



COMPONENT UNITS OF THE STATE OF ALABAMA

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED ON SEPTEMBER 30, 2024





The Retirement Systems of Alabama

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2024

The Retirement Systems of Alabama
Consists of:

TEACHERS' RETIREMENT SYSTEM of ALABAMA
EMPLOYEES' RETIREMENT SYSTEM of ALABAMA
JUDICIAL RETIREMENT FUND

(Each a Component Unit of the State of Alabama)

David G. Bronner, Ph.D., J.D., Chief Executive Officer

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INTRODUCTORY SECTION

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMPONENT UNITS OF THE STATE OF ALABAMA**





THE RETIREMENT SYSTEMS OF ALABAMA

David G. Bronner, CEO

Jo Moore, Deputy Director for Administration

Marc Green, Deputy Director for Investments

February 10, 2025

The Boards of Control
Teachers' Retirement System of Alabama
Employees' Retirement System of Alabama
201 South Union Street
Montgomery, Alabama 36104

Dear Board Members and RSA Members:

It is with great pleasure that we submit the Annual Comprehensive Financial Report (ACFR) of the Retirement Systems of Alabama (RSA or Systems) for the fiscal year ended September 30, 2024. The Retirement Systems of Alabama includes the Teachers' Retirement System (TRS), the Employees' Retirement System (ERS), and the Judicial Retirement Fund (JRF). Each system is considered a component unit of the State of Alabama for financial reporting purposes, and, as such, the financial statements contained in this report are also included in the State of Alabama's Annual Comprehensive Financial Report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Systems. Sufficient internal controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules, and statistical tables. We trust that you and the members of the Systems will find this report helpful in understanding your retirement system.

Administration and Plan History

The TRS, ERS, and JRF operate under common management and are collectively referred to as the Retirement Systems of Alabama. In addition to executive management, the TRS, ERS, and JRF share investment management, accounting, and information system services, the costs of which are allocated to the funds on an equitable basis. The TRS was established pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) to provide benefits to qualified persons employed by State-supported educational institutions. The ERS was established pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945) to provide benefits to State Employees, State Police, and, on an elective basis, to qualified employees of counties, cities, towns, and public or quasi-public organizations. The JRF was established pursuant to the *Code of Alabama 1975, Title 12, Chapters 17 & 18* (Act 1163 of the Legislature of 1973) to provide benefits to qualified justices, judges, circuit clerks, and district attorneys. Additional information regarding the administration and history of each system, including laws establishing each plan and services provided, can be found in the Notes to the Combined Financial Statements in the Financial Section of this report.

Financial Information

Accounting Method - As required by Generally Accepted Accounting Principles (GAAP), the financial information of the TRS, ERS, and JRF is reported on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the corresponding liability is incurred. Investments are reported at fair value.

RETIREMENT SYSTEMS OF ALABAMA

Introductory Section

Letter of Transmittal

Internal Controls - The management of the RSA is responsible for maintaining the system of internal controls which provides management with reasonable, but not absolute, assurance regarding the safeguarding of assets against loss or unauthorized disposition and the reliability of the financial records from which the financial reports are prepared. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Summary Comparative Data – Management’s Discussion and Analysis (MD&A) includes a narrative introduction, an overview of the financial statements, including the notes and required supplementary information, and summary comparative data for fiscal years 2024 and 2023. Also, an analysis of significant variances between fiscal years 2024 and 2023 is provided in the MD&A.

Plan Financial Condition

The funding objective of the RSA pension trust funds is to accumulate sufficient assets during a member’s employment by requiring employer and member contributions to fully finance the benefits that the member is expected to receive throughout retirement.

At September 30, 2023, the date of the most recent actuarial valuation, the number of participants in the TRS was 312,462, ERS participants totaled 200,267, and JRF participants totaled 890. The following table compares the funded status of each as of September 30, 2023 and 2022:

System	Funded Status		% Increase/ (Decrease)
	9/30/2023	9/30/2022	
TRS	65.1%	67.0%	-1.9%
ERS	63.4%	65.6%	-2.2%
JRF	59.9%	61.5%	-1.6%

The funded statuses of the TRS, ERS, and JRF decreased primarily due to the actuarial return being less than the assumed investment return for FY2023.

Investment Activity

Total investments for the RSA increased in fiscal year 2024, primarily due to increases in fair value of investments. Total pension fund investments managed by the RSA increased from \$41.7 billion at September 30, 2023, to \$48.7 billion at September 30, 2024, an increase of 16.79%.

	Investments, at Fair Value		Interest & Dividend Income	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
TRS	\$31.9 billion	\$27.4 billion	\$774.5 million	\$714.4 million
ERS	\$16.5 billion	\$14.0 billion	\$401.5 million	\$370.8 million
JRF	\$371.8 million	\$317.5 million	\$8.9 million	\$8.3 million

Net Change in Fair Value of Investments

	9/30/2024	9/30/2023
TRS	\$4.9 billion	\$2.6 billion
ERS	\$2.5 billion	\$1.3 billion
JRF	\$60.6 million	\$34.4 million

Total returns were 21.10%, 21.21%, and 22.21% for the TRS, ERS and JRF, respectively. As fiscal year 2024 kicked off, most economists had a relatively negative view on the economy. The Federal Reserve had just concluded a 5% hiking cycle that led most to conclude the steep rate hikes would damage the economy. The debate was centered around whether the Fed could orchestrate a soft landing, or more likely, induce a recession. Looking back with perfect hindsight, there was actually very little impact to the overall economy. Inflation continued to come off the boil, and labor markets loosened enough to dampen wage inflation but not enough to cause widespread unemployment.

Corporate earnings growth continued to steam ahead, finishing the year up in the high single digits. The markets generally looked through the geopolitical issues, with both the Russia/Ukraine war and Middle East strife continuing unabated. Going forward, we think near term returns will be more muted. Valuation levels are now at a point that many things need to go right to see much further expansion in price-to-earnings multiples. We also are in the midst of kicking off the new administration in the White House, which leads to some uncertainty in the near term. As stocks have moved higher the past couple of years, we have continued to take some money off the table. Most of the proceeds have moved into core fixed income as well as keeping a higher than normal cash allocation. With that said, we will continue to invest in a diverse mix of assets and monitor asset class ranges per the guidance given in the respective Investment Policy Statements of each system with the long-term goal of achieving our actuarial assumed rate of return. Additional information concerning investments, including the investment policy statements, is included in the Investment Section of this report. The Schedule of Broker Commissions Paid can be found on page 116 of the Investment Section in this report.

Management's Discussion and Analysis

GASB Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the Financial Statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditors' Report.

Professional Services

Professional consultants are appointed by the Boards of Control to perform professional services that are essential to the effective operation of the TRS, ERS, and JRF. The certification letters from the independent actuary are included in this report. The professional consultants appointed by the Boards of Control are listed on the last page of the Introductory Section in this report.

Financial Statement Audit

Carr, Riggs & Ingram, LLC, Certified Public Accountants, issued an unmodified ("clean") opinion on the RSA's financial statements for the fiscal year ended September 30, 2024. The independent auditors' report is located at the front of the Financial Section of this report.

Highlights and Initiatives

The Robert Trent Jones Golf Trail continued to excel as an investment, boasting over 685,000 rounds in 2024. The Trail opened in 1992, and this year surpassed the 14.5 million round mark! On an annual basis, the Trail welcomes golfers and tourists from all 50 states and more than 30 countries. The Trail continues to be recognized for the quality of its golf courses, as Golf Week ranked 7 of the Trail's courses in its top 10 courses you can play in Alabama for 2024.

The RSA-owned hotels and resorts also produced record results in fiscal 2024, which garnered several properties "Best in Class" awards and acknowledgment from Marriott Corporation. The Grand Hotel Golf Resort & Spa, Autograph Collection led the way, finishing #2 out of 153 Autograph properties in guest service excellence. The Marriott Prattville Hotel & Conference Center at Capitol Hill, Renaissance Mobile Riverview Plaza Hotel, Renaissance Birmingham Ross Bridge Golf Resort & Spa, and Auburn Marriott Opelika Resort & Spa each finished in the top 5% of their perspective categories. The Renaissance Battle House Hotel & Spa and The Marriott Shoals Hotel & Spa each finished in the top 10% of their perspective brands in guest service excellence, as well.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Retirement Systems of Alabama for its annual comprehensive financial report for the fiscal year ended September 30, 2023. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Retirement Systems of Alabama received the Public Pension Coordinating Council's (PPCC) Recognition Award for Funding 2024. The award recognizes organizations that meet professional standards for plan funding as set forth in the Public Pension Standards.

Acknowledgments

The compilation of this report reflects the combined effort of the staff under the leadership of the Boards of Control. It is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining responsible stewardship of the funds of the TRS, ERS, and JRF.

We would like to take this opportunity to express our gratitude to the staff, the Boards of Control, the consultants, the Legislature, and to the many people who have worked so diligently through continued cooperative efforts to assure the successful operation and financial soundness of the TRS, ERS, and JRF.

Sincerely,

Diane E. Scott

Diane E. Scott, C.P.A., C.G.M.A.
Chief Accountant & Financial Officer

David G. Bronner

David G. Bronner, Ph.D., J.D.
Chief Executive Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

The Retirement Systems of Alabama

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrell

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Funding
2024***

Presented to

Retirement Systems of Alabama

In recognition of meeting professional standards for
plan funding as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

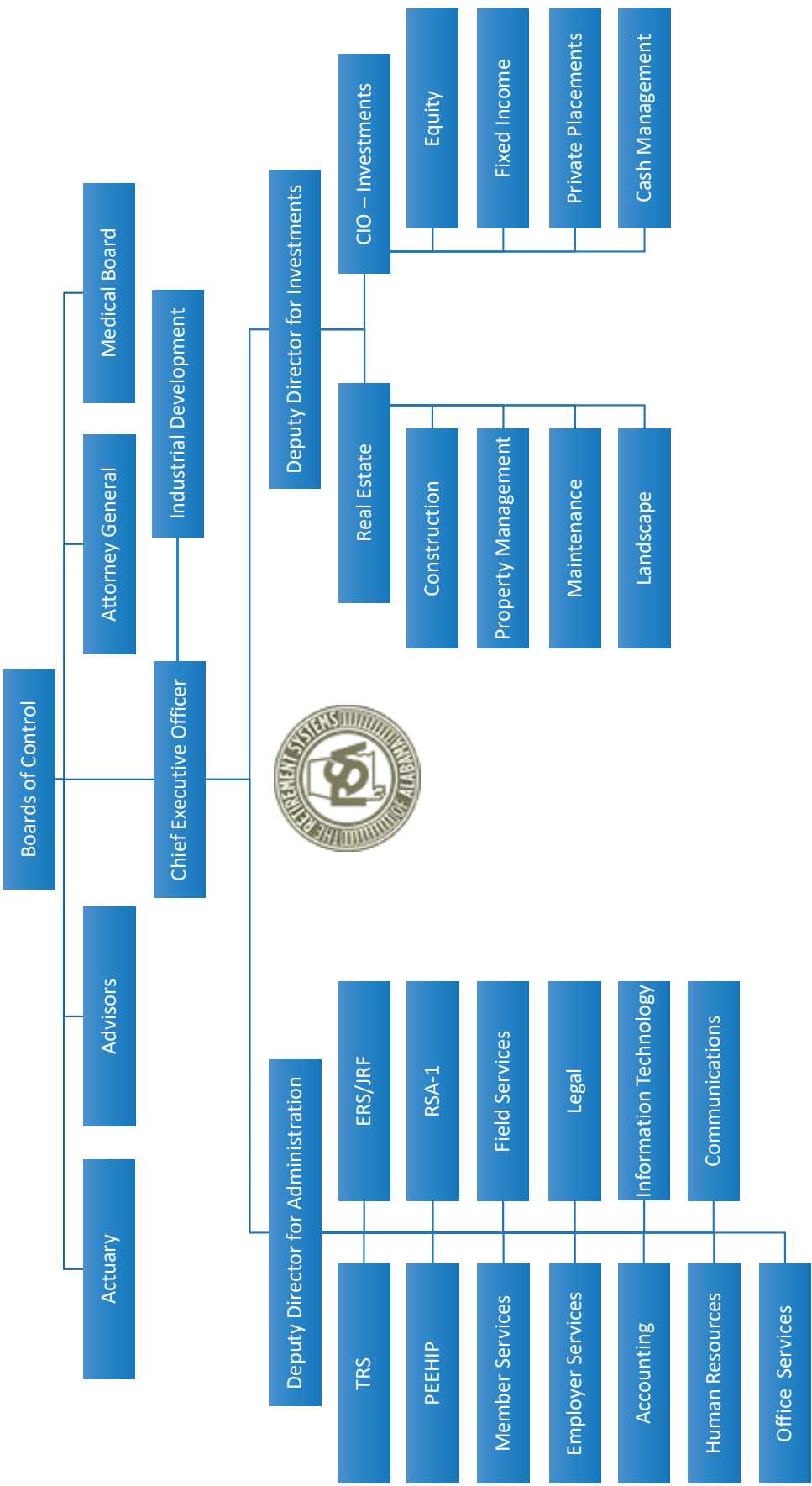
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle'. The signature is written in a cursive style with a large, stylized 'A' and 'W'.

Alan H. Winkle
Program Administrator

The Retirement Systems of Alabama

Organizational Chart



Teachers' Retirement System Board of Control

Ex Officio Members

Dr. Eric Mackey, State Superintendent of Education

Honorable Young Boozer, State Treasurer

Mr. Bill Poole, State Finance Director

Elected Members

Chair, Mr. John R. Whaley, Teacher Position No. 2

Vice Chair, Dr. Susan Williams Brown, Postsecondary Position

Ms. Peggy Mobley, Retired Position No. 1

Mrs. Anita Gibson, Retired Position No. 2

Mr. A. Jason Davidson, Superintendent Position

Dr. Thomas E. Jones, Principal Position

Dr. William A. Walsh, Higher Education Position No. 1

Ms. Kelli D. Shomaker, Higher Education Position No. 2

Ms. Amanda Miller, Teacher Position No. 1

Ms. Mary Beth Tate, Teacher Position No. 3

Mrs. Susan Lockridge, Support Personnel Position No. 1

Ms. Amy Knight Fowler, Support Personnel Position No. 2

Employees' Retirement System Board of Control**

Ex Officio Members

Chair, Honorable Kay Ivey, Governor

Honorable Young Boozer, State Treasurer

Mr. Bill Poole, State Finance Director

Ms. Laury Morgan, State Personnel Director

Elected Members

Vice Chair, Mr. James Fibbe, Retired Local Employee Position

Vice Chair Pro Tempore, Mr. David J. Harer, Active City Employee Position

Mr. Norris Green, Retired State Employee Position

Mr. Derrick T. Turner, Sr., Active State Employee Position No. 1

Ms. Carol Bullard, Active State Employee Position No. 2

Ms. Lisa Statum, Active Other Local Employee Position

Mr. Michael Gillespie, Active or Retired Local Employee Position

Mr. Ricky Harcrow, Active County Employee Position

Appointed Members

Capt. David Colston

Ms. Tammy Rolling

Mr. Edward N. Austin

**The Employees' Retirement System Board of Control is responsible for the administration of both the Employees' Retirement System and the Judicial Retirement Fund.

RETIREMENT SYSTEMS OF ALABAMA

Introductory Section

Staff, Advisors, and Medical Board

Staff, Advisors, and Medical Board

David G. Bronner, Ph.D., J.D., Chief Executive Officer

Jo Moore, J.D., Deputy Director – Administration

Marc Green, M.B.A., CFA, Deputy Director - Investments

Administrative Staff

Chief Accountant & Financial Officer, Diane E. Scott, B.S., C.P.A., CGMA

Teachers' Retirement Executive, Christopher P. Townes, M.B.A.

Employees' & Judicial Retirement Executive, William F. Kelley, Jr., J.D.

Information Technology Services, Michael T. Baker, B.S.

General Counsel, Jared H. Morris, J.D.

Legislative Counsel, Neah M. Scott, J.D.

Communications, Deborah J. Kirk, B.S.

Employer Services, Margaret B. Sellars, B.S.

Field Services, Christopher C. Gallup, B.S.

Member Services, Penny K. Wilson, B.S.

Investment Staff

Private Placements Portfolio Manager, Rachel Daniels, MACC, CFA, CPA

Director of Fixed Income, C. Lance Lachney, M.B.A., CFA

Fixed Income Analyst Portfolio Manager, Nicholas A. Prillaman, M.S., CFA

Fixed Income Analyst, Kaylee Quinn, MACC

Director of Equities, Allan Carr, M.B.A., CFA

Assistant Director of Equities, Steve R. Lambdin, M.B.A., CFA

Assistant Director of Equities, Hunter Bronson, M.S., CFA

Senior Equity Analyst Portfolio Manager, Bobby Long, M.B.A., CFA

Senior Equity Analyst & Director of University Relations, Kevin W. Gamble, M.B.A., CFA

Equity Analyst, Michael McNair, M.B.A., CFA

Equity Analyst, Michael Broadwater, M.S.

Equity Analyst, Matthew DeJean, MACC

Equity Analyst, Chris Oxaal, M.S.

Advisors

Independent Certified Public Accountants, Carr, Riggs & Ingram, LLC

Investment Consultant, Regions Bank N.A., Alan McKnight

Investment Custodian, State Street Bank and Trust Company

Consulting Actuary, CavMac, Larry Langer, Ed Koebel

Attorney General, Honorable Steve Marshall

Chief Examiner, Honorable Rachel Riddle

Medical Board

Chair, Glenn Yates, M.D.

Gregory Borg, M.D.

Malcolm Brown, M.D.



FINANCIAL SECTION

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMPONENT UNITS OF THE STATE OF ALABAMA**



INDEPENDENT AUDITOR'S REPORT

To the Boards of Control
Teachers' Retirement System of Alabama
Employees' Retirement System of Alabama
Judicial Retirement Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of the Retirement Systems of Alabama (consisting of the Teachers' Retirement System of Alabama, the Employees' Retirement System of Alabama, and the Judicial Retirement Fund) (the RSA), a component unit of the State of Alabama, as of and for the year ended September 30, 2024, and the related notes to the combined financial statements, which collectively comprise the Retirement Systems of Alabama's basic financial statements as listed in the table of contents.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Retirement Systems of Alabama, as of September 30, 2024, and the respective changes in fiduciary net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Retirement Systems of Alabama, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement Systems of Alabama's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Retirement Systems of Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement Systems of Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedules of employer pension contributions, schedule of investment returns, schedules of proportionate share of the net pension liability, schedules of pension contributions, schedules of proportionate share of the net OPEB liability and schedules of net OPEB contributions for the RSA be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the combined financial statements that collectively comprise the Retirement Systems of Alabama's basic financial statements. The schedule of administrative expenses,

schedule of investment expenses, and schedule of professional/consultant fees are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative expenses, schedule of investment expenses, and schedule of professional/consultant fees are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, investment section, actuarial section, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

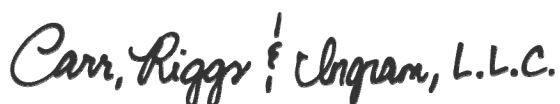
Other Matters

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Retirement Systems of Alabama's financial statements for the year ended September 30, 2023, from which such partial information was derived. We have previously audited the Retirement Systems of Alabama's financial statements and we expressed an unmodified opinion on the respective financial statements in our report dated January 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2025, on our consideration the Retirement Systems of Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Retirement Systems of Alabama's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Retirement Systems of Alabama's internal control over financial reporting and compliance.



February 19, 2025
Montgomery, Alabama



RSA

ALABAMA DEPARTMENT
OF REVENUE

The Retirement Systems of Alabama (RSA or Systems) is comprised of the Teachers' Retirement System (TRS), Employees' Retirement System (ERS), and Judicial Retirement Fund (JRF). The following discussion provides an overview of the financial position and results of operations for the RSA as of and for the fiscal year ended September 30, 2024. For more detailed information, please refer to the financial statements, including the Notes to the Combined Financial Statements and the Required Supplementary Information.

Financial Statements and Required Supplementary Information

The financial statements include the Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position. The Notes to the Combined Financial Statements are considered an integral part of the financial statements. The financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned pursuant to plan requirements, and expenses are recognized when incurred, regardless of when cash is received or expended. Investments are reported at fair value.

The Combining Statement of Fiduciary Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the RSA and provides a snapshot of the financial position of the RSA as of the end of the fiscal year. Assets and deferred outflows of resources less liabilities and deferred inflows of resources results in the net position restricted for pension benefits at the end of the fiscal year.

The Combining Statement of Changes in Fiduciary Net Position reports all additions and deductions of the RSA for the fiscal year. Additions primarily consist of employee contributions, employer contributions, and investment income. Deductions primarily consist of retirement allowance payments. Additions minus deductions provide the change in fiduciary net position during the fiscal year. The change in fiduciary net position plus the beginning fiduciary net position results in the fiduciary net position at the end of the fiscal year.

The Notes to the Combined Financial Statements include disclosures regarding plan descriptions, a summary of significant accounting policies, a description of legally required reserves and corresponding reserve balances at the end of the fiscal year, credit risk for cash and investments, concentration of investments, securities lending, funded status, net pension liability, net other postemployment benefits (OPEB) liability, contributions required and made, and additional actuarial information relevant to the most recent actuarial valuations.

The Required Supplementary Information following the Notes to the Combined Financial Statements includes Schedules of Changes in the Net Pension Liability & Related Ratios, Schedules of Employer Pension Contributions to the TRS and the JRF, Schedule of Investment Returns, Schedules of Proportionate Share of the Net Pension Liability, Schedules of Pension Contributions for TRS, ERS, and JRF Employees, Schedules of Proportionate Share of the Net OPEB Liability, and Schedules of OPEB Contributions for TRS, ERS, and JRF Employees. The Schedules of Employer Contributions provides trend data on the annual required employer contributions and the percentage actually contributed.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Management's Discussion and Analysis (Continued)

Comparative Summary Statements

Summary Comparative Combining Statement of Fiduciary Net Position

As of September 30, 2024 and 2023

(Dollar Amounts in Thousands)

	2024	2023	Variance	% Increase/ (Decrease)
<i>Assets & Deferred Outflows of Resources</i>				
Cash	\$ 139,813	\$ 159,259	\$ (19,446)	(12.21)
Receivables	394,621	366,095	28,526	7.79
Investment Sales Receivable	459,470	-	459,470	100.00
Investments, at Fair Value	48,736,100	41,733,067	7,003,033	16.78
Invested Securities Lending Collateral	1,930,466	2,095,836	(165,370)	(7.89)
Property and Equipment, Net	114,141	121,159	(7,018)	(5.79)
Total Assets	51,774,611	44,475,416	7,299,195	
Deferred Outflows of Resources	19,803	24,861	(5,058)	(20.35)
Total Assets & Deferred Outflows of Resources	51,794,414	44,500,277	7,294,137	16.39
<i>Liabilities & Deferred Inflows of Resources</i>				
Accounts Payable and Other Liabilities	18,806	17,763	1,043	5.87
Investment Purchases Payable	290,290	-	290,290	100.00
Net Other Postemployment Benefits Liability	9,199	9,492	(293)	(3.09)
Net Pension Liability	61,496	60,412	1,084	1.79
Securities Lending Collateral	1,930,466	2,095,836	(165,370)	(7.89)
Total Liabilities	2,310,257	2,183,503	126,754	5.81
Deferred Inflows of Resources	7,861	11,671	(3,810)	(32.65)
Total Liabilities & Deferred Inflows of Resources	2,318,118	2,195,174	122,944	5.60
<i>Net Position Restricted for Pension Benefits</i>	\$ 49,476,296	\$ 42,305,103	\$ 7,171,193	16.95

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Management's Discussion and Analysis (Continued)

Summary Comparative Combining Statement of Changes in Fiduciary Net Position For the Fiscal Years Ended September 30, 2024 and 2023 (Dollar Amounts in Thousands)

	2024	2023	Variance	% Increase/ (Decrease)
Additions/(Reductions)				
Employee Contributions	\$ 977,588	\$ 920,685	\$ 56,903	6.18
Employer Contributions	1,757,632	1,623,185	134,447	8.28
Investment Income/(Loss)	8,718,267	5,031,958	3,686,309	73.26
Transfers Between Systems	15,577	15,623	(46)	(0.29)
Marketing & Advertising Revenue	1,000	751	249	33.16
Total Additions/(Reductions)	11,470,064	7,592,202	3,877,862	51.08
Deductions				
Retirement Allowance Payments	4,091,324	3,975,958	115,366	2.90
Return of Contributions, Unit				
Withdrawals & Death Benefits	134,973	120,910	14,063	11.63
Transfers Between Systems	15,577	15,623	(46)	(0.29)
Administrative Expenses	44,569	39,506	5,063	12.82
Depreciation	12,428	12,681	(253)	(2.00)
Total Deductions	4,298,871	4,164,678	134,193	3.22
Net Increase/(Decrease) in Fiduciary Net Position	7,171,193	3,427,524	3,743,669	109.22
Net Position Restricted for Pension Benefits				
Beginning of Year	42,305,103	38,877,579	3,427,524	8.82
End of Year	\$ 49,476,296	\$ 42,305,103	\$ 7,171,193	16.95

Comparison of Individual Fiduciary Net Position As of September 30, 2024 and 2023 (Dollar Amounts in Thousands)

	2024	2023	Variance	% Increase/ (Decrease)
TRS	\$ 32,486,996	\$ 27,848,236	\$ 4,638,760	16.66
ERS	16,612,133	14,133,341	2,478,792	17.54
JRF	377,167	323,526	53,641	16.58
Total	\$ 49,476,296	\$ 42,305,103	\$ 7,171,193	16.95

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Management's Discussion and Analysis (Continued)

Financial Analysis

- Cash on September 30, 2024 primarily consists of contributions received prior to or on September 30, 2024, sent to the State Street Bank on October 1, 2024, and cash to cover operating expenses paid from the Expense Funds.
- In the Summary Comparative Combining Statement of Fiduciary Net Position, receivables consist primarily of employee contributions, employer contributions, interest, dividends, and member transfers between systems at September 30, 2024.
- Investment sales receivable and investment purchases payable occur as a result of trade date accounting. The increase in the receivable and payable for fiscal year 2024 was due to having no securities traded in the prior fiscal year and settling in the following fiscal year, which is less than the value of the securities traded but not settled in the current fiscal year.
- The RSA's investment portfolio presented in percentages by investment type:

	TRS	ERS	JRF
Equity	67.60%	67.68%	65.27%
Fixed	15.48%	15.19%	24.23%
Real Estate	8.83%	8.74%	2.04%
Short-Term	8.09%	8.39%	8.46%
Total	100.00%	100.00%	100.00%

- Employer contributions increased as a result of salary increases for fiscal year 2024 due to cost-of-living adjustments. The employer contribution rates for fiscal year 2024 are in the table below. ERS local participating employer contribution rates differ for each employer.

	Tier 1	Tier 2
TRS	12.59%	11.57%
ERS - State Employees	16.00%	15.76%
ERS - State Police	53.38%	44.84%
JRF - Groups 1 & 2	42.47%	-
JRF - Group 3 - Judges' & Clerks' Plan	37.72%	-
JRF - District Attorneys' Plan	19.77%	-

- During fiscal year 2024, time-weighted returns on investments, gross of fees of the TRS, ERS, and JRF were 21.10%, 21.21%, and 22.21% respectively. The returns were calculated by State Street Bank.
- During fiscal year 2024, investment income increased by 73.26% primarily due to a large increase in the net unrealized gains and increases in net securities lending income. Net securities lending income increased by 2.66% for the RSA which was primarily driven by an increase in demand. As of September 30, 2024, loan balances decreased approximately 8% for cash lent and increased 33% for non-cash lent compared to prior year. Non-cash loans continue to be the collateral of choice for brokers due to the regulations imposed by the Dodd-Frank Act. As a result, non-cash loans received increased by approximately 34%.
- Retirement allowance payments increased as a result of 7,223 members who retired during fiscal year 2024.
- Net other postemployment benefits liability and net pension liability represent the RSA's obligations related to postemployment benefits for its employees and varies year to year with the actuarial valuation.

Funding Status

The Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans*, which requires the methodology for determining the net pension liability from the accounting perspective to be disclosed in the Notes to the Combined Financial Statements.

At September 30, 2024, TRS and JRF employers' total pension liability was \$45.5 billion and \$565.1 million, respectively. The plan fiduciary net position of TRS and JRF employers was \$32.5 billion and \$377.2 million, respectively, resulting in a net pension liability of \$13.0 billion and \$188.0 million, respectively. The plan fiduciary net position as a percentage of the total pension liability for TRS and JRF employers was 71.41% and 66.74%, respectively, using GASB Statement No. 67 measurements.

Under the provisions of GASB Statement No. 67, agent multiple-employer plans such as the ERS apply the measurements and recognition of net pension liability at the individual plan level for each retirement plan administered. Therefore, aggregate information for the ERS related to the net pension liability has not been presented.

Financial Highlights

- Net position held in trust of \$49.5 billion at September 30, 2024, was available to meet future benefit payments.
- At September 30, 2023, the date of the most recent actuarial valuation, the funding level (actuarial value of assets as a percentage of actuarial accrued liabilities) was 65.1% for the TRS, 63.4% for the ERS, and 59.9% for the JRF.



RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Combining Statement of Fiduciary Net Position

September 30, 2024 with comparative figures for 2023

(Dollar Amounts in Thousands)

	2024			
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Total
Assets				
Cash (Note 4)	\$ 90,660	\$ 45,100	\$ 4,053	\$ 139,813
Receivables				
Employee Contributions	61,657	18,677	201	80,535
Employer Contributions	108,049	38,784	823	147,656
Transfers Receivable from the Teachers' Retirement System	-	200	-	200
Transfers Receivable from the Employees' Retirement System	905	-	-	905
Investment Sales Receivable	392,560	62,418	4,492	459,470
Dividends and Interest	108,854	54,790	1,370	165,014
Miscellaneous Receivable	134	177	-	311
Total Receivables	672,159	175,046	6,886	854,091
Investments, at Fair Value (Note 5)				
Domestic Equity	16,865,876	8,789,650	187,507	25,843,033
Domestic Fixed Income	4,934,859	2,503,626	90,076	7,528,561
International Equities	4,687,526	2,365,664	55,198	7,108,388
Real Estate	2,816,380	1,439,903	7,573	4,263,856
Short-Term	2,577,610	1,383,209	31,443	3,992,262
Total Investments	31,882,251	16,482,052	371,797	48,736,100
Invested Securities Lending Collateral (Note 5)	1,256,953	669,289	4,224	1,930,466
Property and Equipment less				
Accumulated Depreciation (Note 8)	78,581	35,560	-	114,141
Total Assets	33,980,604	17,407,047	386,960	51,774,611
Deferred Outflows of Resources - Pensions	13,198	3,659	158	17,015
Deferred Outflows of Resources - Other Postemployment Benefits	2,154	627	7	2,788
Total Assets and Deferred Outflows of Resources	33,995,956	17,411,333	387,125	51,794,414
Liabilities				
Accounts Payable and Other Liabilities	10,293	4,756	152	15,201
Transfers Payable to the Teachers' Retirement System	-	905	-	905
Transfers Payable to the Employees' Retirement System	200	-	-	200
Deferred Revenue	-	2,500	-	2,500
Investment Purchases Payable	190,620	94,765	4,905	290,290
Net Other Postemployment Benefits Liability (Note 9)	6,026	3,143	30	9,199
Net Pension Liability (Note 10)	40,122	20,752	622	61,496
Securities Lending Collateral (Note 5)	1,256,953	669,289	4,224	1,930,466
Total Liabilities	1,504,214	796,110	9,933	2,310,257
Deferred Inflows of Resources - Pensions	1,491	749	8	2,248
Deferred Inflows of Resources - Other Postemployment Benefits	3,255	2,341	17	5,613
Total Liabilities and Deferred Inflows of Resources	1,508,960	799,200	9,958	2,318,118
Net Position Restricted for Pension Benefits (Note 3)	\$ 32,486,996	\$ 16,612,133	\$ 377,167	\$ 49,476,296

See accompanying Notes to the Combined Financial Statements.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Combining Statement of Fiduciary Net Position

September 30, 2024 with comparative figures for 2023

(Dollar Amounts in Thousands)

	2023			
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Total
Assets				
Cash	\$ 109,881	\$ 45,322	\$ 4,056	\$ 159,259
Receivables				
Employee Contributions	57,657	18,021	202	75,880
Employer Contributions	100,293	34,767	790	135,850
Transfers Receivable from the Teachers' Retirement System	-	321	-	321
Transfers Receivable from the Employees' Retirement System	1,232	-	-	1,232
Dividends and Interest	99,696	51,152	1,328	152,176
Miscellaneous Receivable	166	240	230	636
Total Receivables	<u>259,044</u>	<u>104,501</u>	<u>2,550</u>	<u>366,095</u>
Investments, at Fair Value				
Domestic Equity	14,135,337	7,229,295	155,019	21,519,651
Domestic Fixed Income	4,286,135	2,166,694	81,356	6,534,185
International Equities	4,018,172	2,024,607	49,075	6,091,854
Real Estate	2,768,447	1,398,673	6,744	4,173,864
Short-Term	2,232,430	1,155,797	25,286	3,413,513
Total Investments	<u>27,440,521</u>	<u>13,975,066</u>	<u>317,480</u>	<u>41,733,067</u>
Invested Securities Lending Collateral	1,423,034	662,065	10,737	2,095,836
Property and Equipment less				
Accumulated Depreciation	83,316	37,843	-	121,159
Total Assets	<u>29,315,796</u>	<u>14,824,797</u>	<u>334,823</u>	<u>44,475,416</u>
Deferred Outflows of Resources - Pensions	16,837	5,372	246	22,455
Deferred Outflows of Resources - Other Postemployment Benefits	1,767	632	7	2,406
Total Assets and Deferred Outflows of Resources	<u>29,334,400</u>	<u>14,830,801</u>	<u>335,076</u>	<u>44,500,277</u>
Liabilities				
Accounts Payable and Other Liabilities	10,887	5,201	122	16,210
Transfers Payable to the Teachers' Retirement System	-	1,232	-	1,232
Transfers Payable to the Employees' Retirement System	321	-	-	321
Net Other Postemployment Benefits Liability	5,975	3,485	32	9,492
Net Pension Liability	38,435	21,349	628	60,412
Securities Lending Collateral	1,423,034	662,065	10,737	2,095,836
Total Liabilities	<u>1,478,652</u>	<u>693,332</u>	<u>11,519</u>	<u>2,183,503</u>
Deferred Inflows of Resources - Pensions	2,410	615	3	3,028
Deferred Inflows of Resources - Other Postemployment Benefits	5,102	3,513	28	8,643
Total Liabilities and Deferred Inflows of Resources	<u>1,486,164</u>	<u>697,460</u>	<u>11,550</u>	<u>2,195,174</u>
Net Position Restricted for Pension Benefits	<u>\$ 27,848,236</u>	<u>\$ 14,133,341</u>	<u>\$ 323,526</u>	<u>\$ 42,305,103</u>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended September 30, 2024 with comparative figures for 2023

(Dollar Amounts in Thousands)

	2024			
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Total
Additions				
Contributions				
Employee	\$ 616,300	\$ 356,315	\$ 4,973	\$ 977,588
Employer	1,066,094	669,034	22,504	1,757,632
Transfers from the Teachers' Retirement System	-	6,265	-	6,265
Transfers from the Employees' Retirement System	9,036	-	276	9,312
Marketing & Advertising Revenue	670	330	-	1,000
Total Contributions	<u>1,692,100</u>	<u>1,031,944</u>	<u>27,753</u>	<u>2,751,797</u>
Investment Income (Note 5)				
From Investing Activities				
Net Increase in Fair Value of Investments	4,941,999	2,534,930	60,573	7,537,502
Interest and Dividends	774,463	401,483	8,921	1,184,867
Total Investment Income from Investing Activities	<u>5,716,462</u>	<u>2,936,413</u>	<u>69,494</u>	<u>8,722,369</u>
Less: Investment Expenses, Net	<u>11,580</u>	<u>3,617</u>	<u>-</u>	<u>15,197</u>
Net Investment Income from Investing Activities	<u>5,704,882</u>	<u>2,932,796</u>	<u>69,494</u>	<u>8,707,172</u>
From Securities Lending Activities				
Securities Lending Income	67,857	34,592	371	102,820
Less Securities Lending Expenses:				
Borrower Rebates	57,261	29,509	276	87,046
Management Fees	3,143	1,508	28	4,679
Total Securities Lending Expenses	<u>60,404</u>	<u>31,017</u>	<u>304</u>	<u>91,725</u>
Net Income from Securities Lending Activities	<u>7,453</u>	<u>3,575</u>	<u>67</u>	<u>11,095</u>
Total Net Investment Income	<u>5,712,335</u>	<u>2,936,371</u>	<u>69,561</u>	<u>8,718,267</u>
Total Additions	<u>7,404,435</u>	<u>3,968,315</u>	<u>97,314</u>	<u>11,470,064</u>
Deductions				
Retirement Allowance Payments	2,646,769	1,401,620	42,935	4,091,324
Return of Contributions and Death Benefits	74,617	59,285	179	134,081
Unit Withdrawals	-	892	-	892
Transfers to the Teachers' Retirement System	-	9,036	-	9,036
Transfers to the Employees' Retirement System	6,265	-	-	6,265
Transfers to the Judicial Retirement Fund	-	276	-	276
Administrative Expenses	29,119	14,891	559	44,569
Depreciation (Note 8)	8,905	3,523	-	12,428
Total Deductions	<u>2,765,675</u>	<u>1,489,523</u>	<u>43,673</u>	<u>4,298,871</u>
Net Increase in Fiduciary Net Position	4,638,760	2,478,792	53,641	7,171,193
Net Position Restricted for Pension Benefits (Note 3)				
Beginning of Year	27,848,236	14,133,341	323,526	42,305,103
End of Year	<u>\$ 32,486,996</u>	<u>\$ 16,612,133</u>	<u>\$ 377,167</u>	<u>\$ 49,476,296</u>

See accompanying Notes to the Combined Financial Statements.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended September 30, 2024 with comparative figures for 2023

(Dollar Amounts in Thousands)

	2023			
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Total
Additions				
Contributions				
Employee	\$ 588,284	\$ 327,631	\$ 4,770	\$ 920,685
Employer	1,008,365	593,211	21,609	1,623,185
Transfers from the Teachers' Retirement System	-	6,825	-	6,825
Transfers from the Employees' Retirement System	8,526	-	249	8,775
Transfers from the Judicial Retirement Fund	23	-	-	23
Marketing & Advertising Revenue	503	248	-	751
Total Contributions	1,605,701	927,915	26,628	2,560,244
Investment Income				
From Investing Activities				
Net Increase in Fair Value of Investments	2,625,411	1,283,045	34,443	3,942,899
Interest and Dividends	714,409	370,837	8,312	1,093,558
Total Investment Income from Investing Activities	3,339,820	1,653,882	42,755	5,036,457
Less: Investment Expenses, Net	11,696	3,611	-	15,307
Net Investment Income from Investing Activities	3,328,124	1,650,271	42,755	5,021,150
From Securities Lending Activities				
Securities Lending Income	63,743	34,364	380	98,487
Less Securities Lending Expenses:				
Borrower Rebates	52,783	28,834	281	81,898
Management Fees	3,840	1,907	34	5,781
Total Securities Lending Expenses	56,623	30,741	315	87,679
Net Income from Securities Lending Activities	7,120	3,623	65	10,808
Total Net Investment Income	3,335,244	1,653,894	42,820	5,031,958
Total Additions	4,940,945	2,581,809	69,448	7,592,202
Deductions				
Retirement Allowance Payments	2,566,776	1,366,602	42,580	3,975,958
Return of Contributions and Death Benefits	65,142	55,427	341	120,910
Transfers to the Teachers' Retirement System	-	8,526	23	8,549
Transfers to the Employees' Retirement System	6,825	-	-	6,825
Transfers to the Judicial Retirement Fund	-	249	-	249
Administrative Expenses	25,694	13,285	527	39,506
Depreciation	9,143	3,538	-	12,681
Total Deductions	2,673,580	1,447,627	43,471	4,164,678
Net Increase in Fiduciary Net Position	2,267,365	1,134,182	25,977	3,427,524
Net Position Restricted for Pension Benefits				
Beginning of Year	25,580,871	12,999,159	297,549	38,877,579
End of Year	<u>\$ 27,848,236</u>	<u>\$ 14,133,341</u>	<u>\$ 323,526</u>	<u>\$ 42,305,103</u>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

1) PLAN DESCRIPTION

The Teachers' Retirement System (TRS), Employees' Retirement System (ERS), and Judicial Retirement Fund (JRF) operate under common management and are collectively referred to as the Retirement Systems of Alabama (RSA or Systems). In addition to executive management, the TRS, ERS, and JRF share investment management, accounting, and information system services, the costs of which are allocated to the funds on an equitable basis.

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control, which consists of 15 trustees as follows:

- 1) The State Superintendent of Education, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Director of Finance, ex officio.
- 4) Twelve members of the TRS who are elected by members from the same category of the TRS for a term of three years as follows:
 - a. Teacher Position No. 1.
 - b. Teacher Position No. 2.
 - c. Teacher Position No. 3.
 - d. Educational Support Personnel Position No. 1.
 - e. Educational Support Personnel Position No. 2.
 - f. Retired Position No. 1.
 - g. Retired Position No. 2.
 - h. Superintendents' Position.
 - i. Principals' Position.
 - j. Postsecondary Position.
 - k. Higher Education Position No. 1.
 - l. Higher Education Position No. 2.

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for State Employees, State Police, and, on an elective basis, to qualified employees of counties, cities, towns, and public or quasi-public organizations. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of the ERS is vested in its Board of Control, which consists of 15 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of the ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Eight members of the ERS who are elected by members from the same category of the ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired State Employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of the ERS.
 - b. Two vested active State Employees.
 - c. One vested active employee of a municipality or city participating in the ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

- d. One vested active employee of a county participating in the ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
- e. One vested active employee or retired member of an employer participating in the ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
- f. One vested active employee of an employer other than a municipality, city, or county participating in the ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

The JRF, a cost-sharing multiple-employer public employee retirement plan, was established as of September 18, 1973, pursuant to the *Code of Alabama 1975, Title 12, Chapter 18* (Act 1163 of the Legislature of 1973) for the purpose of providing retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. The *Code of Alabama 1975, Title 12, Chapter 18, Articles 3 & 4* (Act 1205 of the Legislature of 1975) enlarged the scope and coverage of the JRF to include District and Probate Judges, respectively. The *Code of Alabama 1975, Title 12, Chapter 18, Article 7* (Act 498 of the Legislature of 2015) established the Judges' and Clerks' Plan within the JRF for any Judge or Clerk who was first elected or appointed on or after November 8, 2016, and was not a member of the JRF or the Clerks' and Registers' Supernumerary Fund prior to that date. The *Code of Alabama 1975, Section 12-17-227* (Act 498 of the Legislature of 2015) established the District Attorneys' Plan within the JRF for any District Attorney serving in the capacity of District Attorney on or after November 8, 2016. The responsibility for the general administration and operation of the JRF is vested in the Board of Control of the ERS.

At September 30, 2024, the number of participating units in each system was as follows:

	TRS	ERS	JRF
Cities	-	311	-
Counties	-	66	67
Other Public Entities	-	513	-
Universities	13	-	-
Postsecondary Institutions	25	-	-
City and County Boards of Education	139	-	-
State Agencies & Other	44	1	1
Total	221	891	68

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At September 30, 2023, the date of the most recent actuarial valuation, membership consisted of:

	TRS	ERS	JRF
Retirees and beneficiaries currently receiving benefits:			
General	107,082	25,095	467
State Police	-	995	-
Employees of Local Employers	-	31,481	-
Terminated employees entitled to benefits but not yet receiving benefits:			
General	31,956	7,775	13
State Police	-	62	-
Employees of Local Employers	-	22,910	-
Non-vested inactive members who have not contributed for more than 5 years	34,983	25,499	25
Active Employees:			
General	138,250	26,935	385
State Police	-	739	-
Employees of Local Employers	-	58,659	-
Post DROP employees in active service:			
General	191	84	-
Employees of Local Employers	-	33	-
Total	312,462	200,267	890

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS, ERS, and JRF. Benefits for TRS and ERS members vest after 10 years of creditable service. Teachers and State Employees who retire after age 60 (after age 52 for State Police) with 10 years or more of creditable service or with 25 years of creditable service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of creditable service (regardless of age), depending on the particular employer's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS and ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of creditable service. State Police are allowed 2.875% for each year of creditable State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS and ERS members are eligible for retirement after age 62 (after age 56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the TRS and ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of creditable service up to 80% of their average final compensation. Tier 2 State Police are allowed 2.375% for each year of creditable State Police service up to 80% of their average final compensation in computing the formula method.

Act 132 of the Legislature of 2019 provided that local employers participating in the ERS pursuant to the *Code of Alabama 1975, Section 36-27-6* could elect to provide their Tier 2 members with the same retirement benefits provided to their Tier 1 members. Any local participating employer who elects to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members may do so by adoption of a resolution within 24 months of the effective date of Act 2019-132. The effective date of Act 2019-132 was May 8, 2019, giving local participating employers until May 8, 2021, to make such election. Act 2019-132 also provided that the ERS Board of Control could

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deny a local participating employer's election based on a review by RSA Staff of the local participating employer's historical compliance with ERS requirements as well as the financial stability of the local participating employer. Any local participating employer whose election is denied may petition the ERS Board of Control for a reconsideration within the 24-month period from the effective date of Act 2019-132. Once a local participating employer elects to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members, its election is irrevocable and becomes effective at the beginning of the fiscal year following the date that the ERS receives a local participating employer's resolution. Any local participating employer electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members who has not increased its Tier 1 members' contribution rates as provided in Act 676 of the Legislature of 2011 is required to develop a plan to gradually increase its members' contribution rates. The plan must be submitted to the ERS prior to a local participating employer submitting a resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Beginning in the month that a local participating employer's election becomes effective, its Tier 2 members (except Tier 2 members who are certified law enforcement, correctional officers, and firefighters) will contribute 7.50% of earnable compensation to the ERS. Tier 2 certified law enforcement, correctional officers, and firefighters will contribute 8.50% of earnable compensation to the ERS. Act 2019-132 was amended by Act 348 of the Legislature of 2022. Act 2022-348 amended Act 2019-132 by removing the date limitation for any local participating employer to submit its resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Act 2022-348 also amended Act 2019-132 by removing the date limitation for a local participating employer to petition the ERS Board of Control for a reconsideration if the ERS Board of Control denied its election to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

In 2022, the plan was amended to allow surviving spouses of retirement-eligible members who die in active service to receive an Option 2 monthly allowance.

The JRF benefits vest from five to eighteen years. Except for justices or judges who were either disabled, elected prior to July 30, 1979, or have at least 25 years of creditable service, no justice or judge is eligible to receive judicial service retirement pay prior to attaining age 60. Service retirement benefits for justices and judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of creditable service (regardless of age), (2) completed 12 years of creditable service and has attained age 65, (3) completed 15 years of creditable service and whose age plus creditable service equals or exceeds 77, (4) completed 10 years of creditable service and has attained age 70 or (5) been elected prior to July 30, 1979, and has 18 years of creditable service (regardless of age). The service retirement benefit for justices and judges is 75% of the salary for the judicial position from which the member is retiring on the date that the justice or judge retires.

Act 498 of the Legislature of 2015 established a new group (Group 3) of members within the JRF which consists of all justices, judges, and circuit clerks first elected or appointed on or after November 8, 2016, and district attorneys serving in the capacity of district attorney on or after November 8, 2016. Group 3 members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. A district attorney who has Tier 1 ERS transferred creditable service as an assistant or deputy district attorney is eligible for service retirement with 25 years of creditable service, regardless of age. Service and disability retirement benefits are calculated using a retirement formula. Group 3 members who are judges or justices are allowed 4% of their average final compensation (highest 5 of the last 10 years) for each year of creditable service up to 75% of their average final compensation. Group 3 members who are circuit clerks or district attorneys are allowed 3% of

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their average final compensation (highest 5 of the last 10 years) for each year of creditable service up to 80% of their average final compensation.

Covered members of the TRS and ERS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 5% of earnable compensation to the TRS and ERS until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS and ERS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 7.25% of earnable compensation to the TRS and ERS. Effective October 1, 2012, covered members of the TRS and ERS (except State Police and certified law enforcement, correctional officers, and firefighters) are required by statute to contribute 7.50% of earnable compensation to the TRS and ERS. JRF members and certified law enforcement, correctional officers, and firefighters of the TRS and ERS were required by statute to contribute 6% of earnable compensation to the TRS, ERS, and JRF until September 30, 2011. From October 1, 2011, to September 30, 2012, JRF members and certified law enforcement, correctional officers, and firefighters of the TRS and ERS were required by statute to contribute 8.25% of earnable compensation to the TRS, ERS, and JRF. Effective October 1, 2012, JRF members and certified law enforcement, correctional officers, and firefighters of the TRS and ERS are required by statute to contribute 8.50% of earnable compensation to the TRS, ERS, and JRF. State Police members of the ERS are required by statute to contribute 10% of earnable compensation to the ERS. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the TRS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 6% of earnable compensation to the TRS through September 30, 2021. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 7% of earnable compensation to the TRS through September 30, 2021. Act 537 of the Legislature of 2021 allows the conversion of sick leave into creditable service to TRS Tier 2 members. Effective October 1, 2021, the Tier 2 covered TRS members' (except certified law enforcement, correctional officers, and firefighters) contribution rate required by statute increased to 6.2% of earnable compensation to the TRS. Tier 2 TRS certified law enforcement, correctional officers, and firefighters' contribution rate to the TRS increased as required by statute to 7.2% of earnable compensation. Act 222 of the Legislature of 2022 allows Tier 2 members to retire with 30 years of creditable service regardless of age with an early retirement reduction of 2% for each year that the member is less than age 62 at retirement (age 56 for police officers, firefighters, and correctional officers).

Tier 2 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) are required by statute to contribute 6% of earnable compensation to the ERS. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation to the TRS and ERS. Tier 2 State Police members of the ERS are required by statute to contribute 10% of earnable compensation to the ERS. These contribution rates are the same for Tier 2 covered members of ERS local participating employers. Act 351 of the Legislature of 2022 allows Tier 2 members to retire with 30 years of creditable service regardless of age with an early retirement reduction of 2% for each year that the member is less than age 62 at retirement (age 56 for police officers, firefighters, and correctional officers).

Group 3 members of the JRF are required by statute to contribute 8.50% of earnable compensation to the JRF.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Accounting**

The financial statements for the TRS, ERS, and JRF are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. The accompanying financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the TRS, ERS, and JRF are considered component units of the State of Alabama and are included in the State's Annual Comprehensive Financial Report. Subsequent events were evaluated by management through the date the financial statements were issued.

B. Receivables

Receivables are reported net of estimated uncollectible amounts.

C. Investments

The Boards of Control of the Systems have the responsibility and authority to invest and reinvest available funds, through the Secretary-Treasurer (CEO) and Investment Committee, in bonds, mortgage-backed securities, common and preferred stock, and other investment vehicles with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use. All plan assets are carried at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-backed securities are reported based on future principal and interest payments discounted at the prevailing interest rate for similar instruments. The fair value of real estate investments is based on independent appraisals or cost, when cost approximates fair value. Generally, private placements are valued based on the selling price of similar investments sold in the open market. In those instances where there are no similar investments sold in the open market, an independent appraisal is performed to determine the fair value of the private placements. The RSA invests in limited partnerships which are long-term and generally illiquid. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. These partnership investments are valued using their respective net asset values (NAV) and are generally audited annually. The most significant element of the NAV is the fair value of the investment holdings. These holdings are valued by the general partners in conjunction with management, investment advisors, and valuation specialists. The valuation techniques vary based on the type of investment and involve a certain degree of expert judgment. The fair value for these investments could differ significantly if a ready market for these assets existed.

D. Comparative Combining Statements

The basic financial statements include the prior year Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position for comparative purposes only. Prior year note disclosures are not included. Therefore, the prior year basic financial statement presentation does not meet the minimum level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, the prior year financial statements should be read in conjunction with the RSA's prior year financial report from which the prior year financial statements were derived.

E. Interfund Transfers

Interfund transfers result from transfers of members between retirement systems.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from these estimates.

G. Deferred Outflows & Inflows of Resources

In addition to assets, the Combining Statement of Fiduciary Net Position reports a separate section for *Deferred Outflows of Resources*. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources until that period. Employer contributions subsequent to the measurement date related to both the employer's net pension liability and net other postemployment benefits liability are reported as deferred outflows of resources until the next measurement date.

In addition to liabilities, the Combining Statement of Fiduciary Net Position reports a separate section for *Deferred Inflows of Resources*. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized until then. Net differences between projected and actual experience, projected and actual earnings on plan investments, and changes in assumptions between employer contributions and the proportionate share of contributions identified during the measurement period are deferred and amortized as a component of pension expense and other postemployment benefits expense.

3) LEGALLY REQUIRED RESERVES

A. Annuity Savings

Member contributions are credited to the Annuity Savings account. Interest at 4% per annum is credited to the annuity savings account of each member on the basis of the average of the beginning and end of year balances (as of June 30 for the TRS and September 30 for the ERS and JRF).

When a member withdraws from service prior to becoming vested, the member's accumulated contributions and a portion of accumulated interest credited to the Annuity Savings account are returned to the member. The portion of accumulated interest that, by law, is not payable to the member is transferred to the Expense fund.

When a TRS or ERS member dies prior to becoming eligible for retirement, the member's accumulated contributions and accumulated interest credited to the Annuity Savings account are returned to the member's designated beneficiary. If the preretirement death benefit defined below is not payable, an additional death benefit equal to the member's accumulated contributions, up to five thousand dollars, is paid from the Pension Accumulation account to the member's beneficiary.

When a member retires or when a survivor allowance becomes payable, the amount of the member's accumulated contributions and accumulated interest is transferred from the Annuity Savings account to the Pension Accumulation account.

B. Pension Accumulation

The Pension Accumulation account is credited with contributions made by the employer and net investment income. The lump sum death benefit is paid from this account when a TRS or ERS member dies prior to becoming eligible for the preretirement death benefit or retirement. Periodic interest representing the member's earnings is transferred from the Pension Accumulation account to the Annuity Savings account. When a TRS, ERS, or JRF member retires or when a survivor allowance becomes payable, the member's accumulated contributions and accumulated interest is credited to the Pension Accumulation account, and all monthly benefit payments are paid from this account.

C. Preretirement Death Benefit

The Preretirement Death Benefit (PRDB) was established as of October 1, 1983, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27B* (Act 616 of the Legislature of 1983). The PRDB account is credited with contributions made by TRS, ERS, and JRF Group 3 members' employers and investment income on such funds. The preretirement death benefit (in the form of group term life insurance) is paid in addition to the return of member contributions upon the death of an active TRS, ERS, JRF Group 3, or District Attorney Plan member who has completed at least one year of active membership in the system and whose date of death was within 180 days of such member's last date of actual

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service. However, a surviving spouse beneficiary of a deceased member who was eligible for service retirement may elect a survivor allowance in lieu of this benefit. The preretirement death benefit is equal to the annual earnable compensation of the member as reported to the System for the preceding year ending June 30 for the TRS and September 30 for the ERS and the JRF. These assets are not included in the actuarial valuation and the liabilities associated with these death benefits are not included in the actuarial valuation.

D. Term Life Insurance

The Alabama Teacher's Group Term Life Insurance Plan (established October 1, 1987) is credited with a portion of the employer contributions. All active contributing members of the TRS are covered by this plan. Contingent on availability of funds, upon death, a benefit is paid to the designated beneficiary of an insured member of the TRS. Beneficiaries of full-time employees receive fifteen thousand dollars while beneficiaries of part-time employees receive a prorated amount of fifteen thousand dollars. These assets are not included in the actuarial valuation and the liabilities associated with these life insurance benefits are not included in the valuation.

E. Expense

The Expense Fund is used to pay the administrative expenses of the RSA. A portion of the employer contributions and the interest not payable upon member withdrawal provide the funding of the Expense fund. The majority of expenses are directly identifiable as expenses of the TRS, ERS, or JRF. As discussed in Note 1, certain administrative salaries and other expenses are allocated on an equitable basis between the TRS and ERS. These assets are not included in the actuarial valuation.

F. Deferred Retirement Option Plan (DROP)

The DROP was established for election to participate on or after June 1, 2002, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25, Article 9* for TRS participants and the *Code of Alabama 1975, Title 36, Chapter 27, Article 9* for ERS participants (Act 23 of the Legislature of 2002). Eligible members may elect to retire, and, in lieu of immediate withdrawal from service, continue employment for a period of three to five years. The retirement allowance, employee contributions, and interest earned are accumulated in an account for the benefit of the member. At the end of participation and termination of employment, the account balance is paid to the member. DROP participation is an option available to eligible members that have at least 25 years of creditable service (exclusive of sick leave), are at least 55 years of age, and are eligible for retirement. See the actuarial section for additional information.

The DROP was repealed by Act 27 of the Legislature of 2011. The effect of Act 27 is that no new participants were allowed to enter the DROP with an effective participation date after June 1, 2011.

G. Reserves

The reserves of the RSA included in the Net Position Restricted for Pension Benefits in the accompanying Combining Statement of Fiduciary Net Position are funded to the full extent required by statute. The reserve balances as of September 30, 2024, are as follows:

	TRS	ERS	JRF
Annuity Savings	\$ 7,573,432	\$ 3,762,056	\$ 57,031
Pension Accumulation	24,690,553	12,754,506	316,618
Deferred Retirement Option Plan	65,955	34,733	-
Preretirement Death Benefit	54,713	13,110	128
Term Life Insurance	2,268	-	-
Plant Fund	78,581	35,560	-
Expense Fund	21,494	12,168	3,390
Net Position at 9/30/2024	\$ 32,486,996	\$ 16,612,133	\$ 377,167

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4) CASH

Cash consists of deposits held by the State Treasurer in the respective retirement system's name. Deposits are entirely insured by the Federal Deposit Insurance Corporation or protected under the Security for Alabama Funds Enhancement (SAFE) Program. The *Code of Alabama 1975*, as amended, requires all State organizations to participate in the SAFE Program. The SAFE Program is a multiple financial institution collateral pool. The SAFE Program requires all public funds to be deposited in a financial institution designated by the State Treasurer as a qualified public depository. Each qualified public depository is required to pledge collateral in accordance with the rules established by the SAFE Board of Directors. In the event that a qualified public depository defaults or becomes insolvent and the pledged collateral is insufficient to satisfy the claims of public depositors, the *Code of Alabama 1975, Section 41-14A-9(3)* authorizes the State Treasurer to make assessments against the other qualified public depositories in the pool so that there will be no loss of public funds. Cash at September 30, 2024 primarily consists of contributions received prior to or on September 30, 2024 sent to the State Street Bank on October 1, 2024 and cash to cover operating expenses paid from the Expense Funds.

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5) INVESTMENTS

A. Investment Authority

Investment authority is granted to the Boards of Control, as Trustees of the Teachers' Retirement System and Employees' Retirement System (Systems), by the *Code of Alabama 1975*. Each System's Board of Control, therefore, has full power, through each System's Secretary-Treasurer, to invest and reinvest System funds in accordance with the Prudent Person Rule: "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." An important component of any investment strategy is the decision regarding allocation of investments among the various asset classes. The purpose of formulating asset allocation guidelines is to maximize investment returns within the standards of prudence established for the whole portfolio.

Each System's Board of Control is responsible for approving an Investment Policy Statement (IPS) that outlines investment strategies and the related asset allocation guidelines. The Boards of Control adopted a revised IPS that was effective on October 1, 2018, as outlined below. Below are the asset allocation guidelines for both Systems.

Asset Class	TRS		ERS		JRF	
	Target Allocation	Strategic Range	Target Allocation	Strategic Range	Target Allocation	Strategic Range
Domestic Equity	45%	30-60%	45%	30-60%	55%	30-60%
International Equity	15%	10-25%	15%	10-25%	15%	10-25%
Fixed Income	15%	10-50%	15%	10-40%	22%	10-40%
Alternative Investments	10%	0-20%	10%	0-15%	1%	0-15%
Real Estate	10%	0-15%	10%	0-15%	2%	0-15%
Short-Term Investments	5%	1-10%	5%	1-10%	5%	1-10%

B. Money-Weighted Rate of Return

The annual money-weighted rates of return for the TRS, ERS, and JRF are 21.10%, 21.20%, and 22.25%, respectively. A money-weighted rate of return expresses investment performance, which is net of investment expense and is adjusted for the changing amounts actually invested. The annual money-weighted rate of return on investments is calculated as the internal rate of return on plan investments, net of plan investment expense.

C. Investment Risks

Investments are subject to certain types of risks, including interest rate risk, custodial credit risk, credit quality risk, foreign currency risk, and concentration of credit risk. The following describes those risks and the RSA's policies regarding those risks:

Interest Rate Risk – The fair value of fixed maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in the fair value of those instruments. There is no stated limitation on the duration level of the fixed income portfolio; however, this level is assessed on a regular basis to determine if adjustments are needed. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. The RSA's custodial credit risk policy requires the custodial agent to hold or direct its agents or sub-custodians to hold, for the account of the RSA, all securities and other non-cash property other than securities in the Federal Reserve book-entry system, in a clearing agency which acts as a securities depository, or in another book-entry system. The RSA's safekeeping agent holds all investments of the RSA in the RSA's name with the exception of securities purchased with securities lending cash collateral.

Credit Quality Risk – Nationally recognized statistical rating organizations provide ratings of debt securities' quality based on a variety of factors, such as the financial condition of the issuers which provide investors with some idea of the issuer's ability to meet its obligations. Domestic fixed maturity investments may consist of rated or non-rated securities. There are no stated limitations on the credit quality of the fixed income portfolio; however, ratings are assessed on a regular basis. The Systems may hedge against the possible adverse effects of currency fluctuations on each System's portfolio of international fixed income obligations when it is considered appropriate. Short-term investments may consist of commercial paper rated at least A-2 and/or P-2, repurchase agreements, short-term U.S. securities, and other money market investments.

Foreign Currency Risk – The risk that changes in exchange rates will adversely affect the fair value of an investment. In order for an international security to be eligible for purchase by the Systems, the issuing company must be incorporated in a country whose debt securities are eligible for purchase and the fair value of the aggregate outstanding equity of the issuing company must be at least \$100 million.

Concentration of Credit Risk – As of September 30, 2024, the TRS owned debt and equity securities of Morgan Stanley which represented approximately 5.71% of the TRS investments. The ERS and the JRF did not own any debt or equity securities with approximated values greater than 5% of their total investments.

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The following tables provide information as of September 30, 2024, concerning the fair value of investments, interest rate risk, and foreign currency risk (dollar amounts in thousands):

Type of Investment	Maturity in Years at Fair Value				Total Fair Value	Cost
	1 or less	1-5	6-10	More Than 10		
Fixed Maturity						
Domestic						
Money Market Funds	\$ 2,386,560	\$ -	\$ -	\$ -	\$ 2,386,560	\$ 2,386,560
Commercial Paper	191,050	-	-	-	191,050	191,050
U.S. Agency	34,668	57,127	27,418	2,324	121,537	126,606
U.S. Treasuries	93,224	859,544	334,283	307,586	1,594,637	1,623,658
Corporate Bonds	184,852	587,637	423,794	451,962	1,648,245	1,667,493
Private Placements	-	233,242	84,859	181,787	499,888	515,645
GNMAs	4	248	-	120,497	120,749	139,129
CMOs	6	4,485	10,720	934,592	949,803	978,051
Total Domestic Fixed Maturity	<u>\$ 2,890,364</u>	<u>\$ 1,742,283</u>	<u>\$ 881,074</u>	<u>\$ 1,998,748</u>	<u>7,512,469</u>	<u>7,628,192</u>
Equities						
Common					15,291,467	8,400,098
Private					1,574,409	1,486,453
International						
Australian Dollar					238,421	110,978
Swiss Franc					381,120	120,335
Danish Krone					141,366	26,422
Euro					1,083,976	615,657
Pound Sterling					503,564	421,450
Hong Kong Dollar					75,621	50,328
New Israeli Shekel					14,730	15,353
Japanese Yen					887,423	491,099
Norwegian Krone					19,892	12,553
New Zealand Dollar					1,326	2,218
Swedish Krona					104,552	41,767
Singapore Dollar					44,522	24,860
US Dollar					1,191,002	1,024,494
South African Rand					11	8
Total International Equities					<u>4,687,526</u>	<u>2,957,522</u>
Total Equities					<u>21,553,402</u>	<u>12,844,073</u>
Real Estate						
Real Estate - Buildings					2,450,968	1,942,821
Real Estate - Equity					365,412	301,986
Total Real Estate					<u>2,816,380</u>	<u>2,244,807</u>
Total Investments					<u>\$ 31,882,251</u>	<u>\$ 22,717,072</u>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

Type of Investment	ERS Maturity in Years at Fair Value				Total Fair Value	Cost
	1 or Less	1-5	6-10	More Than 10		
<i>Fixed Maturity</i>						
Domestic						
Money Market Funds	\$ 1,280,332	\$ -	\$ -	\$ -	\$ 1,280,332	\$ 1,280,332
Commercial Paper	102,877	-	-	-	102,877	102,877
U.S. Agency	16,660	28,285	16,052	1,130	62,127	65,026
U.S. Treasuries	48,118	441,945	169,825	152,968	812,856	827,653
Corporate Bonds	90,612	306,316	219,804	223,255	839,987	851,660
Private Placements	-	113,539	42,646	89,536	245,721	253,791
GNMAs	1	77	-	60,615	60,693	70,086
CMOs	3	2,065	5,125	475,049	482,242	497,051
Total Domestic Fixed Maturity	<u>\$ 1,538,603</u>	<u>\$ 892,227</u>	<u>\$ 453,452</u>	<u>\$ 1,002,553</u>	<u>3,886,835</u>	<u>3,948,476</u>
<i>Equities</i>						
Common					7,936,143	4,276,161
Private					853,507	847,361
International						
Australian Dollar					115,923	57,325
Swiss Franc					185,127	65,445
Danish Krone					68,729	14,426
Euro					527,217	306,184
Pound Sterling					244,837	203,233
Hong Kong Dollar					36,721	26,600
New Israeli Shekel					7,163	7,281
Japanese Yen					430,784	246,951
Norwegian Krone					9,667	6,384
New Zealand Dollar					644	1,083
Swedish Krona					50,836	21,889
Singapore Dollar					21,646	12,391
US Dollar					666,370	581,207
Total International Equities					<u>2,365,664</u>	<u>1,550,399</u>
Total Equities					<u>11,155,314</u>	<u>6,673,921</u>
Real Estate						
Real Estate - Buildings					1,189,348	968,095
Real Estate - Equity					250,555	207,065
Total Real Estate					<u>1,439,903</u>	<u>1,175,160</u>
Total Investments					<u>\$ 16,482,052</u>	<u>\$ 11,797,557</u>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

JRF						
	Maturity in Years at Fair Value					
Type of Investment	1 or Less	1-5	6-10	More Than 10	Total Fair Value	Cost
Fixed Maturity						
Domestic						
Money Market Funds	\$ 27,424	\$ -	\$ -	\$ -	\$ 27,424	\$ 27,424
Commercial Paper	4,019	-	-	-	4,019	4,019
U.S. Agency	704	1,411	546	55	2,716	2,834
U.S. Treasuries	1,403	16,845	5,494	5,499	29,241	29,993
Corporate Bonds	5,752	11,998	6,782	9,753	34,285	34,929
Private Placements	-	1,669	-	811	2,480	2,588
GNMAs	-	-	-	2,621	2,621	3,020
CMOs	-	111	376	18,246	18,733	19,620
Total Domestic Fixed Maturity	\$ 39,302	\$ 32,034	\$ 13,198	\$ 36,985	121,519	124,427
Equities						
Common					184,612	71,305
Private					2,895	2,734
International						
Australian Dollar					3,147	2,024
Swiss Franc					4,956	2,115
Danish Krone					1,864	427
Euro					14,234	8,902
Pound Sterling					6,611	5,964
Hong Kong Dollar					1,008	778
New Israeli Shekel					193	201
Japanese Yen					11,779	6,900
Norwegian Krone					262	223
New Zealand Dollar					18	23
Swedish Krona					1,374	712
Singapore Dollar					575	346
US Dollar					9,177	7,594
Total International Equities					55,198	36,209
Total Equities					242,705	110,248
Real Estate						
Real Estate - Buildings					4,198	1,067
Real Estate - Equity					3,375	2,789
Total Real Estate					7,573	3,856
Total Investments	\$ 371,797				\$ 371,797	\$ 238,531

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

The following tables provide information as of September 30, 2024, concerning credit risk:

TRS			
Moody's Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
Aaa	\$ 152,169	\$ 147,611	1.96
Aa2	18,260	17,086	0.23
Aa3	23,989	24,153	0.32
P-1	13,001	13,001	0.17
P-2	178,049	178,049	2.37
A1	207,806	209,383	2.79
A2	143,894	148,536	1.98
A3	285,131	284,411	3.79
Baa1	372,288	358,559	4.77
Baa2	505,678	496,027	6.60
Baa3	53,605	53,102	0.71
Ba1	7,442	7,617	0.10
Ba2	4,718	5,383	0.07
Ba3	2,141	2,086	0.03
NR	2,919,183	2,902,276	38.63
Total Moody's Rated Fixed Maturities	4,887,354	4,847,280	64.52
U.S. Agency Mortgage-Backed Securities	978,051	949,803	12.64
U.S. Government Guaranteed	1,762,787	1,715,386	22.84
Total Fixed Maturities	\$ 7,628,192	\$ 7,512,469	100.00

S&P Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
AAA	\$ 14,962	\$ 14,525	0.19
AA+	135,489	131,395	1.75
AA	6,468	6,814	0.09
AA-	55,894	55,629	0.74
A-2	191,050	191,050	2.54
A+	21,654	20,560	0.27
A	119,634	123,184	1.64
A-	328,871	327,120	4.35
BBB+	493,541	491,931	6.55
BBB	477,761	461,544	6.14
BBB-	88,951	87,332	1.16
BB+	10,978	11,570	0.15
BB-	2,141	2,086	0.03
NR	2,939,960	2,922,540	38.92
Total S&P Rated Fixed Maturities	4,887,354	4,847,280	64.52
U.S. Agency Mortgage-Backed Securities	978,051	949,803	12.64
U.S. Government Guaranteed	1,762,787	1,715,386	22.84
Total Fixed Maturities	\$ 7,628,192	\$ 7,512,469	100.00

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

ERS			
Moody's Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
Aaa	\$ 77,244	\$ 74,630	1.92
Aa2	8,928	8,403	0.22
Aa3	12,075	12,157	0.31
P-1	7,000	7,000	0.18
P-2	95,877	95,877	2.47
A1	109,274	109,902	2.83
A2	73,907	76,172	1.96
A3	138,117	137,707	3.54
Baa1	193,010	184,950	4.76
Baa2	262,239	256,671	6.60
Baa3	27,051	26,836	0.69
Ba1	3,554	3,637	0.09
Ba2	2,408	2,747	0.07
Ba3	989	966	0.02
NR	1,542,013	1,533,389	39.46
Total Moody's Rated Fixed Maturities	2,553,686	2,531,044	65.12
U.S. Agency Mortgage-Backed Securities	497,051	482,242	12.41
U.S. Government Guaranteed	897,739	873,549	22.47
Total Fixed Maturities	\$ 3,948,476	\$ 3,886,835	100.00

S&P Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
AAA	\$ 6,896	\$ 6,684	0.17
AA+	69,580	67,191	1.73
AA	2,922	3,073	0.08
AA-	27,703	27,628	0.71
A-2	102,877	102,877	2.65
A+	11,429	10,845	0.28
A	58,771	60,464	1.56
A-	174,992	173,819	4.47
BBB+	243,418	242,368	6.24
BBB	250,831	241,261	6.21
BBB-	44,164	43,373	1.12
BB+	5,502	5,846	0.15
BB-	989	966	0.02
NR	1,553,612	1,544,649	39.73
Total S&P Rated Fixed Maturities	2,553,686	2,531,044	65.12
U.S. Agency Mortgage-Backed Securities	497,051	482,242	12.41
U.S. Government Guaranteed	897,739	873,549	22.47
Total Fixed Maturities	\$ 3,948,476	\$ 3,886,835	100.00

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

JRF

Moody's Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
Aaa	\$ 3,487	\$ 3,379	2.78
Aa2	644	628	0.52
Aa3	558	557	0.46
P-2	4,019	4,019	3.31
A1	3,305	3,342	2.75
A2	2,321	2,381	1.96
A3	6,344	6,287	5.17
Baa1	7,300	6,931	5.70
Baa2	10,679	10,348	8.52
Baa3	926	901	0.74
Ba1	78	80	0.07
Ba2	113	129	0.11
Ba3	63	61	0.05
NR	31,957	31,881	26.22
Total Moody's Rated Fixed Maturities	71,794	70,924	58.36
U.S. Agency Mortgage-Backed Securities	19,620	18,733	15.42
U.S. Government Guaranteed	33,013	31,862	26.22
Total Fixed Maturities	\$ 124,427	\$ 121,519	100.00

S&P Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
AAA	\$ 436	\$ 423	0.35
AA+	3,014	2,919	2.40
AA	155	163	0.13
AA-	1,374	1,363	1.12
A-2	4,019	4,019	3.31
A+	274	260	0.21
A	2,129	2,183	1.80
A-	6,266	6,195	5.10
BBB+	10,109	9,938	8.18
BBB	10,312	9,824	8.08
BBB-	1,479	1,454	1.20
BB+	226	233	0.19
BB-	63	61	0.05
NR	31,938	31,889	26.24
Total S&P Rated Fixed Maturities	71,794	70,924	58.36
U.S. Agency Mortgage-Backed Securities	19,620	18,733	15.42
U.S. Government Guaranteed	33,013	31,862	26.22
Total Fixed Maturities	\$ 124,427	\$ 121,519	100.00

(Dollar Amounts in Thousands)

D. Fair Value Measurement

The RSA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy prioritizes the inputs to valuation used to measure the fair value of the asset, giving the highest priority to quoted prices in an active market for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted (unadjusted) prices in an active market for identical assets or liabilities.
- Level 2: Significant other inputs which are observable either directly or indirectly, including quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in a less active market, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means, or other market-corroborated inputs.
- Level 3: Valuations derived from valuation techniques using significant unobservable inputs for the asset or liabilities.

The categorization of investments within the hierarchy is based upon pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments in equity securities classified as Level 1 are valued using quoted prices in an active market for those securities.

Investments in securities classified as Level 2 are valued using non-proprietary information that is readily available to market participants from multiple independent sources, which are known to be actively involved in the market. Pricing inputs may include market quotation, yields, maturities, call features, and ratings.

Investments in non-market traded private equity, debt, and direct investments in real estate not publicly traded are classified as Level 3 due to the lack of observable pricing inputs and are valued using annual appraisals based on a combination of market data and projected cash flows.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

The following tables provide information as of September 30, 2024, concerning fair value measurement:

TRS

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Fixed Maturity				
Money Market Funds	\$ 2,386,560	\$ -	\$ 2,386,560	\$ -
Commercial Paper	191,050	-	191,050	-
U.S. Agency	121,537	-	121,537	-
U.S. Treasuries	1,594,637	-	1,594,637	-
Corporate Bonds	1,648,245	-	1,648,245	-
Private Placements	499,888	-	-	499,888
GNMAs	120,749	-	120,749	-
CMOs	949,803	-	949,803	-
Total Domestic Fixed Maturity	7,512,469	-	7,012,581	499,888
Equities				
Domestic	15,291,467	13,441,953	1,849,514	-
Private	1,574,409	65,609	-	1,508,800
International	4,687,526	4,246,269	441,244	13
Total Equities	21,553,402	17,753,831	2,290,758	1,508,813
Real Estate				
Real Estate - Buildings	2,450,968	-	-	2,450,968
Real Estate - Equity	365,412	365,412	-	-
Total Real Estate	2,816,380	365,412	-	2,450,968
Total Investments	31,882,251	18,119,243	9,303,339	4,459,669
Securities Lending Collateral	1,256,953	-	1,256,953	-
Total Fair Value	\$ 33,139,204	\$ 18,119,243	\$ 10,560,292	\$ 4,459,669

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

ERS

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Fixed Maturity				
Money Market Funds	\$ 1,280,332	\$ -	\$ 1,280,332	\$ -
Commercial Paper	102,877	-	102,877	-
U.S. Agency	62,127	-	62,127	-
U.S. Treasuries	812,856	-	812,856	-
Corporate Bonds	839,987	-	839,987	-
Private Placements	245,721	-	-	245,721
GNMAs	60,693	-	60,693	-
CMOs	482,242	-	482,242	-
Total Domestic Fixed Maturity	3,886,835	-	3,641,114	245,721
Equities				
Domestic	7,936,143	7,167,076	769,067	-
Private	853,507	35,168	-	818,339
International	2,365,664	2,132,411	233,247	6
Total Equities	11,155,314	9,334,655	1,002,314	818,345
Real Estate				
Real Estate - Buildings	1,189,348	-	-	1,189,348
Real Estate - Equity	250,555	250,555	-	-
Total Real Estate	1,439,903	250,555	-	1,189,348
Total Investments	16,482,052	9,585,210	4,643,428	2,253,414
Securities Lending Collateral	669,289	-	669,289	-
Total Fair Value	\$ 17,151,341	\$ 9,585,210	\$ 5,312,717	\$ 2,253,414

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

JRF

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Fixed Maturity				
Money Market Funds	\$ 27,424	\$ -	\$ 27,424	\$ -
Commercial Paper	4,019	-	4,019	-
U.S. Agency	2,716	-	2,716	-
U.S. Treasuries	29,241	-	29,241	-
Corporate Bonds	34,285	1,696	32,589	-
Private Placements	2,480	-	-	2,480
GNMAs	2,621	-	2,621	-
CMOs	18,733	-	18,733	-
Total Domestic Fixed Maturity	121,519	1,696	117,343	2,480
Equities				
Domestic	184,612	167,368	17,244	-
Private	2,895	-	-	2,895
International	55,198	51,936	3,262	-
Total Equities	242,705	219,304	20,506	2,895
Real Estate				
Real Estate - Buildings	4,198	-	-	4,198
Real Estate - Equity	3,375	3,375	-	-
Total Real Estate	7,573	3,375	-	4,198
Total Investments	371,797	224,375	137,849	9,573
Securities Lending Collateral	4,224	-	4,224	-
Total Fair Value	\$ 376,021	\$ 224,375	\$ 142,073	\$ 9,573

Notes to the Combined Financial Statements
For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

E. Securities Lending Program

The TRS, ERS, and JRF are authorized by the Boards of Control to participate in a securities lending program. The Systems' custodian, State Street Bank and Trust Company (State Street), administers the program. Certain securities from the TRS, ERS, and JRF are loaned to borrowers approved by the Systems for collateral that will be returned for the same type of securities. Approved borrowers of securities provide acceptable collateral in the form of cash (U.S. and foreign currency), any other assets permissible under Rule 15c3-3 under the Exchange Act of 1934, U.S. and non-U.S. equities, and such other collateral as the parties may agree to in writing from time to time. All security loans are open loans and can be terminated on demand by the TRS, ERS, JRF, or borrower. The initial collateral received shall have (depending on the nature of the loaned securities and the collateral received) a value of 102% or 105% of the fair value of the loaned securities, or such other value, but not less than 102% of the fair value of the loaned securities, as may be applicable in the jurisdiction in which such loaned securities are customarily traded. Pursuant to the terms of the applicable securities loan agreement, State Street shall, in accordance with State Street's reasonable and customary practices, mark loaned securities and collateral to their fair value each business day based upon the fair value of the collateral and the loaned securities at the close of the business day employing the most recently available pricing information and shall receive and deliver collateral in order to maintain the value of the collateral at no less than 100% of the fair value of the loaned securities. These collateral requirements minimize RSA's credit risk exposure to borrowers.

The TRS, ERS, and JRF cannot pledge or sell collateral securities received unless the borrower defaults. Cash collateral is invested in the State Street Compass Fund.

The following describes the guidelines for the Compass Fund. The Compass Fund's Investment Manager (State Street Bank) shall maintain the dollar-weighted average maturity of the Compass Fund in a manner that the Investment Manager believes is appropriate to the objective of the Compass Fund; provided that (i) in no event shall any eligible security be acquired with a remaining legal final maturity (i.e., the date on which principal must be repaid) of greater than 18 months, (ii) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity of the Compass Fund not to exceed 75 calendar days, and (iii) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity to final of the Compass Fund not to exceed 180 calendar days. At the time of purchase, (i) all eligible securities with maturities of 13 months or less shall (x) be rated at least A1, P1, or F1 by at least any two of the following nationally recognized statistical rating organizations: Standard & Poor's Corp. ("S&P"), Moody's Investor Services, Inc. ("Moody's"), or Fitch, Inc. ("Fitch") respectively, or (y) be determined by the Investment Manager to be of comparable quality and (ii) all eligible securities with maturities in excess of 13 months shall (x) be rated at least A-, A3, or A- by at least any two of S&P, Moody's, or Fitch respectively, or (y) be determined by the Investment Manager to be of comparable quality. The Compass Fund may invest up to 10% of its assets at a time of purchase in commingled vehicles managed by State Street Global Advisors or its affiliates that conform to the Investment Policy Guidelines.

As of September 30, 2024, the average term of the loans secured by the Compass Fund was 23 days for the TRS, 26 days for the ERS, and 42 days for the JRF. Cash collateral investments in the Compass Fund are matured as needed to fulfill loan obligations. There is no direct matching of the maturities of the loans with the investments made with cash collateral.

At September 30, 2024, the fair value of the securities on loan was \$4,670,389, \$2,103,195, and \$40,668 for the TRS, ERS, and JRF, respectively (dollar amounts in thousands). The fair value of the collateral pledged by the borrowers was \$4,984,839, \$2,248,836, and \$44,159 for the TRS, ERS, and JRF, respectively (dollar amounts in thousands). There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

Investments purchased with cash collateral are held by the custodial agent, but not in the name of the Systems. Securities pledged as collateral are held by the custodial agent, but not in the name of the Systems. Letters of credit pledged as collateral are issued by the borrower's bank and are irrevocable. Tri-Party Collateral is held by a third-party bank in the name of the custodial agent. State Street, as custodial agent, is authorized to request a third-party bank to undertake certain custodial functions in connection with holding of the collateral provided by a borrower. State Street may instruct the third-party bank to establish and maintain a borrower's account and a State Street account wherein all collateral, including cash, shall be maintained by the third-party bank in accordance with the terms of the agreement.

The following table provides information as of September 30, 2024, concerning securities lent:

SECURITIES LENDING - INVESTMENTS LENT AND COLLATERAL RECEIVED
(at Fair Value in Thousands) 09/30/2024

Type of Investment Lent	TRS	ERS	JRF	Totals
<i>For Cash Collateral</i>				
Domestic Fixed Maturities	\$ 149,686	\$ 110,521	\$ 720	\$ 260,927
Domestic Equity -US	857,475	406,100	1,912	1,265,487
Domestic Equity -JPY	135,304	78,051	827	214,182
International Equity -US	79,279	55,354	627	135,260
Total Lent for Cash Collateral	1,221,744	650,026	4,086	1,875,856
<i>For Non-Cash Collateral</i>				
Domestic Fixed Maturities	1,576,935	753,053	26,044	2,356,032
Domestic Equity	1,754,477	637,101	9,460	2,401,038
International Equity	117,233	63,015	1,078	181,326
Total Lent for Non-cash Collateral	3,448,645	1,453,169	36,582	4,938,396
Total Securities Lent	\$ 4,670,389	\$ 2,103,195	\$ 40,668	\$ 6,814,252
Type of Collateral Received				
<i>Cash Collateral</i>				
Cash Collateral - Invested in State Street Compass Fund - JPY	141,273	81,260	860	223,393
Cash Collateral - Invested in State Street Compass Fund - USD	1,115,680	588,029	3,364	1,707,073
Total Cash Collateral	1,256,953	669,289	4,224	1,930,466
<i>Non-Cash Collateral</i>				
Domestic Fixed Securities				
CAD	1,578	2,105	802	4,485
USD	575,594	284,436	8,053	868,083
Domestic Equity Securities				
CAD	305,890	125,263	3,427	434,580
USD	1,648,253	586,198	7,460	2,241,911
International Fixed Maturities & Equity				
EUR	270	-	-	270
GBP	63	8,208	579	8,850
USD	1,196,238	573,337	19,614	1,789,189
Total Non-cash Collateral	3,727,886	1,579,547	39,935	5,347,368
Total Collateral Received	\$ 4,984,839	\$ 2,248,836	\$ 44,159	\$ 7,277,834

F. Mortgage-backed Securities

As of September 30, 2024, the TRS, ERS, and JRF had investments in mortgaged-backed securities. Embedded prepayment options cause these investments to be highly sensitive to changes in interest rates. Prepayments of the underlying assets reduce the total interest payments to be received. Generally, when interest rates fall, obligees tend to prepay the mortgages thus eliminating the stream of interest payments that would have been received under the original amortization schedule. The resulting reduction in cash flow diminishes the fair value of the mortgage-backed securities. Additionally, the prepayment activity associated with this type of security can lead to changes in the average life and duration of the security; higher prepayments will effectively shorten the expected life of the security while slower prepayments can lengthen the expected life of the security.

G. Investment Derivatives

Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. From time to time, the RSA enters into certain derivative transactions, specifically call options and put options. The RSA uses these derivative instruments to make an investment, control risk with certain investment positions, or as a yield enhancement strategy. During the fiscal year, these investment derivative instruments were used exclusively within the RSA's domestic and international equity portfolios and are presented in the financial statements in their respective equity classifications. These derivative instruments are either listed options or executed in the over-the-counter (OTC) market using only credit worthy counterparties. The fair value of the investment derivative instruments is based on market prices. Investment risks related to investment derivatives have been considered and included in the Investment Risks note (Note 5C) in the preceding pages.

There were no investment derivative instruments outstanding as of September 30, 2024 or September 30, 2023 as reported in the Systems' Statement of Plan Net Assets and Statement of Changes in Plan Net Assets.

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6) NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability related to the TRS, ERS, and JRF retirement plans determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, as of September 30, 2024, were as follows:

	TRS	ERS	JRF
Total Pension Liability	\$ 45,495,140	\$ 23,812,137	\$ 565,117
Less: Plan Net Position (see Note 3G)	(32,486,996)	(16,612,133)	(377,167)
Net Pension Liability	\$ 13,008,144	\$ 7,200,004	\$ 187,950

Plan Net Position as a Percentage of the Total Pension Liability	71.41%	69.76%	66.74%
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The net pension liability is allocated to employers in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The total pension liability was determined by an actuarial valuation as of September 30, 2023, and rolled forward in accordance with GASB Statement No. 67 to September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	ERS	JRF
Inflation	2.50%	2.50%	2.50%
Projected Salary Increases	3.25% - 5.00%	3.25% - 7.75%	2.75% - 3.50%
Investment Rate of Return*	7.45%	7.45%	7.40%

*Net of pension plan investment expense, including inflation

There were no ad hoc postemployment benefit changes, including ad hoc COLAs, during fiscal year 2024.

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an investigation of the economic and demographic experience for the TRS, ERS, and JRF based upon participant data as of September 30, 2020, completed by the RSA and its actuaries. The purpose of the investigation was to assess the reasonableness of the actuarial assumptions and methods currently used by the RSA. This investigation resulted in changes to the actuarial assumptions. The Boards of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

The assumed investment rates of return used to prepare the actuarial valuations as of September 30, 2023, were 7.45% for the TRS & ERS and 7.40% for the JRF. The Boards of Control accepted and approved these assumed investment rates of return in September 2021 which became effective September 30, 2021. These assumed investment rates of return were used to measure the total pension liability as of September 30, 2024.

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Mortality rates for the TRS and JRF were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 - 67 Female: 112% ages < 69, 98% > age 74; Phasing down 69 - 74
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: None	None
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None

Mortality rates for the ERS were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2 Female: +2	Male: 90% ages < 65, 96% ages > or = 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1 Female: None	None
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7 Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7 Female: None	None

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The total pension liability related to the cost-sharing retirement plans is based on the actuarial valuation as of September 30, 2023. The expected total pension liability is determined as of September 30, 2024, using standard roll-forward techniques as shown in the following table:

	TRS	
	Expected	Actual
Total Pension Liability as of 9/30/2023 (a)	\$ 43,806,080	\$ 44,204,843
Expected Rate of Return (b)	7.45%	7.45%
Entry Age Normal Cost* for 10/1/2023 - 9/30/2024 (c)	\$ 826,293	\$ 826,293
Actual Benefit Payments (including refunds) for 10/1/2023 - 9/30/2024 (d)	\$ 2,727,652	\$ 2,727,652
Total Pension Liability as of 9/30/2024 [(a) x (1 + (b))] + (c) - [(d) x (1 + 0.5 x (b))]	\$ 45,066,669	\$ 45,495,140
Difference between Actual Before and After Plan Changes - Benefit Change (Gain)/Loss		\$ 428,471

	ERS		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
Total Pension Liability as of 9/30/2023 (a)	\$ 22,706,533	\$ 23,118,666	\$ 23,150,263
Expected Rate of Return (b)	7.45%	7.45%	7.45%
Entry Age Normal Cost* for 10/1/2023 - 9/30/2024 (c)	\$ 460,137	\$ 460,137	\$ 463,086
Actual Benefit Payments (including refunds) for 10/1/2023 - 9/30/2024 (d)	\$ 1,471,108	\$ 1,471,108	\$ 1,471,108
Total Pension Liability as of 9/30/2024 [(a) x (1 + (b))] + (c) - [(d) x (1 + 0.5 x (b))]	\$ 23,332,400	\$ 23,775,237	\$ 23,812,137
Difference between Expected and Actual Experience (Gain)/Loss		\$ 442,837	
Difference between Actual Before and After Plan Changes - Benefit Change (Gain)/Loss			\$ 36,900

	JRF	
	Expected	Actual
Total Pension Liability as of 9/30/2023 (a)	\$ 551,867	\$ 556,558
Expected Rate of Return (b)	7.40%	7.40%
Entry Age Normal Cost* for 10/1/2023 - 9/30/2024 (c)	\$ 12,083	\$ 12,083
Actual Benefit Payments (including refunds) for 10/1/2023 - 9/30/2024 (d)	\$ 43,113	\$ 43,113
Total Pension Liability as of 9/30/2024 [(a) x (1 + (b))] + (c) - [(d) x (1 + 0.5 x (b))]	\$ 560,080	\$ 565,118
Difference between Expected and Actual Experience (Gain)/Loss		\$ 5,038

*Also called the Service Cost.

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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation			Long-Term Expected Rate of Return*		
	TRS	ERS	JRF	TRS	ERS	JRF
Fixed Income	15.00%	15.00%	22.00%	2.80%	2.80%	2.80%
U.S. Large Stocks	32.00%	32.00%	39.00%	8.00%	8.00%	8.00%
U.S. Mid Stocks	9.00%	9.00%	11.00%	10.00%	10.00%	10.00%
U.S. Small Stocks	4.00%	4.00%	5.00%	11.00%	11.00%	11.00%
International Developed Market Stocks	12.00%	12.00%	12.00%	9.50%	9.50%	9.50%
International Emerging Market Stocks	3.00%	3.00%	3.00%	11.00%	11.00%	11.00%
Alternatives	10.00%	10.00%	1.00%	9.00%	9.00%	9.00%
Real Estate	10.00%	10.00%	2.00%	6.50%	6.50%	6.50%
Cash	5.00%	5.00%	5.00%	1.50%	1.50%	1.50%
Total	100.00%	100.00%	100.00%			

*Includes assumed rate of inflation of 2.00%.

The discount rate used to measure the total pension liability was 7.45% for the TRS & ERS and 7.40% for the JRF. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net pension liability of the TRS, ERS, and JRF calculated using their respective discount rates, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollar amounts in thousands):

	Current		
	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
TRS	\$ 18,086,776	\$ 13,008,144	\$ 8,733,374
ERS	\$ 9,857,363	\$ 7,200,004	\$ 4,960,498

	Current		
	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
JRF	\$ 239,210	\$ 187,950	\$ 143,621

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Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

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7) CONTRIBUTIONS REQUIRED AND MADE

The actuary has computed, as of the date of the most recent actuarial valuations, the estimated present value of benefits payable to retired members, beneficiaries, and active members. The actuarial valuations for the TRS, ERS, and JRF are prepared on the projected benefit basis utilizing the entry age normal method. The present value of all expected benefits payable from each system to the present group of members and beneficiaries is calculated by adding the present value of the expected benefits payable to the active members to the present value of the expected future payments to retired members and beneficiaries.

As required by statute, the TRS, ERS, and JRF provide for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that accumulate sufficient assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs. Additionally, a portion of the TRS, ERS, and JRF Group 3 employer contributions fund a preretirement death benefit. Also, a portion of the TRS employer contributions fund a term life benefit.

For the TRS, ERS, and JRF, the normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contributions which, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf.

The 2024 retirement contributions were made in accordance with actuarially determined contribution requirements.

The RSA and its actuaries completed an investigation of the economic and demographic experience for the TRS, ERS, and JRF based upon participant data as of September 30, 2020. The purpose of the investigation was to assess the reasonableness of the actuarial assumptions and methods currently used by the RSA. This investigation resulted in changes to actuarial assumptions which are outlined in Note 6. The Boards of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

8) PROPERTY AND EQUIPMENT

Plan assets used in plan operations are reported at historical cost less accumulated depreciation. Depreciation is determined on the straight-line basis using estimated useful lives of 30 years for buildings, 3 to 10 years for furniture and equipment, and 10 years for software. Property and equipment was comprised of the following amounts as of September 30, 2024:

	TRS	ERS
Land	\$ 5,085	\$ 2,535
Building and Improvements	107,896	53,948
Software	49,181	16,361
Furniture and Equipment	12,354	2,927
Total Property and Equipment	174,516	75,771
Less: Accumulated Depreciation	(95,935)	(40,211)
Net Property and Equipment	\$ 78,581	\$ 35,560

Software represents the capitalizable amount of software and professional services related to RSA's pension administration and deferred compensation system. The cost of the system is allocated between the TRS and ERS with the TRS incurring 75% of the cost and the ERS incurring 25%. This project is being accounted for pursuant to the requirements of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

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9) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS FOR RSA EMPLOYEES

The Alabama Retired State Employees' Health Care Trust (SEIF - Retired Trust) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the SEIF - Retired Trust and additions to/deductions from its fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date that the financial statements were issued.

The SEIF - Retired Trust is a single employer defined benefit health care plan, also known as an other postemployment benefits (OPEB) trust, established in 2007 under the provisions of the Alabama Retiree Health Care Funding Act of 2007 (Act 16 of the Legislature of 2007) as an irrevocable trust fund. Constitutional amendment 798 provides further legal authority to the SEIF - Retired Trust as an irrevocable trust fund. Active and retiree health insurance benefits are paid through the State Employees' Insurance Fund (SEIF) pursuant to Act 833 of the Legislature of 1965. The assets of the SEIF - Retired Trust may not be used for any purpose other than to acquire permitted investments, pay administrative expenses, and provide postemployment health care benefits to or for retired employees and their dependents in accordance with the terms of the plan. Plan assets of SEIF - Retired Trust are legally protected from creditors. The Legislature has no authority or power to appropriate the assets of the SEIF - Retired Trust. Responsibility for the general administration and operations of the SEIF - Retired Trust is vested in its trustees who consist of the State Employees' Insurance Board's (SEIB) members. In accordance with GASB pronouncements, the SEIF - Retired Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

The State Employees' Health Insurance Plan (SEHIP) provides basic medical coverage for up to 365 days of care during each hospital confinement, outpatient care, physicians' benefits, radiation therapy, and major medical benefits with no lifetime maximum. Separate group dental, vision, and cancer contracts are also offered for eligible participants who elect coverage.

At September 30, 2023, the membership covered by the benefit terms consisted of:

Active Members	29,612
Inactive Members	24,847
Total	<u>54,459</u>

The SEHIP provides that the employers contribute monthly for the medical insurance of participating employees. Coverage is also available to dependents of employees with their medical premiums typically being paid by the employee. Employee and dependent premium amounts are determined annually and are set at a rate necessary to provide sufficient funds to pay all claims and reasonable expenses of administering the plans.

At September 30, 2024, the TRS reported a liability of \$6,026 for its proportionate share of the net OPEB liability (dollar amount in thousands). The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The TRS's proportion of the net OPEB liability was based on the projection of the TRS's contributions for fiscal 2023 to the total fiscal 2023 contributions of all participating employers. At September 30, 2023, the TRS's proportion was 0.6433319%, which was an increase of 0.0345869% from its proportion measured as of September 30, 2022.

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For the year ended September 30, 2024, the TRS recognized OPEB expense of (\$1,006). At September 30, 2024, the TRS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ 29	\$ 2,094
Changes of Assumptions	691	1,161
Net Difference between Projected & Actual		
Earnings on OPEB Plan Investments	69	-
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	997	-
Employer Contributions Subsequent to the Measurement Date	367	-
Total	\$ 2,153	\$ 3,255

The TRS will recognize \$367 of reported deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date as a reduction of net OPEB liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollar amounts in thousands):

Fiscal Year Ended September 30:	
2025	(\$1,426)
2026	(\$251)
2027	\$129
2028	\$68
2029	\$11
Thereafter	\$0

At September 30, 2024, the ERS reported a liability of \$3,143 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The ERS's proportion of the net OPEB liability was based on the proportion of ERS's contributions for fiscal 2023 to the total fiscal 2023 contributions of all participating employers. At September 30, 2023, the ERS's proportion was 0.3355415%, which was a decrease of 0.0195245% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the ERS recognized OPEB expense of (\$777). At September 30, 2024, the ERS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ 15	\$ 1,092
Changes of Assumptions	360	606
Net Difference between Projected & Actual		
Earnings on OPEB Plan Investments	36	-
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	32	643
Employer Contributions Subsequent to the Measurement Date	183	-
Total	\$ 626	\$ 2,341

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The ERS will recognize \$183 of reported deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date as a reduction of net OPEB liability in the fiscal year ended September 30, 2025 (dollar amount in thousands). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollar amounts in thousands):

Fiscal Year Ended September 30:	
2025	(\$1,102)
2026	(\$448)
2027	(\$189)
2028	(\$120)
2029	(\$39)
Thereafter	\$0

At September 30, 2024, the JRF reported a liability of \$30 for its proportionate share of the net OPEB liability (dollar amount in thousands). The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The JRF's proportion of the net OPEB liability was based on the proportion of JRF's contributions for fiscal 2023 to the total fiscal 2023 contributions of all participating employers. At September 30, 2023, the JRF's proportion was 0.0032112%, which was an decrease of 0.0000008% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the JRF recognized OPEB expense of (\$1) (dollar amount in thousands). At September 30, 2024, the JRF reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ -	\$ 10
Changes of Assumptions	3	6
Net Difference between Projected & Actual		
Earnings on OPEB Plan Investments	-	-
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	2	-
Employer Contributions Subsequent to the Measurement Date	2	-
Total	\$ 7	\$ 16

The JRF will recognize \$2 of reported deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date as a reduction of net OPEB liability in the fiscal year ended September 30, 2025 (dollar amount in thousands). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollar amounts in thousands):

Fiscal Year Ended September 30:	
2025	(\$8)
2026	(\$3)
2027	\$0
2028	\$0
2029	\$0
Thereafter	\$0

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The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases *	3.25% - 6.00% for State and Local Employees 4.00% - 7.75% for State Police 2.75% - 3.50% for Judges 3.25% - 5.00% for Teachers
Long-Term Investment Rate of Return**	7.25%
Municipal Bond Index Rate at Measurement Date	4.53%
Municipal Bond Index Rate at Prior Measurement Date	4.40%
Projected Year for Fiduciary Net Position to be Depleted	Not Applicable
Single Equivalent Interest Rate at Measurement Date	7.25%
Single Equivalent Interest Rate at Prior Measurement Date	7.25%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	***
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate Trend Rate	2033 for Pre-Medicare Eligible 2033 for Medicare Eligible
Dental Trend Rate	4.50%

*Includes 2.75% wage inflation.

**Compounded annually, net of investment expense, and includes inflation.

***Initial Medicare claims are set based on scheduled increases through plan year 2024.

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The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality tables are adjusted forward and/or back depending on the plan and group covered, as shown in the table below. Note that the Judicial Retirement Fund uses the same mortality tables as the Teachers' Retirement System of Alabama.

Active Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
Judges & Teachers	Teacher Below Median	None	65%
Non-FLC	General Below Median	Male: -1 Female: -1	None
FLC/ State Police	Public Safety Below Median	Male: -1 Female: -1	None

Retiree Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
Judges & Teachers	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 - 67 Female: 112% ages < 69, 98% ages > 74; Phasing down 69 - 74
Non-FLC	General Below Median	Male: +2 Female: +2	Male: 90% ages < 65, 96% > or = 65 Female: 96% all ages
FLC/ State Police	Public Safety Below Median	Male: +1 Female: None	None

Disabled Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
Judges & Teachers	Teacher Disability	Male: +8 Female: +3	None
Non-FLC	General Disability	Male: +7 Female: +3	None
FLC/ State Police	Public Safety Disability	Male: +7 Female: None	None

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Beneficiaries' Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
Judges & Teachers	Teacher Contingent Survivor Below Median	Male: +2 Female: None	None
Non-FLC/ FLC/ State Police	Contingent Survivor Below Median	Male: +2 Female: +2	None

The decremental assumptions and methods used in the valuation were selected based on the actuarial experience studies prepared as of September 30, 2020, submitted to and adopted by the State Employees' Insurance Board on September 13, 2021, and September 14, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2022 valuation were based on a review of recent plan experience done concurrently with the September 30, 2022 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	28.20%	4.40%
U.S. Domestic Stocks	55.20%	8.70%
International Developed Market Stocks	10.80%	9.80%
Cash	5.80%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.50%.

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.25% at September 30, 2023. The discount rate used to measure the total OPEB liability at the prior measurement date was 7.25%. The projection of cash flows used to determine the discount rate assumed that as a base, plan contributions will be equal to the lesser of the largest five-year average of the plan contributions since the implementation of GASB 74, indexed with inflation or actual benefit payments plus expenses. Also, due to a Board decision on September 16, 2020, an additional \$1.2 million per year will be contributed on top of the base contribution. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rate, the Fidelity General Obligation AA 20-year Municipal Bond Index Rate, and the S&P High Grade 20-Year Municipal Bond Index Rate. The rates as of September 30, 2023, were 4.09%, 4.63%, and 4.87%, respectively, which resulted in an average Municipal Bond Index Rate of 4.53%. Projected future benefit payments for all current plan members were projected through 2122.

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The following table presents the TRS, ERS, and JRF's proportionate shares of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

		1% Decrease (5.50% decreasing to 3.50% for Pre-Medicare and Known decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (6.50% decreasing to 4.50% for Pre-Medicare and Known decreasing to 4.50% for Medicare Eligible)		1% Increase (7.50% decreasing to 5.50% for Pre-Medicare and Known decreasing to 5.50% for Medicare Eligible)
TRS	\$	4,839	\$	6,026	\$ 7,468
ERS	\$	2,524	\$	3,143	\$ 3,895
JRF	\$	24	\$	30	\$ 37

The following table presents the proportionate share of the net OPEB liability for the TRS, ERS, and JRF calculated using the discount rate of 7.25%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate (dollar amounts in thousands):

		1% Decrease (6.25%)	Current Discount Rate (7.25%)		1% Increase (8.25%)
TRS	\$	6,988	\$	6,026	\$ 5,220
ERS	\$	3,645	\$	3,143	\$ 2,722
JRF	\$	35	\$	30	\$ 26

10) PENSION PLAN FOR RSA EMPLOYEES

A portion of the RSA's employees participates in the TRS pension plan, which is a cost-sharing plan, and a portion of the RSA's employees participates in the ERS pension plan, which is an agent multiple-employer pension plan. As a component unit, RSA employees participating in the ERS pension plan are valued with all other State of Alabama employees, and therefore, report under the requirements of a cost-sharing unit.

A. Teachers' Retirement System of Alabama

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. Note 1 of this report outlines the composition of the TRS Board of Control. The TRS is administered by the RSA which issues an Annual Comprehensive Financial Report each year. It is available at www.rsa-al.gov.

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of creditable service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that

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yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of creditable service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of creditable service up to 80% of their average final compensation. Act 222 of the Legislature of 2022 for TRS provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of creditable service is entitled to an annual retirement benefit..

Members are eligible for disability retirement if they have 10 years of credible service, are currently in service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, creditable service, employment status, and eligibility for retirement.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS on or after October 1, 2019. A TRS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

Covered members of the TRS were required by statute to contribute 5% of earnable compensation to the TRS until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation to the TRS. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation to the TRS. Certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 6% of earnable compensation to the TRS until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation to the TRS. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation to the TRS. Tier 2 covered members of the TRS are required by statute to contribute 6% of earnable compensation to the TRS. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation to the TRS. Act 537 of the Legislature of 2021 allows the conversion of sick leave into creditable service to TRS Tier 2 members. Effective October 1, 2021, the Tier 2 covered TRS members' (except certified law enforcement, correctional officers, and firefighters) contribution rate required by statute increased to 6.2% of earnable compensation to the TRS. Tier 2 TRS certified law enforcement, correctional officers, and firefighters' contribution rate to the TRS increased as required by statute to 7.2% of earnable compensation.

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2024, was 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total TRS employer contributions to the pension plan from the System were \$2,629 for the fiscal year ended September 30, 2024.

At September 30, 2024, in accordance with GASB Statement No. 68, the TRS reported a net pension liability of \$40,122 for its proportionate share of the TRS pension plan's total net pension liability as determined under GASB Statement No. 67. The TRS pension plan's total pension liability used to calculate the TRS's net pension liability was determined by an actuarial valuation as of September 30, 2022, using actuarial assumptions based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September

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30, 2022, and rolled forward to TRS's measurement date of September 30, 2023. The TRS's share of the net pension liability was based on TRS's share of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2023, the TRS's proportion was 0.251428%, which was an increase of 0.004111% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the TRS recognized pension expense of \$6,399. At September 30, 2024, the TRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ 3,587	\$ 542
Changes of Assumptions	1,129	-
Net Difference between Projected & Actual		
Earnings on Pension Plan Investments	2,752	-
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	3,101	949
Employer Contributions Subsequent to the Measurement Date	2,629	-
Total	\$ 13,198	\$ 1,491

The TRS will recognize \$2,629 of reported deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as a reduction of net pension liability in the fiscal year ended September 30, 2025 (dollar amount in thousands). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollar amounts in thousands):

Fiscal Year Ended September 30:	
2025	\$2,931
2026	\$2,091
2027	\$4,058
2028	(\$2)
2029	\$0
Thereafter	\$0

The TRS total pension liability was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected Salary Increases	3.25% - 5.00%
Investment Rate of Return*	7.45%

*Net of pension plan investment expense,
including inflation

The actuarial assumptions used in the actuarial valuation as of September 30, 2022, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. This investigation resulted in changes to the actuarial assumptions. The TRS Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

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The assumed investment rate of return used to prepare the actuarial valuation as of September 30, 2022, was 7.45%. The Board of Control accepted and approved the new assumed investment rate of return in September 2021 which became effective at the beginning of fiscal year 2021. The new assumed investment rate of return was used to measure the total pension liability as of September 30, 2022, the measurement date.

Mortality rates for the TRS are based on the Pub-2010 Teacher tables with the following adjustments projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 - 67 Female: 112% ages < 69, 98% > age 74; Phasing down 69 - 74
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: None	None
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%.

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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The following table presents the net pension liability of the TRS calculated using the discount rate of 7.45%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
TRS's Proportionate Share of Collective Net Pension Liability	\$ 52,415	\$ 40,122	\$ 29,783

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the TRS prepared as of September 30, 2023. The auditor's report dated January 16, 2024, on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the sum of all participating entities as of September 30, 2023, along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

B. Employees' Retirement System of Alabama

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for State Employees, State Police, and, on an elective basis, to qualified employees of counties, cities, towns, and public or quasi-public organizations. RSA employees who participate in the ERS are employees of the ERS and JRF. The responsibility for the general administration and operation of the ERS is vested in its Board of Control. The ERS Board of Control consists of 15 trustees. Note 1 of this report outlines the composition of the ERS Board of Control. The ERS is administered by the RSA which issues an Annual Comprehensive Financial Report each year. It is available at www.rsa-al.gov.

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (after age 52 for State Police) with 10 years or more of creditable service or with 25 years of creditable service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of creditable service (regardless of age), depending on the particular employer's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of creditable service. State Police are allowed 2.875% for each year of creditable State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Act 78 of the Legislature of 2023 changed the age of eligibility for Tier 2 State Police from 56 to 52. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of creditable service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of creditable State Police service up to 80% of their average final compensation in computing the formula method. Act 351 of the Legislature of 2022 provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of

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creditable service is entitled to an annual retirement benefit. Act 78 of the Legislature of 2023 changed the criteria for Tier 2 State Police from 30 years to 25 years of creditable service.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, creditable service, employment status, and eligibility for retirement.

Act 132 of the Legislature of 2019 provided that local employers participating in the ERS pursuant to the *Code of Alabama 1975, Section 36-27-6* could elect to provide their Tier 2 members with the same retirement benefits provided to their Tier 1 members. Any local participating employer who elects to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members may do so by adoption of a resolution within 24 months of the effective date of Act 2019-132. The effective date of Act 2019-132 was May 8, 2019, giving local participating employers until May 8, 2021, to make such election. Act 2019-132 also provided that the ERS Board of Control could deny a local participating employer's election based on a review by RSA Staff of the local participating employer's historical compliance with ERS requirements as well as the financial stability of the local participating employer. Any local participating employer whose election is denied may petition the ERS Board of Control for a reconsideration within the 24 month period from the effective date of Act 2019-132. Once a local participating employer elects to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members, its election is irrevocable and becomes effective at the beginning of the fiscal year following the date that the ERS receives a local participating employer's resolution. Any local participating employer electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members who has not increased its Tier 1 members' contribution rates as provided in Act 676 of the Legislature of 2011 is required to develop a plan to gradually increase its members' contribution rates. The plan must be submitted to the ERS prior to a local participating employer submitting a resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Beginning in the month that a local participating employer's election becomes effective, its Tier 2 members (except Tier 2 members who are certified law enforcement, correctional officers, and firefighters) will contribute 7.50% of earnable compensation to the ERS. Tier 2 certified law enforcement, correctional officers, and firefighters will contribute 8.50% of earnable compensation to the ERS. Act 2019-132 was amended by Act 348 of the Legislature of 2022. Act 2022-348 amended Act 2019-132 by removing the date limitation for any local participating employer to submit its resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Act 2022-348 also amended Act 2019-132 by removing the date limitation for a local participating employer to petition the ERS Board of Control for a reconsideration if the ERS Board of Control denied its election to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

As of September 30, 2023, ERS membership included approximately 113,083 active, terminated, and retired local participants. Note 1 of this report contains details about the classifications of participants and the number of participants within each classification.

Covered members of the ERS were required by statute to contribute 5% of earnable compensation to the ERS until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation to the ERS. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation to the ERS. Certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 6% of earnable compensation

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to the ERS until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation to the ERS. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation to the ERS. State Police members of the ERS are required by statute to contribute 10% of earnable compensation to the ERS. ERS local participating employers are not required by statute to increase contribution rates for their members. Tier 2 covered members of the ERS are required by statute to contribute 6% of earnable compensation to the ERS.. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation to the ERS. Tier 2 State Police members of the ERS are required by statute to contribute 10% of earnable compensation to the ERS. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 members' (except certified law enforcement, correctional officers, and firefighters) contribution rates increased from 5% to 7.50% of earnable compensation and Tier 1 certified law enforcement, correctional officers, and firefighters' contribution rates increased from 6% to 8.50% of earnable compensation.

The participating employer contribution rate for the ERS State Employees contractually required contribution rate for the year ended September 30, 2024, was 16.00% of annual pay for Tier 1 members and 15.76% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from ERS were \$1,457 and from JRF were \$44 for the fiscal year ended September 30, 2024.

At September 30, 2024, in accordance with GASB Statement No. 68, the ERS reported a net pension liability of \$20,752 and the JRF reported a net pension liability of \$622 for their respective proportionate shares of the total net pension liability of the ERS State Employees' retirement plan (dollar amounts in thousands). The ERS pension plan's total net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, using actuarial assumptions based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2022, and rolled forward to the ERS and JRF's measurement date of September 30, 2023. ERS and JRF's proportion of the total net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating ERS State employers. At September 30, 2023, ERS's proportion was 0.522737233%, which was a decrease of 0.020295307% from its proportion measured as of September 30, 2022. At September 30, 2023, the JRF's proportion was 0.015662014%, which was a decrease of 0.000311906% from its proportion measured as of September 30, 2022.

For the fiscal year ended September 30, 2024, the ERS recognized pension expense of \$2,422 (dollar amount in thousands). At September 30, 2024, ERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ 822	\$ 53
Changes of Assumptions	247	-
Net Difference between Projected & Actual		
Earnings on Pension Plan Investments	1,133	-
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	-	696
Employer Contributions Subsequent to the Measurement Date	1,457	-
Total	\$ 3,659	\$ 749

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The ERS will recognize \$1,457 of reported deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as a reduction of net pension liability in the fiscal year ended September 30, 2025 (dollar amount in thousands). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollar amounts in thousands):

Fiscal Year Ended	
September 30:	
2025	\$523
2026	\$258
2027	\$938
2028	(\$266)
2029	\$0
Thereafter	\$0

For the fiscal year ended September 30, 2024, the JRF recognized pension expense of \$131. At September 30, 2024, the JRF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ 25	\$ 2
Changes of Assumptions	7	-
Net Difference between Projected & Actual		
Earnings on Pension Plan Investments	34	-
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	48	7
Employer Contributions Subsequent to the Measurement Date	44	-
Total	\$ 158	\$ 9

The JRF will recognize \$44 of reported deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as a reduction of net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollar amounts in thousands):

Fiscal Year Ended	
September 30:	
2025	\$60
2026	\$26
2027	\$29
2028	(\$10)
2029	\$0
Thereafter	\$0

The ERS total pension liability was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected Salary Increases	3.25% - 6.00%
Investment Rate of Return*	7.45%

*Net of pension plan investment expense,
including inflation.

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Mortality rates for the ERS were based on the Pub-2010 Public Mortality Plans Mortality Tables with the following adjustments projected using a generational approach based on the mortality improvement scale, MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	Generally Healthy Below Median	Male: +2 Female: +2	Male: 90% ages < 65, 96% ages > or = 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1 Female: None	None
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7 Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7 Female: None	None

The actuarial assumptions used in the actuarial valuation as of September 30, 2022, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2020. This investigation resulted in changes to the actuarial assumptions. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

The assumed investment rate of return used to prepare the actuarial valuations as of September 30, 2022, was 7.45% for the ERS. The Board of Control accepted and approved the new assumed investment rate of return in September 2021 which became effective September 30, 2020. The new assumed investment rate of return was used to measure the total pension liability as of September 30, 2023.

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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%.

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net pension liability of the ERS and JRF calculated using the discount rate of 7.45%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
ERS's Proportionate Share of			
Collective Net Pension Liability	\$ 25,682	\$ 20,752	\$ 16,569
JRF's Proportionate Share of			
Collective Net Pension Liability	\$ 769	\$ 622	\$ 496

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. The auditor's report dated April 25, 2024, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

11) RELATED PARTY TRANSACTIONS

The TRS and ERS jointly own office buildings in Montgomery and Mobile and lease office space to agencies of the State of Alabama. These agencies are obligated to the TRS and ERS to lease space for varying terms through the year 2039. Rental payments and other agreed upon payments (reported as investment income) from leases with state agencies totaled \$37,342,567.84 (dollar amount not in thousands) during fiscal year 2024.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information

For the Fiscal Year Ended September 30, 2024

TRRS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
For the Fiscal Years Ended September 30
(Dollar Amounts in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost*	\$ 826,293	\$ 789,946	\$ 717,506	\$ 660,269	\$ 677,424	\$ 645,409	\$ 637,532	\$ 617,120	\$ 627,938	\$ 660,390
Interest	3,161,948	2,965,271	2,880,698	2,854,728	2,731,895	2,674,266	2,584,330	2,532,457	2,488,310	2,421,604
Benefit Changes	-	-	69,125	-	-	-	-	-	-	-
Difference Between Expected & Actual Experience	428,471	1,567,942	102,411	(562,647)	624,754	(226,777)	265,644	(261,067)	(290,388)	(70,200)
Changes of Assumptions	-	-	-	1,197,157	-	-	178,049	-	942,133	-
Benefit Payments	(2,647,049)	(2,566,994)	(2,564,392)	(2,424,490)	(2,335,705)	(2,238,966)	(2,208,925)	(2,107,351)	(2,161,570)	(2,080,896)
Refunds of Contributions	(80,603)	(71,749)	(65,934)	(58,806)	(58,679)	(55,596)	(58,552)	(53,526)	(57,566)	(55,898)
Net Change in Total Pension Liability	1,689,060	2,684,416	1,139,414	1,666,211	1,639,689	798,336	1,398,078	717,633	1,548,857	875,000
Total Pension Liability - Beginning	43,806,080	41,121,664	39,982,250	38,316,039	36,676,350	35,878,014	34,479,936	33,762,303	32,213,446	31,338,446
Total Pension Liability - Ending (A)	\$ 45,495,140	\$ 43,806,080	\$ 41,121,664	\$ 39,982,250	\$ 38,316,039	\$ 36,676,350	\$ 35,878,014	\$ 34,479,936	\$ 33,762,303	\$ 32,213,446
Plan Fiduciary Net Position reserved to fund Total Pension Liability										
Contributions - Employer	\$ 1,066,094	\$ 1,008,365	\$ 932,332	\$ 874,401	\$ 862,475	\$ 869,336	\$ 802,598	\$ 782,702	\$ 751,909	\$ 737,677
Contributions - Member	625,336	596,833	563,132	525,755	515,003	522,909	493,466	489,638	475,980	477,918
Other	670	503	58,735	-	-	-	13,445	-	-	172,982
Net Investment Income/(Loss)	5,712,156	3,335,243	(3,876,927)	5,728,217	1,374,958	614,427	2,264,234	2,636,098	2,199,396	261,461
Benefit Payments	(2,647,049)	(2,566,994)	(2,564,392)	(2,424,490)	(2,335,705)	(2,238,966)	(2,208,925)	(2,107,351)	(2,161,570)	(2,080,896)
Refunds of Contributions	(80,603)	(71,749)	(65,934)	(58,806)	(58,679)	(55,596)	(58,552)	(53,526)	(57,566)	(55,898)
Administrative Expenses	(37,844)	(34,836)	(28,005)	(29,536)	(31,101)	(28,095)	(22,290)	(22,402)	(19,582)	(19,331)
Net Change in Plan Fiduciary Net Position	4,638,760	2,267,365	(4,981,059)	4,615,541	326,941	(315,985)	1,283,976	1,715,159	1,188,567	(506,087)
Plan Fiduciary Net Position - Beginning	27,848,236	25,580,871	30,561,930	25,946,389	25,619,448	25,935,433	24,651,457	22,936,298	21,747,731	22,253,818
Plan Fiduciary Net Position - Ending (B)	\$ 32,486,996	\$ 27,848,236	\$ 25,580,871	\$ 30,561,930	\$ 25,946,389	\$ 25,619,448	\$ 25,935,433	\$ 24,651,457	\$ 22,936,298	\$ 21,747,731
Net Pension Liability - Ending (A - B)	\$ 13,008,144	\$ 15,957,844	\$ 15,540,793	\$ 9,420,320	\$ 12,369,650	\$ 11,056,902	\$ 9,942,581	\$ 9,828,479	\$ 10,826,005	\$ 10,465,715
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.41%	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%
Covered Payroll**	\$ 8,648,801	\$ 8,201,854	\$ 7,420,389	\$ 7,212,288	\$ 7,409,647	\$ 6,959,168	\$ 6,899,800	\$ 6,623,929	\$ 6,541,310	\$ 6,541,054
Net Pension Liability as a Percentage of Covered Payroll	150.40%	194.56%	209.43%	130.61%	166.94%	158.88%	144.10%	148.38%	165.50%	160.00%

*Also called the Entry Age Normal Cost.

**Payroll from the annual actuarial valuation, which was used to calculate the total pension liability, increased with assumed annual payroll growth.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information For the Fiscal Year Ended September 30, 2024

ERS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
For the Fiscal Years Ended September 30
(Dollar Amounts in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost*	\$ 460,137	\$ 431,049	\$ 400,919	\$ 348,684	\$ 329,995	\$ 315,841	\$ 307,064	\$ 325,138	\$ 308,840	\$ 346,440
Interest	1636,838	1560,145	1517,397	1466,595	1407,878	1329,988	1303,322	1271,712	1233,415	1,199,079
Benefit Changes	36,900	945	21613	39,193	71320	-	-	-	-	-
Difference Between Expected & Actual Experience	442,837	488,251	45,487	96,894	243,909	24,803	(79,478)	(64,111)	101	(35,546)
Changes of Assumptions	-	-	-	726,196	-	-	87,608	-	544,310	-
Benefit Payments	(140,1848)	(1366,801)	(133,1069)	(1268,499)	(1215,223)	(1123,150)	(1102,478)	(1056,006)	(1043,293)	(1023,732)
Refunds of Contributions	(69,260)	(64,003)	(61364)	(52,064)	(45,303)	(55,478)	(44,890)	(46,374)	(44,660)	(49,865)
New Unit	-	-	-	-	560,498	-	-	-	-	-
Net Change in Total Pension Liability	1,105,604	1,049,586	592,983	1,356,999	1,353,074	492,004	471,148	430,359	998,713	436,376
Total Pension Liability - Beginning	22,706,533	21,656,947	21,063,964	19,706,965	18,353,891	17,861,887	17,390,739	16,960,380	15,961,667	15,525,291
Total Pension Liability - Ending (A)	\$ 23,812,137	\$ 22,706,533	\$ 21,656,947	\$ 21,063,964	\$ 19,706,965	\$ 18,353,891	\$ 17,861,887	\$ 17,390,739	\$ 16,960,380	\$ 15,961,667
Plan Fiduciary Net Position reserved to fund Total Pension Liability										
Contributions - Employer	\$ 669,034	\$ 593,211	\$ 562,109	\$ 516,402	\$ 519,806	\$ 467,553	\$ 426,340	\$ 426,369	\$ 435,243	\$ 411,087
Contributions - Member	362,580	334,456	310,159	286,396	270,947	254,440	241,741	233,901	238,017	229,254
Contributions - New Unit	-	-	-	-	344,352	-	-	-	-	-
Other	330	247	165	-	-	-	(7,481)	-	-	68,897
Net Investment Income/(Loss)	2,936,280	1,653,894	(1,945,460)	2,861,199	724,025	320,585	1,098,412	1,402,009	1,052,886	126,335
Benefit Payments	(140,1848)	(1366,801)	(133,1069)	(1268,499)	(1215,223)	(1123,150)	(1102,478)	(1056,006)	(1043,293)	(1023,732)
Refunds of Contributions	(69,260)	(64,003)	(61364)	(52,064)	(45,303)	(55,478)	(44,890)	(46,374)	(44,660)	(49,865)
Administrative Expenses	(18,324)	(16,822)	(14,857)	(14,496)	(16,539)	(15,829)	(13,763)	(14,502)	(13,023)	(13,182)
Net Change in Plan Fiduciary Net Position	2,478,792	1,134,182	(2,480,317)	2,328,938	582,065	(151,879)	597,881	945,397	625,170	(251,206)
Plan Fiduciary Net Position - Beginning	14,133,341	12,999,159	15,479,476	13,150,538	12,568,473	12,720,352	12,122,471	11,177,074	10,551,904	10,803,110
Plan Fiduciary Net Position - Ending (B)	\$ 16,612,133	\$ 14,133,341	\$ 12,999,159	\$ 15,479,476	\$ 13,150,538	\$ 12,568,473	\$ 12,720,352	\$ 12,122,471	\$ 11,177,074	\$ 10,551,904
Net Pension Liability - Ending (A - B)	\$ 7,200,004	\$ 8,573,192	\$ 8,657,788	\$ 5,584,488	\$ 6,556,427	\$ 5,785,418	\$ 5,141,535	\$ 5,268,268	\$ 5,783,306	\$ 5,409,763
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.76%	62.24%	60.02%	73.49%	66.73%	68.48%	71.22%	69.71%	65.90%	66.11%
Covered Payroll**	\$ 4,814,187	\$ 4,499,346	\$ 4,185,892	\$ 4,124,367	\$ 4,003,430	\$ 3,789,556	\$ 3,692,241	\$ 3,680,078	\$ 3,592,658	\$ 3,556,282
Net Pension Liability as a Percentage of Covered Payroll	149.56%	190.54%	206.83%	135.40%	163.77%	152.67%	139.25%	143.16%	160.98%	152.12%

*Also called the Entry Age Normal Cost.

**Payroll from the annual actuarial valuation, which was used to calculate the total pension liability, increased with assumed annual payroll growth.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information For the Fiscal Year Ended September 30, 2024

JRF
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
For the Fiscal Years Ended September 30
(Dollar Amounts in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost*	\$ 12,083	\$ 11,699	\$ 10,275	\$ 9,825	\$ 9,512	\$ 9,574	\$ 9,811	\$ 9,815	\$ 9,807	\$ 9,644
Interest	39,243	35,767	35,775	35,316	33,960	33,910	34,112	33,668	32,695	32,385
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference Between Expected & Actual Experience	5,038	42,539	(4,259)	746	13,351	(4,518)	(9,134)	(4,399)	(2,487)	(7,391)
Changes of Assumptions	-	-	-	15,905	-	-	3,873	-	17,792	-
Benefit Payments	(42,934)	(42,580)	(40,542)	(39,089)	(38,812)	(36,909)	(33,419)	(32,807)	(30,902)	(30,356)
Refunds of Contributions	(179)	(364)	(325)	(28)	(256)	(646)	(130)	(353)	(106)	(147)
Net Change in Total Pension Liability	13,251	47,061	924	22,675	17,755	1,411	5,113	5,924	26,799	4,135
Total Pension Liability - Beginning	551,866	504,805	503,881	481,206	463,451	462,040	456,927	451,003	424,204	420,069
Total Pension Liability - Ending (A)	\$ 565,117	\$ 551,866	\$ 504,805	\$ 503,881	\$ 481,206	\$ 463,451	\$ 462,040	\$ 456,927	\$ 451,003	\$ 424,204
Plan Fiduciary Net Position reserved to fund Total Pension Liability										
Contributions - Employer	\$ 22,504	\$ 21,609	\$ 20,617	\$ 18,260	\$ 18,099	\$ 18,022	\$ 17,180	\$ 17,373	\$ 17,529	\$ 15,077
Contributions - Member	5,249	5,019	4,692	4,272	4,184	4,101	3,867	3,972	3,723	3,683
Net Investment Income/(Loss)	69,561	42,820	(51,779)	63,732	23,159	11,016	27,622	32,685	28,322	(856)
Benefit Payments	(42,934)	(42,580)	(40,542)	(39,089)	(38,812)	(36,909)	(33,419)	(32,807)	(30,902)	(30,356)
Refunds of Contributions	(179)	(364)	(325)	(28)	(256)	(646)	(130)	(353)	(106)	(147)
Administrative Expenses	(559)	(528)	(443)	(376)	(357)	(357)	(328)	(334)	(398)	(356)
Other	-	-	-	-	-	-	(56)	-	-	1,854
Net Change in Plan Fiduciary Net Position	53,642	25,976	(67,780)	46,771	6,017	(4,773)	14,736	20,536	18,168	(11,101)
Plan Fiduciary Net Position - Beginning	323,525	297,549	365,329	318,558	312,541	317,314	302,578	282,042	263,874	274,975
Plan Fiduciary Net Position - Ending (B)	\$ 377,167	\$ 323,525	\$ 297,549	\$ 365,329	\$ 318,558	\$ 312,541	\$ 317,314	\$ 302,578	\$ 282,042	\$ 263,874
Net Pension Liability - Ending (A - B)	\$ 187,950	\$ 228,341	\$ 207,256	\$ 138,552	\$ 162,648	\$ 150,910	\$ 144,726	\$ 154,349	\$ 168,961	\$ 160,330
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.74%	58.62%	58.94%	72.50%	66.20%	67.44%	68.68%	66.22%	62.54%	62.20%
Covered Payroll**	\$ 59,206	\$ 56,875	\$ 49,208	\$ 48,379	\$ 46,686	\$ 45,134	\$ 45,622	\$ 44,314	\$ 44,099	\$ 44,087
Net Pension Liability as a Percentage of Covered Payroll	317.45%	401.48%	421.18%	286.39%	348.39%	334.36%	317.23%	348.31%	383.14%	363.67%

*Also called the Entry Age Normal Cost.
**Payroll from the annual actuarial valuation, which was used to calculate the total pension liability, increased with assumed annual payroll growth.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information

For the Fiscal Year Ended September 30, 2024

SCHEDULES OF EMPLOYER PENSION CONTRIBUTIONS

For the Ten Fiscal Years Ended September 30

(Dollar Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM §

Fiscal Year	Actuarially Determined Employer Contributions	Actual Employer Contributions	Annual Contribution Deficiency (Excess)	Covered Payroll*	Actual Contributions as a % of Covered Payroll**
2024	\$ 1,066,094	\$ 1,066,094	-	\$ 8,774,436	12.15
2023	1,008,365	1,008,365	-	8,312,984	12.13
2022	932,332	932,332	-	7,750,058	12.03
2021	874,401	874,401	-	7,292,752	11.99
2020	862,475	862,475	-	7,116,130	12.12
2019	869,336	869,336	-	7,160,923	12.14
2018	802,598	802,598	-	6,699,482	11.98
2017	782,702	782,702	-	6,633,068	11.80
2016	751,909	751,909	-	6,377,515	11.79
2015	737,677	737,677	-	6,331,991	11.65

JUDICIAL RETIREMENT FUND ¥

Fiscal Year	Actuarially Determined Employer Contributions	Actual Employer Contributions	Annual Contribution Deficiency (Excess)	Covered Payroll*	Actual Contributions as a % of Covered Payroll***
2024	\$ 22,504	\$ 22,504	-	\$ 57,510	39.13
2023	21,609	21,609	-	55,337	39.05
2022	20,617	20,617	-	51,802	39.80
2021	18,260	18,260	-	47,404	38.52
2020	18,099	18,099	-	45,817	39.50
2019	18,022	18,022	-	43,530	41.40
2018	17,180	17,180	-	42,853	40.09
2017	17,373	17,373	-	42,738	40.65
2016	17,529	17,529	-	42,775	40.98
2015	15,077	15,077	-	42,784	35.24

§ There are no nonemployer contributing entities in TRS.

*Estimated based on employer contribution rate and actual employer contributions.

**Act No. 2012-377 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013, so this percentage represents a blended rate based on both the Tier 1 and Tier 2 employer contribution rates.

¥ The State of Alabama is a nonemployer contributing entity in JRF. The State pays the employer portion of the Probate Judges' contributions.

***Act 2015-498 established new groups in JRF for Judges, Clerks, and District Attorneys first elected or appointed on or after November 8, 2016. Beginning with FY2020, this percentage represents a blended rate based on the groups' employer contribution rates.

SCHEDULE OF INVESTMENT RETURNS
For the Ten Fiscal Years Ended September 30

Fiscal Year	TRS	ERS	JRF
2024	21.10%	21.20%	22.25%
2023	13.40%	13.03%	14.94%
2022	-12.99%	-12.85%	-14.64%
2021	22.75%	22.28%	20.75%
2020	5.53%	5.74%	7.70%
2019	2.44%	2.58%	3.58%
2018	9.42%	9.29%	9.35%
2017	11.73%	12.80%	11.88%
2016	10.37%	10.19%	10.96%
2015	1.16%	1.15%	-0.37%

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information

For the Fiscal Year Ended September 30, 2024

The following schedules pertain to employees of TRS, ERS, and JRF who participate in the TRS and ERS pension plans.

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollar Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM

Measurement Date	Fiscal Year Ended	Proportion of the Net Pension Liability (%)	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
9/30/2023	9/30/2024	0.25	\$ 40,122	\$ 13,375	299.98	63.57
9/30/2022	9/30/2023	0.25	38,435	10,858	353.98	62.21
9/30/2021	9/30/2022	0.21	19,723	9,975	197.72	76.44
9/30/2020	9/30/2021	0.23	28,764	9,440	304.70	67.72
9/30/2019	9/30/2020	0.22	24,246	8,748	277.16	69.85
9/30/2018	9/30/2019	0.21	20,897	7,663	272.70	72.29
9/30/2017	9/30/2018	0.20	19,504	7,235	269.58	71.50
9/30/2016	9/30/2017	0.20	21,164	6,739	314.05	67.93
9/30/2015	9/30/2016	0.18	18,891	6,593	286.53	67.51
9/30/2014	9/30/2015	0.18	16,626	6,283	264.62	71.01

EMPLOYEES' RETIREMENT SYSTEM

Measurement Date	Fiscal Year Ended	Proportion of the Net Pension Liability (%)	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
9/30/2023	9/30/2024	0.52	\$ 20,752	\$ 6,781	306.03	56.00
9/30/2022	9/30/2023	0.54	21,349	6,229	342.74	54.68
9/30/2021	9/30/2022	0.56	15,723	5,821	270.11	67.37
9/30/2020	9/30/2021	0.57	17,674	6,350	278.33	61.62
9/30/2019	9/30/2020	0.58	16,713	5,848	285.79	63.38
9/30/2018	9/30/2019	0.57	14,845	5,197	285.65	66.20
9/30/2017	9/30/2018	0.55	14,468	5,113	282.96	65.44
9/30/2016	9/30/2017	0.59	16,850	4,904	343.60	62.07
9/30/2015	9/30/2016	0.52	14,146	4,695	301.30	62.35
9/30/2014	9/30/2015	0.49	11,991	4,526	264.94	65.58

JUDICIAL RETIREMENT FUND

Measurement Date	Fiscal Year Ended	Proportion of the Net Pension Liability (%)	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
9/30/2023	9/30/2024	0.02	\$ 622	\$ 276	225.36	56.00
9/30/2022	9/30/2023	0.02	628	274	229.20	54.68
9/30/2021	9/30/2022	0.01	342	189	180.95	67.37
9/30/2020	9/30/2021	0.01	358	189	189.42	61.62
9/30/2019	9/30/2020	0.01	322	176	182.95	63.38
9/30/2018	9/30/2019	0.01	284	157	180.89	66.20
9/30/2017	9/30/2018	0.01	275	152	180.92	65.44
9/30/2016	9/30/2017	0.01	302	144	209.72	62.07
9/30/2015	9/30/2016	0.01	272	136	200.00	62.35
9/30/2014	9/30/2015	0.01	170	89	191.01	65.58

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information

For the Fiscal Year Ended September 30, 2024

The following schedules pertain to employees of TRS, ERS, and JRF who participate in the TRS and ERS pension plans.

SCHEDULES OF PENSION CONTRIBUTIONS

For the Fiscal Years Ended September 30

(Dollar Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 2,629	\$ 2,477	\$ 2,256	\$ 2,072	\$ 1,946	\$ 1,883	\$ 1,725	\$ 1,444	\$ 1,453	\$ 1,271
Contributions in relation to the Contractually Required Contributions	(2,629)	(2,477)	(2,256)	(2,072)	(1,946)	(1,883)	(1,725)	(1,444)	(1,453)	(1,271)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 13,556	\$ 13,375	\$ 10,858	\$ 9,975	\$ 9,440	\$ 8,748	\$ 7,663	\$ 7,235	\$ 6,739	\$ 6,593
Contributions as a Percentage of Covered Payroll	19.39%	18.52%	20.78%	20.77%	20.61%	21.52%	22.51%	19.96%	21.56%	19.28%

EMPLOYEES' RETIREMENT SYSTEM

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 1,457	\$ 1,259	\$ 1,229	\$ 1,245	\$ 1,302	\$ 1,209	\$ 1,059	\$ 1,014	\$ 1,133	\$ 896
Contributions in relation to the Contractually Required Contributions	(1,457)	(1,259)	(1,229)	(1,245)	(1,302)	(1,209)	(1,059)	(1,014)	(1,133)	(896)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,205	\$ 6,781	\$ 6,229	\$ 5,821	\$ 6,350	\$ 5,848	\$ 5,197	\$ 5,113	\$ 4,904	\$ 4,695
Contributions as a Percentage of Covered Payroll	20.22%	18.57%	19.73%	21.39%	20.50%	20.67%	20.38%	19.83%	23.10%	19.08%

JUDICIAL RETIREMENT FUND

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 44	\$ 38	\$ 36	\$ 27	\$ 26	\$ 23	\$ 21	\$ 19	\$ 21	\$ 17
Contributions in relation to the Contractually Required Contributions	(44)	(38)	(36)	(27)	(26)	(23)	(21)	(19)	(21)	(17)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 292	\$ 276	\$ 274	\$ 189	\$ 189	\$ 176	\$ 157	\$ 152	\$ 144	\$ 136
Contributions as a Percentage of Covered Payroll	15.07%	13.77%	13.14%	14.29%	13.76%	13.07%	13.38%	12.50%	14.58%	12.50%

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information

For the Fiscal Year Ended September 30, 2024

The following schedules pertain to employees of TRS, ERS, and JRF who participate in the State Employees' Health Insurance Plan (SEHIP) which is administered by the State Employees' Insurance Board (SEIB).

SCHEDULES OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

(Dollar Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM

Measurement Date	Fiscal Year Ended	Proportion of the Net OPEB Liability (%)	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
9/30/2023	9/30/2024	0.64	\$ 6,026	\$ 13,375	45.05	20.64
9/30/2022	9/30/2023	0.61	5,975	10,858	55.03	17.75
9/30/2021	9/30/2022	0.59	5,018	9,975	50.31	22.56
9/30/2020	9/30/2021	0.57	5,705	9,440	60.43	17.16
9/30/2019	9/30/2020	0.57	9,902	8,748	113.19	9.94
9/30/2018	9/30/2019	0.57	16,182	7,663	211.17	5.96
9/30/2017	9/30/2018	0.53	16,708	7,235	230.93	5.05

EMPLOYEES' RETIREMENT SYSTEM

Measurement Date	Fiscal Year Ended	Proportion of the Net OPEB Liability (%)	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
9/30/2023	9/30/2024	0.34	\$ 3,143	\$ 6,781	46.35	20.64
9/30/2022	9/30/2023	0.36	3,485	6,229	55.95	17.75
9/30/2021	9/30/2022	0.36	3,087	5,821	53.03	22.56
9/30/2020	9/30/2021	0.38	3,732	6,350	58.77	17.16
9/30/2019	9/30/2020	0.39	6,716	5,848	114.84	9.94
9/30/2018	9/30/2019	0.38	10,902	5,197	209.77	5.96
9/30/2017	9/30/2018	0.38	11,871	5,113	232.17	5.05

JUDICIAL RETIREMENT FUND

Measurement Date	Fiscal Year Ended	Proportion of the Net OPEB Liability (%)	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
9/30/2023	9/30/2024	0.00	\$ 30	\$ 276	10.87	20.64
9/30/2022	9/30/2023	0.00	32	274	11.68	17.75
9/30/2021	9/30/2022	0.00	26	189	13.76	22.56
9/30/2020	9/30/2021	0.00	31	189	16.40	17.16
9/30/2019	9/30/2020	0.00	54	176	30.68	9.94
9/30/2018	9/30/2019	0.00	91	157	57.96	5.96
9/30/2017	9/30/2018	0.00	99	152	65.13	5.05

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information

For the Fiscal Year Ended September 30, 2024

The following schedules pertain to employees of TRS, ERS, and JRF who participate in the State Employees' Health Insurance Plan (SEHIP) which is administered by the State Employees' Insurance Board (SEIB).

SCHEDULES OF OPEB CONTRIBUTIONS

For the Fiscal Years Ended September 30

(Dollar Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM

	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 367	\$ 337	\$ 331	\$ 347	\$ 313	\$ 428	\$ 454
Contributions in relation to the							
Contractually Required Contributions	(367)	(337)	(331)	(347)	(313)	(428)	(454)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 13,556	\$ 13,375	\$ 10,858	\$ 9,975	\$ 9,440	\$ 8,748	\$ 7,663
Contributions as a Percentage of							
Covered Payroll	2.71%	2.52%	3.05%	3.48%	3.32%	4.89%	5.92%

EMPLOYEES' RETIREMENT SYSTEM

	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 183	\$ 176	\$ 193	\$ 214	\$ 205	\$ 290	\$ 306
Contributions in relation to the							
Contractually Required Contributions	(183)	(176)	(193)	(214)	(205)	(290)	(306)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,205	\$ 6,781	\$ 6,229	\$ 5,821	\$ 6,350	\$ 5,848	\$ 5,197
Contributions as a Percentage of							
Covered Payroll	2.54%	2.60%	3.10%	3.68%	3.23%	4.96%	5.89%

JUDICIAL RETIREMENT FUND

	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Contributions in relation to the							
Contractually Required Contributions	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 292	\$ 276	\$ 274	\$ 189	\$ 189	\$ 176	\$ 157
Contributions as a Percentage of							
Covered Payroll	0.68%	0.72%	0.73%	1.06%	1.06%	1.14%	1.27%

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Required Supplementary Information

For the Fiscal Year Ended September 30, 2024

1) NET PENSION LIABILITY

A. Schedules of Changes in the Net Pension Liability & Related Ratios

The total pension liabilities presented in these schedules were provided by the Systems' actuarial consultants, CavMac. The net pension liability is measured as the total pension liability less plan fiduciary net position. The related ratios show plan net position as a percentage of the total pension liability and the net pension liability as a percentage of covered employee payroll.

B. Schedules of Employer Contributions

Contributions were made in accordance with actuarially determined contribution requirements. The employer contribution rate expressed as a percent of payroll is determined annually by reviewing a variety of factors including benefits promised, member contributions, investment earnings, mortality, and withdrawal experience. The employer contribution rates for fiscal year 2024 are in the table below. ERS local participating employer contribution rates differ for each employer.

	Tier 1	Tier 2
TRS	12.59%	11.57%
ERS - State Employees	16.00%	15.76%
ERS - State Police	53.38%	44.84%
JRF - Groups 1 & 2	42.47%	-
JRF - Group 3 - Judges & Clerks	37.72%	-
JRF - District Attorneys	19.77%	-

C. Schedule of Investment Returns

The annual money-weighted rate of return on investments is calculated as the internal rate of return on plan investments, net of plan investment expense. A money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested.

D. Actuarial Assumptions

The actuarially determined contribution rates in the schedules of employer contributions are calculated as of September 30, 2021, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule.

	TRS	ERS	JRF
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Amortization Method	Level percent closed	Level percent closed	Level percent closed
Remaining Amortization Period	26.9 years	Within 30 years - Varies by Employer	19.0 years
Actuarial Assumptions:			
Investment Rate of Return* ‡	7.45%	7.45%	7.40%
Projected Salary Increases ‡	3.25% - 5.00%	3.25% - 6.00%	2.75%
Cost of Living Adjustments	None	None	2.75%†

*Net of pension plan investment expense.

‡ Includes inflation at 2.50%.

† Per year for certain members hired prior to July 30, 1979, and for spousal benefits subject to increase.

E. Changes to Benefit Terms

In 2022, the retirement benefits for TRS and ERS Tier 2 members were amended to allow TRS and ERS Tier 2 members to retire at any age with 30 years of creditable service, subject to a benefit reduction of 2% for every year that the member is below retirement age. Retirement age for TRS and ERS Tier 2 members (except State Police and certified law enforcement, correctional officers, and firefighters) is age 62. Retirement age for State Police members of the ERS and certified law enforcement, correctional officers, and firefighters is age 56.

In 2022, the TRS, ERS, and JRF Plans were amended to allow surviving spouses of retirement-eligible members who die in active service to receive an Option 2 monthly retirement benefits, provided that the spouse is the sole designated beneficiary on file for that member.

In 2021, the TRS Plan was amended to allow sick leave conversion for TRS Tier 2 members and to increase the member contribution rates for TRS Tier 2 members. Effective October 1, 2021, TRS Tier 2 members (except certified law enforcement, correctional officers, and firefighters) contribute 6.20% of earnable compensation to the TRS. TRS Tier members who are certified law enforcement, correctional officers, and firefighters contribute 7.20% of earnable compensation to the TRS.

Effective November 8, 2016, any Judge or Clerk first elected or appointed on or after that date and any District Attorney serving as a District Attorney on or after that date are covered members of the JRF under a new benefit structure.

TRS and ERS members hired on or after January 1, 2013, are covered under a new benefit structure.

The member contribution rates for covered members of the TRS and ERS increased from 5% (6% for certified law enforcement, correctional officers, and firefighters) of earnable compensation to 7.25% (8.25%) of earnable compensation effective October 1, 2011, and to 7.50% (8.50%) of earnable compensation effective October 1, 2012. The member contribution rate for the JRF increased from 6% of earnable compensation to 8.25% of earnable compensation on October 1, 2011, and to 8.50% of earnable compensation on October 1, 2012.

F. Changes of Assumptions

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.70% to 7.45% for the TRS and the ERS and 7.65% to 7.40% for the JRF. In 2021 and later, the expectation of retired life mortality for the TRS and JRF was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019. In 2021 and later, the expectation of retired life mortality for the ERS was changed to the Pub-2010 Below-Median Tables projected using a generational approach based on the mortality improvement scale, MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

In December 2018, the Boards of Control adopted new discount rates for the TRS, ERS, and JRF. The new discount rates were 7.70% for the TRS & ERS and 7.65% for the JRF.

2) NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

A. Actuarial Assumptions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, 2021, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the recent contribution rate reported in that schedule.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2029
Medicare Eligible	4.50% in 2025
Dental Trend Rate	4.50%
Investment Rate of Return*	7.25%

*Includes inflation at 2.75%

**Initial Medicare claims are based on scheduled increase through plan year 2023.

B. Changes to Benefit Terms

Beginning in plan year 2022, the valuation reflects the provisions of the following legislative Acts:

- Act 2022-222 which allows TRS Tier 2 members to retire with 30 years of creditable service regardless of age with an early pension benefit retirement reduction of 2% for each year that the member is less than age 62 at retirement (age 56 for FLC),
- Act 2022-351 which allows ERS State and Police Tier 2 members to retire with 30 years of creditable service regardless of age with an early pension benefit retirement reduction of 2% for each year that the member is less than age 62 at retirement (age 56 for FLC).

Beginning in calendar year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2020, the MAPD plan moved from self-insured to fully-insured.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through a Medicare Advantage Prescription Drug (MAPD) plan.

C. Changes of Assumptions

In 2023, the following assumptions were adjusted to reflect actual and anticipated experience more closely:

- Assumed rates of medical and dental plan participation for future retirees with less than 15 years of service, current retirees waiving coverage, and current eligible deferred vested members were adjusted in order to reflect recent experience and the impact of the sliding scale legislation.
- Assumed rates of coverage for spouses of female retirees were increased from 25% to 30%.
- Assumed rates of Medicare eligible participants subject to the Spousal Surcharge were decreased from 10% to 0%.

In 2022, rates of participation were adjusted to reflect actual and anticipated experience more closely.

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

In 2019, assumed rates of tobacco use, spouse participation, and the payment of the spousal surcharge were adjusted to more closely reflect actual and anticipated experience.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Schedule of Administrative Expenses

For the Period Ended September 30, 2024

(Dollar Amounts in Thousands)

	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Totals
Personnel Services:				
Salaries	\$ 13,556	\$ 7,205	\$ 292	\$ 21,053
Employee Fringe Benefits	6,303	2,119	144	8,566
Total Personnel Services	19,859	9,324	436	29,619
Professional Services:				
Actuarial	167	451	64	682
Accounting and Auditing	99	64	19	182
Information Technology	2,404	930	10	3,344
Mailing Services	149	94	-	243
Legal Services	119	79	-	198
Personnel Services	146	-	-	146
Other Professional Services and Fees	156	49	-	205
Total Professional Services	3,240	1,667	93	5,000
Communications and Travel:				
Telecommunications	436	237	-	673
Postage	1,361	861	-	2,222
Travel	110	45	3	158
Total Communications and Travel	1,907	1,143	3	3,053
Rentals:				
Office Space	-	-	-	-
Equipment Leasing	-	-	-	-
Total Rentals	-	-	-	-
Miscellaneous:				
Supplies	3,115	2,026	3	5,144
Maintenance	998	731	24	1,753
Total Miscellaneous	4,113	2,757	27	6,897
Total Administrative Expenses	\$ 29,119	\$ 14,891	\$ 559	\$ 44,569

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Schedule of Investment Expenses

For the Fiscal Year Ended September 30, 2024

(Dollar Amounts in Thousands)

	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Totals
Investment Activity				
Investment Management Fees:				
Salaries and Benefits	\$ 9,495	\$ 2,502	\$ -	\$ 11,997
Dues, Subscriptions, and Supplies	1,623	1,078	-	2,701
Travel	15	8	-	23
Professional Services:				
Investment Advisor	60	30	-	90
Legal	-	-	-	-
Appraisal of Private Placements and Real Estate	425	265	-	690
Investment Activity Expenses before Reimbursement	11,618	3,883	-	15,501
Less: Reimbursement for Investment Management Fees	38	266	-	304
Total Investment Activity Expenses	11,580	3,617	-	15,197
Securities Lending Activity				
Securities Lending Borrower Rebates	57,261	29,509	276	87,046
Securities Lending Management Fees	3,143	1,508	28	4,679
Total Securities Lending Activity Expenses	60,404	31,017	304	91,725
Total Investment Expenses	\$ 71,984	\$ 34,634	\$ 304	\$ 106,922

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Schedule of Professional/Consultant Fees

For the Period Ended September 30, 2024

(Dollar Amounts in Thousands)

Professional/Consultant	Nature of Service	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Totals
Cavanaugh Macdonald Consulting, LLC	Actuary	\$ 151	\$ 440	\$ 64	\$ 655
Segal	Actuary	17	11	-	28
Carr, Riggs & Ingram, LLC	Auditor	89	45	15	149
A-LIGN	Auditor	9	19	4	32
Balch & Bingham, LLP	Legal	-	-	-	-
Bradley Arant Boult Cummings, LLP	Legal	37	24	-	61
Buchalter	Legal	13	9	-	22
Maynard Nexsen (Maynard Cooper & Gale)	Legal	65	44	-	109
Sawgrass Consulting, LLC	Legal	4	2	-	6
Alabama Department of Finance	Mail	65	41	-	106
Walker360	Mail	84	53	-	137
State Personnel Department	Personnel	145	-	-	145
Fine Geddie & Associates, LLC	Consultant	75	-	-	75
Hart & Associates LLC	Consultant	-	-	-	-
The Segal Company	Consultant	-	-	-	-
Alabama Department of Finance	Comptroller's Accounting Services	65	33	10	108
Alabama Department of Finance	Information Technology	288	192	-	480
Deloitte Consulting, LLP	Information Technology	1,991	664	-	2,655
Stamp Idea Group	Information Technology	46	30	-	76
Packet Ninjas	Information Technology	31	21	-	52
Various	Other	65	39	-	104
Total Professional/Consultant Fees - Administrative Services		3,240	1,667	93	5,000
Maynard Nexsen (Maynard Cooper & Gale)	Legal	-	-	-	-
Regions Bank	Investment Advisor	60	30	-	90
Pearson Realty Services, Inc.	Real Estate Appraiser	282	188	-	470
Houlihan Lokey	Investment Appraiser	143	77	-	220
Total Professional/Consultant Fees - Investment Services		485	295	-	780
Total Professional/Consultant Fees		\$ 3,725	\$ 1,962	\$ 93	\$ 5,780





INVESTMENT SECTION

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMPONENT UNITS OF THE STATE OF ALABAMA**



RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Report on Investment Activity

For the Fiscal Year Ended September 30, 2024

Dear Members,

I am pleased to present the following report on investment activity for the fiscal year ended September 30, 2024. The report provides investment highlights in general as well as specific information on the Retirement Systems' investment activity for the fiscal year. The custodian calculated rates of return are based on normal industry standards using a time weighted rate of return methodology based upon market values.

Looking retrospectively at the past year, the setup for financial assets at the beginning was anything but bullish. Taking an average of Wall Street economists, they were predicting a two-thirds chance of a recession unfolding within the next twelve months. Inflation was still elevated but cooling to a degree. Then we had a mid-summer scare in the labor markets, with an uptick in the unemployment rate and higher jobless claims. The big concern was that the precipitous rate hikes the Federal Reserve (Fed) embarked on had finally punched hard enough to damage both sides of its dual mandate of moderate inflation and strong employment. The pullback proved fleeting as the data somewhat improved in the September quarter. Late in the fiscal year, we finally saw the Federal Open Market Committee (FOMC) cut the federal funds rate by 0.5%. When the dust settled, equity markets saw through the fear and continued to climb the wall of worry. The fixed income portfolio also saw nice gains, as credit spreads remained tight and yields declined over the course of the fiscal year.

Our asset allocation was set up well for what transpired. We came into the year overweight equities relative to our investment policy target. As the market moved higher, we did take some of the overweighting down, and have been adding to our core fixed income portfolio, which had been running at the low end of the policy range. We will continue to lighten up on equities as we feel valuations have become somewhat stretched. After suffering through the lower-for-longer period where there was very little yield in the cash markets, we are comfortable holding more cash now with yields still in the 5% range.

Forecasting what happens going forward is a difficult task. Writing this two days after the election, there is obviously going to be a lot of change with a new administration in the White House. The initial response has been overwhelmingly positive. It will be interesting to see if the actions are the same as the rhetoric from the campaign. There is some trepidation that we may still see lingering inflation issues if the tariff increases are implemented full bore. It is hard to handicap and we will be following closely what path is taken and act accordingly.

RSA Performance Summary

As of September 30, 2024, aggregate defined benefit assets under management totaled \$48.7 billion. During fiscal year 2024, annualized total returns of the TRS, ERS, and JRF were 21.1%, 21.21%, and 22.21% respectively.

Equities

Fiscal year 2024 followed the lead of the prior year with market returns up across the board in all of our asset classes. Despite coming into the year with broad expectations that prior Fed rate hikes would slow the economy, the much hyped soft landing/no landing scenario for the economy won out. Despite the continued inverted yield curve, a wealth of geopolitical concerns, and a presidential election year that proved to be anything but cordial, the economy stayed the course. By the end of the fiscal year, corporate earnings as measured by the S&P 500 look to be up about 8% vs 2023. The offset to this is that valuation levels are not as attractive currently because we witnessed a big jump in market multiples. With a large part of gains coming from price-to-earnings (P/E) expansion, the message is expectations going forward have moved higher. This means the bar has been reset so that the results needed to sustain the market move may prove more challenging.

Looking at the portfolio, we have continued to pare back our overweighting in large capitalization stocks. The past two years have seen an inordinate amount of returns coming from the mega cap companies. Much of that can be attributed to the large spend around Artificial Intelligence (AI) as it has become the dominate theme in technology. We have benefitted from our exposure over the past two years, but feel that maintaining the rapid growth experienced by the AI centric companies will be hard to follow in the foreseeable future. Thus, we have continued to ratchet down our exposure. We did see good breadth improvement as we moved deeper into the year, with both mid and small cap stocks posting returns north of 25%. International equities fared about the same as mid and small

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Report on Investment Activity

For the Fiscal Year Ended September 30, 2024

cap, up around 25%. This is noteworthy considering the economies of the larger weightings in the international equity portfolio have been teetering on the edge of a recession the last year.

Looking forward, we expect more of the same from a fiscal policy standpoint. The history of fiscal spending by this administration shows little regard for the large deficits the U.S. has incurred since the Global Financial Crisis and through the covid period. We expect there will be heightened volatility as the new president rolls out their fiscal plan and the markets readjust. We have been redeploying our equity sales into the core fixed income portfolio, as well as building up cash in the event there is a pullback associated with possible uncertainty as a new administration begins rolling out their new policies.

For the year, the RSA domestic equity portfolios returned 31.83%, 32.22%, and 30.62% for the TRS, ERS, and JRF funds, respectively. International equity returns were fairly homogenous in both the developed and emerging markets portfolios. Total international equity returns were 25.03% for the TRS, 25.04% for the ERS, and 24.94% for the JRF. The combined total returns for the overall equity portfolios were 30.18%, 30.48%, and 29.24% for the TRS, ERS, and JRF, respectively. Three-, five-, and ten-year annualized global equity returns were 8.99%, 12.81%, and 10.79% for the TRS, 9.12%, 12.88%, and 10.85% for the ERS, and 8.87%, 12.88%, and 10.88% for the JRF, respectively.

Fixed Income

Towards the end of the previous fiscal year, Fitch Ratings stripped the U.S. government of its AAA status, citing the “expected fiscal deterioration, growing general government debt burden, and the erosion of governance.” Hawkish rhetoric at the September FOMC meeting pushed rates meaningfully higher with the long end of the curve taking the brunt of the punishment. At the time, we stated that the market had positioned itself for a potential recession that never came to fruition. Fiscal year 2024 has played out fairly the same with a few caveats along the way.

Treasury yields were on the move again at the beginning of the new fiscal year as elevated readings regarding inflation reinforced policymakers’ need to keep short-term interest rates higher for longer. Consumer spending also showed surprising strength during this time as retail sales continued to eclipse expectations. Intermediate and long-term treasury yields crossed the 5% threshold, while investment grade and mortgage-backed spread levels widened. This march higher ended soon after as borrowing projections from the Treasury Department were lower than anticipated and comments from Fed Chairman Jay Powell fueled investors’ optimism that additional rate hikes were off the table. Thus began a sizable decline in government yields and a massive rally in risk assets to end the calendar year.

With policymakers holding rates steady for three consecutive meetings, financial markets were pricing in a total of six interest rate cuts in 2024, with the first arriving at the March FOMC meeting. However, a strong retail sales number for the month of December led to an abrupt selloff in risk assets. A few Fed officials also pushed back on the poised-to-cut narrative. With the economy exceeding growth forecasts during the fourth quarter, the Chairman essentially threw cold water on a potential cut at the March meeting. Understandable, given the continued strength in the labor market, growth in hourly earnings, and an unemployment rate still hovering below 4%. This, coupled with a few monthly consumer price increases, led to multiple bearish selloffs in the bond market during Spring 2024.

In early May, the FOMC maintained its target rate at 5.25-5.50% and announced its intention to reduce the amount of balance sheet runoff within its treasury holdings. A slightly softer employment picture and an adjustment higher in the unemployment rate reduced the upward pressure on bond yields. Core Consumer Price Index (CPI), which excludes food and energy costs, slowed to a 3.6% annual increase, its lowest reading in three years. The following weeks revealed conflicting data points on the state of the economy, while the underlying theme of lower inflation shifted the rate structure lower.

Volatility began to pick up as the fund headed into the final quarter of the fiscal year. Softer than expected data, highlighted by the monthly decline in the June CPI print, resulted in a dramatic bull steepening in the yield curve.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Report on Investment Activity

For the Fiscal Year Ended September 30, 2024

Dovish signaling by Chairman Powell at the FOMC press conference on the last day of the month strengthened investors' confidence of a rate cut at its next meeting in September. A contraction in manufacturing data and sizable payroll miss at the beginning of August sent rate expectations crashing. The solid labor market that the hawks have pointed to time and again had seemingly cracked. Front-end treasury yields plummeted over 25 basis points (bps) with intermediate and long end securities not far behind. The market began to price in approximately five interest rate cuts by the end of the calendar year. Risk assets, including corporate bonds, fared well during this time as the resilience of the consumer kept the economy on track.

By early September, the yield curve finally normalized after staying inverted for two years. Short-term treasury yields fell approximately 125bps since the beginning in the quarter. The number of policy moves expected by the middle of next year had steadily risen to ten. The Fed delivered a 50bps cut at its September meeting to remove itself from restrictive territory while the inflation picture had become much clearer. The fiscal year ended with a five-month rally in bonds, the best run within fixed income in over a decade.

For the fiscal year, the total annual returns for the public domestic fixed income portfolios were 11.50% for the TRS, 11.47% for the ERS, and 11.43% for the JRF. The five-year annualized returns were 1.34% for the TRS, 1.32% for the ERS, and 1.32% for the JRF. The ten-year annualized returns were 2.52% for the TRS, 2.51% for the ERS, and 2.43% for the JRF.

Sincerely,



Marc Green
Director of Investments

Investment Section

Teachers' Retirement System Investment Policy Statement

For the Fiscal Year Ended September 30, 2024

Purpose

This Investment Policy Statement ("IPS") sets forth the investment policies by which the Teachers' Retirement System's ("TRS") fund's investments will be managed. This IPS is consistent with and complements related Alabama statutes and is intended to be binding upon all persons with authority over the investments of the TRS. Deviation from the IPS is not permitted without explicit written permission, in advance, from the TRS Board of Control ("Board of Control" or "Board"). This IPS was adopted by the Board of Control on December 9, 2015 and is effective March 1, 2016.

Roles and Responsibilities

Board of Control

The Board of Control, as Trustees, shall carry out its functions solely in the interest of the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties. The Trustees shall act in accordance with the provisions of the laws and with the care, skill, prudence and diligence in light of the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Specific responsibilities include:

- Approving a statement of investment philosophy that sets forth TRS's beliefs on key investment issues.
- Approving an IPS.
- Ensuring asset allocation strategies are in place to achieve the investment goals and objectives of the TRS.
- Reviewing adherence to the investment philosophy of the TRS.
- Reviewing compliance with, and the continued appropriateness of, the IPS.
- Reviewing the investment performance of the fund, including the performance of all investment classes.
- Elect an investment committee (Ala. Code § 16-25-20(a)(3)).
- Appoint an Investment Advisor (Ala. Code § 16-25-20(a)(4)).

Investment Committee

The Investment Committee will:

- Act as agent for its appointing Board of Control (Ala. Code § 16-25-20(a)(3)).
- Consider all investment recommendations made by the Secretary-Treasurer (Ala. Code § 16-25-20(a)(3)).
- Either approve or disapprove the recommended investments in accordance with policies set by the Board (Ala. Code § 16-25-20(a)(3)).
- Confirm by written authorization of at least two members the approval of all investments, with such authorization to be attached to the invoice for the transaction (Ala. Code § 16-25-20(a)(3)).

Secretary-Treasurer

The Secretary-Treasurer is elected by the Board of Control and serves as the chief executive officer for the TRS. Ala. Code § 16-25-19(i). Specific responsibilities of the Secretary-Treasurer include:

- Recommending to the Board a written IPS and reviewing that statement with the Board at least annually.
- Developing and executing, within the policy parameters approved by the Board, investment strategies for each asset category in which the TRS invests.
- Executing portfolio rebalancing in accordance with the policies of the Board.
- Advising the Board on any other investment matters and making recommendations for Board or committee action when necessary.
- Reporting to the Board all purchases and sales of investments made by him or her at least once semiannually (Ala. Code § 16-25-20(a)(5)).
- Carrying out the investment policies fixed by the Board (Ala. Code § 16-25-20(a)(2)).

Investment Section

Teachers' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

- Examining all offers of investments made to the funds (Ala. Code § 16-25-20(a)(2)).
- Initiating inquiries as to available investments for the funds (Ala. Code § 16-25-20(a)(2)).
- Reviewing periodically the investment quality and desirability of retention of investments held (Ala. Code § 16-25-20(a)(2)).
- Making purchases and sales of investments as he or she shall deem to be to the best interests of the fund and in accordance with policies set by the Board, and as the Investment Committee shall approve (Ala. Code § 16-25-20(a)(2)).
- Other such responsibilities as the Board may delegate or the law shall provide.

Custodian

The Custodian holds directly, through its agents, its sub-custodians, or designated clearing systems, assets as designated by the Board. The Custodian is accountable for registration of those designated assets in good delivery form, collection of income generated by those assets, and any corporate action notification. The Custodian is responsible for delivery and receipt of securities of the aforementioned transactions. The Custodian is required to provide online records and reports, performance reporting, accounting reports and other services included by contract. The Board may opt to designate other duties to the Custodian.

Investment Advisor

The Investment Advisor may be appointed and employed by the Board of Control to act as a consultant to the Secretary-Treasurer in the purchase, sale, and review of the TRS's investments to the extent the Board may designate. The Investment Advisor must be a bank having principal office in the State of Alabama, must have capital, surplus and undivided profits of not less than \$300 million, and must have an organized investment department. Ala. Code § 16-25-20(a)(4). Specific responsibilities of the Investment Advisor include:

- Assist the Secretary-Treasurer with the development of quarterly strategies for investments.
- Confirm weekly list of investment activities.
- Meet at least quarterly with the Secretary-Treasurer and Board of Control members.

Investment Goals and Objectives

The function of the TRS is to provide present and future retirement or survivor benefits for its members. This objective requires the prudent assumption of investment risk in seeking to maximize long-term investment returns while incorporating the fund's liability requirements. The future investment performance of the fund directly affects its future financial strength. However, the greater the expected return of the strategic asset allocation policy, the higher the risk, and thus the greater the volatility of expected returns. With this greater volatility, the volatility of the surplus (deficit) of the plan may also be greater. The optimal balancing of these return and risk considerations will be considered in the context of the fund's short-term and long-term benefit obligations.

Investment Philosophy

The investment philosophy for the TRS is determined with careful consideration of its primary fund purpose, fiduciary obligations, statutory requirements, actuarial assumptions, funding policy, liquidity needs, income sources, benefit obligations and other general business conditions. The investment philosophy embraces the following:

- Strategic asset allocation is the most significant factor influencing long-term investment performance and asset volatility. The asset allocation targets, determined by the Board of Control, will be adhered to through a clearly defined rebalancing program.
- In controlling the risk level that is appropriate for the fund, the Board will diversify the assets of the fund among various asset classes as the Board may from time to time adopt as appropriate asset classes with the goal of minimizing large losses. The specific asset classes to be used will be set in conjunction with the strategic asset allocation adopted from time to time by the Board. The Board will diversify investment assets within asset classes to avoid concentrations.
- The fund's liabilities are long term and the investment strategy will therefore be long term in nature. Strategic decisions will prevail in determining asset allocation rather than tactical or short-term market timing decisions.
- The asset allocation policy will be reexamined every three years to ensure its appropriateness to the then prevailing liability considerations.
- Market-related risk and non-market related risk investments will be utilized. Market related risk refers to risk systematic to a market or risk embedded in the strategic asset allocation policy. Non-market risk refers to risk derived from active management or tactical decisions. Market-related risks are expected to produce returns proportional to the level of those risks over long periods of time as a natural feature of reasonably efficient capital markets; non- market related risks may produce additional returns when capitalized upon through skilled active management in the presence of some degree of market inefficiency. As a long-term investor, the TRS will invest across a wide spectrum of market-related risk investments, categorized in asset classes, in a prudent manner consistent with the strategic asset allocation policy referred to above.
- Index funds can be a desirable way of obtaining market-related risk exposure to asset classes.
- Non-market-related risks, also known as active management risk, may be expected to add value over index funds with comparable benchmarks, under appropriate conditions, and can be employed by the fund with controls in place which are appropriate to the particular investment.
- Also TRS recognizes that a stronger Alabama equates to a stronger Teachers' Retirement System and, as such, investments in Alabama businesses are encouraged to the extent the investment return meets the criteria delineated by this policy statement. Any Alabama investment must be forecast to have a return comparable to other like investments in the same asset class.
- Investment returns may be adversely affected by excessive investment related fees. TRS will utilize in-house staff expertise to minimize the cost of investing as appropriate.

Strategic Asset Allocation Policy

The TRS current target asset allocation and ranges are specified below.

Asset Class	Target Allocation	Strategic Range
Domestic Equity	45%	30%-60%
International Equity	15%	10%-25%
Fixed Income	15%	10%-50%
Alternative Investments	10%	0%-20%
Real Estate	10%	0%-15%
Short-term investments	5%	1%-10%
Total	100%	

The strategic asset allocation policy will be periodically reviewed, as described under “Investment Philosophy” and “Roles and Responsibilities.”

Rebalancing Policy

The purpose of the rebalancing policy is to ensure the adherence to the strategic allocation plan. Unexpected changes in market values may, on occasion, cause the actual asset allocation to fall outside of the allowable ranges. This policy applies to all asset classes in which the TRS invests and requires Investment Management Staff (“Staff”) to implement rebalancing trades if, as of any quarter end, the allocation to any asset class is outside the allowable ranges. The Board recognizes, however, the inherent difficulty in managing the allocations to illiquid asset classes.

As such, with respect to TRS’s illiquid asset classes, the Board expects the allocations to these areas to be managed as close as practical to the policy targets. The Board expects Staff to report illiquid asset class allocations that fall outside the prescribed ranges. In addition, the Board expects Staff to provide an implementation recommendation to bring the fund’s allocation to these areas back within the allowable ranges.

Managing the allocations to the marketable asset classes involves a risk reduction tradeoff with increased transaction costs. As such, the Board expects Staff to implement this policy in a manner that seeks to minimize the impact of transaction costs. In particular, the Board expects Staff to use cash contributions and cash needs to move the fund’s asset allocation as close as practical to the policy targets. When markets move such that the fund’s normal cash flows are insufficient to maintain the fund’s actual asset allocation within the permissible ranges as of any quarter end, the Board expects Staff to implement the necessary transactions to bring the fund’s allocation back to within the allowable ranges. Before a rebalancing transaction is implemented, the Board expects Staff to identify those portfolios that are likely to have the lowest cost of trading. Absent any asset class structure considerations, the Board expects these low trading cost portfolios to be utilized more frequently to implement required total fund rebalancing.

Eligible Asset Categories

The Board is responsible for approving asset categories in which the fund will invest. Listed below are the asset categories in which TRS currently invests along with a discussion of market efficiency in each category.

The efficiency of markets is relevant to expected return opportunities. Highly efficient markets provide less opportunity to add value above market returns. Highly inefficient markets provide more opportunity to add return above what is available by the market. This above market return expectation can be referred to as alpha. Market return can be referred to as beta.

Domestic Equities

Investing in the domestic equity market is a way to participate in one of the largest and most diverse economies in the world through ownership of the companies that make up the economy of the United States. Investment theory and history suggest that the domestic equity markets provide long-term price appreciation in an amount that tends to mirror the overall growth in the economy. In addition, stocks have historically provided a return that served as an effective hedge relative to inflation (i.e., the historical return of stocks has been in excess of the rate of inflation).

It is expected that the TRS will have exposure to all segments of the domestic equity market including but not limited to growth and value stocks of large to small capitalization companies. The domestic equity market is considered by many to be one of the most efficient capital markets in the world. The availability of public information regarding the future prospects of individual companies combined with the numerous market participants rendering assessments of the information contribute to this market's efficiency. With this in mind, a large portion of the domestic equity portfolio will be managed through passive index funds. A portion of the portfolio will be utilized to add alpha relative to the benchmarks. While the market is very efficient, neither it nor any other market is perfectly efficient. When appropriate skill is available, it may be possible to successfully use active management techniques to improve upon benchmark returns, with acceptable levels of risk.

International Equities

The international equity markets are an increasingly larger share of the investment opportunity set. In addition, because international company stocks tend to react to local as well as global influences, the fluctuations in the returns of international equity markets are only partially related to the movements in the domestic equity market. Further, capital market theory suggests that we should be fully diversified in a global, not just in a local sense.

Fixed Income

Bonds provide a source of diversification relative to an equity-oriented portfolio. The rate of return volatility (investment risk) of fixed income securities is substantially lower than the volatility of equities. In addition, there are significant differences in the pattern of returns between stock and bond investments. When combined with equity securities, a fixed income allocation can serve to reduce the overall risk of the portfolio without materially sacrificing return potential.

The fixed income asset class is perhaps the most diverse capital market. Securities include government, mortgage-backed and corporate bonds of U.S. and non-U.S. issuers. It also includes bonds issued by high quality as well as low quality companies and countries. The fixed income market may be more efficient than once believed. However, fixed income can experience less efficiency at times and in certain segments such as lower quality bonds. It is expected that the fixed income portfolio will make use of both active and passive investment mandates and will include allocations to all major segments of the fixed income market.

Alternative Investments

The alternative investment asset class can encompass many different and distinct asset categories. These types of investments may exhibit high levels of risk, with a concomitant expectation for high rates of investment returns. Many of these investments may exhibit a high level of correlation with the publicly-traded equity markets.

Investment Section

Teachers' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

The alternative investment asset class is considered highly inefficient, as the lack of publicly available company and pricing information suggest active management is critical in this asset class. Examples of such investments are venture capital partnerships, private equity, hedge funds, leveraged buy-out funds, private debt, and direct ownership of individual assets such as oil and gas partnerships. These investments shall only be entered into after significant due diligence.

Short-term Investments

Short-term investments are an integral part of a public pension portfolio, primarily as a tool of principal preservation and as a provider of liquidity. Eligible securities within this asset class include but are not limited to, U.S. treasury bills, notes and bonds with maturities of one year or less, corporate debt obligations (primarily commercial paper), short-dated agency and mortgage backed debt with government backed principal and interest payments, various types of bank paper including time deposits, repurchase agreements as well as money market funds. Also included is any money held in the STIF (short-term investment fund) accounts at the custody bank of the RSA, State Street Corporation.

Real Estate

Real estate investments can serve as a diversifier of a stock and bond portfolio. While the factors that influence real estate returns may also influence the returns of stock and bond portfolios, these factors impact real estate in a different manner than the other asset classes. This suggests that the return patterns of real estate have a lower correlation to other asset classes, providing a diversification benefit when combined with stocks and bonds.

Risk Controls and Procedures

- The fund is to be broadly diversified across and within asset classes to limit the volatility of the total fund investment returns and to limit the impact of large losses on individual investments of the fund.
- Individual portfolios will be managed according to written investment guidelines that are approved by the Staff. These guidelines are intended to ensure that the portfolio meets its objective and operates within acceptable risk parameters.
- A process will be established by which compliance with all elements of the IPS and portfolio guidelines are measured and monitored, with compliance exceptions being reported to the Board.
- The Investment Advisor will work with the Staff to develop a quarterly strategy for investments, which will be disseminated to the Board, as it is prepared each quarter.
- The Investment Committee shall approve all investments made within the IPS. The Investment Committee, in its approval, is considered to be signing for the Board of Control. If any purchase or sale is questioned by two members of the Investment Committee as to whether it is within policy, the Board shall decide if further action is required.
- Each week, the Secretary-Treasurer will send to the Investment Advisor the list of actual activities for written confirmation, which will then be distributed to the Board of Control members upon receipt.
- All investment security purchases will be documented with an individual worksheet setting out the reason for the purchase, rating, market history and other general data relevant to the decision making process.
- An annual survey will be made of all fixed income investments held with emphasis on credit quality. A holding that has been downgraded in rating will be examined as to the reason for the downgrade and a determination should be made as to whether the security should remain in the portfolio.
- The rules of the Securities and Exchange Commission, the general policies of the Board of Control, and the Alabama Ethics Commission shall govern the ethical conduct of employees. The Investment Management Staff will provide the Alabama Ethics Commission with a quarterly report of all purchases and sales of any and all securities for personal accounts occurring within each reported quarter.
- All Alternative Investments will be documented with a comprehensive financial analysis setting out the reasons for the investment and showing the projected return on investment.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

Performance Measurement

The investment objective of the TRS total fund is to earn the rate of return of the Total Plan Policy Portfolio. A Policy Portfolio is a passive representation of the specific asset allocation strategy pursued and is the most objective performance evaluation metric. The Total Plan Policy Portfolio weights each individual portfolio and its return versus the actual relative index returns. This process accounts for asset allocation shifts within and between any asset classes.

Total Plan Benchmark

The Total Plan Benchmark is calculated monthly. It is a weighted average of the asset classes and their corresponding benchmarks. The weights are calculated using the beginning market values. The asset class benchmarks are listed in the table below.

Domestic Equity	Custom Benchmark	(see description below)
International Equity	MSCI EAFE Net, Emerging Markets Net, STOXX Europe 600 Optimised Cyclicals	Beginning of month weighted custom benchmark
Domestic Fixed Income	Custom Benchmark	(see description below)
International Fixed Income	WGBI Non-US	Currently there are no International Fixed portfolios in this plan.
Cash	ML 90-Day T-Bill	
Alternative Investments	-If an equity investment, the Russell 2000 plus 3%. -If a debt investment, the Bloomberg Capital Agency plus 3%.	
Real Estate	CPI+3% Public REIT portfolio follows S&P 500 Real Estate sector GICS level 3	

Domestic Equity Benchmark

The Domestic Equity Benchmark is calculated monthly. It is a weighted average of the domestic equity portfolios and their corresponding benchmarks. The weights are calculated using the beginning markets' values. The portfolio benchmarks are listed in the table below:

Core Fund	S&P 500
S&P 500 Fund	S&P 500
MidCap Active Fund (SSF)	S&P 400 MidCap
S&P MidCap Index	S&P 400 MidCap
S&P SmallCap Index	S&P 600 SmallCap
S&P SmallCap Value	S&P 600 SmallCap
Policy Fund	S&P 500

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

Fixed Income Benchmark

The Fixed Income Benchmark is calculated monthly. It is a weighted average of the Fixed Income sectors and their corresponding benchmarks. The weights are calculated using the beginning markets' values. The sector benchmarks are listed in the table below:

Agency	Bloomberg Capital Agency
Asset Backed	Bloomberg Capital ABS Index
CMO	Bloomberg Capital MTGE
Corporate	Bloomberg Capital Corp
Municipal	N/A
Mortgage Pass-Through	Bloomberg Capital MTGE
Private Placement	N/A
US Treasury	Bloomberg Capital Treasury
Yankee - Agency	Bloomberg Capital Agency
Yankee – Other Yankee	Bloomberg Capital Corp

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Employees' Retirement System Investment Policy Statement For the Fiscal Year Ended September 30, 2024

Purpose

This Investment Policy Statement (IPS) sets forth the investment policies by which the fund's investments will be managed. This IPS is consistent with and complements related Alabama Statutes and is intended to be binding upon all persons with authority over the investments of the Employee Retirement System of Alabama ("ERS"). Deviation from the IPS is not permitted without explicit written permission, in advance, from the ERS Board of Control ("Board of Control" or "Board"). This IPS shall be effective April 1, 2015.

The Judicial Retirement Fund is a defined benefit plan created by and administered in accordance with Ala. Code §§ 12-18-1, et seq.. Section 12-18-2(a) states in its pertinent part as follows:

"The Judicial Retirement Fund shall be administered by the Secretary-Treasurer of the State Employees' Retirement System under the supervision of the Board of Control of the said State Employees' Retirement System and said board of control shall be the trustee of such fund and shall handle such fund in the same manner and pursuant to the same rules and regulations that it handles funds in the State Employees' Retirement System."

Therefore, the Board of Control is the trustee and responsible for handling such funds in the same manner as ERS. This IPS, therefore, will also apply to the JRF.

Roles and Responsibilities

Board of Control

The Board of Control, as Trustees, shall carry out its functions solely in the interest of the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties. The Trustees shall act in accordance with the provisions of the laws and with the care, skill, prudence and diligence in light of the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by diversifying the investments of the ERS so as to minimize the risk of large losses.

Specific responsibilities include:

- Working with the Investment Management Committee to provide oversight of the investment program of the ERS.
- Approving a statement of investment philosophy that sets forth ERS's beliefs on key investment issues.
- Approving an IPS.
- Ensuring asset allocation strategies are in place to achieve the investment goals and objectives of the ERS.
- Reviewing adherence to the investment philosophy of the ERS.
- Reviewing compliance with, and the continued appropriateness of, the IPS.
- Reviewing the investment performance of the fund, including the performance of all investment classes.
- Elect an investment committee (Ala. Code §§36-27-25(d)).
- Appoint an Investment Advisor (Ala. Code §§36-27-25(e)).

Investment Section

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

Investment Management Committee

The Investment Management Committee is responsible for overseeing the ERS investment program. Specific responsibilities include recommending to/advising the Board:

- A written statement of investment philosophy for the fund.
- A written IPS.
- Strategies to achieve the investment goals and objectives of the ERS.
- On any other investment matters and make recommendations for Board action when necessary.
- Keeping minutes of Investment Management Committee meetings and ensure the minutes are made available to Trustees.
- Monitoring all the investment activities of the Investment Committee, Secretary-Treasurer, Staff, Investment Advisor, and Custodian.
- Ensuring the investment reporting policies are designed to provide transparency and aggregate information on target investments regardless of the investment vehicles used.

Investment Committee

The Investment Committee will:

- Act as agent for its appointing Board of Control (Ala. Code §§36-27-25(d)).
- Consider all investment recommendations made by the Secretary-Treasurer (Ala. Code §§36-27-25(d)).
- Either approve or disapprove the recommended investments in accordance with policies set by the Board (Ala. Code §§36-27-25(d)).
- Confirm by written authorization the approval of all investments, with such authorization to be attached to the invoice for the transaction (Ala. Code §§36-27-25(d)).

Secretary-Treasurer

The Secretary –Treasurer is elected by the Board of Control and serves as the chief executive officer for the ERS. Ala. Code §§36-27-23(h). Specific responsibilities of the Secretary-Treasurer include:

- Recommending to the Investment Management Committee a written statement of investment philosophy and review that statement with the committee at least every three years.
- Recommending to the Investment Management Committee a written IPS and review that statement with the committee at least annually.
- Recommending to the Investment Management Committee strategies to achieve the investment goals and objectives of ERS.
- Developing, and executing, within the policy parameters approved by the Board, investment strategies for each asset category in which the ERS invests.
- Executing portfolio rebalancing in accordance with the policies of the Board.
- Advising the Board and the Investment Management Committee on any other investment matters and making recommendations for Board or committee action when necessary.
- Reporting to the Board of Control all purchases and sales of investments made by him or her at least once semiannually (Ala. Code §§36-27-25(c)).
- Carrying out the investment policies fixed by the Board of Control (Ala. Code §§26-27-25(c)).
- Examining all offers of investments made to the funds (Ala. Code §§36-27-25(c)).
- Initiating inquiries as to available investments for the funds (Ala. Code §§36-27-25(c)).
- Reviewing periodically the investment quality and desirability of retention of investments held (Ala. Code §§36-27-25(c)).
- Making purchases and sales of investments as he or she shall deem to be to the best interests of the fund and in accordance with policies set by the Board, and as the Investment Committee shall approve (Ala. Code §§36-27-25(c)).

Investment Section

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

Custodian

The Custodian holds directly, through its agents, its sub-custodians, or designated clearing systems, assets as designated by the Board. The Custodian is accountable for registration of those designated assets in good delivery form, collection of income generated by those assets, and any corporate action notification. The Custodian is responsible for delivery and receipt of securities of the aforementioned transactions. The Custodian is required to provide online records and reports, performance reporting, accounting reports and other services included by contract. The Board may opt to designate other duties to the Custodian.

Investment Advisor

The Investment Advisor may be appointed and employed by the Board of Control to act as a consultant to the Secretary-Treasurer in the purchase, sale, and review of the ERS's investments to the extent the Board may designate. The Investment Advisor must be a bank having principal office in the State of Alabama, must have capital, surplus and undivided profits of not less than \$300 million, and must have an organized investment department. Specific responsibilities of the Investment Advisor include:

- Assist the Secretary-Treasurer with the development of quarterly strategies for investments.
- Confirm weekly list of investment activities.
- Meet at least quarterly with the Secretary-Treasurer and Board of Control members.

Investment Goals and Objectives

The function of the ERS is to provide present and future retirement or survivor benefits for its members. This objective requires the prudent assumption of investment risk in seeking to maximize long-term investment returns while incorporating the fund's liability requirements. The future investment performance of the fund directly affects its future financial strength. However, the greater the expected return of the strategic asset allocation policy, the higher the risk, and thus the greater the volatility of expected returns. With this greater volatility, the volatility of the surplus (deficit) of the plan may also be greater. The optimal balancing of these return and risk considerations will be considered in the context of the fund's short-term and long-term benefit obligations.

Investment Philosophy

The investment philosophy for the ERS is determined with careful consideration of its primary fund purpose, fiduciary obligations, statutory requirements, actuarial assumptions, funding policy, liquidity needs, income sources, benefit obligations and other general business conditions. The investment philosophy embraces the following:

- Strategic asset allocation is the most significant factor influencing long-term investment performance and asset volatility. The asset allocation targets, determined by the Board of Control, will be adhered to through a clearly defined rebalancing program.
- In controlling the risk level that is appropriate for the fund, the Board will diversify the assets of the fund among various asset classes as the Board may from time to time adopt as appropriate asset classes. The specific asset classes to be used will be set in conjunction with the strategic asset allocation adopted from time to time by the Board. The Board will diversify investment assets within asset classes to avoid concentrations.
- The fund's liabilities are long term and the investment strategy will therefore be long term in nature. Strategic decisions will prevail in determining asset allocation rather than tactical or short-term market timing decisions.
- The asset allocation policy will be reexamined every three years to ensure its appropriateness to the then prevailing liability considerations.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

- Market-related risk and non-market related risk investments will be utilized. Market related risk refers to risk systematic to a market or risk embedded in the strategic asset allocation policy. Non-market risk refers to risk derived from active management or tactical decisions. Market-related risks are expected to produce returns proportional to the level of those risks over long periods of time as a natural feature of reasonably efficient capital markets; non-market related risks may produce additional returns when capitalized upon through skilled active management in the presence of some degree of market inefficiency. As a long-term investor, the ERS will invest across a wide spectrum of market-related risk investments, categorized in asset classes, in a prudent manner consistent with the strategic asset allocation policy referred to above.
- Index funds can be a desirable way of obtaining market-related risk exposure to asset classes.
- Non-market-related risks, also known as active management risk, may be expected to add value over index funds with comparable benchmarks, under appropriate conditions, and can be employed by the fund with controls in place which are appropriate to the particular investment.
- Also ERS recognizes that a stronger Alabama equates to a stronger Employee Retirement System, and as such, investments in Alabama businesses are encouraged to the extent the investment return meets the criteria delineated by this policy statement. Any Alabama investment must be forecast to have a return comparable to other investments in the same asset class. The forecast and the accompanying analysis must be presented to the Investment Committee and Investment Management Committee prior to making the investment.

Strategic Asset Allocation Policy

The ERS current target asset allocation and ranges are specified below.

Asset Class	JRF Target Allocation	ERS Target Allocation	Strategic Range
Domestic Equity	55%	45%	30%-60%
International Equity	15%	15%	10%-25%
Fixed Income	22%	15%	10%-40%
Alternative Investments	1%	10%	0%-15%
Real Estate	2%	10%	0%-15%
Short-term investments	5%	5%	1%-10%

The strategic asset allocation policy will be periodically reviewed, as described under "Investment Philosophy" and "Roles and Responsibilities."

Investment Section

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

Rebalancing Policy

The purpose of the rebalancing policy is to ensure the adherence to the strategic allocation plan. Unexpected changes in market values may, on occasion, cause the actual asset allocation to fall outside of the allowable ranges. This policy applies to all asset classes in which the ERS invests and requires Investment Management Staff ("Staff") to implement rebalancing trades if, as of any quarter end, the allocation to any asset class is outside the allowable ranges. The Board recognizes, however, the inherent difficulty in managing the allocations to illiquid asset classes.

As such, with respect to ERS's investments in illiquid asset classes (alternative investments and real estate), the Board expects the allocations to these areas to be managed as close as practical to the policy targets. As of any quarter-end, the Board expects Staff to report illiquid asset class allocations that fall outside the prescribed ranges. In addition, the Board expects Staff to provide an implementation recommendation to bring the fund's allocation to these areas back within the allowable ranges. The Staff will provide annually to the Investment Management Committee a schedule for valuations on such assets.

Managing the allocations to the marketable asset classes involves a risk reduction tradeoff with increased transaction costs. As such, the Board expects Staff to implement this policy in a manner that seeks to minimize the impact of transaction costs. In particular, the Board expects Staff to use cash contributions and cash needs to move the fund's asset allocation as close as practical to the policy targets.

When markets move such that the fund's normal cash flows are insufficient to maintain the fund's actual asset allocation within the permissible ranges as of any quarter end, the Board expects Staff to implement the necessary transactions to bring the fund's allocation back to within the allowable ranges. Before a rebalancing transaction is implemented, the Board expects Staff to identify those portfolios that are likely to have the lowest cost of trading. Absent any asset class structure considerations, the Board expects these low trading cost portfolios to be utilized more frequently to implement required total fund rebalancing.

Eligible Asset Categories

The Board is responsible for approving asset categories in which the fund will invest. Listed below are the asset categories in which ERS currently invests along with a discussion of market efficiency in each category. The efficiency of markets is relevant to expected return opportunities. Highly efficient markets provide less opportunity to add value above market returns. Highly inefficient markets provide more opportunity to add return above what is available by the market. This above market return expectation can be referred to as alpha. Market return can be referred to as beta.

Domestic Equities

Investing in the domestic equity market is a way to participate in one of the largest and most diverse economies in the world through ownership of the companies that make up the economy of the United States. Investment theory and history suggest that the domestic equity markets provide long-term price appreciation in an amount that tends to mirror the overall growth in the economy. In addition, stocks have historically provided a return that served as an effective hedge relative to inflation (i.e., the historical return of stocks has been in excess of the rate of inflation).

It is expected that the ERS will have exposure to all segments of the domestic equity market including but not limited to growth and value stocks of large to small capitalization companies. The domestic equity market is considered by many to be one of the most efficient capital markets in the world. The availability of public information regarding the future prospects of individual companies combined with the numerous market participants rendering assessments of the information contribute to this market's efficiency. With this in mind, a large portion of the domestic equity portfolio will be managed through passive index funds. A portion of the portfolio will be utilized

Investment Section

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

to add alpha relative to the benchmarks. While the market is very efficient, neither it nor any other market is perfectly efficient. When appropriate skill is available, it may be possible to successfully use active management techniques to improve upon benchmark returns, with acceptable levels of risk.

International Equities

The international equity markets are an increasingly larger share of the investment opportunity set. In addition, because international company stocks tend to react to local as well as global influences, the fluctuations in the returns of international equity markets are only partially related to the movements in the domestic equity market. Further, capital market theory suggests that we should be fully diversified in a global, not just in a local sense.

Fixed Income

Bonds provide a source of diversification relative to an equity-oriented portfolio. The rate of return volatility (investment risk) of fixed income securities is substantially lower than the volatility of equities. In addition, there are significant differences in the pattern of returns between stock and bond investments. When combined with equity securities, a fixed income allocation can serve to reduce the overall risk of the portfolio without materially sacrificing return potential.

The fixed income asset class is perhaps the most diverse capital market. Securities include government, mortgage-backed and corporate bonds of U.S. and non-U.S. issuers. It also includes bonds issued by high quality as well as low quality companies and countries. The fixed income market may be more efficient than once believed. However, fixed income can experience less efficiency at times and in certain segments such as lower quality bonds. It is expected that the fixed income portfolio will make use of both active and passive investment mandates and will include allocations to all major segments of the fixed income market.

Short-term Investments

Short-term investments are an integral part of a public pension portfolio, primarily as a tool of principal preservation and as a provider of liquidity. Eligible securities within this asset class include but are not limited to, U.S. treasury bills, notes and bonds with maturities of one year or less, corporate debt obligations (primarily commercial paper), short-dated agency and mortgage backed debt with government backed principal and interest payments, various types of bank paper including time deposits, repurchase agreements as well as money market funds. Also included is any money held in the STIF (short-term investment fund) account at the custody bank of the RSA, State Street Corporation.

Alternative Investments

The alternative investment asset class can encompass many different and distinct asset categories. These types of investments exhibit high levels of risk, with an expectation for high rates of investment returns. Many of these investments also exhibit a high level of correlation with the publicly-traded equity markets.

The alternative investment asset class is considered highly inefficient, as the lack of publicly available company and pricing information suggest active management is critical in this asset class. The primary benefit afforded investors in this asset class is the expectation of generating high levels of investment returns, as well as hedging instruments for risk controls.

Examples of such investments are venture capital partnerships, private equity, hedge funds, leveraged buy-out funds, private debt, and direct ownership of individual assets such as oil and gas partnerships. These investments shall only be entered into after due diligence and with approval by both the Investment Committee and the Investment Management Committee or by the Board. No final commitment shall be made until all the forgoing is met. Subsequent investments in a previously approved investment do not require additional specific approvals by the Investment Committee and the Investment Management Committee or the Board, unless there has been a material adverse change in the investment.

Investment Section

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

ERS may not engage an investment manager or invest in a fund, partnership, or other entity if the terms of the engagement or investment do not preclude an investment result that is contrary to the Investment Policy Statement.

ERS may not engage an investment manager or invest in a fund unless the investment-management or subscription agreement includes a representation, warranty, and covenant confirming the absence of any compensation (before, during, or after the agreement) to a solicitor, placement agent, lobbyist, or other intermediary except as fully disclosed in a writing attached to and made a part of the agreement.

Real Estate

Real estate investments can serve as a diversifier of a stock and bond portfolio. While the factors that influence real estate returns may also influence the returns of stock and bond portfolios, these factors impact real estate in a different manner than the other asset classes. This suggests that the return patterns of real estate have a lower correlation to other asset classes, providing a diversification benefit when combined with stocks and bonds.

Risk Controls and Procedures

- The fund is to be broadly diversified across and within asset classes to limit the volatility of the total fund investment returns and to limit the impact of large losses on individual investments of the fund.
- Individual portfolios will be managed according to written investment guidelines that are approved by the Staff. These guidelines are intended to ensure that the portfolio meets its objective and operates within acceptable risk parameters.
- A process will be established by which compliance with all elements of the IPS and portfolio guidelines are measured and monitored, with compliance exceptions being reported to the Investment Management Committee and the Board.
- The Investment Advisor will work with the Staff to develop a quarterly strategy for investments, which will be disseminated to the Board, as it is prepared each quarter.
- The Investment Committee shall approve all investments made within the IPS. The Investment Committee, in its approval, is considered to be signing for the Board of Control. If any purchase or sale is questioned by two members of the Investment Committee as to whether it is within policy, the Board shall decide and no purchase or sale shall take place until all parties are in clear agreement that said action is or is not covered by policy.
- Each week, the Secretary-Treasurer will send to the Investment Advisor the list of actual activities for written confirmation, which will then be distributed to the Board of Control members upon receipt.
- All investment security purchases will be documented with an individual worksheet setting out the reason for the purchase, rating, market history and other general data relevant to the decision making process.
- An annual survey will be made of all fixed income investments held with emphasis on credit quality. A holding that has been downgraded in rating will be examined as to the reason for the downgrade and a determination should be made as to whether the security should remain in the portfolio.
- The rules of the Securities and Exchange Commission, the general policies of the Board of Control, and the Alabama Ethics Commission shall govern the ethical conduct of employees. The Investment Management Staff will provide the Alabama Ethics Commission with a quarterly report of all purchases and sales of any and all securities for personal accounts occurring within each reported quarter.
- All Alternative Investments will be documented with a comprehensive financial analysis setting out the reasons for the investment and showing the projected return on investment.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

Performance Measurement

The investment objective of the ERS total fund is to earn the rate of return of the Total Plan Policy Portfolio. A Policy Portfolio is a passive representation of the specific asset allocation strategy pursued and is the most objective performance evaluation metric. The Total Plan Policy Portfolio weights each individual portfolio and its return versus the actual relative index returns. This process accounts for asset allocation shifts within and between any asset classes.

Total Plan Benchmark

The Total Plan Benchmark is calculated monthly. It is a weighted average of the asset classes and their corresponding benchmarks. The weights are calculated using the beginning market values. The asset class benchmarks are listed in the table below.

Domestic Equity	Custom Benchmark	(see description below)
International Equity	MSCI EAFE Net & Emerging Markets Net,	
Domestic Fixed Income	Custom Benchmark	(see description below)
International Fixed Income	WGBI Non-US	Currently, there are no International Fixed Income portfolios in the
Cash	ML 90-Day T-Bill	
Alternative Investments	-If an equity investment, the Russell 2000 +3% -If a debt investment, the Bloomberg Capital Agency plus 3%.	
Real Estate	NCREIF NPI Public REIT portfolio follows S&P 500 Real Estate sector GICS level 3	NCREIF NPI: -Privately held US-based commercial Real Estate properties. -Most commonly used. -Often use NPI + 1-3% to compensate for higher risk and expected returns of

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2024

Domestic Equity Benchmark

The Domestic Equity Benchmark is calculated monthly. It is a weighted average of the domestic equity portfolios and their corresponding benchmarks. The weights are calculated using the beginning markets' values. The portfolio benchmarks are listed in the table below:

Core Fund	S&P 500
S&P 500 Fund	S&P 500
MidCap Active Fund (SSF)	S&P 400 MidCap
S&P MidCap Index	S&P 400 MidCap
S&P SmallCap Index	S&P 600 SmallCap
SmallCap Value Fund	S&P 600 SmallCap
LargeCap Policy Fund	S&P 500

Fixed Income Benchmark

The Fixed Income Benchmark is calculated monthly. It is a weighted average of the Fixed Income sectors and their corresponding benchmarks. The weights are calculated using the beginning markets' values. The sector benchmarks are listed in the table below:

Agency	Bloomberg Capital Agency
Asset Backed	Bloomberg Capital ABS Index
CMO	Bloomberg Capital MTGE
Corporate	Bloomberg Capital Corp
Municipal	N/A
Mortgage Pass-Through	Bloomberg Capital MTGE
Private Placement	N/A
US Treasury	Bloomberg Capital Treasury
Yankee - Agency	Bloomberg Capital Agency
Yankee – Other Yankee	Bloomberg Capital Corp

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System

Schedule of Investment Performance

	TIME-WEIGHTED RATES OF RETURN - GROSS OF FEE			
	1 Year	3 Years	5 Years	10 Years
U.S. Equity				
TRS Core Fund	37.16%	12.88%	15.65%	13.03%
TRS S&P 500 Fund	31.19%	10.76%	14.90%	12.68%
TRS Mid Cap Index	26.84%	7.51%	11.83%	10.38%
TRS S&P Small Cap Index	26.20%	4.35%	10.66%	10.53%
TRS Small Cap Value	35.20%	4.42%	n/a	n/a
TRS Midcap Active Fund (Ssf)	26.67%	6.81%	11.58%	10.13%
TRS Miscellaneous Equity	20.16%	n/a	n/a	n/a
TRS Total Domestic Equity	31.83%	10.05%	14.15%	12.14%
TRS Custom Domestic Equity Index	33.02%	10.07%	14.56%	12.46%
<i>S&P 500</i>	36.35%	11.91%	15.98%	13.38%
<i>S&P Mid Cap 400</i>	26.79%	7.47%	11.78%	10.32%
<i>S&P Smallcap 600</i>	25.86%	3.99%	10.21%	10.05%
International Equity				
TRS Emerging Markets Fund	25.03%	0.17%	4.63%	3.51%
TRS International Equities	24.61%	7.02%	9.25%	6.56%
TRS International - Passive	24.69%	5.54%	8.28%	5.98%
TRS Total International Equity	25.03%	5.55%	8.25%	5.96%
TRS Custom International Equity Index	25.31%	4.40%	7.71%	5.42%
<i>MSCI EAFE (Net)</i>	24.77%	5.48%	8.20%	5.71%
<i>MSCI Emerging Markets</i>	26.05%	0.40%	5.75%	4.02%
<i>STOXX Europe 600 Optimised Cyclical</i>	31.75%	4.50%	8.59%	3.40%
TRS Total Global Equity	30.18%	8.99%	12.81%	10.79%
TRS Custom Global Equity Index	31.16%	8.74%	13.01%	10.92%
Fixed Income				
TRS Domestic Fixed Income	11.50%	-0.36%	1.34%	2.52%
TRS Custom Global Fixed Index	12.01%	-1.42%	0.59%	2.14%
<i>Bloomberg Aggregate Bond</i>	11.57%	-1.39%	0.33%	1.84%
TRS Total Fixed Income	11.50%	-0.36%	1.34%	2.52%
Alternative Investments				
TRS Private Placements	13.49%	3.50%	5.36%	0.95%
TRS Preferred And Private Equity	2.18%	-2.94%	2.54%	10.97%
TRS Real Estate	2.74%	2.92%	1.52%	2.96%
TRS Public Real Estate	36.28%	3.99%	n/a	n/a
TRS Total Real Estate	6.11%	3.04%	2.07%	3.24%
TRS Total Alternatives	5.53%	1.13%	2.41%	3.25%
TRS Total Fixed Income Plus Alternatives	8.30%	0.66%	2.16%	3.11%
Cash				
TRS Cash Account	5.87%	3.84%	2.53%	1.81%
TRS Short Term Investments	5.86%	3.96%	2.73%	2.07%
TRS Total Cash	5.87%	3.91%	2.64%	1.97%
Total Plan				
TRS Total Plan	21.10%	6.00%	9.05%	8.00%
TRS Total Plan Policy	24.18%	7.22%	10.58%	8.91%

Note: Calculations are prepared using the time-weighted rate of return methodology based upon fair values.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Employees' Retirement System

Schedule of Investment Performance

	TIME-WEIGHTED RATES OF RETURN - GROSS OF FEE			
	1 Year	3 Years	5 Years	10 Years
U.S. Equity				
ERS Core Fund	37.16%	12.86%	15.64%	13.02%
ERS S&P 500 Fund	31.49%	10.85%	14.95%	12.70%
ERS Mid Cap Index	26.84%	7.51%	11.83%	10.38%
ERS S&P Small Cap Index	26.20%	4.35%	10.66%	10.53%
ERS Small Cap Value	36.10%	4.25%	n/a	n/a
ERS Midcap Active Fund (Ssf)	26.64%	6.81%	11.58%	10.13%
ERS Miscellaneous Equity	20.16%	n/a	n/a	n/a
ERS Total Domestic Equity	32.22%	10.28%	14.29%	12.21%
ERS Custom Domestic Equity Index	33.39%	10.28%	14.71%	12.55%
<i>S&P 500</i>	36.35%	11.91%	15.98%	13.38%
<i>S&P Mid Cap 400</i>	26.79%	7.47%	11.78%	10.32%
<i>S&P Smallcap 600</i>	25.86%	3.99%	10.21%	10.05%
International Equity				
ERS Emerging Markets Fund	25.01%	0.28%	4.95%	3.68%
ERS International Equities	24.62%	7.02%	9.16%	6.52%
ERS International - Passive	24.70%	5.35%	8.18%	5.88%
ERS Total International Equity	25.04%	5.37%	8.15%	5.87%
ERS Custom International Equity Index	25.35%	4.25%	7.66%	5.36%
<i>MSCI EAFE (Net)</i>	24.77%	5.48%	8.20%	5.71%
<i>MSCI Emerging Markets</i>	26.05%	0.40%	5.75%	4.02%
<i>STOXX Europe 600 Optimised Cyclical</i>	31.75%	4.50%	8.59%	3.40%
ERS Total Global Equity	30.48%	9.12%	12.88%	10.85%
ERS Custom Global Equity Index	31.45%	8.86%	13.10%	11.01%
Fixed Income				
ERS Domestic Fixed Income	11.47%	-0.38%	1.32%	2.51%
ERS Custom Global Fixed Index	12.00%	-1.42%	0.59%	2.13%
<i>Bloomberg Aggregate Bond</i>	11.57%	-1.39%	0.33%	1.84%
ERS Total Fixed Income	11.47%	-0.38%	1.32%	2.51%
Alternative Investments				
ERS Private Placements	13.53%	3.50%	5.37%	0.91%
ERS Preferred And Private Equity	1.42%	-3.68%	2.22%	11.49%
ERS Real Estate	2.76%	2.93%	1.51%	2.94%
ERS Public Real Estate	36.28%	3.99%	n/a	n/a
ERS Total Real Estate	7.33%	3.09%	2.26%	3.32%
ERS Total Alternatives	5.85%	0.74%	2.44%	3.70%
ERS Total Fixed Income Plus Alternatives	8.43%	0.46%	2.20%	3.44%
Cash				
ERS Cash Account	5.67%	3.78%	2.48%	1.80%
ERS Short Term Investments	5.87%	3.97%	2.75%	2.09%
ERS Total Cash	5.71%	3.87%	2.61%	1.97%
Total Plan				
ERS Total Plan	21.21%	5.97%	9.00%	8.07%
ERS Total Plan Policy	23.40%	6.71%	10.33%	9.09%

Note: Calculations are prepared using the time-weighted rate of return methodology based upon fair values.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Judicial Retirement Fund

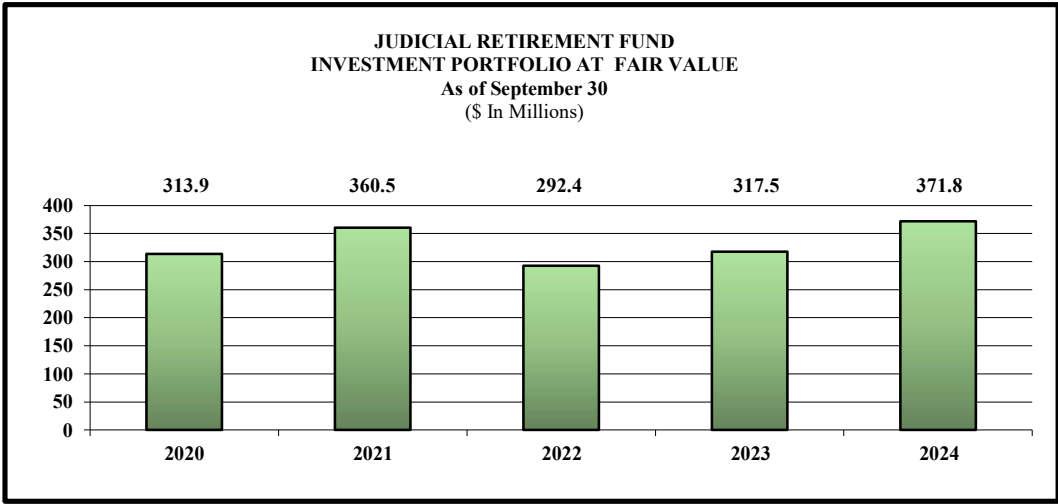
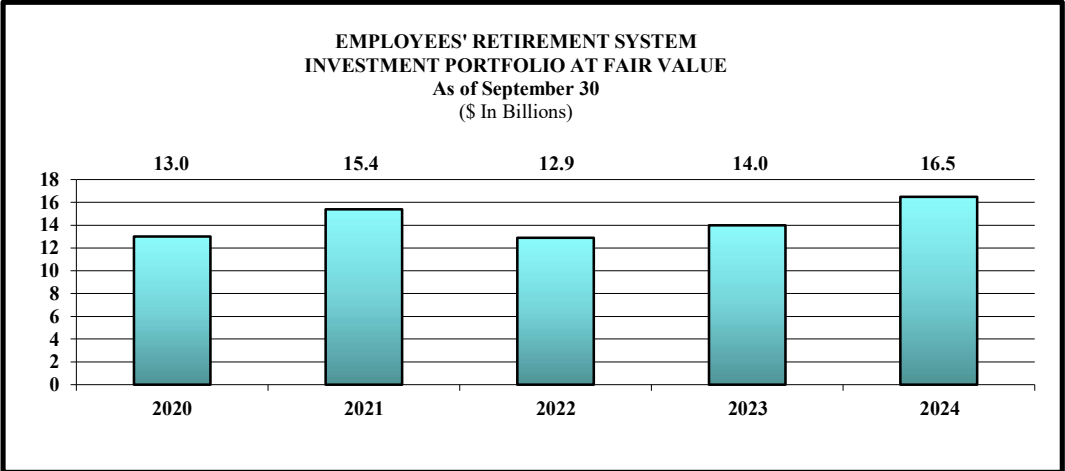
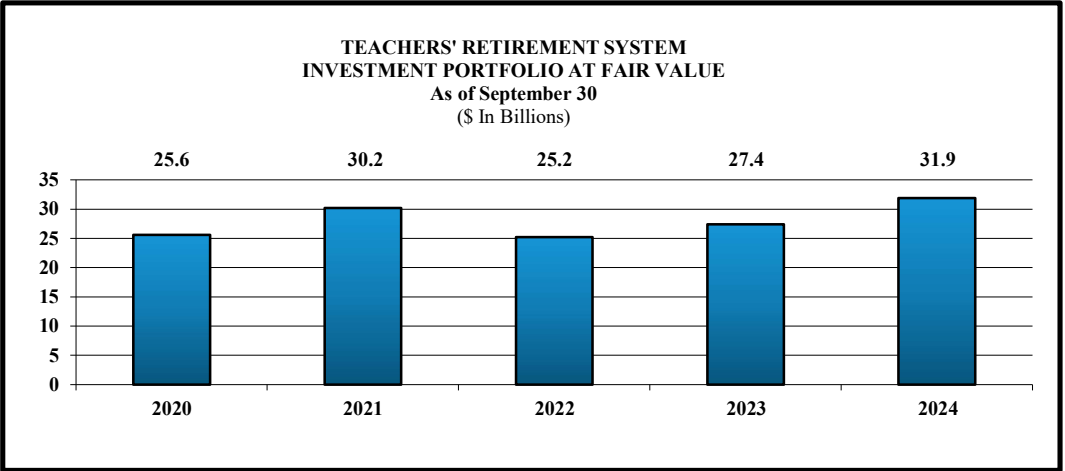
Schedule of Investment Performance

	TIME-WEIGHTED RATES OF RETURN - GROSS OF FEE			
	1 Year	3 Years	5 Years	10 Years
U.S. Equity				
JRF S&P 500 Fund	31.93%	10.94%	15.04%	12.80%
JRF S&P Mid Cap Index	26.78%	7.46%	11.80%	10.36%
JRF S&P Small Cap Index	26.20%	4.35%	10.66%	10.53%
JRF Small Cap Value	35.32%	4.03%	n/a	n/a
JRF Miscellaneous Equity	20.16%	n/a	n/a	n/a
JRF Total Domestic Equity	30.62%	9.84%	14.25%	12.28%
JRF Custom Domestic Equity Index	33.92%	10.55%	14.96%	12.71%
<i>S&P 500</i>	36.35%	11.91%	15.98%	13.38%
<i>S&P Mid Cap 400</i>	26.79%	7.47%	11.78%	10.32%
<i>S&P Smallcap 600</i>	25.86%	3.99%	10.21%	10.05%
International Equity				
JRF Emerging Markets Fund	25.04%	0.11%	4.22%	3.24%
JRF International Equities	24.65%	7.07%	9.27%	6.57%
JRF International - Passive	24.59%	5.73%	8.33%	6.01%
JRF Total International Equity	24.94%	5.72%	8.29%	5.99%
JRF Custom International Equity Index	25.25%	4.52%	7.76%	5.48%
<i>MSCI EAFE (Net)</i>	24.77%	5.48%	8.20%	5.71%
<i>MSCI Emerging Markets</i>	26.05%	0.40%	5.75%	4.02%
<i>STOXX Europe 600 Optimised Cyclical</i>	31.75%	4.50%	8.59%	3.40%
JRF Total Global Equity	29.24%	8.87%	12.88%	10.88%
JRF Custom Global Equity Index	31.83%	9.14%	13.32%	11.11%
Fixed Income				
JRF Domestic Fixed Income	11.43%	-0.19%	1.32%	2.43%
JRF Custom Domestic Fixed Index	12.07%	-1.40%	0.57%	2.08%
<i>Bloomberg Aggregate Bond</i>	11.57%	-1.39%	0.33%	1.84%
JRF Total Fixed Income	11.43%	-0.19%	1.32%	2.43%
Alternative Investments				
JRF Private Placements	9.42%	-0.94%	2.47%	-16.42%
JRF Preferred And Private Equity	7.49%	-2.73%	2.27%	n/a
JRF Real Estate	2.01%	2.72%	2.28%	4.35%
JRF Public Real Estate	36.27%	3.99%	n/a	n/a
JRF Total Real Estate	15.07%	3.28%	4.02%	5.23%
JRF Total Alternatives	12.83%	2.22%	3.73%	2.62%
JRF Total Fixed Income Plus Alternatives	11.63%	0.09%	1.65%	2.53%
Cash				
JRF Cash Account	5.67%	3.77%	2.48%	1.79%
JRF Short Term Investments	5.86%	3.97%	2.76%	2.07%
JRF Total Cash	5.72%	3.86%	2.60%	1.93%
Total Plan				
JRF Total Plan	22.21%	6.05%	9.17%	8.07%
JRF Total Plan Policy	23.98%	5.93%	9.30%	8.24%

Note: Calculations are prepared using the time-weighted rate of return methodology based upon fair values.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section
Investment Portfolio at Fair Value
Five-Year Comparison

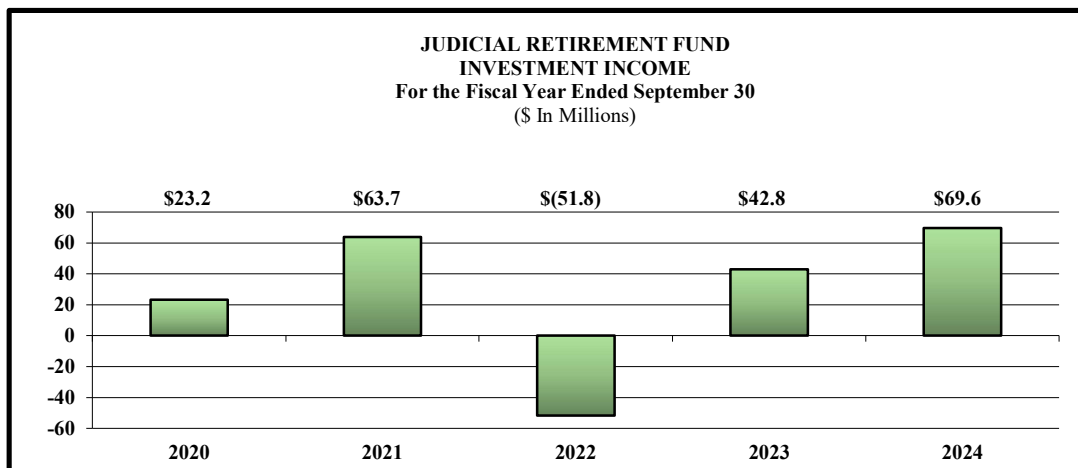
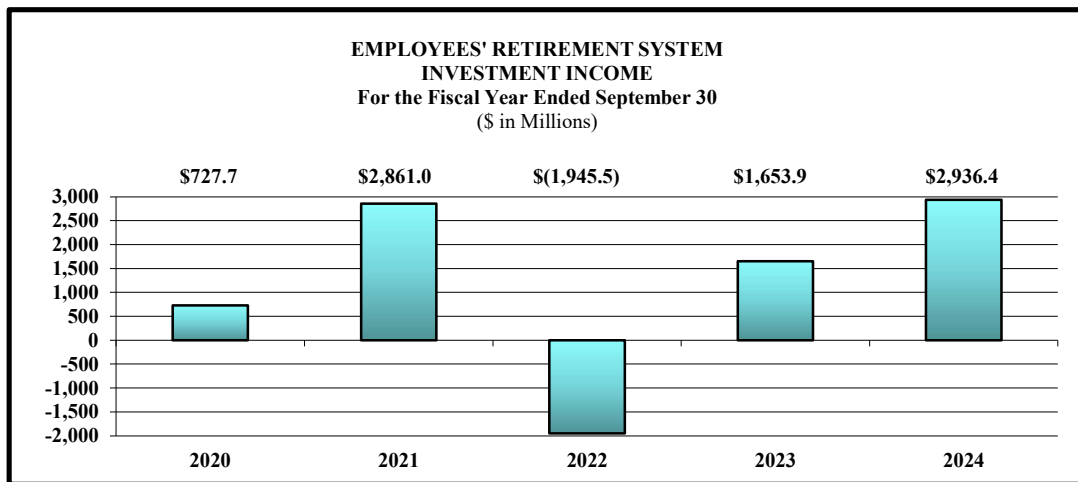
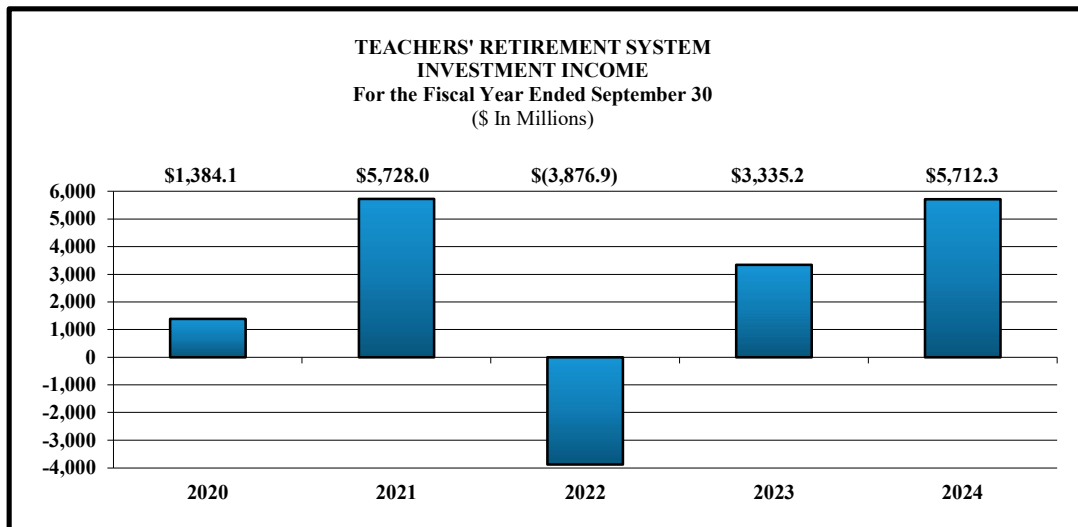


RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Investment Income

Five-Year Comparison

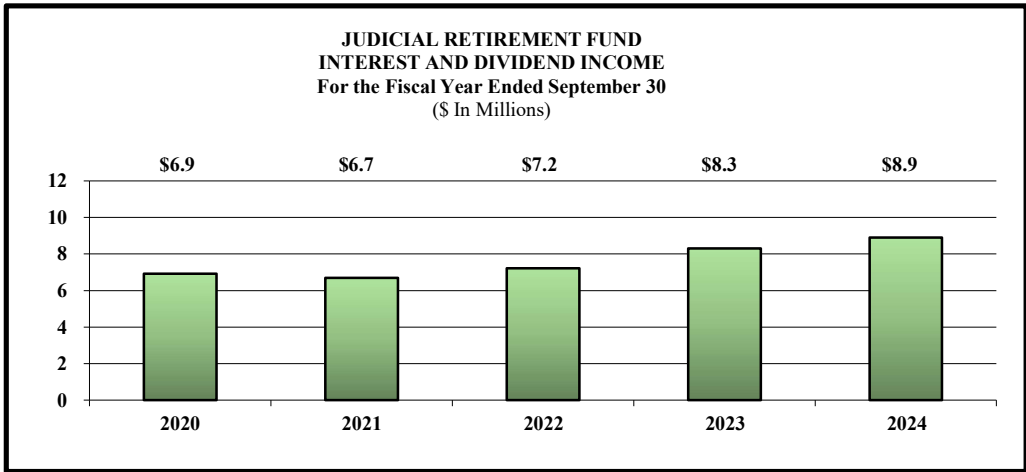
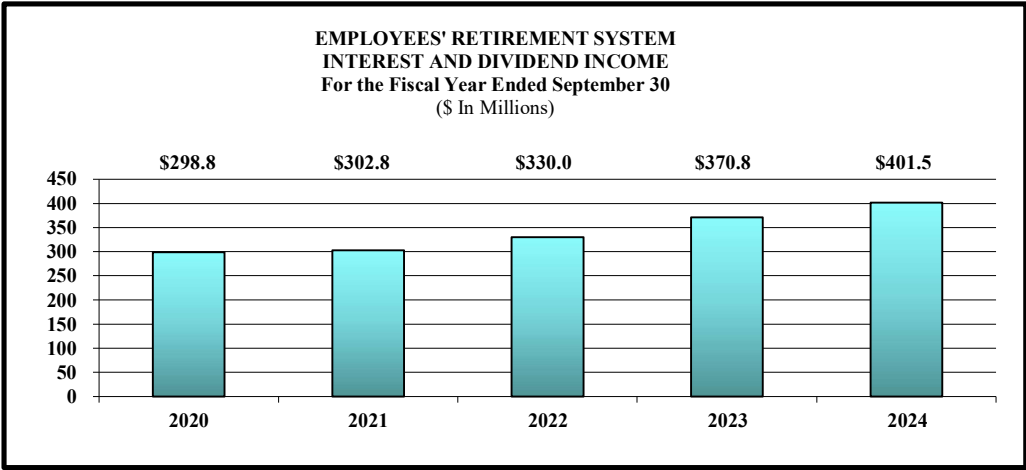
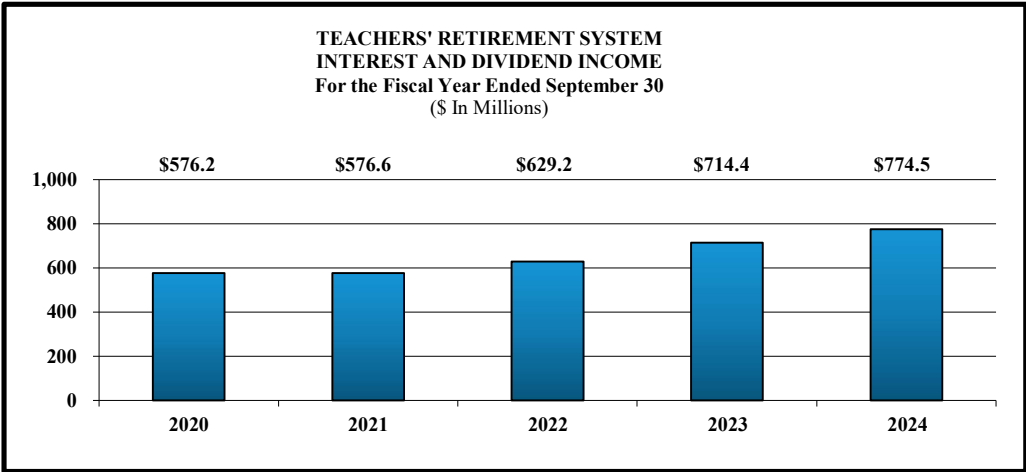


RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Interest and Dividend Income

Five-Year Comparison

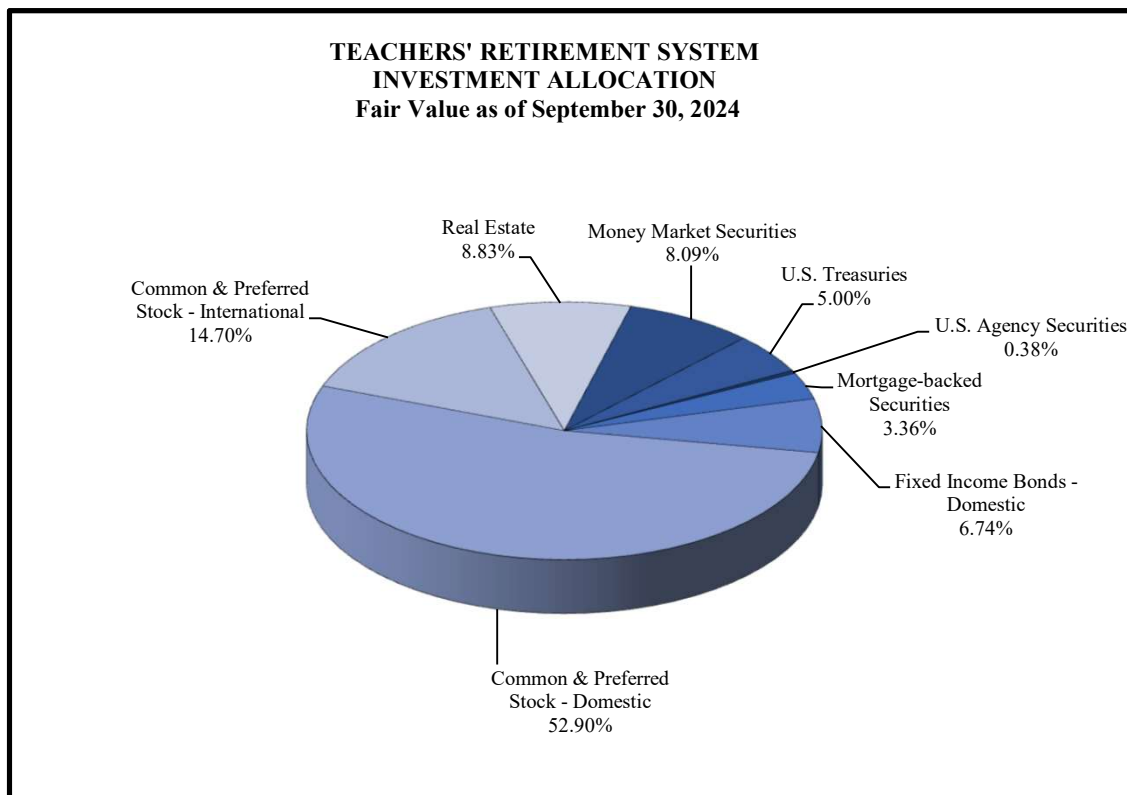


RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System

Investment Allocation and Summary



**TEACHERS' RETIREMENT SYSTEM
INVESTMENT SUMMARY AT FAIR VALUE
As of September 30, 2024
(\$ In Thousands)**

	Fair Value	% of Fair Value
Money Market Securities and Mutual Funds	\$ 2,577,610	8.09
U.S. Treasuries	1,594,637	5.00
U.S. Agency Securities	121,537	0.38
Mortgage-backed Securities	1,070,553	3.36
Fixed Income Bonds	2,148,134	6.74
Common and Preferred Stocks		
Domestic	16,865,875	52.90
International	4,687,526	14.70
Real Estate	2,816,380	8.83
Total Investments	\$ 31,882,252	100.00

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System

Largest Stock and Bond Holdings

TEACHERS' RETIREMENT SYSTEM LARGEST STOCK HOLDINGS

September 30, 2024

(Amounts In Thousands)

	Shares	Stock	Fair Value
1)	860	Morgan Stanley Small Cap Equity Linked Note	\$ 1,754,383
2)	13	New Water Street Corporation	1,296,203
3)	2,790	Apple, Inc.	649,969
4)	1,408	Microsoft Corporation	605,733
5)	4,658	Nvidia Corporation	565,682
6)	1,973	Amazon.Com, Inc.	367,718
7)	6,150	ISHARES MSCI Emerging Markets	282,032
8)	379	Gray Media Preferred	239,806
9)	8,483	Dimensional Emerging Core Equity Market	232,532
10)	359	Goldman Sachs MSCI Emerging Markets Equity Linked Note	225,572

TEACHERS' RETIREMENT SYSTEM LARGEST BOND HOLDINGS

September 30, 2024

(Amounts In Thousands)

	Par	Bonds	Fair Value
1)	102,340	U.S. Treasury, 3.125%, Due 08/31/2029	\$ 100,221
2)	80,237	U.S. Treasury, 2.25%, Due 11/15/2025	78,780
3)	74,191	U.S. Treasury, 1.375%, Due 10/31/2028	68,018
4)	68,806	U.S. Treasury, 2.5%, Due 3/31/2027	67,043
5)	67,889	U.S. Treasury, 2%, Due 11/15/2026	65,630
6)	66,831	U.S. Treasury, 2.875%, Due 4/30/2029	64,842
7)	74,755	U.S. Treasury, 3%, Due 5/15/2042	64,254
8)	91,514	U.S. Treasury, 1.125%, Due 5/15/2040	60,456
9)	76,108	U.S. Treasury, 2.5%, Due 2/15/2045	58,175
10)	65,348	U.S. Treasury, 1.875%, Due 2/15/2032	57,710

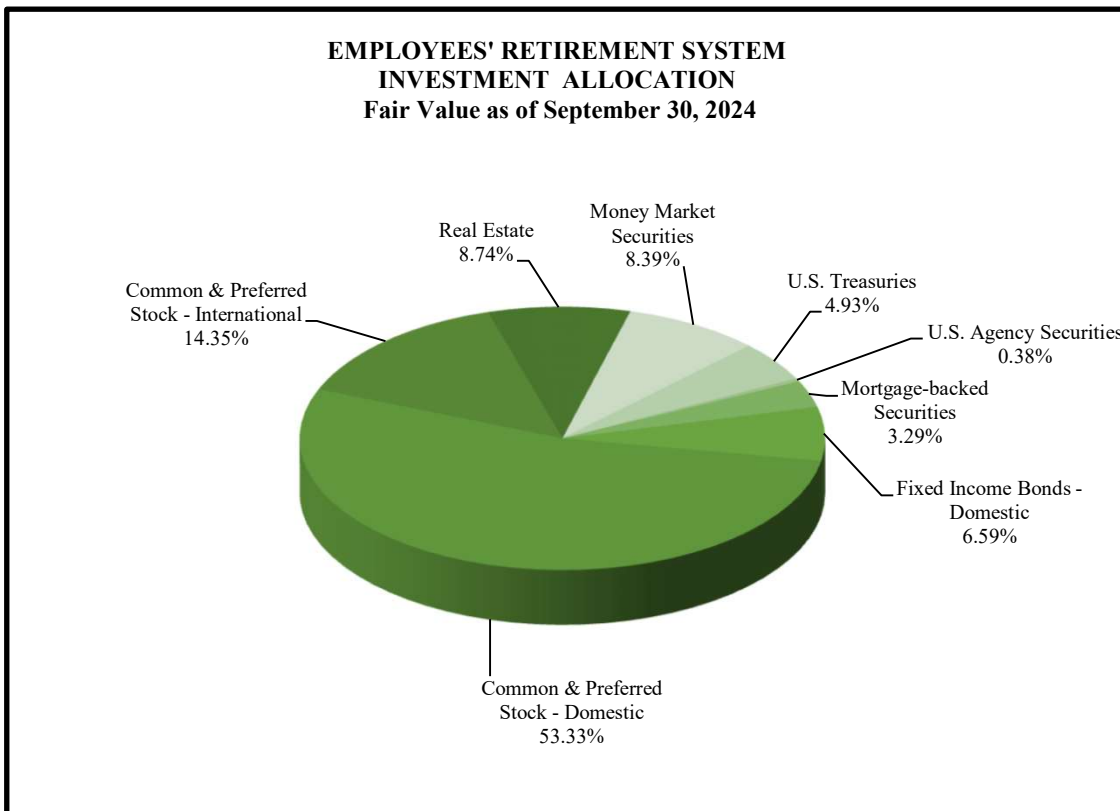
A complete list of portfolio holdings is available upon request.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Employees' Retirement System

Investment Allocation and Summary



**EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT SUMMARY AT FAIR VALUE
As of September 30, 2024**

(\$ In Thousands)

	Fair Value	% of Fair Value
Money Market Securities and Mutual Funds	\$ 1,383,208	8.39
U.S. Treasuries	812,856	4.93
U.S. Agency Securities	62,127	0.38
Mortgage-backed Securities	542,937	3.29
Fixed Income Bonds	1,085,708	6.59
Common and Preferred Stocks		
Domestic	8,789,649	53.33
International	2,365,664	14.35
Real Estate	1,439,902	8.74
Total Investments	\$ 16,482,051	100.00

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Employees' Retirement System

Largest Stock and Bond Holdings

EMPLOYEES' RETIREMENT SYSTEM LARGEST STOCK HOLDINGS

September 30, 2024

(Amounts in Thousands)

	<u>Shares</u>	<u>Stock</u>	<u>Fair Value</u>
1)	354	Morgan Stanley Small Cap Equity Linked Note	721,501
2)	6	New Water Street Corporation	595,568
3)	1,533	Apple, Inc.	357,242
4)	774	Microsoft Corporation	332,946
5)	2,571	Nvidia Corporation	312,229
6)	1,092	Amazon.Com, Inc.	203,495
7)	3,052	ISHARES CORE MSCI Emerging Markets	175,192
8)	271	Gray Media Preferred	171,149
9)	2,892	ISHARES MSCI Emerging Markets	132,637
10)	205	Goldman Sachs MSCI Emerging Markets Equity Linked Note	128,696

EMPLOYEES' RETIREMENT SYSTEM LARGEST BOND HOLDINGS

September 30, 2024

(Amounts In Thousands)

	<u>Par</u>	<u>Bonds</u>	<u>Fair Value</u>
1)	56,690	U.S. Treasury, 3.125%, Due 8/31/2029	\$ 55,516
2)	40,472	U.S. Treasury, 2.25%, Due 11/15/2025	39,737
3)	35,828	U.S. Treasury, 2.5%, Due 3/31/2027	34,910
4)	37,866	U.S. Treasury, 1.375%, Due 10/31/2028	34,715
5)	34,203	U.S. Treasury, 2%, Due 11/15/2026	33,065
6)	33,820	U.S. Treasury, 2.875%, Due 4/30/2029	32,813
7)	36,929	U.S. Treasury, 3%, Due 5/15/2042	31,742
8)	45,467	U.S. Treasury, 1.125%, Due 5/15/2040	30,037
9)	29,475	U.S. Treasury, 3.5%, Due 2/15/2033	28,968
10)	32,784	U.S. Treasury, 1.875%, Due 2/15/2032	28,952

A complete list of portfolio holdings is available upon request.

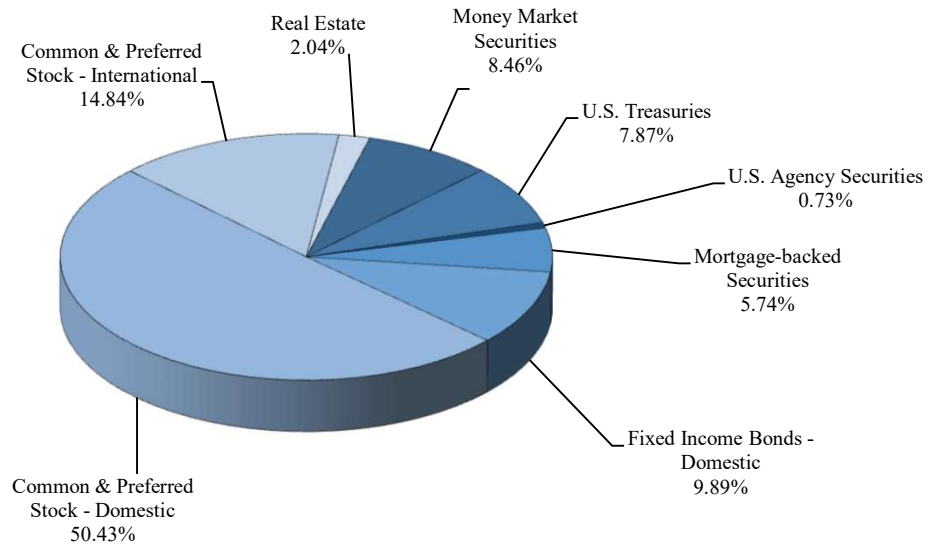
RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Judicial Retirement Fund

Investment Allocation and Summary

JUDICIAL RETIREMENT FUND INVESTMENT ALLOCATION Fair Value as of September 30, 2024



JUDICIAL RETIREMENT FUND INVESTMENT SUMMARY AT FAIR VALUE As of September 30, 2024

(\$ In Thousands)

	Fair Value	% of Fair Value
Money Market Securities and Mutual Funds	\$ 31,442	8.46
U.S. Treasuries	29,241	7.87
U.S. Agency Securities	2,716	0.73
Mortgage-backed Securities	21,354	5.74
Fixed Income Bonds	36,765	9.89
Common and Preferred Stocks		
Domestic	187,508	50.43
International	55,198	14.84
Real Estate	7,573	2.04
Total Investments	\$ 371,797	100.00

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Judicial Retirement Fund

Largest Stock and Bond Holdings

JUDICIAL RETIREMENT FUND LARGEST STOCK HOLDINGS

September 30, 2024

(Amounts in Thousands)

	Shares	Stock	Fair Value
1)	8	Morgan Stanley Small Cap Equity Linked Note	\$ 15,803
2)	43	Apple, Inc.	9,905
3)	21	Microsoft Corporation	8,939
4)	69	Nvidia Corporation	8,413
5)	26	Amazon.Com, Inc.	4,894
6)	*	New Water Street Corporation	4,198
7)	6	Meta Platforms, Inc.	3,574
8)	108	Dimensional Emerging Core Equity Market ETF	2,964
9)	17	Alphabet, Inc. CL A	2,741
10)	4	Goldman Sachs MSCI Emerging Markets Equity Linked Note	2,605

* Less than 1,000 shares

JUDICIAL RETIREMENT FUND LARGEST BOND HOLDINGS

September 30, 2024

(Amounts In Thousands)

	Par	Bonds	Fair Value
1)	2,165	U.S. Treasury, 3.125%, Due 8/31/2029	\$ 2,120
2)	1,924	U.S. Treasury, 1.375%, Due 10/31/2028	1,764
3)	1,727	U.S. Treasury, 2.25%, Due 11/15/2025	1,696
4)	1,690	U.S. Treasury, 2.5%, Due 3/31/2027	1,647
5)	1,689	U.S. Treasury, 2.25%, Due 8/15/2027	1,628
6)	1,896	U.S. Treasury, 2.5%, Due 2/15/2045	1,449
7)	1,333	U.S. Treasury, 2%, Due 11/15/2026	1,289
8)	1,495	U.S. Treasury, 3%, Due 5/15/2042	1,285
9)	1,775	U.S. Treasury, 1.125%, Due 5/15/2040	1,173
10)	1,215	U.S. Treasury, 0.75%, Due 3/31/2026	1,162

A complete list of portfolio holdings is available upon request.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Broker Commissions Paid

For the Fiscal Year Ended September 30, 2024

	Stock			Fixed Securities Commissions (000's)	Total Commissions (000's)
	Commissions Per Share	# of Shares (000's)	Commissions (000's)		
Bank of America Merrill Lynch	0.028	8,135	229	128	357
Barclays	-	-	-	53	53
Bernstein	0.050	5,766	288	-	288
Citigroup	0.050	1,895	95	172	267
Convergex	0.050	10,467	523	-	523
Cowen	0.050	3,357	168	-	168
Goldman Sachs	0.049	2,284	112	82	194
Instinet	0.050	4,947	247	-	247
International Strategy and Investment - ISI	0.050	5,408	271	-	271
Issuer Designated	-	-	-	435	435
Jefferies	0.050	659	33	-	33
JP Morgan Chase	0.050	1,425	71	213	284
Marble Wealth	0.045	1,100	50	-	50
Morgan Stanley	0.011	49,186	534	184	718
National Bank of Commerce - NBC Securities	0.050	1,604	80	-	80
Piper Sandler	0.050	855	43	-	43
Raymond James & Associates	0.050	3,488	175	-	175
Renaissance Macro Securities - Renmac	0.050	4,257	213	-	213
Royal Bank of Canada - RBC	0.050	2,967	148	154	302
Seaport	0.049	384	19	-	19
Securities Capital	0.051	850	43	-	43
Stifel Nicolaus	0.050	6,728	337	2	339
Strategas	0.050	4,904	245	-	245
Truist	-	-	-	25	25
UBS Securities	0.050	1,368	68	-	68
Wells Fargo	0.019	20,886	402	237	639
William Blair	0.050	1,801	90	-	90
Totals		144,721	\$ 4,484	\$ 1,685	\$ 6,169
Average Commission Per Share of Stock = \$ 0.0310					

Note: Certain Broker agreements include provisions for commission sharing.



ACTUARIAL SECTION

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMPONENT UNITS OF THE STATE OF ALABAMA**





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

March 29, 2024

Board of Control
Teachers' Retirement System
of Alabama

Dear Board Members:

The basic funding objectives of the Teachers' Retirement System of Alabama (TRS) is to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement.

TRS maintains a funding policy that was effective September 30, 2012 and last amended as of September 30, 2021. In order to meet the objectives listed above, the System will strive to meet the following funding objectives:

- To maintain an increasing funded ratio (ratio of system actuarial value of assets to actuarial accrued liabilities) that reflects a trend of improved actuarial condition. The long-term objective is to attain a funded ratio which is consistent with the fiscal health and long-term stability of the System.
- To maintain adequate asset levels to finance the benefits promised to members and monitor the future demands for liquidity.
- To develop a pattern of contribution rates expressed as a percentage of member payroll as measured by valuations prepared in accordance with applicable State laws and the principles of practice prescribed by the Actuarial Standards Board. In no event will the employer contribution rate be negative.
- To provide intergenerational equity for taxpayers with respect to System costs.

To track progress in achieving the funding objectives, the following benchmarks are measured annually as of the valuation date:

- **Funded ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial methods, and or actuarial assumptions.
- **Unfunded Actuarial Accrued Liability (UAAL)**
 - **Initial Total UAAL** - The initial total UAAL established as of the initial valuation date (September 30, 2021) for which this funding policy is adopted shall be amortized over a closed period. (A closed amortization period is one which is calculated over a fixed period and at the end of that period, the amount is fully amortized). All gains and losses occurring after the initial valuation date and before September 30, 2028, with the exception of those due to benefit improvements, shall be included in the remaining initial total UAAL each year and amortized over the remaining closed period. (applicable only to employers participating in the System as of the adoption date of the funding policy).
 - **New Incremental UAAL** - Each valuation after the initial valuation date will produce a New Incremental UAAL consisting of all benefit changes that have occurred since the previous valuation. Each valuation beginning with the September 30, 2028 valuation will produce a New Incremental UAAL consisting of all assumption and method changes and experience gains and/or losses that have occurred since the previous valuation.
- **UAAL Amortization Period and Contribution Rates**
 - The Initial Total UAAL will be amortized over a 27-year closed period.
 - Except as noted later, each New Incremental UAAL shall be amortized over a closed 20-year period.
 - Incremental UAAL resulting from plan changes that grant benefit improvements shall be amortized over a period not to exceed 15 years.



- Employer Normal Contribution Rate – the contribution rate determined as of the valuation date each year based on the provisions of Alabama Code Section 16-25-21.
- In each valuation subsequent to the adoption of this funding policy the required employer contribution rate will be determined by the summation of the employer Normal Contribution Rate, a contribution rate for administrative expenses, a contribution rate for the pre-retirement death benefit fund, a contribution rate for the term life insurance fund, the individual amortization rate for each of the New Incremental UAAL bases, and the amortization rate of the remaining initial UAAL.

In order to measure progress toward this fundamental objective and funding policy, TRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the normal cost and level percent of payroll amortization of unfunded actuarial accrued liability in accordance with the funding policy. The latest completed actuarial valuation was based upon data and assumptions as of September 30, 2023. This valuation indicates that the current employer contribution rates of 14.57% of payroll for Tier I members and 13.61% of payroll for Tier II members, for benefits then in effect, meet the basic financial objective and the goals of the funding policy as listed above. There are 138,441 active members as of September 30, 2023.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among TRS members and their beneficiaries. The data are reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Control and were based upon actual experience of TRS during the years October 1, 2015 to September 30, 2020. Assets are valued according to a market related method that recognizes 20% of the difference between market value and expected value each year. The assumptions and methods utilized in this valuation for funding purposes, in our opinion, meet the parameters established by the Actuarial Standards of Practice.

The current benefit structure is outlined in the Actuarial Section. This valuation reflects the 2% salary increase granted to teachers effective October 1, 2023.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

We provided the following information and supporting schedules in the Actuarial and Statistical Sections:

- Summary of Actuarial Assumptions and Methods
- Actuarial Cost Method
- Summary of Plan Provisions as Interpreted for Valuation Purposes
- Schedule of Funding Progress
- Solvency Test
- Analysis of Actuarial Gains and Losses
- Schedule of Active Member Valuation Data
- Schedule of Retirants and Beneficiaries Added and Removed from Rolls
- Retired Members by Type of Benefit as of September 30, 2023
- Ten-Year History of Average Monthly Benefit Payments as of September 30



Board of Control
March 29, 2024
Page 3

Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Teachers' Retirement System of Alabama continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'LL'.

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink, appearing to be 'Cathy Turcot'.

Cathy Turcot
Principal and Managing Director

A handwritten signature in blue ink, appearing to be 'Edward J. Koebel'.

Edward J. Koebel, EA, FCA, MAAA
Chief Executive Officer

A handwritten signature in blue ink, appearing to be 'Jennifer Johnson'.

Jennifer Johnson
Managing Director

S:\2024\AL Teachers\Correspondence\TRS AFR letter_2024 final.docx

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Actuarial Assumptions and Methods

Summary of Actuarial Assumptions and Methods

The assumptions and methods used in the valuation are based on the results of the Experience Investigation for the Five-Year Period Ending September 30, 2020, dated July 12, 2021, and adopted by the Board on September 13, 2021.

Ultimate Investment Rate of Return: 7.45% per annum, compounded annually, including price inflation at 2.50%.

Salary Increases: Representative values of the assumed annual rates of future salary increases are as follows and include wage inflation at 2.75% per annum:

Years of Service	Annual Rate (%)
0	5.00
1 - 5	4.00
6 - 10	3.75
11 - 15	3.50
16 & Over	3.25

Separations before Service Retirement:

Representative values of the assumed annual rates of death, disability, and withdrawal are as follows:

Age	Annual Rates							
			Disability Retirement**					
	Death*		Tier 1				Tier 2	
	Males	Females	Males		Females		Males	Females
			Years of Service		Years of Service			
			<25	>=25	<25	>=25		
25	0.0143%	0.0072%	0.1000%		0.0700%		0.1000%	0.0700%
30	0.0195	0.0111	0.1000		0.0700		0.1000	0.0700
35	0.0267	0.0169	0.1000		0.0700		0.1000	0.0700
40	0.0371	0.0260	0.1300		0.1700		0.1300	0.1700
45	0.0585	0.0403	0.2500	0.2000%	0.3200	0.2000%	0.2500	0.3200
50	0.0969	0.0605	0.5000	0.2000	0.5800	0.2000	0.5000	0.5800
55	0.1508	0.0878	0.8000	0.2000	0.9000	0.2250	0.8000	0.9000
60	0.2321	0.1326	0.5000	0.2000	0.6500	0.3000	0.5000	0.6500
65	0.3809	0.2223	0.5000	0.2000	0.6500	0.3000	0.5000	0.6500

*Base mortality rates as of 2010 before application of the improvement scale.

**No rates of disability are assumed for members with less than 10 years of service.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Values of the assumed annual rates of withdrawal are as follows:

Years of Service	Annual Rates of Withdrawal*	
	Males	Females
0-3	12.00%	11.00%
4	10.00	9.00
5	7.25	6.50
6	6.25	5.50
7	5.25	5.00
8	5.00	4.25
9	4.25	3.50
10	3.25	3.25
11	3.25	3.00
12	3.00	2.75
13	3.00	2.50
14	2.75	2.25
15	2.50	2.25
16	2.00	2.00
17	2.00	1.90
18	2.00	1.85
19	2.00	1.70
>=20	1.00	1.00

*No rates after eligibility for retirement.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Values of the assumed rates of retirement for Tier 1 are as follows:

Age	Annual Rates				
	Males		Females		
	Years of Service		Years of Service		
	<25	≥25	<25	25	≥25
40-47		25.00%		25.00%	25.00%
48		22.00		18.00	18.00
49		17.50		15.50	15.50
50		16.00		17.50	12.50
51		16.00		19.00	14.00
52		16.00		19.50	14.50
53		16.00		20.00	15.00
54		16.00		21.50	16.50
55		15.50		22.00	17.00
56		15.50		22.00	17.00
57		15.50		22.50	17.50
58		15.50		23.50	18.50
59		18.00		25.00	20.00
60	12.00%	18.00	15.00%	29.00	24.00
61	9.50	18.00	12.00	29.00	24.00
62	22.00	32.00	21.00	45.00	40.00
63	16.00	27.50	16.00	36.00	31.00
64	14.00	21.50	15.50	32.50	27.50
65	25.00	27.50	27.00	38.00	38.00
66	25.00	27.50	28.00	40.00	40.00
67	22.00	23.50	23.00	33.00	33.00
68	21.00	22.50	25.00	33.00	33.00
69	21.00	22.50	20.50	30.00	30.00
70	21.00	22.50	24.50	30.00	30.00
71-74	20.00	22.50	22.00	30.00	30.00
75-76	30.00	22.50	30.00	30.00	30.00
77-79	30.00	22.50	30.00	30.00	30.00
80	100.00	100.00	100.00	100.00	100.00

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Values of the assumed annual rates of service retirement for Tier 2 (Non-FLC) are as follows:

Age	Annual Rates								
	Males				Females				
	Years of Service				Years of Service				
	<25	25-29	30	≥31	<25	25	26-29	30	≥31
40-47			10.00%	10.00%				10.00%	10.00%
48			10.00	10.00				10.00	10.00
49			10.00	10.00				10.00	10.00
50			10.00	10.00				10.00	10.00
51			10.00	10.00				10.00	10.00
52			10.00	10.00				10.00	10.00
53			10.00	10.00				10.00	10.00
54			10.00	10.00				10.00	10.00
55			20.00	10.00				20.00	10.00
56			20.00	10.00				20.00	10.00
57			20.00	10.00				20.00	10.00
58			20.00	10.00				20.00	10.00
59			20.00	10.00				20.00	10.00
60			40.00	40.00				45.00	45.00
61			40.00	40.00				45.00	45.00
62	50.00%	60.00%	60.00	60.00	50.00%	70.00%	70.00%	70.00	70.00
63	16.00	27.50	27.50	27.50	16.00	36.00	31.00	31.00	31.00
64	14.00	21.50	21.50	21.50	15.50	32.50	27.50	27.50	27.50
65	25.00	27.50	27.50	27.50	27.00	38.00	38.00	38.00	38.00
66	25.00	27.50	27.50	27.50	28.00	40.00	40.00	40.00	40.00
67	22.00	23.50	23.50	23.50	23.00	33.00	33.00	33.00	33.00
68	21.00	22.50	22.50	22.50	25.00	33.00	33.00	33.00	33.00
69	21.00	22.50	22.50	22.50	20.50	30.00	30.00	30.00	30.00
70	21.00	22.50	22.50	22.50	24.50	30.00	30.00	30.00	30.00
71-74	20.00	22.50	22.50	22.50	22.00	30.00	30.00	30.00	30.00
75-76	30.00	22.50	22.50	22.50	30.00	30.00	30.00	30.00	30.00
77-79	30.00	30.00	22.50	22.50	30.00	30.00	30.00	30.00	30.00
80	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Values of the assumed rates of service retirement of Tier 2 (FLC) (for both males and females) are as follows:

Age	Annual Rates		
	Years of Service		
	10	11-29	30
40-47			2.50%
48			2.50
49			5.00
50			5.00
51			10.00
52			10.00
53			10.00
54			10.00
55			10.00
56	15.00%	15.00%	15.00
57	15.00	15.00	15.00
58	15.00	15.00	15.00
59	15.00	15.00	15.00
60	17.00	17.00	17.00
61	40.00	18.50	18.50
62	40.00	30.00	30.00
63	40.00	25.00	25.00
64	40.00	22.00	22.00
65	40.00	27.00	27.00
66	40.00	38.00	38.00
67	40.00	30.00	30.00
68	40.00	30.00	30.00
69	40.00	30.00	30.00
70-74	60.00	30.00	30.00
75	100.00	100.00	100.00

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Deaths after Retirement: Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	SetForward(+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 - 67 Female: 112% ages < 69, 98% > age 74; Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: None	None
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None

Pre-Retirement Death Benefit: For those eligible for spousal benefits, it is assumed that 70% will elect the lump sum death benefit payable from the death benefit fund and 30% will elect the spousal benefit payable from the pension accumulation fund and included in the liabilities of the System.

Benefits Payable upon Separation from Service: For active members who separate from service prior to eligibility for a service retirement allowance, the liability is assumed to be the greater of the value of the refund of contributions or the value of the deferred annuity.

Unused Sick Leave: 2.5% load on service retirement liabilities for Tier 1 active members.

Percentage Married: 100% of active members are assumed to be married with the husband 3 years older than the wife.

Valuation Method: Individual entry age normal method.

Assets Method: Actuarial value. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected value.

Liability for Current Inactive Members: Member Contribution Balance is multiplied by a factor of 2.0 for vested members with incomplete data and 1.0 for other inactive members.

Liability for Post-DROP Active Members: Members are assumed to retire immediately and receive their accrued benefit.

COLA: No future ad hoc cost of living adjustments (COLAs) are assumed.

Future Service Credit: One year of creditable service per year of employment.

Actuarial Cost Method

1. The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 7.45%). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable to the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the System are determined following a level funding approach and consist of a normal contribution and an actuarial accrued liability contribution.
3. The normal contribution is determined using the "individual entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contributions which, if applied to the compensation of each new member during the entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf.
4. The unfunded accrued liability contributions are determined by subtracting the current assets held by the System and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the System.

Summary of Plan Provisions as Interpreted for Valuation Purposes

The Teachers' Retirement System of Alabama (TRS) was established on September 15, 1939 and became effective September 30, 1941. The valuation took into account amendments to the System effective through the valuation date. The following summary describes the main benefit and contribution provisions of the System as interpreted for the valuation.

Definitions

Average Final Compensation – The average compensation of a Tier 1 member is calculated using compensation for the 3 highest years in the last 10 years of creditable service. The average compensation of a Tier 2 member is calculated using compensation for the 5 highest years in the last 10 years of creditable service.

Membership Service – all creditable service rendered while a member of the System and for which contributions are made.

Creditable Service – the sum of membership service, prior service, and any other service established as creditable in accordance with the provisions of the retirement law.

Annuity – payments for life derived from the accumulated contributions of a member.

Pension – payments for life derived from the accumulated contributions of an employer.

Retirement Allowance – the sum of the annuity and pension payments.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Plan Provisions (Continued)

Benefits

Service Retirement Allowance

Condition for Allowance

Tier 1 - The service retirement allowance is payable upon the request of a member who has completed 25 years of creditable service or who has attained age 60 and completed at least 10 years of creditable service.

Tier 2 - The service retirement allowance is payable upon the request of a member who has completed at least 10 years of creditable service and who has attained age 62 (age 56 with 10 years of creditable service for certified law enforcement, correctional officers, and firefighters).

Amount of Allowance

Tier 1 - Upon service retirement, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of creditable service. At retirement, a member receives one additional year of creditable service in determining the retirement allowance for each five years of service as certified law enforcement, correctional officer, or firefighter.

Tier 2 - Upon service retirement, a member receives a retirement allowance equal to 1.65% of their average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation. For a member whose age at retirement is less than age 62 (age 56 for a full-time certified firefighter, police officer, or correctional officer), the amount of the allowance will be reduced by 2% for each year that the member's age is less than age 62 (age 56 for a full-time certified firefighter, police officer, or correctional officer).

Tier 1 & 2 - Members may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement").

Disability Retirement Allowance

Condition for Allowance

A disability retirement allowance may be granted to a member who has completed at least 10 years of creditable service and becomes permanently incapacitated for duty before reaching eligibility for a service retirement.

Amount of Allowance

Tier 1 - Upon disability retirement, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of creditable service. At retirement, a member receives one additional year of creditable service in determining the retirement allowance for each five years of service as certified law enforcement, correctional officer, or firefighter.

Tier 2 - Upon service retirement, a member receives a retirement allowance equal to 1.65% of their average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation. For a member whose age at retirement is less than age 62 (age 56 for a full-time certified firefighter, police officer, or correctional officer), the amount of the allowance will be reduced by 2% for each year that the member's age is less than age 62 (age 56 for a full-time certified firefighter, police officer, or correctional officer).

Tier 1 & 2 - Members may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement").

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Plan Provisions (Continued)

Benefits Payable upon Separation of Service

A member who withdraws from service is entitled to receive his or her contributions with allowable interest. A member who has completed 10 years of creditable service may, after separation from service, continue membership in the System and file for service retirement after reaching age 60 for Tier 1 members and age 62 for Tier 2 members.

Benefits Payable upon Death in Active Service

In the event of the death of a member eligible for service retirement, the designated beneficiary may elect (1) to exercise Option 2 (Spouse) or Option 3 (Non-Spousal Beneficiary) as defined under "Special Privileges at Retirement" or (2) to receive a return of member contributions and total earned interest plus a death benefit payable from the Pre-retirement Death Benefit Fund equal to the salary on which retirement contributions were made for the previous scholastic year (July 1-June 30).*

In the event of the death of a member with more than one year of service who is not eligible to retire, the designated beneficiary shall receive the return of member contributions and total earned interest. Also, the designated beneficiary shall receive an additional death benefit payable from the Pre-retirement Death Benefit Fund equal to the salary on which retirement contributions were made for the previous scholastic year (July 1-June 30).*

In the event of a job-related death of a member with less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a death benefit payable from the Pre-retirement Death Benefit Fund equal to the annual earnable compensation of the member at the time of death.*

In the event of the death of a member which is not job-related and who has less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a matching death benefit, which is limited to a maximum of \$5,000.

*However, if the death occurred more than 180 calendar days after the member's last day in pay status, or if the deceased member had applied for a refund of member contributions or terminated employment, the lump sum will be the same as if the member had less than one year of service and the death was not job-related.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Plan Provisions (Continued)

Special Privileges at Retirement

In lieu of the full retirement allowance, a member may, at retirement, elect to receive a reduced retirement allowance equal in value to the full allowance, with the provision that:

Option 1 - If the member dies before the annuity payments equal the present value of the annuity at the date of retirement, the balance is paid to a designated beneficiary or to the member's estate, or

Option 2 - After the member's death, the member's allowance is continued throughout the life of the designated beneficiary, or

Option 3 - After the member's death, one-half of the member's allowance is continued throughout the life of the designated beneficiary, or

Option 4 - Some other benefit is paid either to the member or to such other person as the member shall designate provided such benefit, together with the reduced retirement allowance, is of equivalent actuarial value to the member's retirement allowance and is approved by the Board of Control.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Plan Provisions (Continued)

Deferred Retirement Option Plan (DROP)

Prior to March 25, 2011, a member could elect to participate in the Deferred Retirement Option Plan (DROP) upon completion of at least 25 years of creditable service (excluding sick leave) and attainment of at least 55 years of age. Under the DROP, the member deferred receipt of a retirement allowance and continued employment for a period of three to five years. At the end of the period, the member withdrew from active service and received the retirement benefit calculated at the time of enrollment in the DROP, and also received a payment for the deferred retirement benefits and employee contributions while participating in the DROP and interest earned on DROP deposits. The effect of Act 2011-27 was that no new participants were allowed to enter the DROP with an effective participation date after June 1, 2011.

Partial Lump Sum Option Plan (PLOP)

For members retiring on or after October 1, 2019, in addition to selecting Options 1, 2, 3 or 4, the member may also elect to receive a one-time lump-sum distribution in addition to the monthly retirement benefit. The PLOP distribution will be made as a single payment at the time the first monthly benefit is paid. Based on the amount of the PLOP and the member's age, the monthly retirement benefit is actuarially reduced.

Term Life Insurance

Upon the death of a contributing member, a term life insurance benefit of \$15,000 is paid (pro-rated for part-time members).

Member Contributions

Tier 1 - Prior to October 1, 2011, covered members contributed 5% of earnable compensation. From October 1, 2011, to September 30, 2012, covered members contributed 7.25% of earnable compensation. Beginning October 1, 2012, covered members contribute 7.50% of earnable compensation. Prior to October 1, 2011, certified law enforcement, correctional officers, and firefighters contributed 6% of earnable compensation. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters contributed 8.25% of earnable compensation. Beginning October 1, 2012, certified law enforcement, correctional officers, and firefighters contribute 8.50% of earnable compensation. DROP participants continue to contribute during the DROP period but receive a refund of these contributions and regular interest upon retirement.

Tier 2 – Prior to October 1, 2021, regular members contributed 6% of salary and full-time certified firefighters, police officers and correctional officers contributed 7% of salary. Beginning October 1, 2021, the contribution rates were increased to 6.20% for regular members and 7.20% for police officers, firefighters, and correctional officers.

Tier 1 & 2 - If positive investment performance results in a decrease in the total contribution rate paid by employers and employees participating in the System, the Retirement Systems of Alabama shall first reduce the employee contribution rate. "Regular Interest" is 4% which is the rate adopted by the Board and applied to the balance in each member's account every year; however, if a member receives a refund of contributions, the interest rate applied to the refund is lower than the 4% regular rate (Based on the *Code of Alabama 1975, Section 16-25-20(b)*).

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Supporting Schedules

Supporting Schedules

The following table reflects a ten-year history of active member valuation data:

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

(Dollar Amounts Not in Thousands)

Valuation Date		Number	Annual Payroll	Annual Average Pay	% Increase/ (Decrease) in Average Pay
9/30/2023	A	138,441	\$ 8,417,325,026	\$ 60,801	3.43
9/30/2022	A	135,783	7,982,339,732	58,787	9.11
9/30/2021	A	134,034	7,221,790,242	53,880	1.87
9/30/2020	A	132,707	7,019,258,383	52,893	0.23
9/30/2019	A	136,325	7,193,832,116	52,770	7.13
9/30/2018	A	137,161	6,756,474,151	49,259	0.70
9/30/2017	A	136,941	6,698,834,819	48,918	4.00
9/30/2016	A	136,731	6,430,999,445	47,034	1.56
9/30/2015	B	135,986	6,297,938,621	46,313	0.77
9/30/2014	C	135,230	6,214,949,700	45,958	1.48

A - There are no employees currently participating in the DROP program.

B - In addition, there are 699 employees with annual compensation of \$52,847,343 who are currently in the DROP program. Employers of the Retirement System contribute on this payroll.

C - In addition, there are 1,748 employees with annual compensation of \$120,210,805 who are currently in the DROP program. Employers of the Retirement System contribute on this payroll.

D - In addition, there are 3,029 employees with annual compensation of \$198,322,151 who are currently in the DROP program. Employers of the Retirement System contribute on this payroll.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Supporting Schedules (Continued)

The following table presents a ten-year history of funding progress:

SCHEDULE OF FUNDING PROGRESS

(Dollar Amounts in Thousands)

Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	% Funded (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
9/30/2023	\$28,765,970	\$ 44,175,327	\$15,409,357	65.1	\$ 8,417,325	183.1
9/30/2022	28,518,292	42,552,369	14,034,077	67.0	7,982,340	175.8
9/30/2021 ¹	28,154,229	40,106,806	11,952,577	70.2	7,221,790	165.5
9/30/2020	26,684,234	37,752,800	11,068,566	70.7	7,019,253	157.7
9/30/2019	25,821,326	37,215,470	11,394,144	69.4	7,193,832	158.4
9/30/2018 ²	25,006,419	35,628,398	10,621,979	70.2	6,756,474	157.2
9/30/2017 ²	23,887,077	34,688,078	10,801,001	68.9	6,698,835	161.2
9/30/2016 ¹	22,645,512	33,143,834	10,498,322	68.3	6,430,999	163.2
9/30/2015	21,740,280	31,844,843	10,104,563	68.3	6,350,786	159.1
9/30/2014	20,809,871	30,837,829	10,027,958	67.5	6,335,161	158.3

¹Reflects changes in actuarial assumptions and methods.

The following table presents a ten-year history of a solvency test:

SOLVENCY TEST

(Dollar Amounts in Thousands)

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	% of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Retirants and Beneficiaries	Active Members (Employer Financed Portion)				
9/30/2023	\$ 7,232,215	\$ 24,478,101	\$ 12,465,011	\$ 28,765,970	100.00	88.00	0
9/30/2022	6,865,652	23,899,984	11,786,733	28,518,292	100.00	91.00	0
9/30/2021 ¹	6,589,860	23,111,616	10,405,330	28,154,229	100.00	93.00	0
9/30/2020	6,356,922	21,781,149	9,614,729	26,681,234	100.00	93.00	0
9/30/2019	6,100,489	21,093,665	10,021,316	25,821,326	100.00	93.00	0
9/30/2018 ¹	5,788,187	20,511,811	9,328,400	25,006,419	100.00	93.00	0
9/30/2017 ¹	5,504,125	19,886,016	9,297,937	23,887,077	100.00	92.00	0
9/30/2016 ²	5,197,469	19,257,160	8,689,205	22,645,512	100.00	91.00	0
9/30/2015	4,894,145	18,621,250	8,329,448	21,740,280	100.00	90.00	0
9/30/2014	4,589,021	18,104,369	8,144,439	20,809,871	100.00	90.00	0

¹ Reflects changes in actuarial assumptions.

² Reflects changes in actuarial assumptions and methods.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Supporting Schedules (Continued)

The following table presents a ten-year history of retirants and beneficiaries:

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED AND REMOVED FROM ROLLS

Fiscal Year Ended	Retirees Added §*		Retirees Removed		Retirees - Year-end*		% Increase/ (Decrease) in Annual Allowances	Average Annual Allowance
	Number	Annual Allowances (000s)	Number	Annual Allowances (000s)	Number	Annual Allowances (000s)		
2023	4,266	\$ 124,324	2,558	\$ 61,458	106,715	\$ 2,253,251	2.87	21,115
2022	4,955	137,821	2,586	61,381	105,007	2,190,385	3.62	20,859
2021	4,990	138,383	2,684	62,781	102,638	2,113,945	3.71	20,596
2020	4,646	127,102	2,241	51,643	100,332	2,038,343	3.84	20,316
2019	4,428	113,405	2,057	46,818	97,927	1,962,884	3.51	20,044
2018	4,457	109,294	1,868	38,835	95,556	1,896,297	3.86	19,845
2017	4,352	101,946	1,741	35,115	92,967	1,825,838	3.80	19,640
2016	4,583	102,365	1,590	34,127	90,356	1,759,007	4.04	19,468
2015	4,951	117,295	1,585	34,044	87,363	1,690,769	5.18	19,353
2014	4,820	113,117	1,376	30,044	83,997	1,607,518	5.45	19,138

§ Includes retirees completing DROP participation and entering regular retirement.

*Does not include active DROP participants.

The following table provides an analysis of actuarial gains and losses:

ANALYSIS OF ACTUARIAL GAINS AND LOSSES

(Dollar Amounts in Thousands)

	Amount
Unfunded Actuarial Liability as of September 30, 2022	\$ 14,034,077
Normal Cost for 2023 Plan Year	153,264
Contributions Received During the Year	(978,950)
Interest to Year End	1,020,491
Expected Unfunded Actuarial Liability as of September 30, 2023	14,228,882
Actuarial (Gains)/Losses During the Year	
From Investments	778,067
From Actuarial Liabilities	402,408
Total Actuarial (Gains)/Losses During the Year	1,180,475
Actual Unfunded Actuarial Liability as of September 30, 2023	\$ 15,409,357





Cavanaugh Macdonald

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May 3, 2024

Board of Control
Employees' Retirement System
of Alabama

Dear Board Members:

The basic funding objectives of the Employees' Retirement System of Alabama (ERS) is to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement.

ERS maintains a funding policy that was effective September 30, 2012 and last amended as of September 30, 2021. In order to meet the objectives listed above, the System will strive to meet the following funding objectives:

- To maintain an increasing funded ratio (ratio of system actuarial value of assets to actuarial accrued liabilities) that reflects a trend of improved actuarial condition. The long-term objective is to attain a funded ratio which is consistent with the fiscal health and long-term stability of the System.
- To maintain adequate asset levels to finance the benefits promised to members and monitor the future demands for liquidity.
- To develop a pattern of contribution rates expressed as a percentage of member payroll as measured by valuations prepared in accordance with applicable State laws and the principles of practice prescribed by the Actuarial Standards Board. In no event will the employer contribution rate be negative.
- To provide intergenerational equity for taxpayers with respect to System costs.

To track progress in achieving the funding objectives, the following benchmarks are measured annually as of the valuation date:

- **Funded ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial, methods, and/or actuarial assumptions.
- **Unfunded Actuarial Accrued Liability (UAAL) for State Employees and State Police**
 - **Initial Total UAAL** - The initial total UAAL established as of the initial valuation date (September 30, 2021) for which this funding policy is adopted shall be amortized over a closed period. (A closed amortization period is one which is calculated over a fixed period and at the end of that period, the amount is fully amortized). All gains and losses occurring after the initial valuation date and before September 30, 2028 for State Employees, and September 30, 2021 for State Police, with the exception of those due to benefit improvements, shall be included in the remaining initial total UAAL each year and amortized over the remaining closed period.
 - **New Incremental UAAL** - Each valuation after the initial valuation date will produce a New Incremental UAAL consisting of all benefit changes that have occurred since the previous valuation. Each valuation beginning with the September 30, 2028 valuation for State Employees and the September 30, 2022 valuation for State Police, will produce a New Incremental UAAL consisting of all assumption and method changes and experience gains and/or losses that have occurred since the previous valuation



- **UAAL Amortization Period and Contribution Rates for State Employees and State Police**

- The Initial Total UAAL will be amortized over a 27-year closed period for State Employees and a 21-year closed period for State Police.
- Except as noted later, each New Incremental UAAL shall be amortized over a closed 20-year period.
- Incremental UAAL resulting from plan changes that grant benefit improvements shall be amortized over a period not to exceed 15 years.
- Employer Normal Contribution Rate – the contribution rate determined as of the valuation date each year based on the provisions of Alabama Code Section 36-27-24.
- In each valuation subsequent to the adoption of this funding policy, the required employer contribution rate will be determined by the summation of the employer Normal Contribution Rate, a contribution rate for administrative expenses, a contribution rate for the pre-retirement death benefit fund, the individual amortization rate for each of the New Incremental UAAL bases, and the amortization rate for the remaining initial total UAAL.

- **UAAL and UAAL Amortization Period and Contribution Rates for Local Employers**

Local employers have assumptions and funding appropriate for their situations as deemed by Actuary and staff.

- **UAAL Amortization Period for Employers joining the System after the Implementation of this Funding Policy**

For Employers joining the System after the implementation of this Funding Policy, the employer contribution rate shall be computed as the sum of the employer Normal Contribution rate, a contribution rate for administrative expenses, a contribution rate for the pre-retirement death benefit fund and the initial UAAL contribution rate. The initial UAAL contribution rate shall be determined by amortizing the initial UAAL over a closed period equal to the expected future working lifetime of the active membership. This initial amortization period shall not be less than 10 years nor greater than 20 years.

- **Special Consideration**

If the resulting contribution rate will not support the cash flow and projected benefit payment needs of a particular unit or employer, then the RSA staff may approve a more aggressive funding policy for these units or employers. In addition, If the resulting contribution rate is determined to be in excess of the cash flow and projected benefit payment needs of a particular unit or employer, then the RSA staff may approve a less aggressive funding policy for these units or employers.

In order to measure progress toward this fundamental objective and funding policy, ERS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the normal cost and level percent of payroll amortization of unfunded actuarial accrued liability in accordance with the funding policy. The latest completed actuarial valuation was based upon data and assumptions as of September 30, 2023.

The valuation indicates that the current employer contribution rates for State employees (other than State policemen) of 17.34% of payroll for Tier I members and 17.08% of payroll for Tier II members and employer contribution rates for State policemen of 60.35% of payroll for Tier I members and 57.94% of payroll for Tier II members, for benefits then in effect, meet the basic financial objective and the goals of the funding policy as listed above. In addition, there are varying employer contribution rates for each participating Local employer actuarially determined in accordance with the funding policy. There are 86,450 total active members as of September 30, 2023.



The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among ERS members and their beneficiaries. The data are reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Control and were based upon actual experience of ERS during the years October 1, 2015 to September 30, 2020. Assets are valued according to a market related method that recognizes 20% of the difference between market value and expected value each year. The assumptions and methods utilized in this valuation for funding purposes, in our opinion, meet the parameters established by the Actuarial Standards of Practice.

The current benefit structure is outlined in the Actuarial Section. The valuation reflects an additional 2% salary increase granted to State employees and State police officers effective October 1, 2023. The valuation also reflects the provisions of Act 2023-73, which provides State Police benefits to employees of ALEA who perform law enforcement duties as well as to investigators employed by the AG's office and Ethics Commission. This act also modifies the State Police Tier II benefit.

The results shown reflect all local employer elections approved by the Board through October 1, 2023. The contribution rates for local employers for the fiscal year beginning October 1, 2025 will be submitted in a separate report and will include the impact of any employer elections as of September 30, 2023.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

We provided the following information and supporting schedules in the Actuarial and Statistical Sections:

- Summary of Actuarial Assumptions and Methods
- Actuarial Cost Method
- Summary of Plan Provisions as Interpreted for Valuation Purposes
- Schedule of Funding Progress
- Solvency Test
- Analysis of Actuarial Gains and Losses
- Schedule of Active Member Valuation Data
- Schedule of Retirants and Beneficiaries Added and Removed from Rolls
- Retired Members by Type of Benefit as of September 30, 2023
- Ten-Year History of Average Monthly Benefit Payments as of September 30



Board of Control
May 3, 2024
Page 4

Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Employees' Retirement System of Alabama continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

A stylized, handwritten signature in blue ink, appearing to be 'LL'.

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Cathy Turcot'.

Cathy Turcot
Principal and Managing Director

A handwritten signature in blue ink that reads 'Edward J. Koebel'.

Edward J. Koebel, EA, FCA, MAAA
Chief Executive Officer

A handwritten signature in blue ink that reads 'Jennifer Johnson'.

Jennifer Johnson
Managing Director

Summary of Actuarial Assumptions and Methods

The assumptions and methods used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, dated July 7, 2021, and adopted by the Board on September 14, 2021.

Ultimate Investment Rate of Return: 7.45% per annum, compounded annually, including price inflation at 2.50%.

Salary Increases: Representative values of the assumed annual rates of future salary increases for State and Local Employees are as follows:

Years of Service	Annual Rate* (%)
0	6.00
1 - 5	4.25
6 - 10	4.00
11 - 15	3.75
16 - 19	3.5
20 & Over	3.25

*Includes wage inflation at
2.75% per annum.

Salary Increases: Representative values of the assumed annual rates of future salary increases for State Policemen are as follows:

Years of Service	Annual Rate* (%)
0 - 3	7.75
4 - 5	7.50
6	6.25
7 - 10	5.50
11 - 14	5.25
15 - 17	4.75
18 - 19	4.50
20 & Over	4.00

*Includes wage inflation at
2.75% per annum.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Separations before Service Retirement: Representative values of the assumed annual rates of withdrawal are shown in the following table:

Years of Service	Annual Rate of Withdrawal*	
	Non-FLC Members	FLC Members
0-1	20.00%	16.50%
2	16.75	12.00
3	14.00	11.50
4	13.00	11.00
5	7.50	6.50
6	6.75	6.25
7	6.50	6.00
8	5.75	5.40
9	5.25	5.00
10-12	3.50	3.00
13-14	3.50	2.75
15	3.00	2.25
16-18	2.50	2.00
19	2.00	1.50
20+	1.50	1.50

There are no withdrawal decrements after eligibility for service retirement.

* For local employers with fewer than 25 employees the rates are multiplied by 50%.

Service Retirement: The assumed annual rates of service retirement are as follows:

Regular Members

Age	Annual Rate (1)			
	TIER I (2)		TIER II	
	1st Eligible	Subsequent	1st Eligible	Subsequent
49 & Under	16.50%	10.50%	2.50%	2.50%
50 to 54	20.00	10.50	2.50	2.50
55 to 56	20.00	10.50	10.00	10.00
57	20.00	10.50	20.00	20.00
58	25.00	12.50	20.00	20.00
59	23.00	12.50	20.00	20.00
60	12.00	15.00	50.00	50.00
61	13.00	12.00	50.00	50.00
62	23.00	23.00	50.00	50.00
63	23.00	20.00	23.00	20.00
64	23.00	17.00	23.00	17.00
65	32.00	25.00	32.00	25.00
66	35.00	28.50	35.00	28.50
67	35.00	24.00	35.00	24.00
68 to 79	35.00	21.00	35.00	21.00
80 & Above	100.00	100.00	100.00	100.00

(1) For local employers with fewer than 25 employees we assume that all members retire upon first eligibility for a service retirement benefit.

(2) 25% are assumed to retire at age 60 with 25 years of service.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

FLC Members

Age	Annual Rate (1)			
	TIER I (2)		TIER II	
	1st Eligible	Subsequent	1st Eligible	Subsequent
48 & Under 49	35.00%	22.00%	2.50%	2.50%
50	35.00	22.00	10.00	10.00
51	35.00	22.00	10.00	10.00
52 to 55	35.00	22.00	20.00	20.00
56 to 59	35.00	18.00	20.00	20.00
60	40.00	18.00	15.00	15.00
61	17.00	21.00	17.00	17.00
62	40.00	18.50	40.00	18.50
63	40.00	30.00	40.00	30.00
64	40.00	25.00	40.00	25.00
65	40.00	22.00	40.00	22.00
66	40.00	27.00	40.00	27.00
67-69	40.00	38.00	40.00	38.00
70 to 74	40.00	30.00	40.00	30.00
75 & Above	60.00	30.00	60.00	30.00
	100.00	100.00	100.00	100.00

(1) For local employers with fewer than 25 employees we assume that all members retire upon first eligibility for a service retirement benefit.

(2) 50% are assumed to retire at age 60 with 25 years of service.

Rates of Death: Representative values of the assumed annual rates of death are as follows:

Age	Annual Rate of Death*			
	Non FLC State & Local		FLC State & Local	
	Male	Female	Male	Female
20	0.040%	0.014%	0.042%	0.016%
25	0.040	0.011	0.049	0.025
30	0.050	0.017	0.054	0.034
35	0.065	0.027	0.060	0.046
40	0.089	0.043	0.074	0.062
45	0.132	0.066	0.101	0.085
50	0.201	0.099	0.147	0.115
55	0.297	0.145	0.216	0.157
60	0.432	0.218	0.323	0.213
65	0.631	0.344	0.499	0.290
69	0.866	0.512	0.793	0.466

*Base mortality rates as of 2010 before application of the improvement scale

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Rates of Disability: Representative values of the assumed annual rates of disability are as follows:

State Employees

Age	Annual Rate of Disability*				
	Tier I			Tier II	
	Service < 25		Service ≥25		
	Male	Female		Male	Female
20	0.014%	0.013%		0.014%	0.013%
25	0.082	0.075		0.082	0.075
30	0.150	0.138		0.150	0.138
35	0.180	0.200		0.180	0.200
40	0.350	0.300		0.350	0.300
45	0.650	0.500		0.650	0.500
50	1.000	0.800	0.250%	1.000	0.800
55	1.350	1.100	0.250	1.350	1.100
60	1.200	1.450	0.250	1.200	1.450
65	0.600	0.750	0.250	0.600	0.750
69	0.200	0.270		0.200	0.270

Local Employees

Age	Annual Rate of Disability*				
	Tier I			Tier II	
	Service < 25		Service ≥25		
	Male	Female		Male	Female
20	0.006%	0.014%		0.006%	0.014%
25	0.033	0.082		0.033	0.082
30	0.060	0.150		0.060	0.150
35	0.120	0.080		0.120	0.080
40	0.290	0.230		0.290	0.230
45	0.470	0.350		0.470	0.350
50	0.800	0.600	0.250%	0.800	0.600
55	1.300	0.900	0.250	1.300	0.900
60	1.000	0.550	0.250	1.000	0.550
65	0.500	0.160	0.250	0.500	0.160
69	0.100	0.032		0.100	0.032

*There are no disability rates for members with less than 10 years of service.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

State Police

Group 1: Members hired before January 1, 2015

Withdrawal			Death		Disability		Retirement		
Years of Service	Rate	Age	Male	Female	Male	Female	10-19	20-24	25+
0	6.00%	20	0.042%	0.016%	0.050%	0.012%			
1-5	6.00	25	0.049	0.025	0.250	0.060			
6-10	1.50	30	0.054	0.034	0.500	0.120			
11-15	1.50	35	0.060	0.046	0.300	0.180			
20+	1.00	40	0.074	0.062	0.200	0.290	5.00%	33.00%	40.00%
		45	0.101	0.085	0.550	0.440	20.00	35.00	40.00
		50	0.147	0.115	0.500	0.500	20.00	35.00	40.00
		55	0.216	0.157			100.00	100.00	33.00
		60	0.323	0.213					35.00
		62	0.383	0.241					35.00
		65	0.499	0.290					100.00

Group 2: Members hired after January 1, 2015

Rates of Withdrawal

Years of Service	Annual Rate of Withdrawal
0 - 1	16.50%
2	12.00
3	11.50
4	11.00
5	6.50
6	6.25
7	6.00
8	5.40
9	5.00
10 - 12	3.00
13 - 14	2.75
15	2.25
16 - 18	2.00
19	1.50
20+	1.50

There are no withdrawal decrements after eligibility for service retirement.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Rates of Service Retirement

Age	Annual Rate			
	TIER I (1)		TIER II	
	1st Eligible	Subsequent	1st Eligible	Subsequent
51 & Under	35.00%	22.00%		
52 to 55	35.00	18.00	15.00%	
56 to 59	40.00	18.00	17.00	15.00%
60	17.00	21.00	40.00	17.00
61	40.00	18.50	40.00	18.50
62	40.00	30.00	40.00	30.00
63	40.00	25.00	40.00	25.00
64	40.00	22.00	40.00	22.00
65	40.00	27.00	40.00	27.00
66	40.00	38.00	40.00	38.00
67	40.00	30.00	40.00	30.00
68 to 69	40.00	30.00	60.00	30.00
70 to 74	60.00	30.00	100.00	30.00
75 & Above	100.00	100.00		100.00

(1) 50% are assumed to retire at age 60 with 25 years of service.

Rates of Death: Representative values of the assumed annual rates of death are as follows:

Age	Annual Rate of Death*	
	Male	Female
20	0.042%	0.016%
25	0.049	0.025
30	0.054	0.034
35	0.060	0.046
40	0.074	0.062
45	0.101	0.085
50	0.147	0.115
55	0.216	0.157
60	0.323	0.213
65	0.499	0.290
69	0.793	0.466

*Base mortality rates as of 2010 before application of the improvement scale.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Rates of Disability: Representative values of the assumed annual rates of disability are as follows:

Age	Annual Rate of Disability				
	Tier I			Tier II	
	Service < 25		Service >=25		
	Male	Female		Male	Female
20	0.014%	0.013%		0.014%	0.013%
25	0.082	0.075		0.082	0.075
30	0.150	0.138		0.150	0.138
35	0.180	0.200		0.180	0.200
40	0.350	0.300		0.350	0.300
45	0.650	0.500		0.650	0.500
50	1.000	0.800	0.250%	1.000	0.800
55	1.350	1.100	0.250	1.350	1.100
60	1.200	1.450	0.250	1.200	1.450
65	0.600	0.750	0.250	0.600	0.750
69	0.200	0.270		0.200	0.270

Death after Retirement:

Rates of mortality are according to the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2 Female: +2	Male: 90% ages < 65, 96% ages ≥ 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1 Female: None	None
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7 Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7 Female: None	None

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Actuarial Assumptions and Methods (Continued)

Death in Active Service Benefit:

For those eligible for service retirement who die in active service, it is assumed that 70% of beneficiaries will elect the lump sum death benefit, 20% will elect the Option 2 allowance, and 10% will elect the Option 3 allowance.

Benefits Payable upon Separation from Service: For active members who separate from service prior to eligibility for a service retirement allowance, the liability is assumed to be the greater of the value of the refund of contributions or the value of the deferred annuity.

Unused Sick Leave: 1.00% load on service retirement liabilities for active members (No load for Tier II members).

Percent Married: 100% of active members are assumed to be married with the husband 3 years older than the wife.

Actuarial Method: Individual entry age normal method. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.

Asset Method: The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected market value.

Liability for Current Inactive Members: Member Contribution Balance is multiplied by a factor of 3.0 for vested local employees with incomplete data and by a factor of 1.0 for all non-vested inactive members.

Liability for Post-DROP Active Members: Members are assumed to retire immediately and receive their accrued benefit.

COLA: No future ad hoc cost of living adjustments (COLAs) are assumed.

Future Service Credit: One year of creditable service per year of employment.

Actuarial Cost Method

1. The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 7.45%). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable to the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the System are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.
3. The normal contribution is determined using the "individual entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contributions which, if applied to the compensation of each new member during the entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf.
4. The unfunded accrued liability contributions are determined by subtracting the current assets held by the System and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the System. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

Summary of Plan Provisions as Interpreted for Valuation Purposes

The Employees' Retirement System of Alabama (ERS) was established on October 1, 1945. The valuation took into account amendments to the System effective through the valuation date. The following summary describes the main benefit and contribution provisions of the System as interpreted for the valuation.

Definitions

Average Final Compensation – The average compensation of a Tier 1 member is calculated using compensation for the 3 highest years in the last 10 years of creditable service. The average compensation of a Tier 2 member is calculated using compensation for the 5 highest years in the last 10 years of creditable service.

Membership Service – all creditable service rendered while a member of the System and for which contributions were made.

Creditable Service – the sum of membership service, prior service, and any other previous service established as creditable in accordance with the provisions of the retirement law.

Annuity – payments for life derived from the accumulated contributions of a member.

Pension – payments for life derived from the accumulated contributions of an employer.

Retirement Allowance – the sum of the annuity and pension payments.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

Benefits – Members Classified as Other Than State Police

Service Retirement Allowance

Condition for Allowance

Tier 1 - A retirement allowance is payable upon the request of any member who has completed 25 years of creditable service, (except for employees of local employers who did not elect 25-year retirement), or who has attained age 60 and completed at least 10 years of creditable service.

Tier 2 - A retirement allowance is payable upon the request of any member who has completed 30 years of creditable service or who has attained age 62 and completed at least 10 years of creditable service (age 56 with 10 years of creditable service for a full-time certified firefighter, police officer, or correctional officer).

Amount of Allowance

Tier 1 - Upon service retirement, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of creditable service. At retirement, a member receives one additional year of creditable service in determining the retirement allowance for each five years of service as a certified law enforcement, correctional officer, or firefighter.

Tier 2 - Upon service retirement, a member receives a retirement allowance equal to 1.65% of their average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation. For a member whose age at retirement is less than age 62 (age 56 for a full-time certified firefighter, police officer, or correctional officer), the amount of the allowance will be reduced by 2% for each year that the member's age is less than age 62 (age 56 for a full-time certified firefighter, police officer, or correctional officer).

Tier 1 & 2 - Members may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement – All Members").

Disability Retirement Allowance

Condition for Allowance

A disability retirement allowance may be granted to a member who has completed at least 10 years of creditable service and becomes permanently incapacitated for duty before reaching eligibility for service retirement.

Amount of Allowance

Tier 1 - Upon disability retirement, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of creditable service. At retirement, a member receives one additional year of creditable service in determining the retirement allowance for each five years of service as a certified law enforcement, correctional officer, or firefighter.

Tier 2 - Upon disability retirement, a member receives a retirement allowance equal to 1.65% of the member's average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation.

Tier 1 & 2 - Members may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement – All Members").

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

Benefits Payable upon Separation of Service

A member who withdraws from service is entitled to receive his or her contributions with allowable interest. A member who has completed at least 10 years of creditable service may, after separation from service, continue membership in the System and file for service retirement after reaching age 60 for Tier 1 members or age 62 for Tier 2 members.

Benefits Payable upon Death in Active Service

In the event of the death of a member eligible for service retirement, the designated beneficiary may elect: (1) to exercise Option 2 (Spouse) or Option 3 (Non-Spousal Beneficiary) as defined under "Special Privileges at Retirement – All Members" or (2) to receive a return of member contributions and total earned interest plus a death benefit payable from the Pre-retirement Death Benefit Fund equal to the salary on which retirement contributions were made for the previous fiscal year (October 1 – September 30).*

In the event of the death of a member with more than one year of service who is not eligible to retire, the designated beneficiary shall receive the return of member contributions and total earned interest. Also, the designated beneficiary shall receive an additional death benefit payable from the Pre-retirement Death Benefit Fund equal to the salary on which retirement contributions were made for the previous fiscal year (October 1 – September 30).*

In the event of a job-related death of a member at any age with less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a death benefit payable from the Pre-retirement Death Benefit Fund equal to the annual earnable compensation of the member at the time of death.*

In the event of the death of a member which is not job-related who has less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a matching death benefit, which is limited to a maximum of \$5,000.

*However, if the death occurred more than 180 calendar days after the member's last day in pay status or if the deceased member had applied for a refund of member contributions or terminated employment, the lump sum will be the same as if the member had less than one year of service and the death was not job-related.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

Deferred Retirement Option Plan (DROP)

Prior to March 25, 2011, a member could elect to participate in the Deferred Retirement Option Plan (DROP) upon completion of at least 25 years of creditable service (excluding sick leave) and attainment of at least 55 years of age. Under the DROP, the member deferred receipt of a retirement allowance and continued employment for a period of three to five years. At the end of the period, the member withdrew from active service and received the retirement benefit calculated at the time of enrollment in the DROP, and also received a payment for the deferred retirement benefits and employee contributions while participating in the DROP and interest earned on DROP deposits. The effect of Act 2011-27 was that no new participants were allowed to enter the DROP with an effective participation date after June 1, 2011.

Member Contributions

Tier 1 - Prior to October 1, 2011, covered members contributed 5% of earnable compensation. From October 1, 2011, to September 30, 2012, covered members contributed 7.25% of earnable compensation. Beginning October 1, 2012, covered members contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters contributed 6% of earnable compensation until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters contributed 8.25% of earnable compensation. Beginning October 1, 2012, certified law enforcement, correctional officers, and firefighters contribute 8.50% of earnable compensation. DROP participants continue to contribute during the DROP period but receive a refund of these contributions and regular interest upon retirement.

Tier 2 – Covered members contribute 6% of earnable compensation. Certified law enforcement, correctional officers, and firefighters contribute 7% of earnable compensation.

Tier 1 & 2 - If positive investment performance results in a decrease in the total contribution rate paid by employers and employees participating in the System, the Retirement Systems of Alabama shall first reduce the employee contribution rate. "Regular Interest" is 4% which is the rate adopted by the Board and applied to the balance in each member's account every year; however, if a member receives a refund of contributions, the interest rate applied to the refund is lower than the 4% regular rate (Based on the *Code of Alabama 1975, Section 36-27-25(g)*).

Members of Local Employers

Members of local employers generally receive the same benefit structure as State employees, however some benefits must be elected by individual employers. Members whose employers have not yet elected to grant retirement upon completion of 25 years of service must have 30 years of service for retirement before age 60 (For Tier I). These employers have the option of electing 25-year retirement for their Tier I members. Employers may also elect to increase Tier I member contribution rates to 7.5% of payroll for regular members and 8.5% of payroll for FLC members. Employers who have not elected to allow sick leave conversion may still elect to do so. Employers may elect to provide Tier I benefits to their Tier II members, provided the members pay the increased members rates shown above.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

Members of the City of Montgomery (City) who elected to remain under the City's retirement plan structure are subject to the conditions and benefit structure of that plan. A brief description of this structure is as follows:

Service Retirement Allowance

Condition for Allowance

Group I - For general municipal employees hired before October 1, 2013, a retirement allowance is payable upon the request of any member who has completed 20 years of creditable service, or who has attained age 65 (25 years or age 62 if hired after October 1, 2005 or elected)

Group II - For members of the fire department or police department of the City, a retirement allowance is payable upon the request of any member who has completed 20 years of creditable service or attained age 62 (25 years or age 55 if hired after October 1, 2005, or 25 years or age 55 with 10 years of creditable service if hired after October 1, 2013).

Amount of Allowance

Group I - 20-year retirement plan: Upon service retirement a member receives a retirement allowance equal to 2.0% of the member's average final compensation multiplied by the number of years of his creditable service (up to 20 years), and 1% of the member's average final compensation multiplied by the number of years of his creditable service over 20 years. Maximum benefit is 60% of average final compensation.

Group I - 25-year retirement plan: Upon service retirement a member receives a retirement allowance equal to 2.0% of the member's average final compensation multiplied by the number of years of his creditable service. Maximum benefit is 100% of average final compensation.

Group II - 20-year retirement plan: Upon service retirement a member receives a retirement allowance equal to 2.5% of the member's average final compensation multiplied by the number of years of his creditable service (up to 20 years), and 1% of the member's average final compensation multiplied by the number of years of his creditable service over 20 years. Maximum benefit is 60% of average final compensation.

Group II - 25-year retirement plan: Upon service retirement a member receives a retirement allowance equal to 2.5% of the member's average final compensation multiplied by the number of years of his creditable service. Maximum benefit is 100% of average final compensation.

Group II - Age 62 retirement plan: Upon service retirement a member receives a retirement allowance equal to 2.5% of the member's average final compensation multiplied by the number of years of his creditable service. Maximum benefit is 100% of average final compensation. Benefit is reduced by early retirement factor (5/9% for each month annuity start date precedes age 62 but not earlier than age 55).

Employee Retention Incentive Program (ERIP) - An employee is eligible to enter the ERIP plan if he or she is an active employee and has at least 20 years of service (25 years for a 25-year retirement plan participant). The participant can effectively elect to retire up to three years prior to termination and receive the payments that would have been made as a lump sum (accumulated with 5% interest). Subsequent monthly benefits are based on the benefit used to determine the lump sum.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

Preretirement Death Benefits - If the member is eligible for a service retirement, 50% of the accrued benefit, reduced for a 50% joint and survivor annuity. If the member is not eligible for a service retirement benefit, a lump sum of member contributions is payable.

Disability Benefits - If a participant has 10 years of service and becomes permanently disabled he is entitled to immediately receive his monthly accrued benefit, based on his current years of service and current final average earnings.

Separation Benefits

Group I - Return of contributions if less than 10 years of service. If more than 10 years of service, member is entitled to his accrued benefit payable at age 62 (age 65 for 20-year plan).

Group II - Return of contributions if less than 10 years of service. If more than 10 years of service, member is entitled to his accrued benefit payable at age 55 (age 62 for 20-year plan and Age 62 plan).

Benefits – Members Classified as State Police

Service Retirement Allowance

Condition of Allowance

A retirement allowance is payable upon the request of any member who has completed 25 years of creditable service or who has attained age 52 and completed at least 10 years of creditable service.

Amount of Allowance

Tier 1 – Upon service retirement, a member receives a retirement allowance equal to 2.875% of the member's average final compensation multiplied by the number of years of creditable service.

A member who has attained 20 or more years of creditable service and retires prior to age 60 is eligible to receive a “bonus service credit” up to 4 years as follows:

- Age 56 or older – bonus service of 4 years reduced by 1 month for each month over the age of 56.
- Age 52 to 56 – bonus service of 4 years.
- Age 52 or less (disability retirement only) – bonus service of 4 years.
- Age 52 or less with 25 or more years of service – bonus service of 4 years.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

Tier 2 – Upon service retirement, a member receives a retirement allowance equal to 2.375% of the member's average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation.

Disability Retirement Allowance

Condition for Allowance

A disability retirement allowance may be granted to a member who has completed at least 10 years of creditable service and who becomes permanently incapacitated for the further performance of duty before reaching the minimum age for service retirement or who becomes disabled as a result of employment in the line of duty without regard to years of creditable service.

Amount of Allowance

Tier 1 – Upon disability retirement, a member receives a retirement allowance equal to 2.875% of the member's average final compensation multiplied by the number of years of creditable service.

Tier 2 – Upon disability retirement, a member receives a retirement allowance equal to 2.375% of the member's average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation.

Benefits Payable upon Separation from Service

A member who withdraws from service is entitled to receive a return of member contributions with allowable interest. A member who has completed at least 10 years of creditable service may, after separation from service, continue in the membership of the System and file for service retirement after reaching age 52 for Tier 1 members or age 56 for Tier 2 members.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

Benefits Payable upon Death in Active Service

In the event of the death of a member who is eligible for service retirement, the designated beneficiary may elect: (1) to exercise Option 2 (Spouse) or Option 3 (Non-Spousal Beneficiary) as defined below under "Special Privileges at Retirement – All Members" or (2) to receive a return of member contributions and total earned interest plus a death benefit payable from the Pre-retirement Death Benefit Fund equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30).*

In the event of the death of a member with more than one year of service who is not eligible to retire, the designated beneficiary shall receive the return of member contributions and total earned interest. Also, the designated beneficiary shall receive an additional death benefit payable from the Pre-retirement Death Benefit Fund equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30).*

In the event of a job-related death of a member at any age with less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a death benefit payable from the Pre-retirement Death Benefit Fund equal to the annual earnable compensation of the member at the time of death.*

In the event of the death of a member which is not job-related and who has less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a matching death benefit which is limited to a maximum of \$5,000.

*However, if the death occurred more than 180 calendar days after the member's last day in pay status, or if the deceased member had applied for a refund of member contributions or terminated employment, the lump sum will be the same as if the member had less than one year of service and the death was not job-related.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

Deferred Retirement Option Plan (DROP)

Prior to March 25, 2011, a member could elect to participate in the Deferred Retirement Option Plan (DROP) upon completion of at least 25 years of creditable service (excluding sick leave) and attainment of at least 52 years of age. Under the DROP, the member deferred receipt of a retirement allowance and continued employment for a period of three to five years. At the end of the period, the member withdrew from active service and received the retirement benefit calculated at the time of enrollment in the DROP, and also received a payment for the deferred retirement benefits and employee contributions while participating in the DROP and interest earned on DROP deposits. The effect of Act 2011-27 was that no new participants were allowed to enter the DROP with an effective participation date after June 1, 2011.

Member Contributions

Tier 1 – Members hired prior to January 1, 2015: Each member contributes to 10% of salary.

Members hired after January 1, 2015: Each member contributes 8.5% of salary.

Tier 2 – Members hired prior to January 1, 2015: Each member contributes 10% of salary.

Members hired after January 1, 2015: Each member contributes 7% of salary.

Special Privileges at Retirement – All Members

In lieu of the full retirement allowance, a member may, at retirement, elect to receive a reduced retirement allowance equal in value to the full retirement allowance, with the provision that:

- Option 1: If the member dies before the annuity payments equal or exceed the present value of the member's annuity at the date of retirement, the balance is paid to the designated beneficiary or to the member's estate, or
- Option 2: After the member's death, the member's retirement allowance is continued throughout the life of the designated beneficiary, or
- Option 3: After the member's death, one-half of the member's retirement allowance is continued throughout the life of the designated beneficiary, or
- Option 4: Some other benefit is paid either to the member or the designated beneficiary, provided such benefit, together with the reduced retirement allowance, is of equivalent actuarial value to the member's retirement allowance and is approved by the Board of Control.

Partial Lump Sum Option Plan (PLOP). For members retiring on or after October 1, 2019, in addition to selecting Options 1, 2, 3 or 4, the member may also elect to receive a one-time lump-sum distribution in addition to the monthly retirement benefit. The PLOP distribution will be made as a single payment at the time the first monthly benefit is paid. Based on the amount of the PLOP and the member's age, the monthly retirement benefit is actuarially reduced.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Supporting Schedules

Supporting Schedules

The following schedule provides a ten-year history on active member valuation data:

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

(Dollar Amounts Not in Thousands)

Valuation Date		Number	Annual Payroll	Annual Average Pay	% Increase/ (Decrease) in Average Pay
9/30/2023	A	86,450	\$ 4,674,365,315	\$ 54,070	4.61
9/30/2022	A	84,697	4,377,923,393	51,689	7.58
9/30/2021	A	84,571	4,069,349,840	48,118	2.54
9/30/2020	A	85,485	4,011,235,711	46,923	4.54
9/30/2019	A	84,694	3,387,186,858	44,881	5.59
9/30/2018	A	86,565	3,679,181,111	42,502	1.55
9/30/2017	A	85,657	3,584,700,002	41,849	(0.66)
9/30/2016	A	84,814	3,572,891,196	42,129	2.93
9/30/2015	B	84,563	3,461,155,131	40,930	2.34
9/30/2014	C	84,694	3,387,186,858	39,993	1.61

A - There are no employees currently participating in the DROP program.

B - In addition, there are 396 members with compensation of \$26,861,749 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

C - In addition, there are 891 members with compensation of \$57,153,873 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

D - In addition, there are 1,514 members with compensation of \$93,084,090 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Supporting Schedules (Continued)

The following table presents a ten-year history of funding progress:

SCHEDULE OF FUNDING PROGRESS

(Dollar Amounts in Thousands)

Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Percentage Funded (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
9/30/2023	\$ 14,653,181	\$ 23,111,260	\$ 8,458,080	63.4	\$ 4,674,635	180.9
9/30/2022	14,504,813	22,095,937	7,591,124	65.6	4,377,923	173.4
9/30/2021	14,291,093	21,104,942	6,813,849	67.7	4,069,350	167.4
9/30/2020	13,491,176	19,786,472	6,295,296	68.2	4,011,236	156.9
9/30/2019	12,645,789	18,543,542	5,897,753	68.2	3,793,957	155.5
9/30/2018	12,240,597	17,829,735	5,589,138	68.7	3,679,181	151.9
9/30/2017	11,690,952	17,250,835	5,559,883	67.8	3,584,700	155.1
9/30/2016	11,082,280	16,728,009	5,645,729	66.2	3,572,891	158.0
9/30/2015	10,589,258	15,723,720	5,134,462	67.3	3,488,017	147.2
9/30/2014	10,134,581	15,138,294	5,003,713	66.9	3,444,341	145.3

The following table provides a ten-year history of solvency tests:

SOLVENCY TEST

(Dollar Amounts in Thousands)

		Aggregate Accrued Liabilities For						
		(1)	(2)	(3)				
Valuation Date		Active Member Contributions	Retirants and Beneficiaries	Active Members (Employer Financed Portion)	Reported Assets	% of Accrued Liabilities Covered by Reported Assets		
						(1)	(2)	(3)
9/30/2023	4	\$ 3,571,121	\$ 12,644,779	\$ 6,894,963	\$ 14,653,181	100	88	0
9/30/2022		3,406,262	12,265,708	6,423,967	14,504,813	100	90	0
9/30/2021	1, 2 & 3	3,292,498	11,794,825	6,017,619	14,291,093	100	93	0
9/30/2020		3,207,292	10,984,239	5,594,541	13,491,176	100	94	0
9/30/2019		3,038,594	10,300,063	5,204,885	12,645,789	100	93	0
9/30/2018	1	2,922,432	9,944,503	4,962,800	12,240,597	100	93	0
9/30/2017	1	2,817,368	9,567,278	4,866,189	11,690,952	100	93	0
9/30/2016	1	2,707,129	9,209,857	4,811,023	11,082,280	100	91	0
9/30/2015		2,591,066	8,666,490	4,466,164	10,589,258	100	92	0
9/30/2014		2,484,050	8,366,277	4,287,967	10,134,581	100	91	0

1 - Reflects changes in actuarial assumptions and methods.

2 - Reflects impact of Act 2019-132

3 - Reflects impact of Act 2022-351 and Act 2022-184

4 - Reflects impact of Act 2023-73

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Supporting Schedules (Continued)

The following table presents a ten-year history of data concerning retirants and beneficiaries:

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED AND REMOVED FROM ROLLS

Fiscal Year Ended	Retirees Added \$*		Retirees Removed		Retirees - Year-end*		% Increase/ (Decrease) in Annual Allowances	Average Annual Allowance
	Number	Annual Allowances (000s)	Number	Annual Allowances (000s)	Number	Annual Allowances (000s)		
9/30/2023	2,582	\$ 75,537	1,571	\$ 36,986	57,553	\$ 1,161,533	3.43	\$ 20,182
9/30/2022	2,819	81,031	1,578	36,136	56,542	1,122,982	4.16	19,861
9/30/2021	2,977	84,598	1,786	40,029	55,301	1,078,087	4.31	19,495
9/30/2020	4,705	104,970	1,525	33,476	54,110	1,033,518	7.43	19,100
9/30/2019	2,468	63,336	1,251	27,257	50,930	962,024	3.90	18,889
9/30/2018	2,571	64,020	1,147	24,894	49,713	925,945	4.41	18,626
9/30/2017	2,449	58,678	1,114	22,433	48,289	886,819	4.26	18,365
9/30/2016	2,655	61,579	1,083	22,434	46,954	850,574	4.82	18,115
9/30/2015	2,698	63,043	1,028	21,337	45,382	811,429	5.42	17,880
9/30/2014	2,617	59,959	1,012	20,185	43,712	769,723	5.45	17,609

The following table provides an analysis of actuarial gains and losses:

ANALYSIS OF ACTUARIAL GAINS AND LOSSES

(Dollar Amounts in Thousands)

	Amount
Unfunded Actuarial Liability as of September 30, 2022	\$ 7,591,124
Normal Cost for 2023 Plan Year	73,181
Contributions Received During the Year	(576,074)
Interest to Year End	549,532
Expected Unfunded Actuarial Liability as of September 30, 2023	7,637,763
Actuarial (Gains)/Losses During the Year	
From Investments	393,650
From Actuarial Liabilities	426,667
Total Actuarial (Gains)/Losses During the Year	820,317
Actual Unfunded Actuarial Liability as of September 30, 2023	\$ 8,458,080







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April 2, 2024

Board of Control
Employees' Retirement System of
Alabama for the Administration of
the Judicial Retirement Fund

Dear Board Members:

The basic funding objectives of the Judicial Retirement Fund of Alabama (JRF) is to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement.

JRF maintains a funding policy that was effective September 30, 2012 and last amended as of September 30, 2021. In order to meet the objectives listed above, the Fund will strive to meet the following funding objectives:

- To maintain an increasing funded ratio (ratio of fund actuarial value of assets to actuarial accrued liabilities) that reflects a trend of improved actuarial condition. The long-term objective is to attain a funded ratio which is consistent with the fiscal health and long-term stability of the Fund.
- To maintain adequate asset levels to finance the benefits promised to members and monitor the future demands for liquidity.
- To develop a pattern of contribution rates expressed as a percentage of member payroll as measured by valuations prepared in accordance with applicable State laws and the principles of practice prescribed by the Actuarial Standards Board. In no event will the employer contribution rate be negative.
- To provide intergenerational equity for taxpayers with respect to Fund costs.

To track progress in achieving the funding objectives, the following benchmarks are measured annually as of the valuation date:

- **Funded ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial, methods, and/or actuarial assumptions.
- **Unfunded Actuarial Accrued Liability (UAAL)**
 - **Initial Total UAAL** – The UAAL established as of the initial valuation date (September 30, 2021) for which this funding policy is adopted.
 - **New Incremental UAAL** – Each subsequent valuation will produce a New Incremental UAAL consisting of all benefit changes that have occurred since the previous valuation. Each subsequent valuation will produce a New Incremental UAAL consisting of all assumption and method changes and experience gains and/or losses that have occurred since the previous valuation.
- **UAAL Amortization Period and Contribution Rates**
 - The Initial Total UAAL established as of the initial valuation will be amortized over a closed 19-year period.
 - Except as noted later, each New Incremental UAAL shall be amortized over a closed 20-year period.
 - Incremental UAAL resulting from plan changes that grant benefit improvements shall be amortized over a period not to exceed 15 years.
 - Employer Normal Contribution Rate – the contribution rate determined as of the valuation date each year based on the provisions of Alabama Code Sections 36-27-24 and 12-18-2.



- In each valuation subsequent to the adoption of this funding policy the required employer contribution rate will be determined by the summation of the employer Normal Contribution Rate, a contribution rate for administrative expenses, the individual amortization rate for each of the New Incremental UAAL bases and the amortization rate for the Transitional UAAL.

In order to measure progress toward this fundamental objective and funding policy, JRF has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the normal cost and level percent of payroll amortization of unfunded actuarial accrued liability in accordance with the funding policy. The latest completed actuarial valuation was based upon data and assumptions as of September 30, 2023. This valuation indicates for benefits then in effect that the current employer contribution rates for the Judicial Retirement Fund (other than District Attorneys' Plan) of 48.33% of payroll for Tier I members and 43.76% of payroll for Tier II members, and employer contribution rates for District Attorneys' of 19.77% of payroll, meet the basic financial objective and the goals of the funding policy as listed above. There are 385 active members as of September 30, 2023.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement Fund staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among JRF members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Control and were based upon actual experience of JRF during the years October 1, 2015 to September 30, 2020. Assets are valued according to a market related method that recognizes 20% of the difference between market value and expected value each year. The assumptions and methods utilized in this valuation for funding purposes, in our opinion, meet the parameters established by the Actuarial Standards of Practice.

The current benefit structure is outlined in the Actuarial Section. The Judges' and Clerks' plan covers justices, judges and circuit clerks who are not members of the Judicial Retirement Fund or The Clerks' and Registers' Supernumerary Fund. The District Attorneys' Plan covers any District Attorney first elected or appointed on or after November 8, 2016. The valuation reflects the 2% salary increase granted to all state employees effective October 1, 2023.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

We provided the following information and supporting schedules in the Actuarial and Statistical Sections:

- Summary of Actuarial Assumptions and Methods
- Actuarial Cost Method
- Summary of Plan Provisions as Interpreted for Valuation Purposes
- Schedule of Funding Progress
- Solvency Test
- Analysis of Actuarial Gains and Losses
- Schedule of Active Member Valuation Data
- Schedule of Retirants and Beneficiaries Added and Removed from Rolls
- Retired Members by Type of Benefit as of September 30, 2023
- Ten-Year History of Average Monthly Benefit Payments as of September 30



Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Judicial Retirement Fund of Alabama continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be "LL" with a horizontal line underneath.

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink, appearing to be "Cathy Turcot".

Cathy Turcot
Principal and Managing Director

A handwritten signature in blue ink, appearing to be "Edward J. Koebel".

Edward Koebel, EA, FCA, MAAA
Chief Executive Officer

A handwritten signature in blue ink, appearing to be "Jennifer Johnson".

Jennifer Johnson
Managing Director

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Summary of Actuarial Assumptions and Methods

Summary of Actuarial Assumptions and Methods

The assumptions and methods used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, dated July 12, 2021 and adopted by the Board on September 14, 2021.

Ultimate Investment Rate of Return: 7.40% per annum, compounded annually, including inflation at 2.50%.

Salary Increases: 3.50% per annum for less than 14 years of service, 3.25% for 14 years of service, and 2.75% for 15 or greater years of service, compounded annually, including wage inflation at 2.75%.

Rates of Withdrawal: 3.00% per annum for service less than 10 years, and 1.30% per annum for service greater than 10 years.

Death and Disability: Representative values of the assumed annual rates of pre-retirement death and disability are as follows:

Age	Death*		Disability**
	Males	Females	
30	0.0195%	0.0111%	0.020%
35	0.0267	0.0169	0.040
40	0.0371	0.0260	0.068
45	0.0585	0.0403	0.108
50	0.0969	0.0605	0.163
55	0.1508	0.0878	0.250
60	0.2321	0.1326	0.395
64	0.3439	0.1995	0.570

*Rates of preretirement mortality are according to the Pub-2010 Teacher Employee Below Median Mortality Table adjusted by 65%; projected with the MP-2020 with an adjustment factor of 66-2/3% beginning with the year 2019.

**Disability rates turn off at retirement eligibility.

Rates of Retirement:

Tier 1 (Groups 1 and 2):

Age	Rate of Retirement
45-59	7.5%
60-61	16.5
62	20.0
63-64	16.5
65-69	20.0
70-74	30.0
75	100.0

*30% are assumed to retire when first eligible at ages <60; 25% are assumed to retire when first eligible at ages 60-69.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Summary of Actuarial Assumptions and Methods (Continued)

Tier 2 (Group 3) and District Attorneys' Plan:

Age	Judges		Clerks and District*** Attorneys
	<18 years	≥18 years**	
62	10%	30%	10%**
63-64	10%	15%*	10%**
65-69	10%	16.5%	10%**
70-74	30%	30%	30%
75	100%	100%	100%

**30% are assumed to retire
when first eligible.

***An additional 20%
are assumed to retire when
first eligible and at
27 years of service.

Deaths after Retirement: Rates of mortality for the period after becoming a retiree are according to the Pub-2010 Family of Tables projected generationally with MP-2019 Scale adjusted by 66-2/3% beginning with year 2019, and with further adjustments are used for post-retirement mortality assumptions as follows:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 - 67 Female: 112% ages < 69, 98% > age 74; Phasing down 69 - 74
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: None	None
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None

Percent Married: 100% of active members are assumed to be married with the husband 3 years older than the wife.

Actuarial Method: Individual entry age normal method. Gains and losses are reflected in the unfunded actuarial accrued liability. See Schedule E for more details.

Assets: The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected value of assets, based on the assumed valuation rate of return.

Liability for Current Inactive Non-Vested members: Members Contribution Balance is multiplied by a factor of 1.0.

Post Retirement Increases: Allowances of retired members and spouses who receive benefits based on the salaries prescribed by law for the position are assumed to increase by 3.00% per year. The members' actual salaries at retirement are assumed to be equal to the salary prescribed by law for their position.

Benefits Payable upon Separation from Service: Active members who terminated from service prior to becoming eligible for a benefit are assumed to receive a refund of contributions with interest assumed to be 4% per year.

Actuarial Cost Method

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future, of each member's expected benefit payable at retirement or death is determined, based on age, service, sex and compensation. The calculations take into account the probability of a member's death or termination of employment prior to becoming eligible for a benefit, as well as the probability of his terminating with a service, disability or survivor's benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account the active members is added to the present value of expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable from the Fund on account of the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the Fund are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.
3. The normal contribution is determined using the "individual entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.
4. The unfunded accrued liability contributions are determined by subtracting the present value of prospective employer normal contributions and member contributions together with the current assets held from the present value of expected benefits to be paid from the Fund.

Summary of Plan Provisions as Interpreted for Valuation Purposes

The Judicial Retirement Fund was established September 18, 1973. This valuation included amendments to the Fund effective through the valuation date. There is a new tier of benefits (Tier II) for all justices, judges, and circuit clerks elected or appointed on or after November 8, 2016. In addition, there is a new tier of benefits (District Attorneys' Plan) for all district attorneys serving in the capacity of district attorney on or after November 8, 2016. The following summary describes the main benefit and contribution provisions of the Fund as interpreted for the valuation.

Membership

Any justice of the Supreme Court of Alabama, judge of the Alabama Court of Civil Appeals, judge of the Alabama Court of Criminal Appeals, judge of a Circuit Court, or officeholder of any newly created judicial office receiving compensation from the State Treasury became a member of the JRF if the member was holding office on the date that it was established and elected to come under its provisions. Any such justice or judge elected or appointed to office after September 18, 1973, or any district or probate judge elected or appointed to office after October 10, 1975, or October 1, 1976, respectively, automatically becomes a member by virtue of their position. Certain other district and probate judges as well as certain former county court judges, district attorneys, or assistant district attorneys serving as circuit judges and certain supernumerary judges and justices may also elect to become a member. Any circuit clerk or district attorney elected or appointed on or after November 8, 2016 automatically becomes a member. Certain other district and probate judges as well as certain former county court judges, district attorneys or assistant district attorneys service as circuit judges and certain supernumerary judges and justices could also elect to become members.

Average Final Compensation

Tier 1 (Group 1 and 2):

For a circuit, appellate or probate judge, average final salary equals the member salary at the time of separation from service. For a district judge, average final salary equals the position's salary immediately prior to retirement.

Tier 2 (Group 3) and District Attorneys:

The average of the highest 5 fiscal years (October – September) out of the last 10 fiscal years the member made contribution

Creditable Service

Creditable service is service as a member plus certain periods of previous service creditable in accordance with the provisions of the Act.

Benefits

Service Retirement Benefit

Condition of Benefit

Tier 1 (Groups 1 and 2):

A service retirement benefit is payable upon request of a member who has:

- Completed 12 years of creditable service and attained age 65, or
- Completed 15 years of creditable service and whose age plus service equals or exceeds 77, or
- Completed at least 18 years of creditable service or three full terms as a judge or justice, or
- Completed 10 years of creditable service and attained age 70.

However, a judge who became a member on or after July 30, 1979, or who is a district or probate judge must meet the following age and service requirement combinations in order to be eligible to retire:

- Completed 12 years of creditable service and attained age 65, or
- Completed at least 15 years of creditable service and attained age 60, and whose age plus service equals or exceeds 77, or
- Completed 10 years of creditable service and attained age 70, or
- Completed 25 years of creditable service or 24 years of creditable service provided the member purchases one year of service prior to retirement, regardless of age.

Tier 2 (Group 3) and District Attorneys:

A service retirement benefit is payable upon request of a member who has completed 10 years of service and attained age 62.

Amount of Benefit

Tier 1 (Groups 1 and 2):

The service retirement benefit for a member is equal to:

- (a) For circuit or appellate judges who were members prior to July 30, 1979, 75% of the salary prescribed by law for the position from which the member retires.
- (b) For circuit and appellate judges who assumed office on or after July 30, 1979, 75% of the member's salary at the time of separation from service.
- (c) For district judges, 75% of the position's salary immediately prior to retirement.
- (d) For probate judges, 75% of the member's salary at the time of separation from service.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Summary of Plan Provisions (Continued)

Tier 2 (Group 3) and District Attorneys:

The service retirement benefit for a member is equal to:

- (a) For a member who is judge with years of service less than 18 years, 4% of average final compensation multiplied by years of creditable service; for a member who is a judge with 18 or more years of service, 75% of average final compensation, not to exceed 75% of average final compensation.
- (b) For a member who is clerk or district attorney, 3% of average final compensation multiplied by years of creditable service, not to exceed 80% of average final compensation.

Disability Retirement Benefit

Condition of Benefit A disability retirement benefit is payable to a member who becomes permanently, physically or mentally, unable to carry out his duties on a full-time basis, provided the member has completed five or more years of creditable service. (Ten years for Tier 2 members).

Amount of Benefit

Tier 1 (Groups 1 and 2):

The disability retirement benefit for a member other than a district or probate judge who was a member prior to July 30, 1979, is equal to 25% of the salary prescribed by law for the position from which the member retires on disability plus 10% of such salary for each year of creditable service in excess of five years. The disability retirement benefit is subject to a minimum of 30% and a maximum of 75% of such salary.

The disability retirement benefit for a judge who became a member on or after July 30, 1979, or who is a district or probate judge is equal to 25% of his salary immediately prior to retirement plus 10% of such salary for each year of creditable service in excess of five years. The disability retirement benefit is subject to a minimum of 30% and a maximum of 75% of such salary.

Tier 2 (Group 3) and District Attorneys:

For a member who is judge with years of service less than 18 years, 4% of average final compensation multiplied by years of creditable service; for a member who is a judge with 18 or more years, 75% of average final compensation, not to exceed 75% of average final compensation.

For a member who is a clerk or district attorney, 3% of average final compensation multiplied by years of creditable service, not to exceed 80% of average final compensation.

Spousal Benefit

Tier 1 (Groups 1 and 2):

Condition of Benefit Upon the death of an active, inactive or retired member with at least 5 years of creditable service, a death benefit is payable to the member's spouse.

Amount of Benefit The death benefit payable to the spouse of a judge other than a district or probate judge consists of a yearly benefit equivalent to 3% of the salary prescribed by law for the position of the former member for each year of creditable service, not to exceed 30% of such salary.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Summary of Plan Provisions (Continued)

The death benefit payable to the spouse of a district judge consists of a yearly benefit equal to 3% of the position's salary prescribed by law at the time of death for each year of creditable service, not to exceed 30% of such salary.

The death benefit for the spouse of a probate judge is a yearly benefit equal to the greater of \$480 for each year of creditable service to a maximum of 10 years, or 3% of the member's salary at the time of separation from service for each year of creditable service, not to exceed 30% of such salary.

The benefit is payable for the spouse's life or until his or her remarriage.

Death in Active Service Benefit

Tier 2 (Group 3) and District Attorneys:

Amount of Benefit	In the event of the death of a member who is eligible for service retirement, the designated beneficiary may elect: (1) to exercise option 3 as defined below "Special Privileges at Retirement" or (2) to receive a return of member contributions and total interest earned plus a death benefit payable from the per-retirement death benefit fund equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30).
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In the event of the death of a member who is not eligible for retirement, the designated beneficiary shall receive the accumulated contributions not to exceed \$5,000 or the accumulated contributions of the member plus an additional death benefit payable from the per-retirement death benefit payable from the pre-retirement death benefit fund equal to the salary on which their retirement contributions were made for the previous fiscal year. (October 1 – September 30).

Benefit Payable upon Separation from Service

If a member terminates service and elects not to withdraw his or her contributions and accrued interest from the JRF, the member is eligible to receive any of the benefits for which the member has sufficient creditable service upon reaching an eligible retirement age.

A member terminating service prior to reaching eligibility for retirement benefits may elect to receive a return of contributions and accrued interest. "Regular Interest" is 4% which is the rate adopted by the Board and applied to the balance in each member's account every year; however, if a member receives a refund of contributions, the interest rate applied to the refund is lower than the 4% regular rate (Based on the *Code of Alabama 1975, Section 36-27-25(g)*).

Member Contributions

Tier 1 (Groups 1 and 2):

- Prior to October 1, 2011, each member contributed 6.0% of salary.
- Beginning October 1, 2011, each member contributed 8.25% of salary.
- Beginning October 1, 2012, each member contributed 8.5% of salary.

Tier 2 (Group 3) and District Attorneys:

Each Tier 2 member and District Attorney member contributes 8.5% of salary.

If a positive investment performance results in a decrease in the total contribution rate paid by employers and employees participating in the System, the Retirement Systems of Alabama shall first reduce the employee contribution rate.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Summary of Plan Provisions (Continued)

By State The State makes contributions, which in addition to the members' contributions, are sufficient to provide the retirement allowances described.

Special Privileges at Retirement

Tier 2 (Group 3) and District Attorneys:

In lieu of the full retirement allowance, any member may, at retirement, elect to receive a reduced retirement allowance equal in value to the full allowance with the provision that:

Option 1. If the member dies before the annuity payments equal or exceed the present value of the value of the annuity in the member's account at the date of retirement, the balance is paid to a designated beneficiary or to the estate, or

Option 2. After the member's death, the member's allowance is continued throughout the life of the designated beneficiary, or

Option 3. After the member's death, one half of the member's allowance is continued throughout the life of the designated beneficiary, or

Option 4. Some other benefit is paid either to the member or to the designated beneficiary provided such benefit, together with the reduced retirement allowance, is of equivalent actuarial value to his retirement allowance and is approved.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Supporting Schedules

Supporting Schedules

The following schedule presents a ten-year history of active member valuation data:

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

(Dollar Amounts Not in Thousands)

Valuation Date	Number	Annual Payroll*	Annual Average Pay**	% Increase/ (Decrease) in Average Pay
9/30/2023	385	\$ 57,621,347	\$ 149,666	0.58%
9/30/2022	372	55,352,812	148,798	14.34
9/30/2021	368	47,891,703	130,140	0.88
9/30/2020	365	47,084,500	128,999	4.17
9/30/2019	366	45,325,830	123,841	(2.50)
9/30/2018	345	43,819,340	127,013	0.65
9/30/2017	351	44,291,914	126,188	(1.45)
9/30/2016	336	43,022,891	128,044	1.08
9/30/2015	338	42,814,343	126,670	0.27
9/30/2014	338	42,698,909	126,328	1.94

*4.6% increase for total pay since 2016.

The following table presents a ten-year history of funding progress:

SCHEDULE OF FUNDING PROGRESS

(Dollar Amounts in Thousands)

Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Percentage Funded (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
9/30/2023 ¹	\$ 333,185	\$ 556,473	\$ 223,288	59.9	\$ 57,621	387.5
9/30/2022	334,668	544,518	209,850	61.5	55,353	379.1
9/30/2021 ¹	333,779	499,916	166,136	66.8	47,892	346.9
9/30/2020	318,673	481,862	163,189	66.1	47,085	346.6
9/30/2019	310,689	475,829	165,140	65.3	45,326	364.3
9/30/2018 ¹	305,397	457,834	152,437	66.7	43,819	347.9
9/30/2017 ²	293,090	448,446	155,356	65.4	44,292	350.8
9/30/2016 ¹	279,807	446,920	167,113	62.6	43,023	388.4
9/30/2015	267,414	427,591	160,177	62.5	42,814	374.1
9/30/2014	257,452	422,863	165,411	60.9	42,699	387.4

¹Reflects changes in actuarial assumptions and methods.

²Reflects changes in benefit structure beginning November 8, 2016.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Supporting Schedules (Continued)

The following schedule presents a ten- year history of solvency tests:

SOLVENCY TEST (Dollar Amounts in Thousands)

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	% of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Retirants and Beneficiaries	Active Members (Employer Financed Portion)				
9/30/2023	\$ 51,331	\$ 375,785	\$ 129,357	\$ 333,185	100	75	0
9/30/2022	51,509	357,653	135,356	334,668	100	79	0
9/30/2021 ¹	47,304	343,885	108,727	333,779	100	83	0
9/30/2020	43,899	338,492	99,472	318,673	100	81	0
9/30/2019	40,993	338,734	96,102	310,689	100	80	0
9/30/2018 ¹	48,609	296,550	112,675	305,397	100	87	0
9/30/2017	44,792	296,231	107,422	293,090	100	84	0
9/30/2016 ¹	45,900	280,836	120,185	279,807	100	83	0
9/30/2015	42,745	272,624	112,222	267,414	100	82	0
9/30/2014	40,981	268,439	113,443	257,452	100	81	0

¹Reflects a change in actuarial assumptions and methods.

The following schedule presents ten years of retirant and beneficiary data:

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED AND REMOVED FROM ROLLS

Fiscal Year Ended	Retirees Added		Retirees Removed		Retirees - Year-end		% Increase/ (Decrease) in Annual Allowances	Average Annual Allowance
	Number	Annual Allowances (000s)	Number	Annual Allowances (000s)	Number	Annual Allowances (000s)		
2023	22	\$ 1,828	11	\$ 1,010	464	\$ 37,296	2.24	\$ 80,379
2022 ¹	11	869	5	446	453	36,478	1.17	80,525
2021	10	609	17	1,470	447	36,055	(2.33)	80,660
2020	11	950	9	771	454	36,916	0.49	81,313
2019 ²	52	5,360	3	269	452	36,737	16.09	81,277
2018	11	733	13	1,071	403	31,646	(1.06)	78,526
2017 ³	27	2,688	6	490	405	31,984	7.38	78,973
2016	11	970	11	889	384	29,786	0.27	77,568
2015	16	1,500	6	479	384	29,705	3.56	77,357
2014	9	918	10	798	374	28,684	0.42	76,695

1 - Reflects impact of Act 2021-441, which revised salary structure for state judges and district attorneys.

2 - Reflects 3% COLA and increase in retirements added is a result of the 2019 election cycle.

3 - Increase in retirements added is a result of the 2017 election cycle.

4 - Increase in retirements added is a result of the 2013 election cycle.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Supporting Schedules (Continued)

The following table provides an analysis of actuarial gains and losses:

ANALYSIS OF ACTUARIAL GAINS AND LOSSES

(Dollar Amounts in Thousands)

	<u>Amount</u>
Unfunded Actuarial Liability as of September 30, 2022	\$ 209,850
Normal Cost for 2023 Plan Year	6,004
Contributions Received During the Year	(20,857)
Interest to Year End	<u>15,202</u>
Expected Unfunded Actuarial Liability as of September 30, 2023	<u>210,199</u>
 Actuarial (Gains) Losses During the Year	
From Investments	8,690
From Actuarial Liabilities	<u>4,399</u>
Total Actuarial (Gains)/Losses During the Year	<u>13,089</u>
Actual Unfunded Actuarial Liability as of September 30, 2023	<u><u>\$ 223,288</u></u>



STATISTICAL SECTION

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMPONENT UNITS OF THE STATE OF ALABAMA**



The Statistical Section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Retirement Systems' overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Retirement Systems' financial performance has changed over time.

Additions by Source – Ten-Year History – page 172

Deductions by Type – Ten-Year History – page 173

Benefits by Type – Ten-Year History – page 174

Ten-Year History of Additions, Reductions, and Changes in Net Position – page 175

Retirees and Beneficiaries

These schedules provide information concerning the retirees and beneficiaries receiving benefits.

Retired Members by Type of Benefit – page 181

Ten-Year History of Average Monthly Benefit Payments – page 184

Participating Units

These schedules provide information concerning units participating in the Employees' Retirement System.

Local Participating Employers – page 187

Largest Employers – Ten-Year History – page 196

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Additions by Source

Ten-Year History

(Dollar Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM
ADDITIONS BY SOURCE

Fiscal Year	Member Contributions \$	Employer Contributions					Transfers from an Internal Service Fund	Marketing & Advertising Revenue	Direct Appropriation from the Education Trust Fund	Investment Income/(Loss)	Total
		Amount	Tier 1	Tier 2 @	PEEHP	Employer Rate (%)					
2024	\$ 625,336	\$ 1,066,094	12.59	11.57	-	-	\$ 670	\$ 5,712,335	-	\$ 7,404,435	
2023	596,833	1,008,365	12.59	11.44	-	-	503	3,335,244	-	4,940,945	
2022	563,132	932,332	12.43	11.32	-	-	335	(3,876,927)	58,400	(2,322,728)	
2021	525,755	874,401	12.36	11.22	-	-	377	5,727,839	-	7,128,372	
2020	515,003	862,475	12.43	11.34	-	-	602	1,374,356	-	2,752,436	
2019	522,909	869,336	12.41	11.35	-	-	-	614,427	-	2,006,672	
2018	493,466	802,598	12.24	11.01	24,700	-	-	2,264,234	-	3,584,998	
2017	489,638	782,695	12.01	10.82	-	-	-	2,636,105	-	3,908,438	
2016	475,980	751,902	11.94	10.84	-	-	-	2,199,404	-	3,427,286	
2015	477,918	737,671	11.71	11.05	-	-	-	261,468	-	1,477,057	

EMPLOYEES' RETIREMENT SYSTEM
ADDITIONS BY SOURCE

Fiscal Year	Member Contributions \$	Employer Contributions					State Police	State Employees	Local	New Units	Transfers from an Internal Service Fund	Marketing & Advertising Revenue	Investment Income/(Loss)	Total
		Amount	State	Police	Employees	Employer Rate (%)								
2024	\$ 362,580	\$ 669,034	16.00	53.38	13.76	44.84	*	*	*	-	\$ -	\$ 330	\$ 2,936,371	\$ 3,968,315
2023	334,456	593,211	14.82	51.67	14.44	42.86	*	*	*	-	-	248	1,653,894	2,581,809
2022	309,720	559,869	14.83	52.22	14.44	42.86	*	*	*	2,679	-	165	(1,945,460)	(1,073,027)
2021	286,396	516,402	14.64	51.75	14.24	42.89	*	*	*	-	251	-	2,860,948	3,663,997
2020	270,947	519,806	15.24	52.29	14.87	45.56	*	*	*	344,352	395	-	723,630	1,859,130
2019	254,440	467,553	14.51	50.08	14.14	43.43	*	*	*	-	-	-	320,585	1,042,578
2018	241,741	426,340	13.94	44.44	13.29	39.29	*	*	*	-	-	-	1,098,412	1,766,493
2017	233,901	426,215	13.89	57.25	13.25	53.55	*	*	*	-	-	-	1,402,163	2,062,279
2016	238,017	435,098	14.57	42.61	14.09	38.98	*	*	*	-	-	-	1,053,031	1,726,146
2015	229,254	410,932	13.45	38.37	13.31	32.45	*	*	*	-	-	-	126,490	766,676

JUDICIAL RETIREMENT FUND
ADDITIONS BY SOURCE

Fiscal Year	Member Contributions \$	Employer Contributions					Group 1 & 2	Group 3 - Judges & Clerks**	District Attorneys***	Investment Income/(Loss)	Total
		Amount	State	Police	Employees	Employer Rate (%)					
2024	\$ 5,249	\$ 22,504	42.47	37.72	19.77	69.561	\$ 97,314	\$ 42,820	\$ 69,448	\$ 26,470	\$ 17,904
2023	5,019	21,609	42.10	37.34	19.77	51,779	63,731	23,159	45,442	33,139	48,669
2022	4,692	20,617	40.80	35.61	19.77	11,016	27,622	32,685	54,030	28,321	17,904
2021	4,271	18,260	41.40	34.32	19.77	-	-	-	-	-	-
2020	4,184	18,099	41.40	34.32	19.77	-	-	-	-	-	-
2019	4,101	18,022	41.40	34.32	19.77	-	-	-	-	-	-
2018	3,867	17,180	40.09	34.32	19.77	-	-	-	-	-	-
2017	3,972	17,373	40.65	-	-	-	-	-	-	-	-
2016	3,723	17,529	40.98	-	-	-	-	-	-	-	-
2015	3,683	15,077	35.24	-	-	-	-	-	-	-	-

§ Includes transfers from other systems.

* Local agency rates differ for each participating agency.

© A new tier of benefits was established for members hired on or after January 1, 2013, which included different contribution rates for the members and their employers.

**A new plan was created within the JRF for Judges and Clerks who were first elected or appointed on or after November 8, 2016, and were not previously a member of the JRF or the Clerks' & Registers' Superannuation Fund.

***A new plan was created within the JRF for District Attorneys who were serving in the capacity of District Attorney on or after November 8, 2016.

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Deductions by Type

Ten-Year History

(Dollar Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM DEDUCTIONS BY TYPE

Fiscal Year	Retirement Allowance Payments	Return of Contributions & Death Benefits	Membership Service Transfers	Administrative Expenses	Depreciation	Total
2024	\$ 2,646,769	\$ 74,617	\$ 6,265	\$ 29,119	\$ 8,905	\$ 2,765,675
2023	2,566,776	65,142	6,825	25,694	9,143	2,673,580
2022	2,555,391	68,722	6,213	18,945	9,060	2,658,331
2021	2,415,128	63,747	4,421	20,402	9,133	2,512,831
2020	2,328,892	60,601	4,891	21,957	9,154	2,425,495
2019	2,233,514	56,861	4,187	20,583	7,512	2,322,657
2018	2,204,031	58,538	4,908	15,952	6,338	2,289,767
2017	2,111,830	55,634	3,413	16,390	6,012	2,193,279
2016	2,155,784	57,130	6,223	14,873	4,709	2,238,719
2015	2,075,302	58,060	3,432	15,074	4,258	2,156,126

EMPLOYEES' RETIREMENT SYSTEM DEDUCTIONS BY TYPE

Fiscal Year	Retirement Allowance Payments	Return of Contributions & Death Benefits	Unit Withdrawals & Membership Service Transfers	Administrative Expenses	Depreciation	Total
2024	\$ 1,401,620	\$ 59,285	\$ 10,204	\$ 14,891	\$ 3,523	\$ 1,489,523
2023	1,366,602	55,427	8,775	13,285	3,538	1,447,627
2022	1,323,657	58,978	9,798	11,306	3,551	1,407,290
2021	1,260,159	54,157	6,246	10,977	3,520	1,335,059
2020	1,209,437	46,745	4,344	13,128	3,411	1,277,065
2019	1,123,150	48,675	6,803	12,934	2,895	1,194,457
2018	1,096,883	45,070	5,415	11,219	2,544	1,161,131
2017	1,050,340	48,683	3,357	11,982	2,520	1,116,882
2016	1,038,517	45,768	3,668	11,002	2,021	1,100,976
2015	1,018,515	51,024	4,059	11,136	2,046	1,086,780

JUDICIAL RETIREMENT FUND DEDUCTIONS BY TYPE

Fiscal Year	Retirement Allowance Payments	Return of Contributions & Death Benefits	Membership Service Transfers	Administrative Expenses	Depreciation	Total
2024	\$ 42,935	\$ 179	\$ -	\$ 559	\$ -	\$ 43,673
2023	42,580	341	23	527	-	43,471
2022	40,542	325	-	443	-	41,310
2021	39,089	28	-	374	-	39,491
2020	38,812	256	-	357	-	39,425
2019	36,909	646	-	357	-	37,912
2018	33,419	130	-	328	-	33,877
2017	32,807	353	-	334	-	33,494
2016	30,893	115	-	397	-	31,405
2015	30,348	100	55	356	-	30,859

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Benefits by Type

Ten-Year History

(Dollar Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM BENEFITS BY TYPE

Fiscal Year	Age & Service Benefits			Return of Contributions & Death Benefits	
	Retirants	Beneficiaries	Disability Benefits	Return of Contributions	Death Benefits
2024	\$ 2,458,551	\$ 116,589	\$ 71,629	\$ 51,516	\$ 23,101
2023	2,386,739	108,695	71,342	48,094	17,048
2022	2,382,245	102,109	71,037	45,812	22,910
2021	2,248,819	95,720	70,589	40,818	22,929
2020	2,168,552	90,192	70,148	43,657	16,944
2019	2,079,529	85,566	68,419	42,528	14,333
2018	2,053,906	82,406	67,719	45,711	12,827
2017	1,971,017	75,812	65,001	42,492	13,142
2016	2,021,973	70,959	62,852	42,552	14,578
2015	1,947,983	66,636	60,683	43,965	14,095

EMPLOYEES' RETIREMENT SYSTEM BENEFITS BY TYPE

Fiscal Year	Age & Service Benefits			Return of Contributions & Death Benefits	
	Retirants	Beneficiaries	Disability Benefits	Return of Contributions	Death Benefits
2024	\$ 1,266,819	\$ 71,417	\$ 63,384	\$ 44,707	\$ 14,578
2023	1,234,517	68,392	63,693	44,672	10,755
2022	1,197,220	63,716	62,721	44,504	14,474
2021	1,138,176	59,538	62,445	37,651	16,506
2020	1,092,775	55,119	61,543	34,267	12,478
2019	1,010,482	52,028	60,640	38,696	9,979
2018	987,527	49,220	60,136	34,577	10,843
2017	946,203	45,810	58,327	39,486	9,197
2016	937,752	43,376	57,389	36,926	8,842
2015	919,657	42,308	56,550	41,224	9,800

JUDICIAL RETIREMENT FUND BENEFITS BY TYPE

Fiscal Year	Age & Service Benefits			Return of Contributions & Death Benefits	
	Retirants	Beneficiaries	Disability Benefits	Return of Contributions	Death Benefits
2024	\$ 37,448	\$ 4,702	\$ 785	\$ -	\$ 179
2023	37,324	4,632	624	127	214
2022	35,373	4,657	512	109	216
2021	34,518	4,047	524	28	-
2020	34,193	4,054	565	133	123
2019	32,288	4,055	566	646	-
2018	28,983	3,913	523	86	44
2017	28,370	3,956	481	334	19
2016	26,556	3,850	487	105	10
2015	26,082	3,839	427	92	8

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2024	2023	2022	2021	2020
Additions					
Contributions					
Employee	\$ 616,300	\$ 588,284	\$ 553,615	\$ 519,627	\$ 510,818
Employer	1,066,094	1,008,365	932,332	874,401	862,475
Transfers from the Employees' Retirement System	9,036	8,526	9,517	6,128	4,185
Transfers from the Judicial Retirement Fund	-	23	-	-	-
Transfers from PEEHIP	-	-	-	-	-
Transfers from an Internal Service Fund	-	-	-	377	602
Marketing & Advertising Revenue	670	503	335	-	-
Direct Appropriation from the Education Trust Fund	-	-	58,400	-	-
Total Contributions	1,692,100	1,605,701	1,554,199	1,400,533	1,378,080
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	4,941,999	2,625,411	(4,500,179)	5,155,012	801,465
Interest and Dividends	774,463	714,409	629,210	576,552	576,193
Total Investment Income/(Loss) from Investing Activities	5,716,462	3,339,820	(3,870,969)	5,731,564	1,377,658
Less: Investment Expenses, Net	11,580	11,696	11,573	11,191	9,719
Net Investment Income/(Loss) from Investing Activities	5,704,882	3,328,124	(3,882,542)	5,720,373	1,367,939
From Securities Lending Activities					
Securities Lending Income	67,857	63,743	12,606	11,019	13,960
Less Securities Lending Expenses:					
Borrower Rebates	57,261	52,783	4,585	108	4,423
Management Fees	3,143	3,840	2,406	3,445	3,120
Total Securities Lending Expenses	60,404	56,623	6,991	3,553	7,543
Net Income from Securities Lending Activities	7,453	7,120	5,615	7,466	6,417
Total Net Investment Income/(Loss)	5,712,335	3,335,244	(3,876,927)	5,727,839	1,374,356
Total Additions/Reductions	7,404,435	4,940,945	(2,322,728)	7,128,372	2,752,436
Deductions					
Retirement Allowance Payments	2,646,769	2,566,776	2,555,391	2,415,128	2,328,892
Return of Contributions and Death Benefits	74,617	65,142	68,722	63,747	60,601
Transfers to the Employees' Retirement System	6,265	6,825	6,213	4,421	4,891
Transfers to the Judicial Retirement Fund	-	-	-	-	-
Administrative Expenses	29,119	25,694	18,945	20,402	21,957
Depreciation	8,905	9,143	9,060	9,133	9,154
Total Deductions	2,765,675	2,673,580	2,658,331	2,512,831	2,425,495
Net Increase/(Decrease) in Fiduciary Net Position	4,638,760	2,267,365	(4,981,059)	4,615,541	326,941
Net Position Restricted for Pension Benefits					
Beginning of Year - as previously reported	27,848,236	25,580,871	30,561,930	25,946,389	25,619,448
Adjustment for Application of GASB 68	-	-	-	-	-
Adjustment for Application of GASB 75	-	-	-	-	-
Beginning of Year - as adjusted	27,848,236	25,580,871	30,561,930	25,946,389	25,619,448
End of Year	\$ 32,486,996	\$ 27,848,236	\$ 25,580,871	\$ 30,561,930	\$ 25,946,389

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2019	2018	2017	2016	2015
Additions					
Contributions					
Employee	\$ 516,675	\$ 488,503	\$ 486,542	\$ 472,390	\$ 473,903
Employer	869,336	802,598	782,695	751,902	737,671
Transfers from the Employees' Retirement System	6,234	4,963	3,096	3,590	4,015
Transfers from the Judicial Retirement Fund	-	-	-	-	-
Transfers from PEEHIP	-	24,700	-	-	-
Transfers from an Internal Service Fund	-	-	-	-	-
Marketing & Advertising Revenue	-	-	-	-	-
Direct Appropriation from the Education Trust Fund	-	-	-	-	-
Total Contributions	1,392,245	1,320,764	1,272,333	1,227,882	1,215,589
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	33,671	1,615,440	2,021,774	1,589,279	(381,400)
Interest and Dividends	583,329	650,293	613,353	607,795	640,910
Total Investment Income/(Loss) from Investing Activities	617,000	2,265,733	2,635,127	2,197,074	259,510
Less: Investment Expenses, Net	9,205	9,171	8,685	7,731	6,407
Net Investment Income/(Loss) from Investing Activities	607,795	2,256,562	2,626,442	2,189,343	253,103
From Securities Lending Activities					
Securities Lending Income	28,905	23,246	20,125	15,930	11,512
Less Securities Lending Expenses:					
Borrower Rebates	19,431	12,385	7,350	2,825	365
Management Fees	2,842	3,189	3,112	3,044	2,782
Total Securities Lending Expenses	22,273	15,574	10,462	5,869	3,147
Net Income from Securities Lending Activities	6,632	7,672	9,663	10,061	8,365
Total Net Investment Income/(Loss)	614,427	2,264,234	2,636,105	2,199,404	261,468
Total Additions/Reductions	2,006,672	3,584,998	3,908,438	3,427,286	1,477,057
Deductions					
Retirement Allowance Payments	2,233,514	2,204,031	2,111,830	2,155,784	2,075,302
Return of Contributions and Death Benefits	56,861	58,538	55,634	57,130	58,060
Transfers to the Employees' Retirement System	4,187	4,899	3,413	6,223	3,432
Transfers to the Judicial Retirement Fund	-	9	-	-	-
Administrative Expenses	20,583	15,952	16,390	14,873	15,074
Depreciation	7,512	6,338	6,012	4,709	4,258
Total Deductions	2,322,657	2,289,767	2,193,279	2,238,719	2,156,126
Net Increase/(Decrease) in Fiduciary Net Position	(315,985)	1,295,231	1,715,159	1,188,567	(679,069)
Net Position Restricted for Pension Benefits					
Beginning of Year - as previously reported	25,935,433	24,651,457	22,936,298	21,747,731	22,441,307
Adjustment for Application of GASB 68	-	-	-	-	(14,507)
Adjustment for Application of GASB 75	-	(11,255)	-	-	-
Beginning of Year - as adjusted	25,935,433	24,640,202	22,936,298	21,747,731	22,426,800
End of Year	\$ 25,619,448	\$ 25,935,433	\$ 24,651,457	\$ 22,936,298	\$ 21,747,731

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2024	2023	2022	2021	2020
Additions					
Contributions					
Employee	\$ 356,315	\$ 327,631	\$ 303,507	\$ 281,975	\$ 266,056
Employer	669,034	593,211	559,869	516,402	519,806
New Units	-	-	2,679	-	344,352
Transfers from the Teachers' Retirement System	6,265	6,825	6,213	4,421	4,891
Transfers from the Judicial Retirement Fund	-	-	-	-	-
Transfers from an Internal Service Fund	-	-	-	251	395
Marketing & Advertising Revenue	330	248	165	-	-
Total Contributions	1,031,944	927,915	872,433	803,049	1,135,500
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	2,534,930	1,283,045	(2,274,633)	2,558,276	425,632
Interest and Dividends	401,483	370,837	329,975	302,802	298,770
Total Investment Income/(Loss) from Investing Activities	2,936,413	1,653,882	(1,944,658)	2,861,078	724,402
Less: Investment Expenses, Net	3,617	3,611	3,544	4,003	3,828
Net Investment Income/(Loss) from Investing Activities	2,932,796	1,650,271	(1,948,202)	2,857,075	720,574
From Securities Lending Activities					
Securities Lending Income	34,592	34,364	6,284	5,685	6,534
Less Securities Lending Expenses:					
Borrower Rebates	29,509	28,834	2,367	39	1,996
Management Fees	1,508	1,907	1,175	1,773	1,482
Total Securities Lending Expenses	31,017	30,741	3,542	1,812	3,478
Net Income from Securities Lending Activities	3,575	3,623	2,742	3,873	3,056
Total Net Investment Income/(Loss)	2,936,371	1,653,894	(1,945,460)	2,860,948	723,630
Total Additions/Reductions	3,968,315	2,581,809	(1,073,027)	3,663,997	1,859,130
Deductions					
Retirement Allowance Payments	1,401,620	1,366,602	1,323,657	1,260,159	1,209,437
Return of Contributions and Death Benefits	59,285	55,427	58,978	54,157	46,745
Unit Withdrawals	892	-	53	-	-
Transfers to the Teachers' Retirement System	9,036	8,526	9,517	6,128	4,185
Transfers to the Judicial Retirement Fund	276	249	228	118	159
Administrative Expenses	14,891	13,285	11,306	10,977	13,128
Depreciation	3,523	3,538	3,551	3,520	3,411
Total Deductions	1,489,523	1,447,627	1,407,290	1,335,059	1,277,065
Net Increase/(Decrease) in Fiduciary Net Position	2,478,792	1,134,182	(2,480,317)	2,328,938	582,065
Net Position Restricted for Pension Benefits					
Beginning of Year - as previously reported	14,133,341	12,999,159	15,479,476	13,150,538	12,568,473
Adjustment for Application of GASB 68	-	-	-	-	-
Adjustment for Application of GASB 75	-	-	-	-	-
Beginning of Year - as adjusted	14,133,341	12,999,159	15,479,476	13,150,538	12,568,473
End of Year	\$ 16,612,133	\$ 14,133,341	\$ 12,999,159	\$ 15,479,476	\$ 13,150,538

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2019	2018	2017	2016	2015
Additions					
Contributions					
Employee	\$ 250,253	\$ 236,842	\$ 230,488	\$ 231,794	\$ 225,767
Employer	467,553	426,340	426,215	435,098	410,932
New Units	-	-	-	-	-
Transfers from the Teachers' Retirement System	4,187	4,899	3,413	6,223	3,432
Transfers from the Judicial Retirement Fund	-	-	-	-	55
Transfers from an Internal Service Fund	-	-	-	-	-
Marketing & Advertising Revenue	-	-	-	-	-
Total Contributions	721,993	668,081	660,116	673,115	640,186
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	30,092	775,132	1,098,859	753,836	(186,154)
Interest and Dividends	291,011	323,182	302,295	297,369	311,516
Total Investment Income/(Loss) from Investing Activities	321,103	1,098,314	1,401,154	1,051,205	125,362
Less: Investment Expenses, Net	3,661	3,395	3,305	2,883	2,771
Net Investment Income/(Loss) from Investing Activities	317,442	1,094,919	1,397,849	1,048,322	122,591
From Securities Lending Activities					
Securities Lending Income	13,884	10,589	9,127	7,481	5,353
Less Securities Lending Expenses:					
Borrower Rebates	9,394	5,647	3,424	1,356	164
Management Fees	1,347	1,449	1,389	1,416	1,290
Total Securities Lending Expenses	10,741	7,096	4,813	2,772	1,454
Net Income from Securities Lending Activities	3,143	3,493	4,314	4,709	3,899
Total Net Investment Income/(Loss)	320,585	1,098,412	1,402,163	1,053,031	126,490
Total Additions/Reductions	1,042,578	1,766,493	2,062,279	1,726,146	766,676
Deductions					
Retirement Allowance Payments	1,123,150	1,096,883	1,050,340	1,038,517	1,018,515
Return of Contributions and Death Benefits	48,675	45,070	47,683	45,768	51,024
Unit Withdrawals	380	350	1,000	-	-
Transfers to Teachers' Retirement System	6,234	4,963	3,096	3,590	4,015
Transfers to Judicial Retirement Fund	189	102	261	78	44
Administrative Expenses	12,934	11,219	11,982	11,002	11,136
Depreciation	2,895	2,544	2,520	2,021	2,046
Total Deductions	1,194,457	1,161,131	1,116,882	1,100,976	1,086,780
Net Increase/(Decrease) in Fiduciary Net Position	(151,879)	605,362	945,397	625,170	(320,104)
Net Position Restricted for Pension Benefits					
Beginning of Year - as previously reported	12,720,352	12,122,471	11,177,074	10,551,904	10,883,952
Adjustment for Application of GASB 68	-	-	-	-	(11,944)
Adjustment for Application of GASB 75	-	(7,481)	-	-	-
Beginning of Year - as adjusted	12,720,352	12,114,990	11,177,074	10,551,904	10,872,008
End of Year	\$ 12,568,473	\$ 12,720,352	\$ 12,122,471	\$ 11,177,074	\$ 10,551,904

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Judicial Retirement Fund

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2024	2023	2022	2021	2020
Additions					
Contributions					
Employee	\$ 4,973	\$ 4,770	\$ 4,464	\$ 4,153	\$ 4,025
Employer	22,504	21,609	20,617	18,260	18,099
Transfers from the Teachers' Retirement System	-	-	-	-	-
Transfers from the Employees' Retirement System	276	249	228	118	159
Total Contributions	<u>27,753</u>	<u>26,628</u>	<u>25,309</u>	<u>22,531</u>	<u>22,283</u>
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	60,573	34,443	(59,058)	56,970	16,173
Interest and Dividends	8,921	8,312	7,229	6,689	6,928
Total Investment Income/(Loss) from Investing Activities	<u>69,494</u>	<u>42,755</u>	<u>(51,829)</u>	<u>63,659</u>	<u>23,101</u>
Less: Investment Expenses, Net	-	-	-	-	-
Net Investment Income/(Loss) from Investing Activities	<u>69,494</u>	<u>42,755</u>	<u>(51,829)</u>	<u>63,659</u>	<u>23,101</u>
From Securities Lending Activities					
Securities Lending Income	371	380	94	106	128
Less Securities Lending Expenses:					
Borrower Rebates	276	281	23	1	41
Management Fees	28	34	21	33	29
Total Securities Lending Expenses	<u>304</u>	<u>315</u>	<u>44</u>	<u>34</u>	<u>70</u>
Net Income from Securities Lending Activities	<u>67</u>	<u>65</u>	<u>50</u>	<u>72</u>	<u>58</u>
Total Investment Income/(Loss)	<u>69,561</u>	<u>42,820</u>	<u>(51,779)</u>	<u>63,731</u>	<u>23,159</u>
Total Additions/Reductions	<u>97,314</u>	<u>69,448</u>	<u>(26,470)</u>	<u>86,262</u>	<u>45,442</u>
Deductions					
Retirement Allowance Payments	42,935	42,580	40,542	39,089	38,812
Return of Contributions and Death Benefits	179	341	325	28	256
Transfers to the Employees' Retirement System	-	-	-	-	-
Transfers to the Teachers' Retirement System	-	23	-	-	-
Administrative Expenses	<u>559</u>	<u>527</u>	<u>443</u>	<u>374</u>	<u>357</u>
Total Deductions	<u>43,673</u>	<u>43,471</u>	<u>41,310</u>	<u>39,491</u>	<u>39,425</u>
Net Increase/(Decrease) in Fiduciary Net Position	<u>53,641</u>	<u>25,977</u>	<u>(67,780)</u>	<u>46,771</u>	<u>6,017</u>
Net Position Restricted for Pension Benefits					
Beginning of Year - as previously reported	323,526	297,549	365,329	318,558	312,541
Adjustment for Application of GASB 68	-	-	-	-	-
Adjustment for Application of GASB 75	-	-	-	-	-
Beginning of Year - as adjusted	<u>323,526</u>	<u>297,549</u>	<u>365,329</u>	<u>318,558</u>	<u>312,541</u>
End of Year	<u>\$ 377,167</u>	<u>\$ 323,526</u>	<u>\$ 297,549</u>	<u>\$ 365,329</u>	<u>\$ 318,558</u>

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Judicial Retirement Fund

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2019	2018	2017	2016	2015
Additions					
Contributions					
Employee	\$ 3,912	\$ 3,756	\$ 3,711	\$ 3,645	\$ 3,639
Employer	18,022	17,180	17,373	17,529	15,077
Transfers from the Teachers' Retirement System	-	9	-	-	-
Transfers from the Employees' Retirement System	189	102	261	78	44
Total Contributions	22,123	21,047	21,345	21,252	18,760
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	3,476	20,071	25,639	21,302	(7,695)
Interest and Dividends	7,463	7,471	6,910	6,865	6,698
Total Investment Income/(Loss) from Investing Activities	10,939	27,542	32,549	28,167	(997)
Less: Investment Expenses, Net	-	-	-	-	-
Net Investment Income/(Loss) from Investing Activities	10,939	27,542	32,549	28,167	(997)
From Securities Lending Activities					
Securities Lending Income	327	248	270	258	195
Less Securities Lending Expenses:					
Borrower Rebates	218	134	90	58	7
Management Fees	32	34	44	46	47
Total Securities Lending Expenses	250	168	134	104	54
Net Income from Securities Lending Activities	77	80	136	154	141
Total Investment Income/(Loss)	11,016	27,622	32,685	28,321	(856)
Total Additions/Reductions	33,139	48,669	54,030	49,573	17,904
Deductions					
Retirement Allowance Payments	36,909	33,419	32,807	30,893	30,348
Return of Contributions and Death Benefits	646	130	353	115	100
Transfers to the Employees' Retirement System	-	-	-	-	55
Administrative Expenses	357	328	334	397	356
Total Deductions	37,912	33,877	33,494	31,405	30,859
Net Increase/(Decrease) in Fiduciary Net Position	(4,773)	14,792	20,536	18,168	(12,955)
Net Position Restricted for Pension Benefits					
Beginning of Year - as previously reported	317,314	302,578	282,042	263,874	277,096
Adjustment for Application of GASB 68	-	-	-	-	(267)
Adjustment for Application of GASB 75	-	(56)	-	-	-
Beginning of Year - as adjusted	317,314	302,522	282,042	263,874	276,829
End of Year	\$ 312,541	\$ 317,314	\$ 302,578	\$ 282,042	\$ 263,874

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Retired Members by Type of Benefit as of September 30, 2023

	Amount of Monthly Benefit		Number of Retirants	Type of Retirement ¹			Option Selected ²				
				A	B	C	Maximum	Opt-1	Opt-2	Opt-3	Opt-4
\$ 1 - 250			1,413	801	480	132	235	277	472	429	-
251 - 500			8,529	6,256	957	1,316	2,310	3,068	2,082	1,063	6
501 - 750			9,483	7,556	810	1,117	2,374	3,619	2,282	1,206	2
751 - 1,000			8,775	7,187	764	824	1,999	3,356	2,138	1,279	3
1,001 - 1,250			7,566	6,247	683	636	1,417	2,768	2,177	1,200	4
1,251 - 1,500			6,578	5,460	576	542	1,213	2,301	2,063	999	2
1,501 - 1,750			7,434	6,525	440	469	1,276	2,869	2,280	1,008	1
1,751 - 2,000			9,106	8,445	343	318	1,531	3,830	2,440	1,301	4
2,001 - 2,250			9,689	9,180	298	211	1,412	4,108	2,869	1,297	3
2,251 - 2,500			8,440	8,063	259	118	1,204	3,633	2,513	1,089	1
2,501 - 2,750			6,594	6,351	172	71	916	2,774	2,051	852	1
2,751 - 3,000			5,025	4,843	144	38	694	1,990	1,643	698	-
3,001 - 3,250			3,850	3,701	124	25	516	1,491	1,288	551	4
3,251 - 3,500			2,902	2,786	105	11	357	1,098	1,031	415	1
3,501 - 3,750			2,292	2,207	73	12	280	859	818	331	4
3,751 - 4,000			1,757	1,695	52	10	233	650	614	257	3
4,001 - 4,250			1,518	1,460	52	6	195	577	507	237	2
4,251 - 4,500			1,097	1,054	41	2	124	400	419	151	3
4,501 - 4,750			861	831	30	-	102	279	343	136	1
4,751 - 5,000			706	683	23	-	89	249	268	99	1
Over 5,000			3,658	3,538	116	4	388	1,047	1,635	578	10
Totals ³			107,273	94,869	6,542	5,862	18,865	41,243	31,933	15,176	56

¹ Type of Retirement

A - Service

B - Survivor benefit

C - Disability

² Option

Maximum - Life Annuity

Opt-1 - Cash Refund

Opt-2 - 100% Joint Survivorship

Opt-3 - 50% Joint Survivorship

Opt-4 - Other

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Retired Members by Type of Benefit as of September 30, 2023

Amount of Monthly Benefit	Number of Retirants	Type of Retirement ¹			Option Selected ²				
		A	B	C	Maximum	Opt-1	Opt-2	Opt-3	Opt-4
\$ 1 - 250	360	154	202	4	30	21	62	184	63
251 - 500	3,361	2,208	849	304	777	804	873	728	179
501 - 750	5,177	3,663	815	699	1,397	1,502	1,238	836	204
751 - 1,000	5,122	3,711	647	764	1,385	1,583	1,060	847	247
1,001 - 1,250	5,826	4,612	541	673	1,248	1,963	1,344	899	372
1,251 - 1,500	5,241	4,292	453	496	1,068	1,847	1,263	794	269
1,501 - 1,750	4,956	4,280	312	364	945	1,817	1,202	793	199
1,751 - 2,000	4,680	4,189	230	261	824	1,760	1,086	775	235
2,001 - 2,250	4,153	3,789	182	182	715	1,376	1,113	715	234
2,251 - 2,500	3,533	3,256	135	142	608	1,240	964	571	150
2,501 - 2,750	2,895	2,700	99	96	450	1,059	808	475	103
2,751 - 3,000	2,266	2,132	75	59	354	835	626	393	58
3,001 - 3,250	2,102	1,996	73	33	320	780	616	353	33
3,251 - 3,500	1,534	1,463	49	22	232	545	466	258	33
3,501 - 3,750	1,274	1,236	27	11	195	477	370	215	17
3,751 - 4,000	965	931	22	12	157	360	262	165	21
4,001 - 4,250	828	806	16	6	108	298	244	164	14
4,251 - 4,500	622	597	18	7	85	220	199	109	9
4,501 - 4,750	508	489	18	1	81	172	169	77	9
4,751 - 5,000	432	422	8	2	65	142	128	92	5
Over 5,000	1,853	1,812	31	10	263	635	553	380	22
Totals	57,688	48,738	4,802	4,148	11,307	19,436	14,646	9,823	2,476

¹ Type of Retirement

A - Service

B - Survivor benefit

C - Disability

² Option

Maximum - Life Annuity

Opt-1 - Cash Refund

Opt-2 - 100% Joint Survivorship

Opt-3 - 50% Joint Survivorship

Opt-4 - Other

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Judicial Retirement Fund

Retired Members by Type of Benefit as of September 30, 2023

Amount of Monthly Benefit	Number of Retirants	Type of Retirement †			Option	
		A	B	C	Maximum	Joint Survivorship
\$ 1 - 250	-	-	-	-	-	-
251 - 500	3	-	3	-	3	-
501 - 750	-	-	-	-	-	-
751 - 1,000	2	-	2	-	2	-
1,001 - 1,250	2	-	2	-	2	-
1,251 - 1,500	9	-	9	-	9	-
1,501 - 1,750	6	-	6	-	6	-
1,751 - 2,000	3	-	3	-	3	-
2,001 - 2,250	1	-	1	-	1	-
2,251 - 2,500	-	-	-	-	-	-
2,501 - 2,750	-	-	-	-	-	-
2,751 - 3,000	2	-	2	-	2	-
3,001 - 3,250	7	2	3	2	3	4
3,251 - 3,500	4	4	-	-	-	4
3,501 - 3,750	2	-	2	-	2	-
3,751 - 4,000	7	1	6	-	7	-
4,001 - 4,250	11	3	8	-	8	3
4,251 - 4,500	35	3	32	-	32	3
4,501 - 4,750	29	9	20	-	21	8
4,751 - 5,000	4	4	-	-	-	4
Over 5,000	340	326	8	6	56	284
Totals	467	352	107	8	157	310

† Type of Retirement

A - Service

B - Survivor benefit

C - Disability

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Ten-Year History of Average Monthly Benefit Payments as of September 30

	Years Credited Service				
	10-14	15-19	20-24	25-29	30 & over
2023					
Average monthly benefit	\$ 943	\$ 1,461	\$ 1,892	\$ 2,872	\$ 4,259
Average final average salary	\$ 50,577	\$ 53,462	\$ 53,975	\$ 68,672	\$ 79,322
Number of active retirants	724	664	594	1,544	718
2022					
Average monthly benefit	\$ 884	\$ 1,355	\$ 1,936	\$ 2,750	\$ 4,038
Average final average salary	\$ 46,450	\$ 49,352	\$ 54,861	\$ 64,669	\$ 74,010
Number of active retirants	\$ 864	\$ 769	\$ 702	\$ 1,717	\$ 896
2021					
Average monthly benefit	\$ 926	\$ 1,364	\$ 1,815	\$ 2,672	\$ 3,819
Average final average salary	\$ 48,416	\$ 49,569	\$ 51,424	\$ 63,105	\$ 71,608
Number of active retirants	\$ 767	\$ 739	\$ 715	\$ 1,738	\$ 1,009
2020					
Average monthly benefit	\$ 1,060	\$ 1,408	\$ 2,068	\$ 2,649	\$ 3,665
Average final average salary	\$ 51,082	\$ 50,019	\$ 56,716	\$ 62,502	\$ 68,785
Number of active retirants	\$ 812	\$ 682	\$ 821	\$ 1,418	\$ 899
2019					
Average monthly benefit	\$ 952	\$ 1,347	\$ 1,850	\$ 2,524	\$ 3,522
Average final average salary	\$ 47,460	\$ 48,489	\$ 51,915	\$ 59,072	\$ 66,278
Number of active retirants	\$ 825	\$ 634	\$ 709	\$ 1,426	\$ 813
2018					
Average monthly benefit	\$ 854	\$ 1,291	\$ 1,785	\$ 2,490	\$ 3,635
Average final average salary	\$ 44,361	\$ 46,765	\$ 50,942	\$ 58,748	\$ 68,533
Number of active retirants	\$ 917	\$ 714	\$ 623	\$ 1,460	\$ 726
2017					
Average monthly benefit	\$ 831	\$ 1,299	\$ 1,866	\$ 2,466	\$ 3,315
Average final average salary	\$ 42,451	\$ 46,698	\$ 51,545	\$ 57,495	\$ 63,269
Number of active retirants	\$ 952	\$ 631	\$ 744	\$ 1,396	\$ 605
2016					
Average monthly benefit	\$ 790	\$ 1,276	\$ 1,679	\$ 2,448	\$ 3,558
Average final average salary	\$ 41,166	\$ 46,315	\$ 47,377	\$ 57,439	\$ 66,923
Number of active retirants	950	646	626	1,456	502
2015					
Average monthly benefit	\$ 822	\$ 1,189	\$ 1,731	\$ 2,340	\$ 3,350
Average final average salary	\$ 42,410	\$ 42,982	\$ 49,065	\$ 54,854	\$ 63,017
Number of active retirants	934	667	650	1,476	529
2014					
Average monthly benefit	\$ 790	\$ 1,273	\$ 1,675	\$ 2,374	\$ 3,236
Average final average salary	\$ 40,969	\$ 46,200	\$ 47,036	\$ 56,099	\$ 60,273
Number of active retirants	855	656	633	1,397	364
2013					
Average monthly benefit	\$ 810	\$ 1,201	\$ 1,653	\$ 2,325	\$ 3,204
Average final average salary	\$ 41,846	\$ 43,291	\$ 46,143	\$ 55,080	\$ 59,738
Number of active retirants	879	676	600	1,216	278

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Ten-Year History of Average Monthly Benefit Payments as of September 30

	Years Credited Service				
	10-14	15-19	20-24	25-29	30 & over
2023					
Average monthly benefit	\$ 914	\$ 1,490	\$ 2,268	\$ 2,979	\$ 4,064
Average final average salary	\$ 49,333	\$ 53,991	\$ 61,087	\$ 67,608	\$ 74,436
Number of active retirants	458	354	490	751	484
2022					
Average monthly benefit	\$ 888	\$ 1,434	\$ 2,216	\$ 2,918	\$ 3,864
Average final average salary	\$ 46,242	\$ 51,765	\$ 58,835	\$ 65,112	\$ 70,933
Number of active retirants	491	398	442	831	580
2021					
Average monthly benefit	\$ 866	\$ 1,350	\$ 2,234	\$ 2,865	\$ 3,885
Average final average salary	\$ 44,605	\$ 48,578	\$ 57,627	\$ 64,418	\$ 71,759
Number of active retirants	543	418	517	813	628
2020					
Average monthly benefit	\$ 842	\$ 1,283	\$ 2,058	\$ 2,712	\$ 3,742
Average final average salary	\$ 44,040	\$ 46,227	\$ 55,166	\$ 61,800	\$ 70,016
Number of active retirants*	475	397	392	754	494
2019					
Average monthly benefit	\$ 785	\$ 1,284	\$ 1,728	\$ 2,564	\$ 3,498
Average final average salary	\$ 42,373	\$ 48,258	\$ 51,403	\$ 61,555	\$ 69,493
Number of active retirants	483	353	296	716	589
2018					
Average monthly benefit	\$ 779	\$ 1,189	\$ 1,848	\$ 2,510	\$ 3,641
Average final average salary	\$ 41,733	\$ 43,797	\$ 51,794	\$ 57,665	\$ 68,460
Number of active retirants	508	403	325	808	486
2017					
Average monthly benefit	\$ 777	\$ 1,219	\$ 1,851	\$ 2,480	\$ 3,529
Average final average salary	\$ 40,630	\$ 43,568	\$ 52,468	\$ 57,172	\$ 65,786
Number of active retirants	559	354	329	701	464
2016					
Average monthly benefit	\$ 756	\$ 1,212	\$ 1,655	\$ 2,349	\$ 3,341
Average final average salary	\$ 39,679	\$ 44,655	\$ 47,798	\$ 54,386	\$ 61,838
Number of active retirants	516	340	357	852	425
2015					
Average monthly benefit	\$ 714	\$ 1,182	\$ 1,726	\$ 2,398	\$ 3,379
Average final average salary	\$ 38,049	\$ 43,986	\$ 48,618	\$ 55,372	\$ 62,969
Number of active retirants	548	384	334	808	364
2014					
Average monthly benefit	\$ 737	\$ 1,144	\$ 1,676	\$ 2,326	\$ 3,258
Average final average salary	\$ 38,296	\$ 42,040	\$ 48,423	\$ 54,092	\$ 60,078
Number of active retirants	532	319	316	725	337

* Does not include 2,100 retirants that transferred in from the City of Montgomery on or after October 1, 2019.

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Judicial Retirement Fund

Ten-Year History of Average Monthly Benefit Payments as of September 30

	Years of Credited Service				
	10-14	15-19	20-24	25-29	30+
2023					
Average monthly benefit	\$ 10,522	\$ 10,888	\$ 11,356	\$ 11,531	\$ 11,061
Average final average salary	\$ 168,346	\$ 174,206	\$ 181,911	\$ 184,496	\$ 184,853
Number of active retirants	4	4	6	4	3
2022					
Average monthly benefit	\$ 6,224	\$ 10,547	\$ 8,646	\$ 7,409	\$ 4,675
Average final average salary	\$ 120,055	\$ 168,756	\$ 138,337	\$ 145,000	\$ 74,803
Number of active retirants	2	3	2	1	1
2021					
Average monthly benefit	\$ 8,582	\$ 11,615	\$ 8,136	\$ 9,682	\$ 8,664
Average final average salary	\$ 137,316	\$ 185,842	\$ 130,179	\$ 154,916	\$ 138,620
Number of active retirants	3	1	3	3	1
2020					
Average monthly benefit	\$ 6,896	\$ 7,518	\$ 9,714	\$ 9,767	\$ -
Average final average salary	\$ 110,342	\$ 120,292	\$ 155,422	\$ 156,272	\$ -
Number of active retirants	2	3	3	2	-
2019					
Average monthly benefit	\$ 7,864	\$ 8,451	\$ 8,373	\$ 8,647	\$ 9,241
Average final average salary	\$ 125,822	\$ 135,209	\$ 133,963	\$ 138,344	\$ 147,854
Number of active retirants	12	17	4	6	13
2018					
Average monthly benefit	\$ 2,713	\$ 9,115	\$ 9,200	\$ 9,371	\$ -
Average final average salary	\$ 43,414	\$ 145,838	\$ 147,199	\$ 149,936	\$ -
Number of active retirants	4	5	1	1	-
2017					
Average monthly benefit	\$ 8,409	\$ 8,519	\$ 9,345	\$ 8,453	\$ 9,262
Average final average salary	\$ 134,539	\$ 136,297	\$ 149,518	\$ 135,243	\$ 148,185
Number of active retirants	8	8	3	4	4
2016					
Average monthly benefit	\$ 6,928	\$ 8,952	\$ 9,293	\$ 8,204	\$ -
Average final average salary	\$ 110,854	\$ 143,234	\$ 148,686	\$ 131,271	\$ -
Number of active retirants	2	3	1	4	-
2015					
Average monthly benefit	\$ 8,692	\$ 9,043	\$ 9,319	\$ 9,332	\$ 8,202
Average final average salary	\$ 139,065	\$ 144,688	\$ 149,102	\$ 149,311	\$ 131,231
Number of active retirants	4	2	3	2	4
2014					
Average monthly benefit	\$ 8,528	\$ 9,158	\$ 9,051	\$ 9,371	\$ -
Average final average salary	\$ 136,441	\$ 146,529	\$ 144,812	\$ 149,936	\$ -
Number of active retirants	2	3	2	1	-

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Abbeville Water Works & Sewer Board	Autauga County Emergency Management
Abbeville, City of	Communication District
Adamsville, City of	Autauga County Water Authority
Addison, Town of	Autauga-Prattville Public Library
Alabama Cooperative Extension System	B. B. Comer Memorial Library
Alabama Historic Ironworks Commission	Bakerhill Water Authority
Alabama League of Municipalities	Bakerhill, Town of
Alabama Municipal Electric Authority	Baldwin County Commission
Alabama Rural Water Association	Baldwin County Emergency Communication
Alabama Space Science Exhibit Commission	District
Alabama Sports Hall of Fame	Baldwin County Sheriff's Office
Alabama Tombigbee Regional Commission	Baldwin County Soil & Water Conservation
Alabaster Water Board	District
Alabaster, City of	Baldwin County Solid Waste Disposal Authority
Albertville Housing Authority	Barbour County Commission
Albertville Municipal Utilities Board	Barbour County E-911 District Board
Albertville, City of	Bay Minette Housing Authority
Alexander City Housing Authority	Bay Minette, City of
Alexander City, City of	Bayou La Batre Housing Authority
Aliceville Housing Authority	Bayou La Batre Utilities Board
Aliceville, City of	Bayou La Batre, City of
AltaPointe Health Systems	Bear Creek Development Authority
Altoona, Town of	Bear Creek, Town of
Andalusia Housing Authority	Beauregard Water Authority
Andalusia Utilities Board	Berlin, Town of
Andalusia, City of	Berry, Town of
Anniston & Calhoun County Public Library	Bessemer, City of
Anniston Housing Authority	Beulah Utilities District
Anniston Water Works & Sewer Board	Bibb County Commission
Anniston, City of	Bibb County Emergency Management
Arab Housing Authority	Communication District
Arab Sewer Board	Big Wills Water Authority
Arab Water Works Board	Birmingham Racing Commission
Arab, Town of	Birmingham Regional Planning Commission
Argo, Town of	Birminghamport Fire District
Arley, Town of	Black Warrior Solid Waste Disposal Authority
Ashford Housing Authority	Blount County Commission
Ashland Housing Authority	Blount County Communications District
Ashland Water Works & Sewer Board	Blount County Water Authority
Ashland, City of	Blountsville Utility Board
Ashville, Town of	Blountsville, Town of
Association of County Commissioners of	Boaz Board of Water & Sewer Commissioners
Alabama	Boaz, City of
Athens Utilities	Boldo Water & Fire Protection Authority
Athens, City of	Boston Housing Authority
Athens-Limestone County Emergency	Brantley Housing Authority
Management Communications District	Brent Housing Authority
Athens-Limestone Public Library	Brent, City of
Atmore Housing Authority	Brewton Housing Authority
Atmore, City of	Brewton, City of
Attalla Housing Authority	Bridgeport Housing Authority
Attalla Water Works Board	Bridgeport Utilities Board
Attalla, City of	Bridgeport, City of
Auburn Housing Authority	Brilliant, Town of
Auburn Water Works Board	Brookwood, Town of
Auburn, City of	Brundidge, City of
Autauga County Commission	Buhl-Elrod-Holman Water Authority

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Bullock County Commission
Butler County Commission
Butler County Emergency Communication District
Butler, City of
Cahaba Center for Mental Health & Mental Retardation
Cahaba Valley Fire & Emergency Medical Rescue District
Calera, City of
Calhoun County 9-1-1 District
Calhoun County Commission
Calhoun County Community Punishment & Corrections Authority
Calhoun County Economic Development Council
Calhoun County Water & Fire Protection Authority
Calhoun-Cleburne Mental Health Board
Camden, City of
Camp Hill, Town of
Carbon Hill Utilities Board
Carbon Hill, City of
Carl Elliott Regional Library
Carroll's Creek Water Authority
Carrollton, Town of
Castleberry, Town of
Cedar Bluff Utilities Board & Solid Waste Authority
Cedar Bluff, Town of
Center Point Fire District
Center Point, City of
Central Alabama Aging Consortium
Central Alabama Regional Planning & Development Commission
Central Alabama Youth Services
Central Elmore Water & Sewer Authority
Central Talladega County Water District
Centre Water Works & Sewer Board
Centre, City of
Centreville, City of
Chambers County Commission
Chambers County Development Authority
Chambers County Emergency Management Communications District
Chambers County Library Board
Chatom, City of
Chelsea, City of
Cherokee County Commission
Cherokee County Water & Sewer Authority
Cherokee, Town of
Chickasaw Housing Authority
Chickasaw Utilities Board
Chickasaw, Town of
Childersburg Water Works, Sewer & Gas Board
Childersburg, City of
Chilton County Commission

Chilton County Soil & Water Conservation District
Chilton Water Authority
Chilton/Clanton Public Library
Chilton-Shelby Mental Health Center
Choctaw County Commission
Citizens' Water Service
Citizenship Trust American Village
Citronelle, City of
Clanton Housing Authority
Clanton Water Works & Sewer Board
Clanton, City of
Clarke County Commission
Clarke County Soil & Water Conservation District
Clarke-Mobile Counties Gas District
Clay County Commission
Clay County E-911
Clay County Industrial Development Council
Clay County Water Authority
Clayton Housing Authority
Clayton Water Works & Sewer Board
Clayton, City of
Cleburne County Commission
Cleveland, Town of
Coaling Water Authority
Coaling, Town of
Coffee County Commission
Coffee County Water Authority
Coffeeville, Town of
Coker Water Authority
Colbert County Commission
Colbert County Emergency Management Communications District
Colbert County Tourism & Convention Bureau
Collinsville Water Works & Sewer Board
Collinsville, City of
Columbia, Town of
Columbiana Housing Authority
Columbiana Water Works Board
Columbiana, Town of
Concord Fire District
Conecuh County Commission
Conecuh County E-911
Conecuh County Soil & Water Conservation District
Cook Springs Water Authority
Cooperative District for Northeast Alabama Gas
Coosa County Commission
Coosa County Emergency Communication Management Board
Coosa Valley Youth Services
Coosada, Town of
Cordova Housing Authority
Cordova Water & Gas Board
Cordova, City of
Cottonwood Housing Authority

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Cottonwood, City of	Dothan-Houston County Intellectual Disabilities Board
Courtland, Town of	Double Springs Water Works Board
Covington County Commission	Double Springs, Town of
Covington County E-911 Board	Douglas Water Authority
Covington County Water Authority	Douglas, Town of
Cowarts, Town of	Dutton, Town of
Crenshaw County Commission	East Alabama Mental Health-Mental Retardation Board
Crenshaw County Emergency Communications District	East Alabama Regional Planning & Development Commission
Creola, City of	East Alabama Water, Sewer & Fire Protection District
Crossville Water Works Board	East Brewton, City of
Crossville, Town of	East Central Alabama Gas District
Cuba, Town of	East Central Baldwin County Water & Fire Protection Authority
Cullman County Center for the Developmentally Disabled	East Lauderdale County Water & Fire Protection Authority
Cullman County Commission	Eclectic, Town of
Cullman County E-911	Elba Water & Electric Board
Cullman Power Board	Elba, City of
Cullman, City of	Elberta, City of
Cullman-Jefferson Counties Gas District	Electric Cities of Alabama
Cullman Solid Waste Disposal Authority	Elmore County Commission
Cumberland Mountain Water Authority	Elmore County Emergency Communications District
Curry Water Authority	Elmore Water & Sewer Authority
CWM Water Authority	Enterprise Housing Authority
Dadeville Housing Authority	Enterprise Water Works Board
Dadeville Water Supply & Gas Board	Enterprise, City of
Dadeville, City of	Ernest F. Ladd Memorial Stadium
Dadeville, Waterworks & Sewer Board of	Escambia County Commission
Dale County Commission	Escambia County Cooperative Library System
Dale County Water Authority	Escambia County Emergency Communications District
Daleville Housing Authority	Etowah County Commission
Daleville, City of	Etowah County Communications District
Dallas County Commission	Etowah County Community Corrections
Dallas County Water & Sewer Authority	Etowah County Tourism Board
Daphne Utilities Board	Etowah County Solid Waste Disposal Authority
Daphne, City of	Eufaula Housing Authority
Dauphin Island Water & Sewer Authority	Eufaula Water Works & Sewer Board
Dauphin Island, Town of	Eufaula, City of
Decatur Utilities	Eutaw, City of
Decatur, City of	Evergreen Housing Authority
DeKalb County Commission	Evergreen, City of
DeKalb County Economic Development Authority	Excel, Town of
DeKalb County Emergency Communications District	Fairfield, City of
DeKalb County Hospital Association	Fairhope Public Library
DeKalb County Mental Retardation Board	Fairhope, City of
DeKalb-Cherokee Counties Gas District	Falkville, Town of
DeKalb-Jackson Water Supply District Board	Fayette County Commission
Demopolis Housing Authority	Fayette County E-911 District
Demopolis Water Works & Sewer Board	Fayette County Water Authority
Demopolis, City of	Fayette Gas Board
Dora Waterworks & Gas Board	Fayette Housing Authority
Dora, City of	
Dothan, City of	
Dothan-Houston County Communications District	

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Fayette Water Works Board	Greene County E-911 Communication District
Fayette, City of	Greene County Hospital & Nursing Home
Fayetteville Water Authority	Greene County Housing Authority
Five Star Water Supply District	Greene County Industrial Development Authority
Flomaton, Town of	Greene County Racing Commission
Floral, City of	Greenhill Water & Fire Protection Authority
Floral, Utilities Board	Greensboro Housing Authority
Florence Housing Authority	Greensboro, City of
Florence Lauderdale Port Authority	Greenville Housing Authority
Florence/Lauderdale Tourism Board	Greenville Water Works & Sewer Board
Foley Utilities Board	Greenville, City of
Foley, City of	Grove Hill, City of
Forestdale Fire District	Guin Housing Authority
Fort Deposit Water Works & Sewer Board	Guin Water Works & Sewer Board
Fort Deposit, Town of	Guin, City of
Fort Payne Housing Authority	Gulf Shores Utilities Board
Fort Payne Improvement Authority	Gulf Shores, City of
Fort Payne Water Works Board	Guntersville Electric Board
Fort Payne, City of	Guntersville Housing Authority
Fosters-Ralph Water Authority	Guntersville Water Works & Sewer Board
Franklin County Commission	Guntersville, City of
Franklin County Soil & Water Conservation District	Gurley, Town of
Franklin County Water Service Authority	Hackleburg Housing Authority
Frisco City, Town of	Hackleburg Water Board
Fultondale Gas Board	Hackleburg, Town of
Fultondale, Town of	Hackneyville Water & Fire Protection Authority
Fyffe, Town of	Hale County Commission
Gadsden Water Works & Sewer Board	Hale County Emergency Medical Service
Gadsden, City of	Hale County Soil & Water Conservation District
Gantt, Town of	Haleyville, City of
Garden Town, Town of	Hamilton Housing Authority
Gardendale, City of	Hamilton, City of
Geneva County Commission	Hammondville, Town of
Geneva County E-911	Hanceville Water Works & Sewer Board
Geneva Water Works & Sewer Board	Hanceville, City of
Geneva, City of	Harpersville, Town of
Georgiana Housing Authority	Hartford, City of
Georgiana, City of	Hartselle Utilities Board
Geraldine, Town of	Hartselle, City of
Gilbertown Utilities Board	Hartselle, Housing Authority of the City of
Gilbertown, Town of	Harvest-Monrovia Water, Sewer & Fire Protection Authority
Glencoe Water & Sewer Board	Hayden, Town of
Glencoe, City of	Hayneville, City of
Goodwater Water Works & Sewer Board	Headland Housing Authority
Good Hope, City of	Headland, City of
Goodwater, City of	Heflin Water Works & Sewer Board
Gordo, City of	Heflin, City of
Governmental Utility Services Corporation of Moody	Helena Utilities Board
Governmental Utility Services Corporation of the City of Bessemer	Helena, City of
Grant, Town of	Henagar, City of
Graysville Public Library	Henry County Commission
Graysville, City of	Henry County Water Authority
Greater Etowah Mental Retardation 310 Board	Highland Water Authority
Greene County Ambulance Service	Historic Blakeley Authority
Greene County Commission	Hillsboro, Town of
	Hodges, Town of

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Hokes Bluff Water Board	Lamar County Commission
Hokes Bluff, Town of	Lamar County Communications District
Holly Pond, Town of	Lanett, City of
Hollywood, Town of	Lauderdale County Commission
Homewood, City of	Lauderdale County Community Corrections Authority
Hoover, City of	Lauderdale County Regional Library System
Horseshoe Bend Regional Library	Lawrence County Commission
Houston County Commission	Lee County Commission
Houston County Soil Conservation District	Leeds Housing Authority
Houston County Water Authority	Leeds Water Works Board
Houston-Love Memorial Library	Leeds, City of
Hueytown, City of	Lee-Russell Council of Governments
Huguley Water, Sewer & Fire Protection Authority	Leesburg, Town of
Huntsville Electric Utilities System	Leighton Water & Sewer Board
Huntsville Gas Utilities System	Leighton, Town of
Huntsville Solid Waste Disposal Authority	Level Plains, Town of
Huntsville Waterworks Utilities System	Lexington, Town of
Huntsville, City of	Limestone County Commission
Huntsville/Madison County Convention & Visitors Bureau	Limestone County Water & Sewer Authority
Huntsville-Madison County Airport Authority	Lincoln, City of
Huntsville-Madison County Marina & Port Authority	Linden, City of
Huntsville-Madison County Mental Health Center Board	Lineville Housing Authority
Ider, Town of	Lineville Waterworks & Sewer Board
Indian Pines Recreational Authority	Lineville, City of
International Motorsports Hall of Fame	Littleville, Town of
Irondale, City of	Livingston Housing Authority
J. Paul Jones Hospital	Livingston, City of
Jackson County Commission	Loachapoka Water Authority
Jackson County Economic Development Authority	Locust Fork, Town of
Jackson County Emergency Management Communications District	Lowndes County Commission
Jackson County Soil & Water Conservation District	Loxley, City of
Jackson County Water Authority	Luverne Housing Authority
Jackson, City of	Luverne, City of
Jackson's Gap Water Authority	Lynn, Town of
Jackson's Gap, Town of	Macon County Commission
Jacksonville Housing Authority	Macon County Racing Commission
Jacksonville Water Works, Gas & Sewer Board	Madison County 310 Board
Jacksonville, City of	Madison County Commission
Jasper Waterworks & Sewer Board	Madison County Communications District
Jasper, City of	Madison Water & Wastewater Board
Jefferson County Department of Health	Madison, City of
Jefferson County Housing Authority	Magnolia Springs, Town of
Jefferson-Blount-St. Clair Mental Health Authority	Malvern, Town of
Jemison, Town of	Maplesville Waterworks & Gas Board
Joppa, Hulaco & Ryan Water Authority	Maplesville, City of
Kennedy, City of	Marengo County Commission
Killen, City of	Marengo County Emergency Communications District
Kinsey, Town of	Marengo Nursing Home
LaFayette, City of	Margaret, Town of
Lake View, City of	Marion County Commission
	Marion County Emergency Communications District
	Marion County Public Water Authority
	Marion Housing Authority
	Marion, City of
	Marshall County Commission

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Marshall County Community Punishment & Corrections Authority	Moulton, City of
Marshall County Emergency Telephone Services	Moundville, City of
Marshall County Gas District	Mountain Brook Library Board
Marshall-Jackson Mental Retardation Authority	Mountain Brook Park & Recreation Board
McAdory Area Fire District	Mountain Brook, City of
McIntosh, Town of	Mt. Vernon, Town of
Mental Health Board of Bibb, Pickens & Tuscaloosa County	Mulga, Town of
Mental Health Center of North Central Alabama	Munford Water Authority
Mental Retardation/Developmental Disabilities Board	Munford, Town of
Mentone, Town of	Muscle Shoals Electric Board
Middle Alabama Area Agency on Aging	Muscle Shoals Utilities Board
Midfield, City of	Muscle Shoals, City of
Midland City, City of	Myrtlewood, Town of
Midway, City of	Nauvoo, Town of
Mildred B. Harrison Library	Nectar, Town of
Millbrook, City of	New Brockton, The Water Works & Sewer Board of the Town of
Millport Housing Authority	New Hope, Town of
Millport, Town of	New London Water, Sewer & Fire Protection Authority
Mobile Airport Authority	New Site, Town of
Mobile Area Water & Sewer System	Newton, Town of
Mobile County Commission	North Alabama Gas District
Mobile County Communications District	North Baldwin Utilities
Mobile County Emergency Management Agency	North Central Alabama Mental Retardation Authority
Mobile County Health Department	North Central Alabama Regional Council of Governments
Mobile County Law Enforcement & Firefighters' Pension Fund	North Dallas County Water Authority
Mobile County Housing Authority	North Marshall Utilities Board
Mobile County Personnel Board	North Shelby County Fire & Emergency Medical District
Mobile County Racing Commission	North Shelby Library
Mobile County Water, Sewer & Fire Protection Authority	Northeast Alabama MR/DD Authority
Mobile Public Library	Northeast Alabama Water, Sewer & Fire Protection District
Mobile, City of	Northeast Morgan County Water & Sewer Authority
Monroe County Commission	Northport Housing Authority
Monroeville Housing Authority	Northport, City of
Monroeville Water Works Board	Northwest Alabama Council of Local Governments
Monroeville, City of	Northwest Alabama Mental Health Center
Montevallo Water Works & Sewer Board	Northwest Alabama Regional Airport
Montevallo, City of	Notasulga, Town of
Montgomery Airport Authority	Oak Grove, Town of
Montgomery Area Mental Health Authority	Oakman Water Works Board
Montgomery County Commission	Oakman, Town of
Montgomery County Soil & Water Conservation District	Odenville Utilities Board
Montgomery Water Works & Sanitary Sewer Board	Odenville, Town of
Montgomery, City of	Ohatchee, Town of
Moody, City of	Oneonta Housing Authority
Morgan County Commission	Oneonta Utilities Board
Morgan County Emergency Management Communication District	Oneonta, City of
Morgan County Soil & Water Conservation District	Opelika Housing Authority
Moulton Housing Authority	Opelika Utilities Board
	Opelika, City of
	Opp Utilities Board

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Opp, City of	Randolph County E-911
Orange Beach Water, Sewer & Fire Protection Authority	Red Bay Housing Authority
Orange Beach, Town of	Red Bay Water Works & Gas Board
Owassa/Brownville Water Authority	Red Bay, City of
Owens Cross Roads Water Authority	Reform Housing Authority
Owens Cross Roads, City of	Reform, City of
Oxford Emergency Medical Services	Regional Housing Authority of Lawrence, Cullman & Morgan Counties
Oxford, City of	Rehobeth, City of
Ozark Utilities Board	Remlap-Pine Mountain Water Authority
Ozark, City of	Repton, Town of
Ozark-Dale County E-911	Riverbend Center for Mental Health
Parrish Water Works & Sewer Board	Riverside, Town of
Parrish, Town of	Roanoke Utility Board
Pelham, City of	Roanoke, City of
Pell City Housing Authority	Robertsdale, City of
Pell City, City of	Rockford Utilities Board
Pennington Utilities Board	Rockford, Town of
Pennington, City of	Rocky Ridge Fire District
Perdido Bay Water, Sewer & Fire Protection District	Rogersville Water Works & Sewer Board
Perry County Commission	Rogersville, Town of
Perry County E-911	Russell County Commission
Phenix City Utilities	Russell County Emergency Communications District
Phenix City, City of	Russell County Soil & Water Conservation District
Phil Campbell Housing Authority	Russell County Water Authority
Phil Campbell Water Works & Sewer Board	Russellville Electric Board
Phil Campbell, Town of	Russellville Gas Board
Pickens County Commission	Russellville Housing Authority
Pickens County E-911 Board	Russellville Water & Sewer Board
Pickens County Water Authority	Russellville, City of
Piedmont Housing Authority	Rutledge, Town of
Piedmont, City of	Samson, City of
Pike County Commission	Saraland Water Service
Pike County Communications District	Saraland, City of
Pike County Soil & Water Conservation District	Sardis City Water Board
Pike County Water Authority	Sardis, City of
Pike Road Volunteer Fire Protection Authority	Satsuma Water Works Board
Pike Road, Town of	Satsuma, City of
Pine Bluff Water Authority	Scottsboro Electric Power Board
Pine Hill, Town of	Scottsboro Housing Authority
Pine Level Water Authority	Scottsboro Public Library
Pinson, City of	Scottsboro Public Park & Recreation Board
Pisgah, Town of	Scottsboro Waterworks, Sewer & Gas Board
Pleasant Grove, City of	Scottsboro, City of
Prattville Housing Authority	Section Waterworks Board
Prattville Water Works Board	Section, Town of
Prattville, City of	Selma Housing Authority
Priceville, Town of	Selma Water & Sewer Board
Prichard Housing Authority	Selma, City of
Pryor Field Airport Authority	Semmes, City of
Quint-Mar Water Authority	Sheffield Utilities Board
Ragland Water Works Board	Sheffield, City of
Ragland, Town of	Shelby County Commission
Rainbow City Utilities Board	Shelby County Community Corrections
Rainbow City, City of	Shelby County Emergency Management Communications District
Rainsville, City of	Shelby County Soil Conservation District
Randolph County Commission	

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Shoals Committee on Programs & Employment
for the Mentally Retarded
Shoals Economic Development Authority
Shoals Solid Waste Disposal Authority
Shorter, Town of
Silas, Town of
Silverhill, Town of
Skyline, Town of
Slocomb Waterworks & Sewer Board
Slocomb, Town of
Smiths Station, City of
Smiths Station Fire Protection District
Smiths Water & Sewer Authority
Snead, Town of
Somerville, Town of
South Alabama Gas District
South Alabama Regional Planning Commission
South Central Alabama Development
Commission
South Central Alabama Mental Health Board
South Central Alabama Regional Housing
Authority
South Crenshaw County Water Authority
South Marengo County Water & Fire Protection
Authority
Southeast Alabama Regional Planning &
Development Commission
Southeast Alabama Solid Waste Disposal
Authority
Southeast Alabama Youth Services
Southern Alabama Regional Council on Aging
Southside Water Works & Sewer Board
Southside, City of
Southwest Alabama Water Authority
Spanish Fort, City of
SpectraCare Health Systems
Springville, Town of
St. Clair County Commission
St. Clair County Community Punishment &
Corrections Authority
St. Clair County Industrial Development Board
St. Clair County Soil & Water Conservation
District
St. Florian, Town of
Star-Mindingall Water & Fire Protection
Authority
Steele, Town of
Stevenson Housing Authority
Stevenson Utilities Board
Stevenson, City of
Stewartville Water Authority
Sulligent Housing Authority
Sulligent, City of
Sumiton Housing Authority
Sumiton, City of
Summerdale, Town of
Sumter County Commission

Sumter County Industrial Development
Authority
Sumter County Soil & Water Conservation
District
Sumter County Water Authority
Sylacauga Parks & Recreation Board
Sylacauga Utilities Board
Sylacauga, City of
Sylvan Springs, Town of
Sylvania, Town of
Talladega County Commission
Talladega County Emergency Management
Communications District
Talladega County Soil & Water Conservation District
Talladega, City of
Tallapoosa County Commission
Tallassee, City of
Tarrant Alabama Housing Authority
Tarrant Electric System
Tarrant, City of
Taylor, Town of
Theodore Dawes Fire District
Thomaston, Town of
Thomasville, City of
Thorsby, Town of
Top of Alabama Regional Council of
Governments
Top Trails Public Park Authority of the Cities of
Lincoln & Talladega
Town Creek, Town of
Townley Water Authority
Triana, City of
TriCounty Agency for Intellectual Disabilities
Trinity, Town of
Troy Housing Authority
Troy, City of
Trussville Utilities Board
Trussville, City of
Turnerville Water & Fire Protection District
Tuscaloosa County Commission
Tuscaloosa County Community Punishment &
Corrections Authority
Tuscaloosa County E-911
Tuscaloosa County Industrial Development
Authority
Tuscaloosa County Office of Public Defender
Tuscaloosa County Park & Recreation Authority
Tuscaloosa County Parking & Transit Authority
Tuscaloosa County Soil & Water Conservation
District
Tuscaloosa County Special Tax Board
Tuscaloosa Housing Authority
Tuscaloosa Public Library
Tuscaloosa, City of
Tuscumbia, City of
Tuskegee Utilities Board
Tuskegee, City of

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Union Grove Utilities Board
Union Springs Utilities Board
Union Springs, City of
Uniontown Housing Authority
Uniontown Utilities Board
Uniontown, Town of
USS Alabama Battleship Commission
Valley Grande, City of
Valley Head Water Works Board
Valley Head, City of
Valley Housing Authority
Valley, City of
Vance, Town of
Vernon Housing Authority
Vernon, City of
Vestavia Hills, City of
Vincent, City of
Vincent, The Water Works Board of the City of
Von Braun Civic Center
Wadley, Town of
Walker County Commission
Walker County E-911 District
Walker County Housing Authority
Walker County Soil & Water Conservation District
Wall Street Water Authority
Walnut Hill Water Authority
Warrior River Water Authority
Warrior, City of
Washington County Commission
Washington County E-911 Communication
District
Washington County Soil & Water Conservation
District
Wattsville Water Authority
Weaver, City of
Webb, Town of
Wedowee Water, Sewer & Gas Board
Wedowee, City of
West Alabama Regional Commission
West Autauga Water Authority
West Blocton, Town of
West Escambia Utilities
West Etowah County Water Authority
West Jefferson, Town of
West Lauderdale County Water & Fire
Protection Authority
West Morgan–East Lawrence Water & Sewer
Authority
Wetumpka Water Works & Sewer Board
Wetumpka, City of
Wilcox County Commission
Wilcox County Gas District
Wilsonville, Town of
Wilton, Town of
Winfield Water Works & Sewer Board
Winfield, City of
Winston County Commission

Winston County E9-1-1 Communications
District
Woodland, Town of
Woodstock, Town of
Woodville, Town of
York Housing Authority
York, City of

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

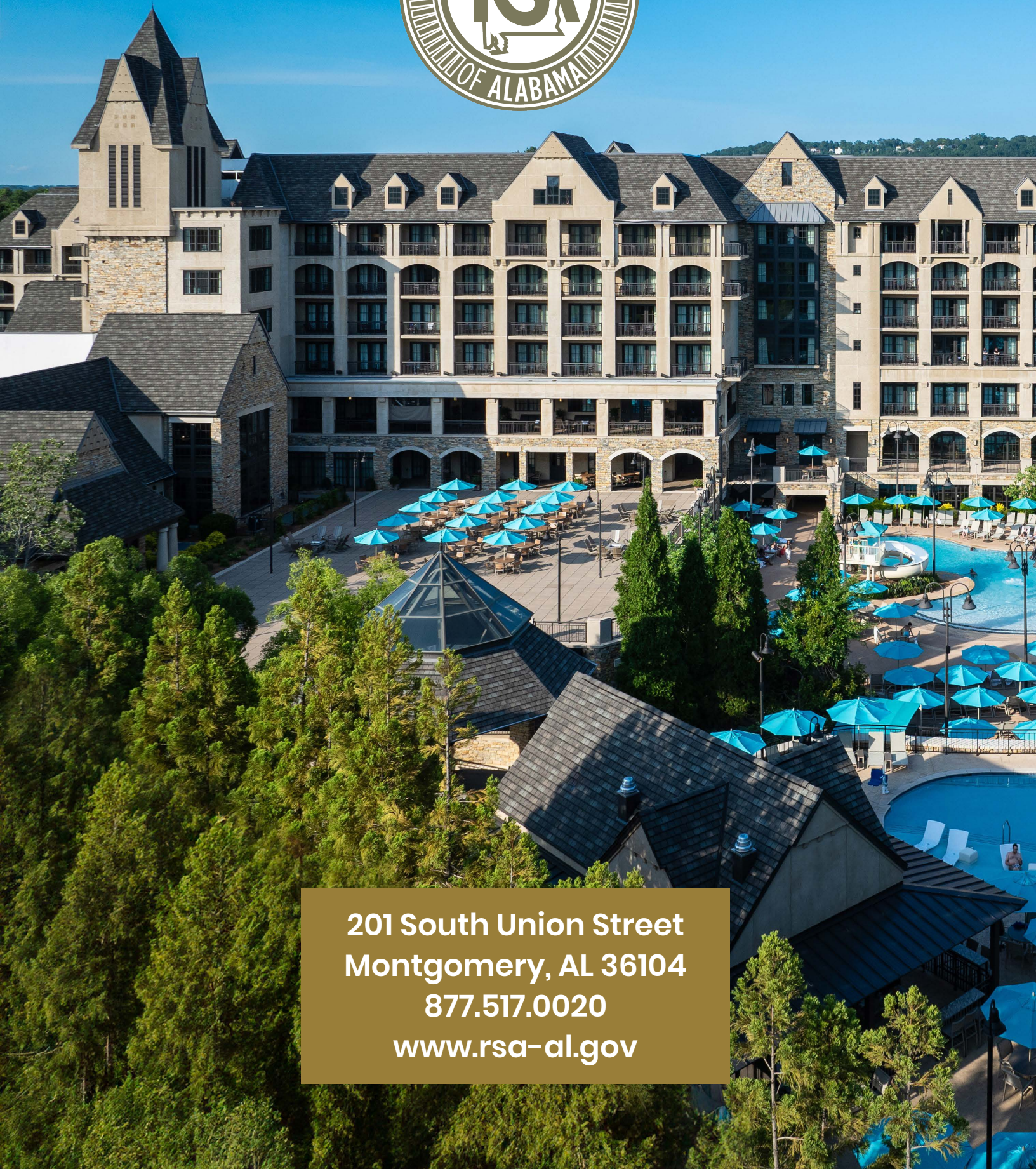
Ten-Year History of Largest Employers

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1) Employer	State of Alabama	State of Alabama	State of Alabama	State of Alabama	State of Alabama	State of Alabama	State of Alabama	State of Alabama	State of Alabama	State of Alabama
# of Active Members	27,758	27,380	28,333	29,019	28,533	29,664	29,548	29,756	30,109	30,297
% of Total Active Members	32.11%	32.33%	33.50%	33.95%	33.75%	34.27%	34.50%	35.08%	35.43%	35.40%
2) Employer	Huntsville, City of	Huntsville, City of	Huntsville, City of	Huntsville, City of	Huntsville, City of	Huntsville, City of	Huntsville, City of	Huntsville, City of	Huntsville, City of	Huntsville, City of
# of Active Members	2,494	2,418	2,374	2,353	2,443	2,362	2,296	2,258	2,207	2,243
% of Total Active Members	2.88%	2.85%	2.81%	2.75%	2.89%	2.73%	2.68%	2.66%	2.60%	2.62%
3) Employer	Montgomery, City of	Montgomery, City of	Montgomery, City of	Montgomery, City of	Mobile County	Mobile County	Mobile County	Mobile County	Mobile County	Mobile County
# of Active Members	2,018	2,120	2,139	2,206	1,539	1,596	1,610	1,604	1,587	1,578
% of Total Active Members	2.35%	2.50%	2.35%	2.58%	1.82%	1.84%	1.88%	1.89%	1.87%	1.84%
4) Employer	Mobile County	Mobile County	Mobile County	Mobile County	Mobile, City of	Mobile, City of	Mobile, City of	Mobile, City of	Mobile, City of	AltaPointe Health*
# of Active Members	1,461	1,492	1,452	1,514	1,058	1,104	1,150	1,195	1,250	1,341
% of Total Active Members	1.69%	1.76%	1.72%	1.77%	1.25%	1.28%	1.34%	1.41%	1.47%	1.57%
5) Employer	Mobile, City of	Mobile, City of	Mobile, City of	Madison County	Madison County	Madison County	Madison County	Madison County	Madison County	Mobile, City of
# of Active Members	1,090	1,051	1,043	1,048	1,044	1,083	1,107	1,145	1,152	1,254
% of Total Active Members	1.26%	1.24%	1.23%	1.23%	1.24%	1.25%	1.29%	1.35%	1.36%	1.47%
6) Employer	Dothan, City of	Dothan, City of	Madison County	Dothan, City of	Dothan, City of	Dothan, City of	Dothan, City of	Dothan, City of	Dothan, City of	Madison County
# of Active Members	1,075	1,050	1,015	1,022	1,035	1,032	1,018	999	995	1,152
% of Total Active Members	1.24%	1.24%	1.20%	1.20%	1.22%	1.19%	1.19%	1.18%	1.17%	1.35%
7) Employer	Madison County	Madison County	Dothan, City of	Mobile, City of	Auburn, City of	Auburn, City of	Montgomery County	Montgomery County	AltaPointe Health*	Dothan, City of
# of Active Members	1,011	991	1,003	1,022	822	828	801	807	792	996
% of Total Active Members	1.17%	1.17%	1.19%	1.20%	0.97%	0.96%	0.94%	0.95%	0.93%	1.16%
8) Employer	Auburn, City of	Auburn, City of	Auburn, City of	Tuscaloosa, City of	Tuscaloosa, City of	Tuscaloosa, City of	Auburn, City of	Tuscaloosa, City of	Tuscaloosa, City of	Tuscaloosa, City of
# of Active Members	833	847	770	768	770	759	786	774	777	790
% of Total Active Members	0.96%	1.00%	0.91%	0.90%	0.91%	0.88%	0.92%	0.91%	0.91%	0.92%
9) Employer	Tuscaloosa, City of	Tuscaloosa, City of	Tuscaloosa, City of	Auburn, City of	Montgomery County	Montgomery County	Tuscaloosa, City of	Montgomery County	Montgomery County	Montgomery County
# of Active Members	778	739	757	759	751	757	783	752	766	769
% of Total Active Members	0.90%	0.87%	0.90%	0.89%	0.89%	0.87%	0.91%	0.89%	0.90%	0.90%
10) Employer	Hoover, City of	Hoover, City of	Montgomery County	Montgomery County	Hoover, City of	Hoover, City of	Hoover, City of	Auburn, City of	Auburn, City of	Hoover, City of
# of Active Members	719	695	697	715	726	689	706	704	706	678
% of Total Active Members	0.83%	0.82%	0.82%	0.84%	0.86%	0.80%	0.82%	0.83%	0.83%	0.79%
Total # of Active Members	86,450	84,697	84,572	85,485	84,534	86,565	85,657	84,814	84,985	85,585

* Formerly Greater Mobile-Washington Co. Mental Health Board







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