City of Austin Employees' Retirement System

December 31, 2025 Actuarial Valuation and Risk Sharing Valuation Study

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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.

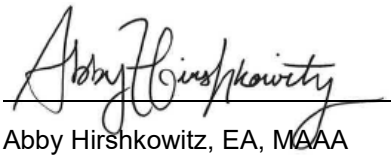
Conclusion

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

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Executive Summary

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.

Table 1
Statement of Income and Disbursements

	Valuation Period Ending December 31, 2024	Valuation Period Ending December 31, 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	316,278,755	525,985,772
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	7,173,514	6,720,206
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 2
Development of Actuarial Value of Assets

	Year Ending December 31, 2025
1. Market Value of Assets as of January 1	$ 3,570,725,498
2. Net Cashflow Excluding Investment Return	
a. Contributions	$ 304,709,013
b. Benefits and Refunds Paid	(308,807,406)
c. Administrative Expenses less Other Income	(6,720,206)
d. Subtotal	(10,818,599)
3. Assumed Investment Rate of Return for Fiscal Year	6.75%
4. Expected Net Investment Income	$ 240,664,805
5. Expected Market Value of Assets as of December 31 [(1) + (2) + (4)]	$ 3,800,571,704
6. Market Value of Assets as of December 31	$ 4,085,892,671
7. Excess or (Shortfall) in Investment Income: [(6) - (5)]	$ 285,320,967

8. Development of Amounts to be Recognized as of December 31, 2025:

FYE	Unrecognized Deferrals of Excess/(Shortfall) of Investment Income (A)	Offsetting of Excesses/ (Shortfalls) (B)	Net Unrecognized Deferrals (C) = (A) + (B)	Years Remaining (D)	Recognized for this Valuation (E) = (C) / (D)	Unrecognized after this Valuation (F) = (C) - (E)
2021	0	0	0	1	0	0
2022	(74,440,861)	74,440,861	0	2	0	0
2023	0	0	0	3	0	0
2024	0	0	0	4	0	0
2025	285,320,967	(74,440,861)	210,880,106	5	42,176,021	168,704,085
Total	210,880,106	0	210,880,106		42,176,021	$ 168,704,085

9. Preliminary Actuarial Value of Assets [(6) - (8E)]	$ 3,917,188,586
10. Actuarial Value of Asset Corridor	
a. 80% of Market Value, end of year	$ 3,268,714,137
b. 120% of Market Value, end of year	4,903,071,205
11. Final Actuarial Value of Assets as of December 31, 2025 [(9), but recognize 1/3 of any deferred gains or losses outside of corridor shown in (10)]	**$ 3,917,188,586**
12. Ratio of Actuarial Value of Assets to Market Value of Assets	95.9%
13. Net Rate of Return on Actuarial Value of Assets	7.8%
14. Expected Actuarial Value of Assets	$ 3,880,037,323
15. Actuarial Gain / (Loss) on Actuarial Value of Assets: [11 - 14]	$ 37,151,263

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.

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.

Table 3
Present Value of Future Benefits and Actuarial Accrued Liability

	Valuation Period Ending December 31, 2024	Valuation Period Ending December 31, 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	52,315,726	53,539,807
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	170,493,869	179,895,984
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	20,158,028	22,539,841
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]	(1,508,691,963)	(1,532,594,199)
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	0.70%	0.70%
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		3,917,188,586
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		152,028,104
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)		(28,310,835)
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	871	815	1,686
Total with Vested Benefits	11,765	10,100	21,865
Terminated Nonvested	575	2,502	3,077
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	3,400,705,762	99,916,727	3,500,622,489
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.

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.

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)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		As of Valuation Date			Payment for	One Year After Valuation Date			Payment for
Date Established December 31,	Original Balance	Remaining Payments	Outstanding Balance	Amortization Factor	2026 Fiscal Year	Remaining Payments	Outstanding Balance	Amortization Factor	2027 Fiscal Year
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	(48,513,088)	N/A	0	27	(51,787,721)	17.9946	(2,877,957)
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.

Additional Actuarial Exhibits

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,	Added to Rolls Number	Added to Rolls Annual Allowances	Removed from Rolls Number	Removed from Rolls Annual Allowances	Rolls End of Year Number	Rolls End of Year Annual Allowances	% Increase in Annual Allowances	Average 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: Active and Inactive Member Contributions	Aggregate Accrued Liabilities for: Retirees and Beneficiaries	Aggregate Accrued Liabilities for: Active and Inactive Members (Employer Financed Portion)	Reported Assets	Portions of Accrued Liabilities Covered by Assets: Active and Inactive Member Contributions	Portions of Accrued Liabilities Covered by Assets: Retirees and Beneficiaries	Portions of Accrued Liabilities Covered by Assets: 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%

Appendices

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% x 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 'nondisabled 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 2000

1. "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 2002

1. 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 potion 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 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	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Number of Employees	Average Annual Salary
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+	56	109,843
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

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

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 assets[2]	$ 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

Table 18
Benefit and Refund Deductions from Net Position by Type
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
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

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 (LDROM).

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.

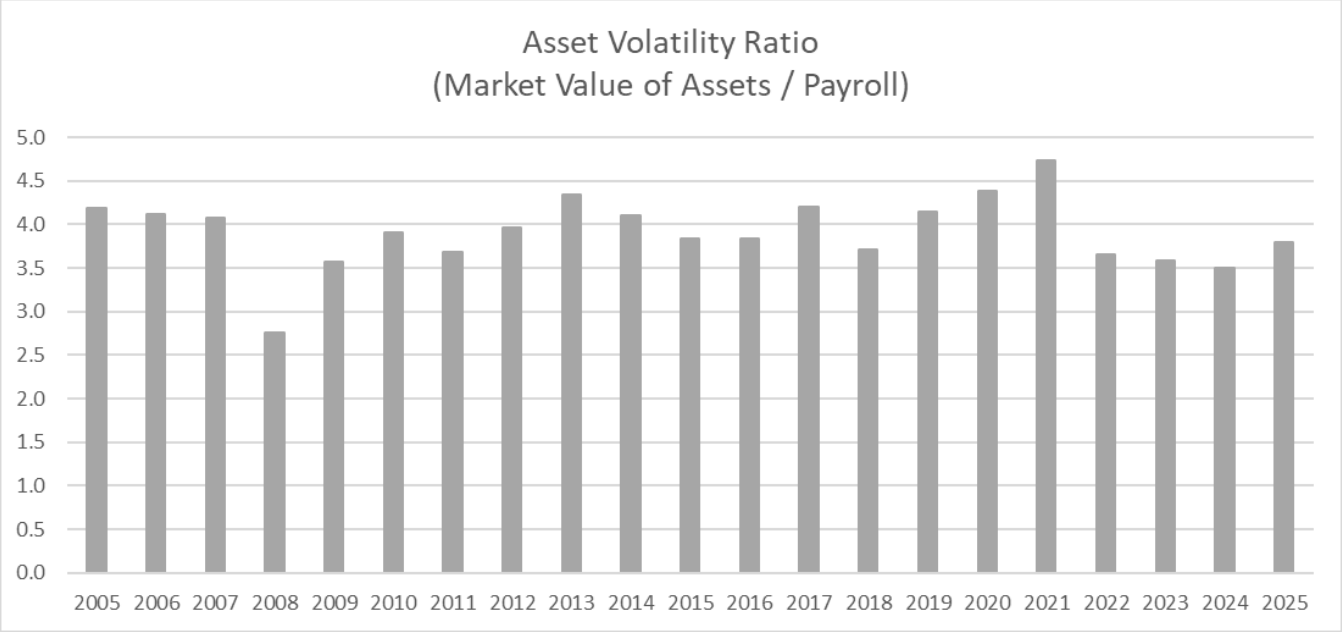
Maturity Measures and Historical Information

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.

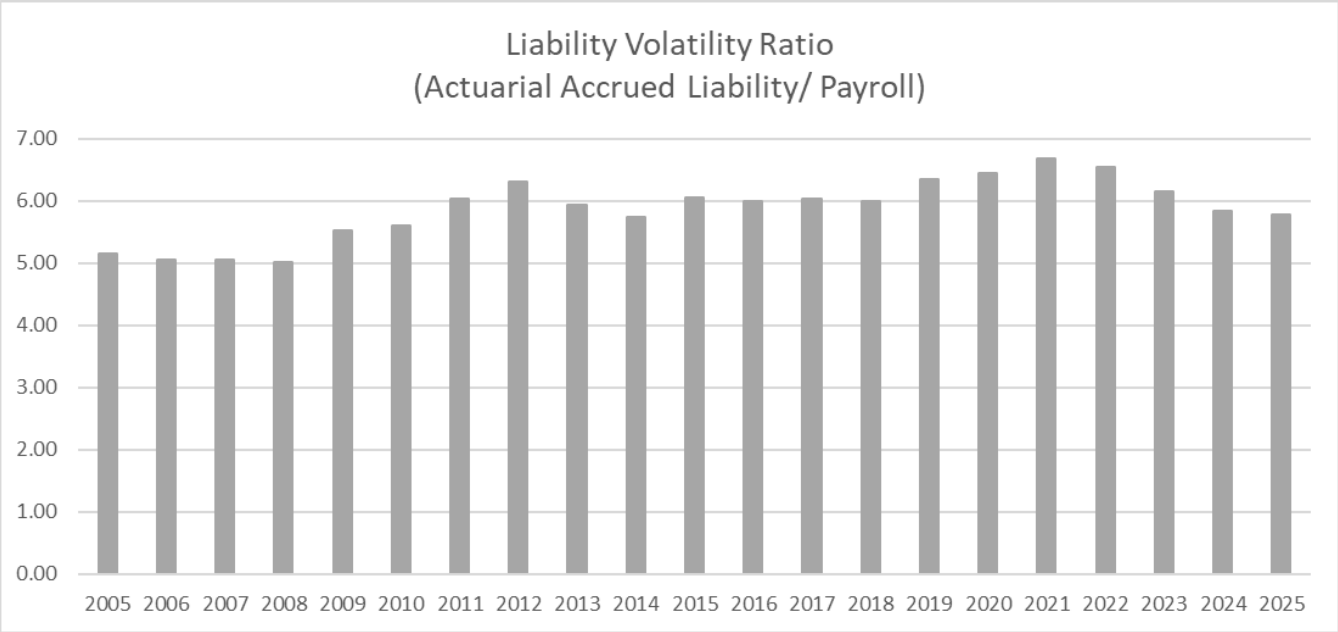
Percent of payroll increase in Liability Layer Amortization for an asset return 10% below assumption if not offset by future gains

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.