

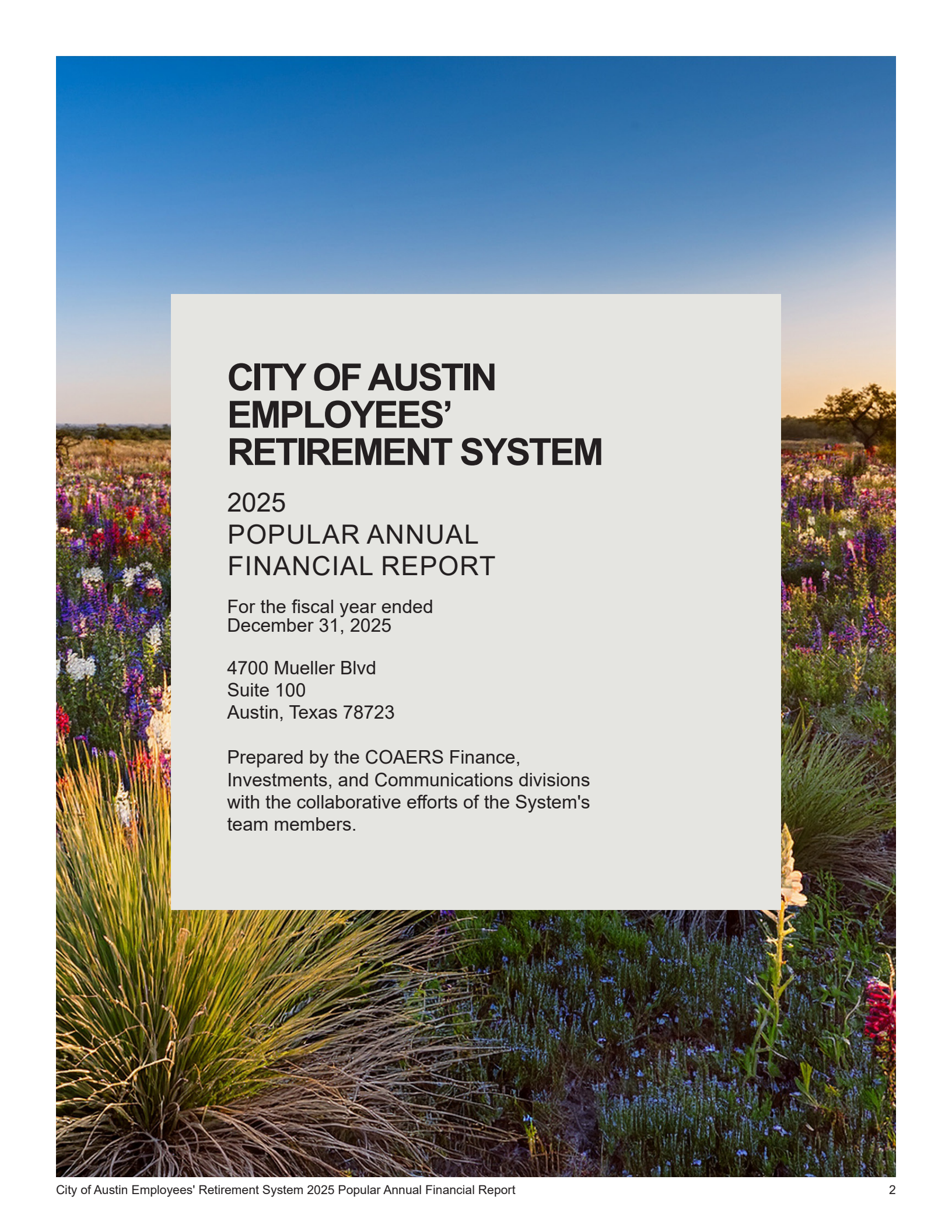
2025

POPULAR ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2025



CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM
AUSTIN, TEXAS



CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM

2025 POPULAR ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2025

4700 Mueller Blvd
Suite 100
Austin, Texas 78723

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

Our Mission:

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

We Value:

Accessibility

Accountability

Cooperation

Ethical Behavior

Fairness

Innovation

Integrity

Open Communication

Respect

Responsiveness

MESSAGE FROM THE EXECUTIVE DIRECTOR



On behalf of the City of Austin Employees' Retirement System (COAERS, the Plan, or the System), I am pleased to present our 2025 Popular Annual Financial Report, (PAFR). This report is designed to provide an overview of our financial condition, membership, and investments in a clear and easy-to-understand format.

The financial information presented here is derived from the System's Annual Comprehensive Financial Report (ACFR) for the fiscal years ended December 31, 2025 and 2024, which was prepared in conformity with Generally Accepted Accounting Principles (GAAP) and independently audited. The scope of this report is limited to the COAERS pension trust fund, a single-employer defined benefit plan covering eligible employees of the City of Austin. This PAFR is condensed and unaudited; it does not include all of the detailed financial statements, notes, required supplementary information, or actuarial disclosures found in the ACFR.

Some highlights of 2025:

- COAERS took significant steps in developing our Private Markets Investment Program, which included selecting Albourne as private markets investment consultant, adopting a new Private Markets Strategic Plan, and updating the Board's Investment Policy Statement and Strategic Asset Allocation.
- COAERS undertook an RFP process for actuarial consulting services and selected Milliman as the System's new actuarial consultant for valuations beginning December 31, 2025, and thereafter.
- The System's funded status rose to 63.1% as of year-end.
- The investment portfolio produced a net investment return of 14.9%.

For complete financial details, including the audited financial statements, notes, actuarial valuations, and detailed investment information, our full Annual Comprehensive Financial Report for the Fiscal Years Ended December 31, 2025 and 2024 is available at www.coaers.org.

Thank you for your continued trust in COAERS. We remain committed to serving you and safeguarding the retirement benefits you have earned.

Respectfully,

A handwritten signature in black ink, appearing to read "C.D.H.", is positioned above the printed name of the Executive Director.

Christopher D. Hanson
Executive Director

2025 AT A GLANCE

A snapshot of COAERS as of December 31, 2025

\$4.09B FAIR VALUE OF ASSETS	14.9% NET INVESTMENT RETURN	63.1% FUNDED RATIO (AVA)	24,942 TOTAL PLAN MEMBERS
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MEMBERSHIP

11,838 Active Members	8,341 Retirees & Beneficiaries	4,763 Inactive Members <i>Terminated vested + nonvested</i>
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FUNDING & ASSETS

Funded Ratio (AVA): **63.1%** of 100% target



\$3.92B Actuarial Value of Assets <i>Smoothed for funding</i>	\$4.09B Fair Value of Assets <i>Current fair value</i>	\$2.29B Unfunded Liability <i>Amortized over 30 years</i>
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INVESTMENT PERFORMANCE

14.9% Net Return (2025) <i>vs. 6.75% assumption</i>	7.8% Actuarial Yield <i>Smoothed basis</i>	9.7% Prior Year Return <i>2024 net return</i>
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CONTRIBUTIONS

Member Contributions	Employer Contributions
\$105.9M Total Member Contribution <i>From Employees</i>	\$198.7M Total Employer Contribution <i>From City of Austin</i>

PLAN INFORMATION

The City of Austin Employees' Retirement System (COAERS, or the Plan, or the System) was established in 1941 to provide retirement, disability, and death benefits to eligible employees of the City of Austin.

The Plan receives contributions from the City of Austin (Employer) and active plan members, which are invested in a diversified portfolio of assets. Contributions received plus investment earnings are accumulated to fund future benefit payments.

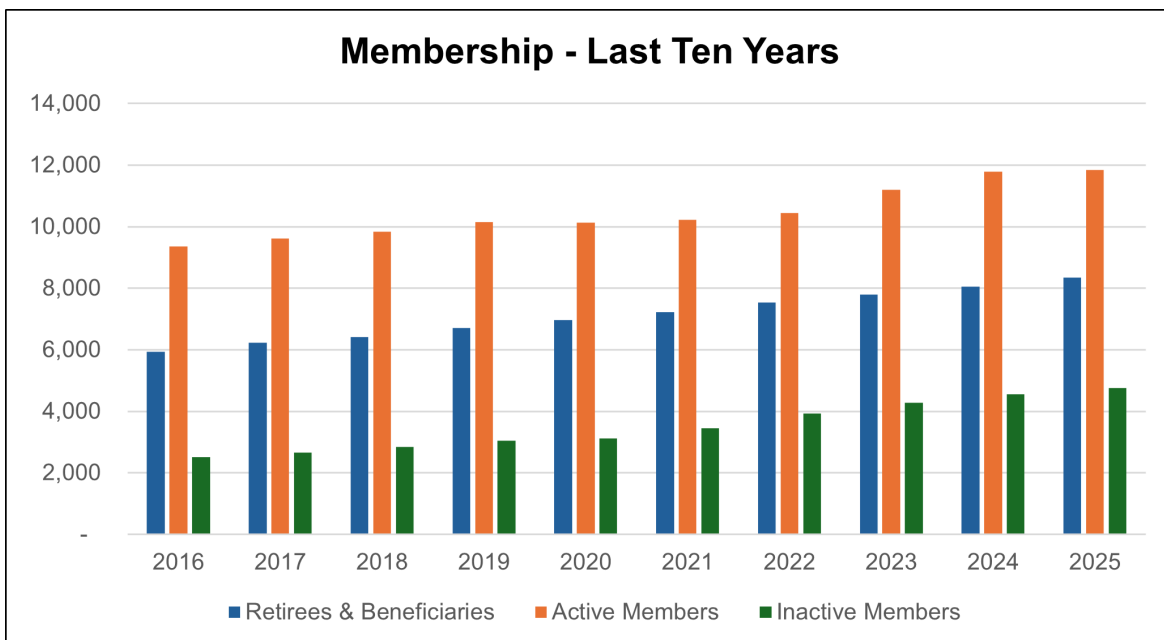
Members vest after five years of creditable service and may retire upon attaining age and service requirements. Retirement benefits are determined based on a predetermined formula that considers final average salary, years of creditable service, and retirement group.

At retirement, the member will select from the available benefit options, which include:

- Annuity for life of the retiree
- Annuity with a guaranteed 15-year term
- Annuity with a survivor option

Retirees may also elect to receive a portion of their benefit as a lump sum payment.

Disability retirement is available pursuant to specific criteria established by statute, and death benefits are payable upon the death of an active or retired member of COAERS. Inactive members may request a refund of their account, thereby terminating their participation in the Plan.



ACTUARIAL INFORMATION

COAERS retains an independent actuary to produce an actuarial valuation of the plan and determine annual employer contribution rates.

During the 2023 Legislative Session, Senate Bill 1444 passed, changing COAERS' funding method from a fixed statutory employer contribution rate to an actuarially determined employer contribution rate, and establishing a 30-year scheduled payoff of the 2022 unfunded liability. The objective of these legislative changes is to improve COAERS' funded status over time. Funded status, which is measured as the ratio of actuarial assets to actuarial accrued liabilities, is one way of evaluating the financial health of a pension plan.

Funded Status - Last Ten Years									
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
67.5%	68.3%	67.6%	63.5%	65.3%	66.0%	64.1%	62.1%	61.2%	63.1%

In determining contribution rates, the actuary uses a long-term investment return assumption of 6.75%, with differences between actual and assumed returns spread (or smoothed) over several years.

FINANCIAL INFORMATION

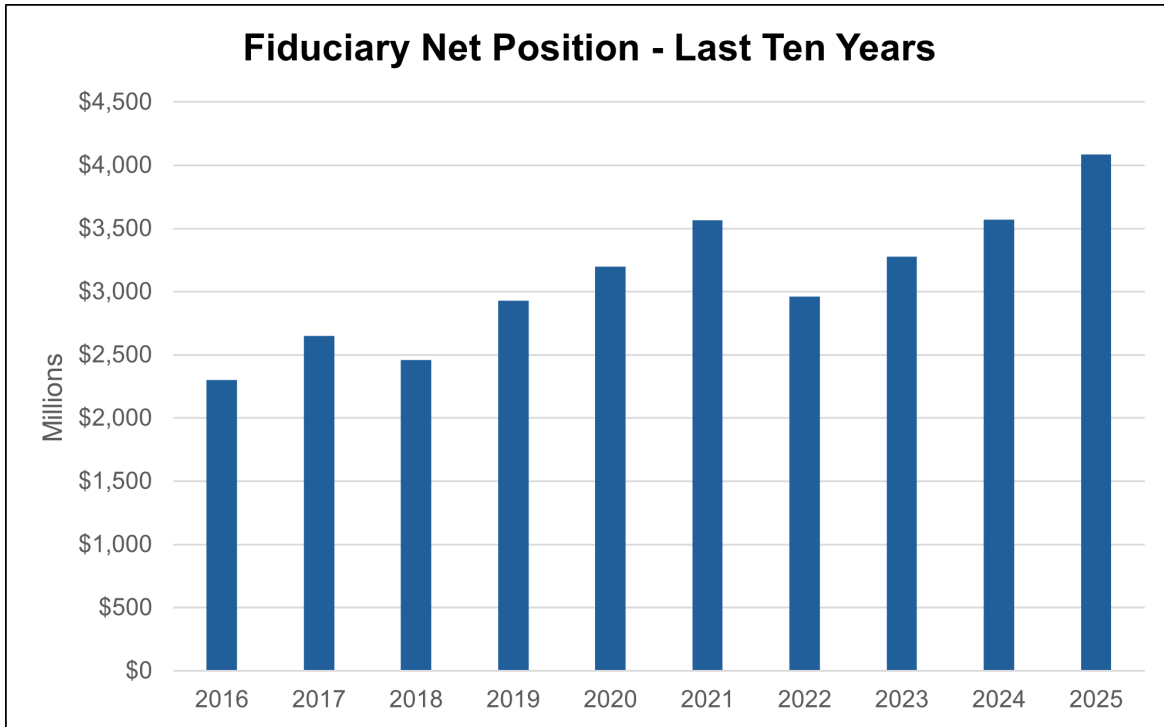
The following tables present summarized financial information about COAERS. For more detailed information, please refer to the Annual Comprehensive Financial Report as of the Fiscal Years Ended December 31, 2025 and 2024, which is available on our website at www.coaers.org.

Fiduciary Net Position as of December 31, 2025, 2024, and 2023

	2025	2024	2023
Assets			
Cash	\$ 19,085,594	14,738,405	19,537,740
Receivables and other assets	23,330,004	66,249,169	62,328,134
Investments	4,044,287,715	3,512,867,909	3,218,572,684
Capital assets	30,344,021	31,593,898	32,527,687
Total assets	<u>4,117,047,334</u>	<u>3,625,449,381</u>	<u>3,332,966,245</u>
Liabilities			
Accrued expenses and benefits payable	5,749,701	4,831,983	6,588,251
Pending trades payable	25,404,962	49,891,900	47,685,678
Total liabilities	<u>31,154,663</u>	<u>54,723,883</u>	<u>54,273,929</u>
Net position restricted for pensions	\$ <u>4,085,892,671</u>	<u>3,570,725,498</u>	<u>3,278,692,316</u>

The Fiduciary Net Position (FNP) represents the assets accumulated to pay benefits.

The most significant component of the Plan's FNP is the investment portfolio, with fair values of \$4.0B on December 31, 2025, \$3.5B on December 31, 2024, and \$3.2B on December 31, 2023. Increases in the value of investments, or gains, reflect positive investment returns.



Changes in Fiduciary Net Position as of December 31, 2025, 2024, and 2023

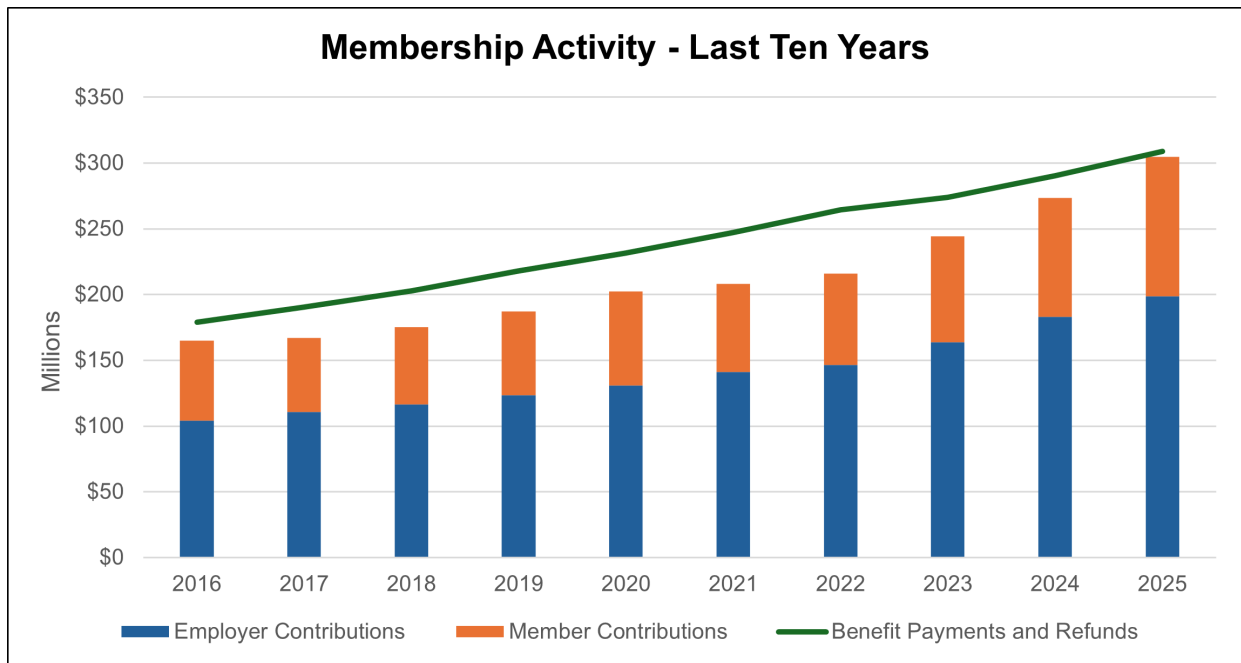
	2025	2024	2023
Additions			
Contributions	\$ 304,709,013	273,440,748	244,412,254
Net investment income	525,985,772	315,361,666	355,103,085
Other income	2,703,002	2,856,165	2,010,379
Total additions	833,397,787	591,658,579	601,525,718
Deductions			
Benefit payments and contribution refunds	308,807,406	290,512,807	274,059,878
Administrative expenses	9,423,208	9,112,590	8,549,285
Total deductions	318,230,614	299,625,397	282,609,163
Net increase in net position	515,167,173	292,033,182	318,916,555
Net position restricted for pensions			
Beginning of year	3,570,725,498	3,278,692,316	2,959,775,761
End of year	\$ 4,085,892,671	3,570,725,498	3,278,692,316

The Changes in Fiduciary Net Position depict COAERS' financial activities during the year.

Contributions increased with the growth in Plan membership, as well as members' pay adjustments. Plan members contributed 10% of their eligible pay in 2025 and 9% in 2024. The City contributed the actuarially determined rates of 8.47% in 2025 and 8.68% in 2024. In 2025 and 2024, employer contributions also included payments of \$111,160,870 and \$98,896,162, respectively, toward the legacy liability. In 2023, prior to the implementation of the Plan's new funding model, members contributed 8% of eligible pay and the employer contribution rate was 19%.

Net investment income includes interest and dividends earned, as well as market gains on investment holdings, and is reduced by the costs of managing the investment portfolio.

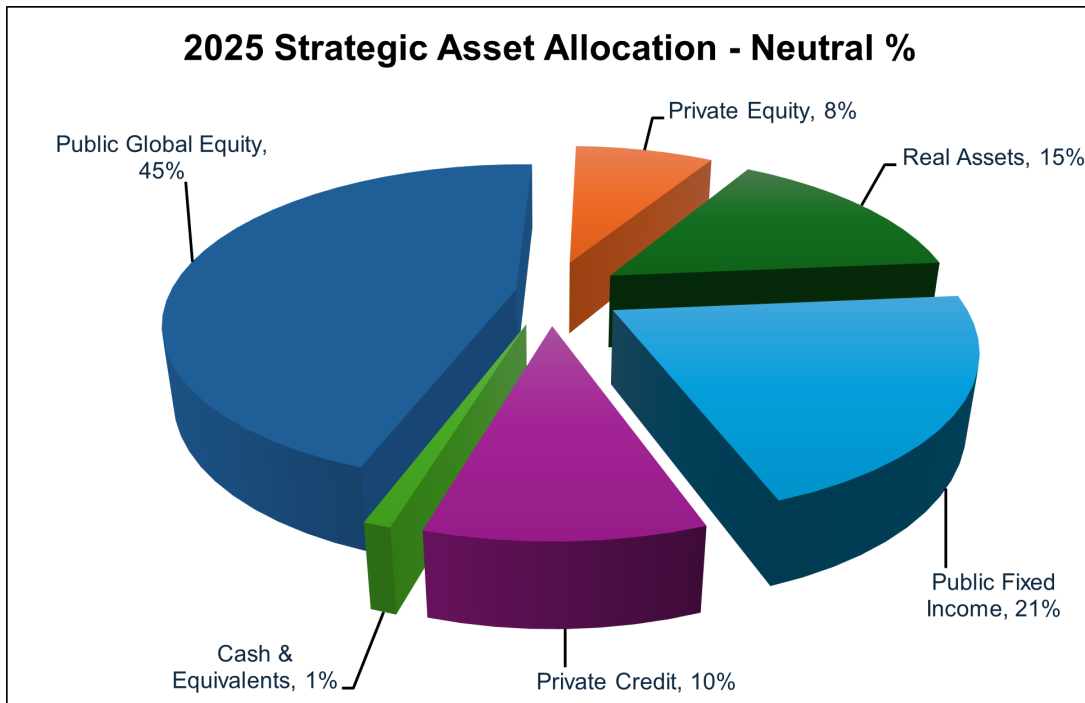
Benefit payments increased with the growth in the number of retirees each year (8,341, 8,052, and 7,802 in 2025, 2024, and 2023, respectively).



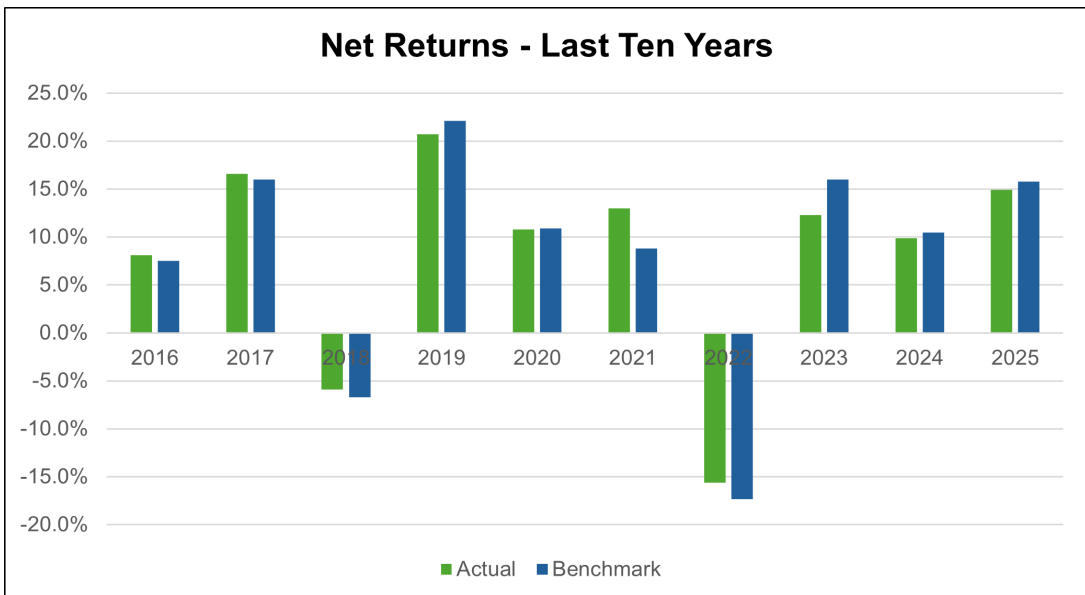
INVESTMENT INFORMATION

The sole purpose of the Plan’s investment portfolio is to accumulate sufficient financial reserves to pay benefits to eligible Plan members and their beneficiaries.

The Board of Trustees’ Investment Policy Statement (IPS) establishes the objectives and policies of the Plan’s investment program and sets the strategic asset allocation. The strategic asset allocation determines how the portfolio should be allocated among different asset classes to maximize earnings while staying within an acceptable level of risk.



The Plan seeks to meet or exceed its long-term return assumption of 6.75%, and to meet or exceed the benchmarks established for the individual asset class and manager portfolio.

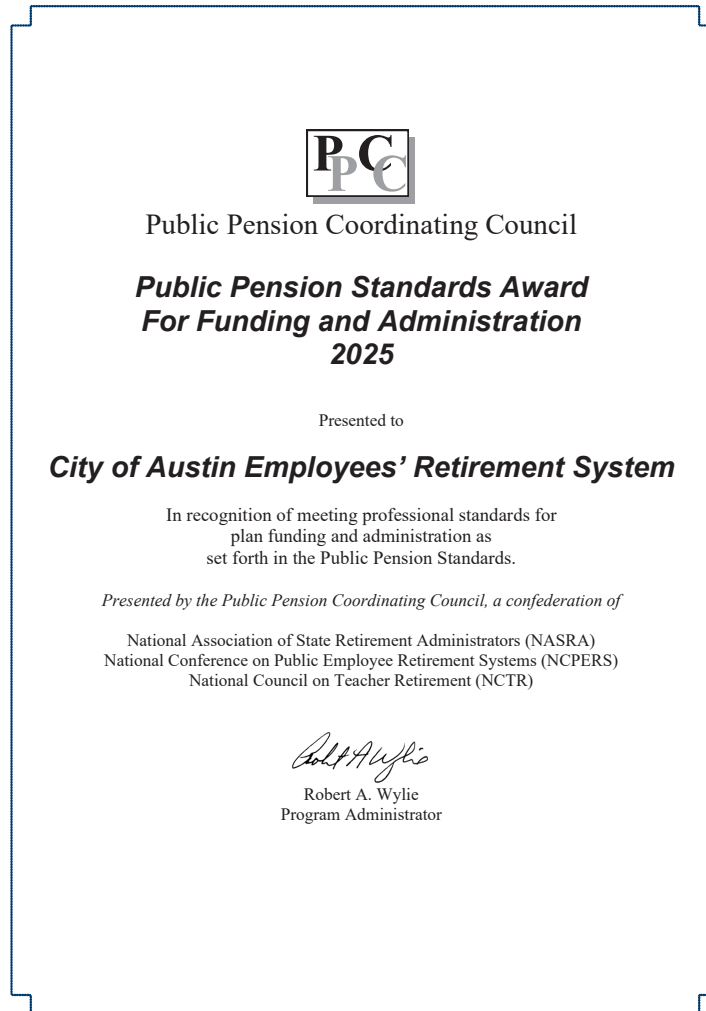


BOARD OF TRUSTEES

Trustee	Position
Krista Laine	City Council Member, Trustee Place 1
Diana Thomas	City Manager Designee, Trustee Place 2 2025 Chair
Kelly Crook	Council Appointed Citizen, Trustee Place 3
Dick Lavine	Council Appointed Citizen, Trustee Place 4 2025 Vice Chair
Michael Granof	Board Appointed Citizen, Trustee Place 5
Ed Van Eenoo	City Appointed Member, Trustee Place 6
Ben Ellinor	Active Elected Member, Trustee Place 7
Chris Noak	Active Elected Member, Trustee Place 8
Yuejiao Liu	Active Elected Member, Trustee Place 9
Michael Benson	Retired Elected Member, Trustee Place 10
Anthony B. Ross, Sr.	Retired Elected Member, Trustee Place 11

AWARD

COAERS received the 2025 Public Pension Standards Award for Funding and Administration from the Public Pension Coordinating Council in recognition of meeting professional standards for design and administration as set forth in the Public Pension Standards.



OTHER INFORMATION

The financial information in the Popular Annual Financial Report (PAFR) is intended to provide an overview of COAERS' financial performance for fiscal year ending December 31, 2025. The financial data is derived from the same generally accepted accounting principles (GAAP) basis data as presented in the Annual Comprehensive Financial Report (ACFR). This PAFR reports only the Retirement Plan; dollar amounts are rounded to millions or billions for readability; and the PAFR omits the detailed financial statements, notes, required supplementary information, investment schedules, and actuarial disclosures contained in the ACFR. For more detailed financial information, please refer to the ACFR at www.coaers.org.

CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

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WWW.COAERS.ORG

COAERS