

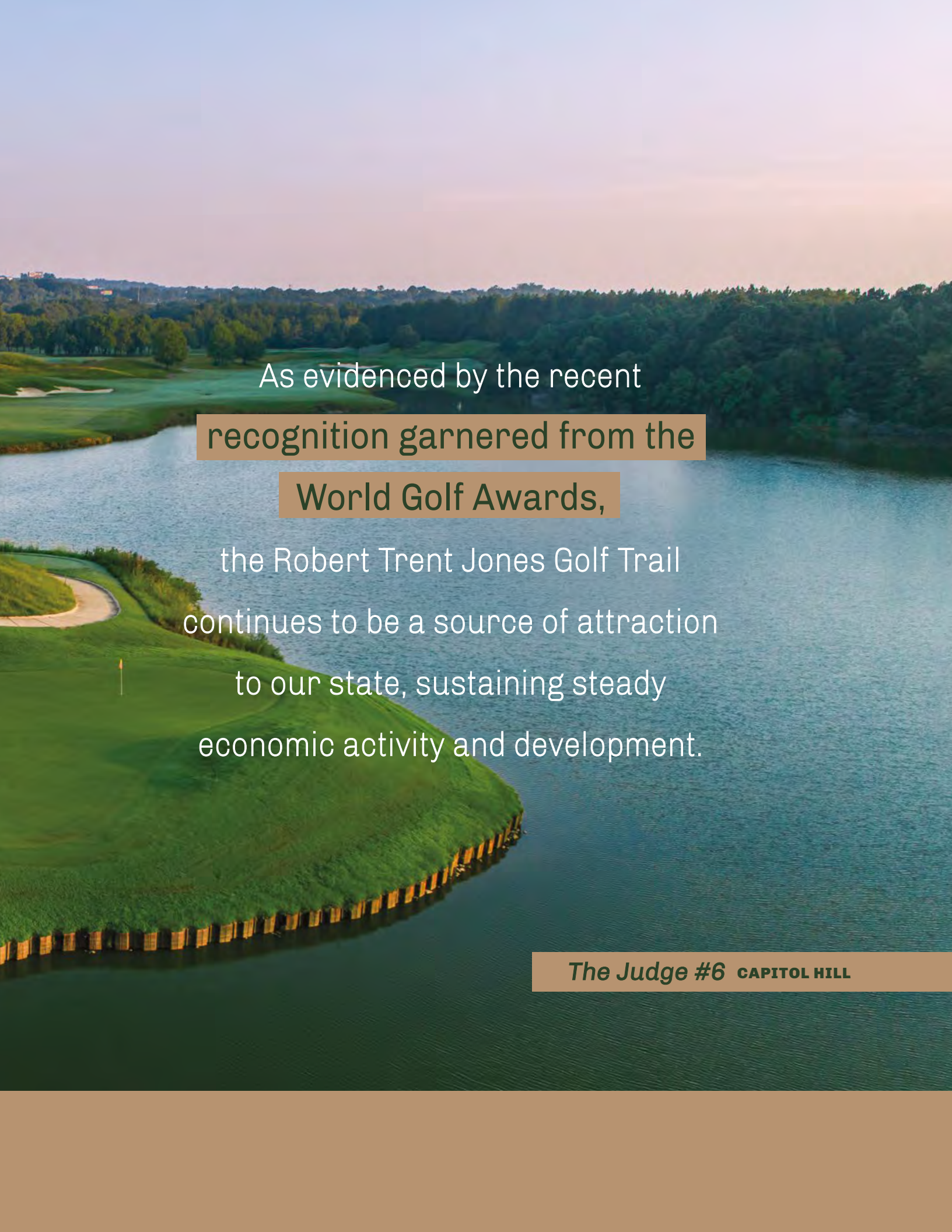
KEEPING ALABAMA **ON**  
**COURSE**



ANNUAL REPORT **2022**





An aerial photograph of a golf course. In the foreground, a large, curved green island is partially submerged in a body of water. The island has a small flag on a pole. The water is a deep blue-green color. In the background, there are more green areas, sand traps, and a dense line of trees under a clear sky.

As evidenced by the recent  
recognition garnered from the  
World Golf Awards,

the Robert Trent Jones Golf Trail  
continues to be a source of attraction  
to our state, sustaining steady  
economic activity and development.

*The Judge #6* CAPITOL HILL







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*There is*

**M O M E**

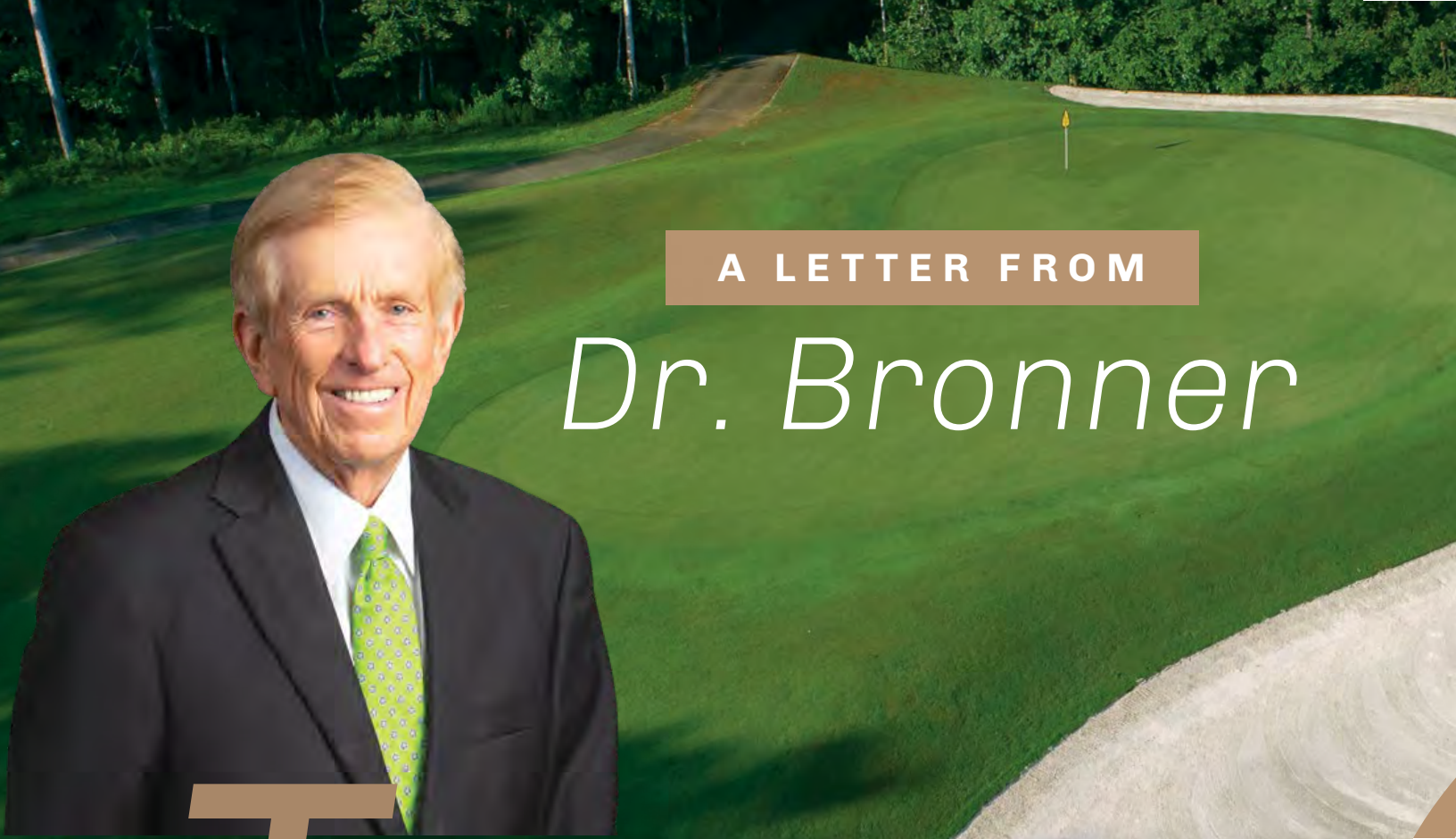


# NTUUM

*across Alabama.*

Alabama's strong tourism offerings, which includes the world-class golf courses found along the Robert Trent Jones Golf Trail, continue to set a strategic course for growth. These iconic attractions help create jobs in the banking, construction, real estate, insurance, retail, recreation, and healthcare industries, proving that our state will move forward with confidence. Recently, the collection of public golf courses has been celebrated for excellence in golf tourism by the World Golf Awards™. But just as important is its contribution to the game of golf—these courses have helped economic development in every corner of our state. ***From inspiring luxury resorts and neighborhoods to drawing visitors to Alabama's many other attractions and the businesses that are connected to them, the Robert Trent Jones Golf Trail plays a key role in growing industries beyond golf.***





## A LETTER FROM

# Dr. Bronner

**T**he Boards of Control and the Retirement Systems of Alabama (RSA) staff are pleased to present the 46th Annual Report for the fiscal year ended September 30, 2022.

The RSA currently manages 24 funds with aggregate assets of approximately \$43.9 billion. For fiscal year 2022, the Teachers' Retirement System (TRS) assets totaled \$25.3 billion, the Employees' Retirement System (ERS) assets totaled \$12.9 billion, and the Judicial Retirement Fund (JRF) assets totaled \$293.3 million. The annualized return was -13.18% for the TRS, -13.02% for the ERS, and -14.87% for the JRF.

The 2022 fiscal year got off to a brief positive start as equity markets continued to perform fairly well through late December. The tone changed markedly after that. With inflation data continuing to come in higher than expected, the Federal Reserve moved away from their "transitory" stance to a more aggressive stance that included numerous and eventually large increases in short-term rates. The Russia/Ukraine War, which started in February, added fuel to the fire, contributing to supply chain shortages, rising energy prices, and elevated global

inflation. Equity and fixed markets both declined significantly in the coming months as inflation data remained high, economic growth projections were declining, and interest rates were moving higher in response to the Federal Reserve's multiple rate hikes, among other issues.

It was a difficult year in the equity market to say the least. Domestic large-cap equities declined nearly 16% as economic growth slowed and investors worried about the effect on companies' earnings. Domestic mid-cap and small-cap equities performance was a bit worse, given their sensitivity to higher interest rates. International equities, including emerging markets, declined just under 25% for the fiscal year, with the strong dollar contributing to this sector's underperformance.

Fixed income markets declined during most of the fiscal year as well. The Federal Reserve began raising rates in March in response to rising inflation data. These rate increases quickly grew in size as inflation levels reached 40-year highs. With an extremely hawkish and aggressive Federal Reserve responding to this data, interest rates quickly moved



“RSA’s Robert Trent Jones Golf Trail announced record rounds played in 2021. There were 616,308 rounds played, which was a 25% increase over 2020! This was the most rounds played since the Trail opened in 1992.”

higher through the rest of the fiscal year, leading to negative returns for the bond market.

Credit spreads moved wider in response to the increase in interest rates and from concern about slower economic growth in the intermediate term.

Therefore, fixed income declined roughly 13% for the fiscal year. Typically, when fixed income is performing poorly, equity returns will be doing well and help to offset these losses, and vice versa; it is extremely unusual to have both asset classes produce negative returns at the same time, as we experienced this year. The RSA has emphasized to its members throughout the years that you have a defined benefit plan and your benefits are not jeopardized by short-term losses. The RSA has a diverse investment portfolio that includes stocks, bonds, cash, and private investments among others, that helps cushion the Systems from the effect of losses from investments.

On a more positive note, the RSA’s Robert Trent Jones Golf Trail announced record rounds played in 2021. There were 616,308 rounds played, which was a 25% increase over 2020! This was the most rounds played since the Trail opened in 1992. Additionally, several RSA-owned properties were recognized and honored during the fiscal year. *At the 8th Annual World Golf Ceremony, Prattville’s Capitol Hill on the Robert Trent Jones Golf Trail was awarded Alabama’s Best Golf Course for 2021, and the Renaissance Birmingham Ross Bridge Golf Resort & Spa was selected as*

*Alabama’s Best Golf Hotel for 2021. Capitol Hill was also a Top 50 Nominee for North America’s Best Golf Course.*

The RSA-owned hotels continue to be recognized and honored as well. *The Grand Hotel Golf Resort & Spa, Autograph Collection ranked first out of 140 Autograph Collection properties; The Battle House Renaissance Mobile Hotel & Spa, the Renaissance Mobile Riverview Plaza Hotel and Renaissance Montgomery Hotel & Spa at the Convention Center all ranked in the Top 10 out of 87 Renaissance properties across North America.*

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 Alabama Legislature, this goal will be achieved.

**David G. Bronner**  
CHIEF EXECUTIVE OFFICER

**Falls #13 MAGNOLIA GROVE**





# UPPING

*the game*

*Three properties* on Alabama's legendary Robert Trent Jones Golf Trail *were recognized at the Eighth Annual World Golf Awards* ceremony held in Dubai, United Arab Emirates.

---

The World Golf Awards™ is a part of the 27-year-old World Travel Awards™ and recognizes excellence in golf tourism, world-class golf courses, and leading golf destinations. Awards are determined from votes by professionals in the golf travel and tourism industry and votes by the public.



*RTJ Golf Trail at* **CAPITOL HILL**

*Best Golf Course in Alabama for 2021*

*Top 50 Best Golf Course in North America*

ANNUAL WORLD GOLF AWARDS





**RENAISSANCE BIRMINGHAM  
ROSS BRIDGE GOLF RESORT & SPA**

*Best Golf Hotel in Alabama for 2021*

ANNUAL WORLD GOLF AWARDS





**THE GRAND HOTEL GOLF RESORT & SPA**  
*Autograph Collection*

---

***Top 3 Nominee Best Golf Hotel for 2021***

ANNUAL WORLD GOLF AWARDS





# GOING THE DISTANCE

since 1847

THE GRAND HOTEL GOLF RESORT & SPA

2022 Marriott International Autograph Collection  
"Hotel of the Year"

Exemplifying a standard of excellence **superior**  
to its **143 peer hotels** in North America.









*Highlands #6* HIGHLAND OAKS

*In 2022, visitors played*

**616,308**

*rounds on the Trail.*



## 11 GOLF SITES

*Hampton Cove, Huntsville, AL*

*The Shoals, Florence/Muscle Shoals, AL*

*Silver Lakes, Anniston/Gadsden, AL*

*Oxmoor Valley, Birmingham, AL*

*Ross Bridge, Hoover, AL*

*Capitol Hill, Prattville, AL*

*Cambrian Ridge, Greenville, AL*

*Grand National, Auburn/Opelika, AL*

*Highland Oaks, Dothan, AL*

*Magnolia Grove, Mobile, AL*

*The Lakewood Club, Point Clear, AL*





**Dogwood #10 THE LAKEWOOD CLUB**

“

*World-class golf,  
that's not a world away.*

**THE NEW YORK TIMES**

---

*The Trail may be the  
biggest bargain in the country*

**THE WALL STREET JOURNAL**

---

*The Trail is some of the best  
public golf on earth.*

**THE NEW YORK TIMES**

”

---

*Alabama's Robert Trent Jones Golf Trail meanders across the state, from the foothills of the Appalachians in north Alabama to the Gulf of Mexico to the south.*

---





Where

# EXCELLENCE

Is Par for The Course

**THE COLONY AT THE GRAND**  
*Part of The Lakewood Club in Fairhope, AL*

**NATIONAL ASSOCIATION  
OF HOMEBUILDERS  
GOLD AWARD**

*The National Association of Homebuilders honored outstanding residential real estate design and construction at its annual Nationals awards in Orland, Florida. The RSA's The Colony at The Grand community was recognized with a gold award for the Best Detached Model Home Under 2,000 Square Feet. The Nationals awards continue to be the most prestigious awards of their kind, setting the benchmark for innovation in the housing industry.*







# LUXURY

*well played*

## 8 DESTINATION RESORTS





**1** *Marriott Shoals Hotel & Spa*

**2** *Renaissance Birmingham Ross Bridge Golf Resort & Spa*

**3** *Montgomery Marriott Prattville Hotel & Conference Center at Capitol Hill*

**4** *Renaissance Montgomery Hotel & Spa at the Convention Center*

**5** *Auburn Marriott Opelika Resort & Spa at Grand National*

**6** *Renaissance Mobile Riverview Plaza Hotel*

**7** *The Battle House Renaissance Mobile Hotel & Spa*

**8** *Grand Hotel Golf Resort & Spa, Autograph Collection*







## 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<sup>+</sup> / Montgomery

— Alabama Community College System / Montgomery

— RSA Criminal Justice Center<sup>+</sup> / Montgomery

— RSA Dexter Avenue Building (Datacenter)<sup>+</sup> / Montgomery

— RSA Headquarters<sup>+</sup> / Montgomery

— RSA Plaza<sup>+</sup> / Montgomery

— RSA Tower Complex (Includes the RSA Tower, RSA Activity Center, Helen Hunt Early Learning Center, and RSA Pavilion)<sup>+</sup> / Montgomery

— RSA Union<sup>+</sup> / Montgomery

— Royal Street Parking Deck<sup>+</sup> / Mobile

— RSA Battle House Tower<sup>+</sup> / Mobile

— RSA 2 North Royal / Mobile

— RSA Trustmark Building<sup>+</sup> / 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

**I**n fiscal year 2022, 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 2022 have involved practice areas including constitutional law, real estate law, health benefits, and employment law. Notably, the legal staff successfully defended a constitutional claim in 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.

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 Medicare Advantage 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 2022, the legal staff pursued litigation challenging property 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. Such provisions range from federal court decisions, the Affordable Care Act, and other federal laws that protect the privacy and security of PEEHIP members' health information.

The legal 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, in order to maintain and enhance the RSA's service to its members.

### Legislative

**T**he 2022 Regular Legislation Session ended on April 7, 2022. The Legislature fully funded the RSA, provided bonuses for retirees, improved Tier II benefits, and improved active members' death benefits.

As it has always done, the Legislature ensured that the RSA was fully funded by setting the actuarially determined employer contribution rate in the budgets. This is one of the most important things to ensure the RSA's continued sustainability and ability to pay promised retirement benefits to its members.

Additionally, the Legislature provided bonuses for ERS State and TRS retirees, who received these payments at the end of April. A direct appropriation funded the TRS bonus, and the ERS bonus will be funded by an increase in the fiscal year 2024 employer contribution rate. Local employers who participate in the ERS could elect to provide the same bonus to their retirees. These bonuses were paid in October.

The Legislature further provided relief to all retirees by providing a \$6,000 state tax exemption for taxable retirement income of retirees aged 65 and above (Act 2022-294). This exemption will include distributions from RSA-1 retirement accounts.

The Legislature improved the retirement benefits for ERS and TRS Tier II members (Act 2022-222 for TRS and Act 2022-351 for ERS). Currently, Tier II members can retire only after reaching retirement age (62 years for regular members and 56 years for members who are firefighters, law enforcement officers, and correctional officers). These Acts allow Tier II members to retire at any age with 30 years of service, subject to a benefit reduction of 2% for every year the member is below retirement age. There is no member contribution rate increase for this new benefit.

Finally, the Legislature made important changes to death benefits for active members. Act 2022-184 gives surviving spouses of retirement-eligible members that die in active service the same benefit that would have been available if the member had retired and selected the 100% lifetime benefit option. The only requirement is that the spouse must be the sole designated beneficiary on file for that member.





## 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.

### **EMPLOYER SERVICES**

MARGARET B. SELLARS, 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 CPA  
AND ADVISORS, LLC

### **INVESTMENT CONSULTANT**

REGIONS BANK N.A.,  
ALAN MCKNIGHT

### **INVESTMENT CUSTODIAN**

STATE STREET BANK  
AND TRUST COMPANY

### **CONSULTING ACTUARY**

CAVANAUGH MACDONALD  
CONSULTING, LLC,  
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 2022, the RSA served a total of  
**385,366**

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

**58%**

**ACTIVE**

TRS	137,867
ERS	85,116
JRF	374
<b>TOTAL</b>	<b>223,357</b>

**42%**

**RETIRED**

TRS	105,010
ERS	56,542
JRF	457
<b>TOTAL</b>	<b>162,009</b>

**TOTAL**

TRS	242,877
ERS	141,658
JRF	831
<b>TOTAL</b>	<b>385,366</b>

**MEMBERSHIP ACTIVITY**

**NEW MEMBERS**

TRS	ERS	JRF	<b>TOTAL</b>
14,877	10,669	15	<b>25,561</b>

**WITHDRAWN MEMBERS**

TRS	ERS	JRF	<b>TOTAL</b>
4,007	5,772	2	<b>9,781</b>

**SERVICE RETIREMENTS**

TRS	ERS	JRF	<b>TOTAL</b>
4,753	2,693	8	<b>7,454</b>

**DISABILITY RETIREMENTS**

TRS	ERS	JRF	<b>TOTAL</b>
216	150	1	<b>367</b>

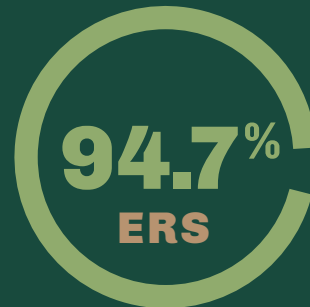
**SURVIVING SPOUSES**

TRS	ERS	JRF	<b>TOTAL</b>
17	14	2	<b>33</b>

**NEW BENEFICIARIES**

TRS	ERS	JRF	<b>TOTAL</b>
626	446	12	<b>1,084</b>

**MEMBERS REMAINING IN ALABAMA AFTER RETIREMENT**







## Members And Benefits *Paid by County*

### Northwest

COUNTY	ACTIVE	RETIRED	BENEFITS
LAUDERDALE	3,669	2,671	\$ 63.7
LIMESTONE	4,045	2,310	57.3
COLBERT	2,617	2,069	47.8
FRANKLIN	1,442	961	21.9
LAWRENCE	1,084	823	17.4
MORGAN	4,700	3,574	83.2
MARION	1,338	879	19.6
WINSTON	1,056	730	15.7
CULLMAN	3,537	2,506	58.7
LAMAR	661	435	8.8
FAYETTE	852	572	12.4
WALKER	2,667	2,076	44.4

### Northeast

COUNTY	ACTIVE	RETIRED	BENEFITS
MADISON	13,359	8,462	\$ 218.6
JACKSON	2,297	1,621	35.1
MARSHALL	3,984	2,525	58.6
DEKALB	2,854	1,690	37.5
BLOUNT	1,782	1,251	25.5
ETOWAH	4,560	3,430	78.9
CHEROKEE	737	549	12.5
ST. CLAIR	3,408	2,084	50.4
CALHOUN	5,555	3,581	79.8
CLEBURNE	514	297	6.2

### Central

COUNTY	ACTIVE	RETIRED	BENEFITS
JEFFERSON	26,807	18,271	\$ 476.0
SHELBY	9,982	5,430	149.5
TALLADEGA	3,267	2,601	54.6
BIBB	903	583	12.7
CHILTON	1,910	1,311	28.6
COOSA	492	387	8.5
PERRY	435	352	7.8
DALLAS	1,773	1,359	29.4
AUTAUGA	3,358	2,059	50.5
ELMORE	5,926	4,027	99.3
LOWNDES	495	438	8.9
MONTGOMERY	13,359	9,568	241.7

### West

COUNTY	ACTIVE	RETIRED	BENEFITS
PICKENS	809	649	\$ 12.8
TUSCALOOSA	12,264	7,628	190.0
GREENE	389	404	7.3
HALE	994	666	13.7
SUMTER	714	493	10.6
MARENGO	974	689	15.1
CHOCTAW	352	352	6.7
WILCOX	642	440	8.2

### East

COUNTY	ACTIVE	RETIRED	BENEFITS
CLAY	630	506	\$ 11.1
RANDOLPH	836	684	13.8
TALLAPOOSA	1,809	1,525	38.8
CHAMBERS	1,291	871	17.9
LEE	10,120	5,419	158.2
MACON	954	819	17.2
RUSSELL	1,423	849	16.1
BULLOCK	504	382	7.8

### Southwest

COUNTY	ACTIVE	RETIRED	BENEFITS
WASHINGTON	647	644	\$ 12.6
CLARKE	1,160	907	18.5
MONROE	800	676	14.5
CONECUH	566	413	8.5
BUTLER	857	653	14.0
MOBILE	15,533	12,144	258.7
BALDWIN	9,637	6,653	162.2
ESCAMBIA	1,490	1,201	26.3

### Southeast

COUNTY	ACTIVE	RETIRED	BENEFITS
CRENSHAW	796	602	\$ 13.3
PIKE	2,140	1,407	35.5
BARBOUR	969	777	15.7
COVINGTON	1,703	1,265	27.5
COFFEE	2,176	1,416	32.5
DALE	1,785	1,168	24.6
HENRY	896	660	14.6
GENEVA	1,157	717	15.1
HOUSTON	3,833	2,776	65.0





County by county figures are listed as millions of benefits paid.

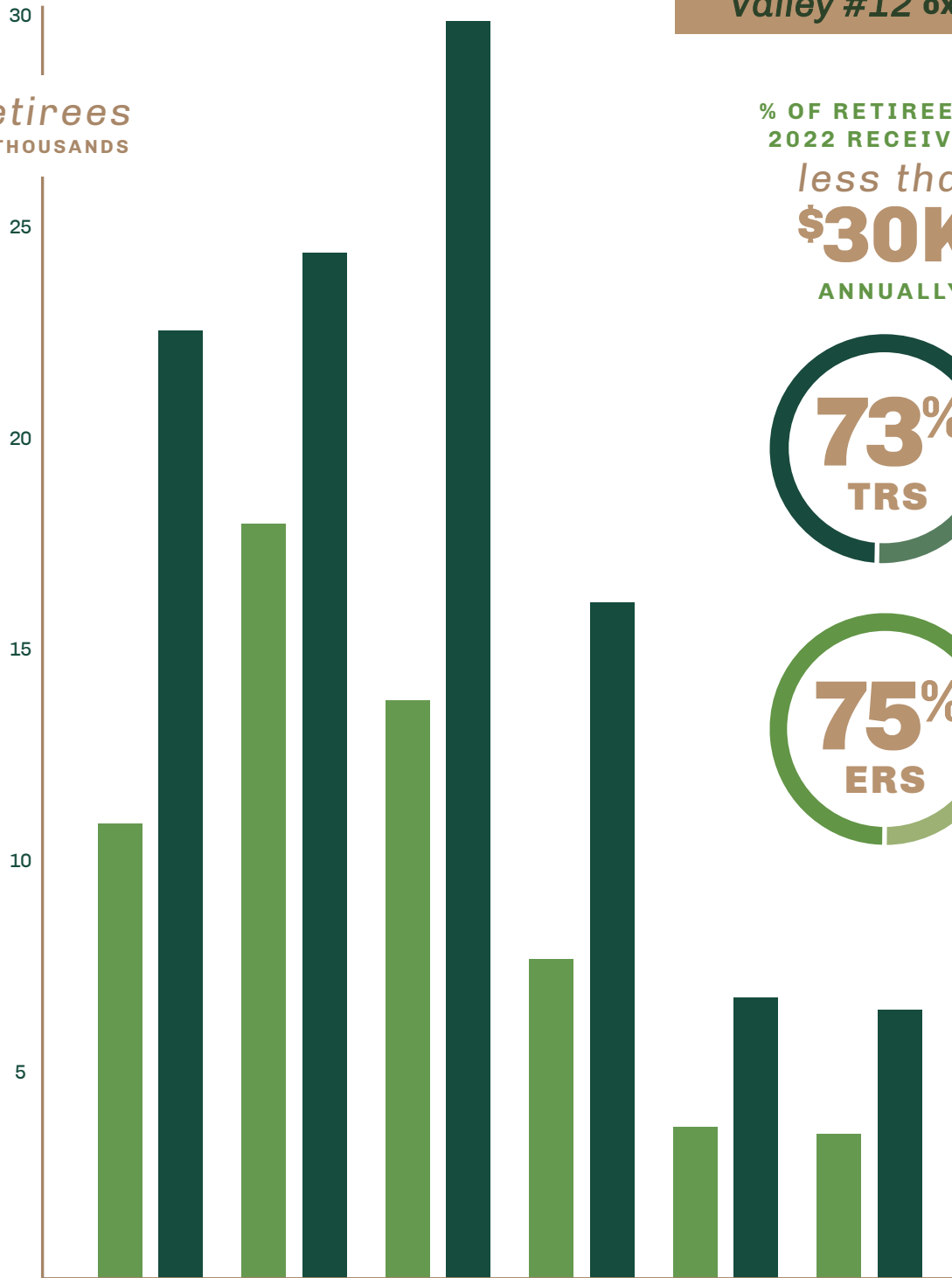
**Legislator #9** CAPITOL HILL



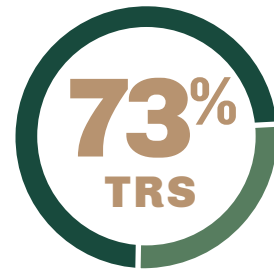


**Valley #12 OXMOOR VALLEY**

**Retirees**  
IN THOUSANDS



**% OF RETIREES IN 2022 RECEIVING less than \$30K ANNUALLY**

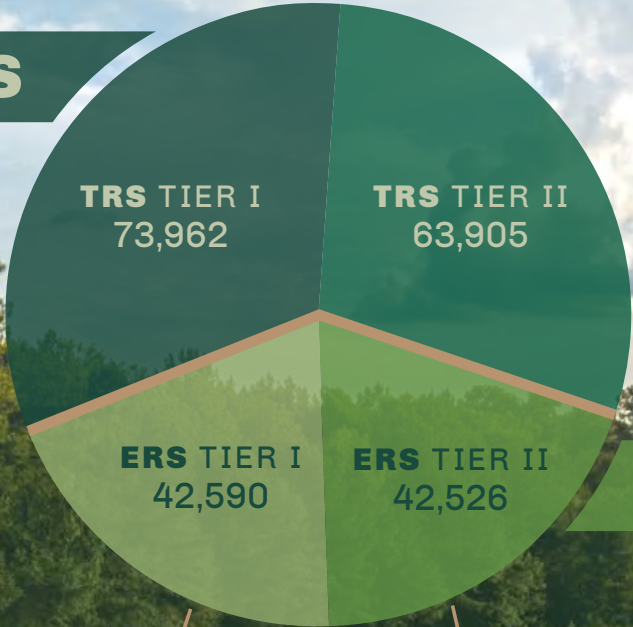


By System	\$0-\$9,999		\$10,000-\$19,999		\$20,000-\$29,999		\$30,000-\$39,999		\$40,000-\$49,999		\$50,000+	
<b>ERS</b>	10,696	<b>18.9%</b>	17,794	<b>31.5%</b>	13,660	<b>24.2%</b>	7,474	<b>13.2%</b>	3,561	<b>6.3%</b>	3,357	<b>5.9%</b>
<b>TRS</b>	22,384	<b>21.3%</b>	24,209	<b>23.1%</b>	29,649	<b>28.2%</b>	15,927	<b>15.2%</b>	6,557	<b>6.2%</b>	6,284	<b>6.0%</b>

**ANNUAL BENEFITS**  
PAID IN THOUSANDS



**2022 TRS**



**2022 ERS**

**ERS TIER I**

STATE 14,670  
LOCAL 27,920



**ERS TIER II**

STATE 12,088  
LOCAL 30,438



*Comparison of Tier I and Tier II Members  
IN THE COMBINED SYSTEMS IN 2020, 2021, AND 2022*



**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%



**TIER I MEMBERS**  
116,552 \ 52.3%

**TIER II MEMBERS**  
106,431 \ 47.7%





# — 2022 Financial — **HIGHLIGHTS**



**River #1 HAMPTON COVE**

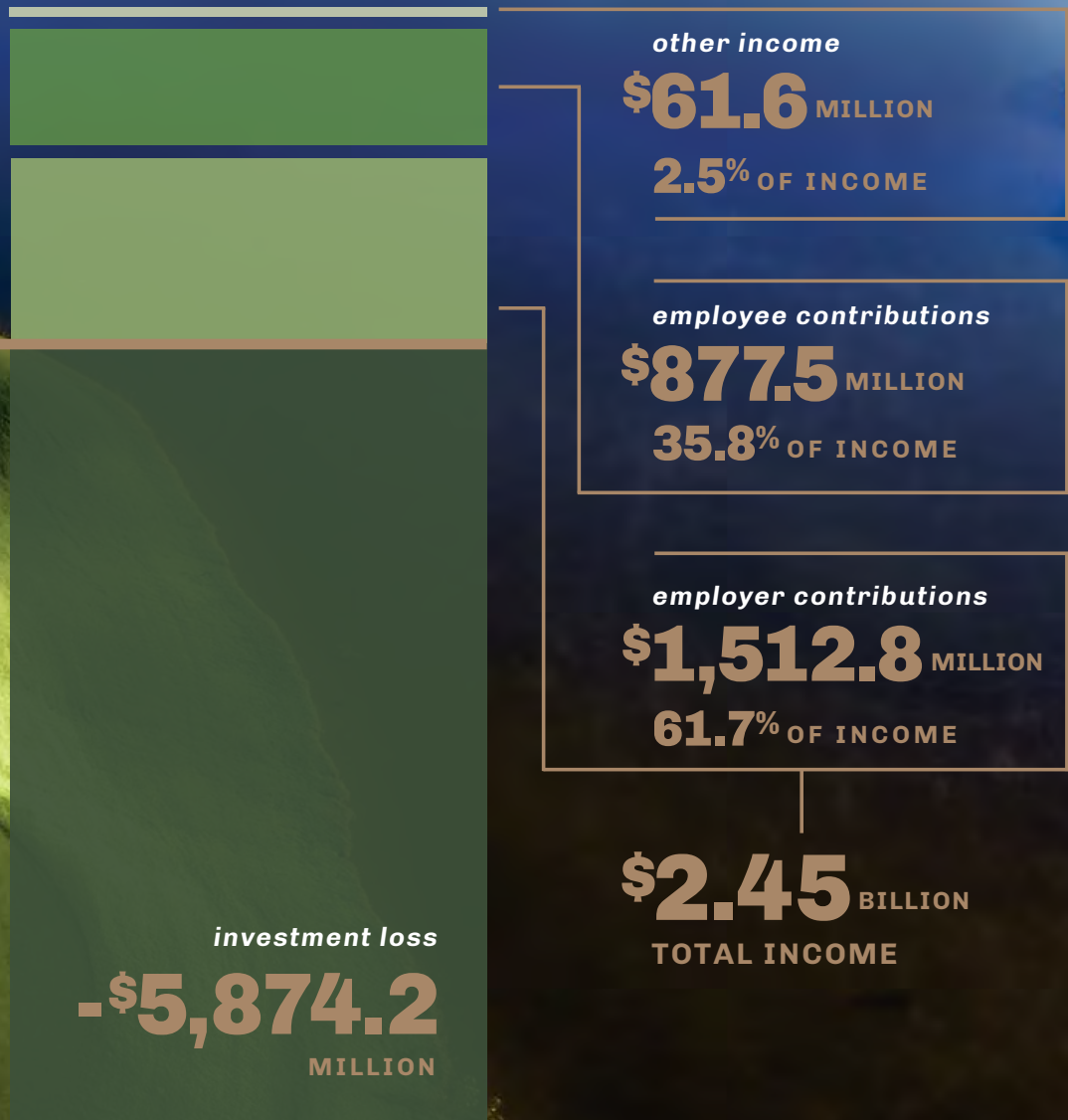




**-\$3.4 BILLION** total revenue for 2022

revenue sources

\$0.00

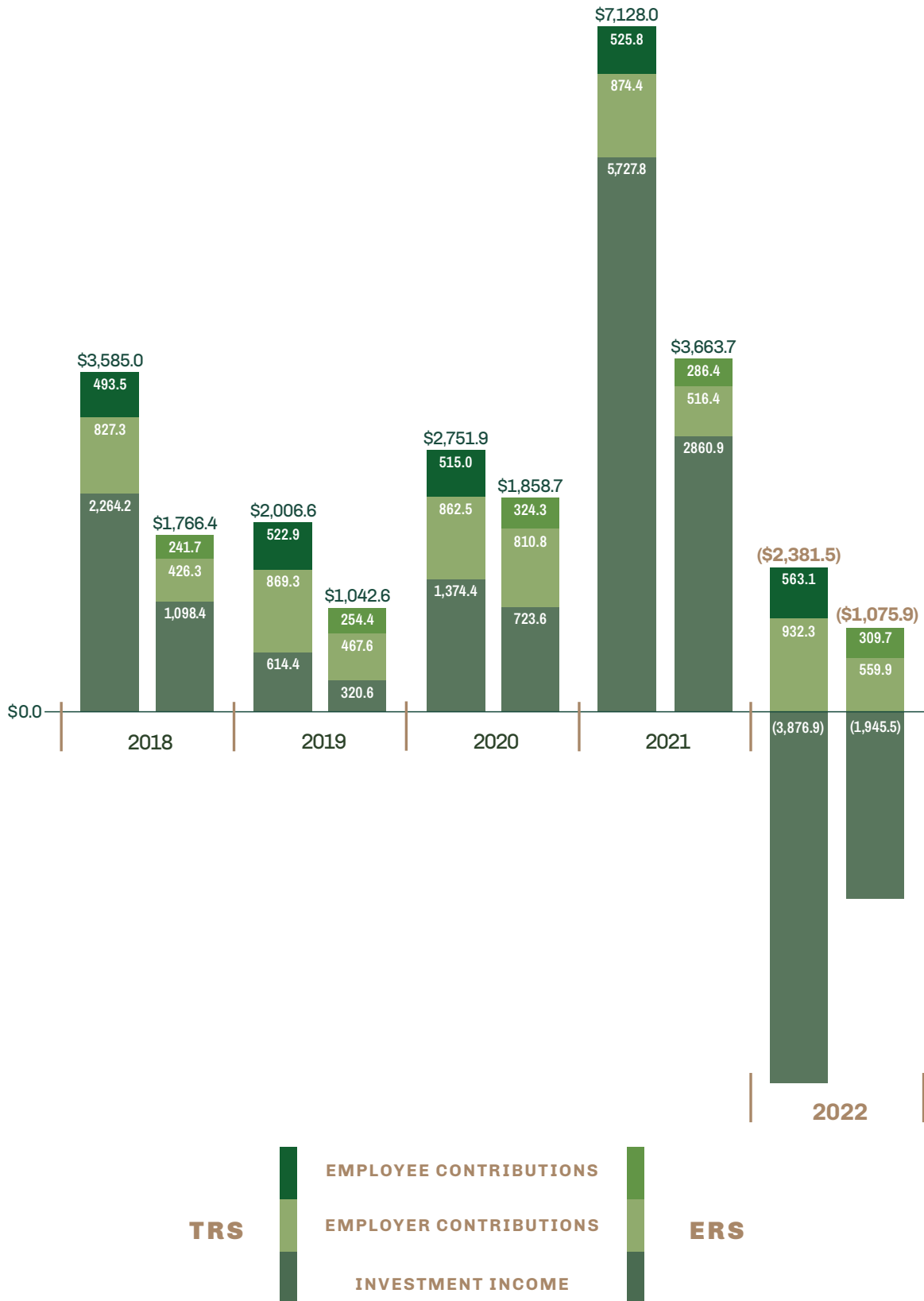






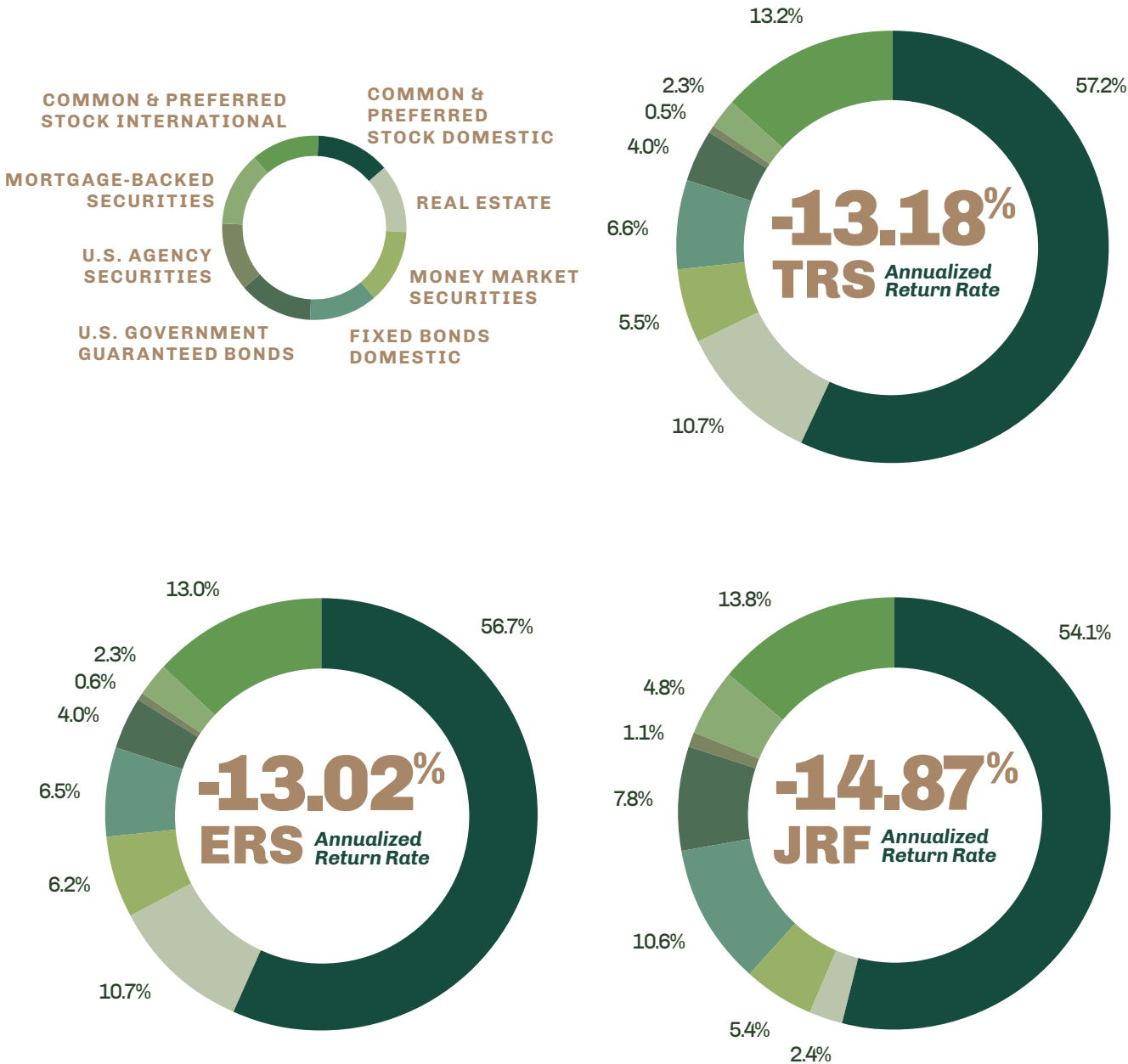
## 5-Year Highlights

(DOLLARS IN MILLIONS)





**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.







**Financial Highlights FUNDS UNDER MANAGEMENT**

AS OF SEPTEMBER 30, 2022 (DOLLARS IN THOUSANDS)

**24**  
**FUNDS**

**\$443.9**  
**BILLION**  
*in assets under management*

Managed In-House, Keeping Costs Low Compared to Other State Pension Systems

<b>TOTAL INVESTED ASSETS</b>		<b>TOTAL INVESTED ASSETS</b>	
Teachers' Retirement System	\$ 25,240,084	Public Education Employees' Health Insurance Fund	\$ 293,717
Employees' Retirement System	12,866,956	Alabama Retired Education Employees' Health Care Trust	1,647,028
Judicial Retirement Fund	292,362	Public Employees' Individual Retirement Account Fund	56,987
Alabama Cultural Resources Preservation Trust Fund	15,382	Alabama Marine Resources Endowment Trust Fund	2,645
Alabama Firefighters Annuity and Benefit Fund	488	Alabama Trust Fund	289,101
Division of Wildlife and Freshwater Fisheries	25,427	Alabama Treasury Fund	292,226
Alabama Nongame Wildlife Endowment Trust	17	Charlotte Thorn Trust Fund	11,942
Alabama Underground and Aboveground Storage Tank Trust Fund	9,848	County Municipal Trust Fund	113,840
Clerks' and Registers' Supernumerary Fund	10,946	Alabama State Employees' Retired Health Care Trust Fund	210,907
Alabama Senior Services Trust Fund	53,084	State Docks Pension Plans	20,333
Alabama State Employees' Health Insurance Fund	94,409	Marion Military Institute Foundation	8,982
Local Government Health Insurance Fund	118,673		
PEIRAF-Deferred Compensation Plan (RSA-1)	2,198,862		

**TOTAL INVESTED ASSETS UNDER MANAGEMENT**  
(DOLLARS IN THOUSANDS)

**\$ 43,874,246**

In 2022, the **TRS** served

**242,877**

total active & retired members

Teachers' Retirement System **HIGHLIGHTS** TRS

 membership increased by  
**3,668**

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

**218** units

**13** Universities

**25** Postsecondary Institutions

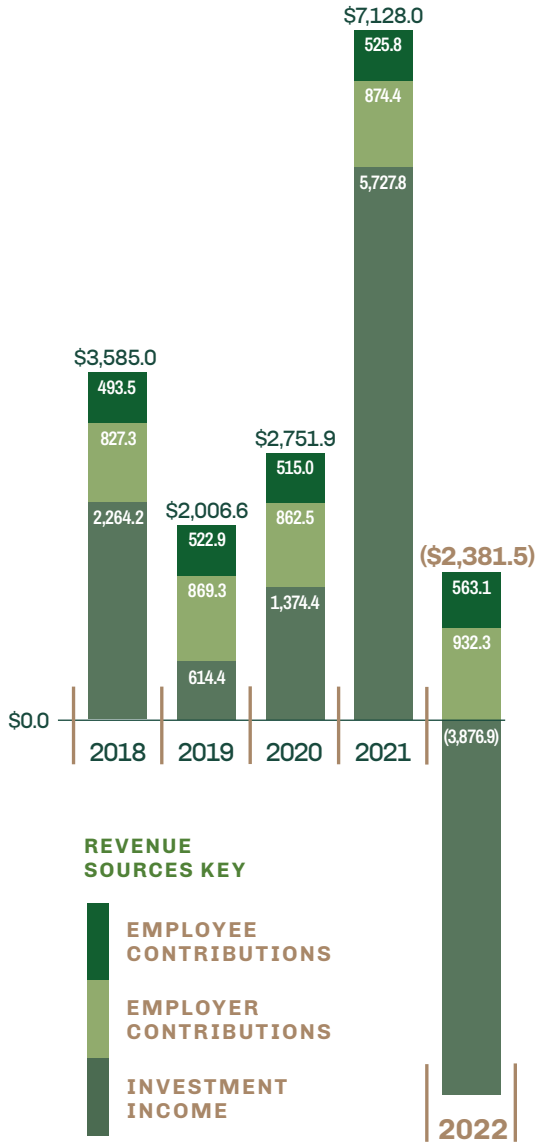
**139** K-12 Systems

**8** Charter Schools

**33** State & Miscellaneous Agencies



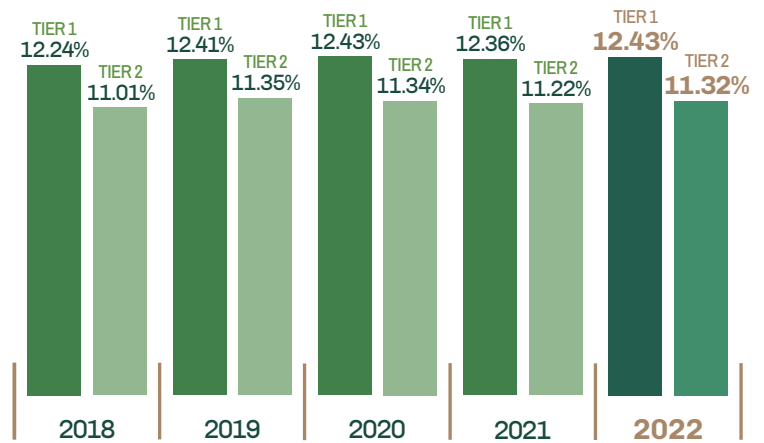
**TRS REVENUE SOURCES**  
(DOLLARS IN MILLIONS)



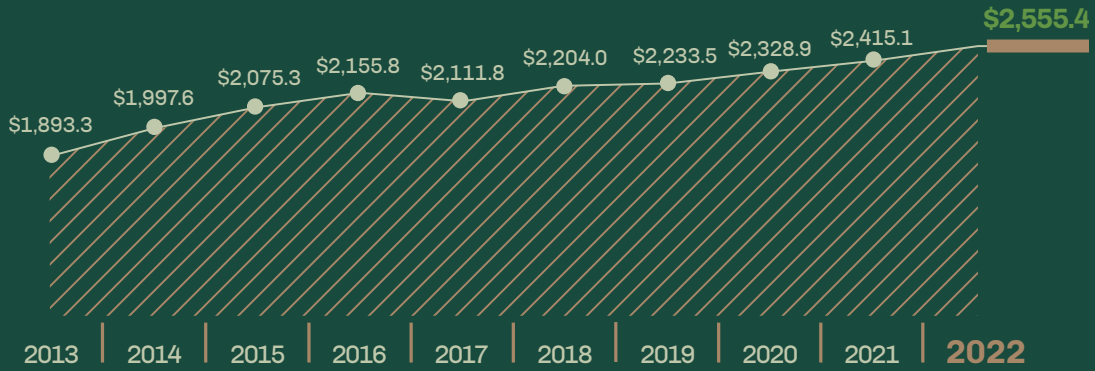
**PORTFOLIO AT FAIR VALUE**  
(DOLLARS IN BILLIONS)



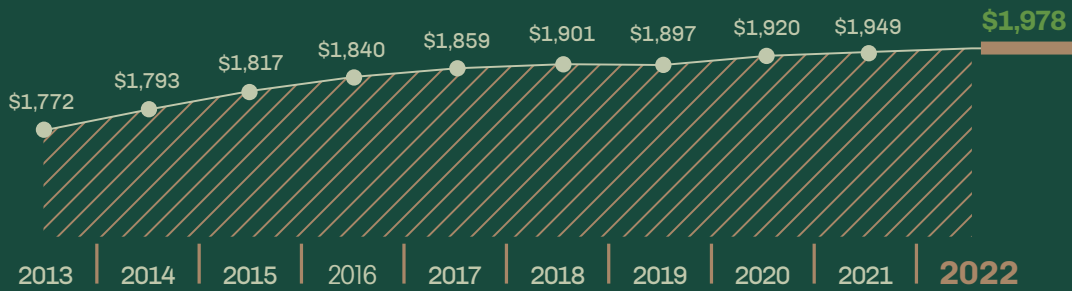
**EMPLOYER RATE**  
(% OF COVERED PAYROLL)



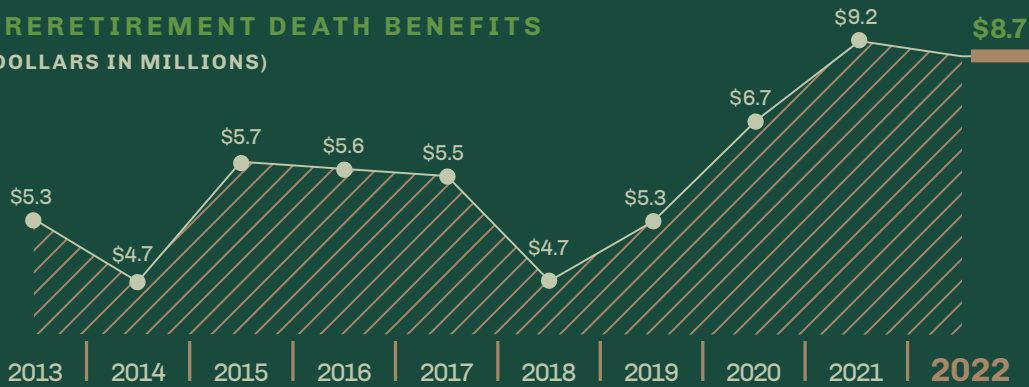
**TOTAL ANNUAL PAYMENTS**  
(DOLLARS IN MILLIONS)



**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*



HON. YOUNG BOOZER

*State Treasurer  
Ex Officio*



DR. SUSAN WILLIAMS BROWN

*Postsecondary Position*



MS. AMY KNIGHT FOWLER

*Support Personnel  
Position*



MS. 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*



MS. AMANDA MILLER

*Teacher Position*



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. WILLIAM A. WALSH

*Higher Education  
Position*

Statement of Fiduciary Net Position, Unaudited  
AS OF SEPTEMBER 30, 2022, AND 2021

	(\$ IN THOUSANDS)	
Assets	2022	2021
<b>Cash</b>	\$ 76,353	\$ 65,144
<b>Receivables</b>		
Employee Contributions	53,159	48,920
Employer Contributions	91,103	83,814
Transfers Receivable from the ERS	1,468	530
Investment Sales Receivable	13,819	147,033
Dividends and Interest	74,312	67,020
Miscellaneous Receivable	121	89
<b>TOTAL RECEIVABLES</b>	<b>233,982</b>	<b>347,406</b>
<b>Investments, at fair value</b>		
Domestic Equity	14,437,073	17,565,017
Domestic Fixed Income	3,374,491	3,569,934
International Equities	3,322,273	4,576,563
Real Estate	2,714,552	2,757,252
Short-Term	1,391,695	1,703,749
<b>TOTAL INVESTMENTS</b>	<b>25,240,084</b>	<b>30,172,515</b>
<b>INVESTED SECURITIES LENDING COLLATERAL</b>	<b>910,512</b>	<b>1,095,386</b>
<b>PROPERTY AND EQUIPMENT LESS ACCUMULATED DEPRECIATION</b>	<b>88,363</b>	<b>96,318</b>
<b>TOTAL ASSETS</b>	<b>26,549,294</b>	<b>31,776,769</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
PENSIONS	6,747	8,276
OPEB	1,633	1,917
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>26,557,674</b>	<b>31,786,962</b>
<b>Liabilities</b>		
Accounts Payable and Other Liabilities	8,991	8,685
Transfers Payable to the ERS	998	123
Investment Purchases Payable	15,560	75,509
Net OPEB Liability	5,018	5,705
Net Pension Liability	19,723	28,764
Securities Lending Collateral	910,512	1,095,386
<b>TOTAL LIABILITIES</b>	<b>960,802</b>	<b>1,214,172</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	7,810	499
OPEB	8,191	10,361
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>976,803</b>	<b>1,225,032</b>
<b>Net Position Restricted For Pension Benefits</b>	<b>\$ 25,580,871</b>	<b>\$ 30,561,930</b>

Statement of Changes in Fiduciary Net  
Position, Unaudited

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022, AND 2021

	(\$ IN THOUSANDS)	
Additions	2022	2021
<b>Contributions</b>		
Employee	\$ 553,615	\$ 519,627
Employer	932,332	874,401
Transfers from the Employees' Retirement System	9,517	6,128
Transfers from an Internal Service Fund	-	377
Marketing & Advertising Revenue	335	-
Direct Appropriation from the Education Trust Fund	58,400	-
<b>TOTAL CONTRIBUTIONS</b>	<b>1,554,199</b>	<b>1,400,533</b>
<b>Investment Income</b>		
<i>From Investing Activities</i>		
Net (Decrease)/Increase in Fair Value of Investments	(4,500,179)	5,155,012
Interest and Dividends	629,210	576,552
<b>Total Investment (Loss)/Income from Investing Activities</b>	<b>(3,870,969)</b>	<b>5,731,564</b>
<b>Less Investment Expenses, Net</b>	<b>11,573</b>	<b>11,191</b>
<b>Net Investment (Loss)/Income from Investing Activities</b>	<b>(3,882,542)</b>	<b>5,720,373</b>
<i>From Securities Lending Activities</i>		
Securities Lending Income	12,606	11,019
<b>Less Securities Lending Expenses</b>		
Borrower Rebates	4,585	108
Management Fees	2,406	3,445
<b>Total Securities Lending Expenses</b>	<b>6,991</b>	<b>3,553</b>
<b>Net Income from Securities Lending Activities</b>	<b>5,615</b>	<b>7,466</b>
<b>TOTAL NET INVESTMENT (LOSS)/INCOME</b>	<b>(3,876,927)</b>	<b>5,727,839</b>
<b>TOTAL (REDUCTIONS)/ADDITIONS</b>	<b>(2,322,728)</b>	<b>7,128,372</b>
<b>Deductions</b>		
Retirement Allowance Payments	2,555,391	2,415,128
Return of Contributions and Death Benefits	68,722	63,747
Transfers to the Employees' Retirement System	6,213	4,421
Administrative Expenses	18,945	20,402
Depreciation	9,060	9,133
<b>TOTAL DEDUCTIONS</b>	<b>2,658,331</b>	<b>2,512,831</b>
<b>NET (DECREASE)/INCREASE</b>	<b>(4,981,059)</b>	<b>4,615,541</b>
<b>Net Position Restricted For Pension Benefits</b>		
<b>BEGINNING OF YEAR</b>	<b>30,561,930</b>	<b>25,946,389</b>
<b>END OF YEAR</b>	<b>\$ 25,580,871</b>	<b>\$ 30,561,930</b>



In 2022,  
the

ERS

served

141,658

total active & retired members

ERS Employees' Retirement System HIGHLIGHTS

membership  
increased by  
2,533

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.

1,023 units

134 State Agencies

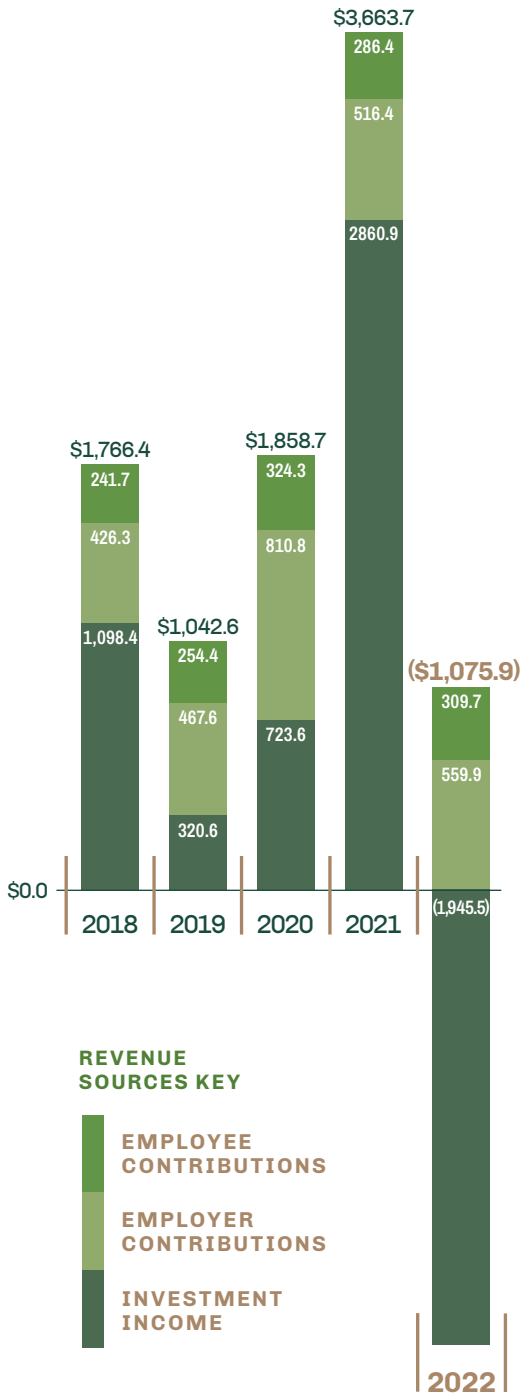
66 Counties

306 Cities

517 Other Public Entities

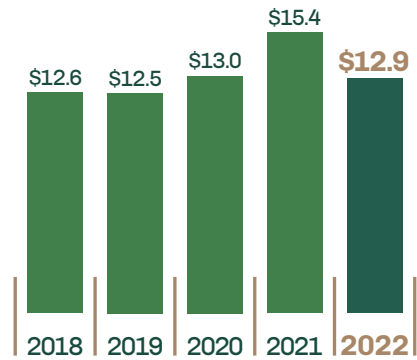
### ERS REVENUE SOURCES

(DOLLARS IN MILLIONS)



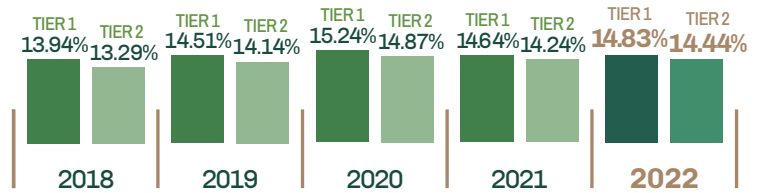
### PORTFOLIO AT FAIR VALUE

(DOLLARS IN BILLIONS)

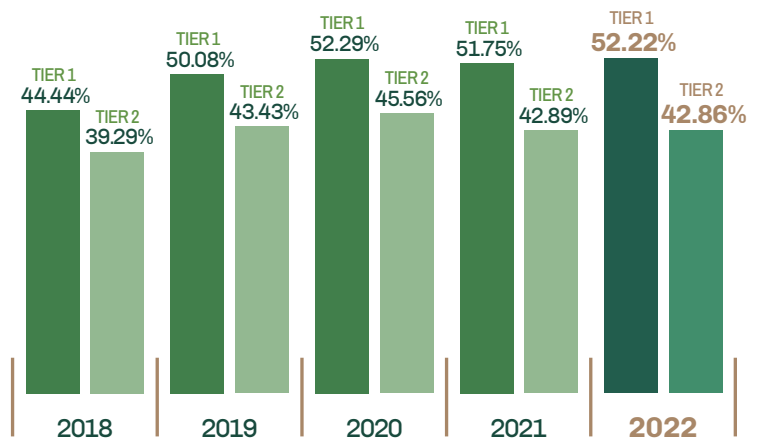


### EMPLOYER RATE

(% OF COVERED PAYROLL)



### STATE EMPLOYEE RATE

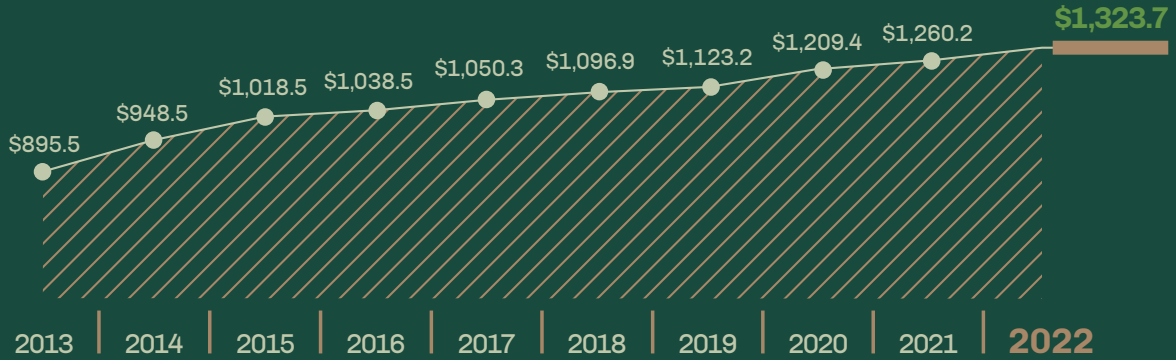


### STATE POLICE RATE



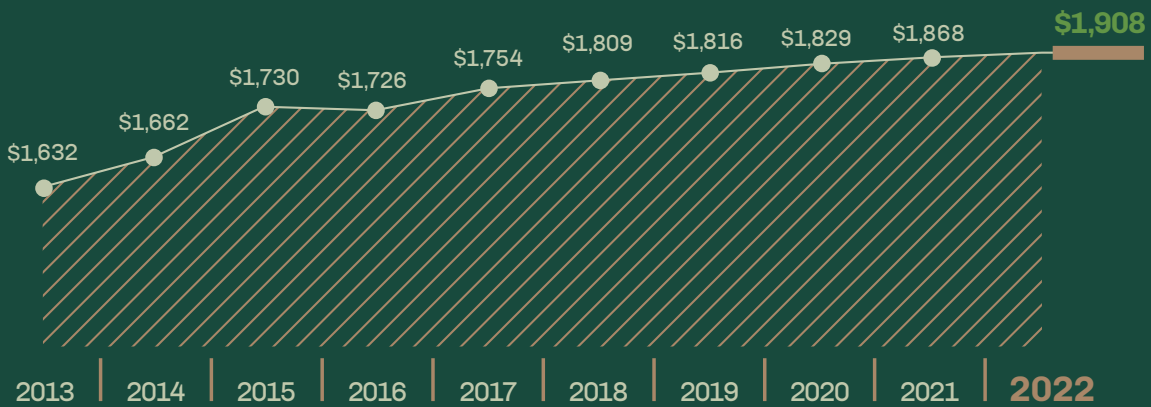
**TOTAL ANNUAL PAYMENTS**

(DOLLARS IN MILLIONS)



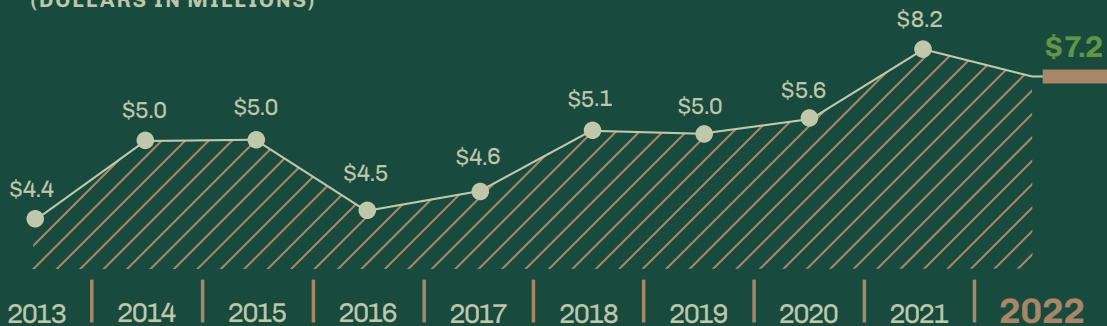
**AVERAGE MONTHLY BENEFITS**

(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*



HON. YOUNG BOOZER

*State Treasurer  
Ex Officio*



LT. DAVID COLSTON

*Governor Appointee*



MR. MICHAEL GILLESPIE

*Active or Retired Local  
Employee Position*



MRS. JACKIE B. GRAHAM

*State Personnel Director  
Ex Officio*



MR. NORRIS GREEN

*Retired State  
Employee Position*



MR. RICKY HARCROW

*Active County  
Employee Position*



MR. DAVID J. HARER

*Active City  
Employee Position*



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, 2022, AND 2021

<b>Assets</b>	(\$ IN THOUSANDS)	
	<b>2022</b>	<b>2021</b>
<b>Cash</b>	\$ 38,943	\$ 32,629
<b>Receivables</b>		
Employee Contributions	14,769	14,510
Employer Contributions	29,410	28,922
Transfers Receivable from the TRS	998	123
Investment Sales Receivable	6,111	40,873
Dividends and Interest	38,055	34,407
Miscellaneous Receivable	512	275
<b>TOTAL RECEIVABLES</b>	<b>89,855</b>	<b>119,110</b>
<b>Investments, at fair value</b>		
Domestic Equity	7,292,918	8,851,872
Domestic Fixed Income	1,719,690	1,815,287
International Equities	1,679,190	2,316,334
Real Estate	1,375,316	1,408,756
Short-Term	799,842	962,679
<b>TOTAL INVESTMENTS</b>	<b>12,866,956</b>	<b>15,354,928</b>
<b>INVESTED SECURITIES LENDING COLLATERAL</b>	<b>499,408</b>	<b>421,801</b>
<b>PROPERTY AND EQUIPMENT LESS ACCUMULATED DEPRECIATION</b>	<b>39,634</b>	<b>43,083</b>
<b>TOTAL ASSETS</b>	<b>13,534,796</b>	<b>15,971,551</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
PENSIONS	3,073	2,934
OPEB	643	871
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,538,512</b>	<b>15,975,356</b>
<b>Liabilities</b>		
Accounts Payable and Other Liabilities	4,213	4,135
Transfers Payable to the TRS	1,468	530
Investment Purchases Payable	7,211	40,569
Net OPEB Liability	3,087	3,732
Net Pension Liability	15,723	17,674
Securities Lending Collateral	499,408	421,801
<b>TOTAL LIABILITIES</b>	<b>531,110</b>	<b>488,441</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
PENSIONS	2,631	264
OPEB	5,612	7,175
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>539,353</b>	<b>495,880</b>
<b>Net Position Restricted For Pension Benefits</b>	<b>\$ 12,999,159</b>	<b>\$ 15,479,476</b>

*Statement of Changes in Fiduciary Net  
Position, Unaudited*

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022, AND 2021

<b>Additions</b>	(\$ IN THOUSANDS)	
	<b>2022</b>	<b>2021</b>
<b>Contributions</b>		
Employee	\$ 303,507	\$ 281,975
Employer	559,869	516,402
New Units	2,679	-
Transfers from the Teachers' Retirement System	6,213	4,421
Transfers from an Internal Service Fund	-	251
Marketing & Advertising Revenue	165	-
<b>TOTAL CONTRIBUTIONS</b>	<b>872,433</b>	<b>803,049</b>
<b>Investment Income</b>		
<i>From Investing Activities</i>		
Net (Decrease)/Increase in Fair Value of Investments	(2,274,633)	2,558,276
Interest and Dividends	329,975	302,802
<b>Total Investment (Loss)/Income from Investing Activities</b>	<b>(1,944,658)</b>	<b>2,861,078</b>
<b>Less Investment Expenses, Net</b>	<b>3,544</b>	<b>4,003</b>
<b>Net Investment (Loss)/Income from Investing Activities</b>	<b>(1,948,202)</b>	<b>2,857,075</b>
<i>From Securities Lending Activities</i>		
Securities Lending Income	6,284	5,685
<b>Less Securities Lending Expenses</b>		
Borrower Rebates	2,367	39
Management Fees	1,175	1,773
<b>Total Securities Lending Expenses</b>	<b>3,542</b>	<b>1,812</b>
<b>Net Income from Securities Lending Activities</b>	<b>2,742</b>	<b>3,873</b>
<b>TOTAL NET INVESTMENT (LOSS)/INCOME</b>	<b>(1,945,460)</b>	<b>2,860,948</b>
<b>TOTAL (REDUCTIONS)/ADDITIONS</b>	<b>(1,073,027)</b>	<b>3,663,997</b>
<b>Deductions</b>		
Retirement Allowance Payments	1,323,657	1,260,159
Return of Contributions and Death Benefits	58,978	54,157
Unit Withdrawals	53	-
Transfers to the Teachers' Retirement System	9,517	6,128
Transfers to the Judicial Retirement Fund	228	118
Administrative Expenses	11,306	10,977
Depreciation	3,551	3,520
<b>TOTAL DEDUCTIONS</b>	<b>1,407,290</b>	<b>1,335,059</b>
<b>NET (DECREASE)/INCREASE</b>	<b>(2,480,317)</b>	<b>2,328,938</b>
<b>Net Position Restricted For Pension Benefits</b>		
<b>BEGINNING OF YEAR</b>	<b>15,479,476</b>	<b>13,150,538</b>
<b>END OF YEAR</b>	<b>\$ 12,999,159</b>	<b>\$ 15,479,476</b>

In 2022, the

JRF

served

831

total active & retired members

Judicial Retirement Fund HIGHLIGHTS JRF



membership  
increased by

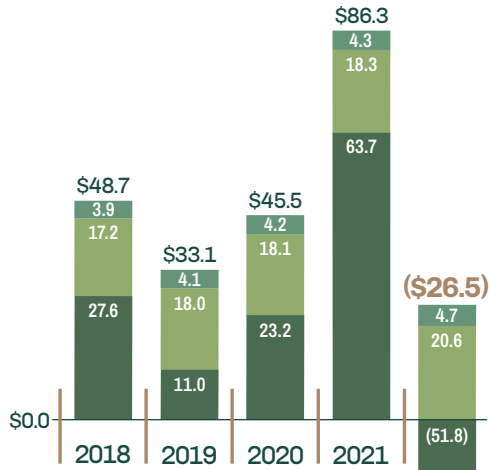
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The Judicial Retirement Fund of Alabama (JRF) provides retirement allowances and other specified benefits for supreme court justices, court of appeals judges, circuit court judges, district court judges, circuit clerks, district attorneys, and probate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



**JRF REVENUE SOURCES**

(DOLLARS IN MILLIONS)

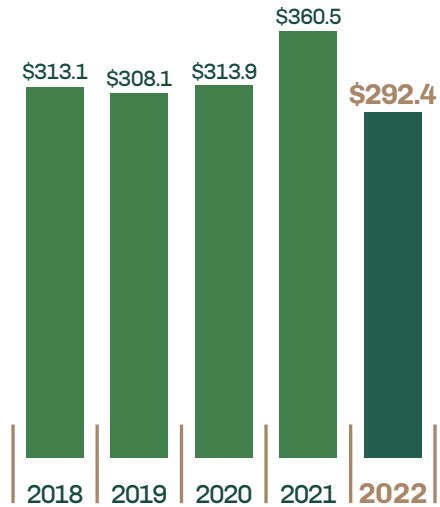


**REVENUE SOURCES KEY**



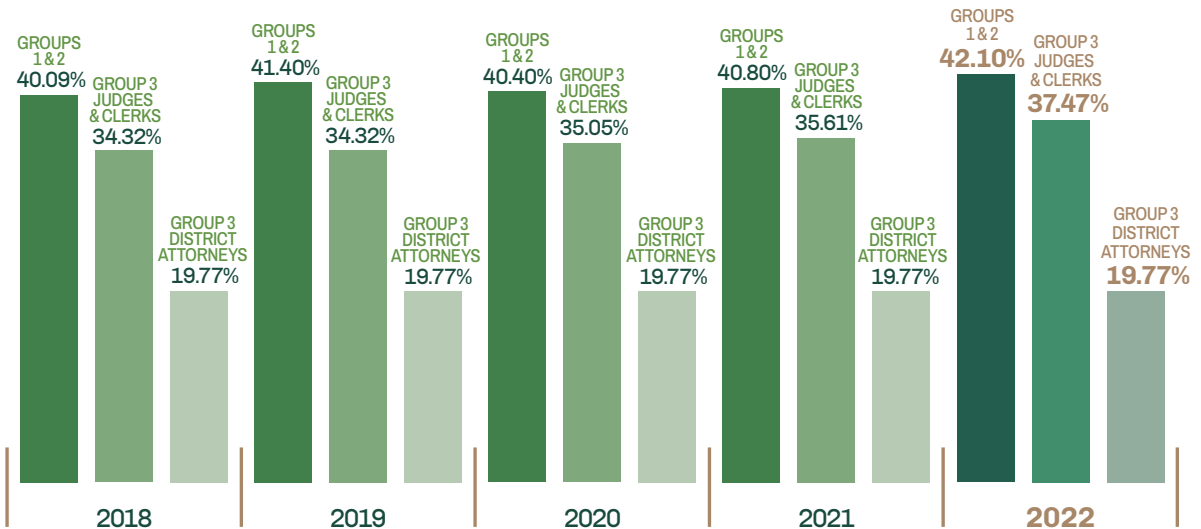
**PORTFOLIO AT FAIR VALUE**

(DOLLARS IN MILLIONS)

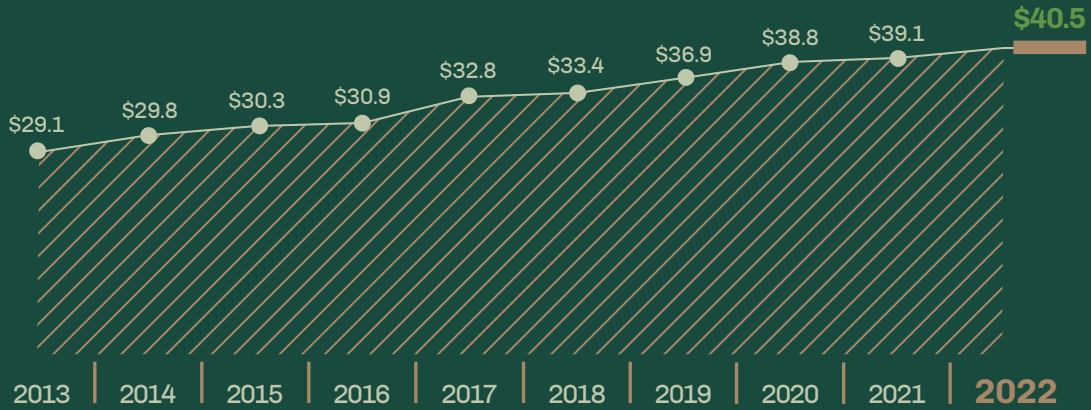


**EMPLOYER RATE**

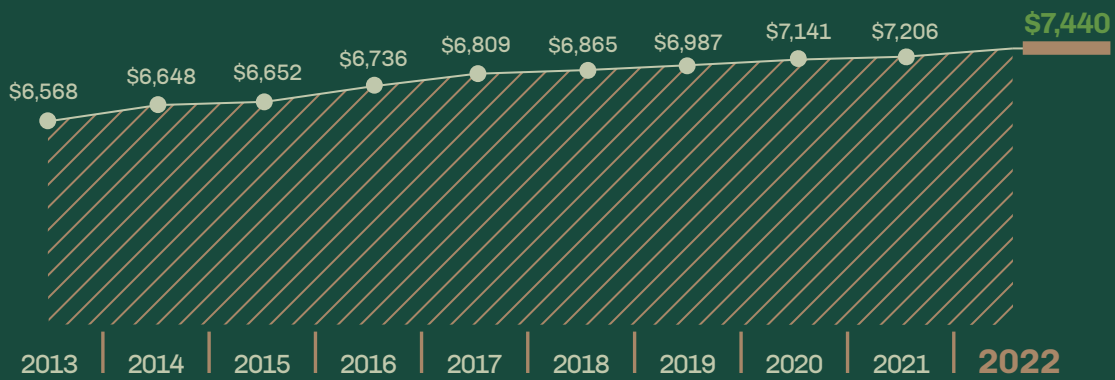
(% OF COVERED PAYROLL)



**TOTAL ANNUAL PAYMENTS**  
(DOLLARS IN MILLIONS)



**AVERAGE MONTHLY BENEFITS**  
(IN ACTUAL DOLLARS)





*Statement of Fiduciary Net Position, Unaudited*

AS OF SEPTEMBER 30, 2022, AND 2021

	(\$ IN THOUSANDS)	
<b>Assets</b>	<b>2022</b>	<b>2021</b>
<b>Cash</b>	\$ 3,815	\$ 3,587
<b>Receivables</b>		
Employee Contributions	183	167
Employer Contributions	756	655
Investment Sales Receivable	182	-
Dividends and Interest	993	887
<b>TOTAL RECEIVABLES</b>	<b>2,114</b>	<b>1,709</b>
<b>Investments, at fair value</b>		
Domestic Equity	158,117	196,181
Domestic Fixed Income	71,062	76,494
International Equities	40,495	55,706
Real Estate	6,905	7,540
Short-Term	15,783	24,569
<b>TOTAL INVESTMENTS</b>	<b>292,362</b>	<b>360,490</b>
<b>INVESTED SECURITIES LENDING COLLATERAL</b>	<b>5,238</b>	<b>3,965</b>
<b>TOTAL ASSETS</b>	<b>303,529</b>	<b>369,751</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
PENSIONS	95	69
OPEB	4	5
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>303,628</b>	<b>369,825</b>
<b>Liabilities</b>		
Accounts Payable and Other Liabilities	109	85
Investment Purchases Payable	269	-
Net OPEB Liability	26	31
Net Pension Liability	342	358
Securities Lending Collateral	5,238	3,965
<b>TOTAL LIABILITIES</b>	<b>5,984</b>	<b>4,439</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
PENSIONS	51	-
OPEB	44	57
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>6,079</b>	<b>4,496</b>
<b>Net Position Restricted For Pension Benefits</b>	<b>\$ 297,549</b>	<b>\$ 365,329</b>

*Statement of Changes in Fiduciary Net Position, Unaudited*

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022, AND 2021

	(\$ IN THOUSANDS)	
<b>Additions</b>	<b>2022</b>	<b>2021</b>
<b>Contributions</b>		
Employee	\$ 4,464	\$ 4,153
Employer	20,617	18,260
Transfers from the Employees' Retirement System	228	118
<b>TOTAL CONTRIBUTIONS</b>	<b>25,309</b>	<b>22,531</b>
<b>Investment Income</b>		
<i>From Investing Activities</i>		
Net (Decrease)/Increase in Fair Value of Investments	(59,058)	56,970
Interest and Dividends	7,229	6,689
<b>Total Investment (Loss)/Income from Investing Activities</b>	<b>(51,829)</b>	<b>63,659</b>
<i>From Securities Lending Activities</i>		
Securities Lending Income	94	106
Less Securities Lending Expenses		
Borrower Rebates	23	1
Management Fees	21	33
<b>Total Securities Lending Expenses</b>	<b>44</b>	<b>34</b>
<b>Net Income from Securities Lending Activities</b>	<b>50</b>	<b>72</b>
<b>TOTAL NET INVESTMENT (LOSS)/INCOME</b>	<b>(51,779)</b>	<b>63,731</b>
<b>TOTAL (REDUCTIONS)/ADDITIONS</b>	<b>(26,470)</b>	<b>86,262</b>
<b>Deductions</b>		
Retirement Allowance Payments	40,542	39,089
Return of Contributions and Death Benefits	325	28
Administrative Expenses	443	374
<b>TOTAL DEDUCTIONS</b>	<b>41,310</b>	<b>39,491</b>
<b>NET (DECREASE)/INCREASE</b>	<b>(67,780)</b>	<b>46,771</b>
<b>Net Position Restricted For Pension Benefits</b>		
<b>BEGINNING OF YEAR</b>	<b>365,329</b>	<b>318,558</b>
<b>END OF YEAR</b>	<b>\$ 297,549</b>	<b>\$ 365,329</b>

In 2022,

**PEEHIP** served

**365,372**

total members & dependents

Public Education Employees' Health Insurance Plan **HIGHLIGHTS** **PEEHIP**

**TOTAL CLAIMS EXPENSE ACTIVE AND RETIRED**  
(\$ IN THOUSANDS)





*Statement of Net Position, Unaudited*  
AS OF SEPTEMBER 30, 2022, AND 2021

	(\$ IN THOUSANDS)	
<b>Assets</b>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Cash	\$ 314	\$ 722
Premiums Receivable	4,107	4,584
Rebates Receivable	25,948	9,811
Miscellaneous Receivable	7,186	-
Interest Receivable	61	1
Coronavirus Relief Funds	-	931
Deposit with Claims-Paying Agent	1,523	1,855
<b>TOTAL CURRENT ASSETS</b>	<b>39,139</b>	<b>17,904</b>
<b>Noncurrent</b>		
<b>INVESTMENTS, AT FAIR VALUE</b>		
Investments, Unrestricted	293,717	271,758
Total Investments, At Fair Value	293,717	271,758
Total Assets	332,856	289,662
Deferred Outflows of Resources Net Pension Liability	4,115	1,207
Net Other Post Employment Benefit (OPEB) Liability	230	336
Total Deferred Outflows of Resources	4,345	1,543
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>337,201</b>	<b>291,205</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts Payable	1,781	1,251
Due to Other Governments	415	392
Compensated Absences, Current	18	16
Reported Claims Payable	61,178	54,079
Claims Incurred But Not Reported	74,663	77,395
Deferred Revenue	3,545	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>141,600</b>	<b>133,133</b>
<b>Noncurrent</b>		
Compensated Absences	568	510
Net Pension Liability	6,366	4,549
Net OPEB Liability	848	1,089
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>7,782</b>	<b>6,148</b>
<b>TOTAL LIABILITIES</b>	<b>149,382</b>	<b>139,281</b>
<b>Deferred Inflows of Resources</b>		
Net Pension Liability	1,875	84
Net OPEB Liability	1,798	2,221
Total Deferred Inflows of Resources	3,673	2,305
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>153,055</b>	<b>141,586</b>
<b>NET POSITION</b>	<b>184,146</b>	<b>149,619</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 337,201</b>	<b>\$ 291,205</b>

*Statement of Revenues, Expenses, &  
Changes in Fund Net Position, Unaudited*  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022, AND 2021

	(\$ IN THOUSANDS)	
<b>Operating Revenues</b>	<b>2022</b>	<b>2021</b>
Premiums	\$ 1,078,983	\$ 1,084,562
Transfers from Internal Service Fund	795	15,386
<b>TOTAL OPERATING REVENUES</b>	<b>1,079,778</b>	<b>1,099,948</b>
<b>Operating Expenses</b>		
Claims	1,043,600	1,135,163
Fees and Assessments	417	388
Administrative	3,881	3,595
<b>TOTAL OPERATING EXPENSES</b>	<b>1,047,898</b>	<b>1,139,146</b>
<b>OPERATING (LOSS)/INCOME</b>	<b>31,880</b>	<b>(39,198)</b>
<b>Investment Revenues</b>		
<b>TOTAL INTEREST INCOME</b>	<b>2,647</b>	<b>333</b>
<b>CHANGE IN NET POSITION</b>	<b>34,527</b>	<b>(38,865)</b>
<b>Net Position</b>		
<b>BEGINNING NET POSITION</b>	<b>149,619</b>	<b>188,484</b>
<b>ENDING NET POSITION</b>	<b>\$ 184,146</b>	<b>\$ 149,619</b>

*Statement of Fiduciary Net Position, Unaudited*  
AS OF SEPTEMBER 30, 2022, AND 2021

	(\$ IN THOUSANDS)	
<b>Assets</b>	<b>2022</b>	<b>2021</b>
<b>Receivables</b>		
Rebates Receivable	\$ 5,550	\$ 1,568
Miscellaneous Receivable	1,537	-
Interest and Dividends	4,322	3,618
Investment Sales Receivable	1,462	-
<b>TOTAL RECEIVABLES</b>	<b>12,871</b>	<b>5,186</b>
DEPOSIT WITH CLAIMS-PAYING AGENT	1,077	1,103
<b>Investments, at fair value</b>		
Commercial Paper	45,972	21,520
Money Market Funds	80,048	106,254
U.S. Government Guaranteed Bonds	118,430	112,657
U.S. Agency Securities	18,036	17,794
Mortgage-Backed Securities	75,820	92,521
Corporate Bonds	187,784	205,434
International Securities	202,968	276,858
Common Stocks	914,445	1,102,394
Preferred Stocks	3,525	3,940
<b>TOTAL INVESTMENTS</b>	<b>1,647,028</b>	<b>1,939,372</b>
INVESTED SECURITIES LENDING COLLATERAL	73,658	50,871
<b>TOTAL ASSETS</b>	<b>1,734,634</b>	<b>1,996,532</b>
<b>Liabilities</b>		
Securities Lending Collateral	73,658	50,871
Reported Claims Payable	10,880	9,442
Claims Incurred But Not Reported	14,479	14,069
Investment Purchases Payable	1,844	-
Due to Other Governments	52	52
<b>TOTAL LIABILITIES</b>	<b>100,913</b>	<b>74,434</b>
<b>Net Position Restricted For Other Postemployment Benefits</b>	<b>\$ 1,633,721</b>	<b>\$ 1,922,098</b>

*Statement of Changes in Fiduciary Net  
Position, Unaudited*

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022, AND 2021

	(\$ IN THOUSANDS)	
<b>Additions</b>	<b>2022</b>	<b>2021</b>
<b>Contributions</b>		
Employee Contributions	\$ 151,126	\$ 141,784
Employer Contributions	191,109	172,676
Employer Group Waiver Plan (EGWP)	434	439
<b>TOTAL CONTRIBUTIONS</b>	<b>342,669</b>	<b>314,899</b>
<b>Investment Income</b>		
<i>From Investing Activities</i>		
Net (Decrease)/Increase in Fair Value of Investments	(328,789)	292,149
Interest and Dividends	36,443	33,207
<b>Total Investment (Loss)/Income from Investing Activities</b>	<b>(292,346)</b>	<b>325,356</b>
<i>From Securities Lending Activities</i>		
Securities Lending Income	798	463
<b>Less Securities Lending Expenses</b>		
Borrower Rebates	335	11
Management Fees	139	147
<b>Total Securities Lending Expenses</b>	<b>474</b>	<b>158</b>
<b>Net Income from Securities Lending Activities</b>	<b>324</b>	<b>305</b>
<b>TOTAL NET INVESTMENT (LOSS)/INCOME</b>	<b>(292,022)</b>	<b>325,661</b>
<b>TOTAL (REDUCTIONS)/ADDITIONS</b>	<b>50,647</b>	<b>640,560</b>
<b>Deductions</b>		
BENEFITS	337,813	319,156
FEES AND ASSESSMENTS	50	55
ADMINISTRATIVE EXPENSES	1,161	1,001
<b>TOTAL DEDUCTIONS</b>	<b>339,024</b>	<b>320,212</b>
<b>CHANGE IN NET POSITION</b>	<b>(288,377)</b>	<b>320,348</b>
<b>Net Position Restricted For Other Postemployment Benefits</b>		
BEGINNING OF YEAR	1,922,098	1,601,750
END OF YEAR	\$ 1,633,721	\$ 1,922,098



# RSA-1

2022 net asset value

Deferred Compensation Plan HIGHLIGHTS



**\$189.1** million

IN THE STIF INVESTMENT OPTION FUND

**\$1.0** billion

IN THE EQUITY INVESTMENT OPTION FUND

**\$1.0** 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 for retirement, thereby deferring payment of taxes on that income.



## Rates of Returns

12-MONTH PERIOD ENDING	INCOME YIELD (IN %)	MARKET VALUE CHANGE (IN %)	TOTAL RETURN (IN %)	TOTAL NET ASSET VALUE (\$ IN MILLIONS)	PARTICIPATING MEMBERS
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
<b>SEPTEMBER 30, 2022 (FIXED INCOME INVESTMENT OPTION)</b>	<b>3.03</b>	<b>-15.78</b>	<b>-12.75</b>	<b>1,014.0</b>	<b>33,440</b>
<b>SEPTEMBER 30, 2022 (EQUITY INVESTMENT OPTION)</b>	<b>1.56</b>	<b>-16.99</b>	<b>-15.43</b>	<b>1,002.8</b>	<b>27,042</b>
<b>SEPTEMBER 30, 2022 (STIF INVESTMENT OPTION)</b>	<b>0.81</b>	<b>0.00</b>	<b>0.81</b>	<b>189.1</b>	<b>6,439</b>





**Dogwood #18 THE LAKEWOOD CLUB**

# RSA-1 fund options

*RSA-1 offers three fund options for its members to invest. RSA-1 offers a short-term investment fund, equity fund, and fixed income fund. The member chooses his or her own allocations.*

**ALL NUMBERS AS OF SEPTEMBER 30, 2022, AND SEPTEMBER 30, 2021**

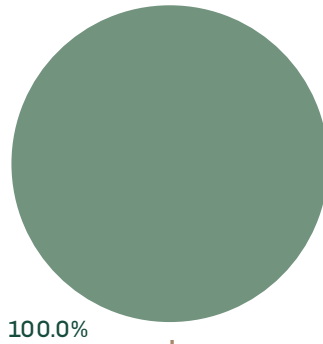
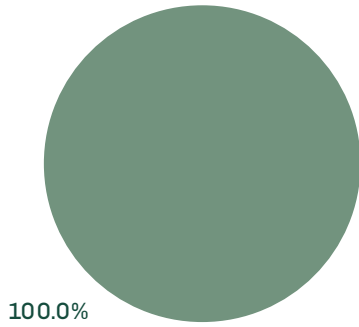
-  CORPORATE BONDS
-  COMMON STOCK
-  PREFERRED STOCK
-  PRIVATE PLACEMENTS

-  U.S. GOVT GUARANTEED
-  MONEY MARKET
-  COMMERCIAL PAPER
-  GNMA

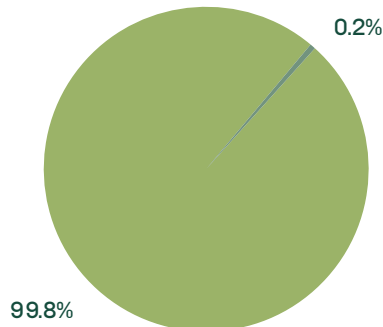
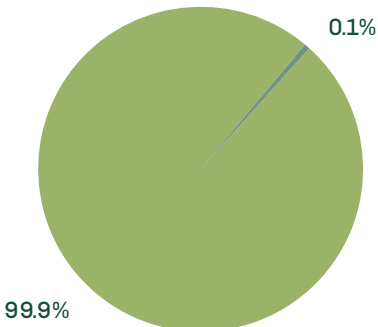
-  U.S. AGENCY SECURITIES
-  COLLATERALIZED MORTGAGE OBLIGATIONS

# 2021

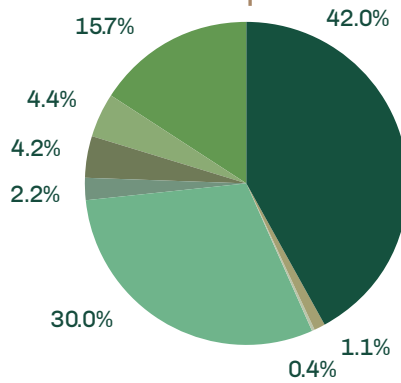
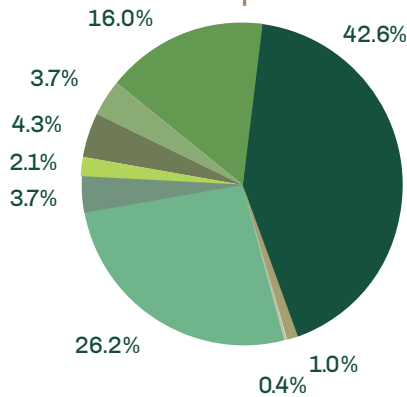
# 2022



**SHORT-TERM INVESTMENT FUND**



**EQUITY FUND**



**FIXED INCOME FUND**





Highlands #6 HIGHLAND OAKS

# PEIRAF fund options

As of 2022, PEIRAF offers three fund options for its members to invest. PEIRAF offers a short-term investment fund, equity fund, and fixed income fund. The member chooses his or her own allocations.

**ALL NUMBERS AS OF SEPTEMBER 30, 2022, AND SEPTEMBER 30, 2021**

### *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.

-  CORPORATE BONDS
-  COMMON STOCK
-  PREFERRED STOCK
-  PRIVATE PLACEMENTS

-  U.S. GOVT GUARANTEED
-  MONEY MARKET
-  COMMERCIAL PAPER
-  GNMA

-  U.S. AGENCY SECURITIES
-  COLLATERALIZED MORTGAGE OBLIGATIONS

# 2021

# 2022

**SHORT-TERM INVESTMENT FUND**

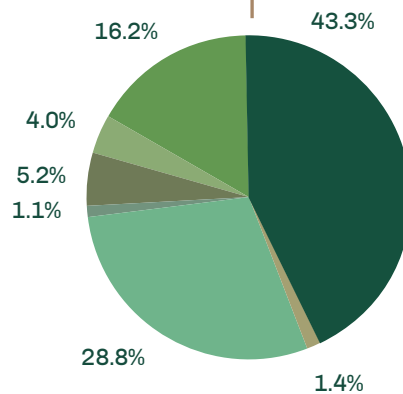
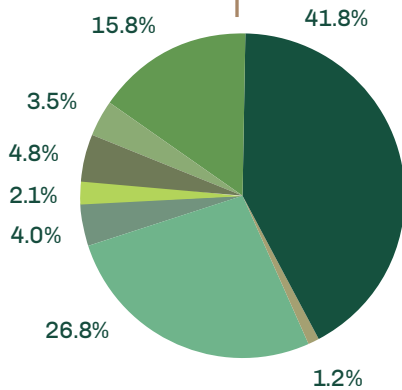
100.0%

**EQUITY FUND**

0.1%

99.9%

**FIXED INCOME FUND**







**Statement of Fiduciary Net Position, Unaudited**  
AS OF SEPTEMBER 30, 2022, AND 2021

	IN ACTUAL DOLLARS	
	2022	2021
<b>Assets</b>		
<b>Cash</b>	\$ -	\$ -
<b>Interest Receivable</b>	413,567	417,791
<b>Investments, at fair value</b>		
Commercial Paper	-	1,509,937
Money Market and Mutual Funds	2,946,443	2,871,825
U.S. Government Guaranteed Bonds	14,686,716	19,023,897
U.S. Agency Securities	2,060,719	2,517,337
Mortgage-Backed Securities	10,917,651	14,637,909
Corporate Bonds	22,090,417	29,638,547
Preferred Stocks	4,284,883	815,059
<b>TOTAL INVESTMENTS</b>	<b>56,986,829</b>	<b>71,014,511</b>
<b>INVESTED SECURITIES LENDING COLLATERAL</b>	<b>4,017,163</b>	<b>487,195</b>
<b>TOTAL ASSETS</b>	<b>61,417,559</b>	<b>71,919,497</b>
<b>Liabilities</b>		
Securities Lending Collateral	4,017,163	487,195
<b>TOTAL LIABILITIES</b>	<b>4,017,163</b>	<b>487,195</b>
<b>Net Position Restricted for PEIRAF Benefits</b>	<b>\$ 57,400,396</b>	<b>\$ 71,432,302</b>

**Statement of Changes in Fiduciary Net Position, Unaudited**

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022, AND 2021

	IN ACTUAL DOLLARS	
	2022	2021
<b>Additions</b>		
<b>Investment Income</b>		
<i>From Investing Activities</i>		
Interest and Dividends	\$ 1,972,265	\$ 2,060,287
Net (Decrease)/Increase in Fair Value of Investments	(11,432,948)	(1,924,133)
<b>Total Investment (Decrease)/Increase from Investing Activities</b>	<b>(9,460,683)</b>	<b>136,154</b>
<i>From Securities Lending Activities</i>		
Securities Lending Income	36,789	25,728
<i>Less Securities Lending Expenses</i>		
Borrower Rebates	10,497	734
Management Fees	7,885	8,282
Total Securities Lending Expenses	18,382	9,016
Net Income from Securities Lending Activities	18,407	16,712
<b>TOTAL NET INVESTMENT (LOSS)/INCOME</b>	<b>(9,442,276)</b>	<b>152,866</b>
<b>TOTAL (REDUCTIONS)/ADDITIONS</b>	<b>(9,442,276)</b>	<b>152,866</b>
<b>Deductions</b>		
Normal Distributions	4,589,630	5,112,036
<b>TOTAL DEDUCTIONS</b>	<b>4,589,630</b>	<b>5,112,036</b>
<b>CHANGE IN NET POSITION</b>	<b>(14,031,906)</b>	<b>(4,959,170)</b>
<b>Net Position Restricted for PEIRAF Benefits</b>		
BEGINNING OF YEAR	71,432,302	76,391,472
END OF YEAR	\$ 57,400,396	\$ 71,432,302

**Statement of Fiduciary Net Position, Unaudited**  
AS OF SEPTEMBER 30, 2022, AND 2021

	IN ACTUAL DOLLARS	
	2022	2021
<b>Assets</b>		
<b>Cash</b>	\$ -	\$ -
<b>Receivables</b>		
Interest and Dividends Receivable	8,254,804	7,822,059
Miscellaneous Receivable	-	5,029
<b>TOTAL RECEIVABLES</b>	<b>8,254,804</b>	<b>7,827,088</b>
<b>Investments, at Fair Value</b>		
Commercial Paper	-	26,184,526
Money Market Funds	213,820,466	155,870,066
U.S. Government Guaranteed Bonds	301,440,111	332,056,972
U.S. Agency Securities	44,011,973	47,468,305
Mortgage-Backed Securities	200,259,290	256,907,277
Corporate Bonds	423,121,156	539,995,939
Private Placements	4,147,449	4,828,224
Common and Preferred Stocks	1,012,061,428	1,249,619,347
<b>TOTAL INVESTMENTS</b>	<b>2,198,861,873</b>	<b>2,612,930,656</b>
<b>INVESTED SECURITIES LENDING COLLATERAL</b>	<b>46,531,106</b>	<b>50,536,467</b>
<b>TOTAL ASSETS</b>	<b>2,253,647,783</b>	<b>2,671,294,211</b>
<b>Liabilities</b>		
Investment Purchases Payable	1,184,736	-
Securities Lending Collateral	46,531,106	50,536,467
<b>TOTAL LIABILITIES</b>	<b>47,715,842</b>	<b>50,536,467</b>
<b>Net Position Restricted For Deferred Compensation Benefits</b>	<b>\$ 2,205,931,941</b>	<b>\$ 2,620,757,744</b>

**Statement of Changes in Fiduciary Net Position, Unaudited**

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022, AND 2021

	IN ACTUAL DOLLARS	
	2022	2021
<b>Additions</b>		
<b>Member Contributions</b>	<b>\$ 76,934,041</b>	<b>\$ 80,689,983</b>
<b>Investment Income</b>		
<i>From Investing Activities</i>		
Interest and Dividends	54,753,884	53,114,580
Net (Decrease)/Increase in Fair Value of Investments	(391,789,179)	233,457,546
Total Investment (Decrease)/Increase from Investing Activities	(337,035,295)	286,572,126
<i>From Securities Lending Activities</i>		
Securities Lending Income	720,445	505,677
Less Securities Lending Expenses		
Borrower Rebates	321,045	16,699
Management Fees	119,796	166,704
Total Securities Lending Expenses	440,841	183,403
Net Income from Securities Lending Activities	279,604	322,274
<b>TOTAL NET INVESTMENT (LOSS)/INCOME</b>	<b>(336,755,691)</b>	<b>286,894,400</b>
<b>TOTAL (REDUCTIONS)/ADDITIONS</b>	<b>(259,821,650)</b>	<b>367,584,383</b>
<b>Deductions</b>		
Normal Distributions	154,686,963	132,981,120
Emergency Withdrawals	317,190	347,681
<b>TOTAL DEDUCTIONS</b>	<b>155,004,153</b>	<b>133,328,801</b>
<b>CHANGE IN NET POSITION</b>	<b>(414,825,803)</b>	<b>234,255,582</b>
<b>Net Position Restricted For Deferred Compensation Benefits</b>		
<b>BEGINNING OF YEAR</b>	<b>2,620,757,744</b>	<b>2,386,502,162</b>
<b>END OF YEAR</b>	<b>\$ 2,205,931,941</b>	<b>\$ 2,620,757,744</b>





*a legacy of prudent*  
**INVESTMENT**  
*management*

Providing outstanding results  
with one of the **lowest investment**  
**expenses in the industry.**

**Fighting Joe #18 THE SHOALS**



## Fixed Income Activity

**A**t the beginning of the fiscal year, questions remained on how long the current inflation paradigm would reign due to issues surrounding the supply chain, energy prices, and wage levels needed to meet the demands within the labor market. At the Federal Open Market Committee meeting in September 2021, policymakers were forecasting an interest rate hike in 2022, a few more the following year, and a fed funds rate in the vicinity of 1.75% by the end of 2024. The lesson of this fiscal year must be the unpredictability of forecasts, geopolitical risks, and market forces in today's global landscape.

The first quarter of the fiscal year was somewhat muted in fixed income markets. While the Federal Reserve raised its inflation forecast after several stronger-than-expected CPI prints, it did not appear overly concerned regarding the potential longevity of the situation. So, while the yield curve began to flatten during this time, it was solely due to the increase in the front end as the 10yr treasury remained relatively stable. Ultimately, Chairman Powell, finally recognizing the continuation of inflationary pressures, ceased to describe the phenomenon as "transitory" and accelerated its timeline on the withdrawal of asset purchases.

The Federal Reserve's hawkish pivot upended financial markets in the first week of the new calendar year, as rates shifted approximately 25bps higher. The December CPI report startled even the most hopeful of investors, reaching its highest level in the last 40 years. Volatility in risk assets erupted as the expected rate hikes for 2022 rapidly moved higher in a matter of a couple of weeks. The treasury yield curve bear flattened while investment grade credit curves steepened, leading to massive losses in long-end corporate debt. The pain was just beginning as the January payroll report posted gains that exceeded estimates by nearly three times what the market had anticipated. Interest rate volatility soared as another hot inflation print was recorded. Russia's invasion of Ukraine only made matters worse, creating shock waves throughout global markets. The Federal Reserve raised rates in March by 25 bps, and its bond purchasing program finally came to an end.

All major asset classes sold off in April as another strong employment report pushed rate expectations higher. The potential for 50bp adjustments at its next three meetings became a real possibility. Equity markets were hammered, corporate bonds lost over 5%, and treasury yields climbed 50-60bps across the curve. The Committee raised the fed funds rate by 50bps in May and announced its plan to reduce its \$9 trillion balance sheet. Headline inflation breached 8.0% in short order, with core prices rising 6.3%. After another robust payroll number and a 1.0% month-over-month increase in the May CPI report, the FOMC raised short-term interest rates by 75bps at its June meeting.

The month of July provided a relief rally to all assets on the heels of better-than-expected results from corporate America. Expectations also began to build around the notion of peak inflation and a more accommodative policy focused on growth. The Federal Reserve met at the end of July and raised rates by another 75bps; however, the press conference was interpreted to be less hawkish. Long-end treasury yields dropped a fair amount, causing the 2s/10s curve to invert by approximately 25bps. Chairman Powell was decidedly hawkish at the Jackson Hole Economic Symposium at the end of August. In turn, treasury yields marched substantially higher across the curve, with yield curve inversion reaching a height of roughly 50bps. As the Chairman previously proclaimed that "restoring price stability will likely require maintaining a restrictive policy stance for some time," he and other central bankers raised rates 75bps for a third time to finish out the fiscal year.

### *This year was one for the record books, and unresolved issues remain.*

Central banks are being forced to raise rates to combat the worst inflationary environment in decades amid a rapidly declining global economy. Russia and China seem determined to exert their sphere of influence by any means necessary. The dollar, the world's reserve currency, continues to strengthen as it symbolizes safety in times of economic stress and uncertainty. Labor markets appear tight, and nominal wages continue to increase, yet the average worker seems to be falling behind as inflation has

**Continued**





### **FIXED INCOME ACTIVITY** *Continued*

proven sticky. On a somewhat positive note, the \$17 trillion in negative-yielding sovereign debt has vanished. Fixed income is beginning to resemble an attractive investment opportunity once again after years of being a low-yielding alternative. Corporate credit seems poised to handle an economic downturn better than previous ones, and mortgages are fairly attractive despite the lack of Fed involvement going forward. Even money-market instruments are providing ample yield for those sitting around awaiting the next opportunity to put capital to work.

*It is our belief that methodically adding to the fixed income portfolio during this time of higher interest rates and uncertainty will prove to be beneficial over the long term.*

For the fiscal year, the total annual returns for the public domestic fixed income portfolios were -13.06% for the TRS, -13.05% for the ERS, and -12.59% for the JRF. The five-year annualized returns were 0.43% for the TRS, 0.40% for the ERS, and 0.36% for the JRF. The ten-year annualized returns were 1.57% for the TRS, 1.56% for the ERS, and 1.49% for the JRF.

## **Equity Activity**

**T**he new fiscal year started much like the prior year, with equities continuing to make new highs through December. As we moved into calendar 2022, the market began to roll over. As we spoke of in last year's annual report, a little inflation is not necessarily a bad thing for equities as earnings are reported in nominal terms, but way too much inflation is always bad. The Federal Reserve started changing its rhetoric early in 2022, dismissing the idea that inflation should prove to be a "transitory" issue. Supply chain bottlenecks, tight labor markets, and inflated assets finally tipped the Federal Reserve into tightening mode. By the end of the fiscal year, the Federal Reserve had instituted five rate hikes, with the last three being 75 bps each. The main impact on equities has been one of multiple compression. Earnings have yet to be heavily impacted, but the market implies we are in for a

sizable recalculation for forward corporate earnings. On top of all these issues, the war in Ukraine is still ongoing, and it is hard to forecast the many unknowns that will unfold as Putin's actions are a total wildcard. China is another variable to add to the mix. Xi Jinping was just reelected to another 5-year term, and his recent actions of suppression and a more aggressive stance towards Taiwan as well as the Western nations add more geopolitical risk to the equation.

*As for where we are now, most macro indicators are starting to show that inflation has peaked.*

We are now in the second month in a row of declining home prices, most commodity prices have softened significantly, and we are seeing faint signs that the jobs market has started to weaken. Sentiment is uber bearish at the moment, and investor positioning has markedly de-risked. The big question is can the Federal Reserve orchestrate a soft landing, or does the rapid pace that they have been raising rates cause a recession. At this point, we feel it is probably a toss-up, but the markets have already had a drawdown that factors in a mild recession. We have been a net seller of equities for the past several years as the asset class has been far and away the best performer. It didn't really matter the past 12 months, as nearly all asset classes except cash suffered negative returns. We continued our hedging strategy on a portion of our equity exposure, which added value this year. Closing out the fiscal year in September yet again proved to be awful, as global equities were down roughly 9.5% for the month.

For the year, the RSA domestic equity portfolios returned -14.92%, -14.84%, and -15.21% for TRS, ERS, and JRF funds, respectively. Both developed and emerging international equities' performance lagged U.S. equities. Total international equity returns were -24.65% for TRS, -24.78% for ERS, and -24.48% for JRF. The combined total returns for the overall equity portfolios were -17.09%, -17.09%, and -17.27% for TRS, ERS, and JRF, respectively. Three-, five-, and ten-year annualized global equity returns were 5.37%, 6.24%, and 9.51% for TRS, 5.35%, 6.28%, and 9.53% for ERS, and 5.52%, 6.39%, and 9.64% for JRF, respectively.



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## Returns

For the Period Ended September 30, 2022 (in %) Net Asset Value 1 Year 3 Years 5 Years 10 Years

### Total Portfolio

	Net Asset Value	1 Year	3 Years	5 Years	10 Years
TRS	\$25,316,037,762	(13.18)	3.99	4.78	7.33
ERS	12,905,654,225	(13.02)	3.99	4.79	7.38
JRF	293,314,764	(14.87)	3.44	4.67	7.12

### Total Domestic Equity

TRS	12,955,456,943	(14.92)	7.36	8.18	11.07
ERS	6,437,211,878	(14.84)	7.38	8.25	11.08
JRF	157,538,970	(15.21)	7.59	8.40	11.26

### Domestic Equity Benchmarks

S&P 500	(15.47)	8.16	9.24	11.70
Mid Cap 400	(15.25)	6.01	5.82	10.04
Small Cap 600	(18.83)	5.48	4.84	10.09

### Total International Equity

TRS	3,351,762,348	(24.65)	(1.61)	(0.61)	3.84
ERS	1,692,959,121	(24.78)	(1.64)	(0.72)	3.77
JRF	40,844,381	(24.48)	(1.64)	(0.61)	3.82

### International Equity Benchmarks

Morgan Stanley EAFE	(25.13)	(1.83)	(0.84)	3.67
MSCI Emerging Markets	(28.11)	(2.07)	(1.81)	1.05
STOXX Europe 600 Optimised Cyclical	(33.45)	(4.16)	(5.62)	0.32

### Total Fixed Income and Alternatives

TRS	7,614,987,491	(6.34)	0.73	1.74	3.63
ERS	3,974,361,335	(6.42)	0.96	1.83	4.01
JRF	79,107,379	(11.85)	(1.56)	0.68	1.71

### Fixed Income Benchmarks

Bloomberg Aggregate	(14.60)	(3.26)	(0.27)	0.89
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## 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		
	2022	2021	2020	2022	2021	2020
<1	7	10	10	7	10	10
1 to <5	37	29	31	37	29	30
5 to <10	20	20	19	20	20	20
10 to <30	35	40	39	35	40	39
= 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		
	2022	2021	2020	2022	2021	2020
AAA	52	45	46	52	46	45
AA	1	1	1	1	1	2
A	12	13	16	12	12	16
BAA	23	24	26	23	24	26
BA	1	2	2	1	2	2
B	—	1	0	—	1	0
Not Rated	11	14	9	11	14	9



# Broker Commissions Paid

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	COMMISSIONS STOCK TRANSACTIONS (\$ IN THOUSANDS)	FIXED SECURITIES COMMISSIONS (\$ IN THOUSANDS)
BANK OF AMERICA / MERRILL LYNCH	193	185
BARCLAYS		38
BERNSTEIN	359	
CITIGROUP	208	140
CONVERGEX	404	
CORNERSTONE	32	
COWEN	134	
CREDIT SUISSE	70	10
GOLDMAN SACHS	241	88
HARBOR FINANCIAL	35	
INSTINET	151	
INTERNATIONAL STRATEGY AND INVESTMENT—ISI	361	
ISSUER DESIGNATED		319
JEFFERIES	80	
JP MORGAN CHASE	201	96
KEYBANC CAPITAL MARKETS	65	20
LEERINK SWANN	34	
MORGAN STANLEY	489	334
NATIONAL BANK OF COMMERCE SECURITIES	80	
OPPENHEIMER		8
PIPER SANDLER	44	
RAYMOND JAMES & ASSOCIATES	162	
RENAISSANCE SECURITIES	234	
ROYAL BANK OF CANADA—RBC	309	39
SECURITIES CAPITAL	35	
STIFEL NICOLAUS	442	32
STRATEGAS	330	
TRUIST		13
UNION BANK OF SWITZERLAND—UBS WARBURG	97	
WELLS FARGO	461	135

**TOTAL**

**\$5,251**

**\$1,457**





**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)**



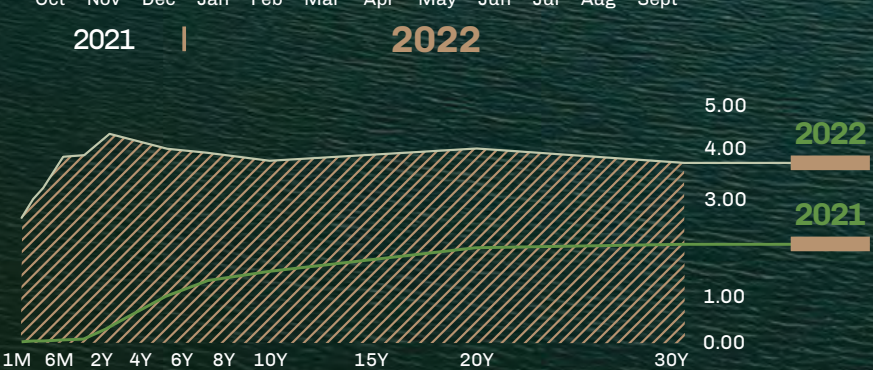
**U.S. TREASURY 10 YEAR BOND (YIELD)**



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



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



**U.S. TREASURY YIELD CURVE 2022 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***.

***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 reenroll 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.





