

KEEPING ALABAMA

MOVING FORWARD

ANNUAL REPORT 2021





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THE PAST PREPARED US.

The Retirement Systems of Alabama's (RSA) prior efforts to expand and stabilize Alabama's economy proved beneficial to the state during the global pandemic.

The RSA's Alabama investments in biotechnology, real estate, and recreation supported employment and tax revenue in the state during the world-wide economic slowdown.

The RSA's recruitment and investments in the automotive and aerospace industries helped diversify Alabama's economy.

While many commercial and manufacturing industries were disrupted by the pandemic, the RSA's investment in the Robert Trent Jones Golf Trail with its resort hotels resulted in continued tourism spending in Alabama.



THE TAX REVENUE IN ALABAMA
GENERATED BY THESE RSA INVESTMENTS
SIGNIFICANTLY CONTRIBUTED TO THE
\$3.7 BILLION
IN RETIREMENT BENEFITS FOR THE RSA'S
MEMBERS DURING FISCAL YEAR 2021.



MOST OF THESE BENEFITS WENT TO
ALABAMA RESIDENTS WHO SPENT LOCALLY
AND SUPPORTED ALABAMA'S ECONOMY.



CEO

A LETTER FROM
DR. BRONNER



The Boards of Control and the Retirement Systems of Alabama (RSA) staff are pleased to present the 45th Annual Report for the fiscal year ended September 30, 2021.

The RSA currently manages 24 funds with aggregate assets of approximately \$52.3 Billion. For fiscal year 2021, the Teachers' Retirement System (TRS) invested assets totaled

\$30.2 billion, the Employees' Retirement System (ERS) invested assets totaled \$15.4 billion, and the Judicial Retirement Fund (JRF) invested assets totaled \$360.5 million. The annualized return was 22.62% for the TRS, 22.18% for the ERS, and 20.52% for the JRF.

The 2021 fiscal year got off to a good start as equity markets continued to perform well as their positive trend carried over from fiscal year-end 2020. Solid economic data, strong earnings reports, and an accommodative Federal Reserve continued to help fuel this rise in equity values. Domestic equity markets reached new highs throughout the year. COVID-19 remained at the forefront of investors' minds as individuals and businesses adapted to life during the pandemic. With the virus affecting some parts of the country differently from others, some areas reinstated mask and social distancing mandates once again, while others did not. As vaccination rates have risen, we have seen infections decline, but new variants of the virus continue to cause concern. Inflation data has trended higher as employment and supply chain issues have affected businesses across the board; however, the Federal Reserve continues to assert that these conditions are transitory and should not lead to longer-term problems. Despite this, equity markets have remained strong, and yields within the fixed income markets have remained relatively low.

Equity returns for the year were very impressive. Domestic large-cap equities returned nearly 30%, due in part to strong performance within the technology sector. Domestic mid-cap and small-cap equities fared even better, with each sector returning over 40%. Emerging markets returned nearly 18%, while international equities returned approximately 26% for the fiscal year. Unlike last fiscal year, when strong bond market performance was aided by declining interest rates and the Federal Reserve flooding the market with liquidity, this year's fixed income returns were more muted. With yields remaining low and somewhat stable while credit spreads continued to narrow for most of the year, returns across fixed



income markets ended the year slightly positive. Markets have continued to be reactionary around macroeconomic and political events and news surrounding the pandemic; we expect this to continue for the time being. We anticipate seeing companies' fundamentals continuing to influence market performance as well.

During the fiscal year, several RSA-owned properties continued to be recognized and honored. The Battle House Renaissance Mobile Hotel & Spa was named "Best Historic Hotel" by the Historic Hotels of America. The Battle House was among the group's 2020 Awards of Excellence recipients within the midsize hotel category. *U.S. News & World Report* named three RSA properties in its top five ranking of Alabama hotels. The Battle House Renaissance Mobile Hotel & Spa was ranked first, with the Grand Hotel Golf Resort & Spa, Autograph Collection, and Marriott Shoals Hotel & Spa also recognized.

In other real estate news, the National Association of Home Builders named its 2021 Gold Award Winners for new home sales and marketing, which recognizes the best in the building industry. The Colony at The Grand in Fairhope won top honors for its 2020 Showhome for the Baldwin County Parade of Homes, beating out communities in Canada, Illinois, Kentucky, and South Carolina. *Golfweek* has again included courses from the Robert Trent Jones Golf Trail in its Top 5 ranking of courses in Alabama. Grand National's Lake Course in Opelika, Ross Bridge near Birmingham, Capitol Hill's The Judge Course in Prattville, and Oxmoor Valley's Ridge Course near Birmingham were all named.

The staff will continue to purchase and develop investments that will facilitate the mission of the RSA. Our aim is to serve the interests of our members by preserving the excellent benefits and soundness of the Systems while providing these at the least expense to the state of Alabama and all Alabama taxpayers. With the continued cooperative efforts of the Boards of Control, the RSA staff, and the Legislature, this goal will be achieved.

DAVID G. BRONNER
Chief Executive Officer

2021 HONORS AND RECOGNITION

The Battle House Renaissance Mobile Hotel & Spa "Best Historic Hotel"

—*Historic Hotels of America*

The Battle House Renaissance Mobile Hotel & Spa

Grand Hotel Golf Resort & Spa, Autograph Collection

Marriott Shoals Hotel & Spa

—*U.S. News & World Report's Top Five Alabama Hotels*

The Colony at The Grand, Fairhope

—*National Association of Home Builders
2021 Gold Award Winner*

Grand National's Lake Course, Opelika

Ross Bridge, Birmingham

Capitol Hill's The Judge, Prattville

Oxmoor Valley's Ridge Course, Birmingham

—*Golfweek's Top 5 Courses in Alabama*



A **HEALTHY**
INVESTMENT
FROM AUBURN TO THE WORLD.



In 2012, the Retirement Systems of Alabama loaned \$78 million to SiO2 Materials Science of Auburn to produce lightweight and durable vials for the distribution of newly emerging biotechnology products. **This investment resulted in SiO2 becoming a leader in COVID-19 vaccine distribution and storage.**

SiO2 received a \$143 million federal grant in June 2020 as part of Operation Warp Speed to increase its manufacturing capacity for producing containers for COVID-19 vaccines. In September 2020, SiO2 contracted with the Canadian government to supply vaccine vials for up to 80 million doses. SiO2 recently received a \$65 million contract from the U.S. Department of Defense to produce 10 million vials per month by July 2024. These vaccines are helping to reopen Alabama's economy in addition to the world's economy.



The pandemic limited indoor recreation while outdoor recreation thrived. **The RSA's world-class Robert Trent Jones Golf Trail provided a safe, socially-distanced activity which resulted in increased play over previous years.** Alabama's location near a large percentage of residents in the Southeast and Midwest gave people wanting to drive for vacations a viable alternative. The RSA's tourism investments and media promotion position Alabama for increased tourism spending as travel recovers from the pandemic.

SEEING AHEAD TO **DRIVE**
GROWTH FORWARD.

In 2021, visitors played

551,854

rounds at the Trail,

which was a

25% increase

over the prior year. And three months in 2021 set new records for rounds played during a year.



STEADFAST

THROUGH UNSETTLING TIMES.



The pandemic placed unprecedented stress on everyone who works within the education departments, justice systems, and health facilities across our state. From the health risks to extended working hours to additional efforts required to protect others, the social impact for teachers, mental health professionals, social workers, public safety employees, and senior service providers was immeasurable. The Retirement Systems of Alabama has been committed to serving these professions since its inception. **Every day, our active members are part of the state's engine that keeps us moving forward—in good times and in bad.**



RSA INVESTMENTS IN ALABAMA

ACON Alabama Energy Investors* / Tuscaloosa
ADEM Laboratory* / Montgomery
Alabama Cruise Terminal* / Mobile
Alabama River Group, Inc.* / Monroeville
Alabama River Chip Mill* / Monroeville
Alabama River Recycling* / Monroeville
Alabama State Bar Building* / Montgomery
Barton AL Property / Florence
Bell Microproducts* / Montgomery
CIBA-GEIGY Chemical Company* / Mobile
Circle S Industries* / Selma
Colony at the Grand / Point Clear, Real Estate and Condo Development
CNHI, LLC / Montgomery
Conventional Mortgages* / Alabama Loans, Residential Funding, MGIC, FBS—were the servicers
Danberry at Inverness* / Birmingham
Daniel Senior Living, LLC* / Assisted Living Facilities in Huntsville and Birmingham
Dole Foods* / Birmingham
Dominion Senior Living of West Mobile* / Mobile
Drummond Company* / Birmingham
Dynamit Nobel Chemical Company* / Mobile
Embassy Suites* / Montgomery
Fairway Outdoor Advertising* / Statewide
First Alabama Bancshares* / Birmingham
GKN Aerospace / Tallassee
Gordon Persons Building* / Montgomery
Gulf Coast Exploration & Science Theatre* / Mobile
IDB Southwire Med. Volt Cable Company* / Heflin
IPSCO Saskatchewan, Inc.* / Mobile
Kay Fairs, Inc.* / Theodore
Kvaerner Oilfields Products* / Mobile
Mercedes Benz U.S.* / Tuscaloosa
National Village / Auburn / Opelika
Navistar Diesel of Alabama, LLC* / Huntsville
Navistar Big Bore Diesels, LLC* / Huntsville

Office Buildings and Parking Decks:

- Alabama Center for Commerce* / Montgomery
- Alabama Community College System / Montgomery
- RSA Criminal Justice Center* / Montgomery
- RSA Dexter Avenue Building (Datacenter)* / Montgomery
- RSA Headquarters* / Montgomery
- RSA Plaza* / Montgomery
- RSA Tower Complex (Includes the RSA Tower, RSA Activity Center, Helen Hunt Early Learning Center, and RSA Pavilion)* / Montgomery
- RSA Union* / Montgomery
- Royal Street Parking Deck* / Mobile
- RSA Battle House Tower* / Mobile
- RSA 2 North Royal / Mobile
- RSA Trustmark Building* / Mobile
- RSA Van Antwerp Building / Mobile

PCH Hotels and Resorts / Alabama Real Estate Holdings Management Company / Statewide

Perdido Beach Hilton* / Gulf Beach Hotel

Point Clear Partners, LLC* / Point Clear, Real Estate and Condo Development

PPG Industries* / Huntsville

Raycom Media* / Montgomery

Robert Trent Jones Golf Trail / Golf Courses, Statewide

Rohr* / (IDB City of Foley)

RSA Resort Hotel Properties / Statewide

Signal International* / Mobile

SiO2 Materials Science / Auburn

Springhill Medical Center* / Mobile

SunBelt Golf Corporation Management Company / Statewide

The Explore Center, Inc.* / Mobile

The Shops of Grand River / Leeds

USB-IDB United Technology* / Huntsville

US Steel* / Fairfield

Walmart Distribution Center* / Cullman

Williamson Commerce Center* / Anniston

Wise Metals* / Florence

World Marine* / Mobile

*Fully Paid

+Parking Deck



A LEGACY OF PROTECTING OUR MEMBERS' INTERESTS

LEGAL

In fiscal year 2021, the RSA Legal Division handled a wide variety of matters involving the many areas of law that pertain to the RSA's operations, including pension law, fiduciary and trust law, constitutional law, health law, securities law, contract law, construction and real estate law, tax law, and employment law.

Litigation is a mainstay of the RSA legal staff's responsibilities. The legal staff has appeared in court to defend the RSA's and its members' interests in cases involving constitutional, statutory, and administrative issues. Cases litigated during 2021 have involved practice areas including constitutional law, real estate law, health benefits, and employment law. Notably, the legal staff successfully defended a Title VII claim in the federal Court of Appeals for the Eleventh Circuit as well as a constitutional claim before the Alabama Supreme Court.

The RSA legal staff provides legal advice and assistance daily on issues that arise during the course of business. These issues include benefits and administrative operations, contractual and statutory interpretation, and application and implementation of state and federal statutory and regulatory requirements. In 2021, navigating the unprecedented circumstances presented by the Covid-19 pandemic presented other sets of issues.

Legal staff further supported the RSA in drafting, negotiating, and reviewing contracts essential to RSA's operations. The legal staff successfully protected members' interests in negotiating several significant contracts, including a significant transition in the pharmacy benefit manager for PEEHIP.

The RSA legal staff also assisted with issues pertaining to the RSA's real estate holdings and other investments, providing legal advice on general operational issues, investment projects, and ongoing court cases. Also, in 2021, the legal staff pursued litigation challenging planning and zoning determinations that affect the RSA's real estate operations.

The RSA legal staff continues to offer guidance and representation for PEEHIP in a wide range of matters,

including transactions with service providers and plan compliance with governing laws and regulations, including federal court decisions, the Affordable Care Act, and other federal laws that protect the privacy and security of PEEHIP members' health information. The staff also provided support to RSA-1, the Section 457 deferred compensation plan administered by RSA staff. The legal staff assisted RSA-1 in administering the plan, complying with appropriate IRS and other applicable rules and regulations, and resolving legal questions involving plan participants.

The RSA legal staff stands ready to assist the RSA in meeting any new and unique challenges that may arise for public pensions and health insurance programs and maintaining and enhancing the RSA's service to its members.

LEGISLATIVE

The 2021 Regular Legislative Session ended May 17, 2021. It was an exceptionally busy session as the Alabama Legislature took up unfinished business from the 2020 Regular Legislative Session, which was cut short by the COVID-19 pandemic, on top of dealing with new issues arising from the pandemic. As it has always done, the Legislature ensured that the Employees' Retirement System and the Teachers' Retirement System were fully funded by setting the actuarially-determined employer contribution rate in the General Fund and Education Trust Fund budgets.

The Legislature passed several bills dealing with the Retirement Systems of Alabama, including legislation to allow sick leave conversion for TRS Tier II members (Act 2021-537), to add local representation to the ERS Board (Act 2021-390), to create a trust to fund bonuses for TRS retirees (Act 2021-464), and to allow the use of hazardous duty time to calculate years of service for in-service death benefits for firefighters, law enforcement officers, and correctional officers (Act 2021-270).



& STAFF ADVISORS, MEDICAL BOARD

CHIEF EXECUTIVE OFFICER

DAVID G. BRONNER, PH.D., J.D.

DEPUTY DIRECTOR *ADMINISTRATION*

JO MOORE, J.D.

DEPUTY DIRECTOR *INVESTMENTS*

MARC GREEN, M.B.A., CFA

ADMINISTRATIVE STAFF

CHIEF ACCOUNTANT AND FINANCIAL OFFICER

DIANE E. SCOTT, B.S., CPA,
CGMA

GENERAL COUNSEL

JARED H. MORRIS, J.D.

LEGISLATIVE COUNSEL

NEAH M. SCOTT, J.D.

TEACHERS' RETIREMENT EXECUTIVE

CHRISTOPHER P. TOWNES, M.B.A.

EMPLOYEES' & JUDICIAL RETIREMENT EXECUTIVE

WILLIAM F. KELLEY, JR., J.D.

DIRECTOR OF PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN

J. DAVID WALES, M.B.A., CGBA

DIRECTOR OF RSA-1

RHONDA H. PETERS, B.S.

INFORMATION TECHNOLOGY SERVICES

MICHAEL T. BAKER, B.S.

MEMBER SERVICES

PENNY K. WILSON, B.S.

COMMUNICATIONS

DEBORAH J. KIRK, B.S.

FIELD SERVICES

CHRISTOPHER C. GALLUP, B.S.

ADVISORS

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CARR, RIGGS & INGRAM, LLC

INVESTMENT CONSULTANT

REGIONS BANK N.A.,
MR. ALAN MCKNIGHT

INVESTMENT CUSTODIAN

STATE STREET BANK AND TRUST
COMPANY

CONSULTING ACTUARY

CAVANAUGH MACDONALD
CONSULTING, LLC,
MR. LARRY LANGER

ATTORNEY GENERAL

HON. STEVE MARSHALL

CHIEF EXAMINER

HON. RACHEL RIDDLE

MEDICAL BOARD

CHAIR

GLENN YATES, M.D.
GREGORY BORG, M.D.
MALCOLM BROWN, M.D.



In 2021, the RSA served a total of

380,635

Active & Retired Members from the **TRS, ERS, & JRF**

58%

ACTIVE

TRS	136,791
ERS	85,079
JRF	368
TOTAL	222,238

42%

RETIRED

TRS	102,642
ERS	55,302
JRF	453
TOTAL	158,397

TOTAL

TRS	239,433
ERS	140,381
JRF	821
TOTAL	380,635

MEMBERSHIP ACTIVITY

NEW MEMBERS

TRS	ERS	JRF	TOTAL
13,302	9,842	13	23,157

WITHDRAWN MEMBERS

TRS	ERS	JRF	TOTAL
3,446	5,175	3	8,624

SERVICE RETIREMENTS

TRS	ERS	JRF	TOTAL
4,752	2,829	11	7,592

DISABILITY RETIREMENTS

TRS	ERS	JRF	TOTAL
248	178	0	426

SURVIVING SPOUSES

TRS	ERS	JRF	TOTAL
11	14	0	25

NEW BENEFICIARIES

TRS	ERS	JRF	TOTAL
614	523	7	1,144

MEMBERS REMAINING IN ALABAMA AFTER RETIREMENT

91.0%
TRS

94.7%
ERS



MEMBERS AND BENEFITS PAID BY COUNTY

NORTHWEST

COUNTY	ACTIVE	RETIRED	BENEFITS
LAUDERDALE	3,597	2,593	\$ 61.0
LIMESTONE	3,893	2,206	53.3
COLBERT	2,586	2,027	45.9
FRANKLIN	1,426	930	20.9
LAWRENCE	1,047	804	16.9
MORGAN	4,641	3,514	80.5
MARION	1,323	870	19.0
WINSTON	1,054	718	15.0
CULLMAN	3,496	2,448	56.0
LAMAR	633	434	8.9
FAYETTE	835	554	12.0
WALKER	2,606	2,038	43.2

NORTHEAST

COUNTY	ACTIVE	RETIRED	BENEFITS
MADISON	12,996	8,244	\$ 210.8
JACKSON	2,215	1,590	33.9
MARSHALL	3,874	2,470	56.8
DEKALB	2,788	1,652	35.9
BLOUNT	1,780	1,202	25.9
ETOWAH	4,479	3,378	76.5
CHEROKEE	748	544	12.5
ST. CLAIR	3,264	2,002	47.1
CALHOUN	5,474	3,503	76.6
CLEBURNE	515	298	6.2

CENTRAL

COUNTY	ACTIVE	RETIRED	BENEFITS
JEFFERSON	26,727	18,019	\$ 462.6
SHELBY	9,911	5,216	141.1
TALLADEGA	3,257	2,524	52.6
BIBB	850	579	12.6
CHILTON	1,877	1,261	27.1
COOSA	489	368	8.0
PERRY	433	347	7.6
DALLAS	1,795	1,311	28.0
AUTAUGA	3,298	1,979	47.5
ELMORE	5,751	3,908	94.4
LOWNDES	476	442	8.8
MONTGOMERY	13,404	9,529	238.8

WEST

COUNTY	ACTIVE	RETIRED	BENEFITS
PICKENS	830	644	\$ 12.5
TUSCALOOSA	12,302	7,570	185.0
GREENE	371	400	7.3
HALE	956	640	12.9
SUMTER	700	481	10.2
MARENGO	981	660	14.1
CHOCTAW	316	339	6.4
WILCOX	642	419	7.7

EAST

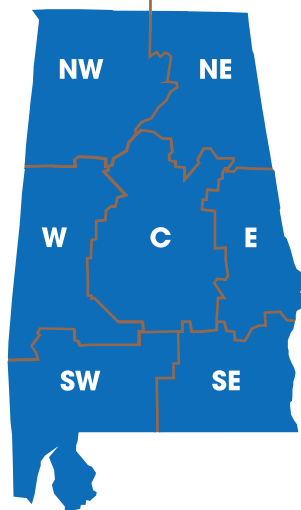
COUNTY	ACTIVE	RETIRED	BENEFITS
CLAY	625	487	\$ 10.5
RANDOLPH	815	675	13.5
TALLAPOOSA	1,794	1,487	37.4
CHAMBERS	1,273	858	17.3
LEE	10,016	5,176	147.1
MACON	986	819	16.8
RUSSELL	1,414	835	15.7
BULLOCK	501	391	8.0

SOUTHWEST

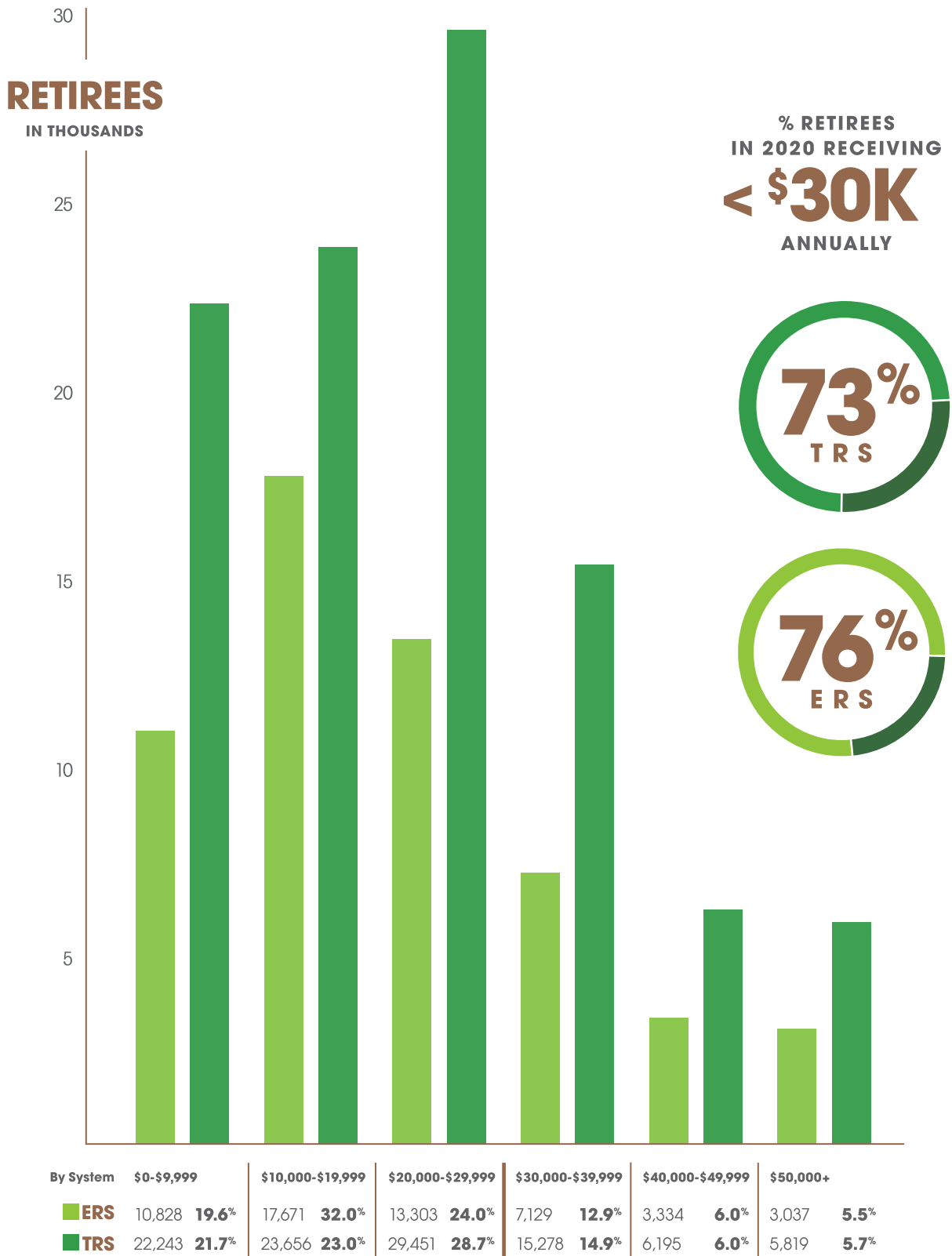
COUNTY	ACTIVE	RETIRED	BENEFITS
WASHINGTON	633	623	\$ 12.2
CLARKE	1,140	907	18.3
MONROE	810	660	14.0
CONECUH	566	398	8.0
BUTLER	857	618	13.1
MOBILE	15,557	11,938	251.4
BALDWIN	9,273	6,384	153.3
ESCAMBIA	1,484	1,215	26.0

SOUTHEAST

COUNTY	ACTIVE	RETIRED	BENEFITS
CRENSHAW	791	603	\$ 13.1
PIKE	2,120	1,382	34.4
BARBOUR	983	778	15.7
COVINGTON	1,651	1,256	26.9
COFFEE	2,112	1,384	31.4
DALE	1,796	1,155	24.1
HENRY	876	645	14.1
GENEVA	1,126	706	14.6
HOUSTON	3,735	2,754	64.0



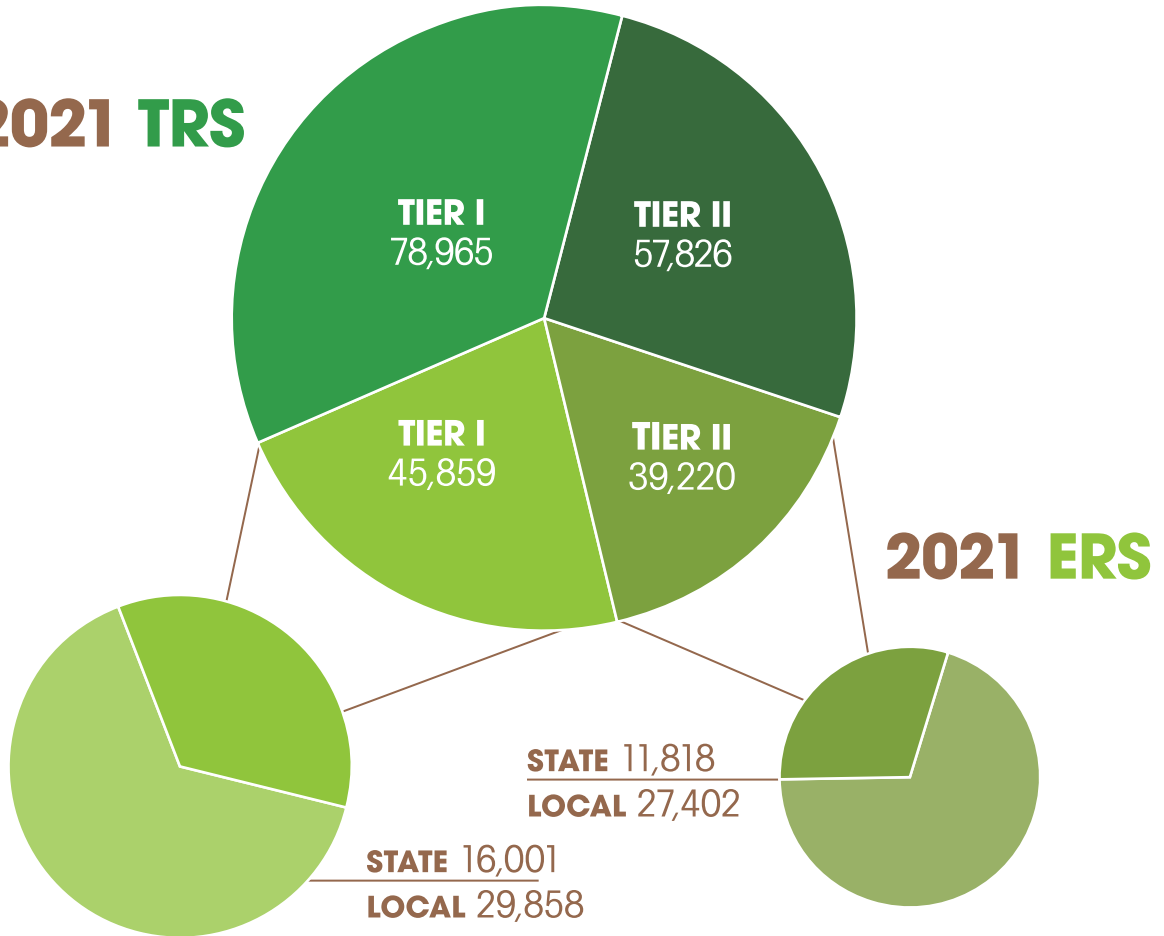
COUNTY BY COUNTY FIGURES ARE LISTED AS MILLIONS OF BENEFITS PAID.



ANNUAL BENEFITS PAID IN THOUSANDS



2021 TRS



2021 ERS

COMPARISON OF TIER I AND TIER II MEMBERS IN THE COMBINED SYSTEMS IN 2019, 2020, AND 2021



TIER I MEMBERS
140,128 (64.0%)
TIER II MEMBERS
78,763 (36.0%)



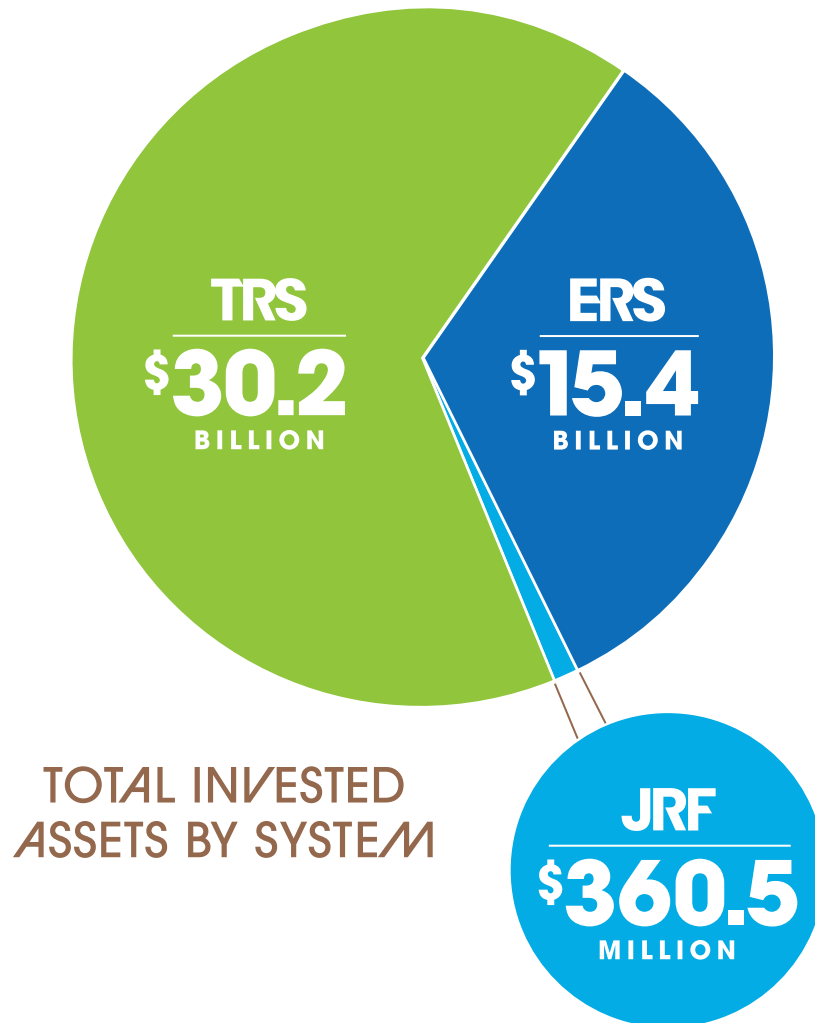
TIER I MEMBERS
133,489 (60.8%)
TIER II MEMBERS
85,980 (39.2%)



TIER I MEMBERS
124,824 (56.3%)
TIER II MEMBERS
97,046 (43.7%)



2021 **FINANCIAL** HIGHLIGHTS





79.5%
\$8,652.4
MILLION
INVESTMENT INCOME

13.0%

\$1,409.1

MILLION

EMPLOYER CONTRIBUTIONS

7.5%

\$816.5

MILLION

EMPLOYEE CONTRIBUTIONS

TOTAL INVESTMENTS AND CONTRIBUTIONS ADDING UP TO

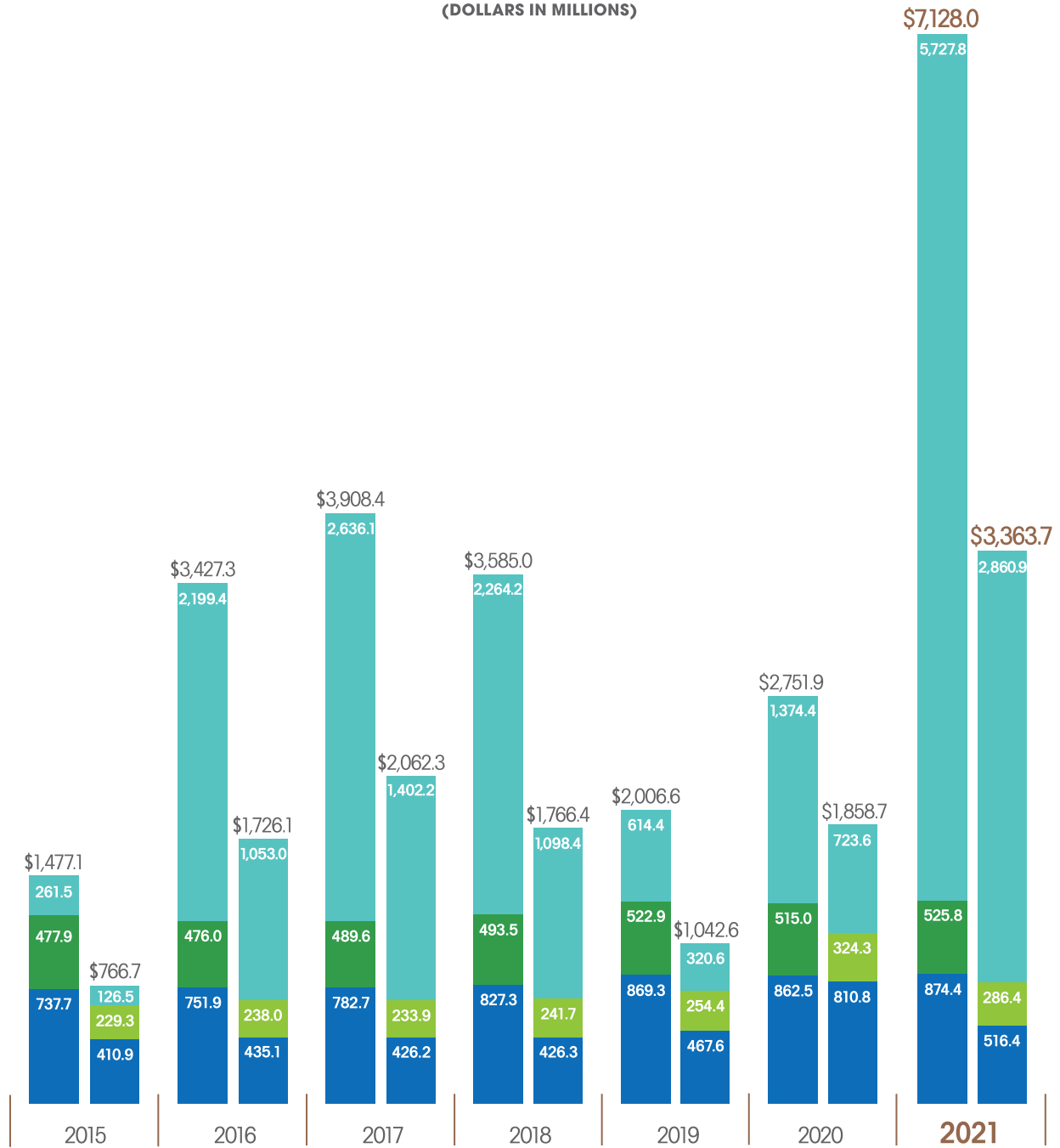
\$10.9B

TOTAL REVENUE FOR 2021



7-YEAR HIGHLIGHTS

(DOLLARS IN MILLIONS)



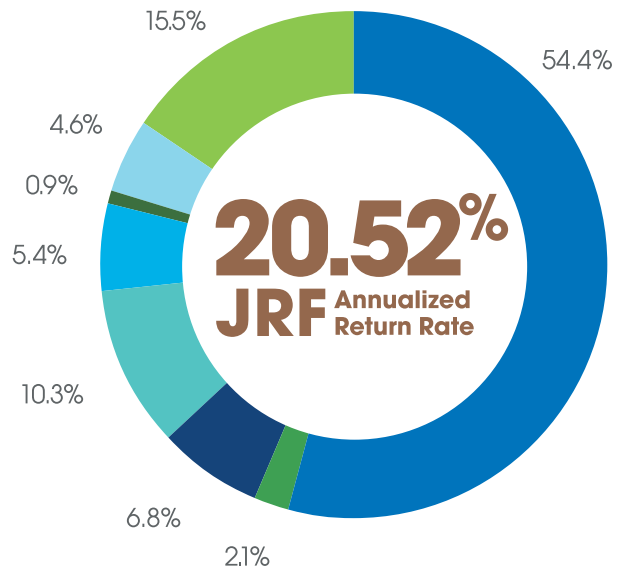
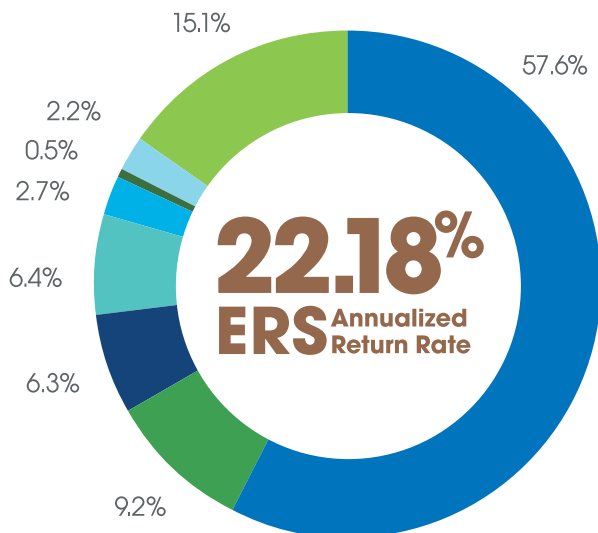
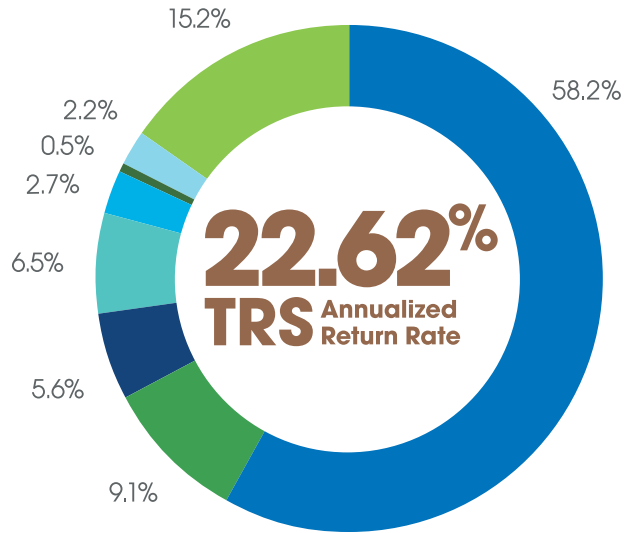
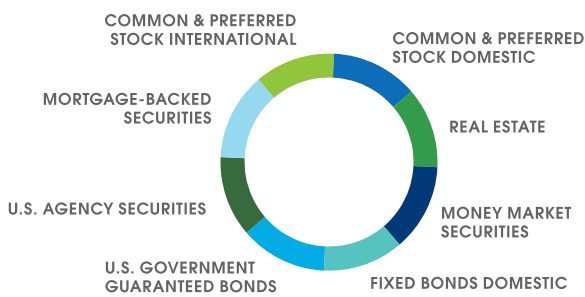
T R S

E R S

INVESTMENT INCOME
EMPLOYEE CONTRIBUTIONS
EMPLOYER CONTRIBUTIONS



ASSET ALLOCATION is a strategic long-term decision in the pension investment management process. The RSA is dedicated to preserving the sound financial position it has established over the years through a diversified investment program. The objective of the RSA is to allocate investments in the most effective way that reflects policy standards while maximizing returns.





24
FUNDS

\$52.3
BILLION
IN ASSETS UNDER MANAGEMENT

MANAGED IN-HOUSE, KEEPING COSTS LOW COMPARED TO OTHER STATE PENSION SYSTEMS

TOTAL INVESTED ASSETS		TOTAL INVESTED ASSETS	
Teachers' Retirement System	\$ 30,172,515	Public Education Employees' Health Insurance Fund	\$ 271,758
Employees' Retirement System	15,354,928	Alabama Retired Education Employees' Health Care Trust	1,939,372
Judicial Retirement Fund	360,490	Public Employees' Individual Retirement Account Fund	71,015
Alabama Cultural Resources Preservation Trust Fund	17,535	Alabama Marine Resources Endowment Trust Fund	3,000
Alabama Firefighters Annuity and Benefit Fund	484	Alabama Trust Fund	391,691
Division of Wildlife and Freshwater Fisheries	28,522	Alabama Treasury Fund	255,508
Alabama Nongame Wildlife Endowment Trust	17	Charlotte Thorn Trust Fund	14,009
Alabama Underground and Aboveground Storage Tank Trust Fund	9,754	County Municipal Trust Fund	152,469
Clerks' and Registers' Supernumerary Fund	12,837	Alabama State Employees' Retired Health Care Trust Fund	247,400
Alabama Senior Services Trust Fund	57,981	State Docks Pension Plans	23,097
Alabama State Employees' Health Insurance Fund	142,864	Marion Military Institute Foundation	8,902
Local Government Health Insurance Fund	132,257		
PEIRAF-Deferred Compensation Plan (RSA-1)	2,612,931		
TOTAL INVESTED ASSETS UNDER MANAGEMENT		\$ 52,281,336	

IN 2021,
THE **TRS** SERVED A TOTAL OF
239,209 ACTIVE & RETIRED
MEMBERS



MEMBERSHIP
INCREASED BY
3,600

The Teachers' Retirement System of Alabama (TRS) provides retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions.

215 UNITS

13 UNIVERSITIES

25 POSTSECONDARY INSTITUTIONS

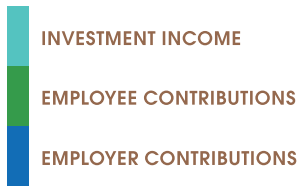
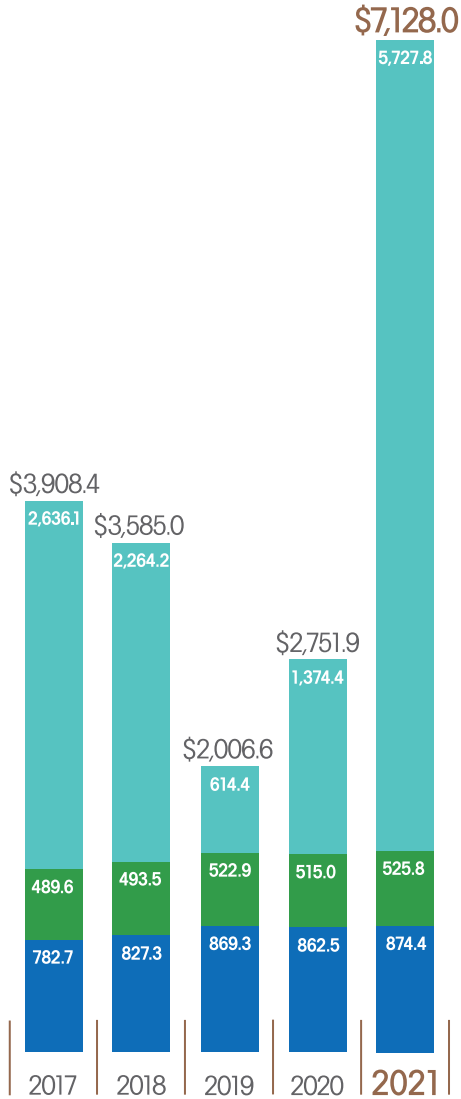
138 K-12 SYSTEMS

8 CHARTER SCHOOLS

31 STATE & MISCELLANEOUS AGENCIES

TRS REVENUE SOURCES

(DOLLARS IN MILLIONS)



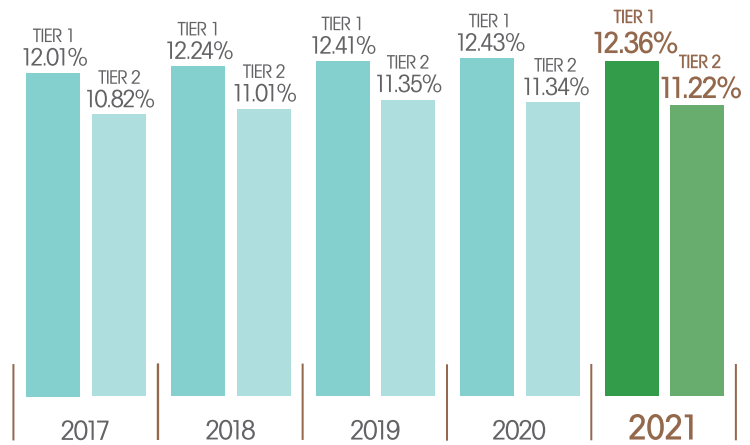
PORTFOLIO AT FAIR VALUE

(DOLLARS IN BILLIONS)



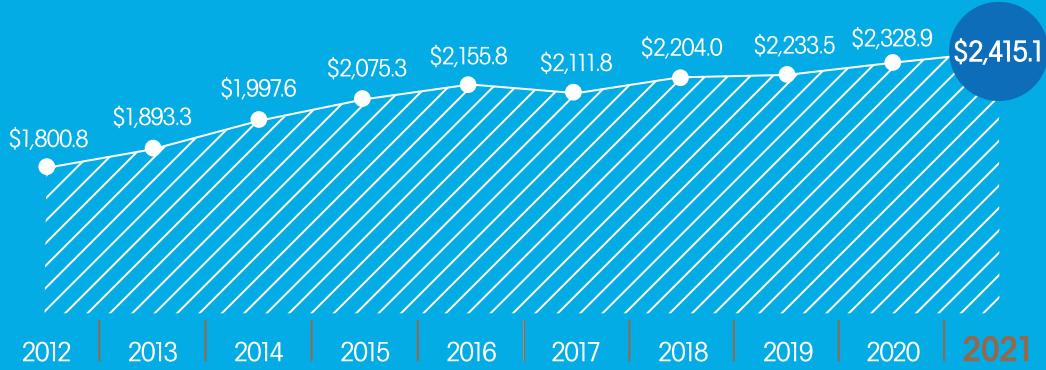
EMPLOYER RATE

(% OF COVERED PAYROLL)



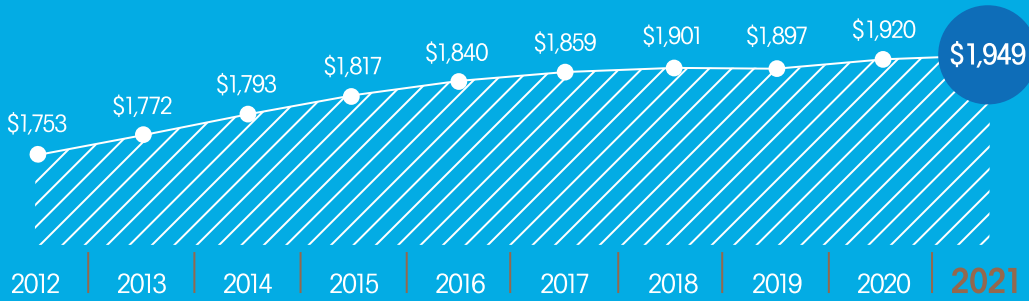
TOTAL ANNUAL PAYMENTS

(DOLLARS IN MILLIONS)



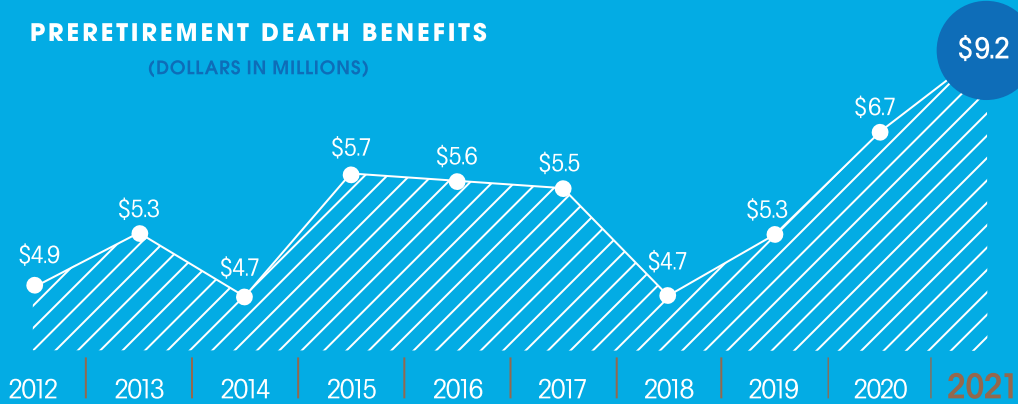
AVERAGE MONTHLY BENEFITS

(IN ACTUAL DOLLARS)



PRERETIREMENT DEATH BENEFITS

(DOLLARS IN MILLIONS)





MR. LUTHER P. HALLMARK
Superintendent Position
Chair



MR. JOHN R. WHALEY
Teacher Position
Vice Chair



DR. SUSAN WILLIAMS BROWN
Postsecondary Position



MS. AMY C. CREW
Teacher Position



MS. AMY KNIGHT FOWLER
Support Personnel
Position



MRS. ANITA GIBSON
Retired Position



MR. THOMAS E. JONES
Principal Position



MRS. SUSAN LOCKRIDGE
Support Personnel
Position



DR. ERIC MACKEY
State Superintendent of
Education, Ex Officio



HON. JOHN McMILLAN, JR.
State Treasurer
Ex Officio



MS. PEGGY MOBLEY
Retired Position



MR. BILL POOLE
State Finance Director
Ex Officio



MS. KELLI D. SHOMAKER
Higher Education
Position



MS. MARY BETH TATE
Teacher Position



DR. JOSEPH G. VAN MATRE
Higher Education
Position

STATEMENT OF FIDUCIARY NET POSITION, UNAUDITED
AS OF SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
ASSETS	2021	2020
CASH	\$ 65,144	\$ 65,689
RECEIVABLES		
Employee Contributions	48,920	47,445
Employer Contributions	83,814	81,489
Transfers Receivable from ERS	530	—
Investment Sales Receivable	147,033	58,904
Dividends and Interest	67,020	68,634
Miscellaneous Receivable	89	356
TOTAL RECEIVABLES	347,406	256,828
INVESTMENTS, AT FAIR VALUE		
Domestic Equity	17,565,017	14,202,366
Domestic Fixed Income	3,569,934	3,482,694
International Equities	4,576,563	3,492,991
Real Estate	2,757,252	2,367,682
Short-Term	1,703,749	2,066,603
TOTAL INVESTMENTS	30,172,515	25,612,336
INVESTED SECURITIES LENDING COLLATERAL	1,095,386	703,046
PROPERTY AND EQUIPMENT LESS ACCUMULATED DEPRECIATION	96,318	104,458
TOTAL ASSETS	31,776,769	26,742,357
DEFERRED OUTFLOWS OF RESOURCES		
PENSIONS	8,276	5,875
OPEB	1,917	2,399
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	31,786,962	26,750,631
LIABILITIES		
Accounts Payable and Other Liabilities	8,685	8,381
Transfers Payable to ERS	123	234
Investment Purchases Payable	75,509	48,668
Net OPEB Liability	5,705	9,902
Net Pension Liability	28,764	24,246
Securities Lending Collateral	1,095,386	703,046
TOTAL LIABILITIES	1,214,172	794,477
DEFERRED INFLOWS OF RESOURCES		
PENSIONS	499	814
OPEB	10,361	8,951
TOTAL LIABILITIES AND DEFERRE INFLOWS OF RESOURCES	1,225,032	804,242
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 30,561,930	\$ 25,946,389

STATEMENT OF CHANGES IN FIDUCIARY NET
POSITION, UNAUDITED
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
ADDITIONS	2021	2020
CONTRIBUTIONS		
Employee Contributions	\$ 519,627	\$ 510,818
Employer Contributions	874,401	862,475
Transfers from Employees' Retirement System	6,128	4,185
Transfers from an Internal Service Fund	377	602
TOTAL CONTRIBUTIONS	1,400,533	1,378,080
INVESTMENT INCOME		
FROM INVESTING ACTIVITIES		
Net Increase in Fair Value of Investments	5,155,012	801,465
Interest and Dividends	576,552	576,193
Total Investment Income from Investing Activities	5,731,564	1,377,658
Less Investment Expenses, Net	11,191	9,719
Net Investment Income from Investing Activities	5,720,373	1,367,939
FROM SECURITIES LENDING ACTIVITIES		
Securities Lending Income	11,019	13,960
Less Securities Lending Expenses		
Borrower Rebates	108	4,423
Management Fees	3,445	3,120
Total Securities Lending Expenses	3,553	7,543
Net Income from Securities Lending Activities	7,466	6,417
TOTAL NET INVESTMENT INCOME	5,727,839	1,374,356
TOTAL ADDITIONS	7,128,372	2,752,436
DEDUCTIONS		
Retirement Allowance Payments	2,415,128	2,328,892
Return of Contributions and Death Benefits	63,747	60,601
Transfers to Employees' Retirement System	4,421	4,891
Administrative Expenses	20,402	21,957
Depreciation	9,133	9,154
TOTAL DEDUCTIONS	2,512,831	2,425,495
NET INCREASE	4,615,541	326,941
NET POSITION RESTRICTED FOR PENSION BENEFITS		
BEGINNING OF YEAR	25,946,389	25,619,448
END OF YEAR	\$ 30,561,930	\$ 25,946,389

IN 2021,
THE **ERS** SERVED A TOTAL OF
139,125 ACTIVE & RETIRED
MEMBERS



MEMBERSHIP
INCREASED BY

823

The Employees' Retirement System of Alabama (ERS) provides retirement allowances and other specified benefits for qualified state employees, state police, and, on an elective basis, employees of cities, counties, towns, and quasi-public organizations.

1,013 UNITS

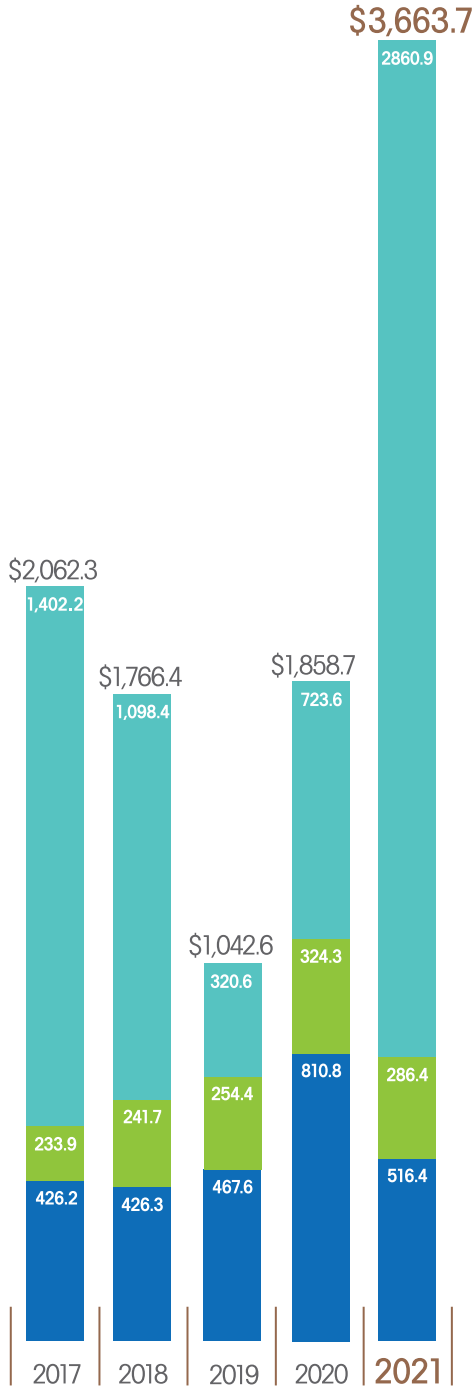
130 STATE AGENCIES

65 COUNTIES

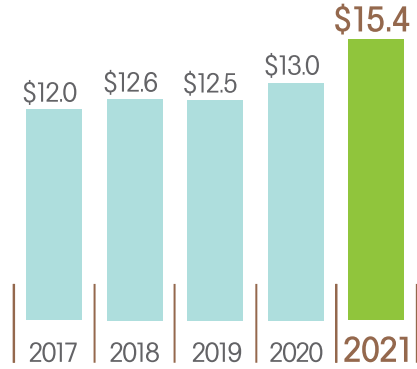
304 CITIES

514 OTHER PUBLIC ENTITIES

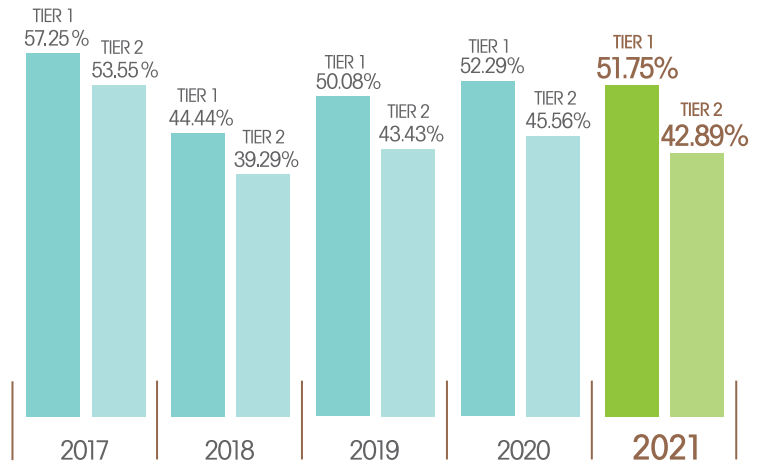
ERS REVENUE SOURCES
(DOLLARS IN MILLIONS)



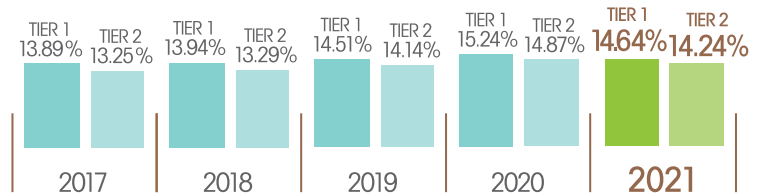
PORTFOLIO AT FAIR VALUE
(DOLLARS IN BILLIONS)



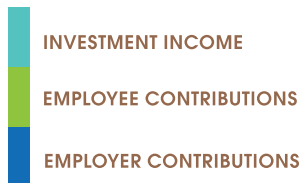
EMPLOYER RATE
(% OF COVERED PAYROLL)



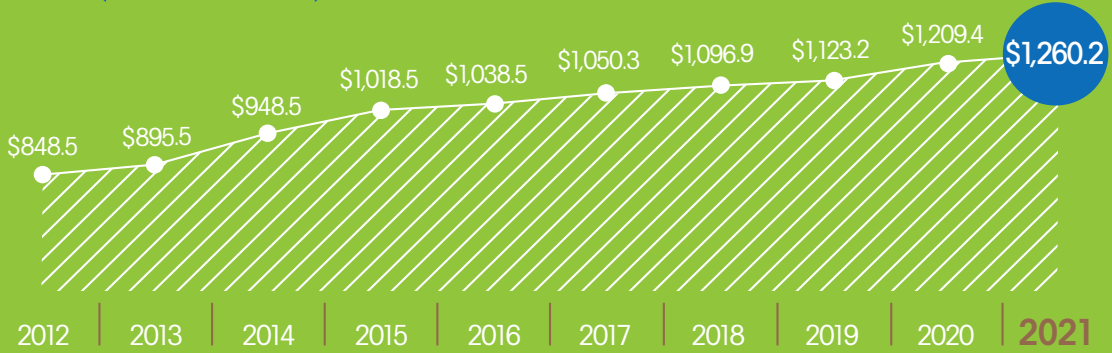
STATE POLICE RATE



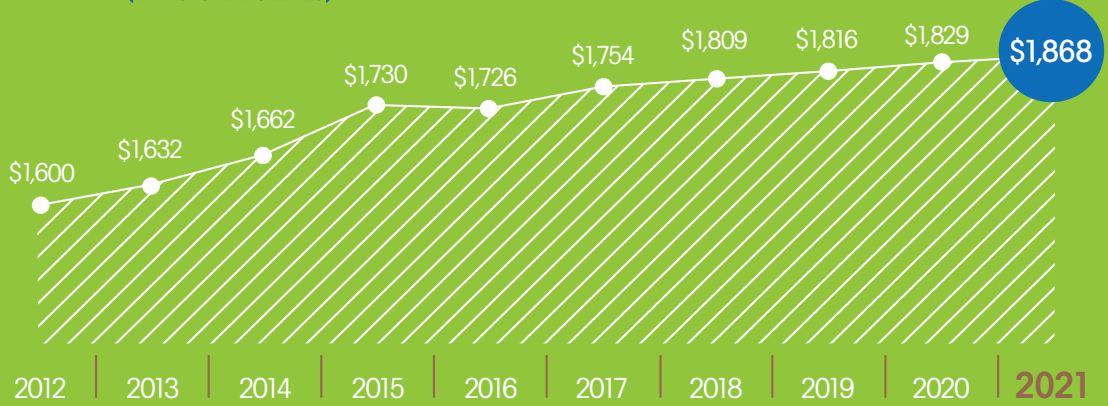
STATE EMPLOYEE RATE



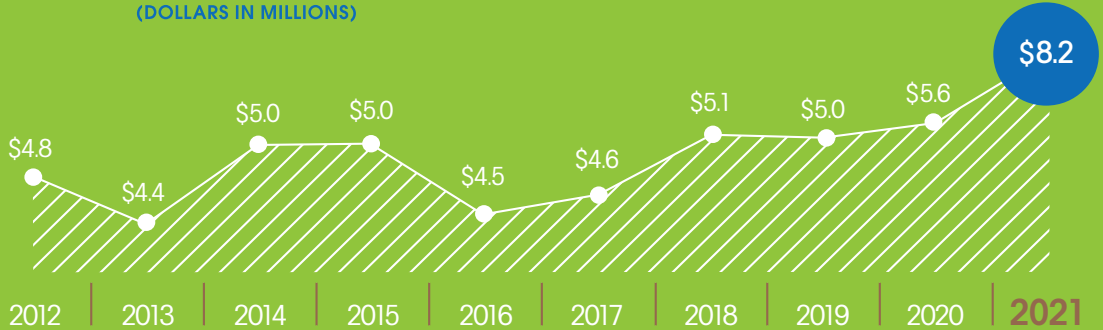
TOTAL ANNUAL PAYMENTS
(DOLLARS IN MILLIONS)



AVERAGE MONTHLY BENEFITS
(IN ACTUAL DOLLARS)



PRERETIREMENT DEATH BENEFITS
(DOLLARS IN MILLIONS)





HON. KAY IVEY
Governor
Ex Officio, Chair



MR. JAMES FIBBE
Retired Local Employee
Position, Vice Chair



MR. EDWARD N. AUSTIN
Governor Appointee



LT. DAVID COLSTON
Governor Appointee



MRS. JACKIE B. GRAHAM
State Personnel Director
Ex Officio



MR. NORRIS GREEN
Retired State
Employee Position



MR. DAVID J. HARER
Active Local
Employee Position



HON. JOHN MCMILLAN, JR.
State Treasurer
Ex Officio



MR. BILL POOLE
State Finance Director
Ex Officio



MS. TAMMY ROLLING
Governor Appointee



MRS. LISA STATUM
Active Local
Employee Position



MR. DERRICK T. TURNER, SR.
Active State
Employee Position



MRS. LINDSEY WARD
Active State
Employee Position

STATEMENT OF FIDUCIARY NET POSITION, UNAUDITED
AS OF SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
	2021	2020
ASSETS		
CASH	\$ 32,629	\$ 23,545
RECEIVABLES		
Employee Contributions	14,510	13,501
Employer Contributions	28,922	27,883
Transfers Receivable from TRS	123	234
Investment Sales Receivable	40,873	24,824
Dividends and Interest	34,407	33,613
Miscellaneous Receivable	275	614
TOTAL RECEIVABLES	119,110	100,669
INVESTMENTS, AT FAIR VALUE		
Domestic Equity	8,851,872	7,197,425
Domestic Fixed Income	1,815,287	1,781,122
International Equities	2,316,334	1,775,891
Real Estate	1,408,756	1,148,110
Short-Term	962,679	1,134,949
TOTAL INVESTMENTS	15,354,928	13,037,497
INVESTED SECURITIES LENDING COLLATERAL	421,801	429,656
PROPERTY AND EQUIPMENT LESS ACCUMULATED DEPRECIATION	43,083	46,307
TOTAL ASSETS	15,971,551	13,637,674
DEFERRED OUTFLOWS OF RESOURCES		
PENSIONS	2,934	2,156
OPEB	871	1,071
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	15,975,356	13,640,901
LIABILITIES		
Accounts Payable and Other Liabilities	4,135	4,663
Transfers Payable to TRS	530	—
Transfers Payable to JRF	—	21
Investment Purchases Payable	40,569	26,120
Net OPEB Liability	3,732	6,716
Net Pension Liability	17,674	16,713
Securities Lending Collateral	421,801	429,656
TOTAL LIABILITIES	488,441	483,889
DEFERRED INFLOWS OF RESOURCES		
PENSIONS	264	270
OPEB	7,175	6,204
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	495,880	490,363
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 15,479,476	\$ 13,150,538

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION, UNAUDITED
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
	2021	2020
ADDITIONS		
CONTRIBUTIONS		
Employee Contributions	\$ 281,975	\$ 266,056
Employer Contributions	516,402	519,806
New Units	—	344,352
Transfers from Teachers' Retirement System	4,421	4,891
Transfers from an Internal Service Fund	251	395
TOTAL CONTRIBUTIONS	803,049	1,135,500
INVESTMENT INCOME		
FROM INVESTING ACTIVITIES		
Net Increase in Fair Value of Investments	2,558,276	425,632
Interest and Dividends	302,802	298,770
Total Investment Income from Investing Activities	2,861,078	724,402
Less Investment Expenses, Net	4,003	3,828
Net Investment Income from Investing Activities	2,857,075	720,574
FROM SECURITIES LENDING ACTIVITIES		
Securities Lending Income	5,685	6,534
Less Securities Lending Expenses		
Borrower Rebates	39	1,996
Management Fees	1,773	1,482
Total Securities Lending Expenses	1,812	3,478
Net Income from Securities Lending Activities	3,873	3,056
TOTAL NET INVESTMENT INCOME	2,860,948	723,630
TOTAL ADDITIONS	3,663,997	1,859,130
DEDUCTIONS		
Retirement Allowance Payments	1,260,159	1,209,437
Return of Contributions and Death Benefits	54,157	46,745
Transfers to Teachers' Retirement System	6,128	4,185
Transfers to Judicial Retirement Fund	118	159
Administrative Expenses	10,977	13,128
Depreciation	3,520	3,411
TOTAL DEDUCTIONS	1,335,059	1,277,065
NET INCREASE	2,328,938	582,065
NET POSITION RESTRICTED FOR PENSION BENEFITS		
BEGINNING OF YEAR	13,150,538	12,568,473
END OF YEAR	\$ 15,479,476	\$ 13,150,538

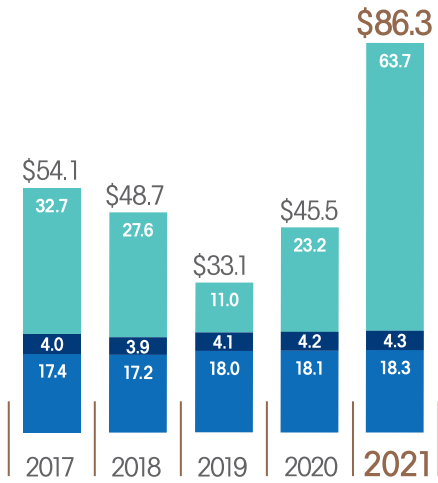
IN 2021, THE **JRF** SERVED
820 ACTIVE & RETIRED MEMBERS

MEMBERSHIP
INCREASED
BY


The Judicial Retirement Fund of Alabama (JRF) provides retirement allowances and other specified benefits for supreme court justices, court of appeals judges, circuit court judges, district court judges, circuit clerks, district attorneys, and probate judges. Responsibility for the management and administration of the JRF is vested in the ERS Board of Control.

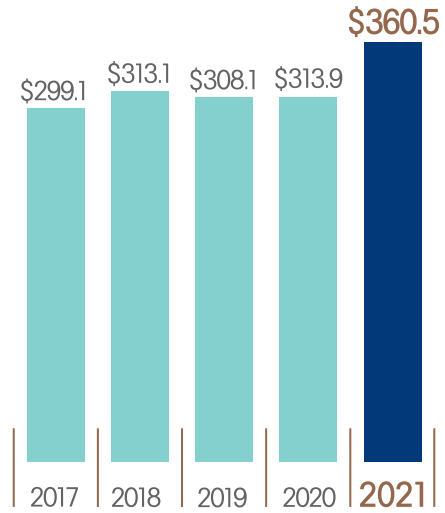
JRF REVENUE SOURCES

(DOLLARS IN MILLIONS)



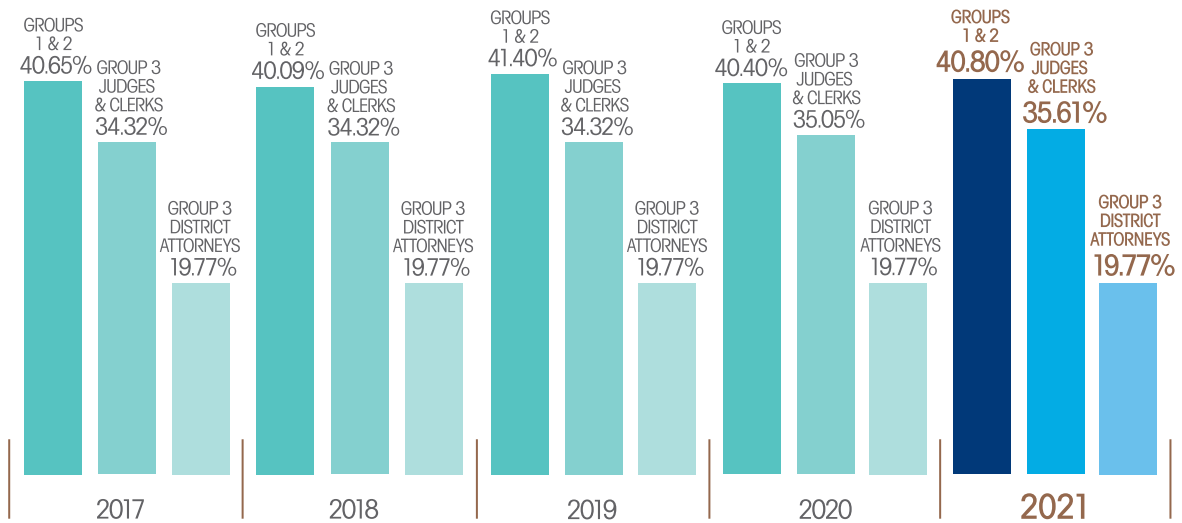
PORTFOLIO AT FAIR VALUE

(DOLLARS IN MILLIONS)

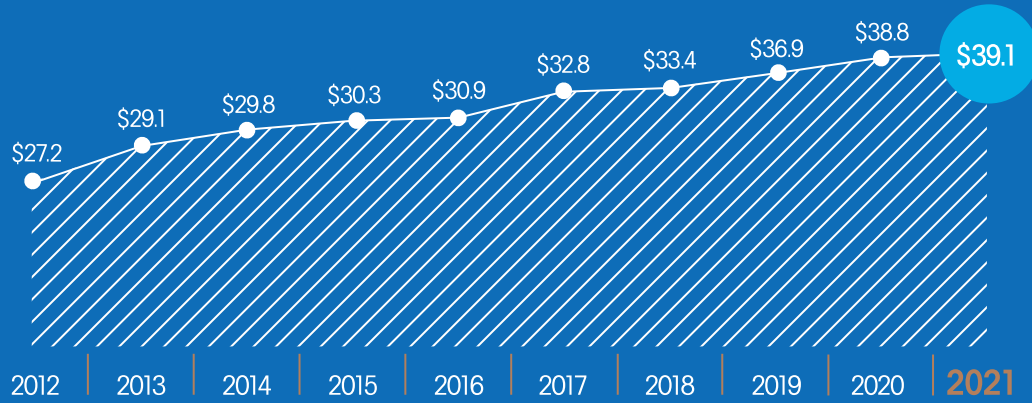


EMPLOYER RATE

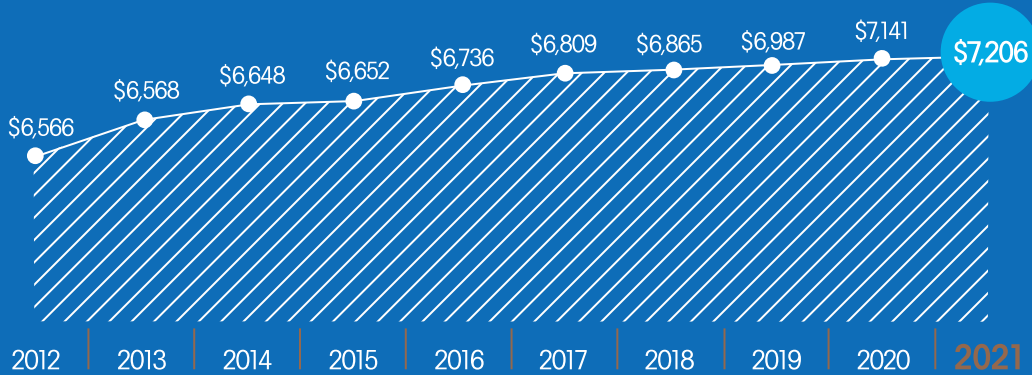
(% OF COVERED PAYROLL)



TOTAL ANNUAL PAYMENTS
(DOLLARS IN MILLIONS)



AVERAGE MONTHLY BENEFITS
(IN ACTUAL DOLLARS)



STATEMENT OF FIDUCIARY NET POSITION, UNAUDITED
AS OF SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
ASSETS	2021	2020
CASH	\$ 3,587	\$ 3,364
RECEIVABLES		
Employee Contributions	167	166
Employer Contributions	655	642
Transfers Receivable from ERS	-	21
Investment Sales Receivable	-	15
Dividends and Interest	887	941
Miscellaneous Receivable	-	2
TOTAL RECEIVABLES	1,709	1,787
INVESTMENTS, AT FAIR VALUE		
Domestic Equity	196,181	160,978
Domestic Fixed Income	76,494	77,637
International Equities	55,706	43,757
Real Estate	7,540	4,080
Short-Term	24,569	27,435
TOTAL INVESTMENTS	360,490	313,887
INVESTED SECURITIES LENDING COLLATERAL	3,965	6,104
TOTAL ASSETS	369,751	325,142
DEFERRED OUTFLOWS OF RESOURCES		
PENSIONS	69	45
OPEB	5	6
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	369,825	325,193
LIABILITIES		
Accounts Payable and Other Liabilities	85	75
Investment Purchases Payable	-	28
Net OPEB Liability	31	54
Net Pension Liability	358	322
Securities Lending Collateral	3,965	6,104
TOTAL LIABILITIES	4,439	6,583
DEFERRED INFLOWS OF RESOURCES		
PENSIONS	-	2
OPEB	57	50
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,496	6,635
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 365,329	\$ 318,558

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION, UNAUDITED
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
ADDITIONS	2021	2020
CONTRIBUTIONS		
Employee Contributions	\$ 4,153	\$ 4,025
Employer Contributions	18,260	18,099
Transfers from Employees' Retirement System	118	159
TOTAL CONTRIBUTIONS	22,531	22,283
INVESTMENT INCOME		
<i>FROM INVESTING ACTIVITIES</i>		
Net Increase in Fair Value of Investments	56,970	16,173
Interest and Dividends	6,689	6,928
Total Investment Income from Investing Activities	63,659	23,101
<i>FROM SECURITIES LENDING ACTIVITIES</i>		
Securities Lending Income	106	128
Less Securities Lending Expenses		
Borrower Rebates	1	41
Management Fees	33	29
Total Securities Lending Expenses	34	70
Net Income from Securities Lending Activities	72	58
TOTAL NET INVESTMENT INCOME	63,731	23,159
TOTAL ADDITIONS	86,262	45,442
DEDUCTIONS		
Retirement Allowance Payments	39,089	38,812
Return of Contributions and Death Benefits	28	256
Administrative Expenses	374	357
TOTAL DEDUCTIONS	39,491	39,425
NET INCREASE	46,771	6,017
NET POSITION RESTRICTED FOR PENSION BENEFITS		
BEGINNING OF YEAR	318,558	312,541
END OF YEAR	\$ 365,329	\$ 318,558

IN 2021, **PEEHIP** SERVED
357,148 TOTAL MEMBERS & DEPENDENTS

TOTAL CLAIMS EXPENSE ACTIVE AND RETIRED

(\$ IN THOUSANDS)



STATEMENT OF NET POSITION, UNAUDITED
AS OF SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
ASSETS	2021	2020
CURRENT		
Cash	\$ 722	\$ 459
Premiums Receivable	4,584	2,240
Rebates Receivable	9,811	11,535
Miscellaneous Receivable	—	1,507
Interest Receivable	1	2
Coronavirus Relief Funds	931	6,300
Deposit with Claims-Paying Agent	1,855	895
TOTAL CURRENT ASSETS	17,904	22,938
NONCURRENT		
INVESTMENTS, AT FAIR VALUE		
Investments, Unrestricted	271,758	264,924
Total Investments, At Fair Value	271,758	264,924
Total Assets	289,662	287,862
Deferred Outflows of Resources Net Pension Liability	1,207	935
Net Other Post Employment Benefit (OPEB) Liability	336	448
Total Deferred Outflows of Resources	1,543	1,383
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	291,205	289,245
LIABILITIES		
CURRENT		
Accounts Payable	876	857
Due to Other Governments	392	373
Compensated Absences, Current	16	18
Reported Claims Payable	54,079	30,430
Claims Incurred But Not Reported	77,395	60,530
TOTAL CURRENT LIABILITIES	132,758	92,208
NONCURRENT		
Compensated Absences	510	564
Net Pension Liability	4,549	3,927
Net OPEB Liability	1,089	2,060
TOTAL NONCURRENT LIABILITIES	6,148	6,551
TOTAL LIABILITIES	138,906	98,759
DEFERRED INFLOWS OF RESOURCES		
Net Pension Liability	84	139
Net OPEB Liability	2,221	1,863
Total Deferred Inflows of Resources	2,305	2,002
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	141,211	100,761
NET POSITION	149,994	188,484
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 291,205	\$ 289,245

**STATEMENT OF REVENUES, EXPENSES, &
CHANGES IN FUND NET POSITION, UNAUDITED**
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
OPERATING REVENUES	2021	2020
Premiums	\$ 1,084,562	\$ 1,065,113
Transfers from Internal Service Fund	15,386	11,450
TOTAL OPERATING REVENUES	1,099,948	1,076,563
OPERATING EXPENSES		
Claims	1,135,163	972,785
Fees and Assessments	388	374
Administrative	3,220	3,663
Litigation Payments	—	(6)
TOTAL OPERATING EXPENSES	1,138,771	976,816
OPERATING (LOSS)/INCOME	(38,823)	99,747
INVESTMENT REVENUES		
TOTAL INTEREST INCOME	333	2,476
CHANGE IN NET POSITION	(38,490)	102,223
NET POSITION		
BEGINNING NET POSITION	188,484	86,261
ENDING NET POSITION	\$ 149,994	\$ 188,484

STATEMENT OF FIDUCIARY NET POSITION, UNAUDITED
AS OF SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
	2021	2020
ASSETS		
RECEIVABLES		
Rebates Receivable	\$ 1,568	\$ 2,354
Miscellaneous Receivable	—	308
Interest and Dividends	3,618	4,020
Investment Sales Receivable	—	51
TOTAL RECEIVABLES	5,186	6,733
DEPOSIT WITH CLAIMS-PAYING AGENT	1,103	597
INVESTMENTS, AT FAIR VALUE		
Commercial Paper	21,520	29,833
Money Market Funds	106,254	116,664
U.S. Government Guaranteed Bonds	112,657	118,396
U.S. Agency Securities	17,794	20,521
Mortgage-Backed Securities	92,521	87,069
Corporate Bonds	205,434	228,782
International Securities	276,858	178,315
Common Stocks	1,102,394	829,876
Preferred Stocks	3,940	3,896
TOTAL INVESTMENTS	1,939,372	1,613,352
INVESTED SECURITIES LENDING COLLATERAL	50,871	41,953
TOTAL ASSETS	1,996,532	1,662,635
LIABILITIES		
Securities Lending Collateral	50,871	41,953
Reported Claims Payable	9,442	5,740
Claims Incurred But Not Reported	14,069	13,046
Investment Purchases Payable	—	94
Due to Other Governments	52	52
TOTAL LIABILITIES	74,434	60,885
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	\$ 1,922,098	\$ 1,601,750

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION, UNAUDITED
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021, AND 2020

	(\$ IN THOUSANDS)	
	2021	2020
ADDITIONS		
CONTRIBUTIONS		
Employee Contributions	\$ 141,784	\$ 145,432
Employer Contributions	172,676	198,014
Employer Group Waiver Plan (EGWP)	439	468
TOTAL CONTRIBUTIONS	314,899	343,914
INVESTMENT INCOME		
<i>FROM INVESTING ACTIVITIES</i>		
Net Increase in Fair Value of Investments	292,149	87,355
Interest and Dividends	33,207	34,393
Total Investment Income from Investing Activities	325,356	121,748
<i>FROM SECURITIES LENDING ACTIVITIES</i>		
Securities Lending Income	463	887
Less Securities Lending Expenses		
Borrower Rebates	11	328
Management Fees	147	186
Total Securities Lending Expenses	158	514
Net Income from Securities Lending Activities	305	373
TOTAL NET INVESTMENT INCOME	325,661	122,121
TOTAL ADDITIONS	640,560	466,035
DEDUCTIONS		
BENEFITS	319,156	340,085
FEES AND ASSESSMENTS	55	51
ADMINISTRATIVE EXPENSES	1,001	1,226
TOTAL DEDUCTIONS	320,212	341,362
CHANGE IN NET POSITION	320,348	124,673
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS		
BEGINNING OF YEAR	1,601,750	1,477,077
END OF YEAR	\$ 1,922,098	\$ 1,601,750



2021 NET
ASSET VALUE

\$107.4 MILLION

IN THE STIF INVESTMENT OPTION FUND

\$1.2 BILLION

IN THE EQUITY INVESTMENT OPTION FUND

\$1.3 BILLION

IN THE FIXED INCOME INVESTMENT OPTION FUND

Established in 1986 to allow members of the RSA and certain other eligible public employees to defer receipt of a percentage of their salary, thereby deferring payment of taxes on that income.

12-MONTH PERIOD ENDING	INCOME YIELD (IN %)	MARKET VALUE CHANGE (IN %)	TOTAL RETURN (IN %)	TOTAL NET ASSET VALUE (\$ IN MILLIONS)	PARTICIPATING MEMBERS
SEPTEMBER 30, 2017 (FIXED INCOME INVESTMENT OPTION)	3.50	-2.68	0.82	1,303.1	33,826
SEPTEMBER 30, 2017 (EQUITY INVESTMENT OPTION)	2.21	16.28	18.49	690.3	20,954
SEPTEMBER 30, 2017 (STIF INVESTMENT OPTION)	0.87	0.00	0.87	51.1	1,841
SEPTEMBER 30, 2018 (FIXED INCOME INVESTMENT OPTION)	3.34	-3.85	-0.51	1,219.6	33,634
SEPTEMBER 30, 2018 (EQUITY INVESTMENT OPTION)	2.10	15.81	17.91	829.4	22,425
SEPTEMBER 30, 2018 (STIF INVESTMENT OPTION)	1.71	0.00	1.71	66.8	2,657
SEPTEMBER 30, 2019 (FIXED INCOME INVESTMENT OPTION)	3.33	5.97	9.30	1,274.2	33,814
SEPTEMBER 30, 2019 (EQUITY INVESTMENT OPTION)	2.10	2.17	4.27	851.9	23,843
SEPTEMBER 30, 2019 (STIF INVESTMENT OPTION)	2.44	0.00	2.44	81.4	3,615
SEPTEMBER 30, 2020 (FIXED INCOME INVESTMENT OPTION)	3.08	4.14	7.22	1,331.0	33,973
SEPTEMBER 30, 2020 (EQUITY INVESTMENT OPTION)	2.00	13.07	15.07	957.7	24,778
SEPTEMBER 30, 2020 (STIF INVESTMENT OPTION)	1.05	0.00	1.05	97.6	4,391
SEPTEMBER 30, 2021 (FIXED INCOME INVESTMENT OPTION)	2.79	-2.68	0.12	1,274.8	33,976
SEPTEMBER 30, 2021 (EQUITY INVESTMENT OPTION)	1.58	28.54	30.12	1,238.6	26,064
SEPTEMBER 30, 2021 (STIF INVESTMENT OPTION)	0.07	0.00	0.07	107.4	4,980

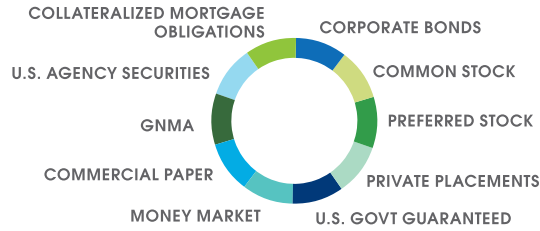
PEIRAF DEDUCTIBLE EMPLOYEE CONTRIBUTION PLAN

The Public Employees' Individual Retirement Account Fund (PEIRAF) was established to allow public employees to conveniently and economically receive the fullest benefits offered by the Economic Recovery Tax Act (ERTA) of 1981 as it relates to individual retirement accounts. PEIRAF has operated as a fixed-income portfolio since its creation in 1982. Funds are invested in fixed-income investments such as corporate bonds, U.S. agency obligations, government national mortgage association securities, and commercial paper.

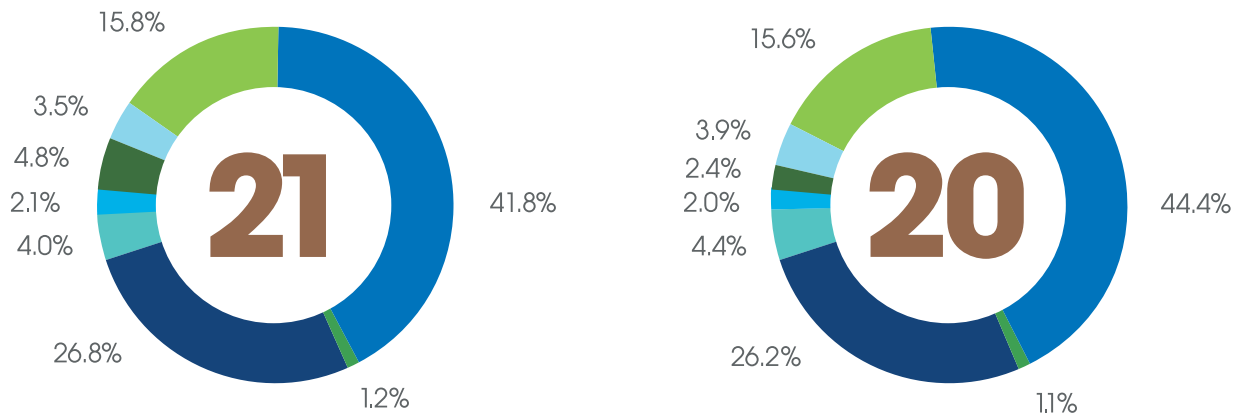
The Tax Reform Act of 1986 prohibited contributions to deductible voluntary employee contribution plans, such as PEIRAF, for years after 1986. Accordingly, the PEIRAF Board of Control discontinued receiving contributions to this plan after December 31, 1986. However, the PEIRAF continues to reinvest the interest earnings of existing PEIRAF member accounts.

ALLOCATIONS

ALL NUMBERS AS OF SEPTEMBER 30, 2021, AND SEPTEMBER 30, 2020



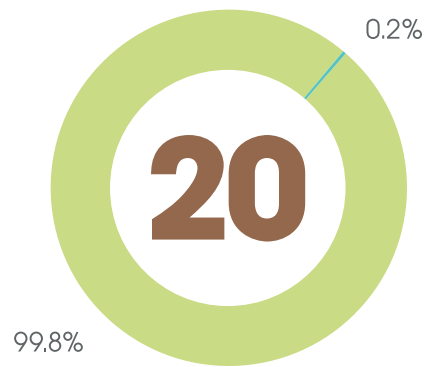
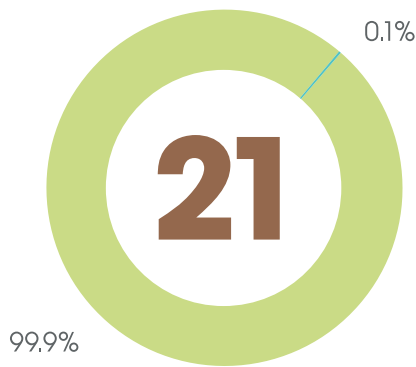
PEIRAF / INVESTMENT ALLOCATION



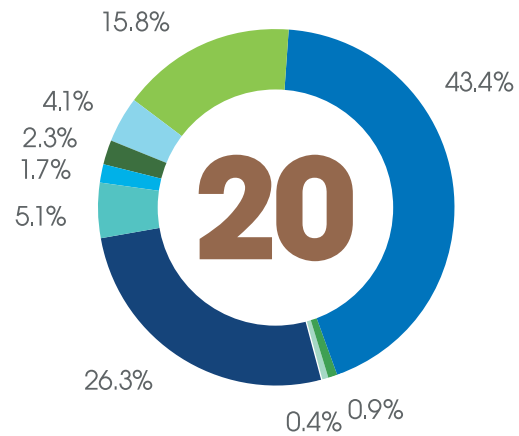
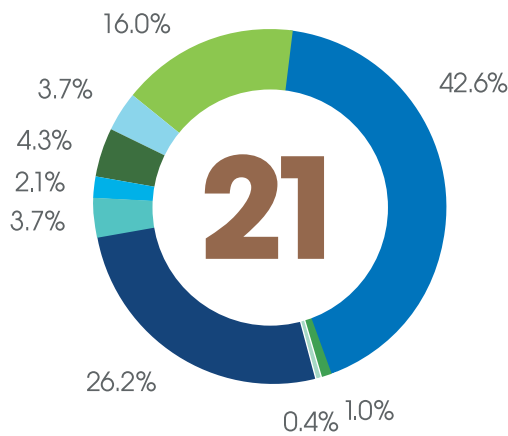
RSA-1 / SHORT-TERM INVESTMENT



RSA-1 / INVESTMENT ALLOCATION EQUITY FUND



RSA-1 / INVESTMENT ALLOCATION FIXED INCOME FUND



**STATEMENT OF FIDUCIARY NET POSITION, UNAUDITED**
AS OF SEPTEMBER 30, 2021, AND 2020

	IN ACTUAL DOLLARS	
	2021	2020
ASSETS		
CASH	\$ -	\$ 10
INTEREST RECEIVABLE	417,791	463,625
INVESTMENTS, AT FAIR VALUE		
Commercial Paper	1,509,937	1,499,909
Money Market and Mutual Funds	2,871,825	3,323,429
U.S. Government Guaranteed Bonds	19,023,897	19,922,141
U.S. Agency Securities	2,517,337	2,980,313
Mortgage-Backed Securities	14,637,909	13,720,224
Corporate Bonds	29,638,547	33,675,966
Preferred Stocks	815,059	805,855
TOTAL INVESTMENTS	71,014,511	75,927,837
INVESTED SECURITIES LENDING COLLATERAL	487,195	2,809,610
TOTAL ASSETS	71,919,497	79,201,082
LIABILITIES		
Securities Lending Collateral	487,195	2,809,610
TOTAL LIABILITIES	487,195	2,809,610
NET POSITION RESTRICTED FOR PEIRAF BENEFITS	\$ 71,432,302	\$ 76,391,472

**STATEMENT OF CHANGES IN FIDUCIARY NET
POSITION, UNAUDITED**
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021, AND 2020

	IN ACTUAL DOLLARS	
	2021	2020
ADDITIONS		
INVESTMENT INCOME		
<i>FROM INVESTING ACTIVITIES</i>		
Interest and Dividends	\$ 2,060,287	\$ 2,290,616
Net (Decrease)/Increase in Fair Value of Investments	(1,924,133)	2,913,736
Total Investment Income from Investing Activities	136,154	5,204,352
<i>FROM SECURITIES LENDING ACTIVITIES</i>		
Securities Lending Income	25,728	52,538
Less Securities Lending Expenses		
Borrower Rebates	734	21,052
Management Fees	8,282	10,406
Total Securities Lending Expenses	9,016	31,458
Net Income from Securities Lending Activities	16,712	21,080
TOTAL NET INVESTMENT INCOME	152,866	5,225,432
TOTAL ADDITIONS	152,866	5,225,432
DEDUCTIONS		
Normal Distributions	5,112,036	4,056,655
TOTAL DEDUCTIONS	5,112,036	4,056,655
CHANGE IN NET POSITION	(4,959,170)	1,168,777
NET POSITION RESTRICTED FOR PEIRAF BENEFITS		
BEGINNING OF YEAR	76,391,472	75,222,695
END OF YEAR	\$ 71,432,302	\$ 76,391,472

STATEMENT OF FIDUCIARY NET POSITION, UNAUDITED
AS OF SEPTEMBER 30, 2021, AND 2020

	IN ACTUAL DOLLARS	
ASSETS	2021	2020
CASH	\$ -	\$ 31
RECEIVABLES		
Interest and Dividends Receivable	7,822,059	8,500,142
Miscellaneous Receivable	5,029	193,730
TOTAL RECEIVABLES	7,827,088	8,693,903
INVESTMENTS, AT FAIR VALUE		
Commercial Paper	26,184,526	22,074,420
Money Market Funds	155,870,066	166,755,569
U.S. Government Guaranteed Bonds	332,056,972	347,735,175
U.S. Agency Securities	47,468,305	54,048,489
Mortgage-Backed Securities	256,907,277	239,249,471
Corporate Bonds	539,995,939	575,220,879
Private Placements	4,828,224	5,081,340
Common and Preferred Stocks	1,249,619,347	967,642,916
TOTAL INVESTMENTS	2,612,930,656	2,377,808,259
INVESTED SECURITIES LENDING COLLATERAL	50,536,467	50,624,919
TOTAL ASSETS	2,671,294,211	2,437,127,081
LIABILITIES		
Securities Lending Collateral	50,536,467	50,624,919
TOTAL LIABILITIES	50,536,467	50,624,919
NET POSITION RESTRICTED FOR DEFERRED COMPENSATION BENEFITS	\$ 2,620,757,744	\$ 2,386,502,162

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION, UNAUDITED
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021, AND 2020

	IN ACTUAL DOLLARS	
ADDITIONS	2021	2020
MEMBER CONTRIBUTIONS	\$80,689,983	\$ 77,828,931
INVESTMENT INCOME		
<i>FROM INVESTING ACTIVITIES</i>		
Interest and Dividends	53,114,580	57,232,705
Net Increase in Fair Value of Investments	233,457,546	159,221,382
Total Investment Income from Investing Activities	286,572,126	216,454,087
<i>FROM SECURITIES LENDING ACTIVITIES</i>		
Securities Lending Income	505,677	1,245,272
Less Securities Lending Expenses		
Borrower Rebates	16,699	445,016
Management Fees	166,704	265,386
Total Securities Lending Expenses	183,403	710,402
Net Income from Securities Lending Activities	322,274	534,870
TOTAL NET INVESTMENT INCOME	286,894,400	216,988,957
TOTAL ADDITIONS	367,584,383	294,817,888
DEDUCTIONS		
Normal Distributions	132,981,120	115,376,377
Emergency Withdrawals	347,681	428,340
TOTAL DEDUCTIONS	133,328,801	115,804,717
CHANGE IN NET POSITION	234,255,582	179,013,171
NET POSITION RESTRICTED FOR DEFERRED COMPENSATION BENEFITS		
BEGINNING OF YEAR	2,386,502,162	2,207,488,991
END OF YEAR	\$ 2,620,757,744	\$ 2,386,502,162



A LEGACY
OF PRUDENT

INVESTMENT MANAGEMENT

PROVIDING OUTSTANDING **RESULTS** WITH ONE OF THE
LOWEST INVESTMENT EXPENSES IN THE INDUSTRY.



FIXED INCOME ACTIVITY

At the beginning of the fiscal year, volatility within financial markets was subsiding as COVID-19 hospitalizations began to slow and employment continued to recover. After the large amount of corporate debt already issued during the calendar year, options within fixed income markets had become fairly limited. A vast amount of negative-yielding sovereign debt, historically low yields within the treasury market, and fully valued corporate debt left investors hard-pressed to locate profitable investments in the current environment.

The strong demand for corporate debt and yield continued into the new fiscal year; however, the objective from primary issuers shifted from cash accumulation for liquidity purposes to advantageous refinancing and liability management. There was a substantial tightening of corporate spreads during this time, with lower-rated ones being the biggest beneficiary. The long end began to rise quite dramatically, driving the curve to its widest level in three years. This move was engineered with the front end remaining anchored by Fed policy, while the rest of the curve reacted to vaccine announcements and potential fiscal stimulus due to the Democratic sweep. The interest rate sell-off experienced during the first quarter went into overdrive in the new calendar year. As one would expect, **high-yield debt massively outperformed due to the strength in corporate credit and its short-duration profile. A further rate increase ensued in March as markets began pricing in faster economic growth with the passage of the \$1.9 trillion American Rescue Plan and the accelerated deployments of vaccinations. Mortgage-backed and high-yield securities were able to narrowly post positive returns, as both carry less interest rate risk relative to their fixed income brethren.**

The month of April provided the market with a little more stability after the Treasury and investment-grade sectors accumulated negative returns of approximately 4.5% in the first quarter of the calendar year. However, for the first time in quite a while, inflation had begun to rear its head. The evidence started to reveal itself in breakeven markets, commodity prices, consumer sentiment, and in the actual data itself. Prices began to rise at the fastest rate in more than a decade, as the strong economic recovery produced increasing demand coupled with limited supply. Questions began to arise if what was being witnessed was truly “transitory,” as the Fed insisted, or could the market be understating the tail risk after decades of declining inflation. Valuation of credit, in general, was also being debated during this time as global monetary accommodation had pushed investors into riskier assets, resulting in pre-financial crisis trading levels. With current spreads having little room to narrow and duration levels lengthening considerably over the last decade, investors have become a little more cautious in their approach going forward. All the while, it is just a matter of time before the Fed begins to taper its \$120 billion monthly asset purchases that have driven its balance sheet to approximately \$8.5 trillion.

A couple of weaker than expected employment reports and a global surge in coronavirus cases, spurred by the Delta variant, pushed Treasury yields lower for a few months during the summer. As expected, growth expectations were questioned, and corporate spreads drifted slightly higher as a result. However, the market seemed to move back towards its underlying trend of higher rates by the end of September after a surge in the latter half of the month.

Going forward, there remain lingering questions of how long the current inflation paradigm will last, considering the continuing issues tied to the supply chain, higher energy prices, and wage levels needed to meet the demand for labor in respective industries. At this time, the market fully expects the Fed to begin tapering its asset purchases by year-end, and

Continued on next page



FIXED INCOME ACTIVITY CONTINUED

expectations for future rate hikes have been pulled forward as well. While duration was the determining factor in producing returns within fixed income in the last fiscal year, being long credit risk, especially during the first half of this fiscal year, paid nice dividends. It will be interesting to see how this trend plays out going forward as the Fed navigates itself away from outright purchases and allows investors the opportunity to absorb safer alternatives in lieu of the steady diet of corporate credit they have consumed for quite some time.

For the fiscal year, the total annual returns for the public domestic fixed income portfolios were 0.09% for the TRS, 0.07% for the ERS, and 0.09% for the JRF. The five-year annualized returns were 3.49% for the TRS, 3.47% for the ERS, and 3.23% for the JRF. The ten-year annualized returns were 3.71% for the TRS, 3.69% for the ERS, and 3.49% for the JRF.

EQUITY ACTIVITY

Looking back at the myriad of events that happened in fiscal year 2021, it is safe to say that equity market returns exceeded expectations. We have written about this numerous times, but all else being equal, the market generally follows the path of earnings. There are obvious exceptions, like the dot-com bubble 21 years ago, but that was, in fact, a bubble.

Following the pandemic and lockdown, both equity prices and earnings got crushed. From the lows in the summer of 2020, **earnings expectations for 2021 are up 27%. That is a huge revision and obviously explains a large part of why the markets have performed so well the last year.** We are now in the mid-cycle phase of the economic recovery where valuations often get stretched like they

are presently, but they are not untenable. The bullish path forward is that the Federal Reserve is able to start tapering their asset purchases without causing another “taper tantrum” like that experienced in 2013. Maybe they are being given too much credit, but this is not a brand new game plan for them this time around. The dividend yield of the market has declined as equities have rallied, but corporations are still sitting on large cash hoards that could be used to raise dividends and increase share buybacks. If our choice is between stocks and bonds, we think the risk/reward favors stocks for the foreseeable future.

This new bull market feels as bad as the last one following the global financial crisis, as the market continues to climb a wall of worry. Although we are currently seeing a big spike in inflation, a little inflation is not necessarily bad for stocks; too much inflation for too long is. Our expectation is that inflation likely peaks soon as supply bottlenecks are alleviated, and the labor force normalizes and government subsidies shrink.

As for activity this year, given the tremendous outperformance of equities versus other asset classes, we have been a net seller of stocks. Our longstanding overweighting in U.S. equities has continued to pay off as both emerging and developed international equity returns have lagged. We have also maintained an overweight in very short-term fixed-income assets as a barbell approach to our overweighting in equities.

For the year, the RSA domestic equity portfolios returned 33.86%, 33.35%, and 32.79% for the TRS, ERS, and JRF funds, respectively. Both developed and emerging international equities' performance lagged U.S. equities. Total international equity returns were 23.92% for the TRS, 23.75% for ERS, and 24.14% for JRF. The combined total returns for the overall equity portfolios were 31.61%, 31.13%, and 30.82% for the TRS, ERS, and JRF, respectively. Three-, five-, and ten-year annualized global equity returns were 12.62%, 14.06%, and 14.10% for the TRS, 12.66%, 14.10%, and 14.13% for the ERS, and 13.09%, 14.27%, and 14.43% for the JRF, respectively.



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Director of Fixed Income



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Assistant Director
of Equities



ALLAN CARR,
M.B.A., CFA

Director of Equities



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Private Placements Analyst



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Equity Analyst



MARC GREEN,
M.B.A., CFA

Deputy Director–Investments



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Portfolio Manager



SHAUN WASSO,
M.B.A.

Equity Analyst



RETURNS

For the Period Ended September 30, 2021 (In %)

	Net Asset Value	1 Year	3 Years	5 Years	10 Years
TOTAL PORTFOLIO					
TRS	\$30,252,065,736	22.62	9.95	10.21	10.71
ERS	15,395,515,093	22.18	9.95	10.39	10.71
JRF	361,495,100	20.52	10.51	10.55	10.77
TOTAL DOMESTIC EQUITY					
TRS	16,068,020,537	33.86	13.94	15.46	15.73
ERS	7,971,836,693	33.35	14.01	15.51	15.71
JRF	195,621,796	32.79	14.61	15.77	16.15
DOMESTIC EQUITY BENCHMARKS					
S&P 500		30.00	15.99	16.90	16.63
Mid Cap 400		43.68	11.08	12.97	14.72
Small Cap 600		57.64	9.44	13.57	15.69
TOTAL INTERNATIONAL EQUITY					
TRS	4,606,352,214	23.92	7.90	9.04	8.33
ERS	2,330,102,375	23.75	7.88	8.96	8.27
JRF	56,088,960	24.14	7.81	8.99	8.27
INTERNATIONAL EQUITY BENCHMARKS					
Morgan Stanley EAFE		25.73	7.62	8.81	8.10
MSCI Emerging Markets		18.20	8.58	9.23	6.09
STOXX Europe 600 Optimised Cyclical		33.46	5.98	7.93	5.95
TOTAL FIXED INCOME AND ALTERNATIVES					
TRS	7,893,990,204	6.98	4.92	3.36	5.32
ERS	4,130,943,988	7.63	5.17	4.17	5.72
JRF	85,216,220	1.34	5.66	3.15	3.55
FIXED INCOME BENCHMARKS					
Barclays Aggregate		-0.90	5.36	2.94	3.01

MATURITY STRUCTURE

The management of maturities for the bond portfolio is an integral part of the RSA's objective of providing a stable cash flow to meet retirement benefit needs. The RSA has historically structured its purchases in longer-term securities with intermediate call protection or average lives in order to meet its retirement obligations.

MATURITY STRUCTURE (IN %)

Years to Maturity	TRS			ERS		
	2021	2020	2019	2021	2020	2019
<1	10	10	10	10	10	10
1 to <5	29	31	33	29	30	33
5 to <10	20	19	21	20	20	21
10 to <30	40	39	35	40	39	35
= or >30	1	1	1	1	1	1

QUALITY EVALUATION

The RSA continued its long-standing policy of investing in high-quality, fixed-income products. Bond ratings, however, provide only a starting point in the evaluation of the relative investment qualities of a bond. Times have changed dramatically over the past decade, and few companies today have a rating of AAA to A. Many companies are now rated BAA or lower.

QUALITY EVALUATION (IN %)

Rating	TRS			ERS		
	2021	2020	2019	2021	2020	2019
AAA	45	46	50	46	45	50
AA	1	1	2	1	2	2
A	13	16	12	12	16	12
BAA	24	26	20	24	26	20
BA	2	2	1	2	2	1
B	1	0	2	1	0	2
Not Rated	14	9	13	14	9	13



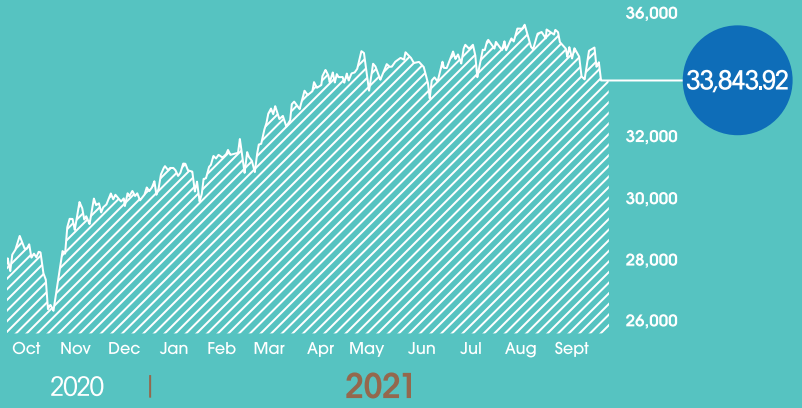
BROKER COMMISSIONS PAID

For the Fiscal Year Ended September 30, 2021

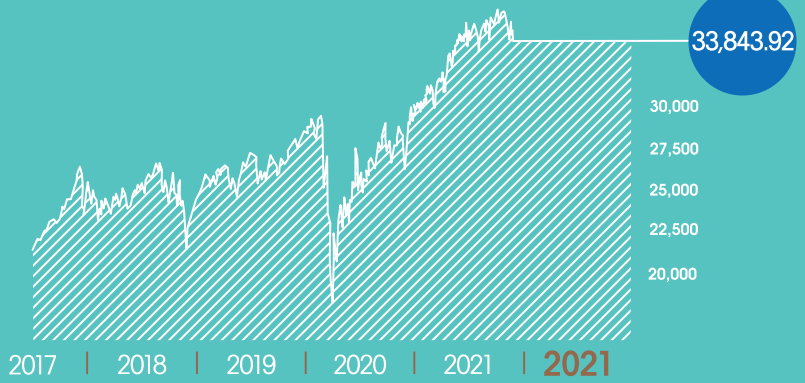
	COMMISSIONS STOCK TRANSACTIONS (\$ IN THOUSANDS)	FIXED SECURITIES COMMISSIONS (\$ IN THOUSANDS)
BANK OF AMERICA / MERRILL LYNCH	229	49
BARCLAYS		10
BERNSTEIN	409	
CITIGROUP	304	124
CONVERGEX	96	
CORNERSTONE	84	
COWEN	180	
CREDIT SUISSE	69	7
GOLDMAN SACHS	137	49
GOLDMAN SACHS EUR	39	
HARBOR FINANCIAL	28	
INSTINET	72	
INTERNATIONAL STRATEGY AND INVESTMENT—ISI	379	
ISSUER DESIGNATED		94
JEFFERIES	87	
JP MORGAN CHASE	134	62
KEYBANC CAPITAL MARKETS	84	29
LEERINK SWANN	22	
MORGAN STANLEY	633	241
NATIONAL BANK OF COMMERCE SECURITIES	75	
RAYMOND JAMES & ASSOCIATES	101	
RENAISSANCE SECURITIES	198	
ROYAL BANK OF CANADA—RBC	330	23
SECURITIES CORP-JONES	28	
SOUTHWEST SECURITIES	13	
STIFEL NICOLAUS	424	32
STRATEGAS	292	
TRUIST		5
UNION BANK OF SWITZERLAND—UBS WARBURG	151	
WELLS FARGO	426	140
WR SECURITIES	32	
TOTAL	\$5,056	\$865



DOW JONES INDUSTRIAL AVERAGE
1 YEAR



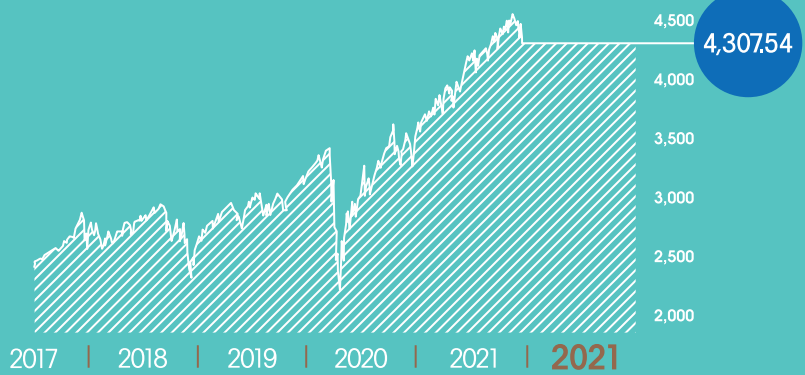
DOW JONES INDUSTRIAL AVERAGE
5 YEAR

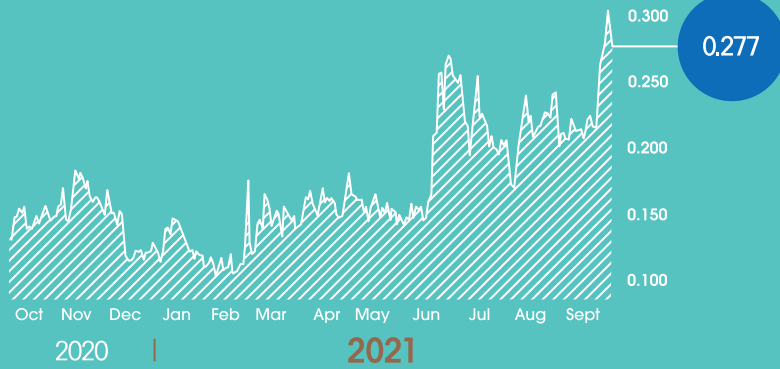


S&P 500 INDEX
1 YEAR

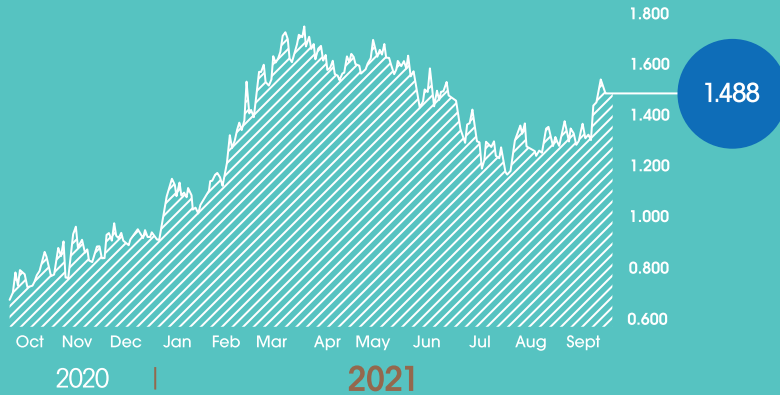


S&P 500 INDEX
5 YEAR

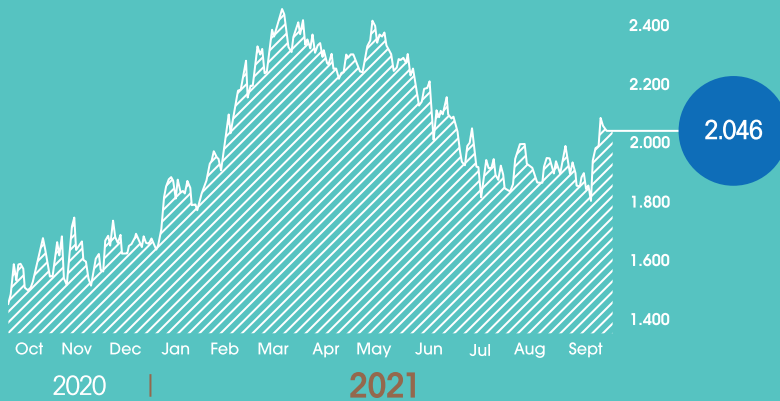




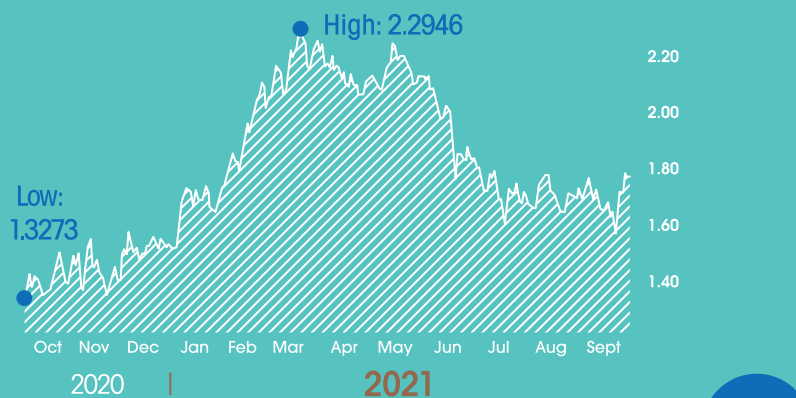
**U.S. TREASURY
2 YEAR NOTE
(YIELD)**



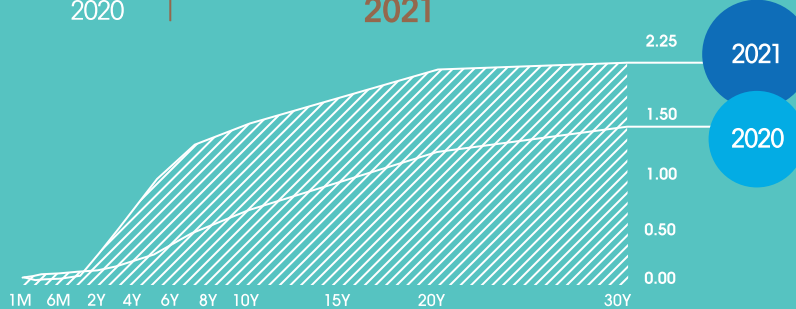
**U.S. TREASURY
10 YEAR BOND
(YIELD)**



**U.S. TREASURY
30 YEAR BOND
(YIELD)**



**SPREAD DIFFERENCE
BETWEEN 2 YEAR &
30 YEAR TREASURIES**



**U.S. TREASURY
YIELD CURVE
2020 VS. 2021**



MEMBER SERVICES CONTACT CENTER

Take advantage of Member Services' personalized assistance concerning your retirement and healthcare benefits by contacting the Member Services Contact Center at **877.517.0020** or **334.517.7000**. You may also send an email to member.services@rsa-al.gov.

WWW.RSA-AL.GOV

Please visit the Retirement Systems of Alabama website. All RSA members can register and easily change their address online, and add or update their phone number and email address. In addition, TRS, ERS, JRF, and RSA-1 members can view their account information online. PEEHIP members can also view their current PEEHIP coverages, change coverages, enroll in new coverages, and/or enroll or re-enroll in flexible spending accounts during Open Enrollment.

TO VISIT MEMBER SERVICES

MEMBER SERVICES

RSA HEADQUARTERS, 201 SOUTH UNION STREET, MONTGOMERY, AL 36104

FROM THE NORTH

Follow I-65 South into Montgomery. Take the I-85 North exit to the right to Atlanta. Stay in the right-hand lane and take the first exit on I-85, which is the Court Street exit. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right before Adams Avenue. Members may park in the open lot in front of the parking deck.

FROM THE EAST

Follow I-85 South to downtown Montgomery and take the Union Street exit on the right. Take the first right on the service road onto Union Street. Continue on Union Street through one traffic light. The RSA Headquarters is on the right before Adams Avenue. Members may park in the open lot in front of the parking deck.

FROM THE WEST

Follow Highway 80 to I-65. Follow I-65 North to Montgomery. Approaching Montgomery, stay in the right-hand lane and exit onto I-85 North to Atlanta. Continue in the right-hand lane, then take the first exit, which is Court Street. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right-hand side before Adams Avenue. Members may park in the open lot in front of the parking deck.

FROM THE SOUTH

Follow I-65 North to Montgomery. Approaching Montgomery, stay in the right-hand lane and exit onto I-85 North to Atlanta. Continue in the right-hand lane, then take the first exit, which is Court Street. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right before Adams Avenue. Members may park in the open lot in front of the parking deck.



RSA HEADQUARTERS
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