056
Real assets	582,569,217	-	582,569,217
Private Credit	75,727,954	-	75,727,954
Cash and equivalents	283,400,682	-	283,400,682
Total investments	4,044,287,715	-	4,044,287,715
Capital assets, net	30,344,021	-	30,344,021
Total assets	4,117,047,334	50,000	4,117,097,334
Liabilities			
Accrued expenses	2,705,689	-	2,705,689
Pending trades payable	25,404,962	-	25,404,962
Refunds and death benefits payable	3,044,012	-	3,044,012
Total liabilities	31,154,663	-	31,154,663
Fiduciary net position restricted for pensions	\$ 4,085,892,671	50,000	4,085,942,671

See accompanying note to financial statements.

STATEMENT OF FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2024

	Retirement Plan	Restoration Plan	Total
Assets			
Cash	\$ 14,738,405	20,000	14,758,405
Receivables:			
Interest and dividends	5,997,861	-	5,997,861
Pending trades	51,761,053	-	51,761,053
Employer contributions	4,110,272	-	4,110,272
Member contributions	4,363,770	-	4,363,770
Other	16,213	-	16,213
Total receivables	66,249,169	-	66,249,169
Investments, at fair value:			
U.S. equities	1,293,465,418	-	1,293,465,418
Developed markets equities	482,800,282	-	482,800,282
Emerging markets equities	227,045,229	-	227,045,229
Fixed income	530,365,857	-	530,365,857
Real assets	516,871,418	-	516,871,418
Multi-asset	99,879,553	-	99,879,553
Private credit	69,003,671	-	69,003,671
Cash and equivalents	293,436,481	-	293,436,481
Total investments	3,512,867,909	-	3,512,867,909
Capital assets, net	31,593,898	-	31,593,898
Total assets	3,625,449,381	20,000	3,625,469,381
Liabilities			
Accrued expenses	2,113,357	-	2,113,357
Pending trades payable	49,891,900	-	49,891,900
Refunds and death benefits payable	2,718,626	-	2,718,626
Total liabilities	54,723,883	-	54,723,883
Fiduciary net position restricted for pensions	\$ 3,570,725,498	20,000	3,570,745,498

See accompanying note to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2025

	Retirement Plan	Restoration Plan	Total
Additions			
Contributions:			
Employer	\$ 198,784,264	277,769	199,062,033
Member	105,924,749	-	105,924,749
Total contributions	304,709,013	277,769	304,986,782
Investment income:			
Net appreciation in fair value of investments	469,289,906	-	469,289,906
Interest	35,230,382	-	35,230,382
Dividends	27,525,435	-	27,525,435
Less: investment expenses	(6,059,951)	-	(6,059,951)
Net investment income	525,985,772	-	525,985,772
Other income	2,703,002	-	2,703,002
Total additions	833,397,787	277,769	833,675,556
Deductions			
Retirement annuities	290,878,591	247,769	291,126,360
Refunds of member contributions	5,520,083	-	5,520,083
DROP disbursements	1,234,692	-	1,234,692
Retiree lump-sum payments	8,459,910	-	8,459,910
Death benefits	2,714,130	-	2,714,130
Total benefit payments, including refunds of member contributions	308,807,406	247,769	309,055,175
Administrative expenses	9,423,208	-	9,423,208
Total deductions	318,230,614	247,769	318,478,383
Net increase in fiduciary net position	515,167,173	30,000	515,197,173
Fiduciary net position restricted for pensions:			
Beginning of year	3,570,725,498	20,000	3,570,745,498
End of year	\$ 4,085,892,671	50,000	4,085,942,671

See accompanying note to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2024

	Retirement Plan	Restoration Plan	Total
Additions			
Contributions:			
Employer	\$ 183,109,821	115,374	183,225,195
Member	90,330,927	-	90,330,927
Total contributions	273,440,748	115,374	273,556,122
Investment income:			
Net appreciation in fair value of investments	263,383,990	-	263,383,990
Interest	23,910,117	-	23,910,117
Dividends	33,870,661	-	33,870,661
Less: investment expenses	(5,803,102)	-	(5,803,102)
Net investment income	315,361,666	-	315,361,666
Other income	2,856,165	-	2,856,165
Total additions	591,658,579	115,374	591,773,953
Deductions			
Retirement annuities	276,455,717	115,374	276,571,091
Refunds of member contributions	5,585,195	-	5,585,195
DROP disbursements	2,057,435	-	2,057,435
Retiree lump-sum payments	3,887,510	-	3,887,510
Death benefits	2,526,950	-	2,526,950
Total benefit payments, including refunds of member contributions	290,512,807	115,374	290,628,181
Administrative expenses	9,112,590	-	9,112,590
Total deductions	299,625,397	115,374	299,740,771
Net increase in fiduciary net position	292,033,182	-	292,033,182
Fiduciary net position restricted for pensions:			
Beginning of year	3,278,692,316	20,000	3,278,712,316
End of year	\$ 3,570,725,498	20,000	3,570,745,498

See accompanying note to financial statements.

NOTE 1: PLAN DESCRIPTION

A. Plan Administration

The City of Austin Employees’ Retirement System (COAERS, or the System) administers the Plan, a single employer defined benefit pension plan that provides pensions for eligible employees of the City of Austin.

The System was created under Article 6243n, Vernon’s Texas Civil Statutes (the Pension Statute), as amended. The Pension Statute grants the authority to establish and amend the benefit terms to the Texas State Legislature. Management of the Plan is vested in the eleven-member COAERS Board of Trustees, which is composed of:

- 3 Active members elected by the active membership
- 2 Retired members elected by the retired membership
- 2 City Council appointed citizen members
- 1 Board appointed citizen member
- 1 City Manager of the City of Austin or their designee
- 1 City Council Member
- 1 Chief Financial Officer of the City of Austin or their designee

B. Plan Membership

Participating employees include all regular, full-time employees who work at least 30 hours per week, except for civil service firefighters and civil service police officers. On December 31, 2025 and 2024 membership consisted of the following:

Plan Membership	2025	2024
Inactive plan members or beneficiaries currently receiving benefits	8,341	8,052
Inactive plan members entitled to but not yet receiving benefits	4,763	4,548
Active plan members	11,838	11,783
Total plan members	24,942	24,383

c. Benefits Provided

The System provides service retirement, death, disability, and withdrawal benefits. Benefits vest with five years of creditable service. A member’s monthly retirement benefit is equal to an annuity multiplier applied to the member’s highest 36-month average monthly salary of the last ten years multiplied by their years and months of service.

Membership in the System is comprised of two benefit tiers: Group A and Group B.

Group A members are those with participation dates prior to January 1, 2012. Plan provisions continue under the plan originated in 1941 whereby participants may retire at age 62 with 5 years of service credit, at age 55 with 20 years of service credit, or at any age with 23 years of service credit. The annuity multiplier for Group A is 3.0%.

Group B members are employees who were hired on and after January 1, 2012, with the following provisions:

- Normal retirement eligibility at age 65 with 5 years of service credit; or at age 62 with 30 years of service credit;
- Early reduced retirement eligibility at age 55 with 10 years of service credit;
- An annuity formula multiplier of 2.5%;
- The purchase of nonqualified permissive service (supplementary service credit) for annuity calculations only, not for eligibility purposes.

The following apply to both Group A and Group B:

- A member may elect to retroactively participate in the System's Backward DROP (Deferred Retirement Option Program). This program benefits retiring employees by allowing a lump-sum payment in lieu of additional creditable service time after reaching retirement eligibility. The Member would receive a lump-sum payment equal to 90% of the sum of the monthly annuities the participant would have received if the member had retired at the DROP entry date. While the nomenclature used in the Pension Statute resembles that of an arrangement requiring additional disclosures under GASB 67, the COAERS Backward Drop benefit is technically different.
- The lump sum death benefit payable upon the death of a retiree is \$10,000.
- There is no guaranteed cost of living increase.

The System participates in the Proportionate Retirement Program through which a member of the System may meet requirements for service retirement eligibility by combining COAERS membership service with service credit from the following participating entities:

- City of Austin Police Retirement System
- City of El Paso Employees Retirement Trust
- El Paso Firemen and Policemen's Pension Fund
- Employees Retirement System of Texas
- Judicial Retirement System of Texas I & II
- Texas Municipal Retirement System
- Texas County and District Retirement System
- Teacher Retirement System of Texas
- Other Texas retirement systems covering municipal employees who have qualified plans and have elected to participate in the Proportionate Retirement Program

A limited proportionate service arrangement was established in 2007 between COAERS and individuals who have membership in a retirement system within the Travis County Healthcare District.

D. Contributions

Texas State Statute governs the contribution requirements for both the City of Austin (employer) and active plan members. Following the enactment of Senate Bill 1444 of the 88th Legislative Session (2023), the City's contribution structure consists of an actuarially determined employer contribution (ADEC) rate plus a supplemental fixed payment structured to pay off the Unfunded Actuarial Accrued Liability (UAAL) as of December 31, 2022, also referred to as the Legacy Liability, over a 30-year period.

For 2025, the ADEC rate was 8.47%, the Legacy Liability payment totaled \$111,160,870, and employees contributed 10% of their base compensation, reflecting the phased-in contribution adjustments following the 2023 legislative changes. For the year ended December 31, 2024, the ADEC rate was 8.68%, the Legacy Liability payment totaled \$98,896,162, and employees contributed 9% of their base compensation.

Under the terms of the Plan, the System’s employees obtain membership and contribute to the Plan on the same basis as City employees. Since there is only one Plan, all actuarial calculations are provided on an aggregate basis.

E. Restoration Plan

On November 23, 1999, the Board adopted a resolution to establish a “Restoration of Retirement Income Plan for Certain Participants in the City of Austin Employees’ Retirement System” (Restoration Plan) effective January 1, 2000.

This Restoration Plan is intended to be a “qualified governmental excess benefit arrangement” within the meaning of Section 415(m) of the Internal Revenue Code, and shall be construed, interpreted, and administered in accordance with such provision. The Restoration Plan shall be administered as an unfunded plan, which is not intended to meet the qualification requirements of Section 401 of the Internal Revenue Code. Eligible members are those whose pension or pension related benefits under the Plan are limited due to the provision of Section 415(m) of the Internal Revenue Code.

All benefits payable under this Restoration Plan are paid from contributions provided by the employer and not from the Fund or any other trust unless such trust is maintained solely for the purpose of providing benefits from this Restoration Plan. No contribution receivable is due for the years ended December 31, 2025, and 2024.

On December 31, 2025 and 2024, membership in the Restoration Plan included the following:

Plan Membership	2025	2024
Retirees and beneficiaries currently receiving benefits	16	9

F. Other Information

The System is required by the state statute to maintain two separate funds in its internal accounting records. The first fund, defined in the statute as “Fund 1”, shall be maintained to account for all accumulated deposits (contributions and interest) of Members who have not withdrawn from the System. The second fund, defined as “Fund 2”, shall be maintained to account for all other assets of the System. COAERS has created “Fund 3” to account for accumulated contributions by the employer for the Restoration Plan. On December 31, 2025, the balances of Fund 1, Fund 2, and Fund 3 were \$820,061,844, \$ 3,265,830,827, and \$50,000, respectively. On December 31, 2024, the balances of Fund 1, Fund 2, and Fund 3 were \$747,693,517, \$2,823,031,981, and \$20,000, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The System is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (GASB). The System has no component units and is not a component unit of any other entity.

A. Basis of Accounting

The System’s financial statements are prepared using the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred, regardless of when payment is made. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements; accordingly, contributions are recognized as revenue in the period in which the employer reports compensation for their employees. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

B. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Investments

Plan investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair values of equity and fixed income securities are based on independent pricing services. Cash and short-term investment funds are reported at cost, which approximates fair value. Investments denominated in a foreign currency are reported in U.S. dollars at current exchange rates. Investments that do not have an established market are valued based on the net asset value provided by independent audits.

The System’s pooled investments include collective investment trusts, mutual funds, and limited partnerships. These pooled investments are priced at the net asset value per share by the fund administrators or general partners, and pricing of securities and financial instruments is according to each fund’s established framework.

Investment income is recognized in the period earned, and purchases and sales of investments are recorded on a trade-date basis with realized gains and losses calculated at average cost. Net appreciation/depreciation in Plan investments includes both realized and unrealized gains and losses.

It is possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

D. Contributions Receivable

Member and employer contributions that were not deposited with the System by year end are reported as contributions receivable.

E. Capital Assets

Capital assets are reported at cost less accumulated depreciation. The System capitalizes assets purchased with a cost greater than \$5,000. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Furniture and equipment are scheduled with useful lives from three to ten years, while building and building improvements are scheduled with useful lives from 20 to 40 years.

F. Administrative Expenses

Costs for the operation and administration of COAERS are funded through Plan contributions. The calculation of actuarially determined contribution rates includes expected administration expenses.

G. Reclassification

Reclassification of certain prior year investments has been made to conform with current-year presentation. This includes the reallocation of commodity investments from the multi-asset composite to the real assets class. Private credit investments, previously reported within the fixed income asset class, are presented as a separate asset class. These reclassifications had no impact on the System's fiduciary net position.

NOTE 3: DEPOSITS AND INVESTMENTS

A. Investment Policy and Strategic Asset Allocation

The Board maintains an Investment Policy Statement (IPS) to establish the objectives and policies of the System’s investment program and set forth guidelines and procedures for the management of System investments. The System’s Board, in accordance with the power and authority conferred under the Texas Statutes, has designated The Bank of New York Mellon as the master custodian of the investment assets of the System.

During 2025, the Investment Policy Statement (IPS) was significantly restructured and streamlined. Key updates include a simplified primary investment objective, refined roles and responsibilities, and simplified portfolio guidelines. The Strategic Asset Allocation was updated to include Private Equity and Private Credit and to eliminate Multi-asset, and laid out a phased transition roadmap for building to the new allocation, with rebalancing authority for market drift only. Additionally, the revised policy establishes performance evaluation metrics, incorporates the private markets strategic plan by reference, and mandates reporting on peer performance and investment risk.

The Board’s general investment objective is to accumulate the financial reserves necessary to provide benefits to eligible members of the System and their beneficiaries. To achieve this outcome, the Fund is structured to obtain a reasonable long-term total return consistent with the degree of risk assumed, while emphasizing the preservation of capital.

The Board-approved Strategic Asset Allocation (SAA) as of December 31, 2025 and 2024, which establishes neutral, minimum, and maximum weights for the appropriate asset types, follows:

2025 Asset Class	Minimum	Neutral	Maximum
Global Equities	38%	45%	52%
Private Equity	5%	8%	10%
Real Assets	12%	15%	19%
Private Credit	7%	10%	13%
Fixed Income	18%	21%	28%
Cash & Equivalents	-	1%	10%

2024 Asset Class	Minimum	Neutral	Maximum
Global Equities	46%	56%	66%
Fixed Income	16%	21%	33%
Real Assets	10%	15%	20%
Multi-Asset	3%	7%	15%
Cash & Equivalents	-10%	1%	10%

B. Investment Returns

For the years ending December 31, 2025 and 2024, the annual money-weighted rates of return on System investments net of pension plan investment expenses were 15.02% and 9.86%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts invested.

C. Cash and Deposits

Cash and deposits are maintained in demand deposit accounts under the terms of a depository contract. As of December 31, 2025 and 2024, the System's depository bank balances were \$19,468,471 and \$15,002,666, respectively, with carrying amounts of \$19,135,594, and \$14,758,405, respectively.

D. Deposit and Investment Risks

Investments are exposed to various risks, including custodial credit risk, concentration of credit risk, interest rate risk, credit risk, and foreign currency risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover deposits or the value of its investment or collateral securities that are in the possession of an outside party.

COAERS operating bank account deposits are not subject to custodial credit risk as the System's depository account balances, in excess of Federal Deposit Insurance Corporation (FDIC) insured amounts, are backed by U.S. government securities pledged as collateral. The fair value of collateral was \$45,002,204 and \$38,432,726 at December 31, 2025 and 2024, respectively.

Deposits with the custodian bank as of December 31, 2025, and 2024 include amounts held in foreign currency and other cash pending investment. These deposits totaling \$10,919,100 and \$19,537,642, respectively, were uncollateralized and subject to custodial credit risk. The System's IPS requires its custodian bank to maintain an A+ credit rating.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and/or are not held by the counterparty in the System's name. As of December 31, 2025 and 2024, the System's investment securities are held by the System's custodial bank in the System's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. As of December 31, 2025 and 2024, the System did not have investments in a single issuer exceeding 5% of the fair value of Plan investments. The IPS requires that the investment portfolio be broadly diversified to address concentration of credit risk, including:

- The Fund shall not have more than 3% of its investments at fair value in the securities of any one corporation.
- The Fund shall not own more than 5% of any class of voting securities of any one public Corporation.
- The Fund shall not represent more than 20% of a single commingled investment vehicle, based on fair values.

The following additional restrictions applied to System investments by asset class as of December 31, 2024:

Global Equity

- No single company’s securities shall represent more than 6% of the fair value of any manager’s portfolio.

Fixed Income

- No single issuer’s securities shall represent more than 6% of the fair value of the investment portfolio. This restriction also applies to asset-backed securities, non-agency mortgage-backed securities (including commercial mortgage-backed securities) and taxable municipal securities. This restriction does not apply to any agency mortgage-backed securities (including agency commercial mortgage-backed securities).
- The total holdings of a federal agency issued mortgage-backed security of the same coupon and maturity series of the same agency (i.e., issuance by issuance as identified by the same CUSIP) shall not exceed 20% of the investment portfolio at fair value.
- The direct debt of the U.S. government (Treasury bonds, TIPS, bills, and notes) and its agencies (including any mortgage-backed securities issued or guaranteed by GNMA, FNMA and FHLMC) shall not be restricted as a percentage of the portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System monitors the Fund level interest rate risk primarily using duration, a standard measure of interest rate sensitivity. To control interest rate risk, guidelines, which are incorporated into every investment management agreement, require portfolios maintain an effective duration of +/- one year relative to the Bloomberg US Aggregate Bond Index.

The effective duration of fixed income securities as of December 31, 2025 and 2024, is presented below.

Fixed income securities	2025 Fair value	Effective Duration
U.S. Treasury	\$ 246,109,005	8.08
U.S. government agency	1,415,902	11.48
Municipal	2,518,074	6.47
Corporate	258,416,482	5.43
Securitized	301,032,597	6.63
Foreign government	4,353,996	6.30
	\$ 813,846,056	6.75

Fixed income securities	2024 Fair value	Effective Duration
U.S. government	\$ 371,602,098	4.86
Corporate	86,789,846	5.94
Securitized	71,973,913	5.68
	\$ 530,365,857	5.15

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. To control credit risk, credit quality guidelines are incorporated into every investment management agreement. These guidelines require an average credit rating of Investment Grade (BBB-) or higher and maximum of 10% to securities rated lower than BBB-.

The quality ratings of investments in fixed income securities at December 31, 2025 and 2024 as determined by nationally recognized statistical rating organizations, are as follows:

Fixed income securities	2025 Fair value	S&P average rating
Fixed income securities subject to credit risk:		
U.S. government agency	\$ 1,415,902	AA+
Municipal	2,518,074	A
Corporate	258,416,482	BB+
Securitized	301,032,597	AA
Foreign government	<u>4,353,996</u>	B
Total fixed income securities subject to credit risk	567,737,051	
U.S. Treasury *	<u>246,109,005</u>	
Total	\$ <u>813,846,056</u>	
*Obligations of the U.S. government or explicitly guaranteed by the U.S. government are not considered to have credit risk.		

Fixed income securities	2024 Fair value	S&P average rating
Fixed income securities subject to credit risk:		
Corporate	\$ 86,789,846	A-
Securitized	<u>71,973,913</u>	AAA
Total fixed income securities subject to credit risk	158,763,759	
U.S. government *	<u>371,602,098</u>	
Total	\$ <u>530,365,857</u>	
*Obligations of the U.S. government or explicitly guaranteed by the U.S. government are not considered to have credit risk.		

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The System’s exposure to currency risk, or exchange rate risk, primarily resides within the System’s international equity investment holdings and foreign currency forwards. The System’s Investment Policy allows its active managers to hedge the currency risk in their respective portfolios.

The System’s exposure to foreign currency risk includes the following international investments as of December 31, 2025 and 2024:

Currency		Cash & Equivalents	Equity	2025 Fair value
Australian Dollar	\$	(77,317)	23,478,485	23,401,168
Canadian Dollar		30,314	19,248,339	19,278,653
Danish Krone		-	6,800,676	6,800,676
Euro		822,395	103,718,128	104,540,523
Hong Kong Dollar		11,228	9,054,666	9,065,894
Japanese Yen		11,927	32,585,212	32,597,139
New Zealand Dollar		1,492	454,663	456,155
Norwegian Krone		12	-	12
Pound Sterling		326,583	124,548,888	124,875,471
Singapore Dollar		336	3,407,432	3,407,768
Swedish Krona		79,619	4,261,639	4,341,258
Swiss Franc		2,323	21,328,458	21,330,781
Total	\$	1,208,912	348,886,586	350,095,498

Currency		Cash & Equivalents	Equity	2024 Fair value
Australian Dollar	\$	109,034	22,083,619	22,192,653
Canadian Dollar		26,365	22,818,616	22,844,981
Danish Krone		-	9,391,857	9,391,857
Euro		350,441	102,031,057	102,381,498
Hong Kong Dollar		593	8,903,162	8,903,755
Japanese Yen		36,259,484	41,101,242	77,360,726
New Zealand Dollar		214	525,368	525,582
Norwegian Krone		11	1,238,922	1,238,933
Pound Sterling		615,657	124,125,571	124,741,228
Singapore Dollar		58	3,274,188	3,274,246
Swedish Krona		-	3,127,166	3,127,166
Swiss Franc		281	20,658,490	20,658,771
Total	\$	37,362,138	359,279,258	396,641,396

The System’s exposure to foreign currency risk also includes foreign currency transactions that are included in trades pending settlement as of December 31, 2025 and 2024:

Currency	2025 Fair value	2024 Fair value
Australian Dollar	\$ -	390,684
Euro	82,212	-
Japanese Yen	-	(36,506,074)
	\$ 82,212	(36,115,390)

NOTE 4: FAIR VALUE MEASUREMENT

In accordance with GASB Statement No. 72, COAERS categorizes the fair value measurements of its investments within a hierarchy as established by Generally Accepted Accounting Principles. Fair value measurements are classified as Level 1, Level 2, or Level 3, based on the inputs utilized to establish fair value:

Level 1 inputs are based on quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that an entity can access at the measurement date.

Level 2 inputs (other than quoted prices included within Level 1) are observable for similar assets or liabilities, either directly or indirectly. These include quoted prices of securities that are comparable in coupon, rating, maturity and industry. Inputs other than observable quoted prices take into account operational, market, financial and non-financial factors (interest rates, yield curves, credit risk, and default rates) or other market corroborated inputs that are observable at commonly quoted intervals for the full term of the investment.

Level 3 inputs are developed by the reporting entity based on unobservable inputs for an asset or liability.

The categorization of investments described above is based solely upon the objectivity of the inputs used, to reflect their relative reliability in the measurement of an investment’s fair value and does not reflect the level of risk associated with the investment.

All equities securities, which include U.S., International, Emerging Markets, Real Estate Investment Trusts, and Infrastructure, are classified in Level 1 of the fair value hierarchy as these are valued using quoted prices in active markets for those investments. Futures contracts traded in active markets are also classified as Level 1.

The investments classified in Level 2 of the fair value hierarchy have available prices but are not traded in an active market. Certain fixed income securities and options contracts fall into this category. Collective Trusts are also classified as Level 2 based on daily liquidity available at a single NAV.

For investments in certain entities that calculate net asset value and do not have readily determinable fair values, fair value reporting is permitted based on the NAV per share (or its equivalent) as a practical expedient, where certain conditions are met. These investments are not included in the leveling hierarchy.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 & 2024 (CONTINUED)

COAERS investments have the following fair value measurements as of December 31, 2025 and 2024, respectively.

	2025 fair value measurements using			
		Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
	Total	(Level 1)	(Level 2)	(Level 3)
Investments at fair value level:				
Global equities				
U.S. equities				
U.S. equity securities	\$ 467,675,280	467,675,280	-	-
U.S. equity collective trust	1,003,819,353	-	1,003,819,353	-
	1,471,494,633	467,675,280	1,003,819,353	-
Developed markets equities				
Developed markets equity securities	307,805,958	307,805,958	-	-
Developed markets equity collective trust	229,402,138	-	229,402,138	-
	537,208,096	307,805,958	229,402,138	-
Emerging markets equities				
Emerging markets collective trust	86,628,909	-	86,628,909	-
Emerging markets equity mutual fund	193,412,168	193,412,168	-	-
	280,041,077	193,412,168	86,628,909	-
Fixed income				
U.S. Treasury	246,109,005	-	246,109,005	-
U.S. government agency	1,415,902	-	1,415,902	-
Municipal	2,518,074	-	2,518,074	-
Corporate	258,416,482	-	258,416,482	-
Securitized	301,032,597	-	301,032,597	-
Foreign government	4,353,996	-	4,353,996	-
	813,846,056	-	813,846,056	-
Real assets				
Real estate equity				
U.S. REITS	131,386,647	131,386,647	-	-
Real estate institutional collective trust	168,226,430	-	168,226,430	-
Infrastructure & other				
U.S. equities	44,684,647	44,684,647	-	-
International equities	41,080,628	41,080,628	-	-
Commodities	85,037,736	85,037,736	-	-
	470,416,088	302,189,658	168,226,430	-
Cash and equivalents				
Short-term investments	228,966,911	94,087,517	134,879,394	-
	228,966,911	94,087,517	134,879,394	-
Total investments measured at fair value level	3,801,972,861	1,365,170,581	2,436,802,280	-
Investments measured at cost:				
Cash and equivalents				
U.S. Dollar	53,224,859			
Foreign currency	1,208,912			
Total investments measured at cost	54,433,771			
Investments measured at NAV:				
Infrastructure limited partnership	112,153,129			
Private credit limited partnership	75,727,954			
Total investments measured at NAV	187,881,083			
Total investments	\$ 4,044,287,715			

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 & 2024 (CONTINUED)

	2024 fair value measurements using			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments at fair value level:				
Global equities				
U.S. equities				
U.S. equity securities	\$ 362,108,906	362,108,906	-	-
U.S. equity collective trust	931,356,512	-	931,356,512	-
	1,293,465,418	362,108,906	931,356,512	-
Developed markets equities				
Developed markets equity securities	324,018,564	324,018,564	-	-
Developed markets equity collective trust	158,781,718	-	158,781,718	-
	482,800,282	324,018,564	158,781,718	-
Emerging markets equities				
Emerging markets collective trust	89,685,919	-	89,685,919	-
Emerging markets equity mutual fund	137,359,310	137,359,310	-	-
	227,045,229	137,359,310	89,685,919	-
Fixed income				
Corporate	86,789,846	-	86,789,846	-
U.S. government	371,602,098	52,216,718	319,385,380	-
Securitized	71,973,913	-	71,973,913	-
	530,365,857	52,216,718	478,149,139	-
Real assets				
Real estate equity				
U.S. REITS	127,917,591	127,917,591	-	-
Real estate institutional collective trust	161,321,468	-	161,321,468	-
Infrastructure & other				
U.S. equities	39,400,215	39,400,215	-	-
International equities	35,260,694	35,260,694	-	-
Commodities	51,687,908	51,687,908	-	-
	415,587,876	254,266,408	161,321,468	-
Multi-asset				
Asset allocation index fund	99,879,553	99,879,553	-	-
	99,879,553	99,879,553	-	-
Cash and equivalents				
U.S. Dollar	218,178,511	58,214,796	159,963,715	-
Foreign currency	36,259,136	-	36,259,136	-
	254,437,647	58,214,796	196,222,851	-
Total investments measured at fair value level	3,303,581,862	1,288,064,255	2,015,517,607	-
Investments measured at cost:				
Cash and equivalents				
U.S. Dollar	37,895,832			
Foreign currency	1,103,002			
Total investments measured at cost	38,998,834			
Investments measured at NAV:				
Infrastructure limited partnership	101,283,542			
Private credit limited partnership	69,003,671			
Total investments measured at NAV	170,287,213			
Total investments	\$ 3,512,867,909			
Other items reported at fair value level:				
Foreign currency forwards (assets)	\$ 51,717,248	-	51,717,248	-
Foreign currency forwards (liabilities)	\$ (49,838,195)	-	(49,838,195)	-

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 & 2024 (CONTINUED)

COAERS values its private market investments based on the investment funds' financial statements and the System's ownership. Private market investments may have provisions that can impact liquidity. The table below presents the unfunded commitments, redemption frequency, and the required redemption notice periods for each investment.

Investments measured at the net asset value (NAV)						
	2025		2024		Redemption frequency	Redemption notice period
	Fair value	Unfunded commitments	Fair value	Unfunded commitments		
Infrastructure limited partnership	\$ 112,153,129	-	101,283,542	-	Quarterly	90 days
Private credit limited partnership	75,727,954	14,400,000	69,003,671	21,600,000	After each 3-year reinvestment period	180 days
	<u>\$ 187,881,083</u>	<u>14,400,000</u>	<u>170,287,213</u>	<u>21,600,000</u>		

IFM's Global Infrastructure Fund invests in core infrastructure assets in developed markets. The investment in the fund is through a Delaware limited partnership, which offers quarterly redemptions with a 90-day notice.

Blue Owl's private credit limited partnership invests in middle market direct lending. The investment seeks to generate income in the form of interest earnings and appreciation, while preserving capital. Beginning December 31, 2025, investors may terminate at the end of each 3-year reinvestment period with a 180-day withdrawal notice.

NOTE 5: DERIVATIVES

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. The System’s IPS gives investment managers the ability to utilize certain derivatives to manage risk or to more efficiently implement investment strategies. Allowable derivatives include futures, forwards, structured notes, and options. COAERS derivatives at December 31, 2025 and 2024 are as follows:

Derivatives	2025 Fair Value	Change in Fair Value	Notional Value
U.S. Treasury futures	\$ (209,984)	(209,984)	17,454,656
Gold futures	(4,721,030)	(4,721,030)	(98,977,080)
Equity index futures	24,088	24,088	54,795,375
Equity index options	164,640	(250,187)	-
	\$ (4,742,286)	(5,157,113)	(26,727,049)

Derivatives	2024 Fair Value	Change in Fair Value	Notional Value
U.S. Treasury futures	\$ (2,339,906)	(2,339,906)	69,248,500
Gold futures	(354,310)	(354,310)	(59,451,800)
Equity index futures	(1,208,603)	(1,208,603)	63,512,525
Equity index options	275,940	(697,083)	-
Foreign currency forwards	1,879,053	1,879,053	-
	\$ (1,747,826)	(2,720,849)	73,309,225

Futures and Options

COAERS investments in futures and options are reported at fair value and classified as investments on the Statement of Fiduciary Net Position; changes in fair value are included in net appreciation (depreciation) in the fair value of investments on the Statement of Changes in Fiduciary Net Position.

Foreign Currency Forwards

The System may invest in foreign currency forwards to hedge the value of a portion of its investments denominated in foreign currencies. Currency forwards are an agreement between the System and a counterparty to exchange a specific amount of currency, at a specific rate, and on a specific date. There are no forward contracts outstanding as of December 31, 2025. The System’s forward contracts at December 31, 2024 are classified as pending trades on the Statement of Fiduciary Net Position, and changes in fair value are included in net appreciation/depreciation in the fair value of investments on the Statement of Changes in Fiduciary Net Position.

NOTE 6: CAPITAL ASSETS

The following summarizes the capital asset account balances as of December 31, 2025 and December 31, 2024, and changes to the accounts during the years then ended:

	Balance 12/31/2023	Additions	Disposals	Balance 12/31/2024	Additions	Disposals	Balance 12/31/2025
Capital assets not being depreciated:							
Land	\$ 8,625,000	-	-	8,625,000	-	-	8,625,000
Capital assets being depreciated:							
Furniture and equipment	6,891,880	98,198	(122,888)	6,867,190	15,487	-	6,882,677
Building and improvements	21,483,768	228,466	-	21,712,234	-	-	21,712,234
Total	28,375,648	326,664	(122,888)	28,579,424	15,487	-	28,594,911
Less accumulated depreciation:							
Furniture and equipment	4,033,606	656,636	(122,888)	4,567,354	648,885	-	5,216,239
Building and improvements	439,355	603,817	-	1,043,172	616,479	-	1,659,651
Total	4,472,961	1,260,453	(122,888)	5,610,526	1,265,364	-	6,875,890
Total capital assets, net of accumulated depreciation	\$ 32,527,687	(933,789)	-	31,593,898	(1,249,877)	-	30,344,021

NOTE 7: FEDERAL INCOME TAXES

The Plan is a Public Employee Retirement System and is exempt from federal income taxes. A favorable determination letter from the Internal Revenue Service was issued in February 2014.

NOTE 8: RISK MANAGEMENT

The System is exposed to various risks of loss related to torts; errors; omission; theft of, damage to, and destruction of assets; and natural disasters. The risk of loss for such events is transferred through the purchase of various commercial insurance policies. Insurance for workers compensation is maintained in accordance with Texas state law. Management has in place a system of managing risk and reporting mitigation activities to the Board periodically.

NOTE 9: NET PENSION LIABILITY

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the fair value of assets. The fair value of assets differs from the smoothed actuarial value of assets that is used by the actuary to calculate the employer's contribution requirement.

The components of COAERS' net pension liability on December 31, 2025 and December 31, 2024 are as follows:

Schedule of Net Pension Liability

Year Ending December 31	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability
2025	\$6,211,037,365	\$ 4,085,892,671	\$ 2,125,144,694	65.78%
2024	\$5,957,378,923	\$ 3,570,725,498	\$ 2,386,653,425	59.94%

This information is also presented as Required Supplementary Information in the Schedule of Changes in the Net Pension Liability and Related Ratios, which presents ten-year trend information illustrating changes in the plan's fiduciary net position over time, relative to the total pension liability.

A. Assumptions and Actuarial Methods

The total pension liability was determined by an actuarial valuation as of December 31, 2025, and measurement date of December 31, 2025. The assumptions and methods, summarized below, were adopted by the Board of Trustees based on the experience investigation that covered the five-year period from January 1, 2019 through December 31, 2023.

Inflation	2.50%
Salary increases	3.75% to 6.50%
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are gender specific. Last updated for the December 31, 2024 valuation pursuant to an experience study of the 5-year period ending December 31, 2023.
Mortality	PubG-2010 Healthy Retiree Mortality Table (for General employees) with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2021. Mortality improvement is projected from the mortality table's base year of 2010.
Other Information	The Plan does not require regular ad hoc post-employment benefits, and none have been made since 2002.

B. Single Discount Rate

For 2025 and 2024, the single discount rate was 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions and employer contributions will be made in accordance with the actuarial determined contributions as specified by statute. Based on these assumptions, the pension plan’s fiduciary net position was projected to be sufficient to finance the projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments.

The long-term expected rate of return on the System’s pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of December 31, 2025 and 2024 are as follows:

Long-Term Expected Real Rate of Return

Asset Class	2025	2024
Global equities	7.03%	7.13%
Private equity	11.02%	–
Real assets	7.13%	7.44%
Private credit	7.36%	–
Fixed income	2.67%	2.07%
Multi-asset	–	4.97%
Cash & equivalents	0.41%	-0.29%

c. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the Discount Rate, the following presents the plan’s net pension liability, calculated using a Discount Rate of 6.75%, as well as what the plan’s net pension liability would be if it were calculated using a Discount Rate that is one percent lower or one percent higher for both years 2025 and 2024:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Year Ending December 31	1% Decrease 5.75%	Current Single Discount Rate 6.75%	1% Increase 7.75%
2025	\$ 2,893,125,477	\$ 2,125,144,694	\$ 1,485,058,468
2024	\$ 3,150,541,059	\$ 2,386,653,425	\$ 1,758,727,736

Schedule of Changes in the Net Pension Liability and Related Ratios

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fiscal year ending December 31,										
Total pension liability	\$ 172,947,491	\$ 165,722,406	\$ 175,911,653	\$ 132,573,978	\$ 122,860,286	\$ 121,881,354	\$ 117,635,215	\$ 111,438,032	\$ 107,767,510	\$ 107,111,330
Service cost	403,544,962	374,969,729	342,517,697	335,216,455	324,735,713	310,318,953	295,341,490	281,403,651	266,257,048	251,684,051
Interest on the total pension liability	-	-	(5,148,592)	-	-	-	-	-	-	-
Benefit changes	(14,026,605)	84,183,926	122,135,399	60,429,133	(11,910,396)	12,524,483	23,671,597	1,882,436	22,754,618	19,913,690
Difference between expected and actual experience	-	5,513,367	(627,982,561)	588,186,779	142,269,829	-	279,897,169	-	-	-
Assumption changes	(303,287,323)	(284,927,612)	(270,026,717)	(259,245,111)	(242,860,638)	(227,737,284)	(213,956,372)	(198,846,376)	(186,286,855)	(175,218,095)
Benefit payments	(5,520,083)	(5,585,195)	(4,033,161)	(5,075,851)	(4,266,759)	(3,656,402)	(4,265,174)	(4,140,909)	(4,045,324)	(3,910,786)
Refunds	253,658,442	339,876,621	(266,626,282)	852,085,383	330,828,035	213,331,104	498,323,925	191,736,834	206,446,997	199,580,190
Net change in total pension liability	5,957,378,923	5,617,502,302	5,884,128,584	5,032,043,201	4,701,215,166	4,487,884,062	3,989,560,137	3,797,823,303	3,591,376,306	3,391,796,116
Total pension liability - beginning	\$ 6,211,037,365	\$ 5,957,378,923	\$ 5,617,502,302	\$ 5,884,128,584	\$ 5,032,043,201	\$ 4,701,215,166	\$ 4,487,884,062	\$ 3,989,560,137	\$ 3,797,823,303	\$ 3,591,376,306
Total pension liability - ending (a)										
Plan fiduciary net position	\$ 198,784,264	\$ 183,109,821	\$ 163,839,285	\$ 146,618,486	\$ 141,218,720	\$ 130,742,811	\$ 123,609,683	\$ 116,485,749	\$ 110,846,582	\$ 104,272,794
Employer contributions	105,924,749	90,330,927	80,572,969	69,189,012	66,819,864	71,469,702	63,626,285	58,713,327	56,193,592	60,801,253
Member contributions	525,985,772	316,278,755	357,113,464	(550,086,981)	411,209,611	307,289,216	503,853,505	(157,242,103)	376,820,025	171,640,015
Pension plan net investment income	(303,287,323)	(284,927,612)	(270,026,717)	(259,245,111)	(242,860,638)	(227,737,284)	(213,956,372)	(198,846,376)	(186,286,855)	(175,218,096)
Benefit payments	(5,520,083)	(5,585,195)	(4,033,161)	(5,075,851)	(4,266,759)	(3,656,402)	(4,265,174)	(4,140,909)	(4,045,324)	(3,910,786)
Refunds	(9,423,208)	(9,112,590)	(8,549,285)	(6,763,638)	(6,528,499)	(6,594,536)	(6,218,288)	(4,024,367)	(2,778,290)	(2,700,916)
Pension plan administrative expense	2,703,002	1,939,076	-	-	962	-	-	-	-	-
Other	515,167,173	292,033,182	318,916,555	(605,364,083)	365,593,261	271,513,507	466,649,639	(189,054,679)	350,749,730	154,884,264
Net change in plan fiduciary net position	3,570,725,498	3,278,692,316	2,959,775,761	3,565,139,844	3,199,546,583	2,928,033,076	2,461,383,437	2,650,438,116	2,299,688,386	2,144,804,122
Plan fiduciary net position - beginning	\$ 4,085,892,671	\$ 3,570,725,498	\$ 3,278,692,316	\$ 2,959,775,761	\$ 3,565,139,844	\$ 3,199,546,583	\$ 2,928,033,076	\$ 2,461,383,437	\$ 2,650,438,116	\$ 2,299,688,386
Plan fiduciary net position - ending (b)										
Net pension liability - ending (a) - (b)	\$ 2,125,144,694	\$ 2,386,653,425	\$ 2,338,809,986	\$ 2,924,352,823	\$ 1,466,903,357	\$ 1,501,668,583	\$ 1,559,850,986	\$ 1,528,176,700	\$ 1,147,385,187	\$ 1,291,687,920
Plan fiduciary net position as a percentage of total pension liability	65.78%	59.94%	58.37%	50.30%	70.85%	68.06%	65.24%	61.70%	69.79%	64.03%
Covered payroll	\$ 1,037,789,000	\$ 971,978,921	\$ 862,312,026	\$ 771,676,242	\$ 743,256,421	\$ 726,348,950	\$ 686,720,461	\$ 647,143,050	\$ 615,814,344	\$ 579,293,294
Net pension liability as a percentage of covered payroll	204.78%	245.55%	271.23%	378.96%	197.36%	206.74%	227.14%	236.14%	186.32%	222.98%

See accompanying Independent Auditors' report

Notes to Schedule:

- 1) Covered payroll is imputed from the actual employer contributions during the calendar year.
- 2) Actuarial assumptions changes, by year presented:
 - 2016 to 2018 - No assumption changes.
 - 2019 - The investment return decreased to 7.0%; inflation decreased to 2.5%; rate of salary increase range changed to 3.50% - 5.75%; retirement age experience-based table updated; mortality tables changed to the PubG-2010 Healthy Retiree Mortality Table with full generational projection.
 - 2020 - No assumption changes.
 - 2021 - The investment return decreased to 6.75%.
 - 2022 - The investment return assumption of 6.75% remained, however, because the pension plan's fiduciary net position was only expected to be available through 2027, the actuarial assumed rate of return was blended with the municipal bond rate of 4.05% to produce a Single Discount Rate of 5.87%.
 - 2023 - The investment return of 6.75% was applied to all projected benefit payments as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.
 - 2024 - The projection scale for generational mortality improvement was updated to the ultimate MP 2021 Scale. Wage inflation increased to 3.75% - 6.50%.
 - 2025 - No assumption changes. Other income in 2025 includes rental income and interest earned on depository accounts; in prior years, depository interest was included in net investment income.

Schedule of Contributions

FY Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	114,931,790	104,272,793	10,658,997	579,293,294	18.00%
2017	120,761,193	110,846,582	9,914,611	615,814,344	18.00%
2018	125,092,752	116,485,749	8,607,003	647,143,050	18.00%
2019	133,017,753	123,609,683	9,408,070	686,720,461	18.00%
2020	156,528,199	130,742,811	25,785,388	726,348,950	18.00%
2021	156,232,500	141,218,720	15,013,780	743,256,421	19.00%
2022	168,842,762	146,618,486	22,224,276	771,676,242	19.00%
2023	197,555,685	163,839,285	33,716,400	862,312,026	19.00%
2024	183,109,821	183,109,821	-	971,978,921	18.84%
2025	198,784,264	198,784,264	-	1,037,789,000	19.15%

Notes:

- 1) Covered payroll is imputed payroll based on employer contributions.
- 2) Prior to 2024, members and employers contributed based on statutorily fixed or negotiated rates. Beginning with 2024, employer contribution rates are determined actuarially. The rates for 2025 were determined by the Risk Sharing Valuation as of December 31, 2023.

Schedule of Investment Returns

Year	Annual Return *
2025	15.02%
2024	9.86%
2023	12.31%
2022	-15.63%
2021	13.01%
2020	10.65%
2019	20.70%
2018	-5.97%
2017	16.61%
2016	8.08%

* Annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of investment expenses.

See accompanying Independent Auditors' report

OTHER SUPPLEMENTARY INFORMATION DECEMBER 31, 2025

Investment Expenses

	<u>2025</u>
Professional Services	
Investment manager fees	\$ 4,331,368
Investment consultant fees - Meketa & Albourne	610,000
Custodian fees - The Bank of New York Mellon	260,000
Manager transition fees	183,006
Transaction costs and other fees	50,650
Investment legal counsel	31,658
	<u>5,466,682</u>
Other Investment-related expenses	
Investment systems	414,215
Investment research	91,793
Due diligence site visits	50,639
Professional development	36,622
	<u>593,269</u>
Total	\$ <u>6,059,951</u>

Note: Investment Manager Fees are presented on an accrual basis and do not include fees directly charged against the net asset value of investment funds. For more information, please refer to the Investment Section.

Administrative Expenses

	<u>2025</u>
Personnel and general administrative	\$ 5,535,342
Depreciation and amortization	1,265,364
Facilities	1,039,895
Professional services	678,422
Information Technology	601,935
Insurance	208,260
Member communications	93,990
	<u>9,423,208</u>
Total	\$ <u>9,423,208</u>

Professional Services

	<u>2025</u>
Actuarial	
GRS Retirement Consulting Group	\$ 127,835
Audit	
CLA LLP	75,008
Information Technology Services	
The Segal Company, Inc.	127,008
Whitehat Virtual Technologies	69,190
CLA LLP	42,976
Ntirety	35,765
Levi, Ray & Shoup	26,907
Security Pursuit	18,300
Express Information Systems	6,600
	<u>326,746</u>
Legal	
The Knight Law Firm	52,291
Jackson Walker	17,064
Clark Hill Strasburger	15,100
	<u>84,455</u>
Other	
Governmental Relations - HillCo Partners LLC	60,000
Disability Review - Harold Skaggs, M.D.	4,378
	<u>64,378</u>
Total	\$ <u>678,422</u>

See accompanying Independent Auditors' report

INVESTMENT SECTION



REPORT ON INVESTMENT ACTIVITY



Trustees:

It is our pleasure to update you on the progress COAERS has achieved towards its strategic goal of becoming a best-in-class investment program. The investment staff at COAERS seek to contribute meaningfully to the sustainability of the valuable benefit we share by focusing the investment program on the key drivers of long-term investment value. Additionally, we seek to build upon a long tradition of strong stewardship that is grounded in exemplary fiduciary principles. As the graphic below indicates, we made significant progress in 2025.

2025			
Simplified COAERS' Investment Policy Statement	Completed Private Market Consultant Search	Completed Private Markets Strategic Plan & Pacing Study	
Completed Global Equities Asset Allocation Review	Completed Fixed Income and Cash & Equivalents Asset Allocation Review	Completed Real Assets Asset Allocation Review	Completed Private Credit Asset Allocation Review
<i>Investment Program Costs including Investment Manager Fees: 27 bps</i>			

During 2025, this continuing commitment to best-in-class stewardship of the Fund led us to undertake many important strategic initiatives with respect to the investment program:

- COAERS simplified the Investment Policy Statement which enhanced Board oversight of the investment program and established appropriate guardrails across available investments.
- COAERS completed a Private Markets Consultant search, which resulted in the Board's selection of Albourne as the COAERS' Private Markets Consultant. In this role, Albourne will guide COAERS' Board and assist investment staff as we build out private market programs including Private Equity, Private Credit and Real Assets.
- COAERS, with the help of Albourne, developed a Private Market Strategic Plan and associated Pacing or Funding Plan. The Strategic Plan provides a roadmap for staff, as directed by the Board, to build an appropriately diversified private markets program anchored by the Board's investment beliefs and a keen focus on balancing risk and reward dynamics among investment opportunities. The Pacing plan establishes a timeline for implementation of the Private Markets Strategic Plan including milestones to evaluate implementation.
- COAERS, with the help of Meketa, completed reviews of each of the major asset class categories. Reviews highlighted appropriateness of current positioning relative to strategic targets as well as mandate level performance versus respective benchmarks.

REPORT ON INVESTMENT ACTIVITY (CONTINUED)

As a long-term investor, the Fund maintains sound investment processes across investment cycles. The 2020's investment environment has proven to be quite volatile. Recall that during 2020 and 2021, nearly all asset classes saw particularly healthy gains following significant monetary and fiscal stimulus during the COVID-19 disruption. These constructive years were followed by a highly unusual and challenging investment environment in 2022 where most traditional asset classes declined significantly. Fiscal years 2023-2024 proved unexpectedly strong across most asset classes and global regions as the US Federal Reserve as well as other Central Banks paused their rate hiking campaign as economic growth prospects improved. The US equity market recovery was led by the "Magnificent 7", which includes growth-oriented technology companies in the artificial intelligence, clean energy and digital transformation industries. Fiscal year 2025 saw a continuation of 2024's strong performance across major asset classes having recovered from early market declines as fears of tariff induced inflation proved incorrect. Gold investors benefited most compared to other asset classes, rising 62%, followed by non-US equity investors across both developed and emerging markets primarily due to the weakening US dollar.

Fixed income performed in line as elevated tariff inflation expectations did not materialize in any meaningful ways while the pace of economic growth prompted the Federal Reserve to lower interest rates by 0.75% during the fourth quarter. Increased demand for "safe haven" assets such as US treasuries and gold increased due to rising geopolitical fears over continued hostilities between Russia and Ukraine threatening expansion into other border states, and increased angst over inflationary potential stemming from the US imposing tariffs on the majority of its international trading partners as well as fear of retaliatory tariffs from those same countries. Nevertheless, the indices for every major COAERS asset and sub-asset class finished the year in positive territory.

Index	Asset Class	1 Year	3 Year	5 Year	10 Year
MSCI ACWI IMI	Public Global Equities	22.1%	20.0%	10.7%	11.4%
MSCI USA IMI	US Equities	16.8%	21.9%	12.8%	13.8%
MSCI World ex-US IMI	Developed Market Equities	32.2%	17.4%	9.0%	8.5%
MSCI Emerging Market IMI	Emerging Market Equities	31.4%	16.3%	4.7%	8.4%
FTSE All Equity REIT	US Real Estate	2.9%	8.4%	6.6%	5.7%
S&P Global Infrastructure	Global Infrastructure	21.5%	13.6%	10.0%	8.5%
BB Commodity	Global Commodities	15.8%	4.0%	10.6%	5.7%
BB US Aggregate Bond	Public US Fixed Income	7.3%	4.7%	(.4%)	2.0%
BB Corporate Credit	US Investment Grade Corporate Credit	7.8%	6.1%	(.1%)	3.3%
US Leveraged Loan +200bps	US Private Credit	7.9%	11.4%	8.4%	7.8%
BB U.S. MBS	US Mortgages	8.6%	4.9%	.1%	1.6%
BB U.S. Treasury Bond	US Treasury Bonds	6.3%	3.6%	(1.0%)	1.4%
BB U.S. Treasury Bill (1-3 Mo)	Cash and Cash Equivalents	4.3%	4.9%	3.2%	2.2%

With the global market environment supporting Plan returns, the Fund ended the year at \$4.03 billion, up 14.9% net of fees for the full year 2025 compared to the Policy Benchmark which gained 15.9%. The deviation between Fund and Policy Benchmark returns was driven primarily by underperformance of COAERS' developed market equities mandates and secondarily by diversification efforts undertaken to offset high concentration levels in US Equity markets throughout the year. These diversification strategies included allocations to less concentrated US Equity strategies and overallocations to both Gold and Cash assets.

REPORT ON INVESTMENT ACTIVITY (CONTINUED)

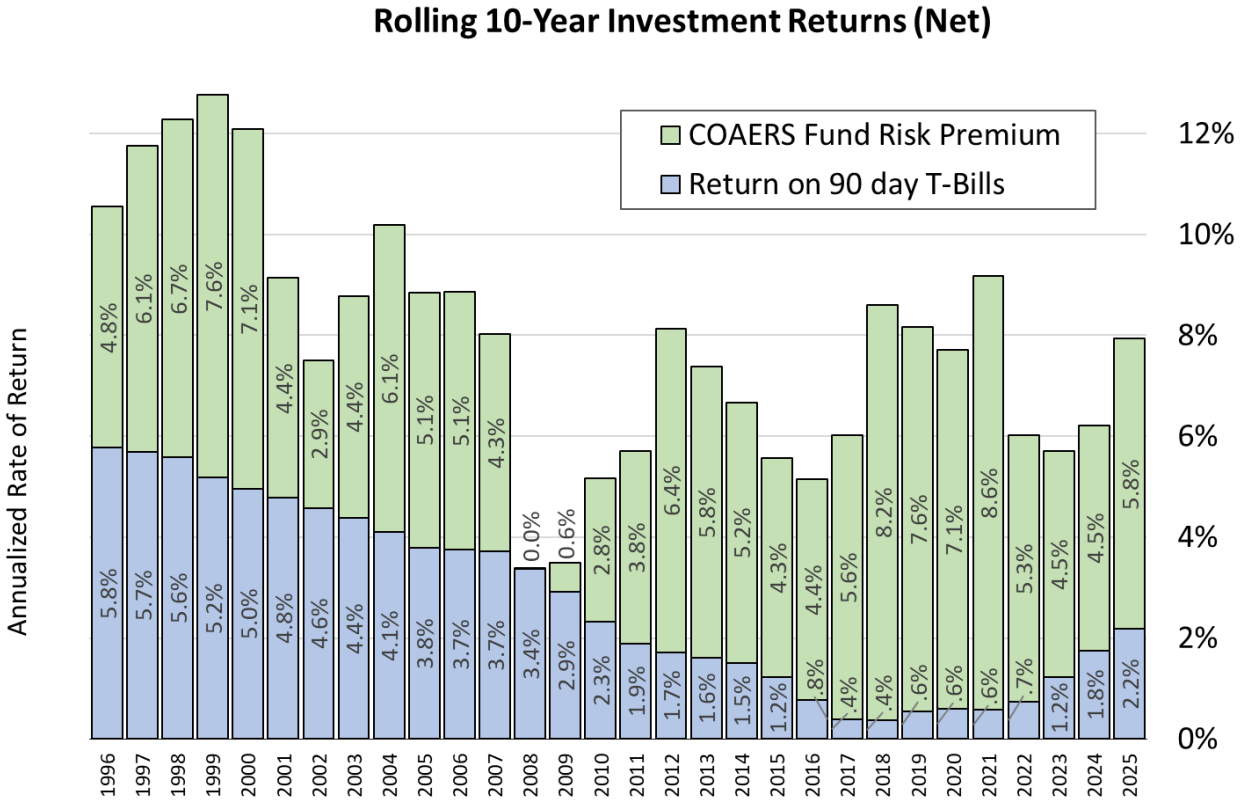
During the year, the Fund remained invested across a wide range of assets as shown in the allocation table below. At the end of 2025, all of the allocations were within the designated strategic ranges with the exception of Private Equities and Private Credit, which are new to COAERS Strategic Asset Allocation and will be built out in the coming years. The allocation between asset classes provided the Fund with broadly diversified market exposure throughout the year.

As COAERS is in the early stages of building a private markets program, the Board has approved Phased Transition Guidelines, which allow for private equity allocation ranges of 0% to 10% and private credit allocation ranges of 0% to 13% during the transition period.

FUND POSITIONING VS. KEY STRATEGIC ASSET ALLOCATION PARAMETERS				
ASSET CLASS/SUB-ASSET CLASS	12/31/25	Minimum	Neutral	Maximum
PUBLIC GLOBAL EQUITIES	58.7%	46.0%	45.0%	66.0%
PRIVATE EQUITIES	0.0%	5.0%	8.0%	10.0%
REAL ASSETS	14.5%	12.0%	15.0%	19.0%
PUBLIC FIXED INCOME	20.1%	18.0%	21.0%	28.0%
PRIVATE CREDIT	1.9%	7.0%	10.0%	13.0%
CASH & EQUIVALENTS	4.8%	0.0%	1.0%	10.0%

REPORT ON INVESTMENT ACTIVITY (CONCLUDED)

The chart below illustrates that over the long-term, the Fund has earned an average of over +5% annually above the risk-free return provided by US Treasury bills. For the period ending in 2025, the 10-year annualized returns for the Fund were 5.8% over the 2.2% return on risk-free investments.



COAERS invests according to sound investment principles and believes effective diversification across stocks, bonds, and other assets will deliver steady growth in the Fund’s principal balance to meet its obligations to both current and future generations. The Fund continues to be managed in a highly professional and principled manner amid an increasingly unpredictable market environment. This high level of stewardship will continue in the years ahead as we remain committed to providing best-in-class performance that enhances the long-term sustainability of the System.

Sincerely,

David Kushner, CFA
Chief Investment Officer



5796 Armada Drive
Suite 110
Carlsbad, CA 92008

760.795.3450
Meketa.com

MEMORANDUM

TO: Board of Trustees, City of Austin Employees' Retirement System
FROM: Leandro A. Festino, Stephanie Sorg, Aaron Lally, Meketa Investment Group
DATE: March 20, 2026
RE: Investment Consultant's Statement for 2025 Annual Comprehensive Financial Report

This letter provides an overview of the capital markets and the City of Austin Employees' Retirement System (the "System") portfolio's positioning for the fiscal year ended December 31, 2025.

The System's stated mission is to provide its members their promised benefits with the vision of being a best-in-class pension plan through excellence in financial stewardship, plan administration, and investment management. To this end, the System strives to align the portfolio's asset allocation, investments, and other related decisions with the goals of the overall System. This alignment is a fundamental part of the Investment Committee's regular meetings, where performance is examined (both on an overall portfolio basis and at the manager level), asset allocation is reviewed and modified to fit changes in expected return, strategic and tactical decisions are discussed, and the System's liabilities are reviewed. Meketa Investment Group, the System's general consultant, works to provide guidance to the Board (the System's fiduciary), and assists the Board with performance evaluation, asset allocation, manager selection, and other industry best practices.

Calendar 2025 Year in Review

At the start of calendar year 2025, the global economy was navigating heightened uncertainty surrounding a new US administration whose anticipated policy shifts, particularly in trade and supply-chain strategy, had the potential to reshape global commerce. Inflation in the United States remained above the Federal Reserve's 2% target, while economic growth continued to show resilience despite the Fed's target interest rate still above 4%. Globally, growth prospects were steady: forecasts called for a 3.3%¹ expansion in 2026, and 3.2% in 2027, broadly consistent with previous forecasts.

Quarter ended March 31, 2025

During the first quarter of 2025 the global economy was characterized by uneven performance across regions, shaped by geopolitical tensions and shifting economic conditions. Uncertainty surrounding the US administration's tariffs, economic policies, and inflationary pressures shaped market sentiment. In the US, domestic equities sold off during the first quarter, with the Russell 3000 Index declining by 4.7%. Growth stocks underperformed value stocks, while small-cap stocks trailed large-cap stocks. Defensive sectors outperformed, reflecting cautious investor sentiment.

Internationally, non-US developed market stocks, as measured by the MSCI EAFE Index, rose by 6.9%, bolstered by rate cuts from the European Central Bank, planned increases in EU defense spending, and a weakening US dollar. Emerging market equities, tracked by the MSCI Emerging Markets Index, returned 2.9%, with notable gains in Chinese equities (+15.0%), driven by enthusiasm around DeepSeek Artificial Intelligence (AI) and stimulus measures introduced by the Chinese government. The divergence in the returns across asset classes highlighted the benefits of diversification, following a prolonged period of US Large Cap Equity dominance.

In the fixed income market, most segments posted positive returns. The broad US bond market (Bloomberg Aggregate Index) gained 2.8%, supported by a falling rate environment. Long-term treasuries



March 20, 2026

were the best performers, with the Bloomberg Long US Treasury Index returning 4.7%. High yield bonds, as represented by the Bloomberg High Yield Index, posted modest gains (+1.0%) primarily due to prevailing economic uncertainties. Both bond and equity volatility increased during the quarter amid policy and trade uncertainty. The US Equity Volatility Index (VIX) and the US Bond Market Volatility Index (MOVE) both finished above their respective long-term averages.

Quarter ended June 30, 2025

In the second quarter, the global economy exhibited uneven performance amid trade developments, fiscal concerns, inflationary pressures, and improving risk sentiment across asset classes. In early April, President Trump unveiled the Liberation Day tariffs, which sent shockwaves throughout global markets, before a 90-day pause was announced a week later. The quarter underscored the benefits of diversification across asset classes, with varying performance driven by fiscal and inflationary dynamics alongside improving risk sentiment.

In the US, equity markets posted strong returns during the quarter, with the Russell 3000 Index gaining 11.0%, driven by stabilizing tariff concerns, robust corporate earnings, and a resilient US economy. Growth stocks significantly outperformed value stocks, particularly in the large-cap segment (Russell 1000 Growth Index: +17.8% versus Russell 1000 Value Index: +3.8%), bolstered by gains in AI-related mega-cap technology companies. Small-cap stocks (Russell 2000 Index) also performed well, rising 8.5%, though they trailed large-cap stocks (Russell 1000 Index) which gained 11.1%.

Developed international equities outpaced US peers during the quarter, with the MSCI EAFE Index returning +11.8% as continued weakness in the US dollar acted as a significant tailwind to local returns. Emerging markets ended the quarter slightly ahead of developed peers at +12.0% (MSCI Emerging Markets Index), benefitting from the weakening US dollar and dialogue between the US and China post the Liberation Day selloff.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate Index gaining 1.2%, supported by stable or declining treasury yields. Longer duration treasuries underperformed (Bloomberg Long US Government Index: -1.5%) primarily due to fiscal concerns driving yields higher at the long end of the curve. Inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), with the Bloomberg TIPS Index gaining 0.5%.

Quarter ended September 30, 2025

The global economy demonstrated uneven performance due to monetary policy shifts, geopolitical developments, and evolving risk sentiment across asset classes. In late August, Federal Reserve Chair Powell's comments at Jackson Hole signaled potential rate cuts, which buoyed market expectations for additional cuts and supported asset prices. The quarter highlighted the benefits of diversification across asset classes, with varied performance driven by monetary policy dynamics, resilient economic growth, and strong earnings.

In the US, equity markets posted strong returns, with the Russell 3000 Index gaining 8.2%, driven by robust corporate earnings, continued demand for AI investments, and a resilient US economy. Small-cap stocks outperformed large-cap stocks, reversing prior trends, while growth and value stocks delivered mixed results across market capitalizations. Technology and materials sectors were key contributors to the rally, with materials benefitting from a rally in precious and industrial metals.

Non-US developed equity markets (MSCI EAFE Index) rose 4.8%, supported by easing monetary policy and strong corporate earnings. Japan was a standout performer, benefiting from a weaker yen, robust



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tech exports, and favorable political shifts. However, the strengthening US dollar tempered returns for US investors.

Emerging market equities (MSCI Emerging Markets Index) outperformed developed markets, gaining 10.6% during the quarter. China (MSCI China Index) led the way with a remarkable 20.7% return, driven by domestic chipmaker support, accelerating AI spending, and optimism surrounding policy changes. Despite these gains, the stronger dollar posed a slight headwind for US investors.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate Index gaining 2.0%, supported by softer labor data and dovish central bank policies. Longer-dated treasuries and high-yield bonds performed slightly better, each returning 2.5%, while inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), which rose 2.1%.

Quarter ended December 31, 2025

Global markets delivered positive returns despite ongoing policy and trade uncertainty. The quarter was marked by cautious optimism as the US government reopened in mid-November following the longest shutdown on record. The shutdown weighed on near-term economic activity and added uncertainty for policymakers and financial markets, underscoring the benefits of staying invested across asset classes.

In the US, equity markets posted modest gains during the quarter, with the Russell 3000 Index rising 2.4%, bringing the full-year return to 17.1%. Value stocks outperformed growth stocks as market sentiment shifted toward economically sensitive areas and away from AI-related mega-cap technology companies. Healthcare stocks led the rebound in Q4, contributing significantly to the overall gains.

Non-US developed equity markets (MSCI EAFE Index) outperformed US equities, gaining 4.9% in the quarter and 31.2% for the year. These returns were supported by attractive valuations, a rotation out of US tech stocks, and increased defense and infrastructure spending.

Emerging market equities (MSCI Emerging Markets Index) rose 4.7% in the quarter, contributing to a full-year return of 33.6%. While Chinese equities declined in Q4 (MSCI China Index: -7.4%) primarily due to domestic challenges, strong returns in South Korea and Taiwan drove the broader emerging market rally.

In the fixed income market, most segments posted positive returns for the quarter, with the Bloomberg Aggregate Index gaining 1.1%. Riskier bonds outperformed, as emerging market debt and US high-yield bonds returned 1.6% and 1.3%, respectively. Cooling inflation contributed to modest gains in Treasury Inflation-Protected Securities (TIPS), with short-term TIPS rising 0.4% and longer-dated TIPS up 0.1%.

Summary

Overall, global economies exhibited divergent growth and inflation outcomes in 2025. The US saw an annual GDP growth of 2.1% for the full calendar year, using the second estimate of economic growth from the Bureau of Economic Analysis.² Headline inflation in the US remained at 2.7% over the trailing 12 months through December 2025, and the Fed Funds rate declined from a range of 4.25-4.50% to start the calendar year, down to 3.50-3.75% by year end. The Eurozone's GDP grew by 1.2%³ in calendar year 2025, with inflation stabilizing at 2.0% for the trailing 12 months ending in December. Japan's economy expanded by 0.4% in calendar year 2025 (preliminary), with an annual inflation rate of 2.1%, and was the only major economy to raise interest rates during the year. China's official government



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numbers showed it grew GDP by 4.5%,⁴ supported by resilient exports, and inflation increased to 0.8% at the end of the calendar year.

Unemployment rates also varied across these regions. In the US, the unemployment rate was 4.4%⁵ in December 2025, slightly up from 12 months ago at 4.1%. The Eurozone's unemployment rate remained relatively stable, ending at 6.2%.⁶ Japan's unemployment rate was low, at approximately 2.6%,⁷ up from 2.4% at the end of last calendar year. In China, the unemployment rate hovered around 5.1%,⁸ with government policies aimed at maintaining employment stability.

Calendar Year 2026 Outlook

In calendar year 2025, the US economy outpaced other developed markets, maintaining robust growth despite elevated interest rates. The federal funds rate ended the year below 4% and roughly 75 basis points lower than where it began. The economy and markets showed resilience in the face of new and often changing tariffs. That resilience, coupled with sustained enthusiasm for AI innovation, contributed to strong performance in equity markets. Fixed income markets also delivered positive returns, supported by risk sentiment and lower volatility.

Calendar year 2026 is poised to be a pivotal one, potentially marked by significant economic, political, and social developments. There are several areas that could guide markets, both positively and negatively. These include:

→ US Growth

- Resilient consumer demand and AI-led investment are expected to support economic growth in 2026, but risks are increasing as labor markets cool and inflation remains sensitive to policy shocks and more recently energy prices.
- The base case for 2026 anticipates continued normalization: growth slows but remains positive, inflation continues to cool but stays vulnerable to tariffs and supply-side shocks.
- A constructive outcome could involve gradual labor-market cooling and predictable easing, enabling broader market contribution to returns. Conversely, a bear case might see inflation re-accelerating alongside rising unemployment, pushing markets into a higher volatility regime and forcing difficult trade-offs for policymakers.
- The interaction of policy and markets will be critical, with the Fed's dual mandate, policy divergence among central banks, and AI-driven equity market dynamics amplifying both upside and downside risks.

→ Federal Reserve

- Lower rates are expected in 2026, but the pace and timing of cuts will be critical to managing volatility and financial conditions. The Federal Reserve may adopt a stop-and-start easing cycle, pausing to reassess progress and adjusting policy based on evolving inflation dynamics and financial conditions.
- The appointment of a new Federal Reserve Chair could introduce communication and credibility risks, complicating efforts to balance price stability with maximum employment. In late January 2026, President Trump nominated former Federal Reserve member Kevin Warsh to replace chair Jerome Powell when his term is up in May. He is a candidate with broad experience within the Federal Reserve during the Global Financial Crisis.



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- Inflation has moderated but remains above target with some risks to the upside, while labor market conditions are gradually cooling. Policymakers face a wide distribution of potential outcomes, particularly if tariff-related price shocks re-emerge, energy prices remain elevated, or services inflation stays sticky.
- Elevated asset valuations flagged in the November 2025 Financial Stability Report⁹ highlight vulnerabilities, reinforcing the concern that easier monetary policy could encourage greater risk-taking even when macroeconomic signals are mixed.

→ **Global Central Banks**

- Monetary policy divergence is widening across regions, driving currency movements, capital flows, and uneven duration (interest rate sensitivity) outcomes. Major central banks are at different points in their cycles, a dynamic that could amplify global economic and market volatility. Given resilient economic activity in the euro area, the European Central Bank is likely to reach the end of its easing cycle. In contrast, with above-target inflation and persistence in wage growth in Japan, the policy rate may continue to be raised in 2026. China on the other hand continues to maintain a supportive policy stance.
- These divergences will be closely monitored for their impact on financial stability, international economic dynamics, and the distribution of outcomes across global markets.
- The interaction of global monetary policies with US policy decisions could further complicate the economic landscape, influencing trade flows and investment strategies.

→ **Geopolitical Tensions**

- In late February 2026, the US and Israel launched coordinated military strikes on Iran following failed nuclear talks, prompting Iranian retaliation across the region and triggering a sharp escalation in geopolitical risk.
- The conflict disrupted oil transit through the Strait of Hormuz, which typically handles about 20% of global crude shipments,¹⁰ leading to a spike in Brent crude prices from around \$65 in January to over \$100 by early March.¹¹
- The resulting energy shock has reignited inflation concerns, pushed up gasoline prices, and increased volatility across equity and credit markets, raising downside risks for global growth.
- Iran has publicly rejected ceasefire proposals, and the US has reinforced its pressure campaign with new sanctions targeting Iran's oil shipping network, suggesting that tensions are likely to persist.
- Going forward, the trajectory of the US–Iran conflict will be a key variable for markets and the global economy, with particular focus on energy supply stability, regional security, and the potential for renewed diplomacy.

→ **AI and Equity Markets**

- AI remains transformative, but equity markets are entering a more selective phase characterized by valuation discipline, sector rotation, and episodic volatility. Market focus may shift from which companies spend the most on AI to which are integrating it most effectively. With immigration policy and demographic issues reducing the workforce, AI's impact on productivity gains will remain key to maintaining positive economic growth.
- AI-driven concentration in US equities, particularly among mega-cap tech firms, could amplify both upside and downside market outcomes. Concerns started mounting toward the end of 2025



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over stretched valuations for the Magnificent 7 companies¹² and what the return on investment would be on the massive capex spent on data centers. This concentration raises questions about broader market participation, future dispersion of returns among these companies, and the sustainability of gains.

- As of 12/31/2024, the Magnificent 7 stocks made up 33.5% of the S&P 500 Index which increased to 34.9% by 12/31/2025. In calendar year 2025, the Magnificent 7 stocks returned 24.9%, with the S&P 500 Index excluding those stocks only returning 15.6% for the year.
- During the first two months of 2026, market leadership broadened beyond the narrow, concentrated trends observed in prior quarters. International equities significantly outperformed US large-cap stocks, supported by continued US dollar weakness, sustained AI-related momentum in several Asian markets, and relatively attractive valuations. Within the US equity market, energy and materials led sector performance, returning +23.4% and +22.8%, respectively, for the year-to-date period ending February 28, 2026. Over the same period, the S&P 500 Equal Weighted Index returned +7.1%, outperforming the capitalization-weighted S&P 500 Index, which returned +0.7%. Style and size leadership also shifted, with value outperforming growth and small-cap stocks outperforming large-cap stocks globally, reversing trends observed in the prior year.
- Key indicators to watch include AI monetization, margin progression, productivity gains, and labor displacement signals, as well as broader earnings impacts beyond mega-cap technology firms.
- Financing conditions and valuation dynamics will play a significant role in shaping equity market outcomes, with AI-driven sectors potentially leading the way while increasing vulnerability to macroeconomic shocks.

The System's 2025 Performance

The fair value of the System's investments increased from \$3.52 billion to \$4.02 billion in the year ended December 31, 2025. The System's overall investment return over the past year was 14.9% while the three-year annualized return was 12.3%. The five-year annualized return for the System investments was 6.2%.¹ At year end, all major asset classes were within the strategic rebalancing ranges outlined within the System's Investment Policy Statement.

During 2025, Staff, the Board, and Meketa Investment Group conducted comprehensive reviews of the public asset classes, and recommended enhancements to the asset class guidelines, portfolio structures and benchmarks were approved by the Board following each review.

The System's investment policies, goals, objectives, performance, and costs are regularly monitored by Staff, the Board, and Meketa Investment Group. These evaluations include analysis of the investment managers and the custodial bank that serve the System. Staff, the Board, and Meketa Investment Group will continue to monitor the portfolio, recommending changes as deemed appropriate to improve potential risk-adjusted return.

The System's publicly traded assets managed through separate accounts, commingled vehicles, and mutual funds were held in custody at The Bank of New York ("BNY") Mellon during the fiscal year ending December 31, 2025. Fair values and returns referenced above are based upon statements prepared by BNY. Their statements are, to the best of our knowledge, reliable and accurate. Investment performance

¹ All stated returns are net of fees.



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is calculated using a time-weighted rate of return methodology (net of fees) based upon fair values and cash flows.

We look forward to continuing to work with Staff and the Board to monitor, review, and attempt to position the System's portfolio to meet its long-term goals and objectives.

If you have any questions, please contact us at (760) 795-3450.

LAF/SBS/AL/sf

3/20/2026

X 

Leandro A. Festino
Managing Principal
Signed by: Shannon Frye

Return, inflation, and treasury rate data from Bloomberg unless otherwise indicated.

¹ Source: International Monetary Fund: <https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026>

² Source: Bureau of Economic Analysis: <https://www.bea.gov/news/2026/gdp-second-estimate-4th-quarter-and-year-2025>

³ Source: Eurostat.

⁴ Source: National Bureau of Statistics of China via Bloomberg.

⁵ Source: Source: FRED and BLS.

⁶ Source: Eurostat.

⁷ Source: Ministry of Internal Affairs and Communications via Bloomberg.

⁸ Source: National Bureau of Statistics of China via Bloomberg.

⁹ Source: Federal Reserve: <https://www.federalreserve.gov/publications/november-2025-financial-stability-report-asset-valuations.htm>

¹⁰ Source: Gulf News: <https://gulfnews.com/business/energy/oil-prices-brent-surges-to-9262-wti-hits-9072-amid-iran-war-1.500466461>

¹¹ Source: U.S. News & World Report: <https://www.usnews.com/news/us/articles/2026-03-08/crude-oil-prices-surpass-100-a-barrel-as-the-iran-war-impedes-production-and-shipping>

¹² The Magnificent 7 companies refer to Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

OUTLINE OF INVESTMENT POLICIES

INVESTMENT RESPONSIBILITIES

The COAERS Board of Trustees has the fiduciary duty of overseeing the Fund and the associated investment process. To assist in the fulfillment of its duties in this regard, the Board will select, engage, monitor, and evaluate a number of parties including the Professional Staff, Investment Consultant, Investment Managers, and Global Custodian.

To establish long-term goals of the investment program, provide a framework for the investment process, and to guide the efforts of parties; the Board has adopted an Investment Policy Statement, which sets out specific duties and responsibilities for each party as a means to achieve the objectives of the Fund, and the Board requires compliance from all parties.

The purpose of the Investment Policy Statement is to assist the Board in effectively supervising, monitoring, and evaluating the investment of the System's assets by:

- Stating the System's Investment Beliefs;
- Establishing the investment goals, objectives, and risk tolerance of the System;
- Defining asset class allocations, targets, and ranges;
- Creating oversight standards for policy implementation; and
- Setting performance objectives and measurement criteria for the Fund.

The major elements of this document, which is reviewed annually and is available in its entirety upon request and via the COAERS' website, are summarized in this section.

INVESTMENT GOALS

The sole purpose of the System's investment fund ("the Fund") is to accumulate the financial reserves necessary to provide benefits to eligible members of the System and their beneficiaries. The long-term primary objective for the Fund is to attain a high level of returns within an acceptable level of risk.

To achieve this outcome consistently and sustainably, the Fund will be structured and managed to maximize, net of all fees and expenses, the probability of achieving over the long term:

1. An annualized nominal rate of return that meets or exceeds the actuarially assumed rate of return for the System;
2. A risk-adjusted relative rate of return that meets or exceeds the Passive Benchmark (i.e., the Reference Portfolio);
3. A risk-adjusted relative rate of return that meets or exceeds the Policy Benchmark (i.e., the Strategic Benchmark); and

The Board, with consultation, advice and assistance from the System's Staff and Investment Consultant(s), will use the Fund's strategic asset allocation process and its effective implementation as the primary tools to achieve these goals. A primary emphasis of the management of the Fund is consistency of growth by seeking to balance the risk of inadequate long-term returns against the risk of permanent impairment of capital. Taxes shall not be a consideration except that the System's tax-exempt status should be preserved. The Fund will pursue achievement of these goals via fiduciary best practices that:

- Ensure proper diversification of asset classes and factor exposures; and
- Maintain appropriate long-term risk and return expectations; and
- Adapt the Fund to changing market conditions, when appropriate.

OUTLINE OF INVESTMENT POLICIES (CONTINUED)

INVESTMENT BELIEFS

The COAERS Board of Trustees, in fulfilling its responsibility of ensuring that these assets are invested in a manner consistent with high fiduciary standards, has adopted the following investment beliefs to guide its asset allocation and investment implementation decisions:

Time Horizon - The Fund is a permanent entity with long-lived liabilities and, as such, it should strive to be a thoughtful, analytical, and patient investor that is focused on achieving successful outcomes.

Governance - Clear governance and decision-making structures that promote decisiveness, simplicity, efficiency, and accountability are effective and add value to the Fund. To the extent possible, investment decision-making should be driven by data and analysis, including the findings of relevant research on financial markets and investment management.

Risk Compensation - The Fund should seek to be well compensated for the investment risks it chooses to bear, risks that should be articulated at the time of investment and revisited regularly.

Risk Management - Risk is multi-faceted, and the appropriate level of the COAERS' portfolio risk is determined within an asset-liability context that focuses on maintaining the viability of the System.

Diversification - Diversification across asset classes and risk factors is central to the System's investment strategy, and investments that may improve the Fund's risk/return profile will be considered. Investments should be considered based on their primary role in the total Fund context, including their impact on total Fund diversification.

Strategic vs. Tactical - Given the long-term nature of the liabilities, the Fund should be a thoughtful and patient investor that focuses on long-term strategic decisions as opposed to the short-term trading of strategies.

Costs - Costs can significantly reduce net returns and therefore must be carefully measured and managed when making decisions regarding investment strategy and implementation.

Implementation - Implementation should occur passively and in public markets unless a high likelihood of success on a risk-adjusted, net-of-fees basis can be expected from other approaches.

RISK MANAGEMENT

The Board takes several steps throughout the investment process to identify, measure, and report on investment risk at a variety of different levels. Investment opportunities in various asset classes have differing risk and return expectations. In general, investments with higher expected returns involve a higher level of risk. The Board recognizes that some level of risk must be assumed to achieve the System's long-term investment objectives. The Board will attempt to achieve its investment return objective with an appropriate level of risk using an efficient combination of investments.

The Strategic Asset Allocation process uses risk budgeting for the Fund which provides a transparent, measurable methodology for allocating risk to various investment types in pursuit of the System's investment objectives. To ensure that the risk assumed by the Fund continues to be appropriate, risk levels will be reviewed at least annually, concurrently with an asset allocation study. A more in-depth review will be done at least every five years and coincide with the formal Asset/Liability Study. These processes should incorporate a variety of risk estimates that go beyond simple volatility measures. Sufficient liquidity must be maintained to pay benefits and expenses. The liquidity horizon shall be reviewed periodically, including times when asset allocations and expected return projections are revised.

OUTLINE OF INVESTMENT POLICIES (CONCLUDED)

ASSET ALLOCATION

Asset allocation refers to the process by which the Fund is allocated among various types of investments that share certain fundamental and risk-based characteristics. The Board, with advice from Investment Consultant(s) and Investment Staff, is responsible for establishing the Strategic Asset Allocation (“SAA”) process and parameters for the Fund. SAA refers to the establishment of neutral weights and suitable ranges for the appropriate asset types that determine the distribution of investments within the Fund. The SAA process will seek to optimize expected return net of fees for the Fund within the established risk budget over a long-term horizon by maintaining a highly efficient portfolio.

Since the Fund is designed to benefit both current and future generations of beneficiaries, its time horizon is long. More specifically, the Board should calibrate the SAA process toward the aim of meeting the System’s investment objectives and risk budget over a time horizon of twenty years or more. However, since the benefit payment obligations of the System must be met on a timely and regular basis, cash flow considerations (including the potential for a sustained period of net outflows) will generally be balanced with the long-term liability stream when setting the SAA parameters and the associated risk budget.

Asset/Liability studies provide the primary basis for material changes to the Fund’s strategic asset allocation and overall risk posturing. At least every five years (or more frequently if warranted by a material event in either the liability structure of the Fund, the contribution policy, and/or the capital markets) the Board will conduct a formal Asset/Liability Study to review asset classes, risk-return assumptions, and correlation of returns, and implementation styles in light of the System’s expected liability stream.

The Board has chosen to adopt a rebalancing policy that allows rebalancing the Fund between major asset classes due to market drift. Market movements and cash draws for benefit payments may cause current Fund positioning to drift away from SAA neutral positioning and potentially beyond the prescribed ranges in the Strategic Asset Allocation. Rebalancing activities ensures that the long-term investment objectives of the System are achieved by allowing Investment Staff the flexibility to adjust for market movements and to incorporate current market conditions into the asset allocation. When an asset class has drifted beyond these prescribed ranges, Investment Staff, with concurrence of the Investment Consultant, is authorized to rebalance investments between asset classes to bring Fund positioning back to the prescribed ranges. In all cases the potential benefits of rebalancing must be weighed against the costs, including explicit transaction costs such as commissions and market impact as well as opportunity costs such as Staff time and focus.

MANAGER SELECTION

The Board, acting through its Investment Committee and with advice from its Investment Consultant(s) and Investment Staff, hires Managers to carry out its duties to implement the System’s investment program. Implementation decisions are made with particular attention to the Board’s stated Investment Beliefs regarding the potential benefits of diversification and the impact of costs.

The Board supports disciplined and rigorous processes for selection, monitoring, and retention of Investment Managers. This process includes, among other items, mandate specification, initial diligence, onsite diligence visits, due diligence questionnaires, finalist evaluation, and approval by the Investment Committee and Board. This disciplined process considers both quantitative and qualitative measurements to determine whether an Investment Manager is likely to maintain a consistent philosophy and strategy, perform well on a risk-adjusted basis versus peers pursuing a similar strategy, and add value net of all costs. The Board maintains a Watch List for the purpose of ensuring that concerns regarding any Investment Manager are appropriately recognized, addressed, and resolved.

ASSET ALLOCATION AND FUND POSITIONING AS OF DECEMBER 31, 2025

ASSET CLASS/SUB-ASSET CLASS	STYLE	VEHICLE*	12/31/2025		ASSET ALLOCATION		VARIANCE FROM NEUTRAL	
			VALUE	% OF FUND	NEUTRAL \$	NEUTRAL %	AMOUNT	%
Public Global Equity			\$ 2,366,846,553	58.72%	\$ 1,813,887,991	45.00%	\$ 552,958,562	13.72%
US Equities			1,477,793,900	36.66%	1,138,157,247	28.24%	339,636,652	8.43%
NTAM MSCI US IMI INDEX	PASSIVE	FUND	875,716,670	21.73%				
SSGA - MSCI USA EW INDEX	PASSIVE	SMA	342,907,969	8.51%				
NEWTON - DYNAMIC US EQUITY	ACTIVE	SMA	196,669,435	4.88%				
ALGERT - MSCI US SC EQ	ACTIVE	SMA	62,499,827	1.55%				
Developed Market Equities			609,024,049	15.11%	470,991,031	11.68%	138,033,018	3.42%
WALTER SCOTT & PARTNERS LTD - INT'L EQUITIES	ACTIVE	SMA	197,017,574	4.89%				
1607 CAPITAL PARTNERS LLC - INT'L EQUITIES	ACTIVE	SMA	182,618,014	4.53%				
NTAM MSCI WORLD Ex US IMI INDEX	PASSIVE	FUND	206,585,367	5.13%				
NTAM - MSCI WORLD EX-US SMALL CAP INDEX FUND	PASSIVE	FUND	22,803,094	0.57%				
Emerging Market Equities			280,028,604	6.95%	204,739,713	5.08%	75,288,892	1.87%
BAILLIE GIFFORD - EMERGING MARKETS FUND	ACTIVE	FUND	193,412,168	4.80%				
NTAM MSCI EM IMI INDEX	PASSIVE	FUND	86,616,436	2.15%				
Private Equity			\$ 0	0.00%	\$ 322,468,976	8.00%	\$ (322,468,976)	-8.00%
Real Assets			\$ 584,941,832	14.51%	\$ 604,629,330	15.00%	\$ (19,687,499)	-0.49%
Real Estate Equity			300,415,234	7.45%	310,526,366	7.70%	(10,111,133)	-0.25%
PRINCIPAL GLOBAL INVESTORS - US PROPERTY ACCOUNT	ACTIVE	FUND	168,226,430	4.17%				
FIDELITY - US REITS COMPLETION INDEX	PASSIVE	SMA	132,188,804	3.28%				
Infrastructure Equity			198,635,436	4.93%	205,320,947	5.09%	(6,685,511)	-0.17%
IFM GLOBAL - GLOBAL INFRASTRUCTURE FUND	ACTIVE	FUND	112,153,129	2.78%				
FIDELITY - GLOBAL INFRASTRUCTURE INDEX	PASSIVE	SMA	86,482,307	2.15%				
Commodities & Other			85,891,162	2.13%	88,782,017	2.20%	(2,890,855)	-0.07%
NISA - GOLD FUTURES	PASSIVE	SMA	85,891,162	2.13%				
Public Fixed Income			\$ 811,699,118	20.14%	\$ 846,481,063	21.00%	\$ (34,781,945)	-0.86%
Core Bond			811,699,118	20.14%	846,481,063	21.00%	(34,781,945)	-0.86%
LOOMIS SAYLES CORE FIXED INCOME	ACTIVE	SMA	270,595,240	6.71%				
LOOMIS SAYLES CORE DISCIPLINED ALPHA	ACTIVE	SMA	270,588,560	6.71%				
IR+M CORE AGGREGATE BOND	ACTIVE	SMA	270,515,318	6.71%				
Private Credit			\$ 75,728,743	1.88%	\$ 403,086,220	10.00%	\$ (327,357,477)	-8.12%
BLUE OWL DIRECT LENDING FUND LP 2020	ACTIVE	FUND	75,728,743	1.88%				
Cash & Equivalents			\$ 191,645,957	4.75%	\$ 40,308,622	1.00%	\$ 151,337,335	3.75%
NISA CASH AND CARRY	ACTIVE	SMA	121,305,148	3.01%				
AGINCOURT - 1-3 MONTH TREASURY BILLS	PASSIVE	SMA	65,128,424	1.62%				
BNYMellon - GOVERNMENT SHORT TERM INVESTMENT FUND	ACTIVE	FUND	5,212,385	0.13%				
TOTAL			\$ 4,030,862,203	100.00%	\$ 4,030,862,203	100.00%		

Reconciliation to Statement of Net Position:

Investments	\$ 4,044,287,715	per Statement of Fiduciary Net Position
Interest and dividends receivable	\$ 11,048,539	per Statement of Fiduciary Net Position
Trades pending settlement (net)	\$ (23,031,216)	per Statement of Fiduciary Net Position
Investment Manager Fee Payable	\$ (1,442,836)	per Statement of Fiduciary Net Position
Other (Net)	\$ -	
Total investments (per global custodian)	\$ 4,030,862,203	

*SMA means separately managed account; Fund means mutual fund, collective investment trust, or other pooled investment structure.

SCHEDULE OF INVESTMENT RESULTS

	Balance 12/31/2024	Balance 12/31/2025	CY 2025 Gross Return (%)	CY 2025 Mgmt Fees (Cash Basis)	Annualized Net Return (%)		
					1 Year	3 Years	5 Years
US EQUITY	\$ 1,339,583,069	\$ 1,477,793,900	15.6 %	\$ 1,144,655	15.5 %	18.4 %	11.2 %
NTAM MSCI US IMI INDEX	\$ 638,264,035	\$ 875,716,670	17.2 %	\$107,901	17.2 %	N/A	N/A
<i>MSCI USA IMI Net Index</i>			17.0 %		17.0 %	N/A	N/A
SSGA - MSCI USA EW INDEX	\$ 328,599,544	\$ 342,907,969	10.4 %	\$47,357	10.4 %	14.2 %	9.2 %
<i>MSCI USA Equal Weighted Index</i>			10.1 %		10.1 %	13.7 %	8.7 %
NEWTON - DYNAMIC US EQUITY	\$ 317,977,338	\$ 196,669,435	17.5 %	\$906,805	17.1 %	21.3 %	12.7 %
<i>S&P 500 Index</i>			17.9 %		17.9 %	23.0 %	14.4 %
ALGERT - MSCI US SC EQ	⁽¹⁾	\$ 62,499,827	11.5 %	\$68,458	N/A	N/A	N/A
<i>MSCI USA Small Cap Index</i>			10.0 %		N/A	N/A	N/A
SSGA - MSCI SMALL CAP INDEX FUND	\$ 54,742,152	⁽²⁾	N/A	\$14,135	N/A	N/A	N/A
<i>MSCI USA Small Cap Index</i>			N/A		N/A	N/A	N/A
DM EQUITY	\$ 525,813,043	\$ 609,024,049	22.2 %	\$ 1,401,091	21.9 %	13.2 %	5.4 %
NTAM MSCI WORLD Ex US IMI IDX	\$ 111,187,518	\$ 206,585,367	33.0 %	\$51,912	33.0 %	N/A	N/A
<i>MSCI World Ex USA IMI Net Index</i>			32.2 %		32.2 %	N/A	N/A
WALTER SCOTT - INTERNATIONAL EQUITIES	\$ 202,774,783	\$ 197,017,574	9.0 %	\$853,592	8.6 %	8.4 %	2.1 %
<i>MSCI EAFE USD Net Index</i>			31.2 %		31.2 %	17.2 %	8.9 %
1607 CAPITAL - INTERNATIONAL EQUITIES	\$ 164,308,609	\$ 182,618,014	26.9 %	\$422,622	26.6 %	14.8 %	6.3 %
<i>90% MSCI EAFE/10% MSCI EM Indexes</i>			31.5 %		31.5 %	17.2 %	8.5 %
NTAM - MSCI WORLD EX-US SMALL CAP INDEX FUND	\$ 16,935,261	\$ 22,803,094	34.6 %	\$6,170	34.6 %	16.5 %	7.1 %
<i>MSCI World ex US Small Cap Index</i>			34.1 %		34.1 %	15.8 %	6.5 %
NEWTON - DYNAMIC GLOBAL EX-US EQUITY	\$ 30,606,872	⁽²⁾	N/A	\$66,796	N/A	N/A	N/A
<i>MSCI ACW Ex US Index</i>			N/A		N/A	N/A	N/A
EM EQUITY	\$ 227,003,896	\$ 280,028,604	37.9 %	\$ 1,086,762	37.8 %	18.0 %	3.2 %
BAILLIE GIFFORD - EMERGING MARKETS FUND	\$ 137,359,310	\$ 193,412,168	40.8 %	\$1,004,685	40.8 %	19.5 %	2.7 %
<i>MSCI Emerging Markets Index</i>			33.6 %		33.6 %	16.4 %	4.2 %
NTAM MSCI EM IMI IN	\$ 89,644,586	\$ 86,616,436	31.7 %	\$82,077	31.7 %	N/A	N/A
<i>MSCI Emerging Market IMI Net Index</i>			31.4 %		31.4 %	N/A	N/A
REAL ESTATE EQUITY	\$ 290,100,824	\$ 300,415,234	3.6 %	\$ 1,407,159	3.5 %	1.3 %	3.9 %
PRINCIPAL GLOBAL - US PROPERTY ACCOUNT	\$ 161,321,468	\$ 168,226,430	4.3 %	\$1,314,240	4.2 %	(3.6)%	2.7 %
<i>NCREIF NFI-ODCE Index</i>			2.9 %		3.5 %	(4.6)%	2.3 %
FIDELITY - US REITS INDEX	\$ 128,779,356	\$ 132,188,804	2.7 %	\$92,919 *	2.6 %	8.8 %	6.4 %
<i>FTSE NAREIT REITs Completion Index</i>			2.7 %		2.7 %	8.9 %	6.5 %
INFRASTRUCTURE EQUITY	\$ 176,556,973	\$ 198,635,436	12.6 %	\$ 893,082	12.1 %	9.2 %	9.0 %
IFM GLOBAL - GLOBAL INFRASTRUCTURE FUND	\$ 101,283,542	\$ 112,153,129	10.7 %	\$820,049	9.9 %	7.6 %	9.6 %
<i>S&P Global Infrastructure Index</i>			10.5 %		9.5 %	9.0 %	10.0 %
FIDELITY - GLOBAL INFRASTRUCTURE INDEX	\$ 75,273,431	\$ 86,482,307	15.0 %	\$73,034 *	14.9 %	11.4 %	9.8 %
<i>Dow Jones Brookfield Global Infrastructure</i>			14.1 %		14.1 %	9.4 %	8.0 %
COMMODITIES & OTHER	\$ 52,595,521	\$ 85,891,162	63.4 %	\$ 63,042	63.3 %	31.3 %	17.2 %
NISA - GOLD FUTURES	\$ 52,595,521	\$ 85,891,162	63.4 %	\$63,042	63.3 %	31.3 %	17.2 %
<i>Bloomberg Gold Sub Index</i>			62.5 %		62.5 %	32.4 %	17.1 %
ASSET ALLOCATION	\$ 101,579,807	\$ -	#N/A	\$ 18,451	#N/A	#N/A	#N/A
AGINCOURT - 60/40 PASSIVE INDEX	\$ 101,579,807	⁽²⁾	N/A	\$18,451	N/A	N/A	N/A
<i>COAERS Passive Benchmark</i>			N/A		N/A	N/A	N/A
CORE BOND	\$ 377,608,997	\$ 811,699,118	7.5 %	\$ 826,384	7.3 %	5.1 %	(0.7)%
Loomis Sayles Core Fixed Income	⁽¹⁾	\$ 270,595,240	4.7 %	\$226,790 *	N/A	N/A	N/A
<i>Bloomberg US Aggregate Bond Index</i>			4.4 %		N/A	N/A	N/A
Loomis Sayles Core Disciplined Alpha	⁽¹⁾	\$ 270,588,560	4.7 %	\$255,668 *	N/A	N/A	N/A
<i>Bloomberg US Aggregate Bond Index</i>			4.4 %		N/A	N/A	N/A
IR+M Core Agg Bond	⁽¹⁾	\$ 270,515,318	4.8 %	\$206,201	N/A	N/A	N/A
<i>Bloomberg US Aggregate Bond Index</i>			4.4 %		N/A	N/A	N/A
AGINCOURT - 1-3 YEAR TREASURY	\$ 224,966,601	⁽²⁾	N/A	\$40,996	N/A	N/A	N/A
<i>BB Barclays US Treasury 1-3Y Index</i>			N/A		N/A	N/A	N/A
AGINCOURT - 1-5 YEAR TIPS	\$ 67,873,802	⁽²⁾	N/A	\$12,425	N/A	N/A	N/A
<i>BB Barclays US TIPS 1-5Y Index</i>			N/A		N/A	N/A	N/A
NISA - 30 YEAR TREASURY FUTURES	\$ 56,354,433	⁽²⁾	N/A	\$36,399	N/A	N/A	N/A
<i>BB Barclays US Treasury Bellwether 30Y Index</i>			N/A		N/A	N/A	N/A
HOISINGTON - LONG TREASURY	\$ 28,414,161	⁽²⁾	N/A	\$47,906	N/A	N/A	N/A
<i>BB Barclays US Treasury Bonds Index</i>			N/A		N/A	N/A	N/A

SCHEDULE OF INVESTMENT RESULTS (CONCLUDED)

	Balance 12/31/2024	Balance 12/31/2025	CY 2025 Gross Return (%)	CY 2025 Mgmt Fees (Cash Basis)	Annualized Net Return (%)		
					1 Year	3 Years	5 Years
PLUS BOND	\$ 160,743,877	\$ -	N/A	\$ 291,953	N/A	N/A	N/A
PRUDENTIAL - US INVESTMENT GRADE CREDIT FUND <i>BB Barclays US IG Credit Index</i>	\$ 86,789,846	(²)	N/A	\$170,838	N/A	N/A	N/A
DOUBLELINE CAPITAL LP - AGENCY MBS <i>BB Barclays US MBS Index</i>	\$ 73,954,031	(²)	N/A	\$121,114	N/A	N/A	N/A
PRIVATE CREDIT	\$ 69,006,609	\$ 75,728,743	5.0 %	\$ 997,169	7.5 %	N/A	N/A
BLUE OWL DIVERSIFIED LENDING 2020 LP <i>Morningstar LSTA US Leveraged Loan +2%</i>	\$ 69,006,609	\$ 75,728,743	9.6 % 7.9 %	\$997,169	7.5 % 9.1 %	N/A	N/A
CASH & EQUIVALENTS	\$ 199,154,447	\$ 191,645,957	4.5 %	\$ 195,424	4.3 %	4.9 %	3.2 %
NISA CASH AND CARRY <i>BB Barclays US Treasury 1-3M Index</i>	\$ 71,265,774	\$ 121,305,148	4.6 % 4.3 %	\$147,040	4.4 % 4.3 %	4.9 % 4.9 %	N/A
AGINCOURT - 1-3 MONTH TREASURY <i>BB Barclays US Treasury 1-3M Index</i>	\$ 78,055,554	\$ 65,128,424	4.3 % 4.3 %	\$30,971	4.2 % 4.3 %	4.8 % 4.9 %	3.2 %
BNYMELLON - GOVERNMENT ST INVESTMENT FUND <i>BB Barclays US Treasury 1-3M Index</i>	\$ 4,807,375	\$ 5,212,385	4.3 % 4.3 %	\$1,051	4.1 % 4.3 %	4.8 % 4.9 %	N/A
NISA - ST SOVEREIGNS <i>BB Barclays US Treasury 1-3M Index</i>	\$ 45,025,744	(²)	N/A	\$16,362	N/A	N/A	N/A
Total Fund	\$ 3,519,747,064	\$ 4,030,862,203	15.2 %	\$ 8,325,172	14.9 %	12.3 %	6.2 %
		<i>*COAERS Policy Index</i>	15.9 %		15.8 %	14.1 %	7.0 %

Returns calculated using time-weighted rate of return based on fair values.

Historical Composition of Policy Benchmarks as of Year End:

YE 2025: 56% Global Equities Spliced Benchmark, 12% Real Assets Benchmark, 21% Bloomberg US Agg Bond Index, 10% Morningstar LSTA Leverage Loans +2%, 1% Blmbg. U.S. Treasury Bills: 1-3 Months

YE 2024: 56% MSCI ACW IM Index (USD) (Net), 10% FTSE NAREIT Eq REITs Index (TR), 5% S&P Gbl Infrastructure Index (Net), 21% Bloomberg Gbl Agg Bond Index, 7% Multi-Asset Benchmark, and 1% Bloomberg US T-Bills 1-3 Mo Index.

(¹) Investment initiated during 2025.

(²) Investment terminated during 2025.

(*) includes Manager fees earned in 4Q2025 but paid during 1Q2026.

LARGEST DIRECT PORTFOLIO HOLDINGS

TOP TEN DIRECT HOLDINGS - EQUITIES

SHARES	DESCRIPTION	FAIR VALUE	% of FUND
124,518	WELLTOWER INC	\$ 23,111,786	0.57%
18,019	EQUINIX INC	\$ 13,805,437	0.34%
64,493	DIGITAL REALTY TRUST INC	\$ 9,977,712	0.25%
172,473	REALTY INCOME CORP	\$ 9,722,303	0.24%
29,373	TAIWAN SEMICONDUCTOR MANUFACTURING	\$ 8,926,161	0.22%
552,039	NATIONAL GRID PLC	\$ 8,475,866	0.21%
30,130	PUBLIC STORAGE	\$ 7,818,735	0.19%
7,220	ASML HOLDING NV	\$ 7,813,038	0.19%
90,796	VENTAS INC	\$ 7,025,794	0.17%
103,000	INDUSTRIA DE DISENO TEXTIL SA	\$ 6,815,357	0.17%
	Top 10 Direct Holdings - Equities	\$ 103,492,190	2.57%
	Total COAERS Investment Portfolio as of 12/31/2025	\$ 4,030,862,203	100.00%

Full listing available upon request.

TOP TEN DIRECT HOLDINGS - FIXED INCOME

PAR	DESCRIPTION	FAIR VALUE	% of FUND
57,000,000	U S TREASURY BILL; 0.000% 02/05/2026 DD 08/07/25	\$ 56,809,050	1.41%
23,040,000	U S TREASURY BILL; 0.000% 01/06/2026 DD 09/09/25	\$ 23,031,245	0.57%
21,984,000	U S TREASURY BOND; 4.625% 11/15/2044 DD 11/15/24	\$ 21,621,704	0.54%
19,208,000	U S TREASURY BOND; 4.625% 02/15/2055 DD 02/15/25	\$ 18,582,972	0.46%
18,202,000	U S TREASURY BILL; 0.000% 04/07/2026 DD 12/09/25	\$ 18,032,721	0.45%
16,365,000	U S TREASURY BOND; 4.750% 02/15/2045 DD 02/15/25	\$ 16,341,434	0.41%
15,100,000	U S TREASURY BILL; 0.000% 02/17/2026 DD 10/21/25	\$ 15,031,748	0.37%
14,458,000	U S TREASURY NOTE; 3.625% 08/31/2030 DD 08/31/25	\$ 14,419,108	0.36%
14,140,000	U S TREASURY BILL; 0.000% 03/24/2026 DD 11/25/25	\$ 14,027,870	0.35%
13,510,000	U S TREASURY NOTE; 4.000% 11/15/2035 DD 11/15/25	\$ 13,345,313	0.33%
	Top 10 Direct Holdings - Fixed Income	\$ 211,243,165	5.24%
	Total COAERS Investment Portfolio as of 12/31/2025	\$ 4,030,862,203	100.00%

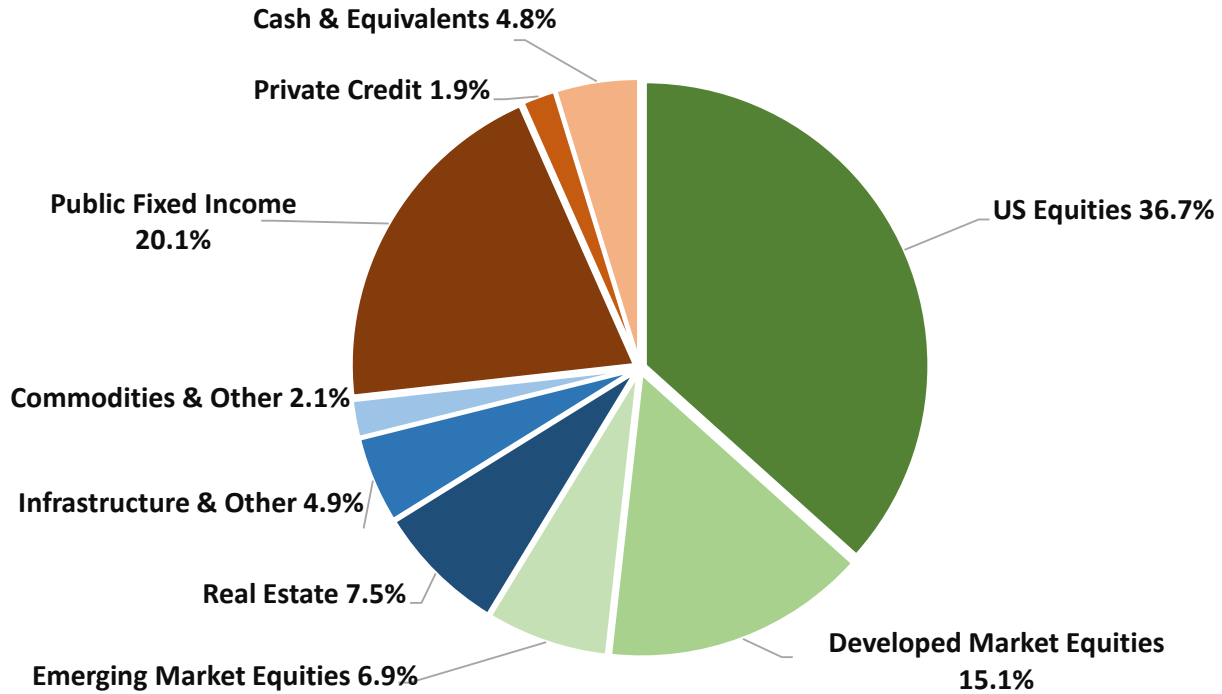
Full listing available upon request.

INVESTMENT SUMMARY AT FAIR VALUE

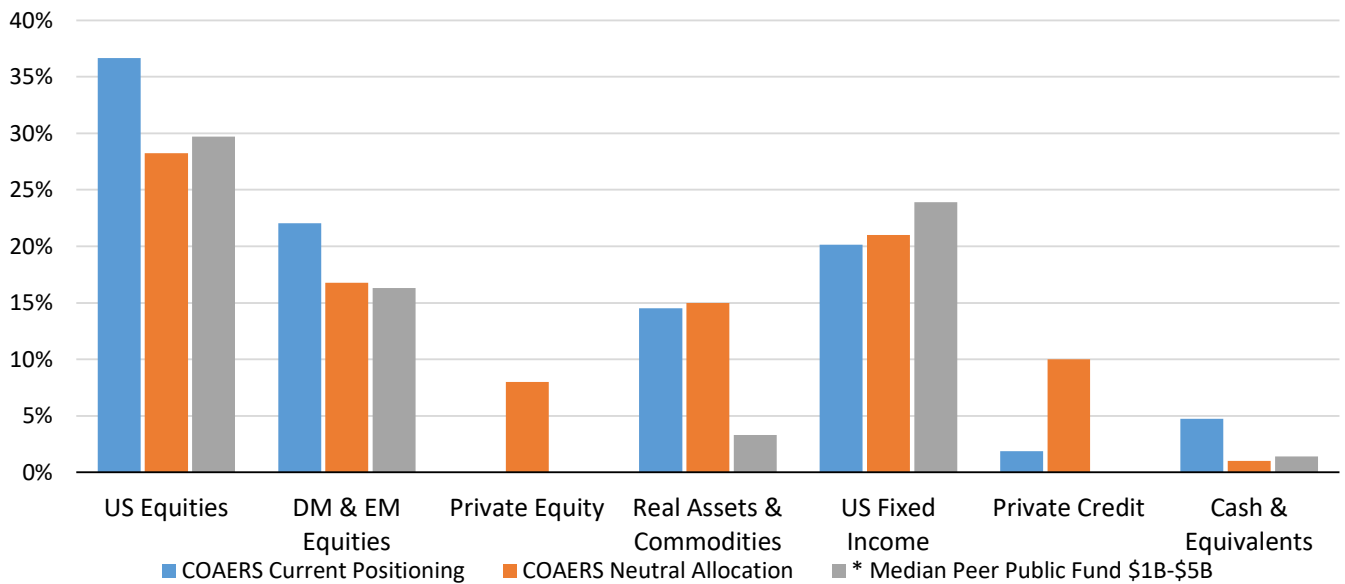
COAERS INVESTMENT PORTFOLIO

Asset Class/Sub-Asset Class	12/31/2025	
	Fair Value	Percentage of Total
<u>Public Global Equities</u>		58.7%
US Equities	1,477,793,900	36.7%
Developed Market Equities	609,024,049	15.1%
Emerging Market Equities	280,028,604	6.9%
<u>Real Assets</u>		14.5%
Real Estate	300,415,234	7.5%
Infrastructure & Other	198,635,436	4.9%
Commodities & Other	85,891,162	2.1%
<u>Public Fixed Income</u>	811,699,118	20.1%
<u>Private Credit</u>	75,728,743	1.9%
<u>Cash & Equivalents</u>	191,645,957	4.8%
TOTAL	\$ 4,030,862,203	100.0%

COAERS INVESTMENT ALLOCATION BY SUB-ASSET CLASS



COAERS INVESTMENT ALLOCATION VS. PEERS



* Excludes Allocations to Private Market Investments

BROKER COMMISSIONS OVER \$5,000

BROKER COMMISSIONS OVER \$5,000

Broker Name	# of Shares / Par Traded	Commission Paid	Cost per Share
INVESTEC SECURITIES (331), LONDON	3,727,940	\$ 22,702	\$ 0.006
BANK OF AMERICA CORP, CHARLOTTE	6,248,753	22,664	0.004
BNY CAPITAL MARKETS INC, NEW YORK	1,222,350	18,335	0.015
MORGAN J P SECS INC, NEW YORK	8,958	17,447	1.948 ⁽¹⁾
DEUTSCHE BK SECS INC, NY (NWSCUS33)	1,887,810	16,481	0.009
BANQUE DE GROOF, BRUSSELS	302,770	15,564	0.051
JEFFERIES & CO LTD, LONDON	630,929	13,256	0.021
J P MORGAN SECS LTD, LONDON	2,298,858	12,324	0.005
TAYLOR COLLISON LTD, ADELAIDE	3,445,388	11,283	0.003
WINTERFLOOD SECS, LONDON	1,258,895	7,457	0.006
LIBERUM CAPITAL INC, NEW YORK	1,527,240	6,883	0.005
INSTINET EUROPE LIMITED, LONDON	351,910	6,757	0.019
JONESTRADING INST SVCS LLC, NEW YORK	1,147,842	5,739	0.005
MAREX FINANCIAL LIMITED, LONDON	1,063,051	5,263	0.005
PEEL HUNT LLP, LONDON	971,857	5,030	0.005
SINGER CAPITAL MARKETS LTD, LONDON	1,207,885	5,020	0.004
COMBINED - 75 Brokers with Commissions < \$5,000	9,618,884	61,382	0.006
Total Broker Commissions	36,921,320	\$ 253,589	\$ 0.007

⁽¹⁾ MORGAN J P SECS INC, NEW YORK acted as a futures broker and commissions were paid for futures contracts totaling \$68,512,882 in notional value.

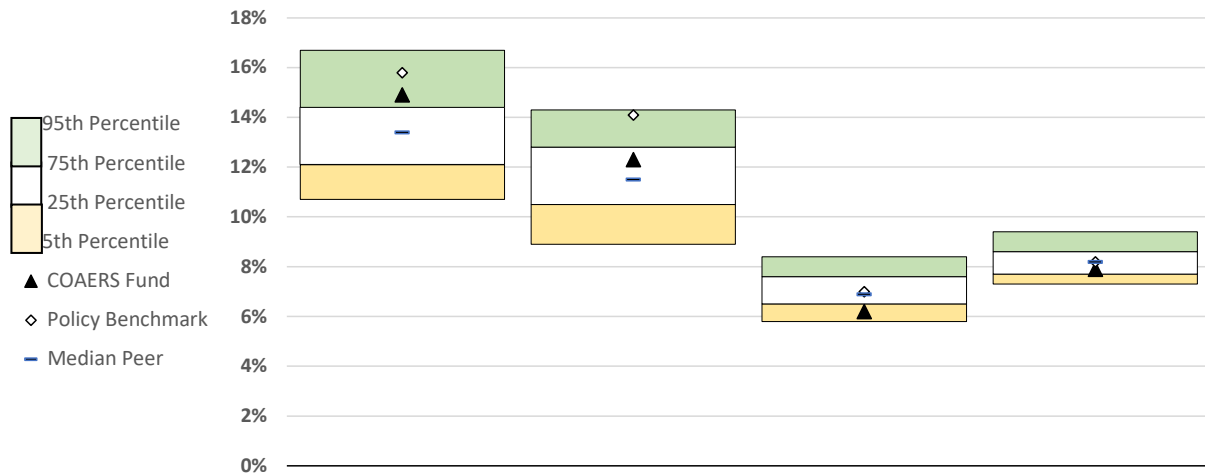
TOTAL MANAGER FEES AND BROKER COMMISSIONS*

Asset Class	Manager Fees		Commissions	Total Cost
	Direct	Indirect	Paid	
Global Equities				
US Equities	\$ 1,144,655	\$ -	\$ 46,086	\$ 1,190,741
Developed Market Equities	\$ 1,401,091	\$ -	\$ 178,300	\$ 1,579,391
Emerging Market Equities	\$ 82,077	\$ 1,004,685	\$ -	\$ 1,086,762
Real Assets				
Real Estate	\$ 92,919	\$ 1,314,240	\$ 150	\$ 1,407,309
Infrastructure	\$ 73,034	\$ 820,049	\$ 2,008	\$ 895,091
Commodities & Other	\$ 63,042	\$ -	\$ -	\$ 63,042
Public Fixed Income	\$ 947,498	\$ 170,838	\$ 2,093	\$ 1,120,430
Private Credit	\$ -	\$ 997,169	\$ -	\$ 997,169
Multi-Asset				
Asset Allocation	\$ 18,451	\$ -	\$ 18,335	\$ 36,786
US Dollar & Cash Equivalents	\$ 194,374	\$ 1,051	\$ 6,616	\$ 202,040
Total Manager Fees and Broker Commissions	\$ 4,017,141	\$ 4,308,032	\$ 253,589	\$ 8,578,761

* Information provided in accordance with Texas Government Code 802.103(a)(3)

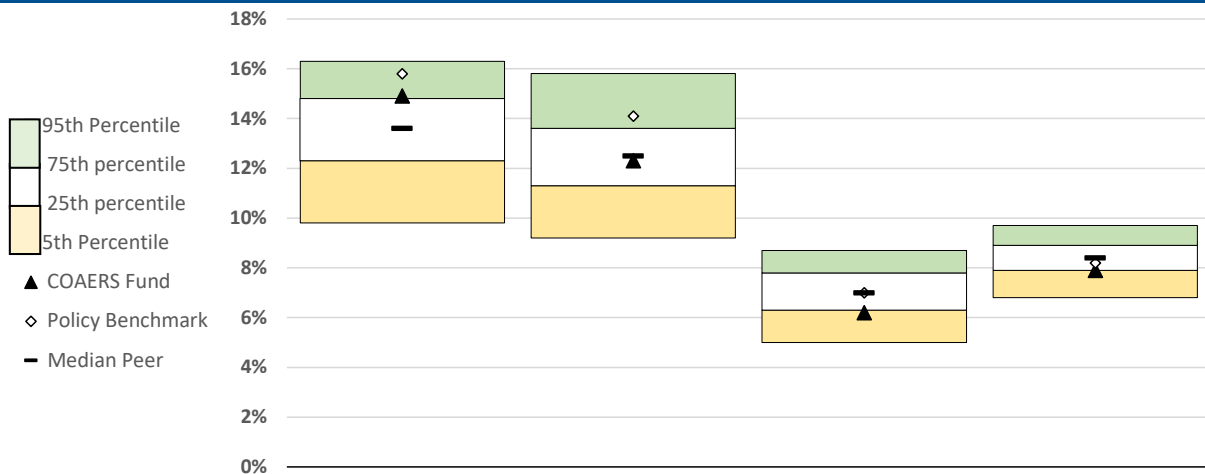
FUND PERFORMANCE VS. PEERS

COAERS FUND VS. \$1-5B PEERS



As of 12/31/2025	1 Year	3 Years	5 Years	10 Years
COAERS Fund	14.90%	12.30%	6.20%	7.90%
Policy Benchmark	15.80%	14.10%	7.00%	8.20%
Passive Benchmark	16.40%	13.70%	5.80%	7.60%
5th Percentile	16.70%	14.30%	8.40%	9.40%
1st Quartile	14.40%	12.80%	7.60%	8.60%
Median	13.40%	11.50%	6.90%	8.20%
3rd Quartile	12.10%	10.50%	6.50%	7.70%
95th Percentile	10.70%	8.90%	5.80%	7.30%
Observations	64	64	64	63

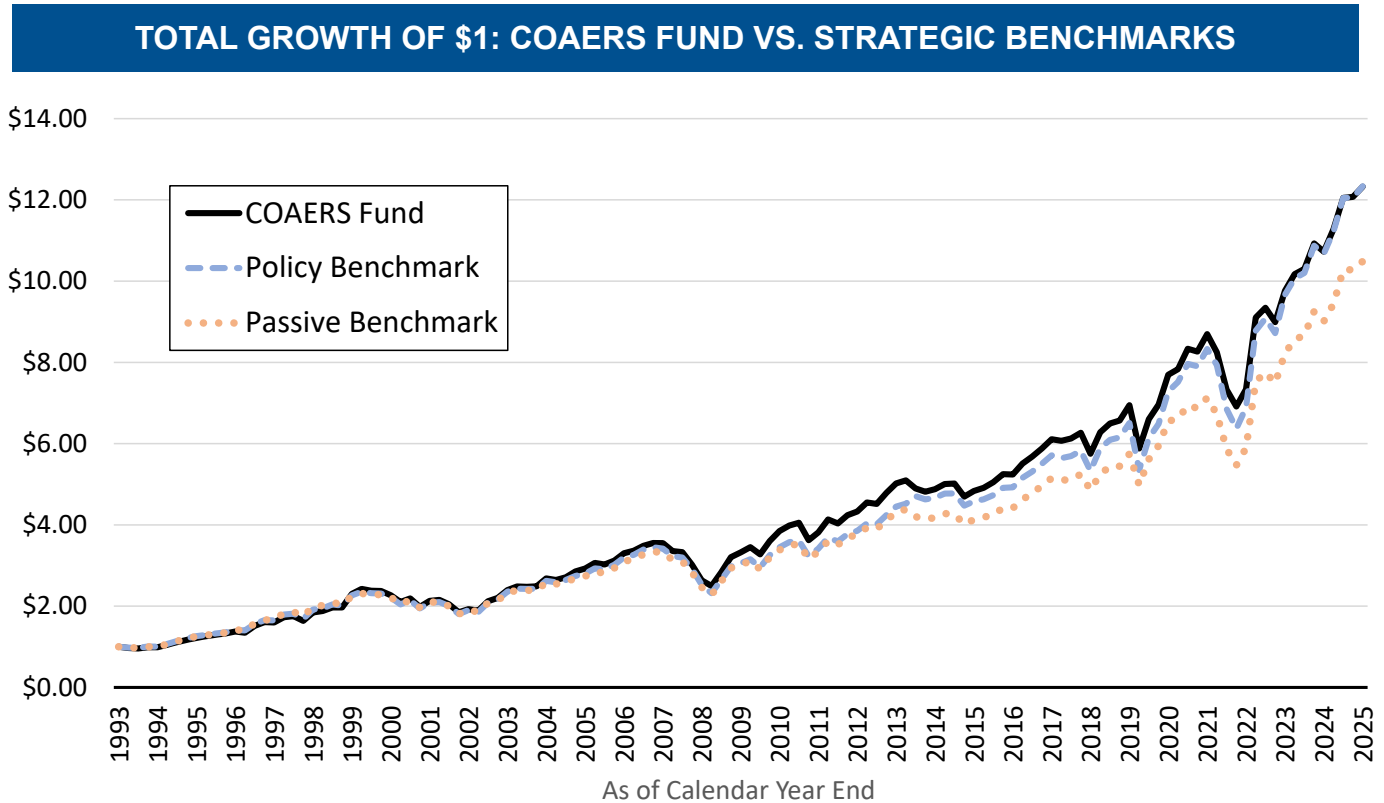
COAERS FUND VS. ALL PEERS



As of 12/31/2025	1 Year	3 Years	5 Years	10 Years
COAERS Fund	14.90%	12.30%	6.20%	7.90%
Policy Benchmark	15.80%	14.10%	7.00%	8.20%
Passive Benchmark	16.40%	13.70%	5.80%	7.60%
5th Percentile	16.30%	15.80%	8.70%	9.70%
1st Quartile	14.80%	13.60%	7.80%	8.90%
Median	13.60%	12.50%	7.00%	8.40%
3rd Quartile	12.30%	11.30%	6.30%	7.90%
95th Percentile	9.80%	9.20%	5.00%	6.80%
Observations	688	661	644	590

All figures are Net of Fees.

TOTAL GROWTH OF \$1.00 VS. STRATEGIC BENCHMARKS



The Passive Benchmark aims to reflect the investment mix prevailing among institutional peer portfolios as implemented via low cost passive investable indices. Outperformance versus this benchmark should represent the value added through decisions made in the strategic asset allocation process.

The Policy Benchmark aims to reflect a passive implementation of the neutral parameters of the strategic target allocations established by the Board. Outperformance versus this benchmark should represent the value added by investment implementation and rebalancing activities.

The historical composition of these benchmarks, including their current composition, is available upon request.

ACTUARIAL SECTION



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As part of our engagement with the City of Austin Employees' Retirement System (COAERS), we performed the annual actuarial valuation as of December 31, 2025. Our findings are set forth in this actuary's report.

Purpose of the Valuation

The main purposes of this report are:

- to determine the Risk Sharing Valuation Study (RSVS) employer contribution rate and the member contribution rate for the 2027 calendar year;
- to review the experience under the plan for the valuation year ending December 31, 2025; and
- to assess the funded position of COAERS.

Actuarial computations presented in this report are for the purposes of determining the recommended funding amounts for COAERS. The calculations in the enclosed report have been made on a basis consistent with our understanding of the COAERS statutory funding policy. The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in Appendix C of this report. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

The following schedules in the Actuarial Section of the COAERS Annual Comprehensive Financial Report (ACFR) were prepared by Milliman: Summary of Key Valuation Results, Statement of Income and Disbursements, Development of Actuarial Value of Assets, Present Value of Future Benefits and Actuarial Accrued Liability, Valuation Normal Cost Rate, Change in Unfunded Actuarial Accrued Liability, Summary of Valuation Results by Group, Legacy Liability Payment Schedule, Amortization of Liability Layers, Actuarially Determined City Contribution Rate, Actuarially Determined Contribution Corridor, Schedule of Active Member Valuation Data, Schedule of Retirees and Beneficiaries Added to and Removed from Rolls, Solvency Test, and Schedule of Funding Progress.

All of the schedules in the Statistical Section of the COAERS ACFR were prepared by Milliman. COAERS is a single employer defined benefit pension plan that provides pensions for eligible employees of the City of Austin (the City).

A separate report is issued with regard to valuation results determined in accordance with Governmental Accounting Standards Board (GASB) Statement Numbers 67 and 68. The following schedules in the Financial Section of the COAERS ACFR were informed by Milliman's GASB Statement No. 67 report: Schedule of Net Pension Liability (Notes to Financial Statements), Sensitivity of Net Pension Liability to the Single Discount Rate Assumption (Notes to Financial Statements); Schedule of Changes in the Net Pension Liability and Related Ratios (Required Supplementary Information); and Schedule of Contributions (Required Supplementary Information). Milliman provided no additional assistance in the preparation of any other schedules in the Financial Section of the ACFR.

Actuarial Assumptions

Actuarial assumptions, including discount rates, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Board of Trustees. The Board of Trustees is responsible for selecting the actuarial valuation methods, asset valuation method, and assumptions for COAERS. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. COAERS is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for COAERS have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of

COAERS and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting COAERS and are expected to have no significant bias.

The assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs) or, if not, a description of how they depart from those parameters is included in this report. The assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by the GASB.

Variability of Results

This valuation report is only an estimate of the financial condition of COAERS as of a single date. It can neither predict the future condition nor guarantee future financial soundness of COAERS. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of the contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, 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 modifications to contribution calculations based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. The Board of Trustees has the final decision regarding the selection of the assumptions and actuarial cost methods, and the Board has most recently adopted new assumptions effective with the December 31, 2024 valuation. Actuarial assumptions used in this December 31, 2025 valuation are unchanged from those used in the December 31, 2024 valuation and are based on the Experience Study Report dated March 18, 2025.

Reliance

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the COAERS staff. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Limited Distribution

Milliman's work is prepared solely for the internal use and benefit of COAERS. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman's consent to release its work products to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) COAERS may provide a copy of Milliman's work, in its entirety, to the COAERS professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit COAERS; and (b) COAERS may provide a copy of Milliman's work, in its entirety, to others as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Qualifications and Certification

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

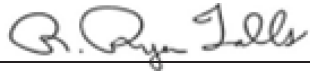
The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Conclusion

We respectfully submit this report, and we look forward to discussing it with you.

Respectfully submitted,



Ryan Falls, FSA, EA, MAAA
Principal & Consulting Actuary



Kathryn Hunter, FSA, EA, MAAA
Consulting Actuary



Abby Hirshkowitz, EA, MAAA
Actuary

April 16, 2026

Date

A. Summary of Key Valuation Results

VALUATION DATE	December 31, 2024	December 31, 2025
Participant Counts		
Actives	11,783	11,838
Receiving Payments (Retirees, Disabled, Beneficiaries)	8,052	8,341
Terminated Vesteds	1,630	1,686
Total with Vested Benefits	21,465	21,865
Terminated Nonvesteds	2,918	3,077
Total	24,383	24,942
Payroll in Valuation Year	\$ 1,020,474,788	\$ 1,075,634,988
Valuation Normal Cost Rate ¹	18.50%	18.24%
Assets		
Actuarial Value of Assets (AVA)	\$ 3,645,166,359	\$ 3,917,188,586
Market Value of Assets (MVA)	3,570,725,498	4,085,892,671
Approximate Yield on Assets		
Actuarial Value Basis	5.3%	7.8%
Market Value Basis	9.7%	14.8%
Plan Liabilities		
Present Value of Future Benefits (PVB)	\$ 7,466,070,886	\$ 7,743,631,564
Entry Age Normal Actuarial Accrued Liability (AAL)	5,957,378,923	6,211,037,365
Unfunded Entry Age Normal Actuarial Accrued Liability (UAAL)		
Actuarial Value Basis	\$ 2,312,212,564	\$ 2,293,848,779
Market Value Basis	2,386,653,425	2,125,144,694
Funded Ratio using AVA	61.2%	63.1%
Funded Ratio using MVA	59.9%	65.8%
Policy Contribution		
Applicable Fiscal Year	FY2026	FY2027
Member Contribution Rate	10.00%	10.00%
City Contribution Rate	10.05%	9.57%
Projected Payroll in Contribution Year	\$ 1,041,208,120	\$ 1,111,892,391
Estimated RSVS Total City Contribution		
Estimated City Contribution Rate Payment	\$ 104,641,416	\$ 106,408,102
Legacy Liability Payment	114,495,696	117,930,567
Total	219,137,112	224,338,669
Contribution as % of Projected Payroll	21.05%	20.18%

¹ Includes 0.70% of payroll for administrative expenses.

B. Scope of the Report

This report presents the actuarial valuation of the City of Austin Employees' Retirement System ("COAERS") as of December 31, 2025. This valuation was requested by the COAERS Board.

Your particular attention is called for in reading our cover letter, where we refer to the guidelines employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings depend. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

An Executive Summary of the findings resulting from this valuation is presented in the previous section. This discussion and the subsequent Exhibits describe: (1) the COAERS assets and investment experience, (2) how the obligations of COAERS are to be met under the actuarial cost method in use, (3) the Funding Policy contribution resulting from the Risk Sharing Valuation Study, and (4) various risks that are material to COAERS.

This report includes several appendices:

- Appendix A A summary of the actuarial methods.
- Appendix B A summary of the actuarial assumptions.
- Appendix C A summary of the principal plan provisions.
- Appendix D A summary of the participant data.
- Appendix E A summary of the material risks to which COAERS is exposed.
- Appendix F A glossary of actuarial terms used in this report.

C. Changes Since the Prior Valuation

Plan Experience

The Unfunded Actuarial Accrued Liability (UAAL) decreased from \$2,312 million as of December 31, 2024 to \$2,294 million as of December 31, 2025. This change in UAAL resulted from a \$37 million gain on the Actuarial Value of Assets and a \$3 million gain on the Actuarial Accrued Liability (AAL). The small gain on AAL is comprised of a \$21 million loss due to salary increases greater than expected, offset by a \$24 million gain due to other demographic experience more favorable than assumptions. Additionally, actual contributions were about \$8 million more than expected as a result of payroll growth higher than expected.

Changes in Actuarial Methods

None.

Changes in Actuarial Assumptions

None.

Plan Changes

None.

Other Significant Changes

None.

D. Assets

In many respects, an actuarial valuation can be considered similar to an inventory process. The inventory is taken annually as of the actuarial valuation date, which for this valuation is December 31, 2025. On that date, the assets available for the payment of current and future benefits are appraised. These assets are compared with the inventory of Actuarial Liability. This inventory process leads to a method of calculating what contributions by members and/or their employers are needed to systematically eliminate any shortfall if future experience follows assumptions.

This section of the report deals with the asset determination. Two measures of assets are presented in the valuation:

1. The Market Value of Assets (MVA) provides the most accurate fair market “snapshot date” assessment of plan resources at a given date and will be used on the balance sheet statements of position for COAERS and the City’s GASB financial reporting purposes. It tends to be the more volatile of the two asset measures and is not used for determining the actuarially calculated contributions.
2. The Actuarial Value of Assets (AVA) is a second measure of COAERS asset holdings. It is related to the MVA, but uses a smoothing technique applied to mitigate year-to-year market fluctuations by recognizing actual single year investment returns different from the long-term assumption systematically over a multi-year period. The AVA is the basis for determining actuarially determined contributions, and the smoothing technique is used to stabilize year-to-year contribution rate changes.

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment return. Offsetting unrecognized gains and losses are immediately recognized, with the shortest remaining bases recognized first and the net remaining bases recognized over their original period(s). The actuarial value of assets is further adjusted by 33% of any amount outside of a 20% corridor around the market value of assets, if necessary.

Table 1 presents the reconciliation of the MVA from December 31, 2024 to December 31, 2025, and comparable metrics for the prior year. Table 2 details the calculation of the AVA as of December 31, 2025. As of December 31, 2025, the AVA is 95.9% of the MVA.

The MVA as of December 31, 2025 was based on information furnished to us by COAERS. The values have been accepted for use in this report without audit but have been reviewed for consistency and reasonableness, when compared to prior reports.

E. Actuarial Liabilities

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of COAERS assets as of the valuation date of December 31, 2025. In this section, the discussion will focus on the commitments of COAERS which are referred to as its actuarial liabilities.

Section A of Table 3 contains an analysis of the actuarial present value of all future benefits for contributing members and for former contributing members and their survivors. The analysis is given by type of benefit and member status. Section A of this table includes the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and, if an optional benefit is chosen, for the lives of the surviving beneficiaries.

The actuarial cost method allocates the present value of future benefits to past, current or future years. For this valuation, the individual entry age actuarial cost method has been used. The portion of the future liability expected to be paid from future normal cost contributions, both employer and employee, is shown on Line B of Table 3. The Actuarial Accrued Liability (AAL) represents the portion of the present value of all future benefits that have been earned through the valuation date and is represented in Line D of the table. Section C derives the AAL specific to active participants.

Normal Cost

The normal cost represents the accrual cost of an additional year of service for active members, or the present value of future benefits allocated to the current year. When the normal cost is stated as a percentage of pay, it is referred to as the normal cost rate.

For COAERS, active members in Group A accrue benefits at a different rate than active members in Group B. As a result, the normal cost for COAERS is the weighted average of the normal cost for Group A and Group B members. Accordingly, the normal cost rate for COAERS is expected to decrease every year until all of the Group A members have terminated their employment with the City.

Under the individual entry age cost method, the normal cost is calculated separately for each individual active member, based on their ages at entry into COAERS and their group-specific benefit provisions. The individual normal costs of all members are then aggregated and divided by the total valuation compensation of all active members included in the valuation to determine the average normal cost rate as a percentage of compensation. Table 4 summarizes the normal cost rate by decrement for active members as of the valuation date.

Unfunded Actuarial Accrued Liability

The term "fully funded" is often applied to a system in which contributions for everyone at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. Many systems are not fully funded, either because of past benefit improvements that have not been completely paid for or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. The use of the term "fully funded" may imply no further contributions are required at all. Therefore, a better term is a "well-funded" system. This occurs when the value of the assets equals or exceeds the actuarial accrued liability. Even in this "well-funded" position, contributions for newly accruing benefits (normal cost contributions) would still be necessary.

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The UAAL at any date after establishment of a system is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience, as it develops, differs from that expected according to the assumptions used, so also will the emerging costs differ from the estimated costs disclosed in the valuation.

The AAL of all active and inactive members included in the valuation was derived in Table 3. Table 5 compares the AAL to the AVA developed in Table 2 to derive the Unfunded Actuarial Accrued Liability (UAAL) as of December 31, 2025. Table 5 also shows the change in UAAL from December 31, 2024 to December 31, 2025 and identifies experience gains and losses by source.

F. Risk Sharing Valuation Study and City Contributions

In a retirement system with active members, there is often a difference between the actuarial value of assets and actuarial accrued liabilities, as is the case for COAERS. When liabilities exceed assets, this difference must be made up out of future contributions. An actuarial funding policy sets out a schedule of future contributions that will deal with this difference in an orderly fashion.

Funding Policy

The Funding Policy for COAERS is governed by the Risk Sharing Valuation Study (RSVS) structure as specified by State Statute. The primary purpose of the RSVS is to determine the City Contribution Rate and the member contribution rate for the calendar year beginning one year after the valuation date.

The RSVS structure specifies funding to COAERS as follows:

1. Legacy Liability payment to be contributed by the City, which follows the schedule established with the initial RSVS valuation conducted as of December 31, 2022, plus
2. Actuarially determined normal cost rate, split between member portion and City portion as specified by State Statute, plus
3. Amortization payment to be contributed by the City, which funds liability layers established subsequent to the initial RSVS valuation.

Table RSVS-1 shows the Legacy Liability schedule which was established with the initial RSVS valuation. This table shows the amortization schedule of the Legacy Liability for each of the 30 years over which it is scheduled to be paid. For each fiscal year, the right-most column shows the Legacy Liability payment scheduled for the fiscal year and the middle column shows the portion of the Legacy Liability that is expected to be eliminated by the remaining Legacy Liability payments.

Table RSVS-2 addresses the portion of the unfunded actuarial accrued liability that has emerged subsequent to December 31, 2022. Annually, the actuarial gain or loss due to experience different from assumption creates a new liability layer as depicted on Table RSVS-2. In the year ending December 31, 2025 the new liability layer is an actuarial gain, meaning the amortization payment derived from the liability layers decreased compared to the amortization payment developed in the December 31, 2024 valuation. The total outstanding balance of the liability layers as of December 31, 2025 (\$0.298 billion), plus the remaining Legacy Liability as of December 31, 2025 shown on Table RSVS-1 (\$1.996 billion) equals the total UAAL as of the valuation date (\$ 2.294 billion) shown on Table 5. These exhibits illustrate that there is a schedule to pay off every dollar of the current unfunded actuarial accrued liability. The unfunded actuarial accrued liability reflected in this valuation will be fully amortized by December 31, 2053.

Table RSVS-2 shows the Liability (Gain)/Loss Layers established each year subsequent to December 31, 2022. Columns 2 and 4 show the original liability layer and the outstanding balance of that layer as of the valuation date, respectively. Column 10 is the amortization payment for each layer for the fiscal year beginning one year after the valuation date. The amortization payment is determined as a level percentage of payroll for the remaining amortization period shown in Column 7. The amortization payments reflect the one-year delay between the valuation date and the beginning of the fiscal year in which the amortization payment is made. The dollar amounts of the payments are summed and then converted to a percentage of payroll based on the projected payroll for the fiscal year beginning one year after the valuation date. The liability layer payment of \$16.6 million for 2027 is determined to be 1.49% of projected 2027 payroll.

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Table RSVS-3 shows the estimated City Contribution Rate by its individual components: the employer normal cost rate plus the amortization payment developed in Table RSVS-2. The employer normal cost rate of 8.08% equals the projected 2027 total normal cost rate of 18.08% less the 10.00% member contribution rate. The projected 2027 total normal cost rate is based on a one-year open group projection of valuation results and therefore differs from the valuation normal cost rate shown in Table 4. The projection reflects that decrementing Group A actives would be replaced by Group B active members, causing a downward trend in the normal cost rate. Appendix A includes additional discussion of the open group projection methodology. As shown in Table RSVS-3, the estimated City Contribution Rate for 2027 before comparison to the contribution corridor is 9.57% of pay.

Table RSVS-4 shows the City Contribution Rate Corridor which was created in the initial RSVS. Column 3 shows the Corridor Midpoint for each fiscal year. Columns 2 and 4 show the Corridor Minimum and Corridor Maximum, respectively. Next, the estimated City Contribution Rate developed in Table RSVS-3 is compared to the contribution corridor, and adjustments to the City and/or member contribution rates are made as specified in Sections 10D, 10E and 10F of State Statute. Columns 5 and 6 of Table RSVS-4 display the City and Member Contribution Rates, respectively, after comparison to the contribution rate corridor.

For the 2027 contribution year, since the estimated City Contribution Rate is greater than the corridor midpoint and less than the corridor maximum, the resulting City Contribution Rate is equal to the estimated City Contribution Rate, and there is no change to the member contribution rate. Thus, for the 2027 contribution year, the City Contribution Rate is 9.57% and the member contribution rate is 10.00%.

Discussion of a Reasonable Actuarially Determined Contribution (ADC)

Actuarial Standard of Practice No. 4 requires the actuary to calculate and disclose a reasonable Actuarially Determined Contribution (ADC), which reflects actuarial methods and actuarial assumptions that follow Actuarial Standards of Practice. Based on the assumptions and methods used in this report, we believe that the contribution for COAERS determined under the RSVS structure reflects a Reasonable ADC in accordance with Actuarial Standards of Practice.

In our opinion, the contribution for COAERS determined under the RSVS structure reflects a balance of benefit security for plan members, intergenerational equity among stakeholders, and stability of periodic costs.

Table RSVS-1
Legacy Liability Payment Schedule

Fiscal Year Ending	Remaining Legacy Liability	Legacy Liability Payment
December 31, 2022	\$ 1,895,804,234	0
December 31, 2023	1,947,696,801	0
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	0	254,328,071

**Table RSVS-2
Amortization of Liability Layers**

(1) Date Established December 31,	(2) Original Balance	(3) Remaining Payments	(4) As of Valuation Date		(5) Amortization Factor	(6) Payment for 2026 Fiscal Year	(8) One Year After Valuation Date			(10) Payment for 2027 Fiscal Year
			(7) Remaining Payments	(8) Outstanding Balance			(9) Amortization Factor			
2023	\$ 183,666,581	28	\$ 198,224,646	18.4146	\$ 10,764,518	27	\$ 200,482,921	17.9946	\$ 11,141,277	
2024	139,161,562	28	148,554,967	18.4146	8,067,224	27	150,247,380	17.9946	8,349,577	
2025	(48,513,088)	28	<u>(48,513,088)</u>	N/A	0	27	(51,787,721)	17.9946	<u>(2,877,957)</u>	
Total			\$ 298,266,525						\$ 16,612,897	
Projected Payroll for 2027 Fiscal Year									\$1,111,892,391	
Amortization Payment as Percentage of Projected Pay									1.49%	
Single Equivalent Amortization Period from the Valuation Date ¹									28	

¹ The single equivalent amortization period includes all liability layers including the Legacy Liability.

Table RSVS-3
Actuarially Determined City Contribution Rate

Fiscal Year Ending	Employer Normal Cost	Amortization Payment	Estimated City Contribution Rate
December 31, 2024	8.68%	0.00%	8.68%
December 31, 2025	7.31%	1.16%	8.47%
December 31, 2026	8.24%	1.81%	10.05%
December 31, 2027	8.08%	1.49%	9.57%

Table RSVS-4
Actuarially Determined Contribution Corridor

(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Year Ending	Corridor Minimum	Corridor Midpoint	Corridor Maximum	City Contribution Rate	Member Contribution Rate
December 31, 2024	3.68%	8.68%	13.68%	8.68%	9.00%
December 31, 2025	2.44%	7.44%	12.44%	8.47%	10.00%
December 31, 2026	2.21%	7.21%	12.21%	10.05%	10.00%
December 31, 2027	2.00%	7.00%	12.00%	9.57%	10.00%
December 31, 2028	1.80%	6.80%	11.80%		
December 31, 2029	1.61%	6.61%	11.61%		
December 31, 2030	1.42%	6.42%	11.42%		
December 31, 2031	1.25%	6.25%	11.25%		
December 31, 2032	1.09%	6.09%	11.09%		
December 31, 2033	0.95%	5.95%	10.95%		
December 31, 2034	0.82%	5.82%	10.82%		
December 31, 2035	0.70%	5.70%	10.70%		
December 31, 2036	0.61%	5.61%	10.61%		
December 31, 2037	0.53%	5.53%	10.53%		
December 31, 2038	0.46%	5.46%	10.46%		
December 31, 2039	0.41%	5.41%	10.41%		
December 31, 2040	0.36%	5.36%	10.36%		
December 31, 2041	0.32%	5.32%	10.32%		
December 31, 2042	0.28%	5.28%	10.28%		
December 31, 2043	0.25%	5.25%	10.25%		
December 31, 2044	0.23%	5.23%	10.23%		
December 31, 2045	0.21%	5.21%	10.21%		
December 31, 2046	0.19%	5.19%	10.19%		
December 31, 2047	0.18%	5.18%	10.18%		
December 31, 2048	0.17%	5.17%	10.17%		
December 31, 2049	0.16%	5.16%	10.16%		
December 31, 2050	0.15%	5.15%	10.15%		
December 31, 2051	0.15%	5.15%	10.15%		
December 31, 2052	0.15%	5.15%	10.15%		
December 31, 2053	0.15%	5.15%	10.15%		
December 31, 2054	0.14%	5.14%	10.14%		
December 31, 2055	0.14%	5.14%	10.14%		

G. Risk Disclosure

A plan's risk is the potential that future actuarial measurements will differ from the current measurements presented in this report because future experience is different than expected. Risks include investment risk, liquidity risk, maturity risk and other demographic risks. As required by Actuarial Standard of Practice No. 51 *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, Appendix E provides information on the risks for COAERS.

Table 1
Statement of Income and Disbursements

	Valuation Period Ending December 31,	
	2024	2025
1. Market Value of Assets as of January 1	\$ 3,278,692,316	\$ 3,570,725,498
2. Income:		
a. Employer Contributions	\$ 183,109,821	\$ 198,784,264
b. Employee Contributions	90,330,927	105,924,749
c. Investment Return Net of Investment Related Expenses	<u>316,278,755</u>	<u>525,985,772</u>
d. Total Income	589,719,503	830,694,785
3. Expenses:		
a. Retirement Annuities	\$ 276,455,717	\$ 290,878,591
b. Refunds of Employee Contributions	5,585,195	5,520,083
c. DROP Disbursements	2,057,435	1,234,692
d. Retirement Lump-Sum Payments	3,887,510	8,459,910
e. Death Benefits	2,526,950	2,714,130
f. Administrative Expenses less Other Income	<u>7,173,514</u>	<u>6,720,206</u>
g. Total Expenses	297,686,321	315,527,612
4. Net Increase (Decrease) = (2e) - (3g)	\$ 292,033,182	\$ 515,167,173
5. Market Value of Assets as of December 31 = (1) + (4)	\$ 3,570,725,498	\$ 4,085,892,671
6. Net Rate of Return on Market Value of Assets	9.7%	14.8%

Table 3
Present Value of Future Benefits and Actuarial Accrued Liability

	Valuation Period Ending December 31,	
	2024	2025
A. Present Value of Future Benefits		
1. Active Participants		
a. Retirement Benefits	\$ 3,774,476,340	\$ 3,850,827,518
b. Termination Benefits	305,920,617	316,648,680
c. Disability Benefits	20,269,049	21,993,070
d. Death Benefits	<u>52,315,726</u>	<u>53,539,807</u>
e. Total	4,152,981,732	4,243,009,075
2. In-Pay Participants		
a. Healthy Retirees	\$ 2,977,853,165	\$ 3,143,704,554
b. Disabled Retirees	21,701,849	23,443,155
c. Surviving Beneficiaries	<u>170,493,869</u>	<u>179,895,984</u>
d. Total	3,170,048,883	3,347,043,693
3. Inactive Participants		
a. Vested Terminations with Deferred Benefits	\$ 122,882,243	\$ 131,038,955
b. Nonvested Terminations with Refunds Payable	<u>20,158,028</u>	<u>22,539,841</u>
c. Total	143,040,271	153,578,796
4. Total Present Value of Future Benefits	\$ 7,466,070,886	\$ 7,743,631,564
B. Present Value of Future Normal Costs (PVFNC)	\$ 1,508,691,963	\$ 1,532,594,199
C. Actuarial Accrued Liability for Active Participants		
1. Present Value of Future Benefits [Line A1e]	\$ 4,152,981,732	\$ 4,243,009,075
2. Less PVFNC [Line B]	<u>(1,508,691,963)</u>	<u>(1,532,594,199)</u>
3. Actuarial Accrued Liability for Active Participants	2,644,289,769	2,710,414,876
D. Total Actuarial Accrued Liability for All Participants [Line A2d + Line A3c + Line C3]	\$ 5,957,378,923	\$ 6,211,037,365

Table 4
Valuation Normal Cost Rate

	Valuation Period Ending December 31,	
	2024	2025
1. Retirement	14.21%	14.34%
2. Termination	3.17%	2.80%
3. Disability	0.14%	0.14%
4. Death	0.28%	0.26%
5. Administrative Expenses	<u>0.70%</u>	<u>0.70%</u>
6. Total	18.50%	18.24%

Table 5
Change in Unfunded Actuarial Accrued Liability

		Valuation Period Ending December 31, 2025
A. Actuarial Accrued Liability	\$	6,211,037,365
B. Actuarial Value of Assets		<u>3,917,188,586</u>
C. Unfunded Actuarial Accrued Liability (UAAL): [A - B]		2,293,848,779
D. Calculation of Total Actuarial (Gain) / Loss		
1. UAAL as of Prior Year	\$	2,312,212,564
2. Normal Cost		175,089,934
3. Expected Contributions		(296,968,734)
4. Interest		<u>152,028,104</u>
5. Expected UAAL at December 31: [D1 + D2 + D3 + D4]		2,342,361,867
6. Actual UAAL		2,293,848,779
7. Total Actuarial (Gain) / Loss on UAAL: [D6 - D5]		(48,513,088)
E. Increase / (Decrease) due to Assumption / Method Changes		0
F. Increase / (Decrease) due to Plan Changes		0
G. Experience (Gains) / Losses by Source		
1. Investment (Gain) / Loss	\$	(37,151,263)
2. Contributions (Greater) / Less than Expected		(7,740,279)
3. Salary Increases		20,722,824
4. Retirement		(3,239,881)
5. Withdrawal		6,569,679
6. Retiree Mortality		636,667
7. Other Demographic Causes (Includes Proportionate Program)		<u>(28,310,835)</u>
8. Total Experience (Gain) / Loss		(48,513,088)

Table 6
Summary of December 31, 2025 Valuation Results by Group

	Group A	Group B	Total
Participant Counts			
Actives	2,825	9,013	11,838
Receiving Payments (Retirees, Disabled, Beneficiaries)	8,069 ¹	272	8,341
Terminated Vesteds	<u>871</u>	<u>815</u>	<u>1,686</u>
Total with Vested Benefits	11,765	10,100	21,865
Terminated Nonvested	<u>575</u>	<u>2,502</u>	<u>3,077</u>
Total	12,340	12,602	24,942
Payroll and Normal Costs			
Payroll in Valuation Year	\$ 284,399,337	\$ 791,235,651	\$ 1,075,634,988
Valuation Normal Cost Rate ²	22.9%	16.5%	18.2%
Projected Payroll in FY2027	\$ 261,035,957	\$ 850,856,434	\$ 1,111,892,391
Projected Employer Normal Cost Rate in FY2027	N/A	N/A	8.08% ²
Plan Liabilities			
Present Value of Future Benefits (PVB)	\$ 5,652,635,631	\$ 2,090,995,933	\$ 7,743,631,564
Entry Age Normal Actuarial Accrued Liability (AAL)			
Actives	\$ 1,911,278,398	\$ 799,136,478	\$ 2,710,414,876
Inactives	<u>3,400,705,762</u>	<u>99,916,727</u>	<u>3,500,622,489</u>
Total	5,311,984,160	899,053,205	6,211,037,365

¹ Includes beneficiaries for whom group is unknown.

² Includes 0.70% of payroll for administrative expenses.

Table 7
Schedule of Active Member Valuation Data

Year Ending December 31,	Active Participants	Percent Change	Covered Payroll	Percent Change	Average Payroll	Percent Change
2005	7,638	2.0%	\$ 348,619,141	6.7%	\$45,643	4.7%
2006	8,055	5.5%	390,963,991	12.1%	48,537	6.3%
2007	8,358	3.8%	417,450,797	6.8%	49,946	2.9%
2008	8,643	3.4%	448,740,469	7.5%	51,920	4.0%
2009	8,142	-5.8%	422,539,199	-5.8%	51,896	0.0%
2010	8,270	1.6%	438,877,002	3.9%	53,069	2.3%
2011	8,348	0.9%	451,831,198	3.0%	54,124	2.0%
2012	8,387	0.5%	470,231,969	4.1%	56,067	3.6%
2013	8,592	2.4%	490,553,170	4.3%	57,094	1.8%
2014	9,028	5.1%	539,158,693	9.9%	59,721	4.6%
2015	9,063	0.4%	559,829,504	3.8%	61,771	3.4%
2016	9,364	3.3%	599,574,934	7.1%	64,030	3.7%
2017	9,612	2.6%	629,943,122	5.1%	65,537	2.4%
2018	9,838	2.4%	664,335,027	5.5%	67,527	3.0%
2019	10,149	3.2%	707,534,152	6.5%	69,715	3.2%
2020	10,138	-0.1%	729,252,035	3.1%	71,933	3.2%
2021	10,228	0.9%	752,180,499	3.1%	73,541	2.2%
2022	10,438	2.1%	810,041,877	7.7%	77,605	5.5%
2023	11,197	7.3%	914,111,384	12.8%	81,639	5.2%
2024	11,783	5.2%	1,020,474,788	11.6%	86,606	6.1%
2025	11,838	0.5%	1,075,634,988	5.4%	90,863	4.9%

Table 8
Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Valuation Date December 31,	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls End of Year</u>		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2005	258	\$ 6,699,023	98	\$ 2,438,555	3,297	\$ 85,324,686	3.9%	\$ 25,879
2006	259	6,788,190	89	1,883,938	3,467	90,312,037	5.8%	26,049
2007	289	8,523,459	123	2,262,126	3,633	96,071,149	6.4%	26,444
2008	290	8,299,468	88	2,056,217	3,835	101,840,870	6.0%	26,556
2009	331	9,953,411	80	1,630,148	4,086	109,656,152	7.7%	26,837
2010	341	10,495,807	92	2,029,423	4,335	117,954,059	7.6%	27,210
2011	324	9,851,119	117	2,785,375	4,542	124,748,580	5.8%	27,466
2012	405	13,035,228	116	3,011,032	4,831	134,653,163	7.9%	27,873
2013	387	12,451,142	98	2,176,950	5,120	144,755,297	7.5%	28,273
2014	397	12,737,257	121	2,568,479	5,396	154,937,553	7.0%	28,713
2015	411	13,547,663	128	2,980,334	5,679	165,579,191	6.9%	29,156
2016	385	12,920,841	130	3,199,901	5,934	175,327,721	5.9%	29,546
2017	422	14,942,887	131	2,979,178	6,225	187,304,849	6.8%	30,089
2018	338	12,352,947	149	3,496,334	6,414	196,302,394	4.8%	30,605
2019	434	17,128,087	145	3,358,432	6,703	210,148,047	7.1%	31,351
2020	453	17,927,288	193	4,828,468	6,963	223,247,694	6.2%	32,062
2021	432	17,816,028	174	4,378,064	7,221	236,613,025	6.0%	32,767
2022	480	19,660,962	171	3,968,030	7,530	252,345,484	6.6%	33,512
2023	447	18,736,767	175	4,283,533	7,802	266,934,832	5.8%	34,214
2024	426	17,528,502	176	4,547,837	8,052	279,860,232	4.8%	34,757
2025	473	20,524,413	184	4,126,721	8,341	296,189,083	5.8%	35,510

Table 9
Solvency Test

Valuation Date December 31,	Aggregate Accrued Liabilities for			Reported Assets	Portions of Accrued Liabilities Covered by Assets		
	Active and Inactive Member Contributions	Retirees and Beneficiaries	Active and Inactive Members (Employer Financed Portion)		Active and Inactive Member Contributions	Retirees and Beneficiaries	Active and Inactive Members (Employer Financed Portion)
2005	\$ 280,994,642	\$ 848,185,652	\$ 665,001,381	\$ 1,398,798,722	100.0%	100.0%	40.5%
2006	295,166,238	904,166,079	774,678,301	1,497,783,958	100.0%	100.0%	38.5%
2007	333,340,167	968,493,997	810,977,128	1,653,533,484	100.0%	100.0%	43.4%
2008	357,423,035	1,025,407,475	864,073,351	1,481,377,439	100.0%	100.0%	11.4%
2009	362,288,592	1,109,773,550	858,874,838	1,672,470,344	100.0%	100.0%	23.3%
2010	377,651,365	1,195,328,215	887,685,214	1,711,577,229	100.0%	100.0%	15.6%
2011	413,944,399	1,267,467,354	1,042,433,062	1,790,902,641	100.0%	100.0%	10.5%
2012	417,481,360	1,375,244,710	1,175,653,622	1,897,722,867	100.0%	100.0%	8.9%
2013	436,164,975	1,478,146,019	995,606,756	2,047,929,504	100.0%	100.0%	13.4%
2014	453,220,166	1,580,320,342	1,060,515,204	2,193,881,221	100.0%	100.0%	15.1%
2015	471,000,910	1,771,674,810	1,149,120,396	2,308,087,140	100.0%	100.0%	5.7%
2016	497,752,958	1,873,037,310	1,220,586,038	2,423,269,015	100.0%	100.0%	4.3%
2017	517,234,871	2,007,105,437	1,273,482,995	2,592,460,631	100.0%	100.0%	5.3%
2018	549,887,200	2,096,091,332	1,343,581,605	2,695,388,392	100.0%	100.0%	3.7%
2019	572,708,759	2,378,309,300	1,536,866,003	2,848,950,000	100.0%	95.7%	0.0%
2020	594,832,013	2,522,531,880	1,583,851,273	3,069,233,497	100.0%	98.1%	0.0%
2021	606,219,719	2,729,154,314	1,696,669,168	3,320,288,049	100.0%	99.4%	0.0%
2022	637,753,724	2,899,832,050	1,758,356,031	3,394,988,979	100.0%	95.1%	0.0%
2023	684,547,927	3,052,425,518	1,880,528,857	3,486,138,920	100.0%	91.8%	0.0%
2024	747,434,589	3,170,048,883	2,039,895,451	3,645,166,359	100.0%	91.4%	0.0%
2025	820,061,844	3,347,043,693	2,043,931,828	3,917,188,586	100.0%	92.5%	0.0%

Table 10
Schedule of Funding Progress

Valuation Date December 31,	Actuarial Value of Assets (AVA) (\$ millions)	Actuarial Accrued Liability (AAL) (\$ millions)	Unfunded Actuarial Accrued Liability (UAAL) (\$ millions)	Funded Ratio	Annual Covered Payroll (\$ millions)	UAAL as % of Covered Payroll
2005	\$ 1,398.8	\$ 1,794.2	\$ 395.4	78.0%	\$ 348.6	113.4%
2006	1,497.8	1,974.0	476.2	75.9%	391.0	121.8%
2007	1,653.5	2,112.8	459.3	78.3%	417.5	110.0%
2008	1,481.4	2,246.9	765.5	65.9%	448.7	170.6%
2009	1,672.5	2,330.9	658.5	71.8%	422.5	155.8%
2010	1,711.6	2,460.7	749.1	69.6%	438.9	170.7%
2011	1,790.9	2,723.8	932.9	65.7%	451.8	206.5%
2012	1,897.7	2,968.4	1,070.7	63.9%	470.2	227.7%
2013	2,047.9	2,909.9	862.0	70.4%	490.6	175.7%
2014	2,193.9	3,094.1	900.2	70.9%	539.2	167.0%
2015	2,308.1	3,391.8	1,083.7	68.0%	559.8	193.6%
2016	2,423.3	3,591.4	1,168.1	67.5%	599.6	194.8%
2017	2,592.5	3,797.8	1,205.4	68.3%	629.9	191.3%
2018	2,695.4	3,989.6	1,294.2	67.6%	664.3	194.8%
2019	2,849.0	4,487.9	1,638.9	63.5%	707.5	231.6%
2020	3,069.2	4,701.2	1,632.0	65.3%	729.3	223.8%
2021	3,320.3	5,032.0	1,711.8	66.0%	752.2	227.6%
2022	3,395.0	5,295.9	1,901.0	64.1%	810.0	234.7%
2023	3,486.1	5,617.5	2,131.4	62.1%	914.1	233.2%
2024	3,645.2	5,957.4	2,312.2	61.2%	1,020.5	226.6%
2025	3,917.2	6,211.0	2,293.8	63.1%	1,075.6	213.3%

Appendix A – Summary of Actuarial Methods

A. ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment return. Offsetting unrecognized gains and losses are immediately recognized, with the shortest remaining bases recognized first and the net remaining bases recognized over their original period(s). The actuarial value of assets is further adjusted by 33% of any amount outside of a 20% corridor around the market value of assets, if necessary.

B. ACTUARIAL COST ALLOCATION METHOD

The total cost of COAERS, over time, will be equal to the benefits and expenses paid less actual investment earnings, and is not affected directly by the actuarial cost allocation method. The actuarial cost allocation method is simply a tool to allocate costs to past, current or future years and thus primarily affects the timing of cost recognition.

This valuation uses the Individual Entry Age Normal actuarial cost allocation method. The actuarial cost allocation method divides the present value of total projected benefits for each member between past service (actuarial accrued liability), the year following the valuation (normal cost) and future years of service (present value of future normal costs). For inactive members, the actuarial accrued liability is equal to the present value of total projected benefits. The actuarial cost allocation method does not impact the calculation of the present value of total projected benefits.

Under the Individual Entry Age Normal actuarial cost allocation method, the normal cost is calculated separately for each individual active member, based on their ages at entry into COAERS and their group-specific benefit provisions. The individual normal costs of all members are then aggregated and divided by the total valuation compensation of all active members included in the valuation to determine the average aggregate normal cost rate as a percentage of compensation.

The total normal cost rate utilized in the calculation of the City Contribution Rate in this valuation is based on a one-year open group projection of valuation results that assumes: (a) there will be no changes in actuarial assumptions nor methods, (b) the active member headcount is expected to remain level, and (c) active members who leave employment will be replaced by new Group B members each year. The profile of the new Group B members in the open group projection is developed based on a three-year history of the actual pay (adjusted by the Payroll Growth assumption), sex, and actual hire age of new COAERS members.

C. ACTUARIALLY DETERMINED CONTRIBUTION

The actuarially determined contribution is comprised of two parts: the normal cost reflecting benefits earned in the current year, plus an amortization payment to pay off the unfunded actuarial accrued liability. For COAERS the amortization payment is also comprised of two parts: (1) a Legacy Liability payment, and (2) an amortization payment toward any liability layers established subsequent to the initial RSVS valuation. The Legacy Liability payment is a set dollar amortization schedule established with the initial RSVS valuation conducted as of December 31, 2022. The amount of the Legacy Liability payment for each calendar year 2024 – 2053 is shown on Table RSVS-1. The other portion of the amortization payment is the amount necessary to amortize any liability layers established subsequent to the initial RSVS valuation. These liability layers are the unanticipated changes in the UAAL from the prior year to the current year. These layers are amortized over the greater of the remaining amortization period of the Legacy Liability, or 20 years, as a level percentage of payroll.

D. ACTUARIAL MODEL

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

E. SALARY AND PAYROLL

This valuation uses the term “salary” to refer to the rate of compensation of individual active members as of the valuation date, as provided in the census from the client. “Payroll” refers to the expected compensation for the year on which contributions are made.

Appendix B – Summary of Actuarial Assumptions

The most recent experience study was completed based on data collected through December 31, 2023. Except as noted below, the Board adopted the assumptions outlined below to be effective with the December 31, 2024 actuarial valuation. Please see the Experience Study report, dated March 18, 2025, for more detail on the rationale for the current assumptions. As authorized under Article 6243n of the Vernon's Civil Statutes of the State of Texas, actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary.

1. Investment Return Rate: (adopted effective December 31, 2021)

6.75% per annum, compounded annually, composed of an assumed inflation rate of 2.50% and a real rate of return of 4.25%, net of investment expenses.

2. Mortality:

a. Nondisabled annuitants (adopted effective December 31, 2024)

Healthy retirees and beneficiaries – The PubG-2010 Healthy Retiree Mortality Table (for General employees) for males and females with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2021, 2D for male and female. Mortality improvement is projected from the mortality table's base year of 2010.

b. Disabled annuitants (adopted effective December 31, 2024)

Disabled annuitants – The PubG-2010 Healthy Retiree Mortality Table (for General employees) for males and females, set forward three years with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2021, 2D for male and female. Mortality improvement is projected from the mortality table's base year of 2010. A minimum mortality rate of 3% is applied at all ages after reflecting mortality improvement to the base mortality assumption.

c. Active members (adopted effective December 31, 2024)

Active employees – The PubG-2010 Employee Mortality Table (for General employees) for males and females with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2021, 2D for male and female. Mortality improvement is projected from the mortality table's base year of 2010.

Note regarding mortality table extensions:

Pub-2010 mortality tables are not inclusive of all ages. Mortality rates for active members were extended above age 80 by a constant exponential rate to the Healthy Retiree rate at age 100. Mortality rates for nondisabled annuitants below age 50 were extended using a constant exponential rate to the Juvenile rates.

3. Retirement Rates: (adopted effective December 31, 2024)

The following rates of retirement are assumed for members eligible for normal retirement.

AGE	RATES OF RETIREMENT	
	MALES	FEMALES
44 & under	25.0%	25.0%
45	25.0%	25.0%
46	25.0%	25.0%
47	20.0%	25.0%
48	20.0%	19.0%
49	20.0%	19.0%
50	20.0%	19.0%
51	20.0%	19.0%
52	20.0%	19.0%
53	20.0%	20.0%
54	20.0%	20.0%
55	19.0%	20.0%
56	19.0%	20.0%
57	19.0%	24.0%
58	19.0%	24.0%
59	19.0%	24.0%
60	20.0%	20.0%
61	20.0%	20.0%
62	20.0%	22.0%
63	19.0%	16.0%
64	19.0%	16.0%
65	19.0%	24.0%
66	24.0%	24.0%
67	30.0%	24.0%
68	25.0%	24.0%
69	25.0%	24.0%
70	25.0%	24.0%
71	25.0%	24.0%
72	25.0%	30.0%
73	25.0%	30.0%
74 & older	100.0%	100.0%

Group B members are assumed to retire at twice the applicable rate upon the first year they attain eligibility for normal retirement. Early retirement rates (of 1% at age 55 increasing by 1% every two years to 5% at ages 63 and 64) apply for Group B members.

4. Rates of Decrement Due to Withdrawal: (adopted effective December 31, 2024)

Rates of withdrawal are comprised of a select period for the first 5 years of employment and ultimate rates based on years of service from retirement after the end of the select period. The following rates during the select period apply at all ages during the applicable year of employment:

YEARS OF EMPLOYMENT	MALES	FEMALES
1	0.1100	0.1500
2	0.1050	0.1200
3	0.0925	0.1175
4	0.0675	0.1000
5	0.0600	0.0700

After the select period ends, rates of withdrawal are based on the number of years until a member is eligible for unreduced retirement. The rates are shown below for males and females:

YEARS TO ELIGIBILITY FOR UNREDUCED RETIREMENT	RATES OF WITHDRAWAL AFTER SELECT PERIOD	
	MALES	FEMALES
1	0.0120	0.0080
2	0.0120	0.0125
3	0.0120	0.0125
4	0.0120	0.0150
5	0.0150	0.0150
6	0.0200	0.0150
7	0.0200	0.0200
8	0.0200	0.0250
9	0.0200	0.0250
10	0.0250	0.0300
11	0.0300	0.0350
12	0.0350	0.0375
13	0.0400	0.0400
14	0.0450	0.0600
15+	0.0500	0.0700

Withdrawal rates cease upon eligibility for unreduced retirement. Withdrawal rates do continue during eligibility for Early retirement (Group B) and the Early retirement rate is subtracted from the withdrawal rate. If the Early retirement rate exceeds the withdrawal rate, then the withdrawal rate is set to zero.

5. Disability Rates*: (adopted effective December 31, 2024)

Disability rates cease upon eligibility for unreduced retirement. Rates at sample ages are shown below:

AGE	RATES OF DECREMENT DUE TO DISABILITY MALES AND FEMALES
20	0.000002
25	0.000015
30	0.000059
35	0.000155
40	0.000296
45	0.000482
50	0.000713
55	0.000988
60	0.001308

* Rates are for disability due to all causes. Occupational disability rates are assumed to be 10% of all causes.

6. Rates of Individual Member Salary Increase: (adopted effective December 31, 2024)

YEARS OF SERVICE	PROMOTIONAL RATE OF INCREASE	TOTAL ANNUAL RATE OF INCREASE INCLUDING 2.50% INFLATION COMPONENT AND 1.25% PRODUCTIVITY COMPONENT
1-3	2.75%	6.50%
4	2.50%	6.25%
5	2.25%	6.00%
6-7	2.00%	5.75%
8	1.75%	5.50%
9-10	1.25%	5.00%
11-12	1.00%	4.75%
13-16	0.75%	4.50%
17-18	0.50%	4.25%
19	0.25%	4.00%
20+	0.00%	3.75%

7. Payroll Growth: (adopted effective December 31, 2024)

COAERS' contributory payroll base is assumed to increase annually at a rate of 3.50%. This assumption is used in the level percent of pay amortization methodology and in development of the new entrant profile for the open group projection.

8. DROP Participation: (adopted effective December 31, 2024)
10% of retiring active members with at least 20 years of service are assumed to retroactively participate in the DROP. Additionally, members electing the DROP benefit are assumed to elect a DROP period equal to the shorter of 60 months and their maximum length based on eligibility for unreduced retirement.
9. Married Percentage: (adopted effective December 31, 1997)
100% of the active members are assumed to be married.
10. Recovery from Disability: (adopted effective December 31, 1997)
No recoveries once disabled are assumed.
11. Spousal Age Difference: (adopted effective December 31, 2012)
Males are assumed to be three years older than females.
12. Normal Form of Payment: (adopted effective December 31, 1997)
It is assumed that all members retiring in the future will elect the life annuity form of payment with a guaranteed return of accumulated employee contributions.
For members who die in active service while eligible for retirement, all beneficiaries are assumed to elect the life annuity (survivor's portion of the 100% joint and contingent annuity, Option I).
13. Crediting Rate on Employee Contributions: (adopted effective December 31, 2002)
It is assumed that the interest credit rate on employee contributions will be 6.00%.
14. Individual Member Salary Information: (adopted effective December 31, 1997)
Annualized rates of pay as of the valuation date are reported for all employees. This first pay increase in the year following the valuation date is expected to occur on October 1.
15. Pay increase timing: (adopted effective December 31, 1997)
Middle of calendar year for each year after the year following the valuation date.
16. Decrement timing: (adopted effective December 31, 1997)
Decrements of all types are assumed to occur mid-year.
17. Eligibility testing: (adopted effective December 31, 2002)
Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur
18. Decrement relativity: (adopted effective December 31, 2002)
Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects (i.e., they are treated like independent probabilities).
19. Incidence of Contributions: (adopted effective December 31, 2002)
Contributions are assumed to be received continuously throughout the year based upon the contribution rates as a percent of payroll established in statute and shown in this report.

20. Service Accruals: (adopted December 31, 1997)

All active members are assumed to accrue one year of service each year. Future service accruals are counted for eligibility and benefit purposes.

21. Service Purchases (military, permissive, and sick leave conversion):

No service purchases (except sick leave conversion) of any type are assumed. Any gains or losses due to these purchases are recognized in the valuation following the purchase.

It is assumed that 55% of retiring members will elect to convert unused sick leave and that on average those conversions will increase those members' retirement benefits by 1.5%. In aggregate, this produces an assumption that the average retiring member will increase their benefit by 0.825% ($55\% \times 1.5\% = 0.825\%$).

22. Cost of Living Adjustments and One-time Payments:

No future cost of living adjustments are assumed. In addition, no one-time payments (13th checks) are assumed.

23. Withdrawal of Employee Contributions:

Active members who terminate employment with a vested benefit are assumed to choose the most valuable option available to them at the time of termination: immediate withdrawal of contributions or deferred annuity. Future terminated members assumed to choose a deferred benefit are assumed to commence receipt at age 62 for Group A and age 65 for Group B. Current terminated members (including deferred reciprocal participants) are assumed to commence receipt at Normal Retirement. Non-vested members are assumed to receive an immediate refund of their contributions.

Terminated vested participants are assumed to have the same mortality as 'non-disabled annuitants' following termination of employment and prior to benefit commencement.

No return of employee contributions is assumed for current retirees after death.

24. Pop-up Factors:

For retirees who elected a pop-up benefit, the original option factor is estimated each valuation based on the current valuation assumptions.

Appendix C – Summary of Principal Plan Provisions

A. EFFECTIVE DATE

January 1, 1941.

B. ELIGIBILITY AND PARTICIPATION

Any regular and permanent employee of the City of Austin, excluding all civil service commissioned police officers and firefighters, the Mayor and members of the City Council and all part-time employees who work less than 75 percent of a normal work week.

Members originally hired prior to January 1, 2012 are classified as Group A members and members hired on or after January 1, 2012 are classified as Group B members.

Unless noted otherwise, the provisions for Group A and Group B are the same.

C. MEMBERSHIP SERVICE

The period of time during which an eligible employee pays into and keeps on deposit the contribution prescribed to be paid by the employee into COAERS.

D. AVERAGE FINAL COMPENSATION

The average of the monthly compensation for the 36 calendar months of highest compensation during the last 120 months prior to termination. The compensation used in the determination of benefits cannot exceed the compensation limits of Internal Revenue Code §401(a)(17) for persons who first become members after 1995 (members hired prior to 1996 have no limit on their compensation).

E. CITY AND MEMBER CONTRIBUTION RATES

The City and the members contribute in accordance with the RSVS described earlier in this report. The member contributions are made under a pre-tax 401(h) pick-up arrangement.

F. RETIREMENT BENEFITS

1. Normal Retirement

- a. Eligibility: Group A – A participant may retire upon attaining age 62, or any age with 23 years of service, or attaining age 55 with 20 years of service. Group B – A participant may retire upon attaining age 62 with 30 years of service, or at age 65 with 5 years of service.
- b. Monthly Benefit:
Group A – 3.00% of average final compensation times years of service.
Group B – 2.50% of average final compensation times years of service.
- c. Payment Form: Benefits are paid as a monthly life annuity to the participant, with a provision that should the participant die prior to receiving monthly payments whose sum is greater than or equal to the participant's accumulated employee contributions, then the participant's beneficiary shall receive a lump-sum equal to the excess of the participant's accumulated employee contributions with interest over the sum of the monthly payments received.

d. Optional Forms of Payment:

- i. Joint and contingent annuity with either 100% (Option I), 66 2/3% (Option III), or 50% (Option II) of the reduced retirement income payable for the life of the contingent annuitant upon the death of the retiring participant, with the provision that, should the contingent annuitant predecease the participant, the monthly annuity will revert to the amount that would have been payable under the normal form of payment,
- ii. Joint and 66 2/3% last survivor (Option IV) provides a reduced retirement income payable as long as both the member and the joint annuitant are alive, and upon the death of either the member or the joint annuitant, the benefit reduces to 2/3 of such amount for the remainder of the life of the last survivor,
- iii. Period certain and life annuity with 15 years of payments guaranteed (Option V), or
- iv. Actuarial equivalent of Life Annuity (Option VI) which is a customized benefit payment plan subject to certain limitations.

If a member retired prior to October 1, 1999 then the original joint and contingent annuity option was provided without pop-up. The pop-up feature was granted as a benefit enhancement to the members who retired prior to October 1, 1999.

- e. Deferred Retirement Option Program (DROP): A member may elect to retroactively participate in the COAERS DROP (i.e. a Backward DROP). The member would receive a lump-sum payment equal to 90% of the sum of the monthly annuities the participant would have received if the member had retired at the DROP entry date. No COLAs are included but changes in the benefit multiplier are reflected. The maximum period a member may retroactively elect under the DROP is 60 months.

2. Early Retirement:a. Eligibility:

Group A – Currently there are no reduced retirement benefits under the plan.

Group B – A participant may retire with a reduced benefit upon attaining age 55 with 10 years of service.

b. Monthly Benefit:

Group A – Not applicable.

Group B – the same formula benefit as determined under Normal Retirement multiplied by an actuarial equivalent early retirement reduction factor.

G. DISABILITY RETIREMENT

1. Eligibility: If the employee is terminated by reason of a total and permanent disability which prevents the employee from engaging in any employment duties. If the employee has less than five years of service, the disability must be job related.
2. Monthly Benefit: Same as Normal Retirement benefit using pay and service at date of disability.
3. Form of Payment: The normal form of payment that is available to a member taking normal retirement and the optional forms of payments described in F.1.d.i) and F.1.d.ii) above

H. VESTING OF BENEFITS

An employee is vested according to the following schedule:

YEARS OF VESTING SERVICE	VESTED PERCENTAGE
Less than 5	0%
5 or more	100%

Benefits Upon Vesting

A vested participant is entitled to the retirement benefit payable at Normal Retirement earned to the date of participant's termination multiplied by the member's vested percentage, or a refund of the accumulated employee contributions with interest.

I. DEATH IN SERVICE

1. Eligibility: All active members.
2. Benefit: The amount of the benefit payable to the beneficiary is:
 - a. Employee eligible for retirement at date of death:

The surviving spouse if any may elect to receive an annuity equal to the monthly benefit as if the member had retired under any retirement option that would have been available to the member at the end of the month in which the member died. If there is no surviving spouse, then the beneficiary may elect to receive a 15 years certain and life annuity. The surviving spouse or beneficiary, instead of electing the annuity, may elect to receive a death benefit equal to twice the member's accumulated employee contributions with interest.

- b. Employee not eligible for retirement at date of death:

A refund of the member's accumulated deposits (with interest) plus a death benefit from COAERS equal to the member's accumulated deposits (with interest), but excluding any purchases for Non-contributory time, prior military service purchases, or Supplementary Service Credit.

J. RETIREE LUMP-SUM DEATH BENEFIT

Upon death of a retired member, a \$10,000 lump-sum death benefit is payable. This benefit is also payable upon the death of an active member eligible for retirement whose surviving spouse or beneficiary elects to receive an annuity.

K. COST-OF-LIVING ADJUSTMENT (COLA)

On January 1 of each year the Board and the City, together, may approve a cost-of-living adjustment for those retirees who retired on or before December 31 of the previous year. The maximum adjustment which can be approved is 6%. The amount of the adjustment is set by the Board upon recommendation by the COAERS actuary that such an adjustment will not make COAERS financially unsound, and the adjustment is not inconsistent with the Code. The adjustment is prorated for any benefit which has been in effect for less than a year, with the proration being 1/12 for each monthly payment received during the prior year.

L. LUMP-SUM ADDITIONAL BENEFIT PAYMENT

Once each year the Board and the City, together, may approve a lump-sum additional benefit payment to be paid to those members and beneficiaries currently in payment status. The additional payment would be equal to a percentage of the member's monthly annuity with a maximum percentage of 100%.

M. PLAN CHANGES ENACTED BY 1995 LEGISLATURE

1. 2.3% Multiplier
The benefit multiplier was increased from 2.2% per year of service to 2.3% per year of service effective October 1995.
2. 2.3% Retiree Gross-up
Effective October 1995, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.3% multiplier.
3. \$10,000 Retiree Lump-Sum Death Benefit
The lump-sum death benefit payable upon the death of a retiree was increased from \$2,000 to \$10,000.
4. Plan Participation Begins at Date of Hire
The six-month service requirement for participation was eliminated. Current active members were granted service for the period between their date of hire and their date of participation, up to six months.

N. PLAN CHANGES ENACTED BY 1997 LEGISLATURE

1. 2.6% Multiplier
The benefit multiplier was increased from 2.3% per year of service to 2.6% per year of service effective October 1997.
2. 2.6% Retiree Gross-up
Effective October 1997, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.6% multiplier.
3. Military Service Purchase
Increased the number of months of military service that may be purchased from 24 to 48.
4. Noncontributory Service Purchase
Allowed an employee to purchase noncontributory service for the following periods of time: (1) while employee was on workers' compensation leave, (2) while employee was on an authorized leave of absence, and (3) while employee performed service for the employer in a position for which the service was not otherwise creditable. The employee pays the full actuarial cost of the service purchase.
5. Employer Purchase of Creditable Service
Allowed the employer to purchase the amount of service required to qualify an employee for an unreduced retirement benefit at age 55. To be eligible for the purchase, the employee must never have been a highly compensated employee within the meaning of IRC Section 414(q). The cost of the service purchase is the full actuarial cost of both the benefit and the retirement eligibility.

O. PLAN CHANGES ENACTED BY 1999 LEGISLATURE

1. 2.7% Multiplier
The benefit multiplier was increased from 2.6% per year of service to 2.7% per year of service effective October 1999.
2. 2.7% Retiree Gross-up
Effective October 1999, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.7% multiplier.

3. 23 & Out Provision

The service requirement at which a participant may retire with an unreduced retirement benefit was decreased from 25 years of Creditable Service to 23 years of Creditable Service.

4. Pop-Up Provisions for Certain Joint and Survivor Payment Options

Certain optional forms of payment which extend coverage to a joint annuitant (Options I, II, and III) were amended so that, should the contingent annuitant predecease the participant, the monthly annuity will revert to the amount that would have been payable under the normal form of payment.

5. Lump-Sum Additional Benefit Payment

The Board was given the ability to make an additional payment to members and beneficiaries in payment status in the form of a lump-sum additional benefit payment. The additional payment would be a percentage of the current monthly payment with a maximum percentage of 100%.

6. Employer Purchase of Creditable Service

Limitations on employer purchases of Creditable Service for a Member before actual retirement were removed.

P. PLAN CHANGES ENACTED BY THE BOARD OF TRUSTEES IN 20001. "415 Restoration of Retirement Income Plan"

Certain highly compensated members may have their retirement annuity limited because of Section 415(b)(1) of the Internal Revenue Code. A plan amendment effective January 1, 2000, provides for COAERS to pay a benefit payment that exceeds the maximum benefit limitation imposed by the Internal Revenue Code from a separate, non-qualified, pay-as-you-go "Restoration of Retirement Income Plan."

2. 2.98% Multiplier

The benefit multiplier was increased from 2.7% per year of service to 2.98% per year of service effective April 2000.

3. 2.98% Retiree Gross-up

Effective April 2000, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.98% multiplier.

4. "Pop-up" Benefit Amendment

The "pop-up" benefit is extended to retirees who selected the actuarial equivalent of Life Annuity option with underlying options of I, II, or III.

Q. PLAN CHANGES ENACTED BY THE BOARD OF TRUSTEES IN 2001

None

R. PLAN CHANGES ENACTED BY THE BOARD OF TRUSTEES IN 20021. 3.00% Multiplier

Benefit multiplier was increased from 2.98% per year of service to 3.00% per year of service effective January 2002.

2. 3.00% Retiree Gross-up

Effective January 2002, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 3.00% multiplier.

3. Deferred Retirement Option Program

A “Backward” DROP was added as an optional benefit effective in 2002. The retiring member may elect to retroactively participate in a DROP. The member would receive a lump-sum payment equal to 90% of the sum of the monthly annuities the participant would have received if the member had retired at the DROP entry date. No COLAs are included but changes in the benefit multiplier are reflected.

4. Purchase of Permissive Time

A member may purchase up to five years of Permissive Time. The purchase price charged to the member is the anticipated actuarial cost to COAERS for the additional service. Minimum purchase is one month with a maximum of 60 months (5 years) or the number of months needed to reach first eligibility for retirement whichever is less.

5. Conversion of Unused Sick

Leave At retirement an employee may elect to purchase Creditable Service for unused sick leave. The Board requires payment by the Member, and then by the City of the equivalent amount of retirement contributions that would have been made had the sick hours been exercised as sick hours. An employee must already be eligible for retirement to purchase the service.

S. PLAN CHANGES ENACTED BY THE BOARD OF TRUSTEES IN 2003

1. “Pop-up” Benefit Amendment

“Pop-up” benefit was extended to any Joint and Survivor option (including level income options), other than Joint and Last Survivor.

2. Permissive Time Amendment

Permissive Time resolution was amended removing the provision that restricts members from purchasing Permissive Time in excess of the amount needed to reach first retirement eligibility.

T. PLAN CHANGES ENACTED IN 2004-2010

There were no changes to the provisions with an actuarial impact between 2004 and 2010.

U. PLAN CHANGES ENACTED BY THE 2011 LEGISLATURE

1. Retirement Provisions

For members hired on after January 1, 2012 (Group B members), changed the eligibility for Normal Retirement to age 65 with 5 years of service, or age 62 with 30 years of service. Also for members hired on or after January 1, 2012, added an eligibility for early retirement upon age 55 with 10 years of service.

2. Benefit Multiplier

For members hired on after January 1, 2012, the benefit multiplier was changed to 2.5% per year of service. Early retirement benefits would be reduced on an actuarially equivalent basis.

V. PLAN CHANGES ENACTED IN 2012-2022

There were no changes to the provisions with an actuarial impact from 2012 through 2022.

W. PLAN CHANGES ENACTED BY THE 2023 LEGISLATURE

1. Member Contribution Provisions

The member contribution rate increased to 9.00% effective January 1, 2024 and 10.00% effective January 1, 2025. Future increases are possible if the City Contribution Rate exceeds the Corridor Maximum.

2. City Contribution Provisions

The City contribution will be comprised of two separate pieces. The Legacy Liability payment detailed on page RSVS-1 of this report and an actuarially determined contribution rate (City Contribution Rate) as shown on RSVS-4.

3. Service Purchases

Following a short window period, all future permissive and military service purchases will be allowed only after eligibility for retirement is achieved. The employer's portion of the cost for the conversion of unused sick leave to credited service will be included in the actuarially determined contribution rate.

X. PLAN CHANGES ENACTED IN 2024-2025

There were no changes to the provisions with an actuarial impact in 2024 and 2025.

Appendix E – Risk Disclosure

The purpose of this appendix is to identify, assess, and provide illustrations of risks that are significant to COAERS, and in some cases to the COAERS participants.

The results of the actuarial valuation are based on one set of assumptions, as adopted by the COAERS Board. However, it is almost certain that future experience will not exactly match the assumptions. As an example, investments may perform better or worse than assumed in any single year and over any longer time horizon. It is therefore important to consider the potential impacts of these potential differences when making decisions that may affect the future financial health of COAERS, or of the COAERS participants.

In addition, as plans mature they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. As an example, it is more difficult for a plan sponsor to deal with the effects of a 10% investment loss on a plan with \$1 Billion in assets and liabilities than if the same plan sponsor is responsible for a 10% investment loss on a plan with \$1 Million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the plan is today, and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

ASOP 51 states that if in the actuary's professional judgment, a more detailed assessment would be significantly beneficial in helping the individuals responsible for the plan to understand the risks identified by the actuary, then the actuary should recommend that such an assessment be performed.

This appendix uses the framework of ASOP 51 to communicate important information about: significant risks to COAERS, COAERS maturity, and relevant historical COAERS data.

Note Regarding Statutory Funding Structure

Please note, under the statutory funding policy and RSVS structure, a large portion of the City's annual RSVS contribution is fixed and equals the Legacy Liability payment. Unanticipated changes in the UAAL measured each year subsequent to the initial RSVS valuation are funded through separate amortization of those liability layers. As such, the liability layer component of the City Contribution Rate is highly leveraged and may vary considerably from year to year as a result of actual experience differing from the actuarial assumptions.

Liquidity Risk

Definition: This is the potential that assets must be liquidated at a loss earlier than planned in order to pay for the Plan's benefits and operating costs. This risk is heightened for plans with negative cash flow, in which contributions do not exceed annual benefit payments plus expenses.

Identification: COAERS has high cash flow requirements because, in most years, the sum of benefit payments plus expenses is larger than contributions. Additionally, retirees may receive partial lump sum payments. As a result, there is a risk that assets may need to be liquidated at a loss before planned in order to pay benefits and expenses. Tables 17 and 18 provide information on the net cash flow and distributions by type for the past ten years.

Investment Risk

Definition: The potential that investment returns will be different than expected.

Identification: To the extent that actual investment returns differ from the assumed investment return, the plan's future assets, funding contributions and funded status may differ significantly from those presented in this valuation.

Assessment: The COAERS target allocation represents a balance of risk and return. Investing in lower-returning asset classes should reduce future investment returns and therefore increase future City and member contributions, but the lower risk levels would result in lower year-over-year volatility in the Actuarially Determined Contribution (ADC) and might provide more benefit security for plan members. Conversely, investing in higher-returning asset classes should increase future investment returns and therefore reduce future City and member contributions, but would also increase the volatility of those contributions and potentially reduce benefit security for plan members.

One way to measure the expected benefit of investing in a diversified, risk-bearing, return-seeking portfolio over an exclusively low-default risk, non-return-seeking portfolio is to compare the Actuarial Accrued Liability under two assumption scenarios: 1) COAERS' valuation assumption for long-term rate of return (6.75%) versus 2) a return assumption that reflects a portfolio of exclusively low-default risk, non-return-seeking assets. In this context, a liability that uses an assumption based on a non-return-seeking, low-default risk portfolio is called a Low Default Risk Obligation Measure (LDRM).

If the plan were invested in a low-default-risk portfolio (e.g., 100% in the Bond Buyer GO 20-Bond Municipal Index), it would impact the discount rate assumption and therefore the Actuarial Accrued Liability, Funded Ratio, and ultimately the ADC; the volatility of the ADC would also change based on the risk level of the portfolio:

(\$ in millions)	BOND BUYER INDEX	COAERS CURRENT ASSUMPTION
Discount Rate	4.83%	6.75%
Actuarial Accrued Liability on December 31, 2025	\$7,827	\$6,211
Funded Ratio (AVA basis) on December 31, 2025	50.0%	63.1%

Demographic Risks

Definition: The potential that mortality or other demographic experience will be different than expected.

Identification: The pension liabilities reported herein have been calculated by assuming that participants will follow patterns of demographic experience (e.g. mortality, withdrawal, disability, retirement, form of payment election, etc.) as described in the report. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, funding contributions and funded status may differ significantly from those presented in this valuation.

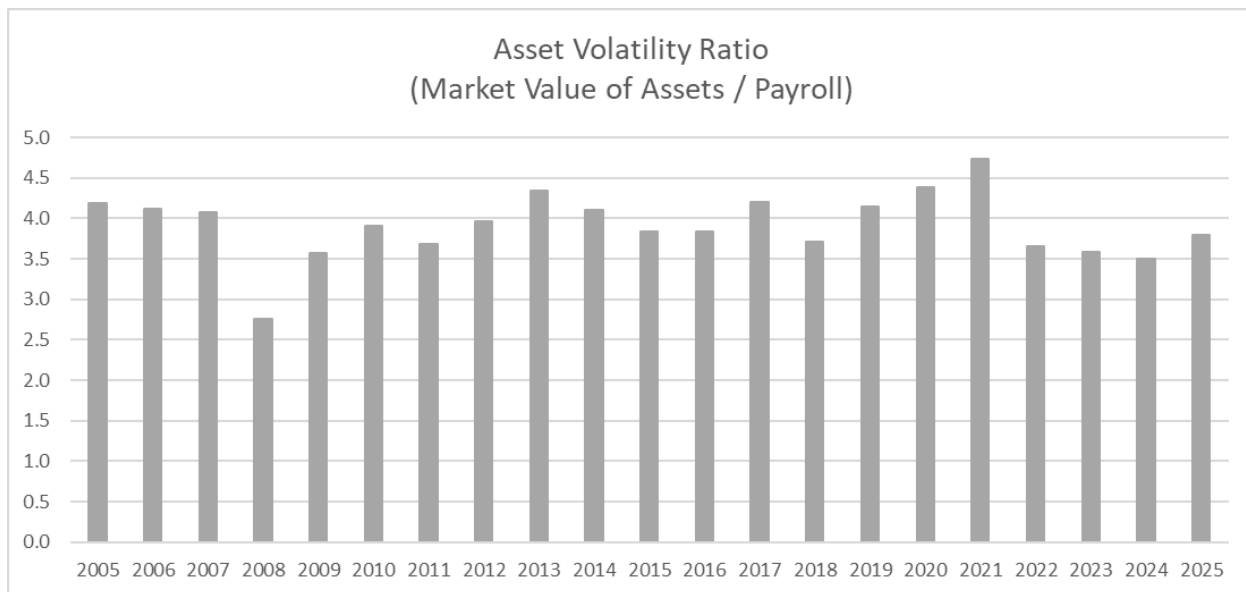
Maturity Measures and Historical Information

Definition: Maturity Risk is the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time.

Assessment: The remainder of this section contains historical information concerning the Asset Volatility Ratio (AVR) and Liability Volatility Ratio (LVR) of COAERS.

Asset Volatility Ratios and Liability Volatility Ratios

The magnitude of any contribution rate increase or decrease is affected by COAERS' maturity level. One indicator of potential contribution volatility due to plan maturity is the Asset Volatility Ratio (AVR), which is equal to the Market Value of Assets divided by payroll. As assets grow compared to payroll, any percentage gain or loss on those assets will be larger compared to payroll. This causes any resulting changes in required contributions from those gains or losses to also be larger when measured as a percentage of payroll. Therefore, plans with a high AVR will be subject to a greater level of contribution volatility. The AVR is a current measure since it is based on the current level of assets and will vary from year to year.



The current AVR for COAERS is 3.8, which is up from a low of 2.8 in 2008 and down from a high of 4.7 in 2021. The following table provides an illustration of how increases in the AVR increase the volatility of contributions from asset gains and losses.

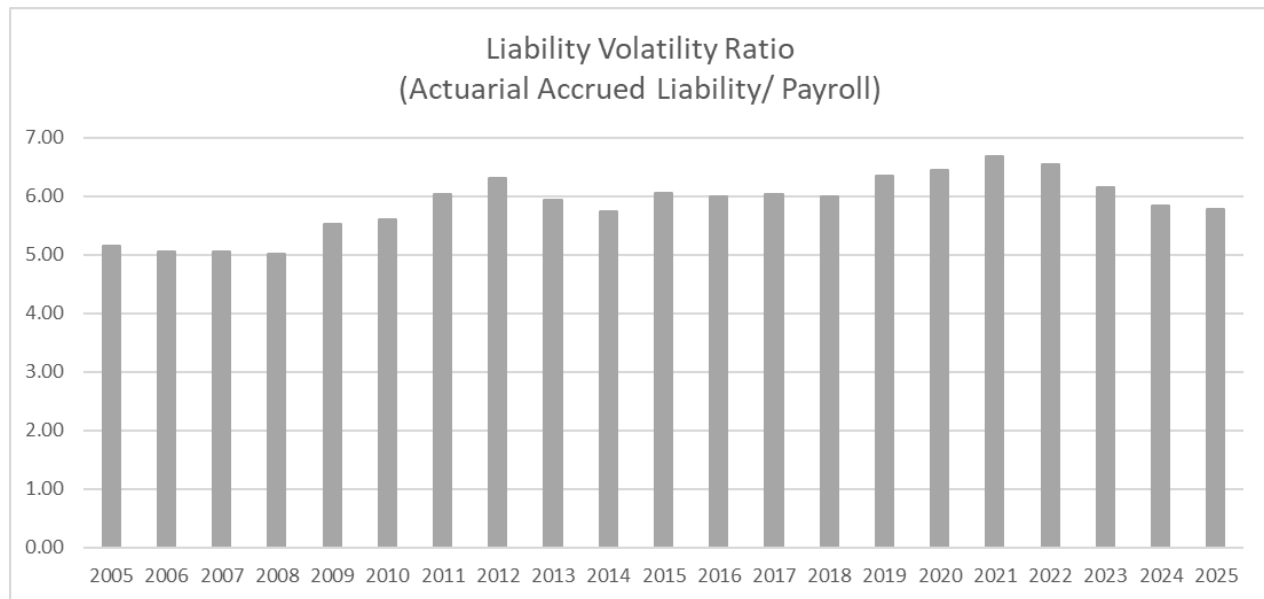
Percent of payroll increase in Liability Layer Amortization for an asset return 10% below assumption if not offset by future gains

YEAR	ASSET VOLATILITY RATIO	27-YEAR* AMORTIZATION
2008	2.8	1.6% of pay
2025	3.8	2.3% of pay

*Amortization period used for 2027 contribution calculation

A return of negative 3.25% is approximately a 10% loss for COAERS because it is 10% below the 6.75% investment return assumption. If a return of negative 3.25% were experienced and was not offset by future gains and the AVR was 2.8, the loss would be expected to increase the liability layer amortization by about 1.6% of pay when amortized over 27 years. However, with the AVR of 3.8, the same return would be expected to increase the liability layer amortization by about 2.3% of payroll when amortized over 27 years.

Another measure of a system’s maturity is the Liability Volatility Ratio (LVR), which is equal to the AAL divided by payroll. This ratio provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. In addition, this ratio provides an indication of the potential contribution volatility due to liability experience (gains and losses) and liability re-measurements (assumption changes). For COAERS, the current LVR is 5.8, up from a low of 5.0 in 2008 and down from a high of 6.7 in 2021.



The graph above shows the historical LVR of COAERS since 2005. It is a similar pattern to the Asset Volatility Ratio, except the year-to-year variance is less.

Appendix F – Definitions

Actuarial Cost Allocation Method - This is a procedure for allocating the Actuarial Present Value of Future Benefits to time periods to produce the Actuarial Accrued Liability and the Normal Cost.

Actuarial Accrued Liability - This is the portion of the Actuarial Present Value of Future Benefits attributable to periods prior to the valuation date by the Actuarial Cost Method (i.e., that portion not provided by future Normal Costs).

Actuarial Assumptions - With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. Some examples of key assumptions include the discount rate, salary scale, and rates of mortality, turnover and retirement.

Actuarial Present Value of Future Benefits - This is the present value, as of the valuation date, of future payments for benefits and expenses under the Plan, where each payment is: a) multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and b) discounted at the assumed discount rate.

Actuarial Value of Assets - This is the value of cash, investments and other property belonging to the plan, typically adjusted to recognize investment gains or losses over a period of years to dampen the impact of market volatility on the Actuarially Determined Contribution.

Actuarially Determined Employer Contribution (“ADEC”) - This is the employer's periodic contributions to a defined benefit plan, calculated in accordance with actuarial standards of practice.

Amortization – Paying an interest-bearing liability by gradual reduction through a series of installments, as opposed to one lump-sum payment.

Amortization Payment – That portion of that pension plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Level Percent of Pay: Produces a level series of payments when expressed as a percentage of payroll. Cash payment increases in line with payroll growth assumption.

Level Dollar: Produces a decreasing pattern of payments when expressed as a percentage of payroll. Cash payment remains level.

Attribution Period - The period of an employee's service to which the expected benefit obligation for that employee is assigned. The beginning of the attribution period is the employee's date of hire and costs are spread across all employment.

Discount Rate – The rate used to discount projected benefit payments to determine the present value in a valuation. This is the long-term expected rate of return on any investments set aside to pay for the benefits. In a financial reporting context (e.g., GASB 68) this is termed the Discount Rate.

Normal Cost - This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.

Return on Plan Assets - This is the actual investment return on plan assets during the fiscal year.

Unfunded Actuarial Accrued Liability - This is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

STATISTICAL SECTION



The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements and note disclosures to understand and assess the economic condition of the City of Austin Employees' Retirement System (COAERS). In compliance with GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, schedules are classified into the following categories: Demographic and Economic Information, Operating Information, and Financial Trends.

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Sources: Schedules and data are provided by the consulting actuary, Milliman, unless otherwise noted.

Appendix D – Data Exhibits

The purpose of this appendix is to summarize the participant data used in the development of the December 31, 2025 actuarial valuation.

Table 11
Distribution of All Active Participants by Age and Length of Service
 (as of December 31, 2025)

Attained Age													Number of Employees	Average Annual Salary
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+		
Under 25	86	100	60	25	6	-	-	-	-	-	-	-	277	\$ 55,941
25-29	159	254	255	141	69	88	-	-	-	-	-	-	966	65,277
30-34	132	233	256	168	131	332	63	-	-	-	-	-	1,315	74,611
35-39	97	192	227	161	114	492	275	63	4	-	-	-	1,625	84,997
40-44	80	143	135	134	102	422	344	257	62	8	-	-	1,687	92,827
45-49	63	109	124	97	71	346	318	298	196	48	2	-	1,672	97,829
50-54	49	82	73	88	49	283	271	253	240	123	24	1	1,536	100,808
55-59	33	75	82	51	43	238	194	256	164	123	47	9	1,315	101,148
60-64	18	35	41	47	34	150	141	153	104	79	50	24	876	96,545
65 & Over	6	17	16	25	18	99	104	100	74	55	33	22	569	97,307
Total	723	1,240	1,269	937	637	2,450	1,710	1,380	844	436	156	56	11,838	\$ 89,774

Table 12
Distribution of Group A Active Participants by Age and Length of Service
(as of December 31, 2025)

Attained Age	Completed Years of Service												Number of Employees	Average Annual Salary	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+			
Under 25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	1	-	-	-	-	-	-	-	1	\$ 51,480
35-39	-	1	-	-	-	1	26	53	4	-	-	-	-	85	100,109
40-44	-	-	2	1	-	2	49	228	61	7	-	-	-	350	105,616
45-49	-	-	-	-	-	3	47	264	185	46	1	-	-	546	110,972
50-54	-	1	-	1	1	3	39	226	216	113	23	1	-	624	109,865
55-59	-	-	1	1	-	5	31	220	155	112	42	7	-	574	106,121
60-64	-	-	-	1	-	3	23	137	95	71	40	12	-	382	100,428
65 & Over	-	-	-	-	-	1	18	88	68	47	25	16	-	263	101,804
Total	-	2	3	4	1	19	233	1,216	784	396	131	36	-	2,825	\$ 106,451

Table 13
Distribution of Group B Active Participants by Age and Length of Service
 (as of December 31, 2025)

Attained Age	Completed Years of Service												Number of Employees	Average Annual Salary
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+		
Under 25	86	100	60	25	6	-	-	-	-	-	-	-	277	\$ 55,941
25-29	159	254	255	141	69	88	-	-	-	-	-	-	966	65,277
30-34	132	233	256	168	131	331	63	-	-	-	-	-	1,314	74,629
35-39	97	191	227	161	114	491	249	10	-	-	-	-	1,540	84,163
40-44	80	143	133	133	102	420	295	29	1	1	-	-	1,337	89,480
45-49	63	109	124	97	71	343	271	34	11	2	1	-	1,126	91,456
50-54	49	81	73	87	48	280	232	27	24	10	1	-	912	94,611
55-59	33	75	81	50	43	233	163	36	9	11	5	2	741	97,296
60-64	18	35	41	46	34	147	118	16	9	8	10	12	494	93,542
65 & Over	6	17	16	25	18	98	86	12	6	8	8	6	306	93,442
Total	723	1,238	1,266	933	636	2,431	1,477	164	60	40	25	20	9,013	\$ 84,547

Table 14
Distribution of All Active Participants by Service and Current Rate of Pay
 (as of December 31, 2025)

Completed Years of Service	Number of Employees	Average Annual Salary
0	723	\$ 71,160
1	1,240	73,199
2	1,269	72,802
3	937	77,611
4	637	83,744
5-9	2,450	91,778
10-14	1,710	98,728
15-19	1,380	104,622
20-24	844	109,906
25-29	436	108,970
30-34	156	112,827
35+	<u>56</u>	<u>109,843</u>
Total	11,838	\$ 89,774

Table 15
Schedule of Average Benefit Payments

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 1/1/2020 to 12/31/2020							
Average Monthly Benefit	\$ 209	\$ 935	\$ 2,103	\$ 2,961	\$ 4,020	\$ 5,400	\$ 6,620
Average Final Salary	\$ 36,278	\$ 59,966	\$ 73,939	\$ 75,450	\$ 77,580	\$ 86,388	\$ 88,646
Number of Active Retirees	23	47	47	46	134	61	30
Period 1/1/2021 to 12/31/2021							
Average Monthly Benefit	\$ 411	\$ 1,033	\$ 2,058	\$ 3,085	\$ 4,377	\$ 5,554	\$ 7,073
Average Final Salary	\$ 60,936	\$ 64,068	\$ 73,405	\$ 77,396	\$ 84,850	\$ 86,953	\$ 95,822
Number of Active Retirees	16	42	42	43	149	49	21
Period 1/1/2022 to 12/31/2022							
Average Monthly Benefit	\$ 336	\$ 989	\$ 1,952	\$ 2,848	\$ 4,426	\$ 5,816	\$ 6,889
Average Final Salary	\$ 52,332	\$ 63,398	\$ 70,497	\$ 74,090	\$ 84,661	\$ 93,608	\$ 90,300
Number of Active Retirees	14	42	55	50	169	51	26
Period 1/1/2023 to 12/31/2023							
Average Monthly Benefit	\$ 230	\$ 960	\$ 2,207	\$ 3,194	\$ 4,768	\$ 5,766	\$ 7,335
Average Final Salary	\$ 59,555	\$ 62,832	\$ 81,047	\$ 82,093	\$ 88,376	\$ 94,551	\$ 95,996
Number of Active Retirees	19	53	42	48	141	48	19
Period 1/1/2024 to 12/31/2024							
Average Monthly Benefit	\$ 264	\$ 989	\$ 1,960	\$ 3,118	\$ 4,669	\$ 4,783	\$ 7,499
Average Final Salary	\$ 65,704	\$ 67,439	\$ 75,151	\$ 83,322	\$ 88,344	\$ 78,758	\$ 101,250
Number of Active Retirees	11	48	52	46	124	45	27
Period 1/1/2025 to 12/31/2025							
Average Monthly Benefit	\$ 392	\$ 1,189	\$ 1,703	\$ 3,319	\$ 4,807	\$ 5,910	\$ 7,380
Average Final Salary	\$ 68,773	\$ 85,898	\$ 72,417	\$ 87,237	\$ 94,034	\$ 96,572	\$ 99,582
Number of Active Retirees	19	47	51	50	132	65	32

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Table 16
Retired Members by Type of Benefit
 (as of December 31, 2025)

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement ¹				Option Selected ²							
		1	2	3	4	Life Annuity	Option I	Option II	Option III	Option IV	Option V	Option VI	Option VII
Deferred	5		5			1,691							
Below \$1	0	0	0	0	0	0	0	0	0	0	0	0	0
\$1-250	240	201	19	2	18	162	61	5	2	0	10	0	0
251-500	320	258	41	9	12	185	96	16	8	2	12	1	0
501-750	411	323	61	6	21	236	123	21	12	4	15	0	0
751-1,000	408	306	73	11	18	238	118	21	16	1	11	0	3
1,001-1,250	394	291	80	12	11	227	118	26	13	3	5	0	2
1,251-1,500	411	320	69	14	8	210	138	29	20	4	6	1	3
1,501-1,750	427	343	69	13	2	213	126	33	37	5	11	0	2
1,751-2,000	485	405	59	12	9	238	158	44	30	4	9	0	2
Over \$2,000	5,240	4,893	296	28	23	2,123	1,946	550	405	52	124	30	10
Total	8,341	7,340	772	107	122	5,523	2,884	745	543	75	203	32	22

¹ Types of Retirement include:

1. Normal retirement for age and service
2. Beneficiary payment, normal retirement or death in service
3. Disability retirement
4. QDRO - alternate payee

² Options selected include:

Life annuity (includes type 2 receiving survivor benefit for life)

The following options reduce the retired member's monthly benefit:

- Option I: beneficiary receiving 100 percent of member's reduced monthly benefit
- Option II: beneficiary receiving 50 percent of member's reduced monthly benefit
- Option III: beneficiary receives 66-2/3 percent of member's reduced monthly benefit
- Option IV: survivor receives 66-2/3 percent of member's reduced monthly benefit upon first death
- Option V: life annuity with 15 years guaranteed
- Option VI: other: participant created actuarial equivalent forms of payment
- Option VII: beneficiary of option 5 receiving payment until termination of guaranteed period

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Table 17
Change in Net Position
Includes Contributions to and Benefit Payments from 415 Restoration Plan
(\$ thousands)

	Fiscal Year Ending December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Member Contributions	\$ 60,801	\$ 56,194	\$ 58,713	\$ 63,626	\$ 71,470	\$ 66,820	\$ 69,189	\$ 80,573	\$ 90,331	\$ 105,925
Employer Contributions	104,488	111,058	116,671	123,770	130,914	141,418	146,799	163,937	183,225	199,062
Net Investment Income	171,641	376,819	(157,242)	503,854	307,289	411,211	(550,087)	357,113	316,279	525,986
Total additions to plan net assets	\$ 336,930	\$ 544,071	\$ 18,142	\$ 691,250	\$ 509,673	\$ 619,449	\$ (334,099)	\$ 601,623	\$ 589,835	\$ 830,973
Deductions										
Benefit Payments	\$ 171,736	\$ 183,344	\$ 195,538	\$ 208,828	\$ 222,460	\$ 235,620	\$ 252,006	\$ 266,118	\$ 279,098	\$ 293,840
Refunds	3,911	4,045	4,141	4,265	3,656	4,267	5,076	4,033	5,585	5,520
Administrative Expenses	2,701	2,778	4,024	6,218	6,595	6,528	6,764	8,549	7,174	6,720
Lump-sum Payments ¹	3,697	3,154	3,494	5,288	5,449	7,439	7,420	4,006	5,945	9,695
Total deductions from plan net assets	\$ 182,045	\$ 193,321	\$ 207,197	\$ 224,599	\$ 238,160	\$ 253,854	\$ 271,266	\$ 282,706	\$ 297,802	\$ 315,775
Change in net assets²	\$ 154,884	\$ 350,750	\$ (189,055)	\$ 466,651	\$ 271,513	\$ 365,595	\$ (605,365)	\$ 318,917	\$ 292,033	\$ 515,197

¹ Includes DROP disbursements

² Change in net assets may not equal total additions less total deductions due to rounding

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Table 18
Benefit and Refund Deductions from Net Position by Type
Includes Contributions to and Benefit Payments from 415 Restoration Plan
(\$ thousands)

Type of Benefit	Fiscal Year Ending December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Type of Benefit										
Age and service benefits:										
Retirees ¹	\$ 170,031	\$ 181,270	\$ 192,905	\$ 205,575	\$ 219,582	\$ 231,849	\$ 248,043	\$ 262,301	\$ 276,571	\$ 291,126
Beneficiaries ¹										
Lump-sum payments	3,697	3,154	3,494	5,288	5,449	7,439	7,420	4,006	5,945	9,695
In-service death benefits: ²	1,705	2,074	2,633	3,253	2,878	3,772	3,963	3,817	2,527	2,714
Disability benefits: ³										
Total benefits	\$ 175,433	\$ 186,498	\$ 199,032	\$ 214,116	\$ 227,909	\$ 243,060	\$ 259,426	\$ 270,124	\$ 285,043	\$ 303,535
Type of Refund										
Death ²										
Separation	3,911	4,045	4,141	4,265	3,656	4,267	5,076	4,033	5,585	5,520
Total refunds	\$ 3,911	\$ 4,045	\$ 4,141	\$ 4,265	\$ 3,656	\$ 4,267	\$ 5,076	\$ 4,033	\$ 5,585	\$ 5,520

¹ Segregation of age benefits for beneficiaries not currently available

² Segregation of death benefits between refunds and in service death benefits not currently available

³ Segregation of disability benefits from age and service benefits not currently available

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