



CURRAN ACTUARIAL
— CONSULTING, LTD. —

**Actuarial Valuation
June 30, 2025**

**Municipal Police
Employees'
Retirement System**



November 10, 2025

Board of Trustees
Municipal Police Employees' Retirement System
7722 Office Park Boulevard, Suite 200
Baton Rouge, Louisiana 70809

Ladies and Gentlemen:

We are pleased to present our report on the actuarial valuation of the Municipal Police Employees' Retirement System for the fiscal year ending June 30, 2025. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrators and accountants. This report was prepared at the request of the Board of Trustees of Municipal Police Employees' Retirement System of the State of Louisiana. The primary purposes of the report are to determine the actuarially required contribution for the retirement system for the fiscal year ending June 30, 2026 and to recommend the net direct employer contribution rate for Fiscal 2027.

This report does not contain the information necessary for accounting disclosures as required by Governmental Accounting Standards Board (GASB) Statements 68; that information is provided separately to system auditors. This report was prepared exclusively for the Municipal Police Employees' Retirement System for a specific limited purpose. It is not for the use or benefit of any third party for any purpose.

In our opinion, all assumptions on which this valuation is based are reasonable individually and in the aggregate. Both economic and demographic assumptions are based on our expectations for future experience for the fund. These assumptions are based upon the June 30, 2025 Experience Study, are summarized in the back of this report, and are described in detail within that separate report unless stated otherwise.

This report has been prepared in accordance with generally accepted actuarial principles and practices, and to the best of our knowledge and belief, fairly reflects the actuarial present values and costs stated herein. The undersigned actuary is a member of the American Academy of Actuaries, has met the qualification standards for the American Academy of Actuaries to render the actuarial opinions incorporated in this report, and is available to provide further information or answer any questions with respect to this valuation.

Sincerely,

CURRAN ACTUARIAL CONSULTING, LTD.

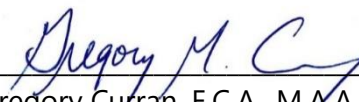
By: 
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Senior Consulting Actuary

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SUMMARY OF VALUATION RESULTS

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

	June 30, 2025	June 30, 2024
Census Summary:		
Active Members (excluding DROP Participants)	5,547	5,419
DROP Participants	235	217
Retired Members and Survivors	5,138	5,134
Terminated Due a Deferred Benefit	257	264
Terminated Due a Refund	2,977	2,707
Payroll (Including DROP Participants):	\$ 371,317,664	\$ 350,480,786
Benefits in Payment (excluding DROP accruals):	\$ 194,477,642	\$ 190,013,818
Present Value of Future Benefits:	\$ 4,377,264,689	\$ 4,290,907,919
Actuarial Accrued Liability (EAN):	\$ 3,731,801,871	\$ 3,661,644,594
Unfunded Actuarial Accrued Liability:	\$ 657,666,312	\$ 793,983,880
Funding Deposit Account:	\$ 4,953,104	\$ 1,550,523
Net Valuation Assets (Excludes Funding Deposit Account):	\$ 3,074,135,559	\$ 2,867,660,714
Market Value of Assets (Includes Funding Deposit Account):	\$ 3,133,488,618	\$ 2,844,025,169
Ratio of Net Valuation Assets to Actuarial Accrued Liability:	82.38%	78.32%
	Fiscal 2025	Fiscal 2024
Market Rate of Return:	10.8%	9.8%
Actuarial Rate of Return:	7.9%	6.1%
Assumed Rate of Return/Valuation Interest Rate:	6.75%	6.75%
	Fiscal 2026	Fiscal 2025
Employers' Normal Cost (Mid-year):	\$ 35,976,569	\$ 34,566,816
Amortization Cost (Mid-year):	\$ 97,817,921	\$ 106,204,456
Estimated Administrative Cost:	\$ 3,710,133	\$ 3,294,261
Expected Insurance Premium Taxes Due:	<u>\$ (32,629,447)</u>	<u>\$ (29,659,044)</u>
Net Direct Employer Actuarially Required Contributions:	\$ 104,875,176	\$ 114,406,489
Projected Payroll:	\$ 381,788,246	\$ 360,071,150
Employer Contribution Rate Required by R.S. 11:103:	30.500%	34.750%
Board Authorized Employer Contribution Rate for Future COLAs:	0.850%	0.850%
Board Authorized Employer Contribution Rate for UAL Reduction:	<u>2.125%</u>	<u>N/A</u>
Actual Net Direct Employer Contribution Rate:	33.475%	35.600%
Statutory Employee Contribution Rate for Original/Hazardous Subplans:	10.00% *	10.00% *
Statutory Employee Contribution Rate for Non-Hazardous Subplan:	8.00%	8.00%
	Fiscal 2027	Fiscal 2026
Minimum Recommended Net Direct Employer Cont. Rate:	26.500%	30.500%
Maximum Permissible Employer Contribution Rate for Future COLAs:	0.850%	0.850%
Maximum Permissible Employer Contribution Rate for UAL Reduction:	2.000%	2.125%

* For members with earnings greater than the Department of HHS poverty guidelines. For members with earnings below the poverty guidelines, employer rates will be 2.5% higher and employee rates will be 2.5% lower. Employer rates are not affected by the employees' subplan.

GENERAL COMMENTS

The values and calculations in this report were determined by applying statistical analysis and projections to system data and the assumptions listed. There is sometimes a tendency for readers to either dismiss results as mere “guesses” or alternatively to ascribe a greater degree of certainty and accuracy to the results than is warranted. In fact, neither of these assessments is valid. Actuarial calculations by their very nature involve estimations. As such, it is likely that eventual results will differ from those presented. The degree to which such differences evolve will depend on several factors including the completeness and accuracy of the data utilized, the degree to which assumptions approximate future experience, and the extent to which the mathematical model accurately describes the plan’s design and future outcomes.

Data quality varies from system to system and year to year. The data inputs involve both asset information and census information of plan participants. In both cases, the actuary must rely on third parties; nevertheless, steps are taken to reduce the probability and degree of errors. The development of assumptions is primarily the task of the actuary; however, information and advice from plan administrators, staff, and other professionals may be factored into the formation of assumptions. The process of setting assumptions is based primarily on analysis of past trends, but modification of historical experience is often required when the actuary has reason to believe that future circumstances may vary significantly from the past. Setting assumptions includes but is not limited to collecting past plan experience and studying general population demographics and economic factors from the past. The actuary will also consider current and future macro-economic and financial expectations as well as factors that are likely to impact the particular group under consideration. Hence, assumptions will also reflect the actuary’s judgment regarding future changes in plan population and decrements in view of the particular factors which impact participants. Thus, the process of setting assumptions is not mere “guess work” but rather a process of mathematical analysis of past experience and of those factors likely to impact the future.

One area where an actuary has limited ability to develop accurate estimates is the projection of future investment earnings. The difficulties here are significant. First, the future is rarely like the past, and the data points available to develop stochastic trials are far fewer than the number required for statistical significance. In this area, some guess work is inevitable. However, there are tools available to lay a foundation for making estimates with an expectation of reliability. Although past data is limited, the available data is likely to provide some insight into the future. This data consists of general economic and financial values such as past rates of inflation, rates of return variance, and correlations of returns among various asset classes along with the actual asset experience of the plan. In addition, the actuary can review the current asset market environment as well as economic forecasts from governmental and investment research groups to form a reasonable opinion regarding probable future investment experience for the plan.

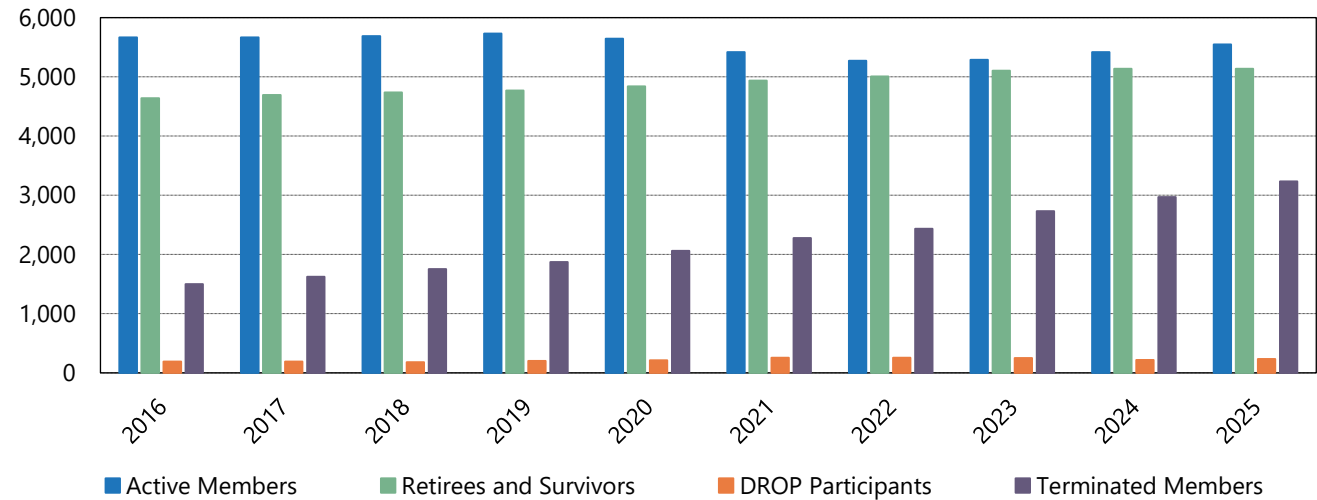
All the above efforts would be in vain if the assumption process was static, and the plan would have to deal with the consequences of actual experience differing from assumptions after forty or fifty years of compounded errors. However, actuarial funding methods for pension plans all allow for periodic corrections of assumptions to conform with reality as it unfolds. This process of repeated correction of estimates produces imperfect results but is nevertheless a reasonable approach to determine the contribution levels that will provide for the future benefits of plan participants.

Despite this, future results may materially differ with this actuarial valuation. Employer contribution rates and other funding measures presented in this report will differ as the system is impacted by the following: changes in plan membership, plan liability or investment experience inconsistent with plan assumptions, future changes in plan assumptions or future changes in plan provisions. An analysis of the range of such deviations is outside the scope of this report.

COMMENTS ON DATA

For the valuation, the administrator of the system furnished a census derived from the system’s master data processing file indicating each active covered employee’s sex, date of birth, service credit, annual salary, and accumulated contributions. Information on retirees detailing dates of birth of retirees and beneficiaries, sex, as well as option categories and benefit amounts, was provided in like manner. In addition, data was supplied on former employees who are vested or who have contributions remaining on deposit. As illustrated in Appendix B, there are 5,547 active contributing members in the system of whom 2,063 have vested retirement benefits; in addition, there are 235 participants in the Deferred Retirement Option Plan (DROP); 5,138 former members or their beneficiaries are receiving retirement benefits. An additional 3,234 terminated members have contributions remaining on deposit with the system; of this number 257 have vested rights for future retirement benefits. **Figure 1** provides a ten-year history of membership counts.

Figure 1. Membership Counts



Census data submitted to our office is tested for errors and changes are made when errors are identified. Several types of census data errors are possible. To ensure that the valuation results are as accurate as possible, a significant effort is made to identify and correct these errors. To minimize coverage errors (i.e., missing or duplicated individual records) the records are checked for duplicates, and a comparison of the current year’s records to those submitted in prior years is made. Changes in status, new records, and previous records that have no corresponding current record are identified. This portion of the review indicates the annual flow of members from one status to another and is used to check some of the actuarial assumptions, such as rates of retirement, withdrawal, and mortality. In addition, the census is checked for reasonableness in several areas such as age, service, salary, and current benefits. Records

identified by this review as questionable are checked against data from prior valuations, are reviewed against information on the system's membership database, and may be included in a detailed list of items sent to the system's administrative staff for verification and/or correction. Once the identified data has been researched and verified or corrected, it is returned to us for use in the valuation. Occasionally some requested information is either unavailable or impractical to obtain. In such cases, values may be assigned to missing data. The assigned values are based on information from similar records or based on information implied from other data in the record.

A member's salary is an important component of projecting future cash flows and computing normal costs and accrued liabilities. Our modeling requires the entry of annual salary for this purpose. For individuals who have not completed a full year of service during the measurement period, we use an estimate of their service during the fiscal year to annualize salaries. (New hire salaries are subject to a minimum level equal to the 20th percentile of salaries for members in the second duration.)

In addition to the statistical information provided on the system's participants, the system's administrator furnished general information related to other aspects of the system's expenses, benefits and funding. Valuation asset values as well as income and expenses for the fiscal year were based on information furnished by the system's auditor, the firm of Duplantier, Hrapmann, Hogan & Maher, Certified Public Accountants. As indicated in the system's financial statements, the net market value of the system's assets was \$3,133,488,618 as of June 30, 2025. Net investment income for Fiscal 2025 measured on a market value basis was \$305,389,365. Contributions to the system for the fiscal year totaled \$201,691,954; benefits and expenses amounted to \$217,617,870. With benefits and expenses exceeding contributions to the system, system staff must periodically raise funds from the investment portfolio to meet cash flow needs.

Notwithstanding our efforts to review both census and financial data for apparent errors, we must rely upon the system's administrative staff and accountants to provide accurate information. Our review of submitted information is limited to validation of reasonableness and consistency. Verification of submitted data to source information is beyond the scope of our efforts.

COMMENTS ON ACTUARIAL METHODS AND ASSUMPTIONS

The system's actuarial funding method is set by R.S. 11:22. This valuation is based on the Individual Entry Age Normal actuarial cost method. Prior to Fiscal 2002, experience gains and losses as well as contribution gains and losses were amortized over fifteen years with level amortization payments. Act 1079 of 2003 explicitly changed the amortization period for experience gains and losses, changes in assumptions, changes in methods, cost-of-living increases, and changes in plan benefit provisions to thirty years with level amortization payments. Act 402 of 2014 was introduced to improve the long-term health of the system and to reduce the likelihood for intergenerational cost shifting caused by long amortization periods. The act changed the amortization period for all existing outstanding unfunded liability bases from their various remaining amortization periods (which ranged from one to thirty years) to twenty years. The act also set the period to amortize all future actuarial gains and losses as well as changes in assumptions and benefits at fifteen years.

The cost method used for this valuation generally produces normal costs which are level as a percentage of payroll if assumptions are met and the composition of the active group regarding age, sex, and service

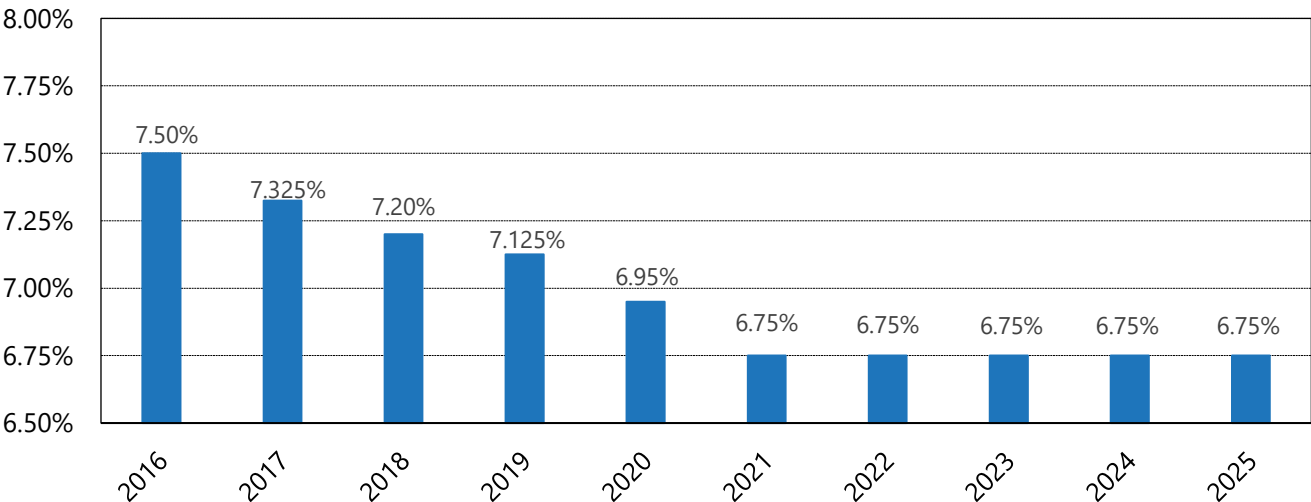
is stable. Overall costs may increase or decrease depending on payroll growth. Since payments on all the system’s amortization bases are set on a level dollar basis, any payroll growth will reduce future amortization payments as a percentage of payroll. Should overall payroll decrease, amortization payments will increase as a percentage of payroll. The use of level dollar payments is reasonable given long-term trends related to overall membership levels. The system’s largest active, non-DROP membership level was 6,197 in Fiscal 2010. Although the number of active, contributing members has declined since that date, overall payroll has increased.

The current year actuarial assumptions utilized for this report are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2024, unless otherwise specified in this report. This study included a review of all plan decrements in addition to salary scale experience and other demographic factors which impact plan costs. Details related to the study are contained within the 2025 Municipal Police Employees’ Retirement System Experience Study Report. The results of this actuarial valuation rely on the assumptions set by that experience study.

Prior to July 1, 2005, the system’s assumed rate of return was 7.0%. The assumed rate of return was increased to 7.5% effective July 1, 2005. Based on actuarial analysis of capital market assumptions for asset classes within the system’s target asset allocation, beginning with Fiscal 2017, the Board of Trustees voted on a plan to reduce the long-term assumed rate of return. Based on actuarial analysis and after discussions with the Board, a plan was approved to reduce the 7.5% valuation interest rate in effect for the Fiscal 2016 actuarial valuation to 7.125% over the subsequent three actuarial valuations with reductions of 0.175% in 2017, 0.125% in 2018, and 0.075% in 2019. Within the 2020 actuarial valuation the valuation interest rate was further reduced to 6.95%. Finally, the Board elected to opportunistically reduce the valuation interest rate to 6.75% within the 2021 valuation. Since 2021, capital market assumptions have increased for most asset classes. Changes in capital market assumptions have caused the system’s reasonable range for the assumed rate of return to increase. Therefore, no further changes in the valuation interest rate have been recommended since 2021.

Figure 2 shows the changes in valuation interest rate over the past 10 years.

Figure 2. Assumed Rate of Return



Despite all the changes in the valuation interest rate, we continue to review this important assumption once each year. Since 2021, the system's 6.75% valuation interest rate has remained within the actuary's reasonable range. These reviews involved the development of 10,000 stochastic trials spanning 30 years. These trials were performed based on the assumption that portfolio returns are normally distributed based on the expected rate of return and standard deviation of returns inherent in modeling performed using the firm's consultant average capital market assumptions and the system's target asset allocation. These stochastic trials were then used to determine return levels for each percentile. The reasonable range boundaries were set based on the 40th and 60th percentile expected return levels. Based upon these assumptions and the stochastic simulations, the 2025 review (based on the most recent consultant average capital market assumptions set in 2024) set a reasonable range of 6.41% to 7.49%. The resulting percentiles suggest that there is approximately a 53.6% probability that the system will have long-term earnings at or above 6.75% and a 50% probability that the system will have long-term investment earnings at or above 6.95%.

According to Act 360 of the 2022 Regular Session (and confirmed with Act 108 of the 2023 Regular Session), the Municipal Police Employees' Retirement System may only provide future COLAs in years where the balance in the Funding Deposit Account is sufficient to fund the lifetime cost of the COLA. The Funding Deposit Account can only be funded through employer contributions set by the Board above the Minimum Recommended Net Direct Employer Contribution Rate. Act 108 provides that the Board of Trustees may annually set the employer rate at a level up to 0.85% above the minimum level to prefund COLAs. Because future COLAs must be prefunded, no future COLAs were included in the determination of the present value of future benefits or actuarial accrued liability for the funding valuation.

The current year actuarial assumptions utilized for the report are outlined at the end of this report. All assumptions used within this valuation are based on estimates of future long-term experience for the system as described in the system's 2025 Experience Study report except for option factors which became effective on July 1, 2021. An update to these option factors will be made effective July 1, 2026 and will first be included within the Fiscal 2026 valuation. Option factors are used in determining the value of certain survivor benefits due if active members die in the future and for valuing the lifetime payments to members who have selected the "popup" form of benefits.

All calculations, recommendations, and conclusions are based on the assumptions specified. To the extent that prospective experience differs from assumptions, adjustments to contribution levels will be required. Such differences will be revealed in future actuarial valuations. Significant changes in plan assumptions outlined in the 2025 experience study were incorporated into the Fiscal 2025 valuation. The net effect of the changes in assumptions decreased the interest-adjusted amortization payments on the system's UAL by \$3,806,600 which corresponds to an offset to payments of 1.00% of Fiscal 2026 projected payroll.

Following Act 45 of the 2025 Regular Session, 81 of 139 eligible DROP participants elected to extend their maximum DROP participation period from 3 years to 5 years. Although the period for such elections ended August 1, 2025, this actuarial valuation did account for member changes since they were known at the time of completion. The actuarial assumption change related to the average post-DROP period of the 58 DROP participants who elected to retain a 3-year DROP participation period was included as a benefit change in the breakdown of gains/losses. The average period of post-DROP

participation was reduced from 3 years to 1 year given their election to not extend their maximum DROP participation period. Although these changes increased the system's employer normal cost, the net impact of the benefit changes decreased the interest-adjusted amortization payments on the system's UAL by \$198,704 which corresponds to an offset to payments of 0.05% of Fiscal 2026 projected payroll.

RISK FACTORS

Defined benefit pension plans are subject to several risks. These risks can be related either to plan assets or liabilities. To pay benefits, the plan must have sufficient assets when benefits become due. Several factors can lead to asset levels which are below those required to pay promised benefits. The following categories describe several key risks and provide measurements related to a few.

Contribution Policy Risk

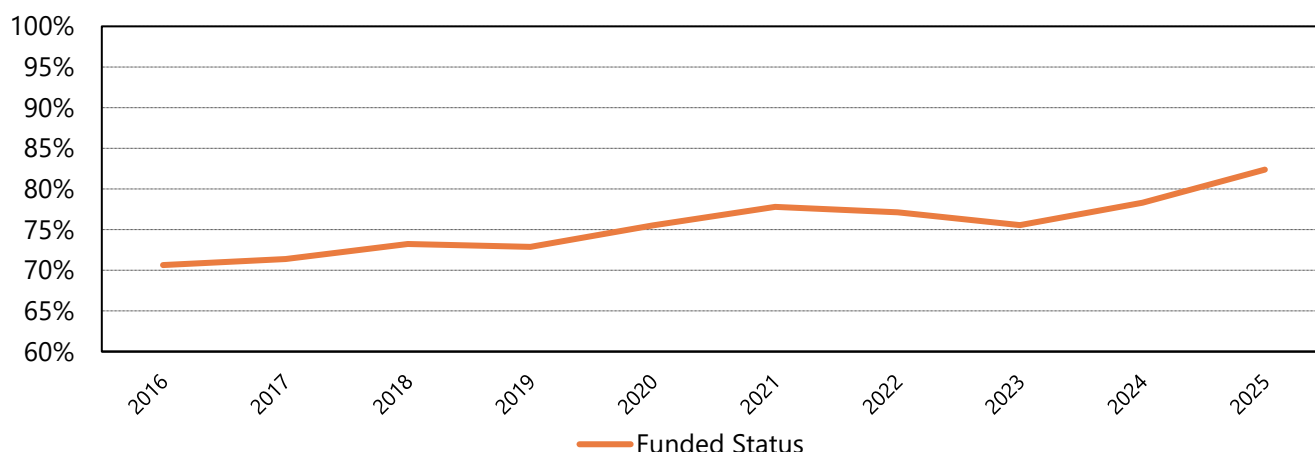
The first risk in this regard is the failure to contribute adequate funds to the plan. In some ways, this is the greatest risk since other risks can usually be addressed by adequate actuarial funding. Louisiana constitutional and statutory provisions greatly limit this risk by requiring that state and statewide plans maintain funding on an actuarial basis. The state constitution sets forth general requirements with specific funding parameters specified in the state statutes. This results in a funding policy that is expected to achieve a 100% funded status in time.

Funded Status

Beyond identifying risk categories, it is possible to quantify some risk factors. One fairly well-known risk metric is the funded ratio of the plan. The rate is given as a ratio of plan assets to plan liabilities. However, the definition of each of these terms may vary. The two typical alternatives used for assets are the market and actuarial value of assets. There are several alternative measures of liability depending on the funding method employed. The Governmental Accounting Standards Board (GASB) specifies that for financial reporting purposes, the funded ratio is determined by using the market value of assets divided by the entry age normal accrued liability. This value is given in the system's financial report. Alternatively, we have calculated the ratio of the actuarial value of assets to the entry age normal accrued liability based on the funding methodology used to fund the plan. The ratio is 82.38% for the plan as of June 30, 2025.

This value gives some indication of the financial strength of the plan; however, it does not guarantee the ability of the system to pay benefits in the future or indicate that in the future, contributions are likely to be less than or greater than current contributions. In addition, the ratio cannot be used in isolation to compare the relative strength of different retirement systems. However, the trend of this ratio over time can give some insight into the financial health of the plan. Even in this regard, caution is warranted since market fluctuations in asset values and changes in plan assumptions can distort underlying trends in this value. **Figure 3** provides a history of this value for the last ten years. Note that the underlying trend is somewhat disguised since the system has significantly reduced the valuation interest rate over this period. Absent the reduction in the discount rate, the current ratio would be higher.

Figure 3. Historical Funded Status



The following section provides a discussion of several risks and risk measures related to system assets:

Inflation Risk

All pension plans are subject to the uncertainty of asset performance, of which inflation is a major component. The total nominal rate of return on assets is comprised of the real rates of return earned on the portfolio of investments plus the underlying inflation rate. High levels of inflation pose a risk to plan members in that they reduce the purchasing power of plan benefits. Where plans attempt to offset inflation by providing ad hoc COLAs (often in the form of permanent benefit increases), minimum contribution rates will typically increase unless provisions are made to prefund such adjustments. Since MPERS' statutes do not allow the Board to provide COLAs without prefunding, this risk is significantly mitigated. Very low inflation typically reduces the nominal rate of return on assets; deflation can potentially reduce the capital value of trust assets. During the decade preceding 2020, inflation levels remained in a fairly narrow range. Since 2020, inflation has significantly increased. So far, Federal Reserve efforts to fight inflation have not had the desired effect of returning inflation measures to their 2% target level. Forecasters seem to believe that long-term average rates of future inflation may remain higher than the target level. There is always the possibility that high inflation will remain a problem in the future or that the country will experience a deflationary period; however, most expert opinion currently assesses these alternatives as unlikely in the near term.

Reinvestment Risk

Another element of asset risk is reinvestment risk. Interest rate declines can subject pension plans to an increase in this risk. As fixed income securities mature, investment managers may be forced to reinvest funds at decreasing rates of return. Reinvestment risk was significantly mitigated in recent years as the Federal Reserve increased the Federal Funds Rate. In September 2024, the Federal Reserve changed that policy by reducing that rate for the first time since March 2020. Should Federal Reserve policy continue to reverse the recent cycle of increased interest rates by bringing down the Federal Funds Rate, reinvestment risk will increase.

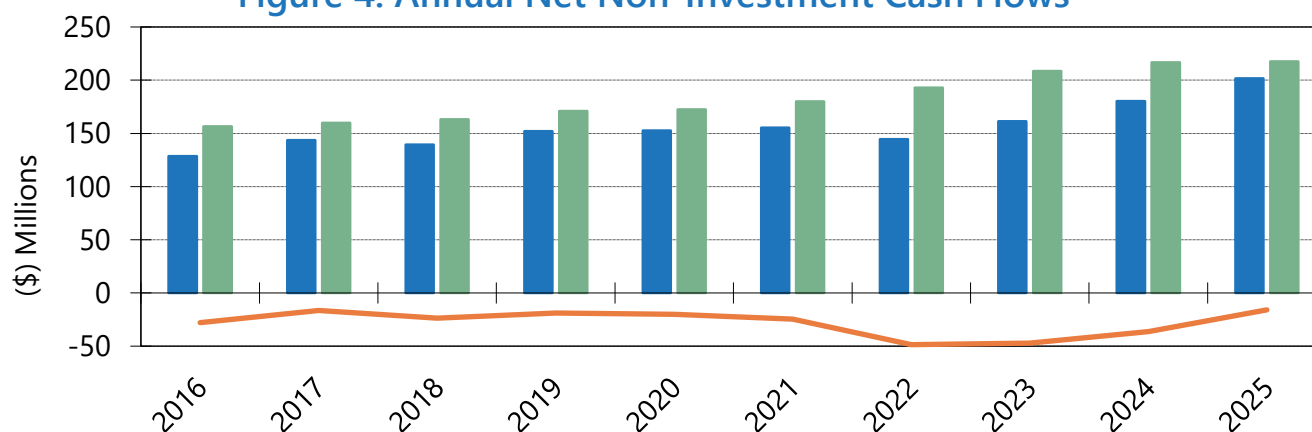
Asset Return Volatility Risk

Long-term asset performance depends not only on average returns but also on the volatility of returns. Two portfolios of identical size with identical average rates of return will accumulate different levels of assets if the volatility of returns differs, since increased volatility reduces the accumulation of assets. Volatility of returns will be determined by both market conditions and the asset allocation of the investment portfolio. If the system's investment portfolio has a substantial allocation to assets that have low price stability, the risk of portfolio volatility will increase, although low correlations among asset classes can mitigate this risk.

Cash Flow Risk

The system is also exposed to risk related to cash flow. Where benefit payments exceed contributions to the plan, the plan will be required to use investment income or potentially investment capital to pay benefits. In cases where it is necessary to use investment income to pay retirement benefits, investment market downturns place additional stress on the portfolio and make the recovery from such downturns more difficult since funds available for reinvestment are reduced by benefit payments. The historical cash flow graph and demonstration given below in **Figure 4** compares the total contribution income to benefits and expenses to determine the noninvestment cash flow of the system over the last ten years. In that ten-year period, annual benefit payments have slightly exceeded annual contributions to the plan. In this situation, portfolio construction is very important, and investment staff must consider what level of liquidity is necessary.

Figure 4. Annual Net Non-Investment Cash Flows



		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Contribution Income (\$Mil)	■	128.6	143.4	139.3	152.0	152.5	155.3	144.3	161.3	180.3	201.7
Benefits and Expenses (\$Mil)	■	156.6	159.8	163.0	170.8	172.5	179.8	192.9	208.6	216.7	217.6
Net Non-Inv. Cash Flow (\$Mil)	—	-28.0	-16.4	-23.7	-18.8	-20.0	-24.5	-48.6	-47.3	-36.4	-15.9

Future net non-investment cash flows for the system will be determined based upon both the system maturity and future contribution levels. Hence, increases in future contributions due to adverse actuarial experience will tend to mitigate the potential of negative cash flows arising from the natural maturation

of the system, whereas reduced contribution levels resulting from positive experience will tend to increase the scale of negative cash flows. Absent a significant increase in the active membership of the system, the trend of higher proportions of retired membership is likely to continue, and over time higher levels of negative non-investment cash flows could occur.

Sensitivity to Investment Gains/Losses

Every retirement system is subject to investment return risk. When the rate of return on the actuarial value of assets does not equal the assumed rate of return, the system experiences investment gains or losses. These can cause contribution rate requirements to be more volatile. We have determined that based on the system's current assets and demographics, for each percentage the actuarial rate of return is under (over) the assumed rate of return on the actuarial value of assets, there will be a corresponding increase (decrease) in the actuarially required contribution as a percentage of projected payroll of 0.84% for the system.

Sensitivity to Changes in Valuation Interest Rate

Regarding the economic assumptions, we have determined that a reduction in the valuation interest rate by 1% (without any change to other collateral factors) would increase the actuarially required employer contribution rate for Fiscal 2027 by 15.50% of payroll. Future adjustments to the future assumed rates of return may be required; however, the likelihood of such an event is difficult to gauge since it requires assigning probabilities to future capital market scenarios.

The following section provides a discussion of several risks and risk measures related to system liabilities:

Maturity Risk

The ability of a system to recover from adverse asset or liability performance is partly related to the maturity of the plan population. In general, plans with increasing active membership are less vulnerable to asset and liability gains and losses than mature plans since changes in plan costs can be partially allocated to new members. If the plan has a large number of active members compared to retirees, asset or liability losses can be more easily addressed. As more members retire, contributions can only be collected from a smaller segment of the overall plan population. Often, population ratios of actives to annuitants are used to measure the plan's ability to adjust or recover from adverse events since contributions are made by or on behalf of active members but not for retirees. Thus, if the plan suffers a mortality loss through increased longevity, this will affect both actives and retirees, but the system can only fund this loss with contributions related to active members. A measure of risk related to plan maturity is the ratio of total benefit payments to active payroll. For Fiscal 2025, this ratio is 52%; ten years ago, this ratio was 48%.

Assumption Risk

One other area of exposure the plan faces is the possibility that plan assumptions will need to be revised to conform to changing actual or expected plan experience. Such assumption revisions may relate to economic or demographic factors. Regarding the economic assumptions, there is always the possibility that market expectations will require an adjustment to the assumed rate of return. Market expectations

related to the assumed rate of return do not currently suggest that a further decrease in the assumption is warranted. We will continue to monitor capital market assumptions and the Board's decisions related to asset mix. We will advise the Board if the reasonable range changes in any material way in the future.

Non-economic assumptions such as mortality or other rates of decrement such as withdrawal, retirement, or disability are also subject to change. In general, such changes tend to affect plan costs less than adjustments to the assumed rates of return. Quantifying the probability or magnitude of such changes is beyond the scope of this report.

In summary, there is a risk that future actuarial measurements may differ significantly from current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, and changes in plan provisions or applicable law. Ordinarily, variations in these factors will offset to some extent. However, even with the expectation that not all variations in costs will likely travel in the same direction, factors such as those outlined above have the potential on their own accord to pose a significant risk to future cost levels and solvency of the system.

Data Error Risk

Liability risk also includes items such as data errors. No actuarial valuation can provide accurate figures without accurate data on plan members, former members, retirees, and survivors. Significant errors in plan data can distort or disguise plan liabilities. When data corrections are made, the plan may experience unexpected increases or decreases in liabilities.

Liability Duration Risk

Each pension plan has its own unique benefit structure and demographic profile. As a result, each plan will respond to changes in interest rates in a unique way. As the expected rate of return on investments changes and the interest rate used to discount plan liabilities is adjusted, the shift in plan liabilities will depend upon the duration of the liabilities (which can be understood as the plan's sensitivity to the change in the interest rate). A slightly different measure of the duration for the plan can also be understood as an indicator of the plan's maturity. When a pension plan is first established, all participants are active members; as members retire and the plan matures, the duration of the plan decreases. A determination of the liability duration gives some insight into the investment time horizon of the plan. Thus, the liability duration of a closed plan can be thought of as the weighted center of gravity of plan benefit cash flows, with expected cash flows occurring both before and after the duration value. For open plans with a continuous flow of new entrants, this measure is somewhat less informative since the duration horizon keeps changing as new members enter the plan. For this plan we have estimated the effective liability duration as 10.64 when measured based on the interest sensitivity of the fund's entry-age normal accrued liability.

Other Liability Risks

Other liability risks include such things as longevity risk (the risk that retirees will live longer than expected), termination risk (the risk that fewer than the anticipated number of members will terminate service prior to retirement), and other factors that may have an impact on the liability structure of the

plan. In a general sense, the short-term effects of these risks on the cost structure of the plan are somewhat limited since changes in these factors tend to be gradual and follow long-term secular trends. Final average compensation plans are also vulnerable to unexpectedly large increases in salary for individual members near retirement. The effect of such events frequently relates to pay plan revisions where salaries catch up after several years of slow growth. Revisions of this type usually depend on general economic conditions and can result in liability losses. However, they generally are infrequent and are more of a short-term issue.

Even natural disasters and dislocations in the economy or other unforeseen events can present risks to the plan. These events can affect member payroll and plan demographics, both of which impact costs. The risk associated with either of these factors can vary depending upon the severity of the event and cannot be easily forecasted.

CHANGES IN PLAN PROVISIONS

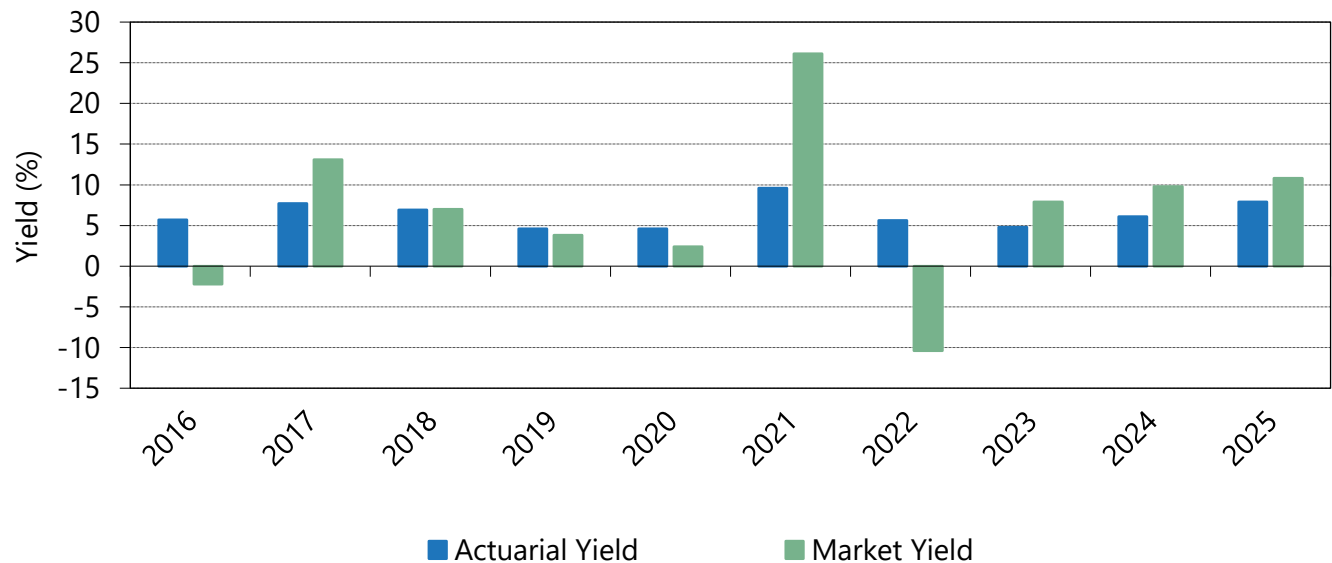
The following changes in plan provisions were enacted during the 2025 Regular Session of the Louisiana Legislature:

Act 45 provides that any person who began participation in the DROP on or before June 30, 2024, who elected a participation of three years, and who is participating in the plan on July 1, 2025 may elect to extend his participation in the plan for a total participation of not more than five years.

ASSET EXPERIENCE

The actuarial and market rates of return for the past ten years are given below (Figure 5). These investment rates of return were determined by assuming a uniform distribution of income and expense throughout the fiscal year.

Figure 5. Historical Asset Yields



	Market Yield	Actuarial Yield
2016	-2.2%	5.7%
2017	13.1%	7.7%
2018	7.0%	6.9%
2019	3.8%	4.6%
2020	2.4%	4.6%
2021	26.1%	9.6%
2022	-10.4%	5.6%
2023	7.9%	4.8%
2024	9.8%	6.1%
2025	10.8%	7.9%

Geometric Average Market Rates of Return		
5-year average	(Fiscal 2021 – 2025)	8.2%
10-year average	(Fiscal 2016 – 2025)	6.4%
15-year average	(Fiscal 2011 – 2025)	7.8%
20-year average	(Fiscal 2006 – 2025)	5.8%
25-year average	(Fiscal 2001 – 2025)	5.3%
30-year average	(Fiscal 1996 – 2025)	6.1%

The market rate of return gives a measure of investment return on a total return basis and includes realized and unrealized capital gains and losses as well as interest income. The rate of return is calculated on assets invested in the system's portfolio. This rate of return gives an indication of performance for an actively managed portfolio where securities are bought and sold with the objective of producing the highest total rate of return. During 2025, the system earned \$25,474,778 of dividends, interest, and other recurring income. In addition, the system had net realized and unrealized capital gains on investments and non-recurring income of \$286,359,404. This income was offset by investment expenses of \$6,444,817.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 6.750% in effect for Fiscal 2025. For Fiscal 2025, the actuarial rate of return was 7.9%. DROP accounts should be credited with 7.4% (i.e., 7.9% less 0.5%). The actuarial rate of return is calculated based on the actuarial value of assets and a measure of investment income derived from the system's asset smoothing method. Investment income used to calculate this yield is based upon a smoothing of investment returns above or below the valuation interest rate over a five-year period, subject to constraints. The difference between rates of return on an actuarial and market value basis results from the smoothing of gains or losses on investments relative to the valuation interest rate. Actuarial yields in excess of the applicable interest assumption will reduce future costs; actuarial yields below the applicable interest assumption will increase future costs. For Fiscal 2025, the system experienced actuarial investment earnings of \$32,660,307 above the actuarial assumed earnings rate of 6.75%. This represents an actuarial gain and decreased the interest-adjusted amortization payments on the system's UAL by \$3,416,100 or 0.89% of projected payroll.

DEMOGRAPHICS AND LIABILITY EXPERIENCE

The average active member (including DROP participants) is 41 years old with 10.92 years of service credit and an annual salary of \$64,220. The system's active contributing membership (excluding DROP participants) experienced an increase of 128 members during Fiscal 2025. The number of DROP participants increased by 18. Over the last five years, active contributing membership has decreased by 97 members and the number of DROP participants increased by 23.

The average regular retiree is 68 years old with an annual benefit of \$43,499. The average age at retirement for regular retirees is 54. The number of retirees and beneficiaries receiving benefits from the system increased by 4 during the fiscal year. Over the last five years, the number of retirees increased by 301 with annual benefits in payment increasing by \$39,514,403.

Growth in payroll during the year lowered the beginning of year interest-adjusted employer normal cost as a percentage of payroll by 0.56%. The changes in the makeup of the population and salaries paid to members increased the interest-adjusted employer normal cost over the last year by \$1,781,904; the corresponding change in employer normal cost percentage was an increase of 0.47% of payroll. Additionally, the benefit changes (related to the election of members under the 3 year DROP to extend their maximum DROP participation period to up to five years following the 2025 legislative session) and the changes in assumptions affected the normal cost. The net impact of these changes decreased the normal cost percentage by 0.09%.

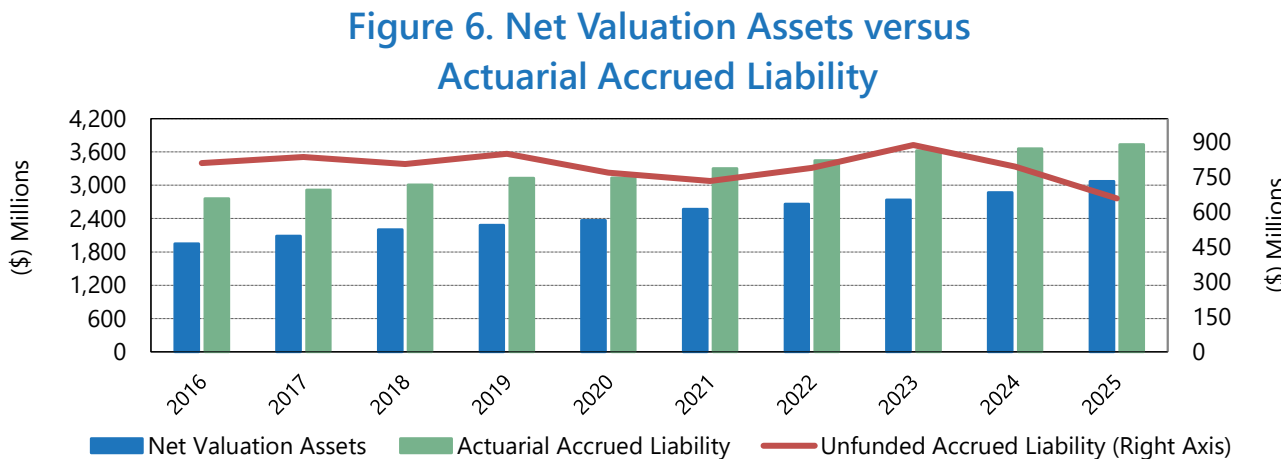
Plan liability experience for Fiscal 2025 was unfavorable. Active member retirements and DROP entries slightly above projected levels, average salary increases above projected levels, and withdrawals slightly below projected levels tend to increase costs. However, the plan's experience related to other factors such as retiree deaths significantly above projected levels, disabilities well below projected levels, and retirements of DROP participants and active former DROP participants partially offset these cost increases. Plan liability experience (excluding the impact of salary changes) resulted in slight savings. The increase in accrued liability related to salary increases above projected levels, increased the interest adjusted amortization payments by 0.28% of Fiscal 2026 payroll. The gain or loss from liability experience reduces or increases the system's unfunded actuarial accrued liability. Net plan liability experience losses (inclusive of salary increases) during Fiscal 2025 totaled \$8,787,389. These losses increased the system's unfunded actuarial accrued liability. The liability loss increased the required interest-adjusted amortization payments by \$919,116, or 0.24% of Fiscal 2026 payroll.

FUNDING ANALYSIS AND RECOMMENDATIONS

Actuarial funding of a retirement system is a process whereby funds are accumulated over the working lifetimes of employees in such a manner as to have sufficient assets available at retirement to pay for the lifetime benefits accrued by each member of the system. The required contributions are determined by applying a cost allocation procedure to the results of an actuarial valuation of liabilities based on rates of mortality, termination, disability, and retirement, as well as investment return and other statistical measures specific to the particular group. The allocation of costs also depends on an asset smoothing method described in the assumptions section at the end of this report.

Each year a determination is made of two cost components: the normal cost and the amortization payments on the unfunded actuarial accrued liability. The normal cost refers to the annual cost for active members allocated each year by the particular cost method utilized. New entrants to the system can also increase or decrease normal costs as a percentage of payroll depending upon their demographic distribution.

The annual required amortization payment on the unfunded accrued liability is derived from the sum of payments required on each of the individual bases listed in Exhibit V – Schedule C. Each amortization base is amortized with level annual payments over an amortization period specified by R.S. 11:103. The unfunded actuarial accrued liability (UAL) equals the difference between the entry age normal accrued liability and the net valuation assets. The change in UAL includes the annual payment, interest accrual on the balance, and annual gains and losses. Since payments on the system’s UAL are made on a fixed, level dollar schedule, the percentage of payroll cost is affected by changes in plan payroll. If payroll increases, these costs are reduced as a percentage of payroll. Conversely, if payroll decreases, these costs are increased as a percentage of payroll. **Figure 6** details the UAL over the past decade.



Although actuarial assumptions are set such that the system is not expected to experience gains or losses over the long-term, actual experience seldom matches assumptions in the short-term. Proper long-term assumptions should result in offsetting gains and losses over time, but it is common that gains and losses occur on an annual basis. **Figure 7A** graphically shows the impact of gains and losses on the system’s UAL and normal cost over the most recent ten year period. Losses cause an increase in costs as a percentage of payroll while gains cause decreases.

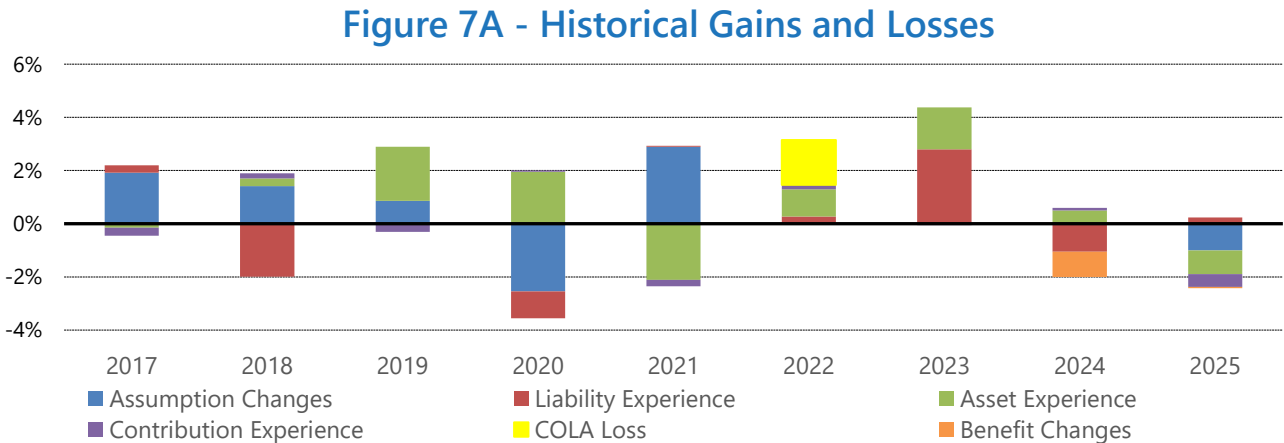
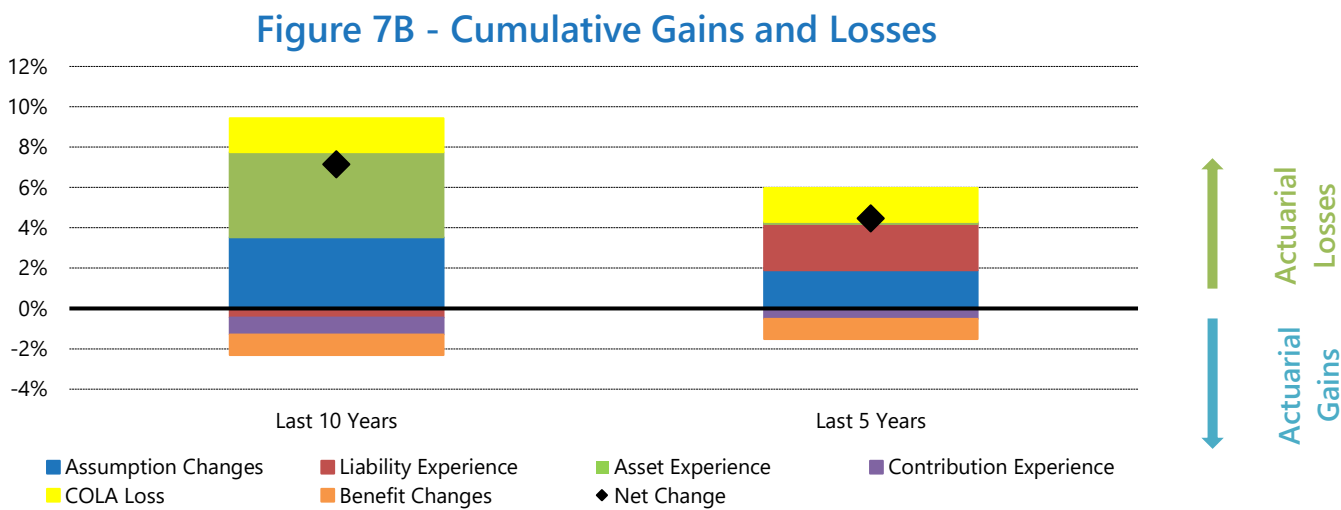
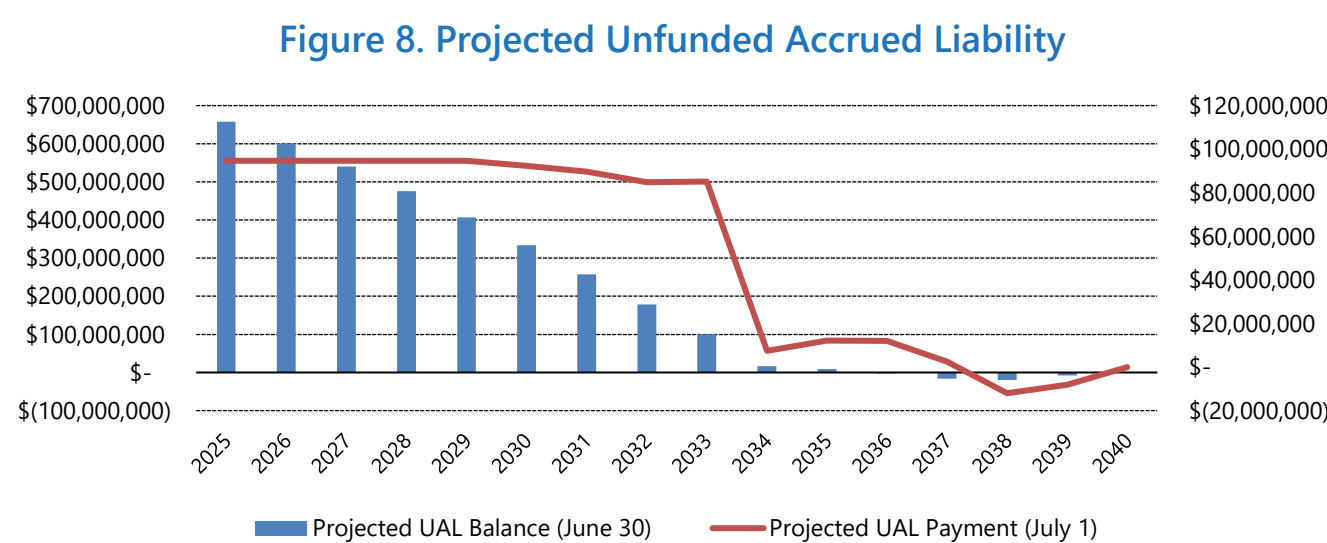


Figure 7B accumulates these gains and losses over the last 5 years and 10 years and shows whether the fund experienced more gains or losses during that period. As seen in this figure, the system has experienced more losses (which cause increases to the system’s UAL and normal cost accrual rates) than gains. The largest sources of losses during this period have been assumption changes (mainly reductions in the system’s assumed rate of return) and asset experience. With no further reductions in the assumed rate of return since Fiscal 2021, the Fund has experienced lower net losses over the last five years.



The resulting UAL after accounting for gains and losses determines a significant portion of the minimum employer contribution rate. The UAL balance is expected to decrease in future years based on the required payments set according to the amortization schedule. **Figure 8** provides a demonstration of the future of the current UAL based on the schedule of payments shown in Exhibit V - Schedule C. This chart does not account for future gains and losses but does offer a baseline view for future UAL balance and amortization cost.



To establish the actuarially required contribution in any given year, it is necessary to define the assumptions, funding method, and method of amortizing the UAL. Thus, the determination of what contribution is actuarially required depends upon the funding method and amortization schedules employed. Regardless of the method selected, the ultimate cost of providing benefits is dependent

upon the benefits, expenses, and investment earnings. Only to the extent that some methods accumulate assets more rapidly and thus produce greater investment earnings does the funding method affect the ultimate cost.

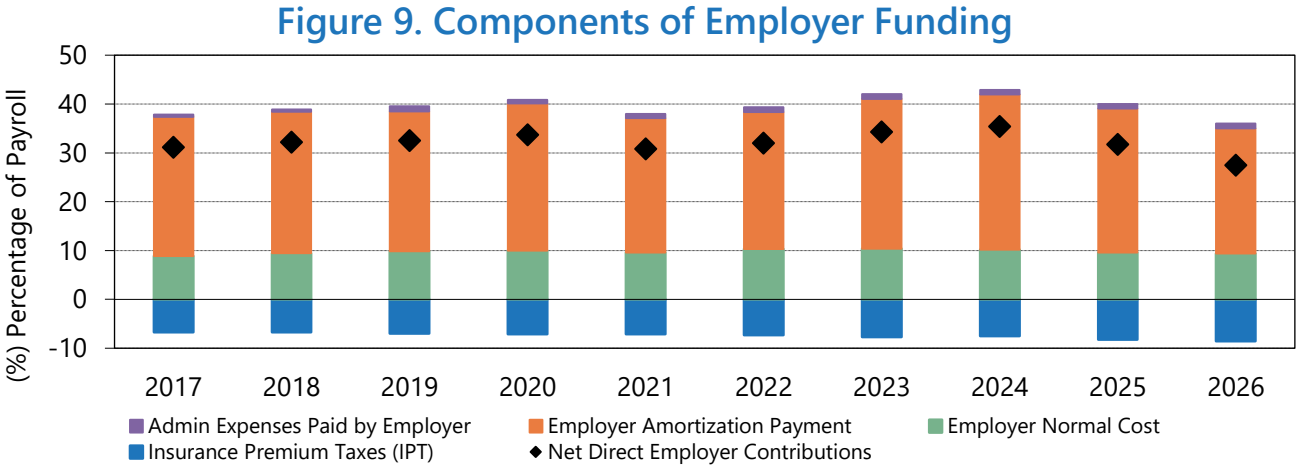
R.S. 11:103 governs the calculation of the annual actuarially determined employer contribution rate for statewide retirement systems. This statute describes the components of the employer contribution rate found in Exhibit I. We believe that the minimum recommended net direct employer contribution rate developed within this report represents a Reasonable Actuarially Determined Contribution (or RADC) under the terms set forth in the actuarial standards of practice. We believe that the cost allocation procedure set forth in the statutes reasonably balances benefit security and intergenerational equity. The consistent payment of actuarially determined contributions based on Louisiana's constitutional requirements significantly improves the benefit security of plan members and retirees. The system's funding methodology seeks intergenerational equity by spreading actuarial costs over a sufficiently short amortization period. With the use of reasonable actuarial assumptions, the system's contribution allocation procedure should produce reasonably stable and predictable results. The system's annual valuation directly calculates the present value of future benefits for each member and former member. This measure accounts for expected future benefit payments and the expected duration of those payments. The valuation results are based on plan provisions in effect as of the valuation date. Therefore, results will be affected if plan provisions are changed in the future.

An explanation of the change in costs related to asset and liability gains and losses as well as changes in demographics and assumptions is given in prior sections of the report. In addition to these components, variances in contribution levels and payroll also affect costs. For Fiscal 2025 contributions totaled \$18,014,731 more than required; the interest-adjusted amortization credit on the contribution surplus for Fiscal 2026 is \$1,884,247, or 0.49% of projected payroll. In addition, for Fiscal 2026 the net effect of the change in payroll on amortization costs was to reduce such costs by 1.68% of projected payroll.

The derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The employer's normal cost for Fiscal 2026, interest-adjusted for mid-year payment is \$35,976,569. The amortization payments on the system's UAL total \$97,817,921. The total actuarially required contribution is determined by adding these two values together with administrative expenses. The net direct actuarially required employer contribution for Fiscal 2026 is determined based on the sum of employer normal cost, amortization payments on the unfunded actuarial accrued liability, and projected administrative expenses. As given in line 12 of Exhibit I, the total actuarially required employer contribution for Fiscal 2026 is \$137,504,623. We estimate insurance premium taxes of \$32,629,447, or 8.55% of payroll, will be paid to the system in Fiscal 2026. This level of Insurance Premium Taxes represents a 0.31% increase over the prior year as a percentage of payroll. Hence, the actuarially required net direct employer contribution for Fiscal 2026 amounts to \$104,875,176 or 27.47% of payroll.

Total non-investment funding comes from three sources: direct employee contributions, direct employer contributions, and Insurance Premium Taxes. **Figure 9** shows the breakdown of employer cost components for the last decade. The system's required net direct employer contribution rate changes each year. Such changes may occur due to the impact of gains and losses, changes in overall plan payroll, or changes in Insurance Premium Taxes dedicated to the system. Currently, the Firefighters' Retirement System (FRS) receives a larger allocation of the Insurance Premium Taxes payable to the public

retirement systems to complete the funding of past mergers. As these merger liabilities are fully amortized, the amount due to MPERS is expected to increase. Within this valuation, the projected Insurance Premium Taxes for Fiscal 2026 exceed the amount received in Fiscal 2025 because of growth in the overall Insurance Premium Taxes to be collected and due to a reduction in required funding for FRS mergers.



Although the actual employer contribution rate being collected in Fiscal 2026 totals 33.475%, only 30.5% represents the minimum recommended employer contribution rate. As shown on line 18 of Exhibit I, we expect a contribution surplus of 3.03% of payroll since the actuarially required employer contribution rate for Fiscal 2026 determined within this valuation is 27.47%. This surplus will decrease the actuarially required contribution recommended for Fiscal 2027. To determine a minimum recommended net direct employer contribution rate for Fiscal 2027, the employer normal cost and amortization payments were estimated for Fiscal 2027 and adjusted for the impact of the estimated contribution surplus for Fiscal 2026 and the estimated Insurance Premium Taxes for Fiscal 2027. Therefore, as given in line 25 of Exhibit I, the estimated actuarially required net direct employer contribution for Fiscal 2027 is \$103,755,438, or 26.50% of projected payroll (rounded to the nearest 0.25%) for all members with earnings greater than the Department of HHS poverty guidelines. For members, other than those in the Non-Hazardous subplan, who have earnings below the poverty guidelines, the employer contribution rates will be 2.5% higher and the employee contribution rates will be 2.5% lower.

According to R.S. 11:2225.5, the Board may set the employer contribution rate for Fiscal 2027 (effective July 1, 2026) above the minimum recommended net direct employer contribution rate of 26.50% for two possible purposes. First, each year the Board may add to the minimum net direct employer contribution rate an amount up to 0.85% for the express purpose of funding future cost-of-living increases. Current Board policy states that the employer rate will be set to include the maximum 0.85% level of COLA funding. Secondly, in any year in which the minimum net direct employer contribution rate is set to decrease, the Board may add an additional rate up to one-half of the difference between the rates determined for the two years for the purpose of paying down the oldest positive amortization base within the system's unfunded accrued liability without re-amortization of the required payments. Paying down an unfunded accrued liability amortization base without re-amortizing future payments results in paying off that amortization more quickly than originally scheduled. Since the minimum recommended net direct employer contribution rate for Fiscal 2027 is 26.50% and the minimum recommended net direct employer contribution rate for Fiscal 2026 was 30.50%, the Board does have

the right to increase the employer contribution rate for Fiscal 2027 by up to one-half of the difference, or 2.00% to pay down the UAL. Therefore, according to statute, the Board of Trustees may set the employer contribution rate effective July 1, 2026 at any level between 26.50% and 29.35%. (According to current board policy, the employer contribution rate may be set at any level between 27.35% and 29.35%.)

The following is a derivation of the net direct actuarially required employer contribution rate for Fiscal 2026, which provides a reconciliation of the change in costs from one year to the next. Values listed in dollars are interest-adjusted for payment throughout the fiscal year. Percentages are based on the projected payroll for Fiscal 2026, except for those items labeled Fiscal 2025. Because the actuarial valuation is completed after the beginning of Fiscal 2026, Exhibit I must add projections for another year and produce a minimum recommended employer contribution rate for Fiscal 2027.

	Dollars	Percentage of Payroll
Employer's Normal Cost for Fiscal 2025	\$ 34,566,816	9.60%
Change due to change in payroll	N/A	(0.56%)
Cost of Demographic and Salary Changes	\$ 1,781,904	0.47%
Cost of Benefit Changes	\$ 902,869	0.24%
Change due to Assumption Changes	<u>\$ (1,275,020)</u>	<u>(0.33%)</u>
Employer Normal Cost for Fiscal 2026	\$ 35,976,569	9.42%
UAL Amortization Payments for Fiscal 2025	\$ 106,204,456	29.50%
Change due to change in payroll	N/A	(1.68%)
Additional Amortization Expenses for Fiscal 2026:		
Benefit Change Loss (Gain)	\$ (198,704)	(0.05%)
Liability Assumption Loss (Gain)	\$ (3,806,600)	(1.00%)
Asset Experience Loss (Gain)	\$ (3,416,100)	(0.89%)
Liability Experience Loss (Gain)	\$ 919,116	0.24%
Contribution Loss (Gain)	<u>\$ (1,884,247)</u>	<u>(0.49%)</u>
Total Amortization Expense (Credit) for Fiscal 2026	\$ 97,817,921	25.63%
Insurance Premium Taxes	\$ (32,629,447)	(8.55%)
Estimated Administrative Cost for Fiscal 2026	\$ 3,710,133	0.97%
Total Employer Normal Cost & Amortization Payments	\$ 104,875,176	27.47%

Note: Totals may not sum due to rounding.

LOW-DEFAULT RISK OBLIGATION MEASURE (LDROM)

The retirement system's annual actuarial funding valuation determines the employer's minimum contribution rate based upon a set of actuarial assumptions found to be reasonable individually and in the aggregate for the purpose of the measurement. For a system like the Municipal Police Employees' Retirement System that is open to new members and expected to exist in perpetuity, boards of trustees generally elect to invest system assets in a basket of asset classes that subject the system to several investment risks, including the risk of default. Such risks are generally mitigated through diversification among the asset classes and through portfolio construction within each asset class. When considering expert opinions about expectations of future returns, generally called capital market assumptions, and when considering historical evidence, it is found that a portfolio composed of a combination of asset classes (including risky assets such as equities, fixed income assets, real estate investments, and other alternative investments) earns a larger return than risk-free or low-default-risk fixed income assets provide. The larger expected return is often referred to as a risk premium as investors generally require a larger return to accept the added risk. It is precisely this exchange of return for added risk that is at the heart of the low-default-risk obligation measure (LDROM) defined within Actuarial Standard of Practice #4. Were the system to simply invest in low-default-risk fixed income securities, the system would be expected to earn less from investment markets but would also expect less portfolio return volatility and less chance of investment default. Since investment income directly offsets the contributions owed by the system's employers, building a portfolio that includes risky assets can be a strategy to lower the long-term requirement for employer contributions, but in doing so, employers accept certain investment risks.

The LDROM can help to quantify both the impact of investing in a portfolio that includes risky assets and using a long-term expected rate of return from such a portfolio to discount liabilities. In addition, the LDROM can help stakeholders understand how much liabilities would increase if the system was measured using a discount rate that did not include the risk premium for assets with higher default risk.

The standard of practice requires the following when determining the LDROM:

- The actuary should use an immediate gain actuarial cost method.
- The actuary should select a discount rate or rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.
- Other than the discount rate or rates, the actuary may use the same assumptions used in the funding valuation for this measure.

The biggest decision in making LDROM calculations is the discount rate or rates to use. The standard discusses several possibilities. We have elected to base our LDROM calculations on discount rates derived from high-quality corporate bonds, which we believe best represent low-default-risk fixed income investments. For the purpose of these calculations, we use the U.S. Department of the Treasury's High-Quality Market (HQM) Corporate Bond Yield Curve weighted according to the closed fund cash flows developed for the most recently completed system specific GASB 67 analyses. The LDROM calculations have been performed based on the Entry Age Normal funding method.

The U.S. Treasury HQM Corporate Bond Yield Curve is developed using regression variables, projects yield curves beyond the longest maturity date and makes use of bond market characteristics to help generate a stable curve. It represents spot yields of corporate bonds rated AAA, AA, or A and is available monthly on the IRS website. When the June 2025 HQM Corporate Bond Yield Curve is weighted based on the GASB 67 cash flows, the effective single discount rate derived from the analysis is 5.78%.

The following table provides an LDROM-based actuarial accrued liability, which can be compared to the entry age normal actuarial accrued liability, and an LDROM-based funded ratio, which can be compared to the system's funded ratio determined based on the entry age normal actuarial accrued liability. Our calculations are based on the effective single discount rate derived from the U.S. Treasury HQM Corporate Bond Yield Curve of 5.78%. All other assumptions match those used to determine funding liabilities.

LDROM Comparison	Funding Valuation	LDROM Valuation
Discount Rate	6.75%	5.78%
Accrued Liability for Active Members	\$ 1,494,169,944	\$ 1,705,764,950
Accrued Liability for Terminated Members	\$ 76,511,916	\$ 86,203,679
Accrued Liability for Retired Members	\$ 2,161,120,011	\$ 2,340,035,110
Total Actuarial Accrued Liability (AAL)	\$ 3,731,801,871	\$ 4,132,003,739
Funded Ratio (NVA/AAL)	82.38%	74.40%

The differences in the measures shown above can be viewed within the risk/return framework. By accepting added investment risk, the system is expected to significantly reduce the employer's responsibility to fund system liabilities over the long run, but that decision will likely result in greater variability in employer contributions over time as risky assets typically experience greater return volatility.

COST OF LIVING ADJUSTMENTS

During Fiscal 2025, the actual cost-of-living (as measured by the US Department of Labor CPI-U) increased by 2.7%. Prior to 2022, the cost-of-living provisions for the system were detailed in R.S. 11:2225(A)(7)(b), R.S. 11:246, and R.S. 11:241. Act 360 of 2022 removed MPERS from R.S. 11:243, R.S. 11:246, R.S. 11:107.2, and repealed R.S. 11:2225(A)(7) and enacted R.S. 11:2225.5. In addition, it created a Funding Deposit Account for the accumulation of additional employer contributions dedicated to the funding of future cost-of-living increases. Under this statute, funding for additional benefits for retirees, survivors, and beneficiaries in years following 2022 may only be provided from the funding deposit account and only when sufficient funds are available to fully offset the present value of the additional benefits offered.

The funding deposit account may be credited with up to 0.85% of plan payroll (set by statute at 0.425% in fiscal 2024) in any year in which the Board of Trustees elects to require that employers contribute an amount in excess of the rate determined under R.S. 11:103. In such years as the Board sets the employer contribution rate above the rate determined under R.S. 11:103 (the minimum net direct actuarially

determined employer contribution rate) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries, a contribution to the Funding Deposit Account will be determined within the system's actuarial valuation. The funds in the account shall earn interest annually at the board approved valuation interest rate. The account balance shall not be considered system assets for the purpose of computing the employer contribution rate under R.S. 11:103.

R.S. 11:2225.5(F) enumerates the framework that the Board of Trustees may use in providing additional benefits for retirees, survivors, and beneficiaries from the Funding Deposit Account. The Board may provide a nonrecurring lump sum payment (no more frequently than once in each three-year period) or a permanent benefit increase. Additional benefits may be defined based upon the original or current benefit. The Board may set a minimum age or minimum period (no less than one year) since benefit commencement for determining eligibility to receive the additional benefit. Permanent benefit increases may not exceed 3% of the benefit (whether original benefit or current benefit).

The most recent COLA granted by the Board of Trustees was effective July 1, 2022. The June 30, 2025 balance in the Funding Deposit Account is \$4,953,104. Therefore, the Board is authorized to provide a nonrecurring lump sum payment or permanent benefit increase to retirees, survivors, and beneficiaries following this actuarial valuation if the present value of the payments is no greater than the balance in the account.

EXHIBIT I

ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1. Normal Cost of Retirement Benefits.....	\$ 50,621,818
2. Normal Cost of Death Benefits.....	\$ 2,738,805
3. Normal Cost of Disability Benefits	\$ 3,060,529
4. Normal Cost of Deferred Retirement Benefits.....	\$ 4,853,304
5. Normal Cost of Contribution Refunds.....	<u>\$ 7,505,973</u>
6. TOTAL Normal Cost as of July 1, 2025 (1 + 2 + 3 + 4 + 5).....	\$ 68,780,429
7. TOTAL Normal Cost Interest Adjusted for Mid-year Payment.....	\$ 71,063,865
8. Adjustment to Total Normal Cost for Employee Portion	\$ 35,087,296
9. Employer Normal Cost, Adjusted for Midyear Payment (7 – 8).....	\$ 35,976,569
10. Amortization Payments on Unfunded Accrued Liability at Midyear	\$ 97,817,921
11. Projected Administrative Expenses for Fiscal 2026	\$ 3,710,133
12. TOTAL Employer Cost (9 + 10 + 11).....	\$ 137,504,623
13. Expected Insurance Premium Taxes due in Fiscal 2026	\$ (32,629,447)
14. Net Direct Actuarially Required Employer Contribution for Fiscal 2026 (12 + 13).....	\$ 104,875,176
15. Projected Fiscal 2026 Covered Payroll.....	\$ 381,788,246
16. Net Direct Actuarially Required Employer Contribution as a Percentage of Projected Payroll for Fiscal 2026 (14 ÷ 15)	27.47%
17. Actual Employer Contribution Rate Required by R.S. 11:103 for Fiscal 2026	30.50% * †
18. Projected Fiscal 2026 Contribution Loss (Gain) as a % of Payroll (16 – 17).....	(3.03%)
19. Projected Fiscal 2026 Employer Contribution Shortfall (Surplus) (15 × 18)	\$ (11,568,184)
20. Amortization of Interest Adjusted Fiscal 2026 Employer Contribution Shortfall (Surplus) Based on Midyear Payment in Fiscal 2027	\$ (1,250,142)
21. Estimated Fiscal 2027 Employer Normal Cost Adjusted for Midyear Payment ...	\$ 36,875,983
22. Estimated Fiscal 2027 Amortization Payments on Fiscal 2025 UAL.....	\$ 97,817,921
23. Estimated Fiscal 2027 Administrative Expenses.....	\$ 3,802,886
24. Estimated Insurance Premium Taxes due in Fiscal 2027	\$ (33,491,210)
25. Estimated Actuarially Required Net Direct Employer Contributions for Fiscal 2027 (20 + 21 + 22 + 23 + 24).....	\$ 103,755,438
26. Projected Fiscal 2027 Covered Payroll.....	\$ 391,332,952
27. Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2027 (25 ÷ 26, Rounded to nearest 0.25%)	26.50% * †

* The above rates are for members with earnings greater than the Department of HHS poverty guidelines. For members of the Hazardous Duty Subplan or hired before January 1, 2013, and who have earnings below the poverty guidelines, employer rates will be 2.5% higher and employee rates will be 2.5% lower.

† Excludes possible funding for COLAs and UAL reduction

EXHIBIT II

PRESENT VALUE OF FUTURE BENEFITS

PRESENT VALUE OF FUTURE BENEFITS FOR ACTIVE MEMBERS:

Retirement Benefits.....	\$ 1,941,906,746
Survivor Benefits.....	37,470,658
Disability Benefits.....	36,598,377
Vested Termination Benefits.....	80,994,206
Refunds of Contributions	42,662,775

TOTAL Present Value of Future Benefits for Active Members..... \$ 2,139,632,762

PRESENT VALUE OF FUTURE BENEFITS FOR TERMINATED MEMBERS:

Terminated Vested Members Due Benefits at Retirement ..	\$ 60,159,733
Terminated Members with Reciprocals	
Due Benefits at Retirement	0
Terminated Members Due a Refund	16,352,183

TOTAL Present Value of Future Benefits for Terminated Members \$ 76,511,916

PRESENT VALUE OF FUTURE BENEFITS FOR RETIREES:

Regular Retirees	
Maximum.....	\$ 683,271,231
Option 1	8,386,131
Option 2	842,073,840
Option 3	284,006,591
Option 4	1,785,179
Merged Retirees.....	10,393,222

TOTAL Regular Retirees..... \$ 1,829,916,194

Disability Retirees 36,439,915

Survivors..... 185,876,910

DROP/IBO Account Balances Payable to Retirees 108,863,144

Return-to-Work Retiree Refundable Contributions..... 23,848

TOTAL Present Value of Future Benefits for Retirees & Survivors..... \$ 2,161,120,011

TOTAL PRESENT VALUE OF FUTURE BENEFITS..... \$ 4,377,264,689

EXHIBIT III ACTUARIAL VALUE OF ASSETS

Excess (Shortfall) of Invested Income for Current and Previous 4 Years:

Fiscal year 2025	\$ 113,946,389
Fiscal year 2024	79,382,791
Fiscal year 2023	28,342,600
Fiscal year 2022	(478,619,357)
Fiscal year 2021	<u>428,749,410</u>

Total for five years	\$ 171,801,833
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Deferral of Excess (Shortfall) of Invested Income:

Fiscal year 2025 (80%).....	\$ 91,157,111
Fiscal year 2024 (60%).....	47,629,675
Fiscal year 2023 (40%).....	11,337,040
Fiscal year 2022 (20%).....	(95,723,871)
Fiscal year 2021 (0%)	<u>0</u>

Total Deferred for Year	\$ 54,399,955
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Market Value of Plan Net Assets, End of Year	\$ 3,133,488,618
--	------------------

Preliminary Actuarial Value of Plan Assets, End of Year	\$ 3,079,088,663
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Actuarial Value of Assets Corridor

85% of market value, end of year.....	\$ 2,663,465,325
115% of market value, end of year	\$ 3,603,511,911

Final Actuarial Value of Plan Net Assets, End of Year	\$ 3,079,088,663
---	------------------

Offset for Funding Deposit Account, End of Year	\$ (4,953,104)
---	-----------------

Net Valuation Assets, end of year.....	\$ 3,074,135,559
--	------------------

EXHIBIT IV PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund.....	\$ 276,819,395
Employer Normal Contributions to the Pension Accumulation Fund.....	368,643,423
Employer Amortization Payments to the Pension Accumulation Fund	657,666,312
TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS.....	\$ 1,303,129,130

EXHIBIT V – SCHEDULE A ACTUARIAL ACCRUED LIABILITIES

LIABILITY FOR ACTIVE MEMBERS

Accrued Liability for Retirement Benefits	\$ 1,470,553,434
Accrued Liability for Survivor Benefits	12,933,667
Accrued Liability for Disability Benefits	8,784,649
Accrued Liability for Vested Termination Benefits	34,381,387
Accrued Liability for Refunds of Contributions	(32,483,193)
TOTAL Actuarial Accrued Liability for Active Members	\$ 1,494,169,944
LIABILITY FOR TERMINATED MEMBERS	\$ 76,511,916
LIABILITY FOR RETIREES AND SURVIVORS	\$ 2,161,120,011
TOTAL ACTUARIAL ACCRUED LIABILITY.....	\$ 3,731,801,871
NET VALUATION ASSETS.....	\$ 3,074,135,559
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 657,666,312
Ratio of Net Valuation Assets to Entry Age Normal Accrued Liability.....	82.38%

EXHIBIT V – SCHEDULE B

CHANGE IN UNFUNDED ACTUARIAL ACCRUED LIABILITY

PRIOR YEAR UNFUNDED ACCRUED LIABILITY.....	\$	793,983,880
Interest on Unfunded Accrued Liability.....	\$	53,593,912
Liability Experience Loss.....		8,787,389
 TOTAL Additions to UAL	\$	62,381,301
Interest Adjusted Amortization Payments.....	\$	109,730,329
Asset Experience Gain		32,660,307
Liability Assumption Gain		36,393,758
Change in Benefits Gain		1,899,744
Contribution Gain		18,014,731
 TOTAL Reductions to UAL	\$	198,698,869
 NET Change in Unfunded Accrued Liability	\$	(136,317,568)
 CURRENT YEAR UNFUNDED ACCRUED LIABILITY.....	\$	657,666,312

EXHIBIT V – SCHEDULE C

AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

JUNE 30, 2025

FISCAL YEAR	DESCRIPTION	AMORT. PERIOD	INITIAL BALANCE	YEARS REMAINING	REMAINING BALANCE	AMORT. PAYMENTS
2014	Cumulative Bases	20	\$801,359,380	9	\$494,007,471	\$70,275,487
2015	Asset Experience Gain	15	(52,886,689)	5	(23,838,856)	(5,410,034)
2015	Liability Experience Gain	15	(9,412,440)	5	(4,242,688)	(962,844)
2015	Contribution Gain	15	(6,385,205)	5	(2,878,157)	(653,173)
2015	Liability Assumption Loss	15	91,142,323	5	41,082,719	9,323,386
2016	Asset Experience Loss	15	32,707,657	6	17,112,054	3,337,121
2016	Liability Experience Gain	15	(8,714,512)	6	(4,559,274)	(889,131)
2016	Contribution Loss	15	1,831,833	6	958,380	186,900
2017	Asset Experience Gain	15	(4,227,464)	7	(2,496,881)	(430,233)
2017	Liability Experience Loss	15	7,622,189	7	4,501,914	775,718
2017	Contribution Gain	15	(8,105,382)	7	(4,787,304)	(824,893)
2017	Liability Assumption Loss	15	52,448,263	7	30,977,680	5,337,711
2018	Asset Experience Loss	15	7,852,432	8	5,133,875	797,609
2018	Liability Experience Gain	15	(54,697,789)	8	(35,761,101)	(5,555,916)
2018	Contribution Loss	15	5,491,975	8	3,590,624	557,846
2018	Liability Assumption Loss	15	38,696,875	8	25,299,796	3,930,626
2019	Asset Experience Loss	15	58,094,818	9	41,419,417	5,892,158
2019	Liability Experience Gain	15	(788,461)	9	(562,144)	(79,968)
2019	Contribution Gain	15	(8,114,574)	9	(5,785,388)	(823,005)
2019	Liability Assumption Loss	15	24,575,373	9	17,521,318	2,492,511
2020	Asset Experience Loss	15	57,612,260	10	44,267,219	5,836,083
2020	Liability Experience Gain	15	(29,781,524)	10	(22,883,070)	(3,016,848)
2020	Contribution Loss	15	1,457,071	10	1,119,562	147,600
2020	Liability Assumption Gain	15	(75,574,461)	10	(58,068,740)	(7,655,642)
2021	Asset Experience Gain	15	(61,268,465)	11	(50,273,792)	(6,202,452)
2021	Liability Experience Loss	15	1,258,411	11	1,032,588	127,394
2021	Contribution Gain	15	(6,876,395)	11	(5,642,421)	(696,125)
2021	Liability Assumption Loss	15	67,936,761	11	55,745,458	6,877,510
2022	Asset Experience Loss	15	30,433,589	12	26,474,130	3,080,914
2022	Liability Experience Loss	15	7,901,075	12	6,873,134	799,857
2022	Contribution Loss	15	5,061,904	12	4,403,341	512,437
2022	COLA Loss	15	50,408,907	12	43,850,629	5,103,095
2023	Asset Experience Loss	15	52,411,319	13	48,015,432	5,305,807
2023	Liability Experience Loss	15	92,623,396	13	84,854,805	9,376,637
2023	Contribution Gain	15	(1,729,512)	13	(1,584,454)	(175,085)
2024	Asset Experience Loss	15	17,184,920	14	16,487,774	1,739,698
2024	Liability Experience Gain	15	(36,153,910)	14	(34,687,244)	(3,660,005)
2024	Contribution Loss	15	3,109,233	14	2,983,100	314,760
2024	Benefit Gain	15	(22,735,774)	14	(21,813,446)	(2,301,633)

EXHIBIT V – SCHEDULE C (CONTINUED)
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

JUNE 30, 2025

FISCAL YEAR	DESCRIPTION	AMORT. PERIOD	INITIAL BALANCE	YEARS REMAINING	REMAINING BALANCE	AMORT. PAYMENTS
2025	Asset Experience Gain	15	(32,660,307)	15	(32,660,307)	(3,306,333)
2025	Liability Experience Loss	15	8,787,389	15	8,787,389	889,583
2025	Contribution Gain	15	(18,014,731)	15	(18,014,731)	(1,823,703)
2025	Liability Assumption Gain	15	(36,393,758)	15	(36,393,758)	(3,684,286)
2025	Benefit Gain	15	(1,899,744)	15	(1,899,744)	(192,319)

TOTAL Unfunded Actuarial Accrued Liability \$657,666,312

TOTAL Fiscal 2024 Amortization Payments at Beginning of Year \$94,674,820

TOTAL Fiscal 2024 Amortization Payments Adjusted to Mid-Year \$97,817,921

* Totals may not equal the sum of remaining balances/payments due to rounding.

EXHIBIT VI

EMPLOYER CONTRIBUTION ITEMIZATION

Itemized Employer Contribution Rate for Fiscal 2025:

Employer Contribution Rate Required by R.S. 11:103	34.750%
Board Authorized Employer Contribution Rate for Future COLAs	0.850%
Board Authorized Employer Contribution Rate for UAL Reduction	<u>0.000%</u>
TOTAL Employer Contribution Rate For Fiscal 2025	35.600%

Itemized Regular Employer Contributions Collected in Fiscal 2025:

Required Employer Contributions Collected for Funding	\$ 130,494,498
Excess Employer Contributions Collected for Future COLAs	3,191,952
Excess Employer Contributions Collected for UAL Reduction	<u>0</u>
TOTAL Regular Employer Contributions Collected in Fiscal 2025	\$ 133,686,450

EXHIBIT VII

FUNDING DEPOSIT ACCOUNT

Funding Deposit Account Balance as of June 30, 2024.....	\$ 1,550,523
Interest on Opening Balance at 6.75%.....	104,660
Interest Adjusted Excess Contributions to the Funding Deposit Account	3,297,921
Interest Adjusted Withdrawals from the Funding Deposit Account.....	<u>0</u>
Funding Deposit Account Balance as of June 30, 2025.....	\$ 4,953,104

EXHIBIT VIII YEAR-TO-YEAR COMPARISON

	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2022
Number of Active Members (excludes DROP)	5,547	5,419	5,288	5,269
Number of Retirees & Survivors	5,138	5,134	5,102	5,006
DROP Participants	235	217	248	258
Number of Terminated Due Deferred Benefits	257	264	258	252
Number Terminated Due Refunds	2,977	2,707	2,474	2,184
Active Payroll (includes DROP participants who entered DROP after 6/30/2021)	\$ 371,317,664	\$ 350,480,786	\$ 331,638,477	\$ 301,207,646
Retiree Benefits in Payment	\$ 194,477,642	\$ 190,013,818	\$ 183,392,696	\$ 174,892,416
Market Value of Assets (includes FDA)	\$ 3,133,488,618	\$ 2,844,025,169	\$ 2,625,060,377	\$ 2,478,317,694
Funding Deposit Account	\$ 4,953,104	\$ 1,550,523	N/A	N/A
Net Valuation Assets (excludes FDA)	\$ 3,079,088,663	\$ 2,869,211,237	\$ 2,739,115,439	\$ 2,660,808,543
Actuarial Accrued Liability (EAN)	\$ 3,731,801,871	\$ 3,661,644,594	\$ 3,625,748,371	\$ 3,449,325,984
Ratio of Net Valuation Assets to Actuarial Accrued Liability	82.38%	78.32%	75.55%	77.14%
UAL (Funding Excess)	\$ 657,666,312	\$ 793,983,880	\$ 886,632,932	\$ 788,517,441
	Fiscal 2026	Fiscal 2025	Fiscal 2024	Fiscal 2023
Employee Contribution Rate:				
Original Subplan or Hazardous Subplan	10.00% †	10.00% †	10.00% †	10.00% †
Non-Hazardous Subplan:	8.00%	8.00%	8.00%	8.00%
Tax Contributions as a % of Projected Payroll	8.55%	8.24%	7.51%	7.69%
Minimum Employer Contribution Rate:				
Original Subplan or Hazardous Subplan	30.50% †	34.75% †	33.50% †	31.25% †
Non-Hazardous Subplan:	30.50%	34.75%	33.50%	31.25%
Additional Employer Contribution Rates:				
Excess Rate For Future COLAs	0.850%	0.850%	0.425%	N/A
Excess Rate For UAL Reduction	2.125%	0.000%	0.000%	N/A

† For members with earnings greater than the Department of HHS poverty guidelines. For members with earnings below the poverty guidelines, employer rates will be 2.5% higher and employee rates will be 2.5% lower.

Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016
5,414	5,644	5,729	5,685	5,663	5,666
4,938	4,837	4,770	4,736	4,691	4,637
257	212	203	180	193	191
236	221	201	187	181	175
2,040	1,842	1,670	1,563	1,443	1,324
\$ 293,949,856	\$ 302,984,686	\$ 305,445,379	\$ 294,988,865	\$ 293,792,282	\$ 281,546,022
\$ 162,774,931	\$ 154,963,239	\$ 148,972,071	\$ 144,162,327	\$ 139,782,252	\$ 134,868,070
\$ 2,816,973,727	\$ 2,256,740,977	\$ 2,224,281,981	\$ 2,161,775,206	\$ 2,045,022,309	\$ 1,822,858,397
N/A	N/A	N/A	N/A	N/A	N/A
\$ 2,568,079,189	\$ 2,367,621,208	\$ 2,283,284,109	\$ 2,202,302,093	\$ 2,083,240,809	\$ 1,949,755,816
\$ 3,301,558,629	\$ 3,135,811,188	\$ 3,132,449,454	\$ 3,007,181,318	\$ 2,918,064,612	\$ 2,760,140,132
77.78%	75.50%	72.89%	73.23%	71.39%	70.64%
\$ 733,479,440	\$ 768,189,980	\$ 849,165,345	\$ 804,879,225	\$ 834,823,803	\$ 810,384,316
Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017
10.00% + 8.00%	10.00% + 8.00%	10.00% + 8.00%	10.00% + 8.00%	10.00% + 8.00%	10.00% + 8.00%
7.31%	7.14%	7.14%	6.97%	6.69%	6.71%
29.75% + 29.75%	33.75% + 33.75%	32.50% + 32.50%	32.25% + 32.25%	30.75% + 30.75%	31.75% + 33.75%
N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A

APPENDIX A

GASB 67 AND 82 INFORMATION

GASB INTRODUCTION

Appendix A provides information necessary to prepare financial statements which comply with Governmental Accounting Standards Board (GASB) Statement 67 and 82. This appendix has been prepared in accordance with generally accepted actuarial principles and practices to the extent that there is no conflict with GASB statement 67 and 82, and to the best of our knowledge and belief, fairly reflects the actuarial present values and liabilities stated herein. The findings in this report are based on data and other information through June 30, 2025.

As of June 30, 2025, pension plan membership consisted of the following:

Active plan members	5,782
Inactive plan members entitled to but not yet receiving benefits	3,234
Inactive plan members or beneficiaries currently receiving benefits	<u>5,138</u>
	<u>14,154</u>

Because the Municipal Police Employees' Retirement System is funded using the same funding method prescribed by GASB, the method used is the same for Funding and GASB valuations. Since GASB requires the calculation of the total pension liability in plans with DROP based on spreading normal costs only through DROP entry, there are differences in the attribution of accrued liabilities between the funding and GASB valuations. An additional difference between Funding and GASB valuations arises from the terminology required by GASB for financial statements and from the use of the system's market value of assets without actuarial smoothing methods applied.

Based upon Act 360 of the 2022 Regular Session, the Municipal Police Employees' Retirement System may only provide future COLAs in years where the balance in the Funding Deposit Account is sufficient to fund the COLA. The Funding Deposit Account can only be funded through employer contributions set by the Board in excess of the Minimum Recommended Net Direct Employer Contribution Rate. Because future COLAs must be prefunded, no future COLAs were included in the determination of the present value of future benefits or actuarial accrued liability. The system's Funding Deposit Account holds funds set aside to prefund future COLAs. Any additional funds collected to lower the system's unfunded accrued liability are immediately applied to offset the remaining balance of the oldest positive amortization base. Therefore, these funds will not be included in the Funding Deposit Account balance. Since the funds within the Funding Deposit Account may only be used to prefund future COLAs and these funds are contained in the system's Fiduciary Net Position (or market value of assets), the balance in the Funding Deposit Account is added to the Total Pension Liability. Therefore, the Funding Deposit Account does not affect the Net Pension Liability.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such facts as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes

in the demographic composition of the group; completion of amortization payments or credit schedules; and changes in plan provisions or applicable law.

Fiduciary Net Position

The total market value of assets (or Fiduciary Net Position) can be broken down into several separate accounts. As of June 30, 2025 these subaccounts are valued as follows:

Annuity Savings Fund	\$ 292,795,584
Annuity Reserve Fund	2,052,233,019
Pension Accumulation Fund	632,417,647
DROP/IBO Account	151,089,264
Funding Deposit Account	4,953,104
Total Net Position	<u>\$ 3,133,488,618</u>

Annuity Savings Fund - The Annuity Savings Fund represents employee contributions held on behalf of members and former members who have not yet begun receiving benefits.

Annuity Reserve Fund - The Annuity Reserve Fund represents the present value of future annuity benefits owed to retirees and survivors based on current plan assumptions.

Pension Accumulation Fund - The Pension Accumulation Fund represents the remaining amount of plan assets that have been accumulated to fund benefits (in excess of a return of employee contributions) for active members and vested former members. The Pension Accumulation Fund can be positive or negative. A negative figure would indicate a lack of funding for such future benefits. A positive figure represents an amount set aside for such future benefits.

DROP/IBO Account - The DROP/IBO Account contains funds left on deposit by former members who completed DROP/IBO and elected to leave their lump sum balance in the care of the retirement system following their retirement along with investment earnings allocated to those accounts.

Funding Deposit Account – The Funding Deposit Account was created in 2022 to accumulate employer contributions made in excess of the minimum recommended actuarially determined employer contribution rate for the purpose of prefunding future COLAs. Beginning with Fiscal 2024, the Board began collecting such excess employer contributions. The maximum additional employer contribution rate for COLA funding is currently 0.85% per year.

Total Pension Liability

The Total Pension Liability (called the actuarial accrued liability in the funding valuation) as stated in this appendix is based on the Individual Entry Age Normal actuarial cost method as described in Statement 67 of the Government Accounting Standards Board (GASB 67). Calculations were made as of June 30, 2025 and were based on June 30, 2025 data.

The measurement of total pension liability as of June 30, 2025 has been completed using the same actuarial assumptions as those used in determining funding valuation figures. These assumptions are enumerated in the Actuarial Assumptions section of this report.

Pension Liability for Active Members	\$	1,581,513,315
Pension Liability for Terminated Members		76,511,916
Pension Liability for Retirees & Survivors		2,161,120,011
Pension Liability for Funding Deposit Account		4,953,104
Total Pension Liability	\$	3,824,098,346

Net Pension Liability

The components of the net pension liability (or Unfunded Actuarial Accrued Liability) as of June 30, 2025 determined using the market value of assets (Plan Fiduciary Net Position) instead of the smoothed Actuarial Value of Assets used in the funding valuation, are as follows:

Total Pension Liability	\$	3,824,098,346
Less: Plan Fiduciary Net Position		(3,133,488,618)
Net Pension Liability	\$	690,609,728

Sensitivity of Net Pension Liability to Differences in Discount Rate

The following presents the net pension liability of the system calculated using the discount rate of 6.75%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate (assuming all other assumptions remain unchanged):

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 1,132,834,760	\$ 690,609,728	\$ 320,263,038

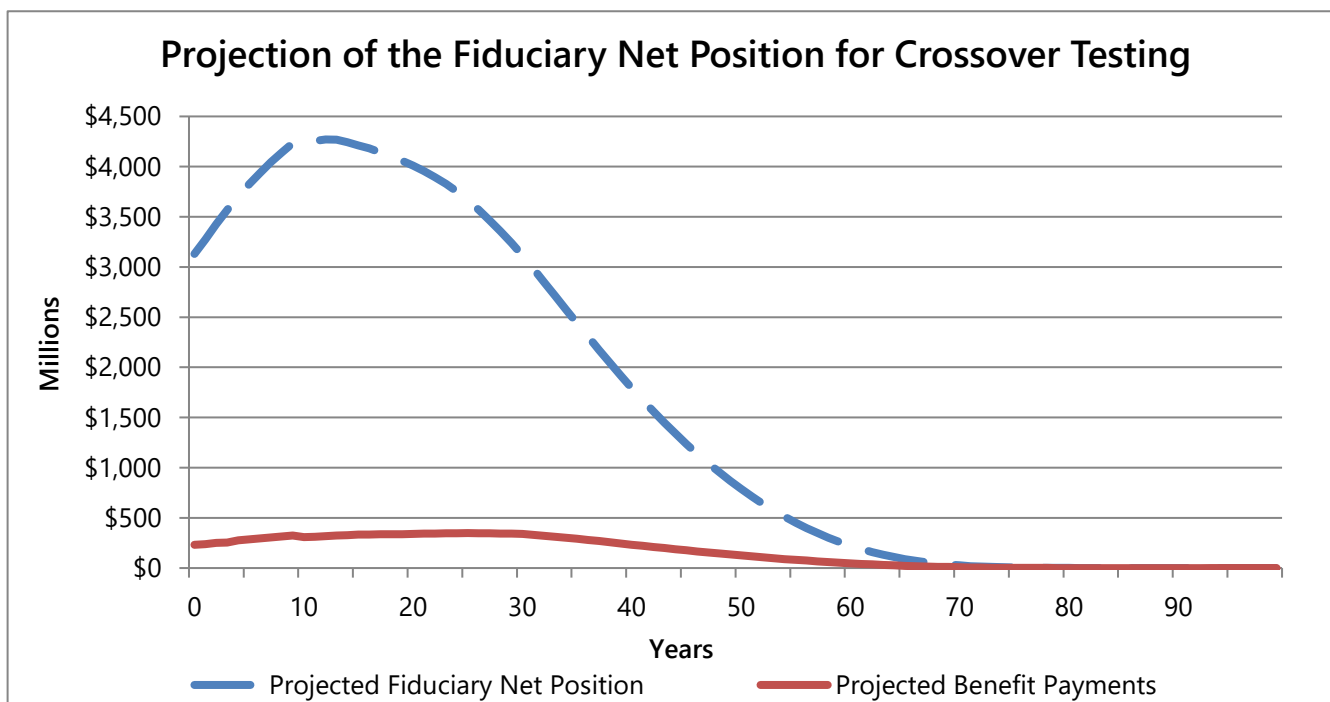
Collective Pension Expense

The collective pension expense is the total pension expense recognized by a cost-sharing plan under GASB 67, reflecting all changes in liabilities, assets, and deferrals before allocation to employers. For the year ended June 30, 2025, the Collective Pension Expense for the system is \$65,695,941.

Crossover Testing

GASB 67 requires the system's actuary to perform a crossover test to determine whether a public pension plan should discount its liabilities using the long-term expected rate of return on plan investments or, in part, based on a tax-exempt, high-quality municipal bond index rate. The purpose of this test is to assess whether the system's projected plan assets, together with future contributions, will be sufficient to cover all projected benefit payments.

Within this crossover test, projected assets were found to meet or exceed projected benefit payments. Therefore, all liabilities have been discounted using the long-term expected rate of return.



Amortization of Deferred Inflows and Outflows

GASB 67 requires the amortization of deferred inflows and outflows. This amortization is not an amortization that recognizes the time value of money, but instead simply recognizes the impact of inflows and outflows for certain gains and losses equally over a specified amortization period by dividing the gain/loss over the amortization period. The following table describes the changes that are amortized and the amortization period to be used.

Source of Change	Basis of Amortization Period	Current Amortization Period
Differences between expected and actual experience (demographic/economic factors such as turnover, salary, mortality)	Expected remaining service life of active and inactive members	4
Changes in actuarial assumptions (e.g., discount rate, retirement age, inflation)	Expected remaining service life of active and inactive members	4
Differences between projected and actual investment earnings on plan assets	5 years (fixed, closed)	5

STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2025 AND 2024

	2025	2024
Current Assets:		
Cash & Cash Equivalents in Banks	\$ 41,176,025	\$ 33,698,531
Contributions Receivable	13,288,766	12,057,340
Accrued Interest and Dividends	5,205,551	4,588,014
Investments Receivable	2,554,580	2,696,887
TOTAL CURRENT ASSETS	\$ 62,224,922	\$ 53,040,772
Property, Plant & Equipment	\$ 5,175,682	\$ 4,522,328
Investments:		
Cash & Cash Equivalents	\$ 89,515,729	\$ 20,781,349
Equities	1,555,897,510	1,462,573,552
Fixed Income	996,049,824	810,203,821
Real Estate	112,129,168	191,630,791
Alternative Investments	279,162,493	272,638,568
DROP Account Assets (Outside System Portfolio)	41,220,967	35,624,103
Collateral - Securities Lending Program	9,815,459	6,895,204
TOTAL INVESTMENTS	\$ 3,083,791,150	\$ 2,800,347,388
DEFERRED OUTFLOWS OF RESOURCES	\$ 370,601	\$ 479,660
Current Liabilities:		
Accounts Payable	1,302,446	961,529
Benefits Payable	66,851	66,851
Refunds Payable	387,331	342,192
Investments Payable	2,819,617	2,702,769
Obligations - Security Lending	9,815,459	6,895,204
Other Postemployment Benefits	1,782,631	1,621,352
Other Current Liabilities	608,972	964,812
TOTAL CURRENT LIABILITIES	\$ 16,783,307	\$ 13,554,709
DEFERRED INFLOWS OF RESOURCES	\$ 1,290,430	\$ 810,270
FIDUCIARY NET POSITION	\$ 3,133,488,618	\$ 2,844,025,169

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2025 AND 2024

	2025	2024
BEGINNING OF YEAR FIDUCIARY NET POSITION	\$ 2,844,025,169	\$ 2,625,060,377
Income:		
Regular Member Contributions	\$ 35,138,651	\$ 33,259,532
Regular Employer Contributions	133,686,450	119,791,262
Irregular Contributions	2,952,935	1,194,733
Insurance Premium Taxes	29,659,044	26,011,486
Other Income	254,874	79,156
TOTAL CONTRIBUTIONS	\$ 201,691,954	\$ 180,336,169
Net Appreciation of Fair Value of Investments	\$ 286,359,404	\$ 237,659,319
Dividends, Interest and Recurring Income	25,280,073	24,853,785
Miscellaneous Investment Income	194,705	257,812
Investment Expense	(6,444,817)	(7,405,027)
NET MARKET INVESTMENT INCOME	\$ 305,389,365	\$ 255,365,889
TOTAL INCOME	\$ 507,081,319	\$ 435,702,058
Expenses:		
Retirement Annuity Benefits	\$ 191,867,497	\$ 186,128,091
DROP Disbursements	16,643,515	19,144,185
Refunds of Contributions	4,742,235	5,802,792
Funds Transferred to Other Systems	855,634	2,672,928
Administrative Expenses	3,508,989	2,989,270
TOTAL EXPENSES	\$ 217,617,870	\$ 216,737,266
NET MARKET INCOME (INCOME – EXPENSES)	\$ 289,463,449	\$ 218,964,792
END OF YEAR FIDUCIARY NET POSITION	\$ 3,133,488,618	\$ 2,844,025,169

SCHEDULE OF PENSION EXPENSE

FOR THE YEAR ENDED JUNE 30, 2025

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	Collective Deferred Inflows (d)	Collective Deferred Outflows (e)	Collective Pension Expense (f) = (c) + (d) - (e) + (g)	Revenue Excluded from Pension Expense* (g)
Beginning Balance:	\$ 3,750,021,042	\$ 2,844,025,169	\$ 905,995,873	\$ 193,668,318	\$ 240,500,779	N/A	N/A
Service Cost	65,268,076		65,268,076			65,268,076	
Interest on Total Pension Liability	250,530,329		250,530,329			250,530,329	
Changes in Benefit Terms	(1,594,198)		(1,594,198)			(1,594,198)	
Differences Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	13,065,463		13,065,463	0	13,065,463		
Current Year Amortization				(9,135,548)	(28,633,111)	19,497,563	
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	(42,291,294)		(42,291,294)	42,291,294	0		
Current Year Amortization				(10,572,824)	0	(10,572,824)	
Benefit Payments	(208,511,012)		(208,511,012)			(208,511,012)	
Refunds of Contributions	(4,742,235)		(4,742,235)			(4,742,235)	
Other	2,352,175		2,352,175			2,352,175	
Contributions – Member		35,138,651	(35,138,651)			(35,138,651)	
Contributions – Employer*		133,686,450	(133,686,450)				\$ 133,686,450
Contributions – Nonemployer Contributing Entities*		29,659,044	(29,659,044)				29,659,044
Projected Earnings on Pension Plan Investments		191,442,976	(191,442,976)			(191,442,976)	
Difference Between Projected and Actual Earnings on Pension Plan Investments		113,946,389	(113,946,389)	113,946,389	0		
Current Year Amortization				(130,084,238)	(95,723,871)	(34,360,367)	
Benefit Payments		(208,511,012)	208,511,012			208,511,012	
Refunds of Contributions		(4,742,235)	4,742,235			4,742,235	
Administrative Expenses		(3,508,989)	3,508,989			3,508,989	
Other		2,352,175	(2,352,175)			(2,352,175)	
Net Increase (Decrease)	\$ 74,077,304	\$ 289,463,449	\$ (215,386,145)	\$ 6,445,073	\$ (111,291,519)	\$ 65,695,941	\$ 163,345,494
Ending Balance	\$ 3,824,098,346	\$ 3,133,488,618	\$ 690,609,728	\$ 200,113,391	\$ 129,209,260	N/A	N/A

For the year ended June 30, 2024, the Collective Pension Expense for the system is \$65,695,941.

* Contributions from employers and non-employer contributing entities are excluded from Pension Expense and are reported as revenue as per paragraphs 58 and 71(c) of GASB 68.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEARS 2016 – 2025

	2025	2024	2023	2022
Total Pension Liability:				
Service Cost	\$ 65,268,076	\$ 62,868,269	\$ 58,709,051	\$ 59,103,304
Interest	250,530,329	245,694,814	233,413,755	223,822,226
Changes of Benefit Terms	(1,594,198)	8,916,979	0	50,408,907
Differences Between Expected and Actual Experience	13,065,463	(36,542,191)	94,745,166	6,721,815
Changes of Assumptions	(42,291,294)	0	0	0
Benefit Payments	(208,511,012)	(205,272,276)	(195,668,240)	(179,818,824)
Refunds of Member Contributions	(4,742,235)	(5,802,792)	(6,248,784)	(6,717,696)
Other	2,352,175	(1,399,039)	(3,888,889)	(3,052,907)
Net Change in Total Pension Liability	\$ 74,077,304	\$ 68,463,764	\$ 181,062,059	\$ 150,466,825
Total Pension Liability – Beginning	\$ 3,750,021,042	\$ 3,681,557,278	\$ 3,500,495,219	\$ 3,350,028,394
Total Pension Liability – Ending (a)	\$ 3,824,098,346	\$ 3,750,021,042	\$ 3,681,557,278	\$ 3,500,495,219
Plan Fiduciary Net Position:				
Contributions – Member	\$ 35,138,651	\$ 33,259,532	\$ 32,016,760	\$ 29,701,135
Contributions – Employer	133,686,450	119,791,262	106,051,192	91,970,347
Contributions – Nonemployer Contributing Entities	29,659,044	26,011,486	23,063,214	22,245,182
Net Investment Income	305,389,365	255,365,889	194,058,220	(290,086,100)
Benefit Payments	(208,511,012)	(205,272,276)	(195,668,240)	(179,818,824)
Refunds of Member Contributions	(4,742,235)	(5,802,792)	(6,248,784)	(6,717,696)
Administrative Expenses*	(3,508,989)	(2,989,270)	(2,640,790)	(2,897,170)
Other	2,352,175	(1,399,039)	(3,888,889)	(3,052,907)
Net Change in Plan Fiduciary Net Position	\$ 289,463,449	\$ 218,964,792	\$ 146,742,683	\$ (338,656,033)
Plan Fiduciary Net Position – Beginning	\$ 2,844,025,169	\$ 2,625,060,377	\$ 2,478,317,694	\$ 2,816,973,727
Plan Fiduciary Net Position – Ending (b)	\$ 3,133,488,618	\$ 2,844,025,169	\$ 2,625,060,377	\$ 2,478,317,694
Net Pension Liability (Asset) – Ending (a) – (b)	\$ 690,609,728	\$ 905,995,873	\$ 1,056,496,901	\$ 1,022,177,525
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.94%	75.84%	71.30%	70.80%
Covered Payroll	\$ 375,523,736	\$ 353,106,152	\$ 339,363,814	\$ 309,144,024
Net Pension Liability (Asset) as a Percentage of Covered Payroll	183.91%	256.58%	311.32%	330.65%

* Includes Deferred Inflows, Deferred Outflows, and the allocated share of Collective Pension Expense due to participation in LASERS. In addition, fiscal 2018 includes \$118,371 in prior period adjustment for the cumulative effect of a change in accounting principle under GASB 75.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 58,204,002	\$ 57,890,624	\$ 55,682,425	\$ 54,455,139	\$ 50,897,473	\$ 48,835,622
219,076,341	221,341,661	214,556,499	211,934,847	205,008,038	198,685,578
0	0	0	0	0	0
(1,771,420)	(29,781,524)	(788,461)	(54,697,789)	7,622,189	(8,714,512)
70,518,842	(30,411,618)	24,575,373	38,696,875	52,448,263	0
(170,688,991)	(164,986,083)	(159,186,593)	(153,120,060)	(151,553,474)	(148,169,159)
(4,511,520)	(3,885,219)	(4,195,787)	(4,396,691)	(4,217,420)	(4,142,582)
(1,772,891)	(1,643,264)	(5,375,320)	(3,755,615)	(2,280,589)	(2,827,581)
\$ 169,054,363	\$ 48,524,577	\$ 125,268,136	\$ 89,116,706	\$ 157,924,480	\$ 83,667,366
<u>\$ 3,180,974,031</u>	<u>\$ 3,132,449,454</u>	<u>\$ 3,007,181,318</u>	<u>\$ 2,918,064,612</u>	<u>\$ 2,760,140,132</u>	<u>\$ 2,676,472,766</u>
<u>\$ 3,350,028,394</u>	<u>\$ 3,180,974,031</u>	<u>\$ 3,132,449,454</u>	<u>\$ 3,007,181,318</u>	<u>\$ 2,918,064,612</u>	<u>\$ 2,760,140,132</u>
\$ 29,597,518	\$ 30,264,864	\$ 30,427,910	\$ 28,725,678	\$ 29,175,452	\$ 27,278,823
102,976,834	100,615,513	100,818,492	90,835,597	94,847,073	82,720,635
22,347,331	21,797,215	20,587,174	19,733,532	19,090,190	18,605,064
584,755,070	52,492,225	81,329,838	141,544,619	238,535,243	(42,215,916)
(170,688,991)	(164,986,083)	(159,186,593)	(153,120,060)	(151,553,474)	(148,169,159)
(4,511,520)	(3,885,219)	(4,195,787)	(4,396,691)	(4,217,420)	(4,142,582)
(2,470,601)	(2,196,255)	(1,898,939)	(2,814,163)	(1,432,563)	(1,468,182)
(1,772,891)	(1,643,264)	(5,375,320)	(3,755,615)	(2,280,589)	(2,827,581)
\$ 560,232,750	\$ 32,458,996	\$ 62,506,775	\$ 116,752,897	\$ 222,163,912	\$ (70,218,898)
<u>\$ 2,256,740,977</u>	<u>\$ 2,224,281,981</u>	<u>\$ 2,161,775,206</u>	<u>\$ 2,045,022,309</u>	<u>\$ 1,822,858,397</u>	<u>\$ 1,893,077,295</u>
<u>\$ 2,816,973,727</u>	<u>\$ 2,256,740,977</u>	<u>\$ 2,224,281,981</u>	<u>\$ 2,161,775,206</u>	<u>\$ 2,045,022,309</u>	<u>\$ 1,822,858,397</u>
\$ 533,054,667	\$ 924,233,054	\$ 908,167,473	\$ 845,406,112	\$ 873,042,303	\$ 937,281,735
84.09%	70.94%	71.01%	71.89%	70.08%	66.04%
\$ 305,116,545	\$ 309,586,194	\$ 312,615,479	\$ 295,400,315	\$ 298,448,940	\$ 280,124,060
174.71%	298.54%	290.51%	286.19%	292.53%	334.60%

SCHEDULE OF NET PENSION LIABILITY

FOR THE YEARS 2016 – 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability	\$ 3,824,098,346	\$ 3,750,021,042	\$ 3,681,557,278	\$ 3,500,495,219
Plan Fiduciary Net Position	<u>3,133,488,618</u>	<u>2,844,025,169</u>	<u>2,625,060,377</u>	<u>2,478,317,694</u>
Net Pension Liability (Asset)	<u>\$ 690,609,728</u>	<u>\$ 905,995,873</u>	<u>\$ 1,056,496,901</u>	<u>\$ 1,022,177,525</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.94%	75.84%	71.30%	70.80%
Covered Payroll	\$ 375,523,736	\$ 353,106,152	\$ 339,363,814	\$ 309,144,024
Net Pension Liability (Asset) as a Percentage of Covered Payroll	183.91%	256.58%	311.32%	330.65%

SCHEDULE OF CONTRIBUTIONS

FOR THE YEARS 2016 – 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution (Determined as of the Prior Fiscal Year) *	\$ 160,153,542	\$ 144,302,047	\$ 129,970,290	\$ 114,215,529
Contributions in Relation to the Actuarially Determined Contribution *	<u>163,345,494</u>	<u>145,802,748</u>	<u>129,114,406</u>	<u>114,215,529</u>
Contribution Deficiency (Excess)	<u>\$ (3,191,952)</u>	<u>\$ (1,500,701)</u>	<u>\$ 855,884</u>	<u>\$ 0</u>
Covered Payroll	\$ 375,523,736	\$ 353,106,152	\$ 339,363,814	\$ 309,144,024
Contributions as a Percentage of Covered Payroll	43.50%	41.29%	38.05%	36.95%

* Includes contributions from employers and non-employer contributing entities.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 3,350,028,394	\$ 3,180,974,031	\$ 3,132,449,454	\$ 3,007,181,318	\$ 2,918,064,612	\$ 2,760,140,132
2,816,973,727	2,256,740,977	2,224,281,981	2,161,775,206	2,045,022,309	1,822,858,397
<u>\$ 533,054,667</u>	<u>\$ 924,233,054</u>	<u>\$ 908,167,473</u>	<u>\$ 845,406,112</u>	<u>\$ 873,042,303</u>	<u>\$ 937,281,735</u>
84.09%	70.94%	71.01%	71.89%	70.08%	66.04%
\$ 305,116,545	\$ 309,586,194	\$ 312,615,479	\$ 295,400,315	\$ 298,448,940	\$ 280,124,060
174.71%	298.54%	290.51%	286.19%	292.53%	334.60%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 125,324,165	\$ 122,412,728	\$ 121,405,666	\$ 110,569,129	\$ 113,937,263	\$ 101,325,699
125,324,165	122,412,728	121,405,666	110,569,129	113,937,263	101,325,699
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 305,116,545	\$ 309,586,194	\$ 312,615,479	\$ 295,400,315	\$ 298,448,940	\$ 280,124,060
41.07%	39.54%	38.84%	37.43%	38.18%	36.17%

APPENDIX B CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2024	5,419	2,971	217	5,134	13,741
Additions to Census					
Initial membership	681	190			871
Omitted in error last year					
Death of another member				53	53
Adjustment for multiple records					
Change in Status during Year					
Actives terminating service	(366)	366			
Actives who retired	(72)			72	
Actives entering DROP	(96)		96		
Term. members rehired	99	(99)			
Term. members who retire		(19)		19	
Retirees who are rehired	2			(2)	
Refunded who are rehired	19	5			24
DROP participants retiring			(43)	43	
DROP returned to work	36		(36)		
Status error last year			1	(1)	
Eliminated from Census					
Refund of contributions	(167)	(170)			(337)
Deaths	(7)	(9)		(174)	(190)
Included in error last year	(1)	(1)			(2)
Adjustment for multiple records				(6)	(6)
Number of members as of June 30, 2025	5,547	3,234	235	5,138	14,154

Actives Census by Age:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	26	11	37	38,029	1,407,080
21 - 25	336	142	478	44,912	21,468,079
26 - 30	558	212	770	51,119	39,361,847
31 - 35	566	246	812	56,029	45,495,862
36 - 40	575	206	781	62,099	48,499,233
41 - 45	590	235	825	69,890	57,659,552
46 - 50	596	181	777	75,358	58,553,281
51 - 55	501	162	663	76,015	50,398,148
56 - 60	310	106	416	76,791	31,945,204
61 - 65	105	52	157	70,830	11,120,388
66 - 70	21	18	39	81,342	3,172,350
71 - 75	12	5	17	77,974	1,325,554
76 - 80	9	0	9	89,745	807,702
81 - 85	1	0	1	103,384	103,384
Total	4,206	1,576	5,782	64,220	371,317,664

Includes 2,298 actives with vested benefits, including 112 active former DROP participants and 235 current DROP participants.

DROP Participants by Age:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
46 - 50	13	3	16	74,600	1,193,601
51 - 55	68	17	85	69,945	5,945,298
56 - 60	75	18	93	66,668	6,200,104
61 - 65	25	11	36	57,756	2,079,205
66 - 70	4	1	5	59,188	295,942
Total	185	50	235	66,869	15,714,150

Terminated Members Due a Deferred Retirement Benefit:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	2	1	3	22,526	67,577
36 - 40	28	5	33	25,979	857,298
41 - 45	49	9	58	29,212	1,694,306
46 - 50	71	15	86	32,668	2,809,425
51 - 55	62	11	73	25,710	1,876,851
56 - 60	2	0	2	23,370	46,739
61 - 65	2	0	2	17,923	35,846
Total	216	41	257	28,747	7,388,042

Terminated Members Due a Refund of Contributions:

Contributions Ranging		Number	Total Contributions
From	To		
0	- 99	292	13,789
100	- 499	686	180,372
500	- 999	363	262,174
1,000	- 1,999	385	557,470
2,000	- 4,999	474	1,563,472
5,000	- 9,999	294	2,088,141
10,000	- 19,999	241	3,417,910
20,000	- 99,999	242	7,927,846
Total		2,977	16,011,174

Excludes \$ 341,009 due to survivors of several deceased members

Regular Retirees:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
46 - 50	45	6	51	56,889	2,901,347
51 - 55	233	45	278	56,028	15,575,833
56 - 60	493	78	571	53,436	30,512,026
61 - 65	597	131	728	50,588	36,828,029
66 - 70	602	153	755	44,587	33,663,513
71 - 75	563	121	684	37,807	25,859,938
76 - 80	463	59	522	31,495	16,440,274
81 - 85	189	29	218	26,279	5,728,757
86 - 90	69	9	78	25,110	1,958,596
91 - 95	20	0	20	23,372	467,437
96 - 100	2	0	2	24,572	49,144
101 - 105	0	1	1	8,070	8,070
Total	3,276	632	3,908	43,499	169,992,964

Disability Retirees:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	1	0	1	17,188	17,188
36 - 40	3	0	3	16,331	48,993
41 - 45	5	4	9	26,328	236,950
46 - 50	12	11	23	25,158	578,624
51 - 55	19	9	28	22,018	616,515
56 - 60	17	6	23	15,057	346,320
61 - 65	18	6	24	16,746	401,910
66 - 70	11	2	13	13,867	180,266
71 - 75	13	7	20	12,752	255,033
76 - 80	11	3	14	16,172	226,413
81 - 85	6	1	7	19,332	135,322
Total	116	49	165	18,446	3,043,534

Survivors:

Age			Number Male	Number Female	Total Number	Average Benefit	Total Benefit
0	-	20	28	28	56	7,383	413,438
21	-	25	2	3	5	4,436	22,182
26	-	30	1	0	1	34,033	34,033
31	-	35	1	7	8	27,094	216,751
36	-	40	0	7	7	49,624	347,367
41	-	45	2	9	11	35,226	387,485
46	-	50	1	25	26	24,573	638,908
51	-	55	5	36	41	28,557	1,170,856
56	-	60	6	54	60	26,205	1,572,323
61	-	65	4	86	90	28,318	2,548,658
66	-	70	15	97	112	23,105	2,587,735
71	-	75	21	146	167	20,652	3,448,801
76	-	80	16	172	188	19,429	3,652,635
81	-	85	6	141	147	16,480	2,422,522
86	-	90	3	95	98	14,563	1,427,164
91	-	95	4	35	39	11,201	436,828
96	-	100	0	7	7	14,278	99,949
101	-	105	0	2	2	6,755	13,509
Total			115	950	1,065	20,133	21,441,144

Active Members:

Attained Ages	Completed Years of Service								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 20	32	5	-	-	-	-	-	-	37
21 - 25	201	274	3	-	-	-	-	-	478
26 - 30	158	424	184	4	-	-	-	-	770
31 - 35	112	259	327	113	1	-	-	-	812
36 - 40	70	193	197	188	127	6	-	-	781
41 - 45	55	122	121	125	280	121	1	-	825
46 - 50	35	96	61	70	154	269	91	1	777
51 - 55	32	68	60	50	96	139	184	34	663
56 - 60	19	44	16	29	53	75	94	86	416
61 - 65	10	25	2	7	23	22	31	37	157
66 - 70	4	7	-	-	2	6	8	12	39
71 & Over	5	4	-	1	-	2	1	14	27
Total	733	1,521	971	587	736	640	410	184	5,782

Average Annual Salary of Active Members:

Attained Ages	Completed Years of Service								Average
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 20	38,211	36,866	-	-	-	-	-	-	38,029
21 - 25	40,009	48,471	48,421	-	-	-	-	-	44,912
26 - 30	41,596	51,072	59,268	57,480	-	-	-	-	51,119
31 - 35	40,985	51,960	61,431	64,517	69,349	-	-	-	56,029
36 - 40	40,690	51,937	63,087	68,395	78,030	71,790	-	-	62,099
41 - 45	44,390	49,739	62,201	68,497	79,292	89,051	84,447	-	69,890
46 - 50	44,384	52,326	63,115	68,084	76,986	86,752	89,043	65,616	75,358
51 - 55	44,867	50,218	60,377	60,986	75,332	80,328	92,217	103,243	76,015
56 - 60	41,169	51,831	60,161	58,582	74,929	75,865	88,099	96,261	76,791
61 - 65	50,501	46,455	50,979	50,320	60,386	67,621	84,347	94,824	70,830
66 - 70	44,073	95,919	-	-	64,255	61,823	90,157	91,993	81,342
71 & Over	50,488	42,301	-	76,578	-	59,823	62,186	111,185	82,839
Average	41,503	50,881	61,411	66,241	77,116	83,400	89,841	97,953	64,220

Terminated Members Due a Deferred Retirement Benefit:

Attained Ages	Years until Retirement Eligibility								Total
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	Over 20	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	-	-	-	-	-	2	1	3
36 - 40	-	-	-	-	-	7	26	-	33
41 - 45	-	-	-	-	12	46	-	-	58
46 - 50	5	3	2	12	64	-	-	-	86
51 - 55	14	18	17	24	-	-	-	-	73
56 - 60	2	-	-	-	-	-	-	-	2
61 - 65	2	-	-	-	-	-	-	-	2
66 - 70	-	-	-	-	-	-	-	-	-
71 & Over	-	-	-	-	-	-	-	-	-
Total	23	21	19	36	76	53	28	1	257

Average Annual Benefits of Terminated Members Due a Deferred Retirement Benefit:

Attained Ages	Years until Retirement Eligibility								Average
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	Over 20	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	-	-	-	-	-	22,516	22,545	22,526
36 - 40	-	-	-	-	-	27,003	25,703	-	25,979
41 - 45	-	-	-	-	30,326	28,922	-	-	29,212
46 - 50	57,557	53,604	60,167	40,450	27,423	-	-	-	32,668
51 - 55	21,999	25,995	26,553	27,065	-	-	-	-	25,710
56 - 60	23,370	-	-	-	-	-	-	-	23,370
61 - 65	17,923	-	-	-	-	-	-	-	17,923
66 - 70	-	-	-	-	-	-	-	-	-
71 & Over	-	-	-	-	-	-	-	-	-
Average	29,494	29,939	30,091	31,527	27,882	28,668	25,475	22,545	28,747

Service Retirees:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	Over 20	
0 - 50	18	12	11	7	3	-	-	-	51
51 - 55	45	42	52	85	51	3	-	-	278
56 - 60	37	79	75	131	199	45	4	1	571
61 - 65	22	18	39	100	257	234	53	5	728
66 - 70	8	15	20	35	135	255	204	83	755
71 - 75	3	2	2	9	54	139	184	291	684
76 - 80	-	-	-	1	9	37	71	404	522
81 - 85	-	-	-	1	1	6	19	191	218
86 - 90	-	-	-	-	-	1	1	76	78
91 & Over	-	-	-	-	-	-	-	23	23
Total	133	168	199	369	709	720	536	1,074	3,908

Average Annual Benefits Payable to Service Retirees:

Attained Ages	Completed Years Since Retirement								Average
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	Over 20	
0 - 50	57,942	60,095	53,053	65,172	32,486	-	-	-	56,889
51 - 55	56,792	56,721	65,274	55,878	46,757	36,479	-	-	56,028
56 - 60	53,934	58,504	53,526	54,847	53,681	42,087	24,105	22,435	53,436
61 - 65	62,145	57,948	49,594	51,049	49,484	53,232	39,682	20,385	50,588
66 - 70	49,002	48,767	42,712	49,668	47,414	48,015	42,577	31,530	44,587
71 - 75	68,814	38,248	61,099	42,770	43,827	45,993	35,796	33,414	37,807
76 - 80	-	-	-	69,312	52,960	39,335	36,814	29,270	31,495
81 - 85	-	-	-	14,899	51,234	22,577	31,398	25,815	26,279
86 - 90	-	-	-	-	-	24,699	73,610	24,477	25,110
91 & Over	-	-	-	-	-	-	-	22,811	22,811
Average	56,841	57,002	54,788	53,396	49,615	48,211	38,723	29,428	43,499

Disability Retirees:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	1	-	-	-	-	-	-	1
36 - 40	-	2	1	-	-	-	-	-	3
41 - 45	-	2	5	-	2	-	-	-	9
46 - 50	1	6	6	8	2	-	-	-	23
51 - 55	-	2	6	10	5	3	2	-	28
56 - 60	-	1	1	2	7	7	5	-	23
61 - 65	-	-	2	4	3	3	7	5	24
66 - 70	-	-	-	1	1	3	3	5	13
71 - 75	-	-	-	-	-	2	3	15	20
76 - 80	-	-	-	-	-	2	1	11	14
81 & Over	-	-	-	-	-	-	-	7	7
Total	1	14	21	25	20	20	21	43	165

Average Annual Benefits Payable to Disability Retirees:

Attained Ages	Completed Years Since Retirement								Average
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	17,188	-	-	-	-	-	-	17,188
36 - 40	-	19,739	9,516	-	-	-	-	-	16,331
41 - 45	-	33,965	21,971	-	29,582	-	-	-	26,328
46 - 50	21,966	30,890	23,921	24,165	17,235	-	-	-	25,158
51 - 55	-	39,116	32,537	20,353	15,742	13,059	10,824	-	22,018
56 - 60	-	13,237	18,217	11,349	20,642	13,053	11,260	-	15,057
61 - 65	-	-	11,163	20,453	38,490	10,323	11,887	13,625	16,746
66 - 70	-	-	-	14,334	22,443	14,316	16,400	10,268	13,867
71 - 75	-	-	-	-	-	16,364	12,353	12,350	12,752
76 - 80	-	-	-	-	-	11,251	13,026	17,353	16,172
81 & Over	-	-	-	-	-	-	-	19,332	19,332
Average	21,966	28,672	23,746	20,628	22,738	12,985	12,402	14,673	18,446

Surviving Beneficiaries of Former Members:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 30	-	18	30	7	5	2	-	-	62
31 - 35	-	2	4	1	-	-	1	-	8
36 - 40	1	4	2	-	-	-	-	-	7
41 - 45	-	5	3	-	-	1	1	1	11
46 - 50	-	1	7	7	7	1	1	2	26
51 - 55	-	8	10	4	4	7	7	1	41
56 - 60	-	5	12	6	13	11	4	9	60
61 - 65	-	3	9	17	13	13	16	19	90
66 - 70	-	1	8	10	21	29	13	30	112
71 - 75	-	-	1	14	21	33	40	58	167
76 - 80	-	1	1	7	11	32	48	88	188
81 & Over	-	-	3	-	5	13	27	245	293
Total	1	48	90	73	100	142	158	453	1,065

Average Annual Benefits Payable to Survivors of Former Members:

Attained Ages	Completed Years Since Retirement								Average
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 30	-	6,832	8,009	3,854	14,133	4,377	-	-	7,575
31 - 35	-	39,431	27,068	17,820	-	-	11,799	-	27,094
36 - 40	63,677	49,695	42,455	-	-	-	-	-	49,624
41 - 45	-	46,511	39,070	-	-	9,911	11,510	16,300	35,226
46 - 50	-	18,006	38,340	20,536	23,107	27,999	12,290	3,367	24,573
51 - 55	-	41,314	41,395	25,339	36,223	12,299	11,901	10,742	28,557
56 - 60	-	38,989	44,294	22,230	31,334	14,085	10,434	12,050	26,205
61 - 65	-	66,272	39,389	42,118	31,139	28,009	15,441	13,861	28,318
66 - 70	-	11,507	42,578	30,912	29,106	23,850	18,615	12,721	23,105
71 - 75	-	-	31,960	38,126	21,279	21,807	22,281	14,230	20,652
76 - 80	-	70,159	50,716	27,194	28,444	20,494	19,332	16,418	19,429
81 & Over	-	-	32,130	-	29,858	18,052	18,355	13,976	15,017
Average	63,677	30,357	29,319	29,761	27,097	20,800	18,762	14,308	20,133

APPENDIX C

SUMMARY OF PRINCIPAL PLAN PROVISIONS

The Municipal Police Employees' Retirement System (MPERS) was established as of July 1, 1973, for the purpose of providing retirement allowances and other benefits as described under R.S. 11:2211 – 11:2235. MPERS represents a cost sharing multiple employer, defined benefit governmental pension plan.

The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits. The provisions contained within this section are as of June 30, 2025.

MEMBERSHIP

Any person who becomes an employee as defined in R.S. 11:2213 and summarized below shall become a member as a condition of his employment, unless he submits a proper affidavit pursuant to R.S. 11:157 and R.S. 11:2214, or is exempt under R.S. 11:2213(11)(i) or (j):

1. All full-time police officers empowered to make arrests, all full-time police officers decommissioned due to illness or injury, empowered by a municipality of the state of Louisiana, and engaged in law enforcement, all individuals employed on a full-time basis by a police department of any municipality of this state who is under the direction of a chief of police if they earn at least \$375 per month excluding state supplemental pay.
2. All elected chiefs of police, whose salary is at least \$1,000 per month, all academy recruits who are participating in or awaiting participation in a formal training program, required prior to commission as a municipal police officer, with complete law enforcement office authority, all full-time secretaries to an appointed chief or elected chief of police, and all full-time employees of the system are required to become members of this retirement system (unless otherwise provided by law).
3. Any member who retires after June 30, 2021 and is employed on a full-time basis by a police department of any municipality in Louisiana

Certain restrictions to membership apply to those who are receiving disability or regular retirement benefits from another system.

For employees whose first employment making them eligible for membership in the system occurred on or after January 1, 2013, membership will be in the Hazardous Duty Subplan if they are eligible to receive state supplemental pay by virtue of their employment or the Non-Hazardous Duty Subplan if they are not eligible for state supplemental pay.

CONTRIBUTION RATES

The system is financed by employee and employer contributions together with funds from dedicated insurance premium taxes as allocated by the Public Retirement Systems' Actuarial Committee in accordance with R.S. 11:62, R.S. 11:103, and R.S. 22:1476(A)(3). For employees hired prior to January 1, 2013, the employee contribution rate is at least 7.5% but not greater than 10% based on the total contribution expressed as a percentage of payroll after applying all required tax contributions. The employee rate, when such contributions total 25% or less, is set at 7.5%. The employee rate then

increases 0.25% for each 0.75% increase in the total rate, and an additional 0.25% when the rate exceeds 28.75%, subject to a maximum rate of 10%. Regardless of the total contribution rate, members whose earnable compensation is less than or equal to the poverty guidelines issued by the U.S. Department of Health and Human Services have an employee contribution rate of 7.5%. Where members qualify for discounted employee contributions due to the poverty guidelines, the employer must make up the difference through an increased employer contribution rate. Net direct employer contributions are nine percent (9.0%) of earnable compensation unless the funds allocated from dedicated taxes are insufficient to provide the actuarially required contributions or the actuarially required contributions are less than 9.0%. Members who accrue 100% of average final compensation prior to July 1, 2021 are not required to contribute to the system once they have enough service to have accrued 100% of average final compensation, but the employer is required to continue to contribute the employer's contribution until the member retires. For members who enter DROP prior to July 1, 2021, no employer contributions are required while the members participate in DROP.

For employees hired on or after January 1, 2013 who are members of the Hazardous Duty Subplan, the employee contribution rate is the same as that for employees hired before January 1, 2013. For employees hired on or after January 1, 2013 who are members of the Non-Hazardous Duty Subplan, the employee contribution rate is 8%.

Pursuant to R.S. 11:2225.5, the Board of Trustees has limited rights to set the actual employer contribution rate above the minimum rate defined in R.S. 11:103 for the purposes of prefunding future COLAs and, in certain years, for paying down UAL.

CONTRIBUTION REFUNDS

Upon withdrawal from service, members not entitled to a retirement allowance may receive a refund of accumulated contributions. Refunds are payable thirty days after the effective date of withdrawal from service, if the member's employer has submitted all contributions.

AVERAGE FINAL COMPENSATION

For employees hired prior to January 1, 2013: The average annual earned compensation of an employee for the highest period of thirty-six successive or joined months of service as an employee.

For employees hired on or after January 1, 2013: The average annual earned compensation of an employee for the highest period of sixty successive or joined months of service as an employee.

The twelve-month salaries used to compute the average final compensation are subject to a limit in the rate of increase of 15% per year with certain exceptions.

NORMAL RETIREMENT BENEFITS

For employees hired prior to January 1, 2013: Members with twelve years of creditable service may retire at age fifty-five; members with twenty years of service may retire at age fifty; members with twenty-five years of service may retire regardless of age. The retirement allowance is equal to three and

one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed one hundred percent of his average final compensation.

For employees hired on or after January 1, 2013 who participate in the Hazardous Duty Subplan:

Members with twelve years of creditable service may retire at age fifty-five; members with twenty-five years of service may retire at any age. The retirement allowance is equal to three percent of the member's average final compensation multiplied by his years of creditable service, not to exceed one hundred percent of his average final compensation. Members in this subplan who retire with thirty or more years of creditable service receive benefits according to a three and one-third percent retirement allowance. Elected chiefs of police not eligible under the previous rules due to term limits may retire with seven years or more at age six-two or thereafter.

For employees hired on or after January 1, 2013 who participate in the Non-Hazardous Duty Subplan:

Members with ten years of creditable service may retire at age sixty; members with twenty-five years of creditable service may retire at age fifty-five; members with thirty years of service may retire at any age. The retirement allowance is equal to two and one-half percent of the member's average final compensation multiplied by his years of creditable service, not to exceed one hundred percent of his average final compensation.

EARLY RETIREMENT BENEFITS

For employees hired prior to January 1, 2013: Members with twenty or more years of creditable service who leave employment before age fifty may elect to receive early retirement benefits equal to an actuarially reduced accrued normal retirement benefit.

For employees hired on or after January 1, 2013: Members with twenty or more years of creditable service may elect to receive early retirement benefits equal to an actuarially reduced accrued normal retirement benefit.

OPTIONAL ALLOWANCES

Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected which is the actuarial equivalent of the maximum benefit.

Option 1 – If the member dies before he has received in annuity payments the present value of his member's annuity as it was at the time of retirement the balance is paid to his beneficiary.

Option 2 – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

Option 4 – Upon retirement, the member elects to receive a Board approved benefit which is actuarially equivalent to the maximum benefit.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2 ½% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the later of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable.

INITIAL BENEFIT OPTION

This option is available only to regular retirees who have not participated in the Deferred Retirement Option Plan. Under this option members may receive an initial benefit plus a reduced monthly retirement allowance which, when combined, equals the actuarially equivalent amount of the maximum retirement allowance. The initial benefit may not exceed an amount equal to thirty-six payments of the member's maximum retirement allowance. The initial benefit can be paid either as a lump-sum payment or placed in an account called an "initial benefit account" with interest credited thereto and monthly payments made from the account.

DISABILITY BENEFITS

Any member who has been officially certified as totally disabled solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has a least ten years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits.

For employees hired prior to January 1, 2013: Disability retirees will receive a benefit equal to three percent of average final compensation multiplied by the number of years of service, subject to a minimum of 40% of final compensation and a maximum of 60% of final compensation. Any disability retiree who is in a coma or paraplegic, who suffers a traumatic physical injury causing damage to the brain or spinal cord, or who is blinded or loses the total use of a limb, solely as a result of injuries sustained in the line of duty will receive a benefit equal to 100% of average final compensation. Disability retirees who retired with a service-connected disability benefit have the option, at normal retirement age, to continue receiving a disability benefit or to convert to receiving their vested retirement benefit. All other disability retirees, at normal retirement age, will receive the greater of their disability retirement benefit or their vested benefit.

For employees hired on or after January 1, 2013 who participate in the Hazardous Duty Subplan: Disability retirees who are disabled in the line of duty or who have 10 years of service credit will receive a benefit equal to two and three-quarters percent of average final compensation multiplied by the number of years of service, subject to a minimum of 33% of final compensation and a maximum of 55% of final compensation. Any disability retiree who is in a coma or paraplegic, who suffers a traumatic physical injury causing damage to the brain or spinal cord, or who is blinded or loses the total use of a limb, solely as a result of injuries sustained in the line of duty will receive a benefit equal to 100% of average final compensation. Disability retirees who retired with a service-connected disability benefit have the option, at normal retirement age, to continue receiving a disability benefit or to convert to receiving their vested retirement benefit. All other disability retirees, at normal retirement age, will receive the greater of their disability retirement benefit or their vested benefit.

For employees hired on or after January 1, 2013 who participate in the Non-Hazardous Duty

Subplan: Disability retirees who have at least 10 years of service credit will receive a benefit equal to two and one-quarter percent of average final compensation multiplied by the number of years of service, subject to a minimum of 25% of final compensation and a maximum of 50% of final compensation. Any disability retiree who is in a coma or paraplegic, who suffers a traumatic physical injury causing damage to the brain or spinal cord, or who is blinded or loses the total use of a limb, solely as a result of injuries sustained in the line of duty will receive a benefit equal to 100% of average final compensation. At normal retirement age, disability retirees will receive the greater of their disability retirement benefit or their vested benefit.

SURVIVOR BENEFITS

Benefits are payable to survivors of any active contributing member who dies before retirement, or disability retirees who die after retirement as follows.

For employees hired prior to January 1, 2013: If he leaves a surviving spouse, she will receive an annual benefit equal to 3 1/3% of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation. If the surviving spouse remarries, the benefits shall cease unless the remarriage occurs after age fifty-five. If the member dies as a result of injuries sustained in the line of duty, the surviving spouse receives a benefit equal to 100% of average final compensation, which shall not cease due to remarriage, less any benefits payable to surviving children. Unmarried children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10% of average final compensation (not to exceed 100% of average final compensation when combined with the surviving spouse's benefit) until reaching the age of eighteen, or until the age of twenty-three, assuming they remain unmarried, if enrolled full-time in an institution of higher learning, high school, or vocational-technical school, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive forty percent of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation, subject to the same age restrictions as in the case of a surviving spouse with minor children. If a member dies after he is eligible for retirement but before actual retirement, his surviving spouse will be paid the greater of the surviving spouse benefits detailed above, or an automatic option 2 benefit. Members who have terminated employment with at least twelve years of service credit are eligible for the benefits detailed in this paragraph.

For employees hired on or after January 1, 2013 who participate in the Hazardous Duty Subplan:

The surviving spouse of a deceased active contributing member or disability retiree with at least ten years of creditable service not killed in the line of duty will receive an annual benefit equal to the benefit calculated using the regular retirement formula; however, in no event is the annual benefit less than 33% nor more than 55% of the deceased member's average final compensation. If the surviving spouse remarries, the benefits shall cease unless the remarriage occurs after age sixty. If the member dies as a result of injuries sustained in the line of duty, the surviving spouse receives a benefit equal to 100% of average final compensation, which shall not cease due to remarriage, less any benefits payable to surviving children. Unmarried children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10% of average final compensation (not to exceed

100% of average final compensation when combined with the surviving spouse's benefit) until reaching the age of eighteen, or until the age of twenty-three, assuming they remain unmarried, if enrolled full-time in an institution of higher learning, high school, or vocational-technical school, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive twenty-five percent of the deceased's average final compensation, not to exceed an aggregate of fifty percent of average final compensation, subject to the same age restrictions as in the case of a surviving spouse with minor children. If a member dies after he is eligible for retirement but before actual retirement, his surviving spouse will be paid the greater of the surviving spouse benefits detailed above, or an automatic option 2 benefit. Members who have terminated employment with at least twelve years of service credit are eligible for the benefits detailed in this paragraph.

For employees hired on or after January 1, 2013 who participate in the Non-Hazardous Duty

Subplan: The surviving spouse of a deceased active contributing member or disability retiree with at least ten years of creditable service not killed in the line of duty will receive an annual benefit equal to the benefit calculated using the regular retirement formula; however, in no event is the annual benefit less than 25% nor more than 50% of the deceased member's average final compensation. If the surviving spouse remarries, the benefits shall cease unless the remarriage occurs after age sixty. If the member dies as a result of injuries sustained in the line of duty, the surviving spouse receives a benefit equal to 100% of average final compensation, which shall not cease due to remarriage, less any benefits payable to surviving children. Unmarried children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10% of average final compensation (not to exceed 100% of average final compensation when combined with the surviving spouse's benefit) until reaching the age of eighteen, or until the age of twenty-three, assuming they remain unmarried, if enrolled full-time in an institution of higher learning, high school, or vocational-technical school, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive twenty percent (twenty-five percent in the case of one minor child) of the deceased's average final compensation, not to exceed an aggregate of fifty percent of average final compensation, subject to the same age restrictions as in the case of a surviving spouse with minor children. If a member dies after he is eligible for retirement but before actual retirement, his surviving spouse will be paid the greater of the surviving spouse benefits detailed above, or an automatic option 2 benefit. Members who have terminated employment with at least twelve years of service credit are eligible for the benefits detailed in this paragraph.

DEFERRED RETIREMENT OPTION PLAN (DROP)

In lieu of terminating employment and accepting a service retirement allowance, any member of the system who is eligible to receive a regular retirement allowance may elect to participate in the Deferred Retirement Option Plan for up to sixty months and defer the receipt of benefits. Prior to July 1, 2024, the maximum DROP participation period was thirty-six months. Effective July 1, 2025, DROP participants were given 31 days to elect to extend their DROP participation period to sixty months. Upon commencement of participation in the plan, membership in the system terminates and neither the employee nor employer contributions are payable. Compensation and creditable service will remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a

service retirement allowance, are paid into the deferred retirement option plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account, or he may elect any other method of payment if approved by the Board of Trustees. The monthly benefits that were being paid into the fund during the period of participation will begin to be paid to the retiree. If employment is not terminated at the end of the DROP participation period, payments into the account cease and the member resumes active contributing membership in the system. Such members may accumulate an additional benefit for service rendered after completion of the Deferred Retirement Option Plan. If the participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate; in addition, normal survivor benefits are payable to survivors of retirees.

COST-OF-LIVING ADJUSTMENTS

Pursuant to R.S. 11:2225.5, the Board of Trustees may provide a nonrecurring lump sum payment (subject to frequency limitations) or permanent benefit increase only from funds set aside in the system's Funding Deposit Account. The funding deposit account may be credited with up to 0.85% of plan payroll in any year in which the Board of Trustees elects to require that employers contribute an amount in excess of the rate determined under R.S. 11:103. In such years as the Board sets the employer contribution rate above the rate determined under R.S. 11:103 (the minimum net direct actuarially determined employer contribution rate) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries, a contribution to the Funding Deposit Account will be determined within the system's actuarial valuation. The funds in the account shall earn interest annually at the board approved valuation interest rate.

R.S. 11:2225.5(F) enumerates the framework that the Board of Trustees may use in providing additional benefits for retirees, survivors, and beneficiaries from the Funding Deposit Account. The Board may provide a nonrecurring lump sum payment (no more frequently than once in each three-year period) or a permanent benefit increase. Additional benefits may be defined based upon the original or current benefit. The Board may set a minimum age or minimum period (no less than one year) since benefit commencement for determining eligibility to receive the additional benefit. Permanent benefit increases may not exceed 3% of the benefit (whether original benefit or current benefit).

APPENDIX D

ACTUARIAL ASSUMPTIONS

In determining actuarial costs, certain assumptions must be made regarding future experience under the plan. These assumptions include the rate of investment return, mortality of plan members, rates of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan. To the extent that future experience varies from the assumptions selected for valuation, future costs will be either higher or lower than anticipated. The following chart illustrates the effect of emerging experience on the plan.

Factor	Increase in Factor Results in
Investment Earnings Rate	Decrease in Cost
Annual Rate of Salary Increase	Increase in Cost
Rates of Retirement	Increase in Cost
Rates of Termination	Decrease in Cost
Rates of Disability	Increase in Cost
Rates of Mortality	Decrease in Cost

ACTUARIAL COST METHOD

Individual Entry Age Normal with Allocation of Cost Based on Earnings. Entry and Attained Ages Calculated on an Age Near Birthday Basis.

VALUATION INTEREST RATE

6.75% (Net of investment expense)

ACTUARIAL ASSET VALUES

All assets are valued at market value adjusted to defer four-fifths of all earnings above or below the valuation interest rate in the valuation year, three-fifths of all earnings above or below the valuation interest rate in the prior year, two-fifths of all earnings above or below the valuation interest rate from two years prior, and one-fifth of all earnings above or below the valuation interest rate from three years prior. The resulting smoothed values are subject to a corridor of 85% to 115% of the market value of assets. If the smoothed value falls outside the corridor, the actuarial value is set equal to the average of the corridor limit and the smoothed value.

ACTIVE MEMBER MORTALITY

Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.

ANNUITANT AND BENEFICIARY MORTALITY

Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.

DISABLED LIVES MORTALITY

Pub-2016 Public Retirement Plans Mortality Table Total Dataset for Safety Disabled Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.

RETIREE COST-OF-LIVING ADJUSTMENTS

The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost-of-living increases. Funding valuation present values do not include provisions for potential future increases not yet authorized by the Board of Trustees since future cost of living increases must be prefunded from the system's Funding Deposit Account.

SERVICE-RELATED DEATH

50% of Total Deaths for Original Tier and Hazardous Duty Subplan/10% for Non-Hazardous Duty Subplan

ANNUAL SALARY INCREASE RATE

Salary increases include 2.5% inflation. The gross rates, including inflation and merit increases, are as follows:

Years of Service	Salary Growth Rate
1 – 2	13.00%
3 & over	4.75%

RETIREMENT RATES

The table of these rates through age 75 is included later in the report. These rates apply only to those individuals eligible to retire.

RETIREMENT LIMITATIONS

Projected retirement benefits are not subject to IRS Section 415 limits.

DROP ENTRY RATES

A table of these rates is included later in the report. These rates apply only to those individuals eligible to enter DROP.

DROP PARTICIPATION PERIOD

Active members who elect DROP benefits in the future are assumed to participate in DROP for 5 years. Of this group, 80% are assumed to retire at the end of their DROP participation period and 20% are

assumed to remain employed. Those who remain employed are assumed to continue employment on average for 1 year and then retire.

DROP participants are assumed to participate for the maximum DROP participation period selected at the time of DROP entry. For those who participate in DROP, 80% are assumed to retire at the end of the maximum DROP participation period and the remaining 20% are assumed to remain employed after completing DROP for an average post-DROP period of 1 year and then retire.

RETIREMENT RATES FOR ACTIVE FORMER DROP PARTICIPANTS

The rates of retirement for active former DROP participants are included later in this report.

DISABILITY RATES

175% of the disability rates in the 2025 Louisiana Local Government Public Safety Disability Table for members of the original tier and hazardous duty subplan. 100% of the disability rates in the 2025 Louisiana Local Government Non-Safety Disability Table for members of the non-hazardous duty subplan. A table of these rates is included later in the report.

SERVICE-RELATED DISABILITY

40% of Total Disabilities for Original Tier and Hazardous Duty Subplan/0% for Non-Hazardous Duty Subplan

WITHDRAWAL RATES

The rates of withdrawal are applied based upon completed years of service according to the following table:

Service Duration (≤)	Factor	Service Duration (≤)	Factor
1	0.17	14	0.04
2	0.16	15	0.03
3	0.14	16	0.03
4	0.12	17	0.02
5	0.11	18	0.02
6	0.10	19	0.02
7	0.09	20	0.02
8	0.07	21	0.02
9	0.06	22	0.02
10	0.05	23	0.02
11	0.05	24	0.02
12	0.04	25	0.01
13	0.04	Over 25	0.01

Note: The withdrawal rate for individuals eligible to retire is assumed to be zero.

VESTING ELECTING PERCENTAGE

70% of vested participants with 20 or fewer years of service and 90% of vested participants with more than 20 years of service elect deferred benefits in lieu of contribution refunds.

MARRIAGE STATISTICS

70% of the members are assumed to be married; husbands are assumed to be three years older than wives.

FAMILY STATISTICS

Assumptions utilized in determining the costs of various survivor benefits as listed below, are derived from the information provided in the 2019 Table F1: Family Households, by Type, Age of Own Children, Age of Family Members, and Age of Householder provided by the U.S. Census Bureau:

Member's Age	% With Children	Number of Children	Average Age	Remarriage Rates
25	56%	1.89	3	0.04566
35	80%	2.11	6	0.02636
45	63%	1.76	12	0.01355
55	11%	1.55	16	N/A
65	2%	1.60	16	N/A

ACTUARIAL TABLES AND RATES

Age	Retirement Rates	DROP Entry Rates	Post-DROP Retirement Rates	Disability Rates – Original & Hazardous	Disability Rates – Non-hazardous	Remarriage Rates
18	0.00000	0.00000	0.00000	0.00047	0.00032	0.06124
19	0.00000	0.00000	0.00000	0.00047	0.00032	0.06124
20	0.00000	0.00000	0.00000	0.00047	0.00032	0.06124
21	0.00000	0.00000	0.00000	0.00047	0.00032	0.05818
22	0.00000	0.00000	0.00000	0.00047	0.00032	0.05524
23	0.00000	0.00000	0.00000	0.00047	0.00032	0.05242
24	0.00000	0.00000	0.00000	0.00047	0.00032	0.04971
25	0.00000	0.00000	0.00000	0.00047	0.00032	0.04566
26	0.00000	0.00000	0.00000	0.00047	0.00032	0.04335
27	0.00000	0.00000	0.00000	0.00047	0.00032	0.04114
28	0.00000	0.00000	0.00000	0.00047	0.00032	0.03902
29	0.00000	0.00000	0.00000	0.00047	0.00032	0.03698
30	0.00000	0.00000	0.00000	0.00047	0.00032	0.03502
31	0.00000	0.00000	0.00000	0.00047	0.00032	0.03314
32	0.00000	0.00000	0.00000	0.00047	0.00032	0.03134
33	0.00000	0.00000	0.00000	0.00047	0.00032	0.02961
34	0.00000	0.00000	0.00000	0.00119	0.00032	0.02795
35	0.00000	0.00000	0.00000	0.00154	0.00032	0.02636
36	0.00000	0.00000	0.00000	0.00189	0.00032	0.02483
37	0.00000	0.00000	0.00000	0.00231	0.00032	0.02336
38	0.00000	0.00000	0.00000	0.00268	0.00070	0.02195
39	0.00000	0.00000	0.00000	0.00292	0.00081	0.02060
40	0.00000	0.00000	0.00000	0.00292	0.00089	0.01930
41	0.00000	0.00000	0.00000	0.00282	0.00089	0.01805
42	0.00000	0.00000	0.00000	0.00289	0.00079	0.01686
43	0.20000	0.11000	0.00000	0.00324	0.00075	0.01571
44	0.20000	0.11000	0.23000	0.00366	0.00094	0.01461
45	0.20000	0.11000	0.23000	0.00406	0.00143	0.01355
46	0.18000	0.10000	0.23000	0.00396	0.00216	0.01253
47	0.17000	0.09000	0.23000	0.00359	0.00289	0.01156
48	0.15000	0.09000	0.23000	0.00359	0.00332	0.01063
49	0.13000	0.10000	0.23000	0.00429	0.00333	0.00973
50	0.11000	0.10000	0.23000	0.00516	0.00309	0.00887
51	0.09000	0.12000	0.23000	0.00525	0.00299	0.00804
52	0.08000	0.13000	0.23000	0.00499	0.00334	0.00725
53	0.07000	0.13000	0.23000	0.00494	0.00406	0.00649
54	0.07000	0.14000	0.23000	0.00574	0.00481	0.00576
55	0.07000	0.13000	0.23000	0.00765	0.00536	0.00000
56	0.07000	0.13000	0.23000	0.00982	0.00545	0.00000
57	0.07000	0.13000	0.23000	0.01138	0.00534	0.00000
58	0.07000	0.13000	0.23000	0.01180	0.00567	0.00000
59	0.07000	0.14000	0.23000	0.01115	0.00681	0.00000
60	0.07000	0.15000	0.23000	0.01001	0.00835	0.00000
61	0.07000	0.15000	0.23000	0.00921	0.00963	0.00000
62	0.08000	0.16000	0.23000	0.00921	0.01029	0.00000
63	0.08000	0.16000	0.23000	0.01019	0.01029	0.00000
64	0.09000	0.16000	0.23000	0.01220	0.00986	0.00000
65	0.10000	0.19000	0.23000	0.01515	0.00941	0.00000
66	0.12000	0.19000	0.23000	0.01515	0.00941	0.00000
67	0.14000	0.19000	0.23000	0.01515	0.00941	0.00000
68	0.15000	0.19000	0.23000	0.01515	0.00941	0.00000
69	0.20000	0.10000	0.23000	0.01515	0.00941	0.00000
70	0.25000	0.05000	0.23000	0.01515	0.00941	0.00000
71	0.25000	0.00000	0.23000	0.01515	0.00941	0.00000
72	0.25000	0.00000	0.23000	0.01515	0.00941	0.00000
73	0.25000	0.00000	0.23000	0.01515	0.00941	0.00000
74	0.25000	0.00000	0.23000	0.01515	0.00941	0.00000
75	1.00000	0.00000	1.00000	0.01515	0.00941	0.00000

PRIOR YEAR ASSUMPTIONS

ACTIVE MEMBER MORTALITY

Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

ANNUITANT AND BENEFICIARY MORTALITY

Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

DISABLED LIVES MORTALITY

Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

SERVICE-RELATED DEATH

20% of Total Deaths for Original Tier and Hazardous Duty Subplan/10% for Non-Hazardous Duty Subplan

ANNUAL SALARY INCREASE RATE

Salary increases include 2.5% inflation. The gross rates including inflation and merit increases are as follows:

Years of Service	Salary Growth Rate
1 – 2	12.30%
3 & over	4.70%

DROP PARTICIPATION PERIOD

DROP participants who entered DROP on or before June 30, 2024 are assumed to participate for 3 years with 70% of such participants assumed to retire at the end of this period and the remaining 30% assumed to work 2 more years post-DROP before retiring. DROP participants who entered DROP after June 30, 2024 are assumed to participate for 5 years with 100% of such participants assumed to retire at the end of this period.

DISABILITY RATES

110% of the disability rates used for the 27th valuation of the Railroad Retirement System for individuals with 10-19 years of service. The table of these rates is included later in the report.

SERVICE-RELATED DISABILITY

20% of Total Disabilities for Original Tier and Hazardous Duty Subplan/0% for Non-Hazardous Duty Subplan

WITHDRAWAL RATES

The rates of withdrawal are applied based upon completed years of service according to the following table:

Service Duration ($\leq$)	Factor	Service Duration ($\leq$)	Factor
1	0.17	13	0.04
2	0.14	14	0.03
3	0.13	15	0.03
4	0.12	16	0.03
5	0.11	17	0.03
6	0.09	18	0.02
7	0.08	19	0.02
8	0.07	20	0.02
9	0.05	21	0.02
10	0.04	22	0.02
11	0.04	23	0.02
12	0.04	24 & Over	0.01

Note: The withdrawal rate for individuals eligible to retire is assumed to be zero.

FAMILY STATISTICS

Assumptions utilized in determining the costs of various survivor benefits as listed below, are derived from the information provided in the 2019 Table F1: Family Households, by Type, Age of Own Children, Age of Family Members, and Age of Householder provided by the U.S. Census Bureau:

Member's Age	% With Children	Number of Children	Average Age	Remarriage Rates
25	60%	1.77	4	0.04566
35	82%	2.11	8	0.02636
45	63%	1.75	11	0.01355
55	11%	1.42	14	N/A
65	2%	1.50	14	N/A

PRIOR YEAR ACTUARIAL TABLES AND RATES

Age	Retirement Rates	DROP Entry Rates	Post-DROP Retirement Rates	Disability Rates	Remarriage Rates
18	0.00000	0.00000	0.00000	0.00132	0.06124
19	0.00000	0.00000	0.00000	0.00132	0.06124
20	0.00000	0.00000	0.00000	0.00132	0.06124
21	0.00000	0.00000	0.00000	0.00132	0.05818
22	0.00000	0.00000	0.00000	0.00132	0.05524
23	0.00000	0.00000	0.00000	0.00132	0.05242
24	0.00000	0.00000	0.00000	0.00132	0.04971
25	0.00000	0.00000	0.00000	0.00132	0.04566
26	0.00000	0.00000	0.00000	0.00132	0.04335
27	0.00000	0.00000	0.00000	0.00132	0.04114
28	0.00000	0.00000	0.00000	0.00132	0.03902
29	0.00000	0.00000	0.00000	0.00132	0.03698
30	0.00000	0.00000	0.00000	0.00132	0.03502
31	0.00000	0.00000	0.00000	0.00132	0.03314
32	0.00000	0.00000	0.00000	0.00132	0.03134
33	0.00000	0.00000	0.00000	0.00132	0.02961
34	0.00000	0.00000	0.00000	0.00132	0.02795
35	0.00000	0.00000	0.00000	0.00143	0.02636
36	0.00000	0.00000	0.00000	0.00143	0.02483
37	0.00000	0.00000	0.00000	0.00143	0.02336
38	0.00000	0.00000	0.00000	0.00154	0.02195
39	0.00000	0.00000	0.00000	0.00165	0.02060
40	0.00000	0.00000	0.00000	0.00176	0.01930
41	0.22000	0.02000	0.00000	0.00187	0.01805
42	0.22000	0.02000	0.00000	0.00198	0.01686
43	0.22000	0.02000	0.00000	0.00220	0.01571
44	0.18000	0.08000	0.32000	0.00231	0.01461
45	0.14000	0.11000	0.32000	0.00264	0.01355
46	0.12000	0.13000	0.32000	0.00286	0.01253
47	0.10000	0.14000	0.32000	0.00319	0.01156
48	0.09000	0.14000	0.32000	0.00363	0.01063
49	0.07000	0.14000	0.32000	0.00418	0.00973
50	0.07000	0.13000	0.31000	0.00473	0.00887
51	0.06000	0.14000	0.30000	0.00539	0.00804
52	0.06000	0.14000	0.29000	0.00627	0.00725
53	0.06000	0.15000	0.27000	0.00726	0.00649
54	0.06000	0.15000	0.26000	0.00847	0.00576
55	0.06000	0.15000	0.26000	0.00990	0.00000
56	0.06000	0.15000	0.25000	0.01166	0.00000
57	0.06000	0.15000	0.25000	0.01375	0.00000
58	0.06000	0.15000	0.26000	0.01628	0.00000
59	0.06000	0.15000	0.26000	0.01925	0.00000
60	0.07000	0.16000	0.26000	0.02629	0.00000
61	0.07000	0.16000	0.25000	0.03201	0.00000
62	0.09000	0.17000	0.24000	0.03542	0.00000
63	0.10000	0.18000	0.23000	0.03718	0.00000
64	0.12000	0.18000	0.22000	0.02827	0.00000
65	0.14000	0.17000	0.22000	0.02277	0.00000
66	0.17000	0.15000	0.21000	0.00572	0.00000
67	0.20000	0.12000	0.21000	0.00572	0.00000
68	0.23000	0.08000	0.21000	0.00572	0.00000
69	0.23000	0.08000	0.22000	0.00572	0.00000
70	0.23000	0.08000	0.22000	0.00572	0.00000
71	0.23000	0.08000	0.23000	0.00572	0.00000
72	0.23000	0.08000	0.22000	0.00572	0.00000
73	0.23000	0.08000	0.22000	0.00572	0.00000
74	0.23000	0.08000	0.21000	0.00572	0.00000
75	1.00000	0.00000	1.00000	0.00572	0.00000

GLOSSARY

ACCRUED BENEFIT

The pension benefit that an individual has earned as of a specific date based on the provisions of the plan and the individual's age, service, and salary as of that date.

ACTUARIAL ACCRUED LIABILITY

The actuarial present value of benefits payable to members of the fund less the present value of future normal costs attributable to the members.

ACTUARIAL ASSUMPTIONS

Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of mortality, withdrawal, disablement, and retirement. Also included are rates of investment earnings, changes in compensation, as well as statistics related to marriage and family composition.

ACTUARIAL COST METHOD

A procedure for determining the portion of the cost of a pension plan to be allocated to each year. Each cost method allocates a certain portion of the actuarial present value of benefits between the actuarial accrued liability and future normal costs. Once this allocation is made, a determination of the normal cost attributable to a specific year can be made along with the payment to amortize any unfunded actuarial accrued liability. To the extent that a particular funding method allocates a greater (lesser) portion of the actual present value of benefits to the actuarial accrued liability it will allocate less (more) to future normal costs.

ACTUARIAL EQUIVALENCE

Payments or receipts with equal actuarial value on a given date when valued using the same set of actuarial assumptions.

ACTUARIAL GAIN (LOSS)

The financial effect on the fund of the difference between the expected and actual experience of the fund. The experience may be related to investment earnings above (or below) those expected or changes in the liability structure due to fewer (or greater) than the expected numbers of retirements, deaths, disabilities, or withdrawals. In addition, other factors such as pay increases above (or below) those forecast can result in actuarial gains or losses. The effect of such gains (or losses) is to decrease (or increase) future costs.

ACTUARIAL PRESENT VALUE

The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through accrual of interest) and the

probability of payments. For example: if \$600 invested today will be worth \$1,000 in 10 years and there is a 50% probability that a person will live 10 years, then the actuarial present value of \$1,000 payable to that person if he should survive 10 years is \$300.

ACTUARIAL VALUE OF ASSETS

A value of assets that reflects averaged (or smoothed) investment returns over a specified period of time. The actuarial value of assets is used to determine the required plan contributions. The use of smoothed asset values is meant to reduce contribution volatility.

ASSET GAIN (LOSS)

That portion of the actuarial gain attributable to investment performance above (below) the expected rate of return in the actuarial assumptions.

AMORTIZATION PAYMENT

That portion of the pension plan contribution designated to pay interest and reduce the outstanding principal balance of unfunded actuarial accrued liability. If the amortization payment is less than the accrued interest on the unfunded actuarial accrued liability the outstanding principal balance will increase.

CONTRIBUTION SHORTFALL (EXCESS)

The difference between contributions recommended in the prior valuation and the actual amount received.

DECREMENTS

Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.

EMPLOYER NORMAL COST

That portion of the normal cost not attributable to employee contributions. It includes both direct contributions made by the employer and contributions from other non-employee sources such as revenue sharing and revenues related to taxes.

FUNDED RATIO

A measure of the ratio of assets to liabilities of the system according to a specific definition of those two values. Typically, the assets used in the measure are the actuarial value of assets; the liabilities are defined by reference to some recognized actuarial funding method. Thus, the funded ratio of a plan depends not only on the financial strength of the plan but also on the funding method used to determine the liabilities and the asset valuation method used to determine the assets in the ratio.

NET VALUATION ASSETS

Refers to the actuarial value of assets, determined based upon the smoothing technique described in the section on Actuarial Assumptions within this report, reduced by the Funding Deposit Account balance, if any.

NORMAL COST

That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by the actuarial cost method. This is analogous to one year's insurance premium.

PENSION BENEFIT OBLIGATION

The actuarial present value of benefits earned or credited to date based on the member's expected average final compensation at retirement. For current retirees or terminated members this is equivalent to the actuarial present value of their accrued benefit.

PROJECTED BENEFITS

The benefits expected to be paid in the future based on the provisions of the plan and the actuarial assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.

UNFUNDED ACTUARIAL ACCRUED LIABILITY

The excess of the actuarial accrued liability over the actuarial value of assets.

VESTED BENEFITS

Benefits that the members are entitled to even if they withdraw from service.