



COMPONENT UNITS OF  
THE STATE OF ALABAMA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR  
ENDED SEPTEMBER 30, 2025





# The Retirement Systems of Alabama

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2025

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)

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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

January 30, 2026

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, 2025. 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 2025 and 2024. Also, an analysis of significant variances between fiscal years 2025 and 2024 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, 2024, the date of the most recent actuarial valuation, the number of participants in the TRS was 319,097, ERS participants totaled 207,180, and JRF participants totaled 883. The following table compares the funded status of each as of September 30, 2024 and 2023:

<b>System</b>	<b>Funded Status</b>		<b>% Increase/ (Decrease)</b>
	<b>9/30/2024</b>	<b>9/30/2023</b>	
TRS	66.1%	65.1%	1.0%
ERS	63.7%	63.4%	0.3%
JRF	61.1%	59.9%	1.2%

The funded statuses of the TRS, ERS, and JRF increased primarily due to the actual investment return being greater than the assumed investment return for FY2024.

#### Investment Activity

Total investments for the RSA increased in fiscal year 2025, primarily due to increases in fair value of investments. Total pension fund investments managed by the RSA increased from \$48.7 billion at September 30, 2024, to \$52.5 billion at September 30, 2025, an increase of 7.66%.

	<b>Investments, at Fair Value</b>		<b>Interest &amp; Dividend Income</b>	
	<b>9/30/2025</b>	<b>9/30/2024</b>	<b>9/30/2025</b>	<b>9/30/2024</b>
<b>TRS</b>	\$34.3 billion	\$31.9 billion	\$806.4 million	\$774.5 million
<b>ERS</b>	\$17.8 billion	\$16.5 billion	\$417.4 million	\$401.5 million
<b>JRF</b>	\$397.0 million	\$371.8 million	\$9.0 million	\$8.9 million

	<b>Net Change in Fair Value of Investments</b>	
	<b>9/30/2025</b>	<b>9/30/2024</b>
<b>TRS</b>	\$2.4 billion	\$4.9 billion
<b>ERS</b>	\$1.3 billion	\$2.5 billion
<b>JRF</b>	\$28.3 million	\$60.6 million

Total returns were 10.16%, 10.40%, and 10.37% for the TRS, ERS and JRF, respectively. The new fiscal year started in the midst of a wild presidential election cycle. With the Trump administration taking the reins, many of the policies that were in place during the Biden years were literally reversed. It is hard to narrow down the most impactful change, but one can argue that the reversal of easy consumer credit was it. We have seen the elimination of COVID relief and student loan forgiveness. That, coupled with higher interest rates and persistent inflation have weighed heavily on the low-end consumer. This was the world we lived in pre-COVID, and we have definitely reverted back. Those with financial assets have done relatively well, but the paycheck-to-paycheck consumer is feeling the pain currently. Much

of this can be seen in the relative performance of large capitalization stocks vs. middle and small capitalization stocks. Market breadth, which had improved in the prior fiscal year, quickly narrowed again. Part of this can be explained by the boom in artificial intelligence, where we are seeing hundreds of billions of dollars being deployed by a relatively small set of players. One can hope the boom in AI spend will trickle down to all companies through a boost in productivity and improving margins, but that remains to be seen. The market is now trading at a fairly expensive multiple, so future returns will be very dependent on earnings growth. After a reset of earnings expectations following “Liberation Day,” earnings growth the last two quarters of the fiscal year handily beat expectations. We are also in a Federal Reserve (Fed) rate cutting cycle, although they have been very hawkish cuts. In addition to that, we just concluded the longest government shutdown on record. It is hard to handicap the impact of this, though most economists are taking the view that it is another transient event that the markets will look through. We have continued to slowly sell some equity exposure into strength and reallocated that money into the middle part of the yield curve in core fixed income. 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, 2025. 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 has achieved a remarkable milestone by setting a record for rounds played for the fourth consecutive year. In 2025, the Trail recorded over 712,000 rounds, surpassing the previous year's total by 4%. This significant achievement occurred despite a nine-month renovation of the Legislator course at Capitol Hill in Prattville.

Established in 1992, the Trail has now exceeded the 15 million rounds played mark, cementing its status as a premier golf destination. Annually, the Trail attracts golfers and tourists from all 50 states and approximately 10-12 countries, showcasing its broad appeal. Moreover, the Trail continues to receive accolades for the quality of its golf courses, with Golf Week recognizing seven of its courses among the top ten in Alabama for 2024.

The RSA-owned hotels and resorts delivered another year of exceptional performance. The Grand Hotel Golf Resort & Spa, Autograph Collection, led the portfolio, finishing #2 out of 163 Autograph Collection properties in guest service excellence, which puts it in the top 1% of all Autograph Collection properties. Within the Renaissance brand, several properties achieved outstanding results: Out of the 91 properties, the Renaissance Mobile Riverview Plaza Hotel ranked #1, Renaissance Birmingham Ross Bridge Golf Resort & Spa ranked #2, Renaissance Shoals Hotel & Spa ranked #5, The Battle House Renaissance Mobile Hotel & Spa ranked #6, and the Renaissance Montgomery Hotel & Spa finished #12. Under the Marriott brand, which includes 332 properties, the Montgomery Marriott Prattville Hotel & Conference Center ranked #5, and the Auburn Marriott Opelika Resort & Spa at Grand National ranked #21. These achievements highlight the continued excellence and industry-leading guest service delivered across RSA’s hospitality portfolio.

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) 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, 2024. 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 meet 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 2025. 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, CPA, CGMA  
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, 2024

*Christopher P. Morrill*

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Funding  
2025***

Presented to

***The Retirement Systems of Alabama***

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

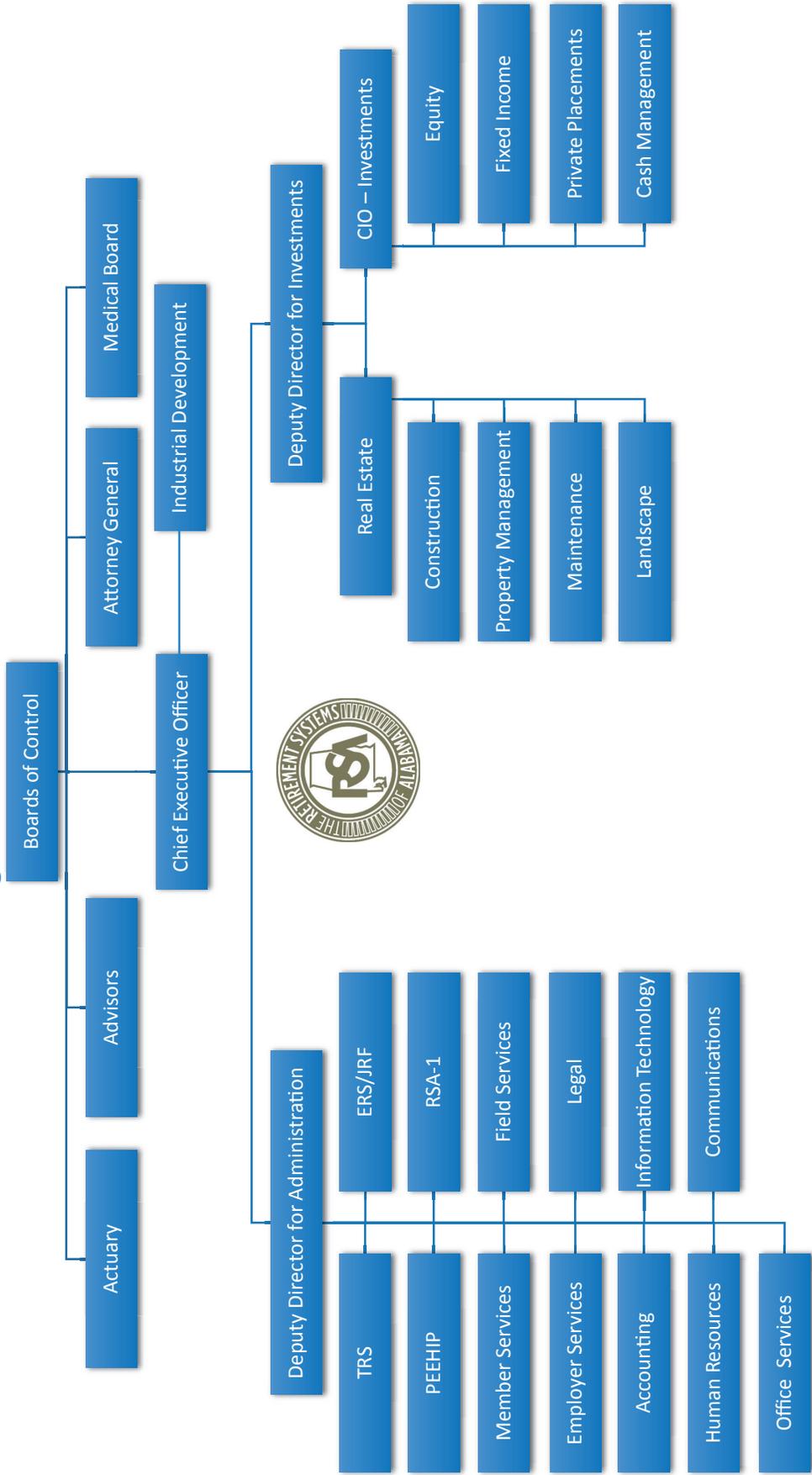
*Presented by the Public Pension Coordinating Council, a confederation of*

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 'Robert A. Wylie'.

Robert A. Wylie  
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, Mrs. Anita Gibson, Retired Position No. 2

Ms. Peggy Mobley, Retired Position No. 1

Mr. A. Jason Davidson, Superintendent Position

Dr. Thomas E. Jones, Principal Position

Ms. Amy LaCount, Postsecondary 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

Mr. Jay Duke, 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

Mrs. 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.

*Introductory Section*

Staff, Advisors, and Medical Board

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**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., CPA, CGMA

Teachers' Retirement Executive, Valerie Summers

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, 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., CFA, CFP®

Equity Analyst, Matthew DeJean, MACC

Equity Analyst, Christopher Oxaal, M.S., CFA

Equity Analyst, Thomas Treadwell

**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.

Brian Gary, 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, 2025, 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, 2025, 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, schedules of net OPEB contributions and the related notes 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, 2024, 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 financial statements in our report dated February 19, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, 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 January 30, 2026, 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.

*Carr, Riggs & Ingram, L.L.C.*

January 30, 2026  
Montgomery, Alabama



## RETIREMENT SYSTEMS OF ALABAMA

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### *Financial Section*

### Management's Discussion and Analysis

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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, 2025. 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, 2025 and 2024

(Dollar Amounts in Thousands)

	2025	2024	Variance	% Increase/ (Decrease)
<b><i>Assets &amp; Deferred Outflows of Resources</i></b>				
Cash	\$ 156,632	\$ 139,813	\$ 16,819	12.03
Receivables	407,630	394,621	13,009	3.30
Investment Sales Receivable	47,000	459,470	(412,470)	(89.77)
Investments, at Fair Value	52,470,891	48,736,100	3,734,791	7.66
Invested Securities Lending Collateral	1,536,278	1,930,466	(394,188)	(20.42)
Property and Equipment, Net	102,105	114,141	(12,036)	(10.54)
Total Assets	<u>54,720,536</u>	<u>51,774,611</u>	<u>2,945,925</u>	
Deferred Outflows of Resources	21,177	19,803	1,374	6.94
Total Assets & Deferred Outflows of Resources	<u>54,741,713</u>	<u>51,794,414</u>	<u>2,947,299</u>	5.69
<b><i>Liabilities &amp; Deferred Inflows of Resources</i></b>				
Accounts Payable and Other Liabilities	16,350	18,806	(2,456)	(13.06)
Investment Purchases Payable	182,794	290,290	(107,496)	(37.03)
Net Other Postemployment Benefits Liability	19,079	9,199	9,880	107.40
Net Pension Liability	51,004	61,496	(10,492)	(17.06)
Securities Lending Collateral	1,536,278	1,930,466	(394,188)	(20.42)
Total Liabilities	<u>1,805,505</u>	<u>2,310,257</u>	<u>(504,752)</u>	(21.85)
Deferred Inflows of Resources	11,322	7,861	3,461	44.03
Total Liabilities & Deferred Inflows of Resources	<u>1,816,827</u>	<u>2,318,118</u>	<u>(501,291)</u>	(21.62)
<b><i>Net Position Restricted for Pension Benefits</i></b>	<b><u>\$ 52,924,886</u></b>	<b><u>\$ 49,476,296</u></b>	<b><u>\$ 3,448,590</u></b>	<b>6.97</b>

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, 2025 and September 30, 2024

(Dollar Amounts in Thousands)

	2025	2024	Variance	% Increase/ (Decrease)
<b>Additions/(Reductions)</b>				
Employee Contributions	\$ 1,024,067	\$ 977,588	\$ 46,479	4.75
Employer Contributions	1,986,609	1,757,632	228,977	13.03
Investment Income/(Loss)	4,891,112	8,718,267	(3,827,155)	(43.90)
Transfers Between Systems	15,880	15,577	303	1.95
Marketing & Advertising Revenue	1,000	1,000	-	-
Total Additions/(Reductions)	<u>7,918,668</u>	<u>11,470,064</u>	<u>(3,551,396)</u>	<u>(30.96)</u>
<b>Deductions</b>				
Retirement Allowance Payments	4,263,902	4,091,324	172,578	4.22
Return of Contributions, Unit				
Withdrawals & Death Benefits	130,173	134,973	(4,800)	(3.56)
Transfers Between Systems	15,880	15,577	303	1.95
Administrative Expenses	46,954	44,569	2,385	5.35
Depreciation	13,169	12,428	741	5.96
Total Deductions	<u>4,470,078</u>	<u>4,298,871</u>	<u>171,207</u>	<u>3.98</u>
<b>Net Increase/(Decrease) in</b>				
<b>Fiduciary Net Position</b>	3,448,590	7,171,193	(3,722,603)	(51.91)
<b>Net Position Restricted for Pension Benefits</b>				
Beginning of Year	49,476,296	42,305,103	7,171,193	16.95
End of Year	<u>\$ 52,924,886</u>	<u>\$ 49,476,296</u>	<u>\$ 3,448,590</u>	<u>6.97</u>

Comparison of Individual Fiduciary Net Position

As of September 30, 2025 and 2024

(Dollar Amounts in Thousands)

	2025	2024	Variance	% Increase/ (Decrease)
TRS	\$ 34,631,519	\$ 32,486,996	\$ 2,144,523	6.60
ERS	17,894,384	16,612,133	1,282,251	7.72
JRF	398,983	377,167	21,816	5.78
Total	<u>\$ 52,924,886</u>	<u>\$ 49,476,296</u>	<u>\$ 3,448,590</u>	<u>6.97</u>

## RETIREMENT SYSTEMS OF ALABAMA

### Financial Section

### Management's Discussion and Analysis (Continued)

#### Financial Analysis

- Cash on September 30, 2025 primarily consists of contributions received prior to or on September 30, 2025, sent to the State Street Bank on October 1, 2025, 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, 2025.
- Investment sales receivable and investment purchases payable occur as a result of trade date accounting. The decrease in the payable for fiscal year 2025 was due to a higher value of open and unsettled trades at the prior year end compared to the value of open and unsettled trades at current year end. There were no unsettled sales of securities at year end 2025, resulting in a receivable in TRS only for collateral on collars held to maturity by brokers.
- The RSA's investment portfolio presented in percentages by investment type:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
<b>Equity</b>	69.16%	69.25%	67.57%
<b>Fixed</b>	14.78%	14.51%	22.73%
<b>Real Estate</b>	8.39%	8.24%	1.96%
<b>Short-Term</b>	7.67%	8.00%	7.74%
<b>Total</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

- Employer contributions increased as a result of salary increases for fiscal year 2025 due to cost-of-living adjustments. The employer contribution rates for fiscal year 2025 are in the table below. ERS local participating employer contribution rates differ for each employer.

	<u>Tier 1</u>	<u>Tier 2</u>
<b>TRS</b>	13.57%	12.60%
<b>ERS - State Employees</b>	16.26%	16.02%
<b>ERS - State Police</b>	56.88%	48.20%
<b>JRF - Groups 1 &amp; 2</b>	45.48%	-
<b>JRF - Group 3 -</b>		
<b>Judges' &amp; Clerks' Plan</b>	41.05%	-
<b>JRF - District Attorneys' Plan</b>	19.77%	-

- During fiscal year 2025, time-weighted returns on investments, gross of fees of the TRS, ERS, and JRF were 10.16%, 10.40%, and 10.37% respectively. The returns were calculated by State Street Bank.
- During fiscal year 2025, investment income decreased by 43.90% primarily due to a smaller increase in the net unrealized gains offset by increases in net securities lending income. Net securities lending income increased by 6.65% for the RSA which was primarily driven by an increase in demand. As of September 30, 2025, loan balances decreased approximately 20% for cash lent and increased 40% 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 41%.
- Retirement allowance payments increased as a result of 7,581 members who retired during fiscal year 2025.
- 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.

## RETIREMENT SYSTEMS OF ALABAMA

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### *Financial Section*

### Management's Discussion and Analysis (Continued)

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#### **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, 2025, TRS and JRF employers' total pension liability was \$47.1 billion and \$574.9 million, respectively. The plan fiduciary net position of TRS and JRF employers was \$34.6 billion and \$399.0 million, respectively, resulting in a net pension liability of \$12.4 billion and \$175.9 million, respectively. The plan fiduciary net position as a percentage of the total pension liability for TRS and JRF employers was 73.60% and 69.40%, 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 \$52.9 billion at September 30, 2025, was available to meet future benefit payments.
- At September 30, 2024, the date of the most recent actuarial valuation, the funding level (actuarial value of assets as a percentage of actuarial accrued liabilities) was 66.1% for the TRS, 63.7% for the ERS, and 61.1% for the JRF.



RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Combining Statement of Fiduciary Net Position

September 30, 2025 with comparative figures for 2024

(Dollar Amounts in Thousands)

	2025			Total
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	
<b>Assets</b>				
Cash (Note 4)	\$ 100,214	\$ 52,433	\$ 3,985	\$ 156,632
Receivables				
Employee Contributions	60,344	18,911	208	79,463
Employer Contributions	115,001	40,762	917	156,680
Transfers Receivable from the Teachers' Retirement System	-	594	-	594
Transfers Receivable from the Employees' Retirement System	746	-	91	837
Investment Sales Receivable	47,000	-	-	47,000
Dividends and Interest	112,689	55,914	1,365	169,968
Miscellaneous Receivable	38	50	-	88
Total Receivables	<u>335,818</u>	<u>116,231</u>	<u>2,581</u>	<u>454,630</u>
Investments, at Fair Value (Note 5)				
Domestic Equity	18,637,667	9,660,356	208,443	28,506,466
Domestic Fixed Income	5,064,515	2,581,515	90,204	7,736,234
International Equities	5,080,379	2,654,762	59,803	7,794,944
Real Estate	2,876,866	1,464,777	7,786	4,349,429
Short-Term	2,630,801	1,422,304	30,713	4,083,818
Total Investments	<u>34,290,228</u>	<u>17,783,714</u>	<u>396,949</u>	<u>52,470,891</u>
Invested Securities Lending Collateral (Note 5)	1,058,084	474,125	4,069	1,536,278
Property and Equipment less				
Accumulated Depreciation (Note 8)	70,044	32,061	-	102,105
Total Assets	<u>35,854,388</u>	<u>18,458,564</u>	<u>407,584</u>	<u>54,720,536</u>
Deferred Outflows of Resources - Pensions	8,674	2,384	85	11,143
Deferred Outflows of Resources - Other Postemployment Benefits	6,923	3,080	31	10,034
Total Assets and Deferred Outflows of Resources	<u>35,869,985</u>	<u>18,464,028</u>	<u>407,700</u>	<u>54,741,713</u>
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	9,606	5,157	156	14,919
Transfers Payable to the Teachers' Retirement System	-	746	-	746
Transfers Payable to the Employees' Retirement System	594	-	-	594
Transfers Payable to Judicial Retirement Fund	-	91	-	91
Investment Purchases Payable	117,191	61,781	3,822	182,794
Net Other Postemployment Benefits Liability (Note 9)	12,691	6,326	62	19,079
Net Pension Liability (Note 10)	32,803	17,667	534	51,004
Securities Lending Collateral (Note 5)	1,058,084	474,125	4,069	1,536,278
Total Liabilities	<u>1,230,969</u>	<u>565,893</u>	<u>8,643</u>	<u>1,805,505</u>
Deferred Inflows of Resources - Pensions	6,036	2,479	66	8,581
Deferred Inflows of Resources - Other Postemployment Benefits	1,461	1,272	8	2,741
Total Liabilities and Deferred Inflows of Resources	<u>1,238,466</u>	<u>569,644</u>	<u>8,717</u>	<u>1,816,827</u>
<b>Net Position Restricted for Pension Benefits (Note 3)</b>	<b><u>\$ 34,631,519</u></b>	<b><u>\$ 17,894,384</u></b>	<b><u>\$ 398,983</u></b>	<b><u>\$ 52,924,886</u></b>

See accompanying Notes to the Combined Financial Statements.

RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Combining Statement of Fiduciary Net Position

September 30, 2025 with comparative figures for 2024

(Dollar Amounts in Thousands)

	2024			
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Total
<b>Assets</b>				
Cash	\$ 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	<u>672,159</u>	<u>175,046</u>	<u>6,886</u>	<u>854,091</u>
Investments, at Fair Value				
Domestic Equity	16,865,875	8,789,649	187,508	25,843,032
Domestic Fixed Income	4,934,860	2,503,627	90,076	7,528,563
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	31,442	3,992,261
Total Investments	<u>31,882,251</u>	<u>16,482,052</u>	<u>371,797</u>	<u>48,736,100</u>
Invested Securities Lending Collateral	1,256,953	669,290	4,224	1,930,467
Property and Equipment less				
Accumulated Depreciation	78,581	35,560	-	114,141
Total Assets	<u>33,980,604</u>	<u>17,407,048</u>	<u>386,960</u>	<u>51,774,612</u>
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	<u>33,995,956</u>	<u>17,411,334</u>	<u>387,125</u>	<u>51,794,415</u>
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	10,293	4,756	152	15,201
Transfers Payable to the Teachers' Retirement System	-	905	-	905
Transfers Payable to 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	6,026	3,143	30	9,199
Net Pension Liability	40,122	20,752	622	61,496
Securities Lending Collateral	1,256,953	669,290	4,224	1,930,467
Total Liabilities	<u>1,504,214</u>	<u>796,111</u>	<u>9,933</u>	<u>2,310,258</u>
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	<u>1,508,960</u>	<u>799,201</u>	<u>9,958</u>	<u>2,318,119</u>
<b>Net Position Restricted for Pension Benefits</b>	<b><u>\$ 32,486,996</u></b>	<b><u>\$ 16,612,133</u></b>	<b><u>\$ 377,167</u></b>	<b><u>\$ 49,476,296</u></b>

RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended September 30, 2025 with comparative figures for 2024

(Dollar Amounts in Thousands)

	2025			
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Total
<b>Additions</b>				
Contributions				
Employee	\$ 636,259	\$ 382,675	\$ 5,133	\$ 1,024,067
Employer	1,195,943	763,196	24,970	1,984,109
New Units	-	2,500	-	2,500
Transfers from Teachers' Retirement System	-	8,295	-	8,295
Transfers from Employees' Retirement System	7,465	-	120	7,585
Marketing & Advertising Revenue	670	330	-	1,000
Total Contributions	<u>1,840,337</u>	<u>1,156,996</u>	<u>30,223</u>	<u>3,027,556</u>
Investment Income (Note 5)				
<i>From Investing Activities</i>				
Net Increase in Fair Value of Investments	2,372,801	1,260,637	28,262	3,661,700
Interest and Dividends	806,436	417,428	9,040	1,232,904
Total Investment Income from Investing Activities	<u>3,179,237</u>	<u>1,678,065</u>	<u>37,302</u>	<u>4,894,604</u>
Less: Investment Expenses, Net	11,859	3,465	-	15,324
Net Investment Income from Investing Activities	<u>3,167,378</u>	<u>1,674,600</u>	<u>37,302</u>	<u>4,879,280</u>
<i>From Securities Lending Activities</i>				
Securities Lending Income	65,138	32,381	292	97,811
Less Securities Lending Expenses:				
Borrower Rebates	53,810	27,137	207	81,154
Management Fees	3,283	1,517	25	4,825
Total Securities Lending Expenses	<u>57,093</u>	<u>28,654</u>	<u>232</u>	<u>85,979</u>
Net Income from Securities Lending Activities	<u>8,045</u>	<u>3,727</u>	<u>60</u>	<u>11,832</u>
Total Net Investment Income	<u>3,175,423</u>	<u>1,678,327</u>	<u>37,362</u>	<u>4,891,112</u>
Total Additions	<u>5,015,760</u>	<u>2,835,323</u>	<u>67,585</u>	<u>7,918,668</u>
<b>Deductions</b>				
Retirement Allowance Payments	2,752,343	1,466,423	45,136	4,263,902
Return of Contributions and Death Benefits	71,095	59,011	67	130,173
Transfers to the Teachers' Retirement System	-	7,465	-	7,465
Transfers to the Employees' Retirement System	8,295	-	-	8,295
Transfers to the Judicial Retirement Fund	-	120	-	120
Administrative Expenses	30,157	16,231	566	46,954
Depreciation (Note 8)	9,347	3,822	-	13,169
Total Deductions	<u>2,871,237</u>	<u>1,553,072</u>	<u>45,769</u>	<u>4,470,078</u>
<b>Net Increase in Fiduciary Net Position</b>	<b><u>2,144,523</u></b>	<b><u>1,282,251</u></b>	<b><u>21,816</u></b>	<b><u>3,448,590</u></b>
<b>Net Position Restricted for Pension Benefits (Note 3)</b>				
Beginning of Year	32,486,996	16,612,133	377,167	49,476,296
<b>End of Year</b>	<b><u>\$ 34,631,519</u></b>	<b><u>\$ 17,894,384</u></b>	<b><u>\$ 398,983</u></b>	<b><u>\$ 52,924,886</u></b>

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, 2025 with comparative figures for 2024

(Dollar Amounts in Thousands)

	2024			Total
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	
<b>Additions</b>				
Contributions				
Employee	\$ 616,300	\$ 356,314	\$ 4,973	\$ 977,587
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>1,031,943</u>	<u>27,753</u>	<u>2,751,796</u>
Investment Income				
<i>From Investing Activities</i>				
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	11,580	3,617	-	15,197
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>
<i>From Securities Lending Activities</i>				
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>3,968,314</u>	<u>97,314</u>	<u>11,470,063</u>
<b>Deductions</b>				
Retirement Allowance Payments	2,646,769	1,401,619	42,934	4,091,322
Return of Contributions and Death Benefits	74,618	59,285	179	134,082
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	29,117	14,891	559	44,567
Depreciation	8,905	3,523	-	12,428
Total Deductions	<u>2,765,674</u>	<u>1,489,522</u>	<u>43,672</u>	<u>4,298,868</u>
<b>Net Increase in Fiduciary Net Position</b>	<b>4,638,761</b>	<b>2,478,792</b>	<b>53,642</b>	<b>7,171,195</b>
<b>Net Position Restricted for Pension Benefits</b>				
Beginning of Year	27,848,235	14,133,341	323,525	42,305,101
<b>End of Year</b>	<b><u>\$ 32,486,996</u></b>	<b><u>\$ 16,612,133</u></b>	<b><u>\$ 377,167</u></b>	<b><u>\$ 49,476,296</u></b>

**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

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### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(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, 2025, the number of participating units in each system was as follows:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
Cities	-	311	-
Counties	-	66	67
Other Public Entities	-	513	-
Universities	13	-	-
Postsecondary			
Institutions	25	-	-
City and County			
Boards of Education	139	-	-
State Agencies & Other	46	1	1
<b>Total</b>	<u><b>223</b></u>	<u><b>891</b></u>	<u><b>68</b></u>

## RETIREMENT SYSTEMS OF ALABAMA

### Financial Section

#### Notes to the Combined Financial Statements

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At September 30, 2024, the date of the most recent actuarial valuation, membership consisted of:

	<b>TRS</b>	<b>ERS</b>	<b>JRF</b>
Retirees and beneficiaries currently receiving benefits:			
General	109,148	25,231	460
State Police	-	1,006	-
Employees of Local Employers	-	32,477	-
Terminated employees entitled to benefits but not yet receiving benefits:			
General	33,948	8,198	13
State Police	-	62	-
Employees of Local Employers	-	24,522	-
Non-vested inactive members who have not contributed for more than 5 years	36,195	26,771	23
Active Employees:			
General	139,642	27,762	387
State Police	-	765	-
Employees of Local Employers	-	60,279	-
Post DROP employees in active service:			
General	164	76	-
Employees of Local Employers	-	31	-
<b>Total</b>	<b>319,097</b>	<b>207,180</b>	<b>883</b>

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

## RETIREMENT SYSTEMS OF ALABAMA

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### *Financial Section*

#### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

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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 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.

## RETIREMENT SYSTEMS OF ALABAMA

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### *Financial Section*

#### Notes to the Combined Financial Statements

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(Dollar Amounts in Thousands)

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.

**H. New Accounting Pronouncements**

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to eliminate potential comparability issues between governments that offer different leave types and enhance the relevance and reliability of the liability for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Plan reviewed the requirements of this pronouncement and their impact on its financial statements. The Plan has evaluated its applicable compensated absences and deemed them immaterial for reporting purposes.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. There are no applicable reporting requirements for the Plan related to this Statement this fiscal year; however, annually the Plan will evaluate risks due to concentrations or constraints and apply the requirements under Statement No. 102.

**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

## RETIREMENT SYSTEMS OF ALABAMA

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### *Financial Section*

### Notes to the Combined Financial Statements

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(Dollar Amounts in Thousands)

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 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.

# RETIREMENT SYSTEMS OF ALABAMA

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#### 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, 2025, are as follows:

	<b>TRS</b>	<b>ERS</b>	<b>JRF</b>
Annuity Savings	\$ 7,857,853	\$ 3,974,263	\$ 53,952
Pension Accumulation	26,564,451	13,831,399	341,513
Deferred Retirement Option Plan	59,188	27,864	-
Preretirement Death Benefit	55,606	12,005	240
Term Life Insurance	4,561	-	-
Plant Fund	70,044	32,061	-
Expense Fund	19,816	16,792	3,278
<b>Net Position at 9/30/2025</b>	<b>\$ 34,631,519</b>	<b>\$ 17,894,384</b>	<b>\$ 398,983</b>

#### 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, 2025 primarily consists of contributions received prior to or on September 30, 2025, sent to the State Street Bank on October 1, 2025, and cash to cover operating expenses paid from the Expense Funds.

# RETIREMENT SYSTEMS OF ALABAMA

## Financial Section

### Notes to the Combined Financial Statements

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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 the 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 10.04%, 10.31%, and 10.22%, 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.

(Dollar Amounts in Thousands)

**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, 2025, the TRS and the ERS owned debt and equity securities of Morgan Stanley which represented approximately 5.04% and 5.01% of their investments, respectively. The JRF did not own any debt or equity securities with approximated values greater than 5% of its total investments.

# RETIREMENT SYSTEMS OF ALABAMA

## Financial Section

### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

The following tables provide information as of September 30, 2025, concerning the fair value of investments, interest rate risk, and foreign currency risk:

Type of Investment	TRS 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	\$ 2,377,219	\$ -	\$ -	\$ -	\$ 2,377,219	\$ 2,377,220
Commercial Paper	253,582	-	-	-	253,582	253,582
U.S. Agency	21,967	40,548	25,078	14,369	101,962	105,623
U.S. Treasuries	182,267	784,117	565,854	325,864	1,858,102	1,889,417
Corporate Bonds	180,875	491,431	395,371	479,785	1,547,462	1,569,043
Private Placements	-	168,825	79,778	137,015	385,618	388,246
GNMAs	51	2	-	107,075	107,128	126,165
CMOs	67	4,763	9,351	1,050,062	1,064,243	1,097,963
<b>Total Domestic Fixed Maturity</b>	<b>\$ 3,016,028</b>	<b>\$ 1,489,686</b>	<b>\$ 1,075,432</b>	<b>\$ 2,114,170</b>	<b>7,695,316</b>	<b>7,807,259</b>
<i>Equities</i>						
Common						
Private					17,019,061	8,968,755
International					1,618,606	1,535,422
Australian Dollar					253,743	130,665
Swiss Franc					348,870	125,479
Danish Krone					71,222	28,345
Euro					1,330,495	720,938
Pound Sterling					554,808	416,829
Hong Kong Dollar					71,640	39,526
New Israeli Shekel					23,401	12,738
Japanese Yen					823,437	422,822
Norwegian Krone					22,222	13,387
New Zealand Dollar					6,559	6,287
Swedish Krona					115,774	56,567
Singapore Dollar					50,104	24,483
US Dollar					1,408,104	1,068,629
<b>Total International Equities</b>					<b>5,080,379</b>	<b>3,066,695</b>
<b>Total Equities</b>					<b>23,718,046</b>	<b>13,570,872</b>
Real Estate						
Real Estate - Buildings					2,537,993	2,031,383
Real Estate - Equity					338,873	302,703
<b>Total Real Estate</b>					<b>2,876,866</b>	<b>2,334,086</b>
<b>Total Investments</b>					<b>\$ 34,290,228</b>	<b>\$ 23,712,217</b>

RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(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	\$ 1,287,313	\$ -	\$ -	\$ -	\$ 1,287,313	\$ 1,287,312
Commercial Paper	134,992	-	-	-	134,992	134,992
U.S. Agency	10,896	22,375	12,608	7,285	53,164	55,314
U.S. Treasuries	92,542	405,324	288,425	162,528	948,819	964,476
Corporate Bonds	93,716	261,544	199,710	238,815	793,785	806,268
Private Placements	-	82,022	40,097	67,485	189,604	191,206
GNMAs	19	-	-	53,864	53,883	63,596
CMOs	31	2,196	4,523	535,510	542,260	559,797
<b>Total Domestic Fixed Maturity</b>	<b>\$ 1,619,509</b>	<b>\$ 773,461</b>	<b>\$ 545,363</b>	<b>\$ 1,065,487</b>	<b>4,003,820</b>	<b>4,062,961</b>
<i>Equities</i>						
Common					8,785,680	4,591,309
Private					874,675	869,521
International						
Australian Dollar					129,024	69,979
Swiss Franc					177,376	70,495
Danish Krone					36,213	16,168
Euro					677,067	374,802
Pound Sterling					282,300	210,672
Hong Kong Dollar					36,431	22,319
New Israeli Shekel					11,899	6,591
Japanese Yen					418,708	221,483
Norwegian Krone					11,300	7,070
New Zealand Dollar					3,335	3,111
Swedish Krona					58,871	30,163
Singapore Dollar					25,476	12,759
US Dollar					786,762	602,997
<b>Total International Equities</b>					<b>2,654,762</b>	<b>1,648,609</b>
<b>Total Equities</b>					<b>12,315,117</b>	<b>7,109,439</b>
Real Estate						
Real Estate - Buildings					1,232,419	1,012,089
Real Estate - Equity					232,358	207,557
<b>Total Real Estate</b>					<b>1,464,777</b>	<b>1,219,646</b>
<b>Total Investments</b>					<b>\$ 17,783,714</b>	<b>\$ 12,392,046</b>

RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

Type of Investment	JRF 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	\$ 24,231	\$ -	\$ -	\$ -	\$ 24,231	\$ 24,231
Commercial Paper	6,482	-	-	-	6,482	6,482
U.S. Agency	565	865	599	279	2,308	2,394
U.S. Treasuries	3,436	14,590	9,139	5,732	32,897	33,723
Corporate Bonds	7,116	8,510	6,495	9,288	31,409	32,145
Private Placements	-	915	778	-	1,693	1,796
GNMAs	-	-	-	2,329	2,329	2,742
CMOs	1	230	183	19,153	19,567	20,570
<b>Total Domestic Fixed Maturity</b>	<b>\$ 41,831</b>	<b>\$ 25,110</b>	<b>\$ 17,194</b>	<b>\$ 36,781</b>	<b>120,916</b>	<b>124,083</b>
<i>Equities</i>						
Common						
Private					203,627	76,731
International					4,816	3,987
Australian Dollar					3,370	2,240
Swiss Franc					4,589	2,128
Danish Krone					945	467
Euro					17,687	10,463
Pound Sterling					7,370	5,901
Hong Kong Dollar					949	596
New Israeli Shekel					311	153
Japanese Yen					10,964	5,905
Norwegian Krone					295	219
New Zealand Dollar					87	81
Swedish Krona					1,538	856
Singapore Dollar					666	357
US Dollar					11,032	8,176
<b>Total International Equities</b>					<b>59,803</b>	<b>37,542</b>
<b>Total Equities</b>					<b>268,246</b>	<b>118,260</b>
Real Estate						
Real Estate - Buildings					4,657	1,487
Real Estate - Equity					3,130	2,796
<b>Total Real Estate</b>					<b>7,787</b>	<b>4,283</b>
<b>Total Investments</b>					<b>\$ 396,949</b>	<b>\$ 246,626</b>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

The following tables provide information as of September 30, 2025, concerning credit risk:

TRS

Moody's Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
Aaa	\$ 14,962	\$ 14,286	0.19
Aa1	116,229	113,658	1.48
Aa2	18,813	17,668	0.23
Aa3	11,795	12,132	0.16
P-2	253,582	253,582	3.30
A1	225,906	229,352	2.98
A2	111,060	111,655	1.45
A3	361,132	362,125	4.71
Baa1	292,532	278,996	3.63
Baa2	457,015	449,134	5.84
Baa3	36,161	33,300	0.43
Ba1	16,538	14,525	0.19
Ba2	7,545	8,417	0.11
B1	2,141	2,128	0.03
NR	2,768,303	2,764,885	35.90
<b>Total Moody's Rated Fixed Maturities</b>	<b>4,693,714</b>	<b>4,665,843</b>	<b>60.63</b>
U.S. Agency Mortgage-Backed Securities	1,097,963	1,064,243	13.83
U.S. Government Guaranteed	2,015,582	1,965,230	25.54
<b>Total Fixed Maturities</b>	<b>\$ 7,807,259</b>	<b>\$ 7,695,316</b>	<b>100.00</b>

S&P Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
AAA	\$ 14,962	\$ 14,286	0.19
AA+	114,565	112,036	1.46
AA	6,468	6,729	0.09
AA-	38,644	37,547	0.49
A-2	253,582	253,582	3.30
A+	12,799	12,493	0.16
A	143,652	145,743	1.89
A-	403,775	400,631	5.21
BBB+	434,410	435,609	5.66
BBB	446,856	430,443	5.59
BBB-	23,203	22,417	0.29
BB+	18,256	16,560	0.22
BB	2,827	2,860	0.04
BB-	2,141	2,128	0.03
NR	2,777,574	2,772,779	36.01
<b>Total S&amp;P Rated Fixed Maturities</b>	<b>4,693,714</b>	<b>4,665,843</b>	<b>60.63</b>
U.S. Agency Mortgage-Backed Securities	1,097,963	1,064,243	13.83
U.S. Government Guaranteed	2,015,582	1,965,230	25.54
<b>Total Fixed Maturities</b>	<b>\$ 7,807,259</b>	<b>\$ 7,695,316</b>	<b>100.00</b>

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Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

ERS

Moody's Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
Aaa	\$ 6,896	\$ 6,574	0.16
Aa1	60,634	59,051	1.47
Aa2	9,209	8,690	0.22
Aa3	6,362	6,536	0.16
P-2	134,992	134,992	3.37
A1	117,613	119,213	2.98
A2	57,103	57,327	1.43
A3	178,475	179,085	4.47
Baa1	154,581	146,632	3.66
Baa2	238,221	233,831	5.84
Baa3	17,997	16,541	0.41
Ba1	8,249	7,198	0.18
Ba2	3,838	4,281	0.11
B1	989	985	0.02
NR	1,479,933	1,477,922	36.93
<b>Total Moody's Rated Fixed Maturities</b>	<b>2,475,092</b>	<b>2,458,858</b>	<b>61.41</b>
U.S. Agency Mortgage-Backed Securities	559,797	542,260	13.54
U.S. Government Guaranteed	1,028,072	1,002,702	25.05
<b>Total Fixed Maturities</b>	<b>\$ 4,062,961</b>	<b>\$ 4,003,820</b>	<b>100.00</b>

S&P Ratings	Cost	Fair Value	Fair Value as a Percentage of Total Fair Value of Fixed Maturities
AAA	\$ 6,896	\$ 6,574	0.16
AA+	59,888	58,325	1.46
AA	2,922	3,035	0.08
AA-	19,043	18,547	0.46
A-2	134,992	134,992	3.37
A+	6,873	6,726	0.17
A	70,714	71,646	1.79
A-	212,182	210,399	5.25
BBB+	213,844	214,498	5.36
BBB	239,708	230,057	5.75
BBB-	11,513	11,107	0.28
BB+	9,344	8,509	0.21
BB	1,430	1,445	0.04
BB-	989	985	0.02
NR	1,484,754	1,482,013	37.01
<b>Total S&amp;P Rated Fixed Maturities</b>	<b>2,475,092</b>	<b>2,458,858</b>	<b>61.41</b>
U.S. Agency Mortgage-Backed Securities	559,797	542,260	13.54
U.S. Government Guaranteed	1,028,072	1,002,702	25.05
<b>Total Fixed Maturities</b>	<b>\$ 4,062,961</b>	<b>\$ 4,003,820</b>	<b>100.00</b>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

Moody's Ratings	JRF		Fair Value as a Percentage of Total Fair Value of Fixed Maturities
	Cost	Fair Value	
Aaa	\$ 436	\$ 416	0.34
Aa1	2,610	2,551	2.11
Aa2	673	657	0.54
Aa3	64	65	0.05
P-2	6,482	6,482	5.36
A1	2,874	2,931	2.42
A2	2,020	2,026	1.68
A3	6,732	6,697	5.54
Baa1	5,411	5,057	4.18
Baa2	9,674	9,340	7.72
Baa3	762	686	0.57
Ba1	188	165	0.14
Ba2	181	201	0.17
B1	63	62	0.05
NR	28,878	28,787	23.82
<b>Total Moody's Rated Fixed Maturities</b>	<b>67,048</b>	<b>66,123</b>	<b>54.69</b>
U.S. Agency Mortgage-Backed Securities	20,570	19,567	16.18
U.S. Government Guaranteed	36,465	35,226	29.13
<b>Total Fixed Maturities</b>	<b>\$ 124,083</b>	<b>\$ 120,916</b>	<b>100.00</b>

S&P Ratings	JRF		Fair Value as a Percentage of Total Fair Value of Fixed Maturities
	Cost	Fair Value	
AAA	\$ 436	\$ 416	0.34
AA+	2,573	2,515	2.08
AA	155	161	0.13
AA-	878	858	0.71
A-2	6,482	6,482	5.36
A+	154	140	0.12
A	2,071	2,117	1.75
A-	7,151	7,000	5.79
BBB+	7,544	7,483	6.19
BBB	9,861	9,340	7.72
BBB-	398	374	0.31
BB+	336	320	0.27
BB	68	68	0.06
BB-	63	62	0.05
NR	28,878	28,787	23.81
<b>Total S&amp;P Rated Fixed Maturities</b>	<b>67,048</b>	<b>66,123</b>	<b>54.69</b>
U.S. Agency Mortgage-Backed Securities	20,570	19,567	16.18
U.S. Government Guaranteed	36,465	35,226	29.13
<b>Total Fixed Maturities</b>	<b>\$ 124,083</b>	<b>\$ 120,916</b>	<b>100.00</b>

(Dollar Amounts in Thousands)

**D. Fair Value Measurements**

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

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Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

The following tables provide information as of September 30, 2025, concerning fair value measurements:

	TRS			
	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><i>Domestic Fixed Maturity</i></b>				
Money Market Funds	\$ 2,377,219	\$ -	\$ 2,377,219	\$ -
Commercial Paper	253,582	-	253,582	-
U.S. Agency	101,962	-	101,962	-
U.S. Treasuries	1,858,102	-	1,858,102	-
Corporate Bonds	1,547,462	-	1,547,462	-
Private Placements	385,618	-	-	385,618
GNMAs	107,128	-	107,128	-
CMOs	1,064,243	-	1,064,243	-
Total Domestic Fixed Maturity	<u>7,695,316</u>	<u>-</u>	<u>7,309,698</u>	<u>385,618</u>
<b><i>Equities</i></b>				
Domestic	17,019,061	15,376,333	1,642,728	-
Private	1,618,606	49,637	-	1,568,969
International	5,080,379	4,569,836	510,543	-
Total Equities	<u>23,718,046</u>	<u>19,995,806</u>	<u>2,153,271</u>	<u>1,568,969</u>
<b><i>Real Estate</i></b>				
Real Estate - Buildings	2,537,993	-	-	2,537,993
Real Estate - Equity	338,873	338,873	-	-
Total Real Estate	<u>2,876,866</u>	<u>338,873</u>	<u>-</u>	<u>2,537,993</u>
Total Investments	<u>34,290,228</u>	<u>20,334,679</u>	<u>9,462,969</u>	<u>4,492,580</u>
Securities Lending Collateral	1,058,084	-	1,058,084	-
Total Fair Value	<u>\$ 35,348,312</u>	<u>\$ 20,334,679</u>	<u>\$ 10,521,053</u>	<u>\$ 4,492,580</u>

RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

ERS

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Domestic Fixed Maturity</b>				
Money Market Funds	\$ 1,287,313	\$ -	\$ 1,287,313	\$ -
Commercial Paper	134,992	-	134,992	-
U.S. Agency	53,164	-	53,164	-
U.S. Treasuries	948,819	-	948,819	-
Corporate Bonds	793,785	-	793,785	-
Private Placements	189,604	-	-	189,604
GNMAs	53,883	-	53,883	-
CMOs	542,260	-	542,260	-
<b>Total Domestic Fixed Maturity</b>	<b>4,003,820</b>	<b>-</b>	<b>3,814,216</b>	<b>189,604</b>
<b>Equities</b>				
Domestic	8,785,680	7,944,466	841,214	-
Private	874,675	27,526	-	847,149
International	2,654,762	2,384,554	270,208	-
<b>Total Equities</b>	<b>12,315,117</b>	<b>10,356,546</b>	<b>1,111,422</b>	<b>847,149</b>
<b>Real Estate</b>				
Real Estate - Buildings	1,232,419	-	-	1,232,419
Real Estate - Equity	232,358	232,358	-	-
<b>Total Real Estate</b>	<b>1,464,777</b>	<b>232,358</b>	<b>-</b>	<b>1,232,419</b>
<b>Total Investments</b>	<b>17,783,714</b>	<b>10,588,904</b>	<b>4,925,638</b>	<b>2,269,172</b>
Securities Lending Collateral	474,125	-	474,125	-
<b>Total Fair Value</b>	<b>\$ 18,257,839</b>	<b>\$ 10,588,904</b>	<b>\$ 5,399,763</b>	<b>\$ 2,269,172</b>

RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

JRF

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Domestic Fixed Maturity</b>				
Money Market Funds	\$ 24,231	\$ -	\$ 24,231	\$ -
Commercial Paper	6,482	-	6,482	-
U.S. Agency	2,308	-	2,308	-
U.S. Treasuries	32,897	-	32,897	-
Corporate Bonds	31,409	2,812	28,597	-
Private Placements	1,693	-	-	1,693
GNMAs	2,329	-	2,329	-
CMOs	19,567	-	19,567	-
<b>Total Domestic Fixed Maturity</b>	<b>120,916</b>	<b>2,812</b>	<b>116,411</b>	<b>1,693</b>
<b>Equities</b>				
Domestic	203,627	184,819	18,809	(1)
Private	4,816	-	-	4,816
International	59,803	55,997	3,806	-
<b>Total Equities</b>	<b>268,246</b>	<b>240,816</b>	<b>22,615</b>	<b>4,815</b>
<b>Real Estate</b>				
Real Estate - Buildings	4,657	-	-	4,657
Real Estate - Equity	3,130	3,130	-	-
<b>Total Real Estate</b>	<b>7,787</b>	<b>3,130</b>	<b>-</b>	<b>4,657</b>
<b>Total Investments</b>	<b>396,949</b>	<b>246,758</b>	<b>139,026</b>	<b>11,165</b>
Securities Lending Collateral	4,069	-	4,069	-
<b>Total Fair Value</b>	<b>\$ 401,018</b>	<b>\$ 246,758</b>	<b>\$ 143,095</b>	<b>\$ 11,165</b>

(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, 2025, the average term of the loans secured by the Compass Fund was 25 days for the TRS, 23 days for the ERS, and 40 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, 2025, the fair value of the securities on loan was \$5,647,751, \$2,718,036, and \$52,184 for the TRS, ERS, and JRF, respectively. The fair value of the collateral pledged by the borrowers was \$6,063,618, \$2,948,710, and \$56,402 for the TRS, ERS, and JRF, respectively. 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.

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.

# RETIREMENT SYSTEMS OF ALABAMA

## Financial Section

### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

The following table provides information as of September 30, 2025, concerning securities lent:

#### SECURITIES LENDING - INVESTMENTS LENT AND COLLATERAL RECEIVED

(At Fair Value) 09/30/2025

Type of Investment Lent	TRS	ERS	JRF	Totals
<i>For Cash Collateral</i>				
Domestic Fixed Securities	\$ 113,574	\$ 63,982	\$ 627	\$ 178,183
Domestic Equity	785,630	318,998	1,168	1,105,796
International Securities	131,583	78,493	2,134	212,210
Total Lent for Cash Collateral	1,030,787	461,473	3,929	1,496,189
<i>For Non-Cash Collateral</i>				
Domestic Fixed Securities	1,909,008	883,972	25,008	2,817,988
Domestic Equity	2,635,368	1,337,895	22,612	3,995,875
International Securities	72,588	34,696	635	107,919
Total Lent for Non-cash Collateral	4,616,964	2,256,563	48,255	6,921,782
<b>Total Securities Lent</b>	<b>\$ 5,647,751</b>	<b>\$ 2,718,036</b>	<b>\$ 52,184</b>	<b>\$ 8,417,971</b>
<b>Collateral Received by Type of Investment Lent</b>				
<i>For Cash Collateral</i>				
Cash Collateral - Invested in State Street Compass Fund	1,058,084	474,125	4,069	1,536,278
Total Cash Collateral	1,058,084	474,125	4,069	1,536,278
<i>Non-Cash Collateral</i>				
Domestic Fixed Securities	836,971	408,644	10,346	1,255,961
Domestic Equity	2,938,961	1,491,256	25,822	4,456,039
International Securities	1,229,602	574,685	16,165	1,820,452
Total Non-cash Collateral	5,005,534	2,474,585	52,333	7,532,452
<b>Total Collateral Received by Type of Investment Lent</b>	<b>\$ 6,063,618</b>	<b>\$ 2,948,710</b>	<b>\$ 56,402</b>	<b>\$ 9,068,730</b>

#### F. Mortgage-backed Securities

As of September 30, 2025, 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.

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Financial Section

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(Dollar Amounts in Thousands)

**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.

The following table presents the investment derivative instruments outstanding as of September 30, 2025, as reported in the Systems' Statement of Plan Net Assets and Statement of Changes in Plan Net Assets:

**Investment Derivative Instruments**

	Changes in Fair Value		Fair Value as of September 30, 2025		
	Classification	Amount	Classification	Amount	Notional
<b>TRS</b>					
Domestic Options Written	Investment Income	\$ (134)	Domestic Equity	\$ (134)	\$ 18,525
Domestic Options Purchased	Investment Income	-	Domestic Equity	-	-
Total Domestic Options		(134)		(134)	18,525
International Options Written	Investment Income	-	International Equity	-	-
<b>Grand Total TRS Options</b>		<b>\$ (134)</b>		<b>\$ (134)</b>	<b>\$ 18,525</b>
<b>ERS</b>					
Domestic Options Written	Investment Income	\$ (72)	Domestic Equity	\$ (72)	\$ 9,975
Domestic Options Purchased	Investment Income	-	Domestic Equity	-	-
Total Domestic Options		(72)		(72)	9,975
International Options Written	Investment Income	-	International Equity	-	-
<b>Grand Total ERS Options</b>		<b>\$ (72)</b>		<b>\$ (72)</b>	<b>\$ 9,975</b>
<b>JRF</b>					
Domestic Options Written	Investment Income	\$ -	Domestic Equity	\$ -	\$ -
Domestic Options Purchased	Investment Income	-	Domestic Equity	-	-
Total Domestic Options		-		-	-
International Options Written	Investment Income	-	International Equity	-	-
<b>Grand Total JRF Options</b>		<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>					
Domestic Options Written	Investment Income	\$ (206)	Domestic Equity	\$ (206)	\$ 28,500
Domestic Options Purchased	Investment Income	-	Domestic Equity	-	-
Total Domestic Options		(206)		(206)	28,500
International Options Written	Investment Income	-	International Equity	-	-
<b>Grand Total Options</b>		<b>\$ (206)</b>		<b>\$ (206)</b>	<b>\$ 28,500</b>

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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, 2025, were as follows:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
Total Pension Liability	\$ 47,054,461	\$ 25,030,251	\$ 574,932
Less: Plan Net Position (see Note 3G)	<u>(34,631,519)</u>	<u>(17,894,384)</u>	<u>(398,983)</u>
<b>Net Pension Liability</b>	<b><u>\$ 12,422,942</u></b>	<b><u>\$ 7,135,867</u></b>	<b><u>\$ 175,949</u></b>
<b>Plan Net Position as a Percentage of the Total Pension Liability</b>	<b>73.60%</b>	<b>71.49%</b>	<b>69.40%</b>

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, 2024, and rolled forward in accordance with GASB Statement No. 67 to September 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
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 2025.

The actuarial assumptions used in the actuarial valuation as of September 30, 2024, 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, 2024, 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, 2025.

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*Financial Section*

Notes to the Combined Financial Statements

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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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(Dollar Amounts in Thousands)

The total pension liability related to the cost-sharing retirement plans is based on the actuarial valuation as of September 30, 2024. The expected total pension liability is determined as of September 30, 2025, using standard roll-forward techniques as shown in the following table:

	<b>TRS</b>				
	<b>Expected</b>	<b>Actual</b>			
Total Pension Liability as of 9/30/2024 (a)	\$ 45,495,140	\$ 45,726,660			
Expected Rate of Return (b)	7.45%	7.45%			
Entry Age Normal Cost* for 10/1/2024 - 9/30/2025 (c)	\$ 858,380	\$ 858,380			
Actual Benefit Payments (including refunds) for 10/1/2024 - 9/30/2025 (d)	\$ 2,831,733	\$ 2,831,733			
Total Pension Liability as of 9/30/2024 [(a) x (1 + (b))] + (c) - [(d) x (1 + 0.5 x (b))]	\$ 46,805,693	\$ 47,054,461			
Difference between Actual Before and After Plan Changes - Benefit Change (Gain)/Loss		\$ 248,768			
			<b>ERS</b>		
			<b>Expected</b>	<b>Actual Before Plan Changes</b>	<b>Actual After Plan Changes</b>
Total Pension Liability as of 9/30/2024 (a)	\$ 23,812,137	\$ 24,307,751	\$ 24,307,968		
Expected Rate of Return (b)	7.45%	7.45%	7.45%		
Entry Age Normal Cost* for 10/1/2024 - 9/30/2025 (c)	\$ 501,421	\$ 501,421	\$ 501,463		
Actual Benefit Payments (including refunds) for 10/1/2024 - 9/30/2025 (d)	\$ 1,533,019	\$ 1,533,019	\$ 1,533,019		
Total Pension Liability as of 9/30/2024 [(a) x (1 + (b))] + (c) - [(d) x (1 + 0.5 x (b))]	\$ 24,497,438	\$ 25,029,975	\$ 25,030,251		
Difference between Expected and Actual Experience (Gain)/Loss		\$ 532,537			
Difference between Actual Before and After Plan Changes - Benefit Change (Gain)/Loss				\$ 276	
			<b>JRF</b>		
	<b>Expected</b>	<b>Actual</b>			
Total Pension Liability as of 9/30/2024 (a)	\$ 565,117	\$ 567,420			
Expected Rate of Return (b)	7.40%	7.40%			
Entry Age Normal Cost* for 10/1/2024 - 9/30/2025 (c)	\$ 12,400	\$ 12,400			
Actual Benefit Payments (including refunds) for 10/1/2024 - 9/30/2025 (d)	\$ 45,204	\$ 45,204			
Total Pension Liability as of 9/30/2024 [(a) x (1 + (b))] + (c) - [(d) x (1 + 0.5 x (b))]	\$ 572,459	\$ 574,932			
Difference between Expected and Actual Experience (Gain)/Loss		\$ 2,473			

\*Also called the Service Cost.

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

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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%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>			

\*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:

	Current		
	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
<b>TRS</b>	\$ 17,661,899	\$ 12,422,942	\$ 8,013,202
<b>ERS</b>	\$ 9,943,452	\$ 7,135,867	\$ 4,770,894

	Current		
	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
<b>JRF</b>	\$ 228,352	\$ 175,949	\$ 130,608

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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 2025 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, 2025:

	<u>TRS</u>	<u>ERS</u>
Land	\$ 5,085	\$ 2,535
Building and Improvements	107,896	53,948
Software	49,181	16,361
Furniture and Equipment	13,120	3,231
Total Property and Equipment	175,282	76,075
Less: Accumulated Depreciation	(105,238)	(44,014)
<b>Net Property and Equipment</b>	<b>\$ 70,044</b>	<b>\$ 32,061</b>

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*.

**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, 2024, the membership covered by the benefit terms consisted of:

Active Members	30,117
Inactive Members	24,925
Total	55,042

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, 2025, the TRS reported a liability of \$12,691 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. The TRS's proportion of the net OPEB liability was based on the projection of the TRS's contributions for fiscal 2024 to the total fiscal 2024 contributions of all participating employers. At September 30, 2024, the TRS's proportion was 0.6487479%, which was an increase of 0.0054160% from its proportion measured as of September 30, 2023.

## RETIREMENT SYSTEMS OF ALABAMA

### Financial Section

#### Notes to the Combined Financial Statements

#### For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

For the year ended September 30, 2025, the TRS recognized OPEB expense of \$1,816. At September 30, 2025, the TRS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected & Actual Experience	\$ 2,843	\$ 996
Changes of Assumptions	3,076	292
Net Difference between Projected & Actual		
Earnings on OPEB Plan Investments	-	173
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	747	-
Employer Contributions Subsequent to the Measurement Date	257	-
<b>Total</b>	<b>\$ 6,923</b>	<b>\$ 1,461</b>

The TRS will recognize \$257 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending September 30:</b>	
2026	\$945
2027	\$1,329
2028	\$1,268
2029	\$1,211
2030	\$452
Thereafter	\$0

At September 30, 2025, the ERS reported a liability of \$6,326 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. The ERS's proportion of the net OPEB liability was based on the proportion of ERS's contributions for fiscal 2024 to the total fiscal 2024 contributions of all participating employers. At September 30, 2024, the ERS's proportion was 0.3234010%, which was a decrease of 0.0121405% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the ERS recognized OPEB expense of \$575. At September 30, 2025, the ERS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected & Actual Experience	\$ 1,418	\$ 496
Changes of Assumptions	1,533	146
Net Difference between Projected & Actual		
Earnings on OPEB Plan Investments	-	86
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	-	544
Employer Contributions Subsequent to the Measurement Date	129	-
<b>Total</b>	<b>\$ 3,080</b>	<b>\$ 1,272</b>

## RETIREMENT SYSTEMS OF ALABAMA

### Financial Section

#### Notes to the Combined Financial Statements

#### For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

The ERS will recognize \$129 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending September 30:</b>	
2026	\$124
2027	\$375
2028	\$443
2029	\$525
2030	\$212
Thereafter	\$0

At September 30, 2025, the JRF reported a liability of \$62 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. The JRF's proportion of the net OPEB liability was based on the proportion of JRF's contributions for fiscal 2024 to the total fiscal 2024 contributions of all participating employers. At September 30, 2024, the JRF's proportion was 0.0031658%, which was a decrease of 0.0000454% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the JRF recognized OPEB expense of \$11. At September 30, 2025, the JRF reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected & Actual Experience	\$ 14	\$ 5
Changes of Assumptions	15	1
Net Difference between Projected & Actual		
Earnings on OPEB Plan Investments	-	1
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	1	1
Employer Contributions Subsequent to the Measurement Date	1	-
<b>Total</b>	<b>\$ 31</b>	<b>\$ 8</b>

The JRF will recognize \$1 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending September 30:</b>	
2026	\$4
2027	\$6
2028	\$5
2029	\$5
2030	\$2
Thereafter	\$0

## RETIREMENT SYSTEMS OF ALABAMA

### *Financial Section*

#### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.50%
<b>Salary Increases*</b>	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
<b>Long-Term Investment Rate of Return**</b>	7.25%
<b>Municipal Bond Index Rate at Measurement Date</b>	3.89%
<b>Municipal Bond Index Rate at Prior Measurement Date</b>	4.53%
<b>Projected Year for Fiduciary Net Position to be Depleted</b>	2043
<b>Single Equivalent Interest Rate at Measurement Date</b>	4.52%
<b>Single Equivalent Interest Rate at Prior Measurement Date</b>	7.25%
<b>Medical Cost Trend Rate</b>	
Initial Trend Rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	***
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate Trend Rate	2033 for Pre-Medicare Eligible 2028 for Medicare Eligible
Dental Trend Rate	4.50%

\*Includes 2.75% wage inflation.

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

\*\*\*Initial Medicare trend rates are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026-2028 contract negotiation period.

RETIREMENT SYSTEMS OF ALABAMA

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Notes to the Combined Financial Statements

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(Dollar Amounts in Thousands)

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

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Combined Financial Statements

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(Dollar Amounts in Thousands)

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, 2023 valuation were based on a review of recent plan experience done concurrently with the September 30, 2023 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%
<b>Total</b>	<b>100.00%</b>	

\*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 4.52% at September 30, 2024. 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. 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 S&P High Grade 20-Year Municipal Bond Index Rate, and the Bloomberg (Barclays) General Obligation 20-year Muni Bond Index. The rates as of September 30, 2024, were 3.81%, 4.06%, and 3.79%, respectively, which resulted in an average Municipal Bond Index Rate of 3.89%. Projected future benefit payments for all current plan members were projected through 2123.

# RETIREMENT SYSTEMS OF ALABAMA

## Financial Section

### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

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:

	<b>1% Decrease (5.75% decreasing to 3.50% for Pre-Medicare and Known decreasing to 3.5% for Medicare Eligible)</b>	<b>Current Healthcare Trend Rate (6.75% decreasing to 4.50% for Pre-Medicare and Known decreasing to 4.50% for Medicare Eligible)</b>	<b>1% Increase (7.75% decreasing to 5.50% for Pre-Medicare and Known decreasing to 5.50% for Medicare Eligible)</b>
<b>TRS</b>	\$ 10,031	\$ 12,691	\$ 16,059
<b>ERS</b>	\$ 5,000	\$ 6,326	\$ 8,005
<b>JRF</b>	\$ 49	\$ 62	\$ 78

The following table presents the proportionate share of the net OPEB liability for the TRS, ERS, and JRF calculated using the discount rate of 4.52%, 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:

	<b>1% Decrease (3.52%)</b>	<b>Current Discount Rate (4.52%)</b>	<b>1% Increase (5.52%)</b>
<b>TRS</b>	\$ 15,123	\$ 12,691	\$ 10,736
<b>ERS</b>	\$ 7,539	\$ 6,326	\$ 5,352
<b>JRF</b>	\$ 74	\$ 62	\$ 52

## 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 charged to the ERS and JRF funds participate in the ERS pension plan and 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](http://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 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.

## RETIREMENT SYSTEMS OF ALABAMA

### *Financial Section*

#### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

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, 2025, was 13.57% of annual pay for Tier 1 members and 12.60% 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 \$2,962 for the fiscal year ended September 30, 2025.

At September 30, 2025, in accordance with GASB Statement No. 68, the TRS reported a net pension liability of \$32,803 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, 2023, 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 30, 2020, and rolled forward to TRS's measurement date of September 30, 2024. 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, 2024, the TRS's proportion was 0.252169%, which was an increase of 0.000741% from its proportion measured as of September 30, 2023.

# RETIREMENT SYSTEMS OF ALABAMA

## Financial Section

### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

For the year ended September 30, 2025, the TRS recognized pension expense of \$3,149. At September 30, 2025, the TRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected & Actual Experience	\$ 3,262	\$ 236
Changes of Assumptions	503	-
Net Difference between Projected & Actual		
Earnings on Pension Plan Investments	-	5,379
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	1,947	421
Employer Contributions Subsequent to the Measurement Date	2,962	-
<b>Total</b>	<b>\$ 8,674</b>	<b>\$ 6,036</b>

The TRS will recognize \$2,962 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Fiscal Year Ended September 30:

2026	\$487
2027	\$2,458
2028	(\$1,611)
2029	(\$1,658)
2030	\$0
Thereafter	\$0

The TRS total pension liability was determined by an actuarial valuation as of September 30, 2023, 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, 2023, 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.

## RETIREMENT SYSTEMS OF ALABAMA

### Financial Section

#### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

The assumed investment rate of return used to prepare the actuarial valuation as of September 30, 2023, was 7.45%. The Board of Control accepted and approved the assumed investment rate of return in September 2021 which became effective at the beginning of fiscal year 2021. The assumed investment rate of return was used to measure the total pension liability as of September 30, 2023.

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%
<b>Total</b>	<b>100.00%</b>	

\*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-

# RETIREMENT SYSTEMS OF ALABAMA

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### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

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 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:

	<b>1% Decrease 6.45%</b>	<b>Current Discount Rate 7.45%</b>	<b>1% Increase 8.45%</b>
TRS's Proportionate Share of Collective Net Pension Liability	\$ 45,609	\$ 32,803	\$ 22,023

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, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the TRS prepared as of September 30, 2024. The auditor's report dated February 19, 2025, 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, 2024, along with supporting schedules is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://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](http://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 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.

## RETIREMENT SYSTEMS OF ALABAMA

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#### Notes to the Combined Financial Statements

For the Fiscal Year Ended September 30, 2025

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(Dollar Amounts in Thousands)

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, 2024, ERS membership included approximately 117,309 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 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

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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, 2025, was 16.26% of annual pay for Tier 1 members and 16.02% 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 \$1,591 and from JRF were \$48 for the fiscal year ended September 30, 2025.

At September 30, 2025, in accordance with GASB Statement No. 68, the ERS reported a net pension liability of \$17,667 and the JRF reported a net pension liability of \$534 for their respective proportionate shares of the total net pension liability of the ERS State Employees' retirement plan. The ERS pension plan's total net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, using actuarial assumptions based on the results of an investigation of the economic and demographic experience for the ERS and JRF based upon participant data as of September 30, 2020, and rolled forward to the ERS and JRF's measurement date of September 30, 2024. 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, 2024, ERS's proportion was 0.512827770%, which was a decrease of 0.009909460% from its proportion measured as of September 30, 2023. At September 30, 2024, the JRF's proportion was 0.015510340%, which was a decrease of 0.000151670% from its proportion measured as of September 30, 2023.

For the fiscal year ended September 30, 2025, the ERS recognized pension expense of \$1,069. At September 30, 2025, ERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected & Actual Experience	\$ 793	\$ 15
Changes of Assumptions	-	-
Net Difference between Projected & Actual		
Earnings on OPEB Plan Investments	-	1,931
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	-	533
Employer Contributions Subsequent to the Measurement Date	1,591	-
<b>Total</b>	<b>\$ 2,384</b>	<b>\$ 2,479</b>

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The ERS will recognize \$1,591 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended</b>	
<b>September 30:</b>	
2026	(\$362)
2027	\$309
2028	(\$943)
2029	(\$690)
2030	\$0
Thereafter	\$0

For the fiscal year ended September 30, 2025, the JRF recognized pension expense of \$92. At September 30, 2025, the JRF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected & Actual Experience	\$ 24	\$ -
Changes of Assumptions	-	-
Net Difference between Projected & Actual		
Earnings on OPEB Plan Investments	-	58
Changes in Proportion & Differences between Employer		
Contributions & Proportionate Share of Contributions	13	7
Employer Contributions Subsequent to the Measurement Date	48	-
<b>Total</b>	<b>\$ 85</b>	<b>\$ 65</b>

The JRF will recognize \$48 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended</b>	
<b>September 30:</b>	
2026	\$9
2027	\$11
2028	(\$28)
2029	(\$20)
2030	\$0
Thereafter	\$0

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The ERS total pension liability was determined by an actuarial valuation as of September 30, 2023, 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

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-2021, 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, 2023, 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, 2023, was 7.45% for the ERS. The Board of Control accepted and approved the assumed investment rate of return in September 2021 which became effective September 30, 2020. The 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:

	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return*</b>
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%
<b>Total</b>	<b>100.00%</b>	

\*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 in accordance with the funding policy adopted by the ERS Board of Control. 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:

<b>Net Pension Liability for RSA employees participating in indicated plan</b>	<b>1% Decrease 6.45%</b>	<b>Current Discount Rate 7.45%</b>	<b>1% Increase 8.45%</b>
ERS's Proportionate Share of Collective Net Pension Liability	\$ 22,651	\$ 17,667	\$ 13,439
JRF's Proportionate Share of Collective Net Pension Liability	\$ 685	\$ 534	\$ 406

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, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. The auditor's report dated August 27, 2025, 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](http://www.rsa-al.gov).

## RETIREMENT SYSTEMS OF ALABAMA

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### *Financial Section*

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#### **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 2050. Rental payments and other agreed upon payments (reported as investment income) from leases with state agencies totaled \$43,597,906 during fiscal year 2025.

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TRS  
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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	\$ 858,380	\$ 826,293	\$ 789,946	\$ 717,506	\$ 660,269	\$ 677,424	\$ 645,409	\$ 637,532	\$ 617,120	\$ 627,938
Service Cost*	3,283,906	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
Interest	-	-	-	69,125	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference Between Expected & Actual Experience	248,768	428,471	1,567,942	102,411	(562,647)	624,754	(226,777)	265,644	(26,1067)	(290,388)
Changes of Assumptions	-	-	-	-	1,197,157	-	-	178,049	-	942,133
Benefit Payments	(2,752,601)	(2,647,049)	(2,566,994)	(2,564,392)	(2,424,490)	(2,335,705)	(2,238,966)	(2,208,925)	(2,117,351)	(2,161,570)
Refunds of Contributions	(79,132)	(80,603)	(71,749)	(65,934)	(58,806)	(58,679)	(55,596)	(58,552)	(53,526)	(57,566)
Net Change in Total Pension Liability	1,559,321	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
Total Pension Liability - Beginning	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	32,243,446
Total Pension Liability - Ending (A)	\$ 47,054,461	\$ 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
Plan Fiduciary Net Position reserved to fund Total Pension Liability										
Contributions - Employer	\$ 1,95,942	\$ 1,066,094	\$ 1,008,365	\$ 932,332	\$ 874,401	\$ 862,475	\$ 869,336	\$ 802,598	\$ 782,702	\$ 751,909
Contributions - Member	643,725	625,336	596,833	563,132	525,755	515,003	522,909	493,466	489,638	475,980
Other	670	670	503	58,735	-	-	-	13,445	-	-
Net Investment Income/(Loss)	3,175,423	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
Benefit Payments	(2,752,601)	(2,647,049)	(2,566,994)	(2,564,392)	(2,424,490)	(2,335,705)	(2,238,966)	(2,208,925)	(2,117,351)	(2,161,570)
Refunds of Contributions	(79,132)	(80,603)	(71,749)	(65,934)	(58,806)	(58,679)	(55,596)	(58,552)	(53,526)	(57,566)
Administrative Expenses	(39,504)	(37,844)	(34,836)	(28,005)	(29,536)	(31,111)	(28,095)	(22,290)	(22,402)	(19,582)
Net Change in Plan Fiduciary Net Position	2,144,523	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
Plan Fiduciary Net Position - Beginning	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
Plan Fiduciary Net Position - Ending (B)	\$ 34,631,519	\$ 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
Net Pension Liability - Ending (A - B)	\$ 12,422,942	\$ 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
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60%	71.41%	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%
Covered Payroll**	\$ 9,083,612	\$ 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
Net Pension Liability as a Percentage of Covered Payroll	136.76%	150.40%	194.56%	209.43%	130.61%	166.94%	158.88%	144.10%	148.38%	165.50%

\*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.

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	\$ 501,421	\$ 460,137	\$ 431,049	\$ 400,919	\$ 348,684	\$ 329,995	\$ 315,841	\$ 307,064	\$ 325,138	\$ 308,840
Service Cost*	1,716,899	1,636,838	1,560,145	1,517,397	1,466,595	1,407,878	1,329,988	1,303,322	1,271,712	1,233,415
Interest	276	36,900	945	2,1613	39,193	71,320	-	-	-	-
Benefit Changes	532,537	442,837	488,251	45,487	96,894	243,909	24,803	(79,478)	(64,111)	101
& Actual Experience	(1,466,659)	(1,401,848)	(1,366,801)	(133,1069)	726,196	-	-	87,608	-	544,310
Changes of Assumptions	(66,360)	(69,260)	(64,003)	(613,64)	(52,064)	(12,15,223)	(1,123,150)	(1,102,478)	(1,056,006)	(1,043,293)
Refunds of Contributions	-	-	-	-	(52,064)	(45,303)	(55,478)	(44,890)	(46,374)	(44,660)
New Unit	-	-	-	-	-	560,498	-	-	-	-
Net Change in Total Pension Liability	1,218,114	1,105,604	1,049,586	592,983	1,356,999	1,353,074	492,004	471,148	430,359	998,713
Total Pension Liability - Beginning	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
Total Pension Liability - Ending (A)	\$ 25,030,251	\$ 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
Plan Fiduciary Net Position reserved to fund Total Pension Liability	\$ 765,696	\$ 669,034	\$ 593,211	\$ 562,109	\$ 516,402	\$ 519,806	\$ 467,553	\$ 426,340	\$ 426,369	\$ 435,243
Contributions - Employer	390,969	362,580	334,456	310,159	286,396	270,947	254,440	241,741	233,901	238,017
Contributions - Member	-	-	-	-	-	344,352	-	-	-	-
Contributions - New Unit	330	330	247	165	-	-	-	(7,481)	-	-
Other	1,678,327	2,936,280	1,653,894	(194,5460)	2,861,199	724,025	320,585	1,098,412	1,402,009	1,052,886
Net Investment Income/(Loss)	(1,466,659)	(1,401,848)	(1,366,801)	(133,1069)	(126,8499)	(12,15,223)	(1,123,150)	(1,102,478)	(1,056,006)	(1,043,293)
Benefit Payments	(66,360)	(69,260)	(64,003)	(613,64)	(52,064)	(45,303)	(55,478)	(44,890)	(46,374)	(44,660)
Refunds of Contributions	(20,052)	(18,324)	(16,822)	(14,857)	(14,496)	(16,539)	(15,829)	(13,763)	(14,502)	(13,023)
Administrative Expenses	1,282,251	2,478,792	1,134,182	(2,480,317)	2,328,938	582,065	(151,879)	597,881	945,397	625,170
Net Change in Plan Fiduciary	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
Plan Fiduciary Net Position - Beginning	17,894,384	16,612,133	14,133,341	12,999,159	15,479,476	13,150,538	12,568,473	12,122,471	11,177,074	10,551,904
Plan Fiduciary Net Position - Ending (B)	\$ 34,506,517	\$ 30,745,474	\$ 27,132,500	\$ 28,478,635	\$ 28,630,014	\$ 25,719,016	\$ 25,288,825	\$ 24,244,942	\$ 22,349,148	\$ 21,103,808
Net Pension Liability - Ending (A - B)	\$ 7,135,867	\$ 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
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.49%	69.76%	62.24%	60.02%	73.49%	66.73%	68.48%	71.22%	69.71%	65.90%
Covered Payroll**	\$ 5,226,552	\$ 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
Net Pension Liability as a Percentage of Covered Payroll	136.53%	149.56%	190.54%	206.83%	135.40%	163.77%	152.67%	139.25%	143.16%	160.98%

\*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.

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JRF  
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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>	\$ 12,400	\$ 12,083	\$ 11,699	\$ 10,275	\$ 9,825	\$ 9,512	\$ 9,574	\$ 9,811	\$ 9,815	\$ 9,807
Service Cost*	40,146	39,243	35,767	35,775	35,316	33,960	33,910	34,112	33,668	32,695
Interest	-	-	-	-	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
& Actual Experience	2,473	5,038	42,539	(4,259)	746	13,351	(4,518)	(9,134)	(4,399)	(2,487)
Changes of Assumptions	-	-	-	-	15,905	-	-	3,873	-	17,792
Benefit Payments	(45,137)	(42,934)	(42,580)	(40,542)	(39,089)	(38,812)	(36,909)	(33,419)	(32,807)	(30,902)
Refunds of Contributions	(67)	(179)	(364)	(325)	(28)	(256)	(646)	(130)	(353)	(106)
<b>Net Change in Total Pension Liability</b>	<b>9,815</b>	<b>13,251</b>	<b>47,061</b>	<b>924</b>	<b>22,675</b>	<b>17,755</b>	<b>1,411</b>	<b>5,113</b>	<b>5,924</b>	<b>26,799</b>
<b>Total Pension Liability - Beginning</b>	<b>565,117</b>	<b>551,866</b>	<b>504,805</b>	<b>503,881</b>	<b>481,206</b>	<b>463,451</b>	<b>462,040</b>	<b>456,927</b>	<b>451,003</b>	<b>424,204</b>
<b>Total Pension Liability - Ending (A)</b>	<b>\$ 574,932</b>	<b>\$ 565,117</b>	<b>\$ 551,866</b>	<b>\$ 504,805</b>	<b>\$ 503,881</b>	<b>\$ 481,206</b>	<b>\$ 463,451</b>	<b>\$ 462,040</b>	<b>\$ 456,927</b>	<b>\$ 451,003</b>
<b>Plan Fiduciary Net Position reserved to fund Total Pension Liability</b>										
Contributions - Employer	\$ 24,970	\$ 22,504	\$ 21,609	\$ 20,617	\$ 18,260	\$ 18,099	\$ 18,022	\$ 17,180	\$ 17,373	\$ 17,529
Contributions - Member	5,253	5,249	5,019	4,692	4,272	4,184	4,101	3,867	3,972	3,723
Net Investment Income/(Loss)	37,362	69,561	42,820	(51,779)	63,731	23,159	11015	27,622	32,685	28,322
Benefit Payments	(45,137)	(42,934)	(42,580)	(40,542)	(39,089)	(38,812)	(36,909)	(33,419)	(32,807)	(30,902)
Refunds of Contributions	(67)	(179)	(364)	(325)	(28)	(256)	(646)	(130)	(353)	(106)
Administrative Expenses	(566)	(559)	(528)	(443)	(376)	(357)	(357)	(326)	(334)	(398)
Other	-	-	-	-	-	-	-	(56)	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>21,815</b>	<b>53,642</b>	<b>25,976</b>	<b>(67,780)</b>	<b>46,770</b>	<b>6,017</b>	<b>(4,774)</b>	<b>14,738</b>	<b>20,536</b>	<b>18,168</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>377,167</b>	<b>323,525</b>	<b>297,549</b>	<b>365,329</b>	<b>318,559</b>	<b>312,542</b>	<b>317,316</b>	<b>302,578</b>	<b>282,042</b>	<b>263,874</b>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<b>\$ 398,982</b>	<b>\$ 377,167</b>	<b>\$ 323,525</b>	<b>\$ 297,549</b>	<b>\$ 365,329</b>	<b>\$ 318,559</b>	<b>\$ 312,542</b>	<b>\$ 317,316</b>	<b>\$ 302,578</b>	<b>\$ 282,042</b>
<b>Net Pension Liability - Ending (A - B)</b>	<b>\$ 175,950</b>	<b>\$ 187,950</b>	<b>\$ 228,341</b>	<b>\$ 207,256</b>	<b>\$ 138,552</b>	<b>\$ 162,647</b>	<b>\$ 150,909</b>	<b>\$ 144,724</b>	<b>\$ 154,349</b>	<b>\$ 168,961</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>69.40%</b>	<b>66.74%</b>	<b>58.62%</b>	<b>58.94%</b>	<b>72.50%</b>	<b>66.20%</b>	<b>67.44%</b>	<b>68.68%</b>	<b>66.22%</b>	<b>62.54%</b>
<b>Covered Payroll**</b>	<b>\$ 615,444</b>	<b>\$ 59,206</b>	<b>\$ 56,875</b>	<b>\$ 49,209</b>	<b>\$ 48,379</b>	<b>\$ 46,686</b>	<b>\$ 45,134</b>	<b>\$ 45,621</b>	<b>\$ 44,314</b>	<b>\$ 44,099</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>285.89%</b>	<b>317.45%</b>	<b>401.48%</b>	<b>421.17%</b>	<b>286.39%</b>	<b>348.38%</b>	<b>334.36%</b>	<b>317.23%</b>	<b>348.31%</b>	<b>383.14%</b>

\*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.

**SCHEDULES OF EMPLOYER PENSION CONTRIBUTIONS**

**For the Ten Fiscal Years Ended September 30**

(Dollar Amounts in Thousands)

**TEACHERS' RETIREMENT SYSTEM §**

<b>Fiscal Year</b>	<b>Actuarially Determined Employer Contributions</b>	<b>Actual Employer Contributions</b>	<b>Annual Contribution Deficiency (Excess)</b>	<b>Covered Payroll*</b>	<b>Actual Contributions as a % of Covered Payroll**</b>
2025	\$ 1,195,942	\$ 1,195,942	\$ -	\$ 9,115,412	13.12
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

**JUDICIAL RETIREMENT FUND ¥**

<b>Fiscal Year</b>	<b>Actuarially Determined Employer Contributions</b>	<b>Actual Employer Contributions</b>	<b>Annual Contribution Deficiency (Excess)</b>	<b>Covered Payroll*</b>	<b>Actual Contributions as a % of Covered Payroll***</b>
2025	\$ 24,970	\$ 24,970	\$ -	\$ 59,908	41.68
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

§ 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**

<b>Fiscal Year</b>	<b>TRS</b>	<b>ERS</b>	<b>JRF</b>
2025	10.04%	10.31%	10.22%
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%

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information  
For the Fiscal Year Ended September 30, 2025

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
9/30/2024	9/30/2025	0.25	\$ 32,803	\$ 13,556	241.98	71.41
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

**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
9/30/2024	9/30/2025	0.51	\$ 17,667	\$ 7,205	245.20	62.90
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

**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
9/30/2024	9/30/2025	0.02	\$ 534	\$ 292	182.88	62.90
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

# RETIREMENT SYSTEMS OF ALABAMA

## Financial Section

### Required Supplementary Information For the Fiscal Year Ended September 30, 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 2,962	\$ 2,629	\$ 2,477	\$ 2,256	\$ 2,072	\$ 1,946	\$ 1,883	\$ 1,725	\$ 1,444	\$ 1,453
Contributions in relation to the										
Contractually Required Contributions	(2,962)	(2,629)	(2,477)	(2,256)	(2,072)	(1,946)	(1,883)	(1,725)	(1,444)	(1,453)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 13,321	\$ 13,556	\$ 13,375	\$ 10,858	\$ 9,975	\$ 9,440	\$ 8,748	\$ 7,663	\$ 7,235	\$ 6,739
Contributions as a Percentage of Covered Payroll	22.24%	19.39%	18.52%	20.78%	20.77%	20.61%	21.52%	22.51%	19.96%	21.56%

##### EMPLOYEES' RETIREMENT SYSTEM

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 1,591	\$ 1,457	\$ 1,259	\$ 1,229	\$ 1,245	\$ 1,302	\$ 1,209	\$ 1,059	\$ 1,014	\$ 1,133
Contributions in relation to the										
Contractually Required Contributions	(1,591)	(1,457)	(1,259)	(1,229)	(1,245)	(1,302)	(1,209)	(1,059)	(1,014)	(1,133)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,788	\$ 7,205	\$ 6,781	\$ 6,229	\$ 5,821	\$ 6,350	\$ 5,848	\$ 5,197	\$ 5,113	\$ 4,904
Contributions as a Percentage of Covered Payroll	20.43%	20.22%	18.57%	19.73%	21.39%	20.50%	20.67%	20.38%	19.83%	23.10%

##### JUDICIAL RETIREMENT FUND

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 48	\$ 44	\$ 38	\$ 36	\$ 27	\$ 26	\$ 23	\$ 21	\$ 19	\$ 21
Contributions in relation to the										
Contractually Required Contributions	(48)	(44)	(38)	(36)	(27)	(26)	(23)	(21)	(19)	(21)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 315	\$ 292	\$ 276	\$ 274	\$ 189	\$ 189	\$ 176	\$ 157	\$ 152	\$ 144
Contributions as a Percentage of Covered Payroll	15.24%	15.07%	13.77%	13.14%	14.29%	13.76%	13.07%	13.38%	12.50%	14.58%

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information  
For the Fiscal Year Ended September 30, 2025

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
9/30/2024	9/30/2025	0.65	\$ 12,691	\$ 13,556	93.62	13.52
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
9/30/2024	9/30/2025	0.32	\$ 6,326	\$ 7,205	87.80	13.52
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
9/30/2024	9/30/2025	0.00	\$ 62	\$ 292	21.23	13.52
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, 2025

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**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually Required Contributions	\$ 257	\$ 367	\$ 337	\$ 331	\$ 347	\$ 313	\$ 428	\$ 454
Contributions in relation to the								
Contractually Required Contributions	(257)	(367)	(337)	(331)	(347)	(313)	(428)	(454)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 13,321	\$ 13,556	\$ 13,375	\$ 10,858	\$ 9,975	\$ 9,440	\$ 8,748	\$ 7,663
Contributions as a Percentage of								
Covered Payroll	1.93%	2.71%	2.52%	3.05%	3.48%	3.32%	4.89%	5.92%

**EMPLOYEES' RETIREMENT SYSTEM**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually Required Contributions	\$ 129	\$ 183	\$ 176	\$ 193	\$ 214	\$ 205	\$ 290	\$ 306
Contributions in relation to the								
Contractually Required Contributions	(129)	(183)	(176)	(193)	(214)	(205)	(290)	(306)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,788	\$ 7,205	\$ 6,781	\$ 6,229	\$ 5,821	\$ 6,350	\$ 5,848	\$ 5,197
Contributions as a Percentage of								
Covered Payroll	1.66%	2.54%	2.60%	3.10%	3.68%	3.23%	4.96%	5.89%

**JUDICIAL RETIREMENT FUND**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually Required Contributions	\$ 1	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Contributions in relation to the								
Contractually Required Contributions	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 315	\$ 292	\$ 276	\$ 274	\$ 189	\$ 189	\$ 176	\$ 157
Contributions as a Percentage of								
Covered Payroll	0.32%	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.

*Financial Section*

Notes to the Required Supplementary Information  
For the Fiscal Year Ended September 30, 2025

**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 2025 are in the table below. ERS local participating employer contribution rates differ for each employer.

	<u>Tier 1</u>	<u>Tier 2</u>
<b>TRS</b>	13.57%	12.60%
<b>ERS - State Employees</b>	16.26%	16.02%
<b>ERS - State Police</b>	56.68%	48.20%
<b>JRF - Groups 1 &amp; 2</b>	45.48%	-
<b>JRF - Group 3 - Judges &amp; Clerks</b>	41.05%	-
<b>JRF - District Attorneys</b>	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, 2022, 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.

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
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	25.9 years	Within 30 years - Varies by Employer	18.4 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, 2022, 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.

<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percent of Pay, Open
<b>Remaining Amortization Period</b>	30 years
<b>Asset Valuation Method</b>	Market Value of Assets
<b>Inflation</b>	2.50%
<b>Healthcare Cost Trend Rate</b>	
<b>Pre-Medicare Eligible</b>	7.00%
<b>Medicare Eligible</b>	**
<b>Ultimate Trend Rate</b>	
<b>Pre-Medicare Eligible</b>	4.50% in 2033
<b>Medicare Eligible</b>	4.50% in 2033
<b>Dental Trend Rate</b>	4.50%
<b>Investment Rate of Return*</b>	7.25%

\*Includes inflation at 2.75%

\*\*Initial Medicare claims are based on scheduled increase through plan year 2024.

**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 2024, assumptions regarding aging factors were adjusted to reflect actual and anticipated experience more closely. Additionally, future healthcare trend rates for the Medicare Advantage Plan with prescription Drugs (MAPD) were updated.

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, 2025

(Dollar Amounts in Thousands)

	<b>Teachers' Retirement System</b>	<b>Employees' Retirement System</b>	<b>Judicial Retirement Fund</b>	<b>Totals</b>
<b>Personnel Services:</b>				
Salaries	\$ 13,321	\$ 7,788	\$ 315	\$ 21,424
Employee Fringe Benefits	5,916	2,156	118	8,190
Total Personnel Services	<u>19,237</u>	<u>9,944</u>	<u>433</u>	<u>29,614</u>
<b>Professional Services:</b>				
Actuarial	163	435	75	673
Accounting and Auditing	77	59	16	152
Information Technology	3,817	1,421	11	5,249
Mailing Services	120	77	-	197
Legal Services	56	40	-	96
Personnel Services	151	-	-	151
Other Professional Services and Fees	203	79	7	289
Total Professional Services	<u>4,587</u>	<u>2,111</u>	<u>109</u>	<u>6,807</u>
<b>Communications and Travel:</b>				
Telecommunications	240	139	-	379
Postage	1,404	1,052	-	2,456
Travel	95	54	5	154
Total Communications and Travel	<u>1,739</u>	<u>1,245</u>	<u>5</u>	<u>2,989</u>
<b>Miscellaneous:</b>				
Supplies	3,215	2,014	5	5,234
Maintenance	1,379	917	14	2,310
Total Miscellaneous	<u>4,594</u>	<u>2,931</u>	<u>19</u>	<u>7,544</u>
<b>Total Administrative Expenses</b>	<b><u>\$ 30,157</u></b>	<b><u>\$ 16,231</u></b>	<b><u>\$ 566</u></b>	<b><u>\$ 46,954</u></b>

RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Schedule of Investment Expenses

For the Fiscal Year Ended September 30, 2025

(Dollar Amounts in Thousands)

	<b>Teachers' Retirement System</b>	<b>Employees' Retirement System</b>	<b>Judicial Retirement Fund</b>	<b>Totals</b>
<b><i>Investment Activity</i></b>				
<b>Investment Management Fees:</b>				
Salaries and Benefits	\$ 9,943	\$ 2,423	\$ -	\$ 12,366
Dues, Subscriptions, and Supplies	1,496	1,073	-	2,569
Travel	17	4	-	21
<b>Professional Services:</b>				
Investment Advisor	60	30	-	90
Appraisal of Private Placements and Real Estate	374	231	-	605
<b>Investment Activity Expenses before Reimbursement</b>	<b>11,890</b>	<b>3,761</b>	<b>-</b>	<b>15,651</b>
Less: Reimbursement for Investment Management Fees	31	296	-	327
<b>Total Investment Activity Expenses</b>	<b>11,859</b>	<b>3,465</b>	<b>-</b>	<b>15,324</b>
<b><i>Securities Lending Activity</i></b>				
Securities Lending Borrower Rebates	53,810	27,137	207	81,154
Securities Lending Management Fees	3,283	1,517	25	4,825
Total Securities Lending Activity Expenses	57,093	28,654	232	85,979
<b>Total Investment Expenses</b>	<b>\$ 68,952</b>	<b>\$ 32,119</b>	<b>\$ 232</b>	<b>\$ 101,303</b>

RETIREMENT SYSTEMS OF ALABAMA

*Financial Section*

Schedule of Professional/Consultant Fees

For the Period Ended September 30, 2025

(Dollar Amounts in Thousands)

<b>Professional/Consultant</b>	<b>Nature of Service</b>	<b>Teachers' Retirement System</b>	<b>Employees' Retirement System</b>	<b>Judicial Retirement Fund</b>	<b>Totals</b>
Cavanaugh Macdonald Consulting, LLC	Actuary	\$ 163	\$ 435	\$ 75	\$ 673
Carr, Riggs & Ingram, LLC	Auditor	64	32	11	107
A-LIGN	Auditor	14	27	5	46
Sawgrass Consulting	Legal	6	4	-	10
Bradley Arant Boult Cummings, LLP	Legal	37	25	-	62
Buchalter	Legal	3	2	-	5
Maynard Nexsen	Legal	8	8	-	16
Benton Law Firm LLC	Legal	3	2	-	5
Alabama Department of Finance	Mail	40	26	-	66
Walker360	Mail	80	51	-	131
State Personnel Department	Personnel	151	-	-	151
Fine Geddie & Associates, LLC	Consultant	75	-	-	75
The Segal Company	Consultant	40	20	7	67
Alabama Department of Finance	Comptroller's Accounting Services	70	35	11	116
Alabama Department of Finance	Information Technology	386	257	-	643
Deloitte Consulting, LLP	Information Technology	3,337	1,113	-	4,450
Stamp Idea Group	Information Technology	30	20	-	50
Packet Ninjas	Information Technology	44	29	-	73
Securance Consulting	Information Technology	8	5	-	13
Various	Other	28	20	-	48
<b>Total Professional/Consultant Fees - Administrative Services</b>		<b>4,587</b>	<b>2,111</b>	<b>109</b>	<b>6,807</b>
Regions Bank	Investment Advisor	60	30	-	90
Pearson Realty Services, Inc.	Real Estate Appraiser	231	154	-	385
Houlihan Lokey	Investment Appraiser	143	77	-	220
<b>Total Professional/Consultant Fees - Investment Services</b>		<b>434</b>	<b>261</b>	<b>-</b>	<b>695</b>
<b>Total Professional/Consultant Fees</b>		<b>\$ 5,021</b>	<b>\$ 2,372</b>	<b>\$ 109</b>	<b>\$ 7,502</b>





# INVESTMENT SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMPONENT UNITS OF THE STATE OF ALABAMA



## RETIREMENT SYSTEMS OF ALABAMA

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### *Investment Section*

#### Report on Investment Activity

For the Fiscal Year Ended September 30, 2025

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Dear Members,

I am pleased to present the following report on investment activity for the fiscal year ended September 30, 2025. 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.

Fiscal year 2025 was anything but dull. With the new Trump administration coming in with a mandate for change, there was a plethora of news for the markets to digest. Arguably the two most impactful items were the imposition of tariffs and illegal immigrant changes. Obviously these two issues are very intertwined with the overall economy as well as the Federal Reserve's (Fed) dual mandate of moderate inflation and full employment. The fireworks started early in the calendar year as country specific tariffs were introduced. We then had "Liberation Day" in early April, when the whole gambit of tariffs were rolled out worldwide. Fast forward to today, and the Supreme Court is hearing arguments regarding the legality of the President unilaterally imposing tariffs without congressional approval. We are still experiencing a weak housing market, and the employment situation is less than robust. On top of that, we are in the middle of the longest government shutdown in history. There is an obvious lack of data to conduct normal economic analysis as the agencies which produce that data are currently closed. There are a lot of balls in the air.

With all that said, capital market returns for the year were better than average. After digesting the impact of the One Big Beautiful Bill and taking a short-term beating, the markets raced off into the close of the fiscal year. Overall performance was better than average, with international equities and large cap domestic equities leading the pack. We have continued to pare back our equity exposure into strength, and slowly add to our core fixed income exposure as interest rates have moved higher.

Looking to the future, there needs to be a continuously improving economy and strong earnings growth to sustain the current earnings multiple. With all the COVID stimulus over, and higher interest rates relative to the recent past, we are seeing some pressure on the low-end consumer. The Fed is in a rate cutting cycle, but it remains to be seen if they are behind the curve as the labor markets are showing signs of weakness.

### **RSA Performance Summary**

As of September 30, 2025, aggregate defined benefit assets under management totaled \$52.47 billion. During fiscal year 2025, annualized total returns of the Teachers' Retirement System, the Employees' Retirement System, and the Judicial Retirement Fund were 10.16%, 10.40%, and 10.37% respectively.

#### Equities

Fiscal year 2025 was yet again a much better than average year for the equity portfolio. We came into the new fiscal year during the presidential election, which as expected was very hard to handicap the winner. We saw wild swings in equities that were deemed to be either beneficiaries or losers dependent on who the eventual president would be. Post election cleared up the muddy water a little bit, but then the tariff talk really started to heat up, which was an initial drag on most all domestic stocks. The nadir was reached in early April on "Liberation Day," when the blanket tariffs were officially announced. Following that event, we saw a quick downward reset of earnings expectations and a multitude of prognostications that a recession would soon unfold by many Wall Street and mainstream economists. Both proved to be wrong, as earnings beat consensus expectations quite sizably and a recession did not occur. Unlike last year, market breadth narrowed considerably, as the mega-cap stock returns accounted for an outsized portion of overall market gains.

2025 was a relatively quiet year within the portfolio. We have continued to trim back our equity exposure to target. As equity returns have been much better than the balance of the portfolio, this is just the natural rebalancing process to ensure diversification. Most selling has been within the passive S&P 500 index,

## RETIREMENT SYSTEMS OF ALABAMA

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### *Investment Section*

#### Report on Investment Activity

For the Fiscal Year Ended September 30, 2025

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although we did cut back our weighting in the Core active fund. Relative performance in the Core has been better than the index funds, but the sheer size of the fund caused liquidity issues in certain positions. We are now more nimble and have less price impact when entering and exiting positions. We also trimmed back our developed international equity portfolio towards the end of the year as returns were very good, but seemed to be a bit disconnected with the underlying fundamentals as a whole.

As we look towards the new fiscal year, valuation levels are somewhat of a concern. We are not at nosebleed levels, but there is not room for much to go wrong. We just concluded the longest government shutdown on record, the Fed is cutting short term interest rates, and the labor market is showing signs of weakness. We are in an inflation setting that is higher than the Fed would like, which explains their hesitation to cut rates faster to stimulate growth. That is why we have continued to redeploy equity sales back into fixed income. We will continue to closely monitor the macroeconomic environment and make portfolio adjustments accordingly.

For the year, the RSA domestic equity portfolios returned 13.75%, 14.14%, and 13.52% for the TRS, ERS, and JRF funds, respectively. International equity returns were led by the emerging markets, although developed international equities fared quite well. Total international equity returns were 15.26% for the TRS, 15.46% for the ERS, and 14.76% for the JRF. The combined total returns for the overall equity portfolios were 14.09%, 14.43%, and 13.79% for the TRS, the ERS, and the JRF, respectively. Three-, five-, and ten-year annualized global equity returns were 21.23%, 14.22%, and 12.50% for the TRS, 21.49%, 14.29%, and 12.59% for the ERS, and 21.07%, 13.95%, and 12.57% for the JRF, respectively.

#### Fixed Income

The previous fiscal year ended with short-term treasury yields falling precipitously as the Federal Open Market Committee (FOMC) delivered a 50 basis points (bps) interest rate cut to move out of restrictive territory. Market expectations for the number of future policy moves rose dramatically and the extended rally in fixed income markets led to double-digit returns. This momentum came to a screeching halt during the first quarter of fiscal 2025. Economic strength led by the consumer, strong employment gains, and a reacceleration in core inflation pushed rates higher during this time. Bond volatility rose leading up to the U.S. elections and the resulting Republican sweep ignited fiscal deficit concerns. Policymakers lowered the federal funds rate at its next two meetings as its employment and inflation goals were deemed to be “roughly in balance”. Front-end and intermediate yield levels peaked around mid-February as lower growth forecasts shifted the rate outlook going forward.

The President’s tariff policy in the spring threw fixed income markets into chaos as treasury yields surged and corporate spreads materially widened. A series of global agreements provided calm and stability but not before Moody’s downgraded the country’s Aaa rating due to treasury supply and fiscal deficit risks. These fiscal concerns at home and abroad have resulted in a steepening of global yield curves. The latter part of the fiscal year produced healthy returns as the anxiety over future increases of inflation began to wane. Policymakers also became more open to resuming the cycle of cuts to sustain a healthy labor market. The FOMC lowered interest rates at the last meeting of our fiscal year as the risks in the labor market outweighed price stability.

There were a few adjustments made to the fixed income portfolio during the fiscal year. Outside of the short abrupt move higher during the tariff policy announcement, corporate credit spreads have remained relatively stable and tight from a historical perspective. While the fund maintains its overweight positioning, it has allowed corporate maturities to roll off this fiscal year and redeployed most of those proceeds into treasury and mortgage-backed securities. Default levels remain negligible within the investment-grade universe; however, the RSA is reluctant to be overly aggressive due to valuation and its vast outperformance over the last three years.

Going forward, policymakers appear poised to continue their path to lower rates as uncertainty around labor persists. Global debt concerns remain a risk as well, given the FOMC’s elongated journey towards price

## RETIREMENT SYSTEMS OF ALABAMA

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### *Investment Section*

#### Report on Investment Activity

For the Fiscal Year Ended September 30, 2025

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stability. Credit remains healthy, outside a few pockets of weakness in certain sectors exposed to lower-end consumers. The fund will consider opportunities in all asset classes within fixed income as each can provide stable income and price appreciation given the uncertain outlook of the global economy.

For the fiscal year, the total annual returns for the public domestic fixed income portfolios were 3.54% for the TRS, 3.55% for the ERS, and 3.44% for the JRF. The five-year annualized returns were 0.50% for the TRS, 0.49% for the ERS, and 0.58% for the JRF. The ten-year annualized returns were 2.58% for the TRS, 2.56% for the ERS, and 2.46% for the JRF.

Sincerely,



Marc Green  
Director of Investments

*Investment Section*

Teachers' Retirement System Investment Policy Statement  
For the Fiscal Year Ended September 30, 2025

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**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, 2025

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- 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Strategic Range</b>
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%
<b>Total</b>	<b>100%</b>	

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, 2025

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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.

*Investment Section*

Teachers' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2025

**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.

<b>Domestic Equity</b>	Custom Benchmark	(see description below)
<b>International Equity</b>	MSCI EAFE Net, Emerging Markets Net	Beginning of month weighted custom benchmark
<b>Domestic Fixed Income</b>	Custom Benchmark	(see description below)
<b>International Fixed Income</b>	WGBI Non-US	Currently there are no International Fixed portfolios in this plan.
<b>Cash</b>	ML 90-Day T-Bill	
<b>Alternative Investments</b>	-If an equity investment, the Russell 2000 plus 3%.  -If a debt investment, the Bloomberg Capital Agency plus 3%.	
<b>Real Estate</b>	CPI+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:

<b>Core Fund</b>	S&P 500
<b>S&amp;P 500 Fund</b>	S&P 500
<b>MidCap Active Fund (SSF)</b>	S&P 400 MidCap
<b>S&amp;P MidCap Index</b>	S&P 400 MidCap
<b>S&amp;P SmallCap Index</b>	S&P 600 SmallCap
<b>Policy Fund</b>	S&P 500
<b>Value Fund</b>	S&P 500

## RETIREMENT SYSTEMS OF ALABAMA

### *Investment Section*

#### Teachers' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2025

#### ***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:

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

## RETIREMENT SYSTEMS OF ALABAMA

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### *Investment Section*

## Employees' Retirement System Investment Policy Statement For the Fiscal Year Ended September 30, 2025

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### **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, 2025

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***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, 2025

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***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, 2025

- 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.

<b>Asset Class</b>	<b>JRF Target Allocation</b>	<b>ERS Target Allocation</b>	<b>Strategic Range</b>
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."

### **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, 2025

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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, 2025

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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.

*Investment Section*

Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2025

**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.

<b>Domestic Equity</b>	<b>Custom Benchmark</b>	<b>(see description below)</b>
<b>International Equity</b>	MSCI EAFE Net & Emerging Markets Net	
<b>Domestic Fixed Income</b>	Custom Benchmark	(see description below)
<b>International Fixed Income</b>	WGBI Non-US	Currently, there are no International Fixed Income portfolios in the plan.
<b>Cash</b>	ML 90-Day T-Bill	
<b>Alternative Investments</b>	-If an equity investment, the Russell 2000 +3%  -If a debt investment, the Bloomberg Capital Agency plus 3%.	
<b>Real Estate</b>	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 funds that use leverage.

## RETIREMENT SYSTEMS OF ALABAMA

### *Investment Section*

#### Employees' Retirement System Investment Policy Statement (Continued)

For the Fiscal Year Ended September 30, 2025

#### *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:

<b>Core Fund</b>	S&P 500
<b>S&amp;P 500 Fund</b>	S&P 500
<b>MidCap Active Fund (SSF)</b>	S&P 400 MidCap
<b>S&amp;P MidCap Index</b>	S&P 400 MidCap
<b>S&amp;P SmallCap Index</b>	S&P 600 SmallCap
<b>SmallCap Active Fund</b>	S&P 600 SmallCap
<b>LargeCap Policy Fund</b>	S&P 500
<b>LargeCap Value Fund</b>	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:

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

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System

Schedule of Investment Performance

U.S. Equity	TIME-WEIGHTED RATES OF RETURN - GROSS OF FEE			
	1 Year	3 Years	5 Years	10 Years
TRS Core Fund	19.32%	25.53%	17.27%	15.23%
TRS S&P 500 Fund	16.44%	22.88%	15.37%	14.46%
TRS Mid Cap Index	6.25%	15.92%	13.67%	10.88%
TRS S&P Small Cap Index	4.00%	13.14%	13.33%	10.51%
TRS Small Cap Value	5.05%	18.09%	12.12%	n/a
TRS Midcap Active Fund (Ssf)	6.59%	16.23%	13.16%	10.76%
<b>TRS Total Domestic Equity</b>	<b>13.75%</b>	<b>21.23%</b>	<b>15.20%</b>	<b>13.61%</b>
<i>TRS Custom Domestic Equity Index</i>	<i>13.44%</i>	<i>21.56%</i>	<i>15.27%</i>	<i>13.88%</i>
<i>S&amp;P 500</i>	<i>17.60%</i>	<i>24.94%</i>	<i>16.47%</i>	<i>15.30%</i>
<i>S&amp;P Mid Cap 400</i>	<i>6.13%</i>	<i>15.84%</i>	<i>13.61%</i>	<i>10.82%</i>
<i>S&amp;P Smallcap 600</i>	<i>3.64%</i>	<i>12.82%</i>	<i>12.94%</i>	<i>10.03%</i>
<b>International Equity</b>				
TRS Emerging Markets Fund	18.51%	18.49%	7.04%	7.55%
TRS International Equities	14.38%	21.94%	12.05%	8.95%
<b>TRS International - Passive</b>	<b>15.26%</b>	<b>21.24%</b>	<b>10.95%</b>	<b>8.58%</b>
<b>TRS Total International Equity</b>	<b>15.26%</b>	<b>21.61%</b>	<b>10.92%</b>	<b>8.57%</b>
<i>TRS Custom International Equity Index</i>	<i>15.53%</i>	<i>21.16%</i>	<i>10.27%</i>	<i>8.06%</i>
<i>MSCI EAFE (Net)</i>	<i>14.99%</i>	<i>21.70%</i>	<i>11.15%</i>	<i>8.17%</i>
<i>MSCI Emerging Markets</i>	<i>17.32%</i>	<i>18.21%</i>	<i>7.02%</i>	<i>7.99%</i>
<i>STOXX Europe 600 Optimised Cyclical</i>	<i>26.92%</i>	<i>29.59%</i>	<i>14.09%</i>	<i>7.52%</i>
<b>TRS Total Global Equity</b>	<b>14.09%</b>	<b>21.23%</b>	<b>14.22%</b>	<b>12.50%</b>
<i>TRS Custom Global Equity Index</i>	<i>13.89%</i>	<i>21.38%</i>	<i>14.12%</i>	<i>12.60%</i>
<b>Fixed Income</b>				
TRS Domestic Fixed Income	3.54%	5.61%	0.50%	2.58%
<b>TRS Custom Global Fixed Index</b>	<b>2.94%</b>	<b>5.31%</b>	<b>-0.30%</b>	<b>2.17%</b>
<i>Bloomberg Aggregate Bond</i>	<i>2.88%</i>	<i>4.93%</i>	<i>-0.45%</i>	<i>1.84%</i>
<b>TRS Total Fixed Income</b>	<b>3.54%</b>	<b>5.61%</b>	<b>0.50%</b>	<b>2.58%</b>
<b>Alternative Investments</b>				
TRS Private Placements	10.67%	8.57%	5.91%	0.78%
TRS Preferred And Private Equity	2.18%	-0.89%	3.80%	10.69%
TRS Real Estate	3.93%	3.47%	3.03%	2.64%
TRS Public Real Estate	-3.70%	8.75%	n/a	n/a
<b>TRS Total Real Estate</b>	<b>2.95%</b>	<b>4.06%</b>	<b>3.40%</b>	<b>2.83%</b>
<b>TRS Total Alternatives</b>	<b>3.35%</b>	<b>2.82%</b>	<b>3.65%</b>	<b>2.65%</b>
<b>TRS Total Fixed Income Plus Alternatives</b>	<b>3.46%</b>	<b>4.06%</b>	<b>2.46%</b>	<b>2.73%</b>
<b>Cash</b>				
TRS Cash Account	4.61%	5.13%	3.24%	2.26%
TRS Short Term Investments	4.90%	5.29%	3.38%	2.51%
TRS 415 Escrow	4.69%	4.69%	2.97%	n/a
<b>TRS Total Cash</b>	<b>4.67%</b>	<b>5.17%</b>	<b>3.30%</b>	<b>2.40%</b>
<b>Total Plan</b>				
<b>TRS Total Plan</b>	<b>10.16%</b>	<b>14.75%</b>	<b>9.97%</b>	<b>8.94%</b>
<i>TRS Total Plan Policy</i>	<i>11.24%</i>	<i>16.78%</i>	<i>11.19%</i>	<i>10.11%</i>

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

U.S. Equity	TIME-WEIGHTED RATES OF RETURN - GROSS OF FEE			
	1 Year	3 Years	5 Years	10 Years
ERS Core Fund	19.29%	25.53%	17.25%	15.22%
ERS S&P 500 Fund	16.45%	22.98%	15.43%	14.49%
ERS Mid Cap Index	6.23%	15.91%	13.67%	10.88%
ERS S&P Small Cap Index	4.00%	13.14%	13.33%	10.51%
ERS Small Cap Value	4.97%	18.41%	11.72%	n/a
ERS Midcap Active Fund (Ssf)	6.59%	16.22%	13.16%	10.76%
<b>ERS Total Domestic Equity</b>	<b>14.14%</b>	<b>21.59%</b>	<b>15.34%</b>	<b>13.73%</b>
<i>ERS Custom Domestic Equity Index</i>	<i>13.89%</i>	<i>21.92%</i>	<i>15.41%</i>	<i>14.02%</i>
<i>S&amp;P 500</i>	<i>17.60%</i>	<i>24.94%</i>	<i>16.47%</i>	<i>15.30%</i>
<i>S&amp;P Mid Cap 400</i>	<i>6.13%</i>	<i>15.84%</i>	<i>13.61%</i>	<i>10.82%</i>
<i>S&amp;P Smallcap 600</i>	<i>3.64%</i>	<i>12.82%</i>	<i>12.94%</i>	<i>10.03%</i>
<b>International Equity</b>				
ERS Emerging Markets Fund	18.51%	18.58%	7.16%	7.74%
ERS International Equities	14.53%	22.00%	12.09%	8.92%
<b>ERS International - Passive</b>	<b>15.46%</b>	<b>21.18%</b>	<b>10.84%</b>	<b>8.51%</b>
<b>ERS Total International Equity</b>	<b>15.46%</b>	<b>21.54%</b>	<b>10.82%</b>	<b>8.50%</b>
<i>ERS Custom International Equity Index</i>	<i>15.57%</i>	<i>21.04%</i>	<i>10.14%</i>	<i>8.02%</i>
<i>MSCI EAFE (Net)</i>	<i>14.99%</i>	<i>21.70%</i>	<i>11.15%</i>	<i>8.17%</i>
<i>MSCI Emerging Markets</i>	<i>17.32%</i>	<i>18.21%</i>	<i>7.02%</i>	<i>7.99%</i>
<i>STOXX Europe 600 Optimised Cyclical</i>	<i>26.92%</i>	<i>29.59%</i>	<i>14.09%</i>	<i>7.52%</i>
<b>ERS Total Global Equity</b>	<b>14.43%</b>	<b>21.49%</b>	<b>14.29%</b>	<b>12.59%</b>
<i>ERS Custom Global Equity Index</i>	<i>14.25%</i>	<i>21.64%</i>	<i>14.19%</i>	<i>12.72%</i>
<b>Fixed Income</b>				
ERS Domestic Fixed Income	3.55%	5.60%	0.49%	2.56%
<b>ERS Custom Global Fixed Index</b>	<b>2.94%</b>	<b>5.31%</b>	<b>-0.30%</b>	<b>2.16%</b>
<i>Bloomberg Aggregate Bond</i>	<i>2.88%</i>	<i>4.93%</i>	<i>-0.45%</i>	<i>1.84%</i>
<b>ERS Total Fixed Income</b>	<b>3.55%</b>	<b>5.60%</b>	<b>0.49%</b>	<b>2.56%</b>
<b>Alternative Investments</b>				
ERS Private Placements	10.68%	8.60%	5.92%	0.75%
ERS Preferred And Private Equity	3.00%	-1.55%	3.31%	11.53%
ERS Real Estate	3.89%	3.46%	3.00%	2.62%
ERS Public Real Estate	-3.70%	8.75%	n/a	n/a
<b>ERS Total Real Estate</b>	<b>2.58%</b>	<b>4.26%</b>	<b>3.50%</b>	<b>2.86%</b>
<b>ERS Total Alternatives</b>	<b>3.38%</b>	<b>2.56%</b>	<b>3.60%</b>	<b>3.13%</b>
<b>ERS Total Fixed Income Plus Alternatives</b>	<b>3.47%</b>	<b>3.88%</b>	<b>2.46%</b>	<b>3.06%</b>
<b>Cash</b>				
ERS Cash Account	4.61%	5.06%	3.19%	2.24%
ERS Short Term Investments	4.91%	5.28%	3.39%	2.53%
ERS 415 Escrow	4.59%	4.65%	2.95%	n/a
<b>ERS Total Cash</b>	<b>4.68%</b>	<b>5.12%</b>	<b>3.28%</b>	<b>2.40%</b>
<b>Total Plan</b>				
<b>ERS Total Plan</b>	<b>10.40%</b>	<b>14.74%</b>	<b>9.93%</b>	<b>9.03%</b>
<i>ERS Total Plan Policy</i>	<i>11.44%</i>	<i>16.03%</i>	<i>10.92%</i>	<i>10.14%</i>

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
<b>U.S. Equity</b>				
JRF S&P 500 Fund	16.43%	23.13%	15.51%	14.58%
JRF S&P Mid Cap Index	6.20%	15.85%	13.63%	10.85%
JRF S&P Small Cap Index	4.00%	13.14%	13.33%	10.51%
JRF Small Cap Value	4.94%	17.98%	11.78%	n/a
<b>JRF Total Domestic Equity</b>	<b>13.52%</b>	<b>21.06%</b>	<b>14.84%</b>	<b>13.71%</b>
<b>JRF Custom Domestic Equity Index</b>	<b>14.44%</b>	<b>22.41%</b>	<b>15.58%</b>	<b>14.27%</b>
<i>S&amp;P 500</i>	<i>17.60%</i>	<i>24.94%</i>	<i>16.47%</i>	<i>15.30%</i>
<i>S&amp;P Mid Cap 400</i>	<i>6.13%</i>	<i>15.84%</i>	<i>13.61%</i>	<i>10.82%</i>
<i>S&amp;P Smallcap 600</i>	<i>3.64%</i>	<i>12.82%</i>	<i>12.94%</i>	<i>10.03%</i>
<b>International Equity</b>				
JRF Emerging Markets Fund	18.15%	18.33%	6.95%	7.23%
JRF International Equities	14.12%	21.88%	12.03%	8.93%
<b>JRF International - Passive</b>	<b>14.76%</b>	<b>21.17%</b>	<b>11.02%</b>	<b>8.60%</b>
<b>JRF Total International Equity</b>	<b>14.76%</b>	<b>21.54%</b>	<b>10.98%</b>	<b>8.58%</b>
<b>JRF Custom International Equity Index</b>	<b>15.38%</b>	<b>21.21%</b>	<b>10.35%</b>	<b>8.13%</b>
<i>MSCI EAFE (Net)</i>	<i>14.99%</i>	<i>21.70%</i>	<i>11.15%</i>	<i>8.17%</i>
<i>MSCI Emerging Markets</i>	<i>17.32%</i>	<i>18.21%</i>	<i>7.02%</i>	<i>7.99%</i>
<i>STOXX Europe 600 Optimised Cyclical</i>	<i>26.92%</i>	<i>29.59%</i>	<i>14.09%</i>	<i>7.52%</i>
<b>JRF Total Global Equity</b>	<b>13.79%</b>	<b>21.07%</b>	<b>13.95%</b>	<b>12.57%</b>
<b>JRF Custom Global Equity Index</b>	<b>14.61%</b>	<b>22.04%</b>	<b>14.37%</b>	<b>12.90%</b>
<b>Fixed Income</b>				
JRF Domestic Fixed Income	3.44%	5.57%	0.58%	2.46%
<b>JRF Custom Domestic Fixed Index</b>	<b>2.96%</b>	<b>5.33%</b>	<b>-0.30%</b>	<b>2.11%</b>
<i>Bloomberg Aggregate Bond</i>	<i>2.88%</i>	<i>4.93%</i>	<i>-0.45%</i>	<i>1.84%</i>
<b>JRF Total Fixed Income</b>	<b>3.44%</b>	<b>5.57%</b>	<b>0.58%</b>	<b>2.46%</b>
<b>Alternative Investments</b>				
JRF Private Placements	9.96%	3.89%	2.82%	-15.42%
JRF Preferred And Private Equity	20.10%	3.79%	3.85%	n/a
JRF Real Estate	7.45%	4.24%	4.33%	4.29%
JRF Public Real Estate	-3.71%	8.75%	n/a	n/a
<b>JRF Total Real Estate</b>	<b>2.59%</b>	<b>6.12%</b>	<b>5.12%</b>	<b>4.68%</b>
<b>JRF Total Alternatives</b>	<b>8.33%</b>	<b>6.93%</b>	<b>5.48%</b>	<b>2.91%</b>
<b>JRF Total Fixed Income Plus Alternatives</b>	<b>4.06%</b>	<b>5.78%</b>	<b>1.12%</b>	<b>2.61%</b>
<b>Cash</b>				
JRF Cash Account	4.58%	5.05%	3.18%	2.24%
JRF Short Term Investments	4.89%	5.28%	3.38%	2.51%
JRF 415 Escrow	4.65%	4.68%	2.96%	n/a
<b>JRF Total Cash</b>	<b>4.64%</b>	<b>5.11%</b>	<b>3.25%</b>	<b>2.36%</b>
<b>Total Plan</b>				
<b>JRF Total Plan</b>	<b>10.37%</b>	<b>15.64%</b>	<b>9.67%</b>	<b>9.20%</b>
<b>JRF Total Plan Policy</b>	<b>10.87%</b>	<b>16.09%</b>	<b>9.77%</b>	<b>9.42%</b>

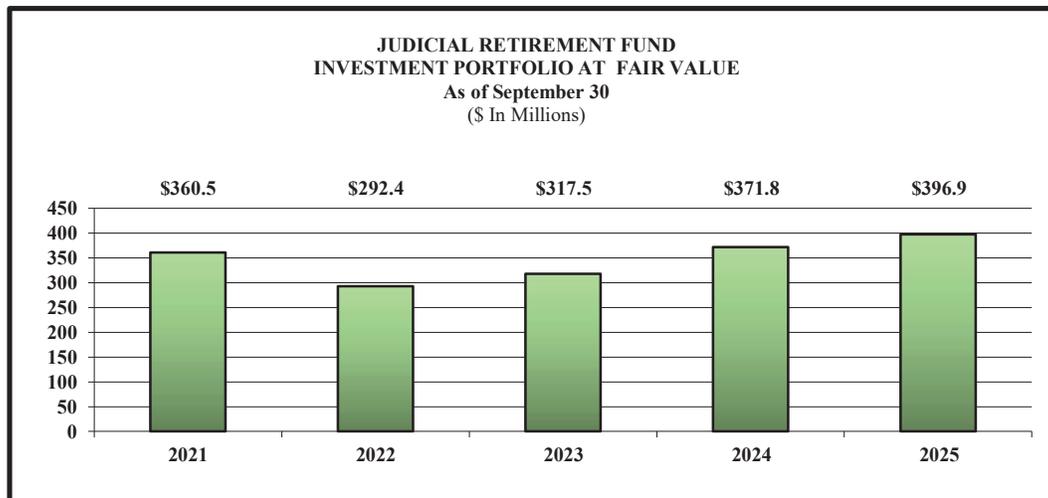
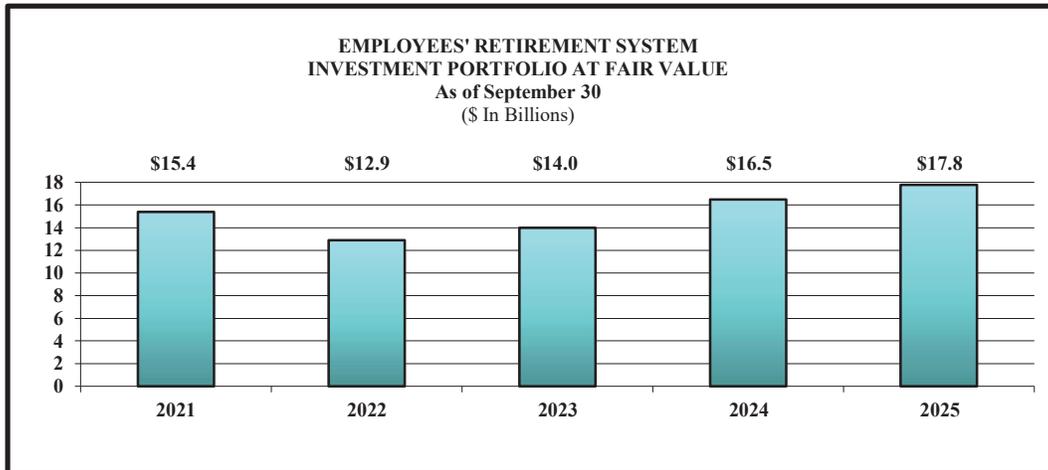
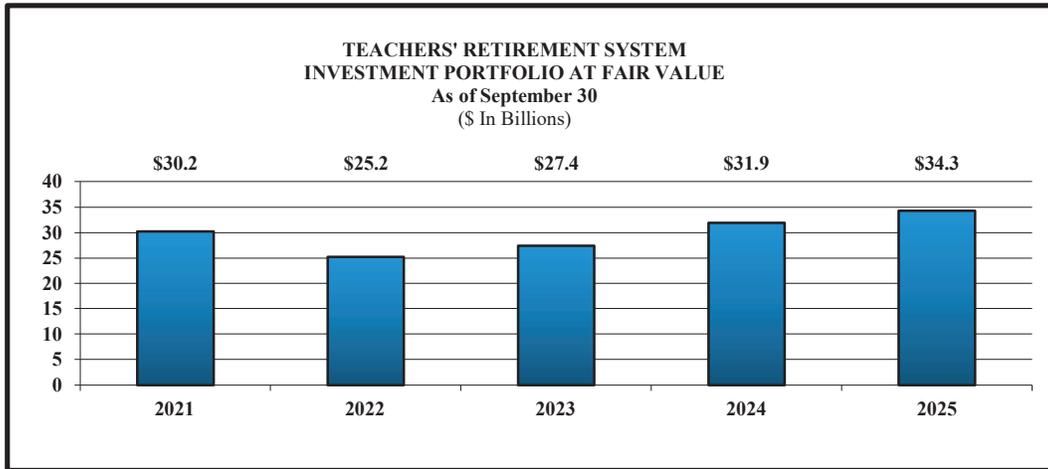
Note: Calculations are prepared using the time-weighted rate of return methodology based upon fair values.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Investment Portfolio at Fair Value

Five-Year Comparison

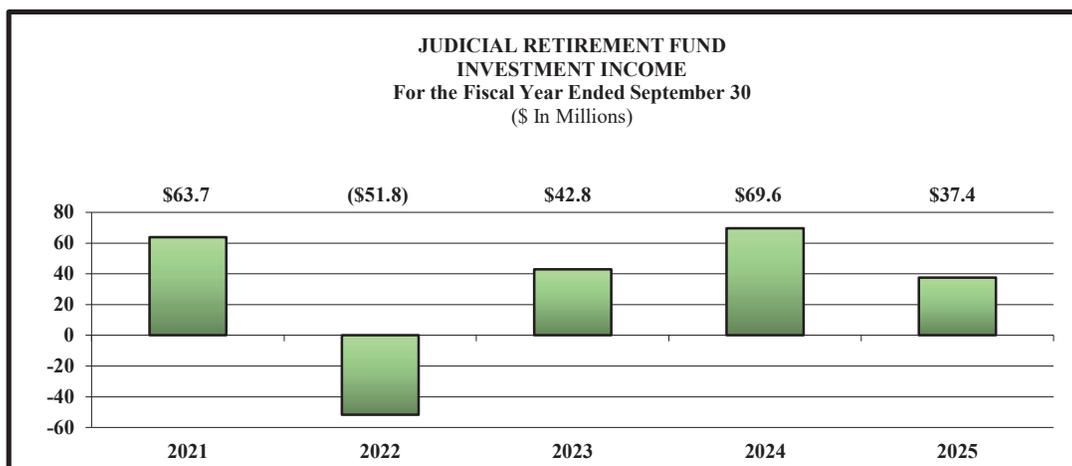
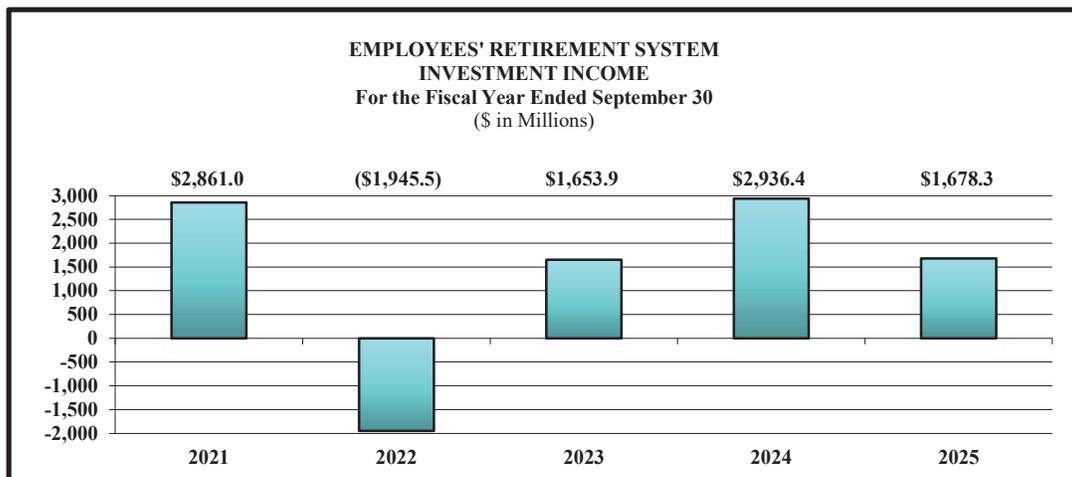
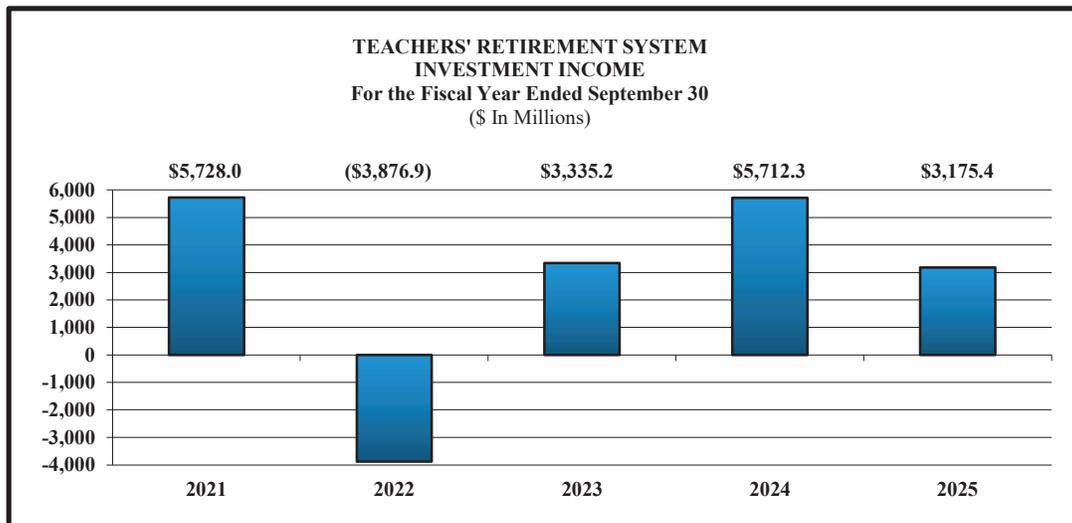


# RETIREMENT SYSTEMS OF ALABAMA

## Investment Section

### Investment Income

#### Five-Year Comparison

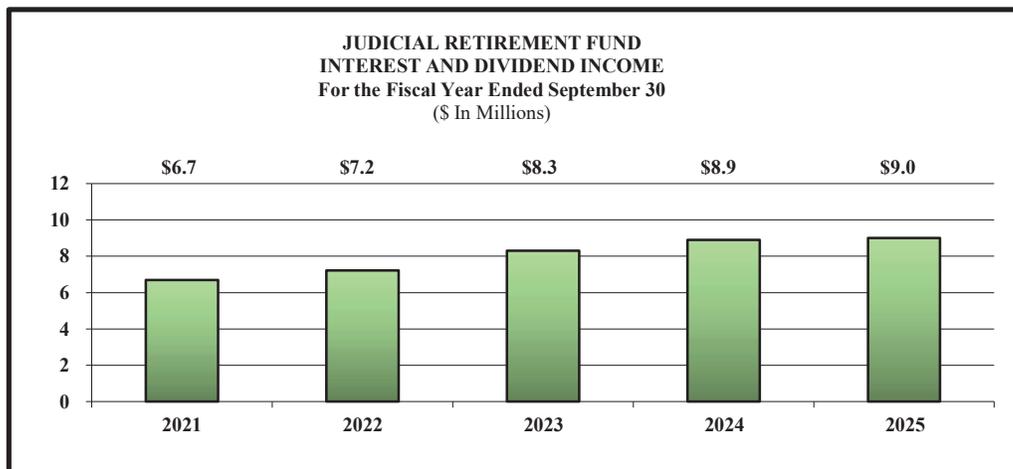
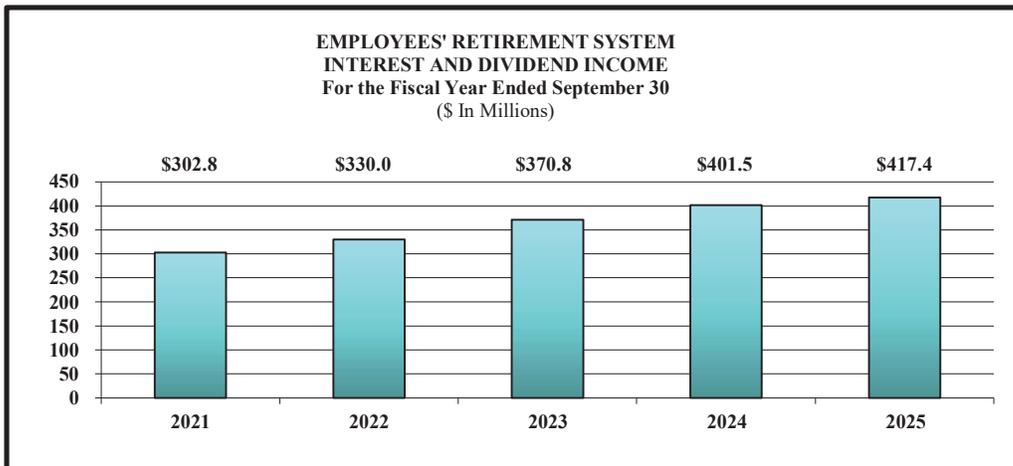
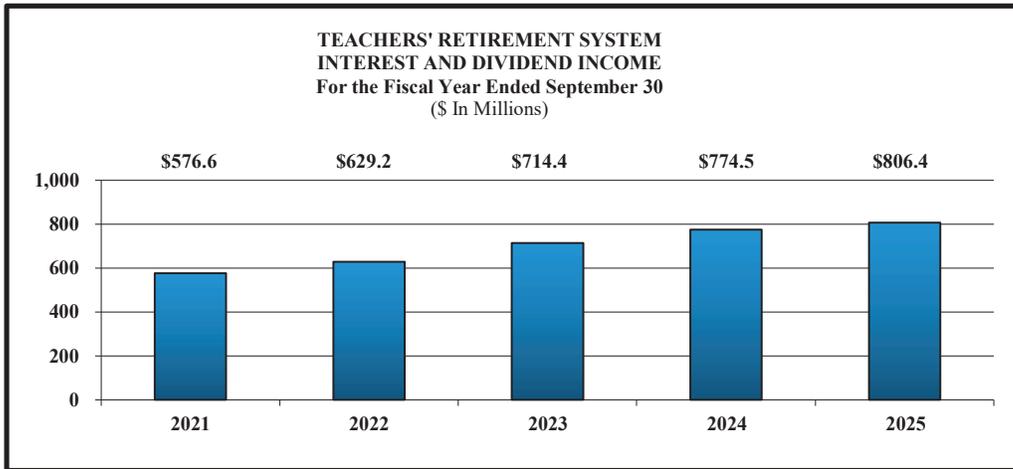


RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Interest and Dividend Income

Five-Year Comparison

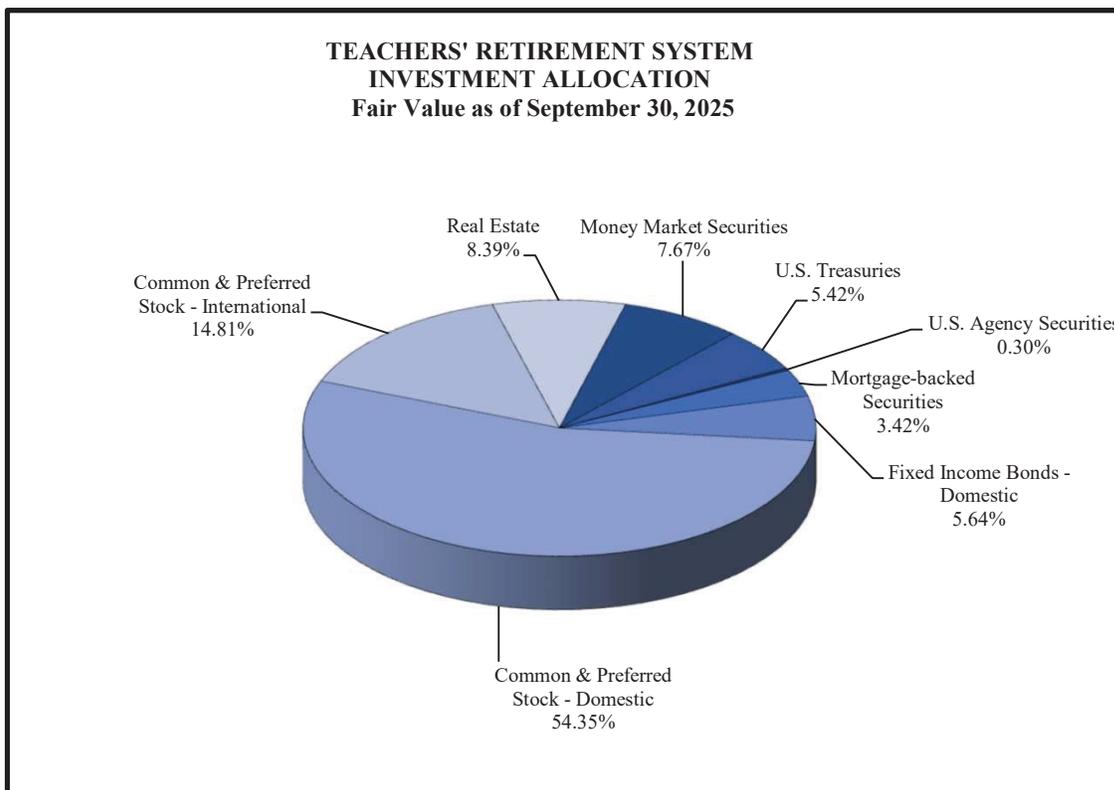


RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System

Investment Allocation and Summary



**TEACHERS' RETIREMENT SYSTEM  
INVESTMENT SUMMARY AT FAIR VALUE  
As of September 30, 2025**

(\$ In Thousands)

	<u>Fair Value</u>	<u>% of Fair Value</u>
Money Market Securities and Mutual Funds	\$ 2,630,801	7.67
U.S. Treasuries	1,858,102	5.42
U.S. Agency Securities	101,962	0.30
Mortgage-backed Securities	1,171,370	3.42
Fixed Income Bonds	1,933,081	5.64
Common and Preferred Stocks		
Domestic	18,637,667	54.35
International	5,080,379	14.81
Real Estate	2,876,866	8.39
<b>Total Investments</b>	<b>\$ 34,290,228</b>	<b>100.00</b>

## RETIREMENT SYSTEMS OF ALABAMA

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### Investment Section

### Teachers' Retirement System

### Largest Stock and Bond Holdings

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#### TEACHERS' RETIREMENT SYSTEM LARGEST STOCK HOLDINGS

September 30, 2025

(Amounts In Thousands)

	<u>Shares</u>	<u>Stock</u>	<u>Fair Value</u>
1)	777	Morgan Stanley Small Cap Equity Linked Note	\$ 1,642,728
2)	13	New Water Street Corporation	1,308,088
3)	4,789	Nvidia Corporation	893,496
4)	1,410	Microsoft Corporation	730,084
5)	2,805	Apple, Inc.	714,268
6)	2,011	Amazon.Com, Inc.	441,654
7)	1,176	Broadcom, Inc.	388,096
8)	6,150	ISHARES CORE MSCI Emerging Markets	328,402
9)	368	Meta Platforms, Inc.	270,222
10)	8,483	Dimensional Emerging Core Equity Market	267,484

#### TEACHERS' RETIREMENT SYSTEM LARGEST BOND HOLDINGS

September 30, 2025

(Amounts In Thousands)

	<u>Par</u>	<u>Bonds</u>	<u>Fair Value</u>
1)	102,340	U.S. Treasury, 3.125%, Due 8/31/2029	\$ 100,245
2)	70,835	U.S. Treasury, 4%, Due 2/15/2034	70,658
3)	74,191	U.S. Treasury, 1.375%, Due 10/31/2028	69,328
4)	68,806	U.S. Treasury, 2.5%, Due 3/31/2027	67,650
5)	67,889	U.S. Treasury, 2%, Due 11/15/2026	66,611
6)	66,831	U.S. Treasury, 2.875%, Due 4/30/2029	65,061
7)	74,755	U.S. Treasury, 3%, Due 5/15/2042	60,645
8)	57,555	U.S. Treasury, 4.625%, Due 5/31/2031	59,916
9)	91,514	U.S. Treasury, 1.125%, Due 5/15/2040	58,283
10)	65,348	U.S. Treasury, 1.875%, Due 2/15/2032	57,981

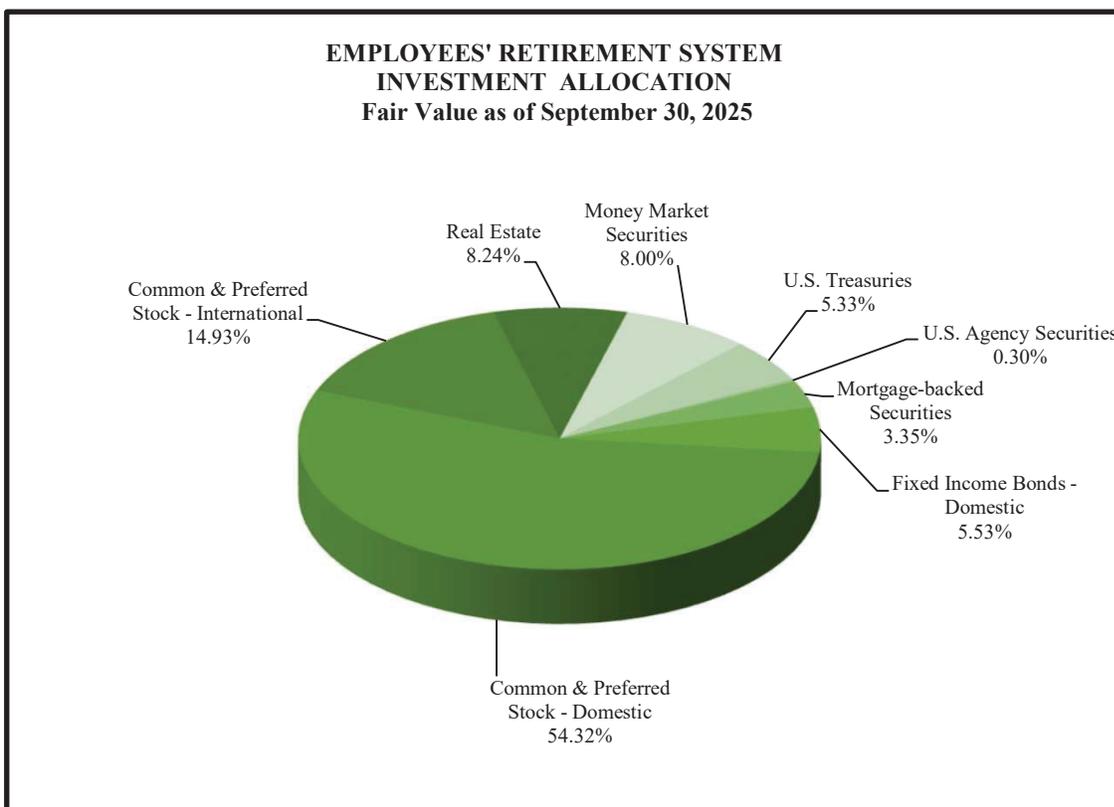
A complete list of portfolio holdings is available upon request.

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, 2025

(\$ In Thousands)

	<b>Fair Value</b>	<b>% of Fair Value</b>
Money Market Securities and Mutual Funds	\$ 1,422,305	8.00
U.S. Treasuries	948,819	5.33
U.S. Agency Securities	53,164	0.30
Mortgage-backed Securities	596,144	3.35
Fixed Income Bonds	983,388	5.53
Common and Preferred Stocks		
Domestic	9,660,355	54.32
International	2,654,762	14.93
Real Estate	1,464,777	8.24
<b>Total Investments</b>	<b>\$ 17,783,714</b>	<b>100.00</b>

# RETIREMENT SYSTEMS OF ALABAMA

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## *Investment Section*

### Employees' Retirement System

#### Largest Stock and Bond Holdings

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#### EMPLOYEES' RETIREMENT SYSTEM

#### LARGEST STOCK HOLDINGS

September 30, 2025

(Amounts in Thousands)

	<u>Shares</u>	<u>Stock</u>	<u>Fair Value</u>
1)	398	Morgan Stanley Small Cap Equity Linked Note	\$ 841,214
2)	6	New Water Street Corporation	601,029
3)	2,536	Nvidia Corporation	473,217
4)	744	Microsoft Corporation	385,434
5)	1,483	Apple, Inc.	377,615
6)	1,065	Amazon.Com, Inc.	233,760
7)	626	Broadcom, Inc.	206,607
8)	3,052	ISHARES CORE MSCI Emerging Markets	201,161
9)	271	Gray Media Preferred	167,401
10)	2,892	ISHARES MSCI Emerging Markets	154,444

#### EMPLOYEES' RETIREMENT SYSTEM

#### LARGEST BOND HOLDINGS

September 30, 2025

(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	\$ 55,530
2)	36,130	U.S. Treasury, 4%, Due 2/15/2034	36,040
3)	37,866	U.S. Treasury, 1.375%, Due 10/31/2028	35,384
4)	35,828	U.S. Treasury, 2.5%, Due 3/31/2027	35,226
5)	34,203	U.S. Treasury, 2%, Due 11/15/2026	33,559
6)	33,820	U.S. Treasury, 2.875%, Due 4/30/2029	32,924
7)	30,710	U.S. Treasury, 4.625%, Due 5/31/2031	31,970
8)	36,929	U.S. Treasury, 3%, Due 5/15/2042	29,959
9)	32,784	U.S. Treasury, 1.875%, Due 2/15/2032	29,088
10)	45,467	U.S. Treasury, 1.125%, Due 5/15/2040	28,957

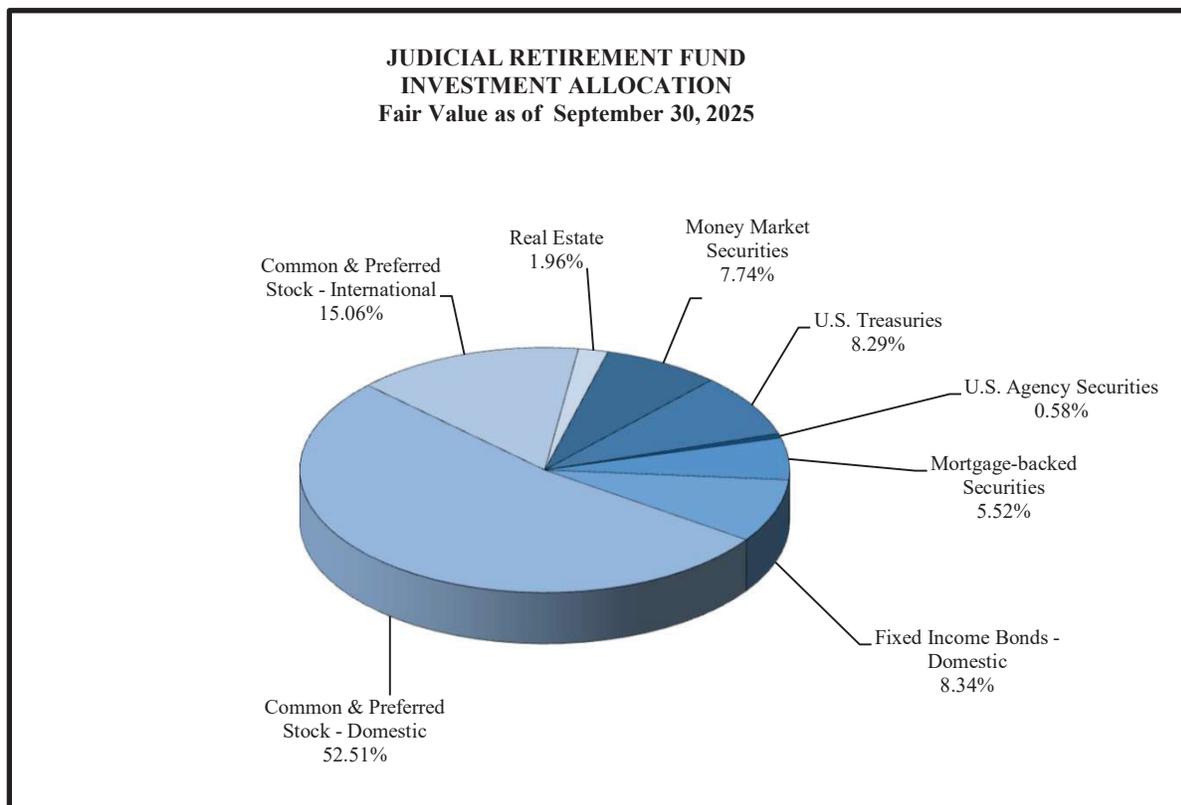
A complete list of portfolio holdings is available upon request.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Judicial Retirement Fund

Investment Allocation and Summary



**JUDICIAL RETIREMENT FUND  
INVESTMENT SUMMARY AT FAIR VALUE  
As of September 30, 2025  
(\$ In Thousands)**

	Fair Value	% of Fair Value
Money Market Securities and Mutual Funds	\$ 30,713	7.74
U.S. Treasuries	32,897	8.29
U.S. Agency Securities	2,308	0.58
Mortgage-backed Securities	21,896	5.52
Fixed Income Bonds	33,102	8.34
Common and Preferred Stocks		
Domestic	208,443	52.51
International	59,803	15.06
Real Estate	7,787	1.96
<b>Total Investments</b>	<b>\$ 396,949</b>	<b>100.00</b>

## RETIREMENT SYSTEMS OF ALABAMA

### *Investment Section*

#### Judicial Retirement Fund

#### Largest Stock and Bond Holdings

### JUDICIAL RETIREMENT FUND LARGEST STOCK HOLDINGS

September 30, 2025

(Amounts in Thousands)

	<u>Shares</u>	<u>Stock</u>	<u>Fair Value</u>
1)	9	Morgan Stanley Small Cap Equity Linked Note	\$ 18,809
2)	65	Nvidia Corporation	12,156
3)	20	Microsoft Corporation	10,280
4)	40	Apple, Inc.	10,090
5)	26	Amazon.Com, Inc.	5,690
6)	6	Meta Platforms, Inc.	4,253
7)	*	New Water Street Corporation	4,237
8)	13	Broadcom, Inc.	4,143
9)	16	Alphabet, Inc. CL A	3,776
10)	108	Dimensional Emerging Core Equity Market ETF	3,409

\* Less than 1,000 shares

### JUDICIAL RETIREMENT FUND LARGEST BOND HOLDINGS

September 30, 2025

(Amounts In Thousands)

	<u>Par</u>	<u>Bonds</u>	<u>Fair Value</u>
1)	2,165	U.S. Treasury, 3.125%, Due 8/31/2029	\$ 2,121
2)	1,924	U.S. Treasury, 1.375%, Due 10/31/2028	1,798
3)	1,690	U.S. Treasury, 2.5%, Due 3/31/2027	1,662
4)	1,689	U.S. Treasury, 2.25%, Due 8/15/2027	1,647
5)	1,896	U.S. Treasury, 2.5%, Due 2/15/2045	1,358
6)	1,325	U.S. Treasury, 3.875%, Due 8/15/2033	1,314
7)	1,333	U.S. Treasury, 2%, Due 11/15/2026	1,308
8)	1,227	U.S. Treasury, 2.25%, Due 11/15/2025	1,224
9)	1,495	U.S. Treasury, 3%, Due 5/15/2042	1,213
10)	1,155	U.S. Treasury, 4.625%, Due 5/31/2031	1,202

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, 2025

	Stock		Commissions (000's)	Fixed Securities Commissions (000's)	Total Commissions (000's)
	Commissions Per Share	# of Shares (000's)			
Bank of America Merrill Lynch	0.050	3,789	189	125	314
Barclays	-	-	-	-	-
Bernstein	0.050	6,164	308	-	308
Citigroup	0.050	1,008	50	105	155
Convergex	0.050	6,339	317	-	317
Cowen	0.050	2,437	122	-	122
Goldman Sachs	0.050	2,048	102	193	295
Instinet	0.050	4,092	205	-	205
International Strategy and Investment - ISI	0.026	10,677	278	-	278
Issuer Designated	-	-	-	295	295
Jefferies	0.050	1,000	50	-	50
JP Morgan Chase	0.050	1,026	51	118	169
LPS Capital	0.050	3,016	151	-	151
Marble Wealth	0.050	800	40	-	40
Morgan Stanley	0.005	172,730	943	185	1,128
National Bank of Commerce - NBC Securities	0.050	1,100	55	-	55
Piper Sandler	0.051	691	35	-	35
Raymond James & Associates	0.049	2,602	127	-	127
Renaissance Macro Securities - Renmac	0.050	4,412	221	-	221
Royal Bank of Canada - RBC	0.050	2,538	127	110	237
Seaport	0.050	1,806	90	-	90
Securities Capital	0.050	625	31	-	31
Stifel Nicolaus	0.050	5,811	291	-	291
Strategas	0.050	4,206	210	-	210
Truist	-	-	-	18	18
UBS Securities	0.050	3,244	162	-	162
Wells Fargo	0.016	19,838	322	126	448
William Blair	0.050	2,738	137	-	137
<b>Totals</b>		<b>264,737</b>	<b>\$ 4,614</b>	<b>\$ 1,275</b>	<b>\$ 5,889</b>

**Average Commission Per Share of Stock = \$ 0.0174**

Note: Certain Broker agreements include provisions for commission sharing.



# ACTUARIAL SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMPONENT UNITS OF THE STATE OF ALABAMA



May 6, 2025

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 measures present financial position, and 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, 2024. This valuation indicates that the current employer contribution rates of 14.66% of payroll for Tier I members and 13.70% 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 139,806 active members as of September 30, 2024.

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, 2024.



Board of Control  
May 6, 2025  
Page 3

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, 2024
- 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 Teachers' Retirement System of Alabama continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.**

Respectfully submitted,

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

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

Wendy T. Ludbrook, FSA, EA, FCA, MAAA  
Consulting Actuary

Jennifer Johnson  
Managing Director

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:

<b>Years of Service</b>	<b>Annual Rate (%)</b>
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							
	Death*		Disability Retirement**					
			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 fair 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)

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#### **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

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### *Actuarial Section*

#### Teachers' Retirement System

#### Summary of Plan Provisions (Continued)

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##### 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

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### *Actuarial Section*

#### Teachers' Retirement System

#### Summary of Plan Provisions (Continued)

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##### 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

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### *Actuarial Section*

#### Teachers' Retirement System

#### Summary of Plan Provisions (Continued)

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##### 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
9/30/2024	A	139,806	\$ 8,840,497,519	\$ 63,234	4.00%
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

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.

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)
9/30/2024	\$30,186,645	\$ 45,696,131	\$15,509,486	66.1%	\$ 8,840,498	175.4%
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 <sup>1</sup>	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 <sup>1</sup>	25,006,419	35,628,398	10,621,979	70.2	6,756,474	157.2
9/30/2017 <sup>1</sup>	23,887,077	34,688,078	10,801,001	68.9	6,698,835	161.2
9/30/2016 <sup>1</sup>	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

<sup>1</sup> Reflects changes in actuarial assumptions or 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)				
9/30/2024	\$ 7,573,432	\$ 25,298,757	\$ 12,823,942	\$ 30,186,645	100.00	89.00	0
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 <sup>1</sup>	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 <sup>1</sup>	5,788,187	20,511,811	9,328,400	25,006,419	100.00	93.00	0
9/30/2017 <sup>1</sup>	5,504,125	19,886,016	9,297,937	23,887,077	100.00	92.00	0
9/30/2016 <sup>1</sup>	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

<sup>1</sup> Reflects changes in actuarial assumptions or methods.

The schedules of actuarially determined and actual contributions are presented on page 71 in required supplementary information.

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)		
2024	4,631	\$ 144,835	2,569	\$ 62,558	108,777	\$ 2,335,528	3.65	\$ 21,471
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

§ 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)

Unfunded Actuarial Liability as of September 30, 2023	<u>\$ 15,409,357</u>
Normal Cost for 2024 Plan Year	159,226
Contributions Received During the Year	(1,038,676)
Interest to Year End	<u>1,121,169</u>
Expected Unfunded Actuarial Liability as of September 30, 2024	<u>15,651,076</u>
Actuarial (Gains)/Losses During the Year	
From Investments	(375,440)
From Actuarial Liabilities	<u>233,850</u>
Total Actuarial (Gains)/Losses During the Year	<u>(141,590)</u>
<b>Actual Unfunded Actuarial Liability as of September 30, 2024</b>	<b><u><u>\$ 15,509,486</u></u></b>



May 21, 2025

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 measures present financial position, and 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, 2024.

The valuation indicates that the current employer contribution rates for State employees (other than State policemen) of 17.15% of payroll for Tier I members and 16.85% of payroll for Tier II members and employer contribution rates for State policemen of 58.82% of payroll for Tier I members and 56.41% 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 88,913 total active members as of September 30, 2024.



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, 2024.

The results shown reflect all local employer elections approved by the Board through October 1, 2024. The contribution rates for local employers for the fiscal year beginning October 1, 2026 will be submitted in a separate report and will include the impact of any employer elections as of September 30, 2024.

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, 2024
- 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 Employees' Retirement System of Alabama continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.**

Respectfully submitted,

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

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

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:

<b>Years of Service</b>	<b>Annual Rate* (%)</b>
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:

<b>Years of Service</b>	<b>Annual Rate* (%)</b>
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 up on 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	60.00	30.00	60.00	30.00
75 & 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) 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			40.00%
		45	0.101	0.085	0.550	0.440			40.00
		50	0.147	0.115	0.500	0.500			40.00
		55	0.216	0.157			5.00%	33.00%	33.00
		60	0.323	0.213			20.00	35.00	35.00
		62	0.383	0.241			20.00	35.00	35.00
		65	0.499	0.290			100.00	100.00	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	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		Service $\geq$ 25	Tier II	
	Service < 25			Male	Female
	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 $\geq$ 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

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### *Actuarial Section*

#### Employees' Retirement System

#### Summary of Actuarial Assumptions and Methods (Continued)

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**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 fair value and expected fair 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)

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#### **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

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### *Actuarial Section*

#### Employees' Retirement System

#### Summary of Plan Provisions (Continued)

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##### 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

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### *Actuarial Section*

#### Employees' Retirement System

#### Summary of Plan Provisions (Continued)

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##### 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

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### *Actuarial Section*

#### Employees' Retirement System

#### Summary of Plan Provisions (Continued)

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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

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## *Actuarial Section*

### Employees' Retirement System

#### Summary of Plan Provisions (Continued)

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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

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### *Actuarial Section*

#### Employees' Retirement System

#### Summary of Plan Provisions (Continued)

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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

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### *Actuarial Section*

#### Employees' Retirement System

#### Summary of Plan Provisions (Continued)

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##### 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)

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##### 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)

<u>Valuation Date</u>		<u>Number</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase/ (Decrease) in Average Pay</u>
9/30/2024	A	88,913	\$ 5,076,945,318	\$ 57,100	5.60
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

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.

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)
9/30/2024	\$ 15,460,689	\$ 24,276,967	\$ 8,816,278	63.7	\$ 5,076,945	173.7
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

The following table provides 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)				
9/30/2024	\$ 3,762,056	\$ 13,109,667	\$ 7,405,243	\$ 15,460,671	100	89	0
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

- 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)		
9/30/2024	2,585	\$ 80,268	1,567	\$ 37,237	58,571	\$ 1,204,564	3.70	20,566
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

\* 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, 2023	\$ 8,458,080
Normal Cost for 2024 Plan Year	74,555
Contributions Received During the Year	(650,539)
Interest to Year End	611,449
Expected Unfunded Actuarial Liability as of September 30, 2024	<u>8,493,545</u>
Actuarial (Gains)/Losses During the Year	
From Investments	(187,574)
From Actuarial Liabilities	510,307
Total Actuarial (Gains)/Losses During the Year	<u>322,733</u>
<b>Actual Unfunded Actuarial Liability as of September 30, 2024</b>	<b><u><u>\$ 8,816,278</u></u></b>





May 16, 2025

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 measures present financial position, and 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, 2024. 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 48.00% of payroll for Tier I members and 43.48% 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 387 active members as of September 30, 2024.

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, 2024.

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, 2024
- Ten-Tear 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,

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

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

Jennifer Johnson  
Managing Director

Wendy Ludbrook, FSA, EA, FCA, MAAA  
Consulting Actuary

**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:

Years of Service	Withdrawal	Age	Death*		Disability**
			Males	Females	
<1	3.00%	30	0.0195%	0.0111%	0.020%
1	3.00	35	0.0267	0.0169	0.040
2-5	3.00	40	0.0371	0.0260	0.068
6-9	3.00	45	0.0585	0.0403	0.108
10-14	1.30	50	0.0969	0.0605	0.163
15-19	1.30	55	0.1508	0.0878	0.250
20+	1.30	60	0.2321	0.1326	0.395
	1.30	64	0.3439	0.1995	0.570

\*Base rates of pre-retirement mortality as of 2010 from the sex distinct Pub-2010 Teacher Employee Below Median Table with an adjustment factor of 65%, before application of the improvement scale.

\*\*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%	16.5%	10%**
65-69	10%	20%	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.

**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)

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#### 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.

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

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### *Actuarial Section*

#### Judicial Retirement Fund

#### Summary of Plan Provisions (Continued)

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**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)

<b>Valuation Date</b>	<b>Number</b>	<b>Annual Payroll*</b>	<b>Annual Average Pay**</b>	<b>% Increase/ (Decrease) in Average Pay</b>
9/30/2024	387	\$ 59,896,593	\$ 154,772	3.41%
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

\*3.8% increase for total pay since 2015.

\*\*2.3% increase for average pay since 2015.

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

**SCHEDULE OF FUNDING PROGRESS**

(Dollar Amounts in Thousands)

<b>Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Liability (AAL) (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Percentage Funded (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a % of Covered Payroll ((B-A)/C)</b>
9/30/2024	\$ 346,643	\$ 567,322	\$ 220,678	61.1%	\$ 59,897	368.4%
9/30/2023 <sup>1</sup>	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 <sup>1</sup>	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 <sup>1</sup>	305,397	457,834	152,437	66.7	43,819	347.9
9/30/2017 <sup>2</sup>	293,090	448,446	155,356	65.4	44,292	350.8
9/30/2016 <sup>1</sup>	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

<sup>1</sup>Reflects changes in actuarial assumptions and methods.

<sup>2</sup>Reflects changes in benefit structure beginning November 8, 2016.

The schedules of actuarially determined and actual contributions are presented on page 71 in required supplementary information.

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)				
9/30/2024	\$ 57,031	\$ 367,275	\$ 143,016	\$ 346,643	100%	79%	0%
9/30/2023 <sup>1</sup>	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 <sup>1</sup>	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 <sup>1</sup>	48,609	296,550	112,675	305,397	100	87	0
9/30/2017 <sup>2</sup>	44,792	296,231	107,422	293,090	100	84	0
9/30/2016 <sup>1</sup>	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

<sup>1</sup> Reflects a change in actuarial assumptions and methods.

<sup>2</sup> Reflects changes in benefit structure beginning November 8, 2016

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)		
2024	7	\$ 839	13	\$ 1,210	458	\$ 36,925	(0.99)	\$ 80,622
2023	22	1,828	11	1,010	464	37,296	2.24	80,379
2022 <sup>1</sup>	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 <sup>2</sup>	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 <sup>3</sup>	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

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.

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, 2023	\$ 223,288
Normal Cost for 2024 Plan Year	6,135
Contributions Received During the Year	(21,993)
Interest to Year End	<u>16,163</u>
Expected Unfunded Actuarial Liability as of September 30, 2024	<u>223,593</u>
Actuarial (Gains)Losses During the Year	
From Investments	(5,112)
From Actuarial Liabilities	<u>2,197</u>
Total Actuarial (Gains)/Losses During the Year	<u>(2,915)</u>
<b>Actual Unfunded Actuarial Liability as of September 30, 2024</b>	<b><u><u>\$ 220,678</u></u></b>



# 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 @	PPE/HP					
2025	\$ 643,724	\$ 1,195,943	13.57	12.60	-	670	-	\$ 3,175,423	\$ 5,015,760	
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	58,400	(3,876,927)	(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	

EMPLOYEES' RETIREMENT SYSTEM  
ADDITIONS BY SOURCE

Fiscal Year	Member Contributions \$	Employer Contributions		Transfers from an Internal Service Fund	New Units	Marketing & Advertising Revenue	Investment Income/(Loss)	Total
		Amount	Employer Rate (%)					
2025	\$ 390,970	\$ 763,196	16.26	56.88	16.02	48.20	330	\$ 1,678,327
2024	362,580	669,034	16.00	53.38	15.76	44.84	-	2,936,371
2023	334,456	593,211	14.82	51.67	14.44	42.86	-	1,653,894
2022	309,720	559,869	14.83	52.22	14.44	42.86	-	(1,945,460)
2021	286,396	516,402	14.64	51.75	14.24	42.89	251	2,860,948
2020	270,947	519,806	15.24	52.29	14.87	45.56	395	723,630
2019	254,440	467,553	14.51	50.08	14.14	43.43	-	320,585
2018	241,741	426,340	13.94	44.44	13.29	39.29	-	1,098,412
2017	233,901	426,215	13.89	57.25	13.25	53.55	-	1,402,163
2016	238,017	435,098	14.57	42.61	14.09	38.98	-	1,053,031

JUDICIAL RETIREMENT FUND  
ADDITIONS BY SOURCE

Fiscal Year	Member Contributions \$	Employer Contributions				Transfers from an Internal Service Fund	New Units	Marketing & Advertising Revenue	Investment Income/(Loss)	Total
		Amount	Employer Rate (%)	Group 1 & 2	Group 3 - Judges & Clerks**					
2025	\$ 5,253	\$ 24,970	45.48	41.05	19.77	37.362	67,585	67,585	67,585	
2024	5,249	22,504	42.47	37.72	19.77	69.561	97,314	97,314		
2023	5,019	21,609	42.10	37.34	19.77	42,820	69,448	69,448		
2022	4,692	20,617	42.10	37.47	19.77	(51,779)	(26,470)	(26,470)		
2021	4,271	18,260	40.80	35.61	19.77	63,731	86,262	86,262		
2020	4,184	18,099	41.40	34.32	19.77	23,159	45,442	45,442		
2019	4,101	18,022	41.40	34.32	19.77	11,016	33,139	33,139		
2018	3,867	17,180	40.09	34.32	19.77	27,622	48,669	48,669		
2017	3,972	17,373	40.65	-	-	32,685	54,030	54,030		
2016	3,723	17,529	40.98	-	-	28,321	49,573	49,573		

§ 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 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**

<b>Fiscal Year</b>	<b>Retirement Allowance Payments</b>	<b>Return of Contributions &amp; Death Benefits</b>	<b>Membership Service Transfers</b>	<b>Administrative Expenses</b>	<b>Depreciation</b>	<b>Total</b>
2025	\$ 2,752,343	\$ 71,095	\$ 8,295	\$ 30,157	\$ 9,347	\$ 2,871,237
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

**EMPLOYEES' RETIREMENT SYSTEM  
DEDUCTIONS BY TYPE**

<b>Fiscal Year</b>	<b>Retirement Allowance Payments</b>	<b>Return of Contributions &amp; Death Benefits</b>	<b>Unit Withdrawals &amp; Membership Service Transfers</b>	<b>Administrative Expenses</b>	<b>Depreciation</b>	<b>Total</b>
2025	\$ 1,466,423	\$ 59,011	\$ 7,585	\$ 16,231	\$ 3,822	\$ 1,553,072
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

**JUDICIAL RETIREMENT FUND  
DEDUCTIONS BY TYPE**

<b>Fiscal Year</b>	<b>Retirement Allowance Payments</b>	<b>Return of Contributions &amp; Death Benefits</b>	<b>Membership Service Transfers</b>	<b>Administrative Expenses</b>	<b>Depreciation</b>	<b>Total</b>
2025	\$ 45,136	\$ 67	\$ -	\$ 566	\$ -	\$ 45,769
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

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			Disability Benefits	Return of Contributions & Death Benefits	
	Retirants	Beneficiaries	Return of Contributions		Death Benefits	
2025	\$ 2,557,009	\$ 123,963	\$ 71,371	\$ 54,134	\$ 16,961	
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	

**EMPLOYEES' RETIREMENT SYSTEM  
BENEFITS BY TYPE**

Fiscal Year	Age & Service Benefits			Disability Benefits	Return of Contributions & Death Benefits	
	Retirants	Beneficiaries	Return of Contributions		Death Benefits	
2025	\$ 1,326,408	\$ 76,450	\$ 63,565	\$ 47,438	\$ 11,573	
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	

**JUDICIAL RETIREMENT FUND  
BENEFITS BY TYPE**

Fiscal Year	Age & Service Benefits			Disability Benefits	Return of Contributions & Death Benefits	
	Retirants	Beneficiaries	Return of Contributions		Death Benefits	
2025	\$ 39,349	\$ 5,051	\$ 736	\$ 67	\$ -	
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	

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2025	2024	2023	2022	2021
<b>Additions</b>					
Contributions					
Employee	\$ 636,259	\$ 616,300	\$ 588,284	\$ 553,615	\$ 519,627
Employer	1,195,943	1,066,094	1,008,365	932,332	874,401
Transfers from the Employees' Retirement System	7,465	9,036	8,526	9,517	6,128
Transfers from the Judicial Retirement Fund	-	-	23	-	-
Transfers from PEEHIP	-	-	-	-	-
Transfers from an Internal Service Fund	-	-	-	-	377
Marketing & Advertising Revenue	670	670	503	335	-
Direct Appropriation from the Education Trust Fund	-	-	-	58,400	-
Total Contributions	<u>1,840,337</u>	<u>1,692,100</u>	<u>1,605,701</u>	<u>1,554,199</u>	<u>1,400,533</u>
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	2,372,801	4,941,999	2,625,411	(4,500,179)	5,155,012
Interest and Dividends	806,436	774,463	714,409	629,210	576,552
Total Investment Income/(Loss) from Investing Activities	<u>3,179,237</u>	<u>5,716,462</u>	<u>3,339,820</u>	<u>(3,870,969)</u>	<u>5,731,564</u>
Less: Investment Expenses, Net	11,859	11,580	11,696	11,573	11,191
Net Investment Income/(Loss) from Investing Activities	<u>3,167,378</u>	<u>5,704,882</u>	<u>3,328,124</u>	<u>(3,882,542)</u>	<u>5,720,373</u>
From Securities Lending Activities					
Securities Lending Income	65,138	67,857	63,743	12,606	11,019
Less Securities Lending Expenses:					
Borrower Rebates	53,810	57,261	52,783	4,585	108
Management Fees	3,283	3,143	3,840	2,406	3,445
Total Securities Lending Expenses	<u>57,093</u>	<u>60,404</u>	<u>56,623</u>	<u>6,991</u>	<u>3,553</u>
Net Income from Securities Lending Activities	<u>8,045</u>	<u>7,453</u>	<u>7,120</u>	<u>5,615</u>	<u>7,466</u>
Total Net Investment Income/(Loss)	<u>3,175,423</u>	<u>5,712,335</u>	<u>3,335,244</u>	<u>(3,876,927)</u>	<u>5,727,839</u>
Total Additions/Reductions	<u>5,015,760</u>	<u>7,404,435</u>	<u>4,940,945</u>	<u>(2,322,728)</u>	<u>7,128,372</u>
<b>Deductions</b>					
Retirement Allowance Payments	2,752,343	2,646,769	2,566,776	2,555,391	2,415,128
Return of Contributions and Death Benefits	71,095	74,617	65,142	68,722	63,747
Transfers to the Employees' Retirement System	8,295	6,265	6,825	6,213	4,421
Transfers to the Judicial Retirement Fund	-	-	-	-	-
Administrative Expenses	30,157	29,119	25,694	18,945	20,402
Depreciation	9,347	8,905	9,143	9,060	9,133
Total Deductions	<u>2,871,237</u>	<u>2,765,675</u>	<u>2,673,580</u>	<u>2,658,331</u>	<u>2,512,831</u>
<b>Net Increase/(Decrease) in Fiduciary Net Position</b>	<u>2,144,523</u>	<u>4,638,760</u>	<u>2,267,365</u>	<u>(4,981,059)</u>	<u>4,615,541</u>
<b>Net Position Restricted for Pension Benefits</b>					
Beginning of Year - as previously reported	32,486,996	27,848,236	25,580,871	30,561,930	25,946,389
Adjustment for Application of GASB 75	-	-	-	-	-
Beginning of Year - as adjusted	<u>32,486,996</u>	<u>27,848,236</u>	<u>25,580,871</u>	<u>30,561,930</u>	<u>25,946,389</u>
<b>End of Year</b>	<u><b>\$ 34,631,519</b></u>	<u><b>\$ 32,486,996</b></u>	<u><b>\$ 27,848,236</b></u>	<u><b>\$ 25,580,871</b></u>	<u><b>\$ 30,561,930</b></u>

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2020	2019	2018	2017	2016
<b>Additions</b>					
Contributions					
Employee	\$ 510,818	\$ 516,675	\$ 488,503	\$ 486,542	\$ 472,390
Employer	862,475	869,336	802,598	782,695	751,902
Transfers from the Employees' Retirement System	4,185	6,234	4,963	3,096	3,590
Transfers from the Judicial Retirement Fund	-	-	-	-	-
Transfers from PEEHIP	-	-	24,700	-	-
Transfers from an Internal Service Fund	602	-	-	-	-
Marketing & Advertising Revenue	-	-	-	-	-
Direct Appropriation from the Education Trust Fund	-	-	-	-	-
Total Contributions	<u>1,378,080</u>	<u>1,392,245</u>	<u>1,320,764</u>	<u>1,272,333</u>	<u>1,227,882</u>
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	801,465	33,671	1,615,440	2,021,774	1,589,279
Interest and Dividends	576,193	583,329	650,293	613,353	607,795
Total Investment Income/(Loss) from Investing Activities	1,377,658	617,000	2,265,733	2,635,127	2,197,074
Less: Investment Expenses, Net	9,719	9,205	9,171	8,685	7,731
Net Investment Income/(Loss) from Investing Activities	<u>1,367,939</u>	<u>607,795</u>	<u>2,256,562</u>	<u>2,626,442</u>	<u>2,189,343</u>
From Securities Lending Activities					
Securities Lending Income	13,960	28,905	23,246	20,125	15,930
Less Securities Lending Expenses:					
Borrower Rebates	4,423	19,431	12,385	7,350	2,825
Management Fees	3,120	2,842	3,189	3,112	3,044
Total Securities Lending Expenses	<u>7,543</u>	<u>22,273</u>	<u>15,574</u>	<u>10,462</u>	<u>5,869</u>
Net Income from Securities Lending Activities	<u>6,417</u>	<u>6,632</u>	<u>7,672</u>	<u>9,663</u>	<u>10,061</u>
Total Net Investment Income/(Loss)	<u>1,374,356</u>	<u>614,427</u>	<u>2,264,234</u>	<u>2,636,105</u>	<u>2,199,404</u>
Total Additions/Reductions	<u>2,752,436</u>	<u>2,006,672</u>	<u>3,584,998</u>	<u>3,908,438</u>	<u>3,427,286</u>
<b>Deductions</b>					
Retirement Allowance Payments	2,328,892	2,233,514	2,204,031	2,111,830	2,155,784
Return of Contributions and Death Benefits	60,601	56,861	58,538	55,634	57,130
Transfers to the Employees' Retirement System	4,891	4,187	4,899	3,413	6,223
Transfers to the Judicial Retirement Fund	-	-	9	-	-
Administrative Expenses	21,957	20,583	15,952	16,390	14,873
Depreciation	9,154	7,512	6,338	6,012	4,709
Total Deductions	<u>2,425,495</u>	<u>2,322,657</u>	<u>2,289,767</u>	<u>2,193,279</u>	<u>2,238,719</u>
<b>Net Increase/(Decrease) in Fiduciary Net Position</b>	<u>326,941</u>	<u>(315,985)</u>	<u>1,295,231</u>	<u>1,715,159</u>	<u>1,188,567</u>
<b>Net Position Restricted for Pension Benefits</b>					
Beginning of Year - as previously reported	25,619,448	25,935,433	24,651,457	22,936,298	21,747,731
Adjustment for Application of GASB 75	-	-	(11,255)	-	-
Beginning of Year - as adjusted	<u>25,619,448</u>	<u>25,935,433</u>	<u>24,640,202</u>	<u>22,936,298</u>	<u>21,747,731</u>
<b>End of Year</b>	<u>\$ 25,946,389</u>	<u>\$ 25,619,448</u>	<u>\$ 25,935,433</u>	<u>\$ 24,651,457</u>	<u>\$ 22,936,298</u>

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2025	2024	2023	2022	2021
<b>Additions</b>					
Contributions					
Employee	\$ 382,675	\$ 356,315	\$ 327,631	\$ 303,507	\$ 281,975
Employer	763,196	669,034	593,211	559,869	516,402
New Units	2,500	-	-	2,679	-
Transfers from the Teachers' Retirement System	8,295	6,265	6,825	6,213	4,421
Transfers from an Internal Service Fund	-	-	-	-	251
Marketing & Advertising Revenue	330	330	248	165	-
Total Contributions	<u>1,156,996</u>	<u>1,031,944</u>	<u>927,915</u>	<u>872,433</u>	<u>803,049</u>
Investment Income					
<i>From Investing Activities</i>					
Net Increase/(Decrease) in Fair Value of Investments	1,260,637	2,534,930	1,283,045	(2,274,633)	2,558,276
Interest and Dividends	417,428	401,483	370,837	329,975	302,802
Total Investment Income/(Loss) from Investing Activities	<u>1,678,065</u>	<u>2,936,413</u>	<u>1,653,882</u>	<u>(1,944,658)</u>	<u>2,861,078</u>
Less: Investment Expenses, Net	3,465	3,617	3,611	3,544	4,003
Net Investment Income/(Loss) from Investing Activities	<u>1,674,600</u>	<u>2,932,796</u>	<u>1,650,271</u>	<u>(1,948,202)</u>	<u>2,857,075</u>
<i>From Securities Lending Activities</i>					
Securities Lending Income	32,381	34,592	34,364	6,284	5,685
Less Securities Lending Expenses:					
Borrower Rebates	27,137	29,509	28,834	2,367	39
Management Fees	1,517	1,508	1,907	1,175	1,773
Total Securities Lending Expenses	<u>28,654</u>	<u>31,017</u>	<u>30,741</u>	<u>3,542</u>	<u>1,812</u>
Net Income from Securities Lending Activities	<u>3,727</u>	<u>3,575</u>	<u>3,623</u>	<u>2,742</u>	<u>3,873</u>
Total Net Investment Income/(Loss)	<u>1,678,327</u>	<u>2,936,371</u>	<u>1,653,894</u>	<u>(1,945,460)</u>	<u>2,860,948</u>
Total Additions/Reductions	<u>2,835,323</u>	<u>3,968,315</u>	<u>2,581,809</u>	<u>(1,073,027)</u>	<u>3,663,997</u>
<b>Deductions</b>					
Retirement Allowance Payments	1,466,423	1,401,620	1,366,602	1,323,657	1,260,159
Return of Contributions and Death Benefits	59,011	59,285	55,427	58,978	54,157
Unit Withdrawals	-	892	-	53	-
Transfers to the Teachers' Retirement System	7,465	9,036	8,526	9,517	6,128
Transfers to the Judicial Retirement Fund	120	276	249	228	118
Administrative Expenses	16,231	14,891	13,285	11,306	10,977
Depreciation	3,822	3,523	3,538	3,551	3,520
Total Deductions	<u>1,553,072</u>	<u>1,489,523</u>	<u>1,447,627</u>	<u>1,407,290</u>	<u>1,335,059</u>
<b>Net Increase/(Decrease) in Fiduciary Net Position</b>	<u>1,282,251</u>	<u>2,478,792</u>	<u>1,134,182</u>	<u>(2,480,317)</u>	<u>2,328,938</u>
<b>Net Position Restricted for Pension Benefits</b>					
Beginning of Year - as previously reported	16,612,133	14,133,341	12,999,159	15,479,476	13,150,538
Adjustment for Application of GASB 75	-	-	-	-	-
Beginning of Year - as adjusted	<u>16,612,133</u>	<u>14,133,341</u>	<u>12,999,159</u>	<u>15,479,476</u>	<u>13,150,538</u>
<b>End of Year</b>	<u>\$ 17,894,384</u>	<u>\$ 16,612,133</u>	<u>\$ 14,133,341</u>	<u>\$ 12,999,159</u>	<u>\$ 15,479,476</u>

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2020	2019	2018	2017	2016
<b>Additions</b>					
Contributions					
Employee	\$ 266,056	\$ 250,253	\$ 236,842	\$ 230,488	\$ 231,794
Employer	519,806	467,553	426,340	426,215	435,098
New Units	344,352	-	-	-	-
Transfers from the Teachers' Retirement System	4,891	4,187	4,899	3,413	6,223
Transfers from an Internal Service Fund	395	-	-	-	-
Marketing & Advertising Revenue	-	-	-	-	-
Total Contributions	<u>1,135,500</u>	<u>721,993</u>	<u>668,081</u>	<u>660,116</u>	<u>673,115</u>
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	425,632	30,092	775,132	1,098,859	753,836
Interest and Dividends	298,770	291,011	323,182	302,295	297,369
Total Investment Income/(Loss) from Investing Activities	<u>724,402</u>	<u>321,103</u>	<u>1,098,314</u>	<u>1,401,154</u>	<u>1,051,205</u>
Less: Investment Expenses, Net	<u>3,828</u>	<u>3,661</u>	<u>3,395</u>	<u>3,305</u>	<u>2,883</u>
Net Investment Income/(Loss) from Investing Activities	<u>720,574</u>	<u>317,442</u>	<u>1,094,919</u>	<u>1,397,849</u>	<u>1,048,322</u>
From Securities Lending Activities					
Securities Lending Income	6,534	13,884	10,589	9,127	7,481
Less Securities Lending Expenses:					
Borrower Rebates	1,996	9,394	5,647	3,424	1,356
Management Fees	1,482	1,347	1,449	1,389	1,416
Total Securities Lending Expenses	<u>3,478</u>	<u>10,741</u>	<u>7,096</u>	<u>4,813</u>	<u>2,772</u>
Net Income from Securities Lending Activities	<u>3,056</u>	<u>3,143</u>	<u>3,493</u>	<u>4,314</u>	<u>4,709</u>
Total Net Investment Income/(Loss)	<u>723,630</u>	<u>320,585</u>	<u>1,098,412</u>	<u>1,402,163</u>	<u>1,053,031</u>
Total Additions/Reductions	<u>1,859,130</u>	<u>1,042,578</u>	<u>1,766,493</u>	<u>2,062,279</u>	<u>1,726,146</u>
<b>Deductions</b>					
Retirement Allowance Payments	1,209,437	1,123,150	1,096,883	1,050,340	1,038,517
Return of Contributions and Death Benefits	46,745	48,675	45,070	47,683	45,768
Unit Withdrawals	-	380	350	1,000	-
Transfers to the Teachers' Retirement System	4,185	6,234	4,963	3,096	3,590
Transfers to the Judicial Retirement Fund	159	189	102	261	78
Administrative Expenses	13,128	12,934	11,219	11,982	11,002
Depreciation	3,411	2,895	2,544	2,520	2,021
Total Deductions	<u>1,277,065</u>	<u>1,194,457</u>	<u>1,161,131</u>	<u>1,116,882</u>	<u>1,100,976</u>
<b>Net Increase/(Decrease) in Fiduciary Net Position</b>	<u>582,065</u>	<u>(151,879)</u>	<u>605,362</u>	<u>945,397</u>	<u>625,170</u>
<b>Net Position Restricted for Pension Benefits</b>					
Beginning of Year - as previously reported	12,568,473	12,720,352	12,122,471	11,177,074	10,551,904
Adjustment for Application of GASB 75	-	-	(7,481)	-	-
Beginning of Year - as adjusted	<u>12,568,473</u>	<u>12,720,352</u>	<u>12,114,990</u>	<u>11,177,074</u>	<u>10,551,904</u>
End of Year	<u>\$ 13,150,538</u>	<u>\$ 12,568,473</u>	<u>\$ 12,720,352</u>	<u>\$ 12,122,471</u>	<u>\$ 11,177,074</u>

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Judicial Retirement Fund

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2025	2024	2023	2022	2021
<b>Additions</b>					
Contributions					
Employee	\$ 5,133	\$ 4,973	\$ 4,770	\$ 4,464	\$ 4,153
Employer	24,970	22,504	21,609	20,617	18,260
Transfers from the Teachers' Retirement System	-	-	-	-	-
Transfers from the Employees' Retirement System	120	276	249	228	118
Total Contributions	<u>30,223</u>	<u>27,753</u>	<u>26,628</u>	<u>25,309</u>	<u>22,531</u>
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	28,262	60,573	34,443	(59,058)	56,970
Interest and Dividends	9,040	8,921	8,312	7,229	6,689
Total Investment Income/(Loss) from Investing Activities	<u>37,302</u>	<u>69,494</u>	<u>42,755</u>	<u>(51,829)</u>	<u>63,659</u>
From Securities Lending Activities					
Securities Lending Income	292	371	380	94	106
Less Securities Lending Expenses:					
Borrower Rebates	207	276	281	23	1
Management Fees	25	28	34	21	33
Total Securities Lending Expenses	<u>232</u>	<u>304</u>	<u>315</u>	<u>44</u>	<u>34</u>
Net Income from Securities Lending Activities	<u>60</u>	<u>67</u>	<u>65</u>	<u>50</u>	<u>72</u>
Total Investment Income/(Loss)	<u>37,362</u>	<u>69,561</u>	<u>42,820</u>	<u>(51,779)</u>	<u>63,731</u>
Total Additions/Reductions	<u>67,585</u>	<u>97,314</u>	<u>69,448</u>	<u>(26,470)</u>	<u>86,262</u>
<b>Deductions</b>					
Retirement Allowance Payments	45,136	42,935	42,580	40,542	39,089
Return of Contributions and Death Benefits	67	179	341	325	28
Transfers to the Teachers' Retirement System	-	-	23	-	-
Administrative Expenses	566	559	527	443	374
Total Deductions	<u>45,769</u>	<u>43,673</u>	<u>43,471</u>	<u>41,310</u>	<u>39,491</u>
<b>Net Increase/(Decrease) in Fiduciary Net Position</b>	<u>21,816</u>	<u>53,641</u>	<u>25,977</u>	<u>(67,780)</u>	<u>46,771</u>
<b>Net Position Restricted for Pension Benefits</b>					
Beginning of Year - as previously reported	377,167	323,526	297,549	365,329	318,558
Adjustment for Application of GASB 75	-	-	-	-	-
Beginning of Year - as adjusted	<u>377,167</u>	<u>323,526</u>	<u>297,549</u>	<u>365,329</u>	<u>318,558</u>
End of Year	<u>\$ 398,983</u>	<u>\$ 377,167</u>	<u>\$ 323,526</u>	<u>\$ 297,549</u>	<u>\$ 365,329</u>

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Judicial Retirement Fund

Ten-Year History of Additions, Reductions, and Changes in Net Position

(Amounts in Thousands)

	2020	2019	2018	2017	2016
<b>Additions</b>					
Contributions					
Employee	\$ 4,025	\$ 3,912	\$ 3,756	\$ 3,711	\$ 3,645
Employer	18,099	18,022	17,180	17,373	17,529
Transfers from the Teachers' Retirement System	-	-	9	-	-
Transfers from the Employees' Retirement System	159	189	102	261	78
Total Contributions	<u>22,283</u>	<u>22,123</u>	<u>21,047</u>	<u>21,345</u>	<u>21,252</u>
Investment Income					
From Investing Activities					
Net Increase/(Decrease) in Fair Value of Investments	16,173	3,476	20,071	25,639	21,302
Interest and Dividends	6,928	7,463	7,471	6,910	6,865
Total Investment Income/(Loss) from Investing Activities	<u>23,101</u>	<u>10,939</u>	<u>27,542</u>	<u>32,549</u>	<u>28,167</u>
From Securities Lending Activities					
Securities Lending Income	128	327	248	270	258
Less Securities Lending Expenses:					
Borrower Rebates	41	218	134	90	58
Management Fees	29	32	34	44	46
Total Securities Lending Expenses	<u>70</u>	<u>250</u>	<u>168</u>	<u>134</u>	<u>104</u>
Net Income from Securities Lending Activities	<u>58</u>	<u>77</u>	<u>80</u>	<u>136</u>	<u>154</u>
Total Investment Income/(Loss)	<u>23,159</u>	<u>11,016</u>	<u>27,622</u>	<u>32,685</u>	<u>28,321</u>
Total Additions/Reductions	<u>45,442</u>	<u>33,139</u>	<u>48,669</u>	<u>54,030</u>	<u>49,573</u>
<b>Deductions</b>					
Retirement Allowance Payments	38,812	36,909	33,419	32,807	30,893
Return of Contributions and Death Benefits	256	646	130	353	115
Transfers to the Teachers' Retirement System	-	-	-	-	-
Administrative Expenses	357	357	328	334	397
Total Deductions	<u>39,425</u>	<u>37,912</u>	<u>33,877</u>	<u>33,494</u>	<u>31,405</u>
<b>Net Increase/(Decrease) in Fiduciary Net Position</b>	<u>6,017</u>	<u>(4,773)</u>	<u>14,792</u>	<u>20,536</u>	<u>18,168</u>
<b>Net Position Restricted for Pension Benefits</b>					
Beginning of Year - as previously reported	312,541	317,314	302,578	282,042	263,874
Adjustment for Application of GASB 75	-	-	(56)	-	-
Beginning of Year - as adjusted	<u>312,541</u>	<u>317,314</u>	<u>302,522</u>	<u>282,042</u>	<u>263,874</u>
<b>End of Year</b>	<u><b>\$ 318,558</b></u>	<u><b>\$ 312,541</b></u>	<u><b>\$ 317,314</b></u>	<u><b>\$ 302,578</b></u>	<u><b>\$ 282,042</b></u>

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Retired Members by Type of Benefit as of September 30, 2024

Amount of Monthly Benefit	Number of Retirants	Type of Retirement <sup>1</sup>			Option Selected <sup>2</sup>				
		A	B	C	Maximum	Opt-1	Opt-2	Opt-3	Opt-4
\$ 1 - 250	1,414	794	495	125	240	273	469	432	-
251 - 500	8,420	6,192	958	1,270	2,368	2,979	2,076	991	6
501 - 750	9,486	7,557	837	1,092	2,467	3,561	2,290	1,165	3
751 - 1,000	8,851	7,240	793	818	2,078	3,345	2,158	1,267	3
1,001 - 1,250	7,763	6,419	716	628	1,501	2,828	2,235	1,195	4
1,251 - 1,500	6,718	5,566	604	548	1,344	2,309	2,086	977	2
1,501 - 1,750	7,428	6,506	454	468	1,423	2,829	2,238	937	1
1,751 - 2,000	9,103	8,412	367	324	1,689	3,788	2,398	1,224	4
2,001 - 2,250	9,657	9,127	315	215	1,548	4,050	2,834	1,223	2
2,251 - 2,500	8,500	8,099	277	124	1,301	3,623	2,542	1,033	1
2,501 - 2,750	6,721	6,461	187	73	989	2,784	2,111	836	1
2,751 - 3,000	5,242	5,042	159	41	753	2,030	1,756	703	-
3,001 - 3,250	4,069	3,903	139	27	578	1,562	1,376	550	3
3,251 - 3,500	3,084	2,967	105	12	405	1,144	1,111	424	-
3,501 - 3,750	2,427	2,335	77	15	314	882	894	333	4
3,751 - 4,000	1,908	1,841	57	10	263	686	696	260	3
4,001 - 4,250	1,649	1,588	55	6	219	613	564	251	2
4,251 - 4,500	1,185	1,135	48	2	142	423	462	157	1
4,501 - 4,750	934	899	34	1	119	299	378	137	1
4,751 - 5,000	764	740	24	-	96	265	307	95	1
Over 5,000	3,989	3,852	134	3	460	1,130	1,797	592	10
<b>Totals</b>	<b>109,312</b>	<b>96,675</b>	<b>6,835</b>	<b>5,802</b>	<b>20,297</b>	<b>41,403</b>	<b>32,778</b>	<b>14,782</b>	<b>52</b>

<sup>1</sup> Type of Retirement

A - Service

B - Survivor benefit

C - Disability

<sup>2</sup> 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, 2024

Amount of Monthly Benefit	Number of Retirants	Type of Retirement <sup>1</sup>			Option Selected <sup>2</sup>				
		A	B	C	Maximum	Opt-1	Opt-2	Opt-3	Opt-4
\$ 1 - 250	351	151	196	4	31	19	60	178	63
251 - 500	3,297	2,152	847	298	755	789	878	707	168
501 - 750	5,177	3,680	830	667	1,367	1,515	1,257	829	209
751 - 1,000	5,123	3,722	661	740	1,365	1,586	1,086	850	236
1,001 - 1,250	5,861	4,614	572	675	1,246	1,952	1,398	907	358
1,251 - 1,500	5,264	4,301	477	486	1,057	1,841	1,304	798	264
1,501 - 1,750	4,975	4,285	324	366	935	1,823	1,242	786	189
1,751 - 2,000	4,761	4,239	251	271	820	1,796	1,133	781	231
2,001 - 2,250	4,219	3,835	201	183	715	1,398	1,167	712	227
2,251 - 2,500	3,612	3,337	133	142	617	1,252	1,021	579	143
2,501 - 2,750	2,972	2,772	103	97	448	1,084	856	482	102
2,751 - 3,000	2,358	2,207	88	63	369	860	663	411	55
3,001 - 3,250	2,188	2,073	79	36	327	808	654	368	31
3,251 - 3,500	1,631	1,555	53	23	246	561	521	269	34
3,501 - 3,750	1,340	1,293	32	15	204	495	401	226	14
3,751 - 4,000	1,042	1,001	25	16	164	381	304	174	19
4,001 - 4,250	886	858	21	7	111	313	278	171	13
4,251 - 4,500	680	654	20	6	91	236	227	117	9
4,501 - 4,750	542	521	20	1	83	184	186	80	9
4,751 - 5,000	474	465	7	2	71	150	145	103	5
Over 5,000	2,068	2,019	37	12	292	694	652	410	20
<b>Totals</b>	<b>58,821</b>	<b>49,734</b>	<b>4,977</b>	<b>4,110</b>	<b>11,314</b>	<b>19,737</b>	<b>15,433</b>	<b>9,938</b>	<b>2,399</b>

<sup>1</sup> Type of Retirement

- A - Service
- B - Survivor benefit
- C - Disability

<sup>2</sup> 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, 2024

Amount of Monthly Benefit	Number of Retirants	Type of Retirement †			Option	
		A	B	C	Maximum	Joint Survivorship
\$ 1 - 250	-	-	-	-	-	-
251 - 500	2	-	2	-	2	-
501 - 750	-	-	-	-	-	-
751 - 1,000	2	-	2	-	2	-
1,001 - 1,250	1	-	1	-	1	-
1,251 - 1,500	8	-	8	-	8	-
1,501 - 1,750	7	-	7	-	7	-
1,751 - 2,000	5	-	5	-	5	-
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	4	1	1	2	1	3
3,251 - 3,500	5	4	1	-	1	4
3,501 - 3,750	-	-	-	-	-	-
3,751 - 4,000	1	1	-	-	1	-
4,001 - 4,250	20	3	17	-	17	3
4,251 - 4,500	35	2	33	-	33	2
4,501 - 4,750	11	9	2	-	3	8
4,751 - 5,000	24	4	20	-	20	4
Over 5,000	332	314	11	7	56	276
<b>Totals</b>	<b>460</b>	<b>338</b>	<b>113</b>	<b>9</b>	<b>160</b>	<b>300</b>

† 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
<b>2024</b>					
Average monthly benefit	\$ 952	\$ 1,608	\$ 2,013	\$ 3,078	\$ 4,342
Average final average salary	\$ 52,121	\$ 58,188	\$ 57,242	\$ 72,888	\$ 80,650
Number of active retirants	797	622	601	1,720	851
<b>2023</b>					
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
<b>2022</b>					
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
<b>2021</b>					
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
<b>2020</b>					
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
<b>2019</b>					
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
<b>2018</b>					
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
<b>2017</b>					
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
<b>2016</b>					
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
<b>2015</b>					
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

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
<b>2024</b>					
Average monthly benefit	\$ 901	\$ 1,533	\$ 2,362	\$ 3,164	\$ 4,345
Average final average salary	\$ 49,524	\$ 54,497	\$ 63,159	\$ 72,302	\$ 78,590
Number of active retirants*	470	367	452	775	475
<b>2023</b>					
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
<b>2022</b>					
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
<b>2021</b>					
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
<b>2020</b>					
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
<b>2019</b>					
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
<b>2018</b>					
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
<b>2017</b>					
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
<b>2016</b>					
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
<b>2015</b>					
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

\* 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+
<b>2024</b>					
Average monthly benefit	\$ 8,378	\$ 10,863	\$ 11,678	\$ 14,652	\$ -
Average final average salary	\$ 151,358	\$ 173,806	\$ 186,842	\$ 234,429	\$ -
Number of active retirants	4	1	1	1	-
<b>2023</b>					
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
<b>2022</b>					
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
<b>2021</b>					
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
<b>2020</b>					
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	-
<b>2019</b>					
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
<b>2018</b>					
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	-
<b>2017</b>					
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
<b>2016</b>					
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	-
<b>2015</b>					
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

# RETIREMENT SYSTEMS OF ALABAMA

## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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Abbeville Water Works & Sewer Board  
Abbeville, City of  
Adamsville, City of  
Addison, Town of  
Alabama Cooperative Extension System  
Alabama Historic Ironworks Commission  
Alabama League of Municipalities  
Alabama Municipal Electric Authority  
Alabama Rural Water Association  
Alabama Space Science Exhibit Commission  
Alabama Sports Hall of Fame  
Alabama Tombigbee Regional Commission  
Alabaster Water Board  
Alabaster, City of  
Albertville Housing Authority  
Albertville Municipal Utilities Board  
Albertville, City of  
Alexander City Housing Authority  
Alexander City, City of  
Aliceville Housing Authority  
Aliceville, City of  
AltaPointe Health Systems  
Altoona, Town of  
Andalusia Housing Authority  
Andalusia Utilities Board  
Andalusia, City of  
Anniston & Calhoun County Public Library  
Anniston Housing Authority  
Anniston Water Works & Sewer Board  
Anniston, City of  
Arab Housing Authority  
Arab Sewer Board  
Arab Water Works Board  
Arab, Town of  
Argo, Town of  
Arley, Town of  
Ashford Housing Authority  
Ashland Housing Authority  
Ashland Water Works & Sewer Board  
Ashland, City of  
Ashville, Town of  
Association of County Commissioners of  
Alabama  
Athens Utilities  
Athens, City of  
Athens-Limestone County Emergency  
Management Communications District  
Athens-Limestone Public Library  
Atmore Housing Authority  
Atmore, City of  
Attalla Housing Authority  
Attalla Water Works Board  
Attalla, City of  
Auburn Housing Authority  
Auburn Water Works Board  
Auburn, City of  
Autauga County Commission  
Autauga County Emergency Management  
Communication District  
Autauga County Water Authority  
Autauga-Prattville Public Library  
B. B. Comer Memorial Library  
Bakerhill Water Authority  
Bakerhill, Town of  
Baldwin County Commission  
Baldwin County Emergency Communication  
District  
Baldwin County Sheriff's Office  
Baldwin County Soil & Water Conservation  
District  
Baldwin County Solid Waste Disposal Authority  
Barbour County Commission  
Barbour County E-911 District Board  
Bay Minette Housing Authority  
Bay Minette, City of  
Bayou La Batre Housing Authority  
Bayou La Batre Utilities Board  
Bayou La Batre, City of  
Bear Creek Development Authority  
Bear Creek, Town of  
Beauregard Water Authority  
Berlin, Town of  
Berry, Town of  
Bessemer, City of  
Beulah Utilities District  
Bibb County Commission  
Bibb County Emergency Management  
Communication District  
Big Wills Water Authority  
Birmingham Racing Commission  
Birmingham Regional Planning Commission  
Birminghamport Fire District  
Black Warrior Solid Waste Disposal Authority  
Blount County Commission  
Blount County Communications District  
Blount County Water Authority  
Blountsville Utility Board  
Blountsville, Town of  
Boaz Board of Water & Sewer Commissioners  
Boaz, City of  
Boldo Water & Fire Protection Authority  
Boston Housing Authority  
Brantley Housing Authority  
Brent Housing Authority  
Brent, City of  
Brewton Housing Authority  
Brewton, City of  
Bridgeport Housing Authority  
Bridgeport Utilities Board  
Bridgeport, City of  
Brilliant, Town of  
Brookwood, Town of  
Brundidge, City of  
Buhl-Elrod-Holman Water Authority

# RETIREMENT SYSTEMS OF ALABAMA

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## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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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  
Cleburne County Hospital Board  
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

# RETIREMENT SYSTEMS OF ALABAMA

## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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Cottonwood Housing Authority  
Cottonwood, City of  
Courtland, Town of  
Covington County Commission  
Covington County E-911 Board  
Covington County Water Authority  
Cowarts, Town of  
Crenshaw County Commission  
Crenshaw County Emergency Communications District  
Creola, City of  
Crossville Water Works Board  
Crossville, Town of  
Cuba, Town of  
Cullman County Center for the Developmentally Disabled  
Cullman County Commission  
Cullman County E-911  
Cullman Power Board  
Cullman, City of  
Cullman-Jefferson Counties Gas District  
Cullman Solid Waste Disposal Authority  
Cumberland Mountain Water Authority  
Curry Water Authority  
CWM Water Authority  
Dadeville Housing Authority  
Dadeville Water Supply & Gas Board  
Dadeville, City of  
Dadeville, Waterworks & Sewer Board of  
Dale County Commission  
Dale County Water Authority  
Daleville Housing Authority  
Daleville, City of  
Dallas County Commission  
Dallas County Water & Sewer Authority  
Daphne Utilities Board  
Daphne, City of  
Dauphin Island Water & Sewer Authority  
Dauphin Island, Town of  
Decatur Utilities  
Decatur, City of  
DeKalb County Commission  
DeKalb County Economic Development Authority  
DeKalb County Emergency Communications District  
DeKalb County Hospital Association  
DeKalb County Mental Retardation Board  
DeKalb-Cherokee Counties Gas District  
DeKalb-Jackson Water Supply District Board  
Demopolis Housing Authority  
Demopolis Water Works & Sewer Board  
Demopolis, City of  
Dora Waterworks & Gas Board  
Dora, City of  
Dothan, City of  
Dothan-Houston County Communications District  
Dothan-Houston County Intellectual Disabilities Board  
Double Springs Water Works Board  
Double Springs, Town of  
Douglas Water Authority  
Douglas, Town of  
Dutton, Town of  
East Alabama Mental Health-Mental Retardation Board  
East Alabama Regional Planning & Development Commission  
East Alabama Water, Sewer & Fire Protection District  
East Brewton, City of  
East Central Alabama Gas District  
East Central Baldwin County Water & Fire Protection Authority  
East Lauderdale County Water & Fire Protection Authority  
Eclectic, Town of  
Elba Water & Electric Board  
Elba, City of  
Elberta, City of  
Electric Cities of Alabama  
Elmore County Commission  
Elmore County Emergency Communications District  
Elmore Water & Sewer Authority  
Enterprise Housing Authority  
Enterprise Water Works Board  
Enterprise, City of  
Ernest F. Ladd Memorial Stadium  
Escambia County Commission  
Escambia County Cooperative Library System  
Escambia County Emergency Communications District  
Etowah County Commission  
Etowah County Communications District  
Etowah County Community Corrections  
Etowah County Tourism Board  
Etowah County Solid Waste Disposal Authority  
Eufaula Housing Authority  
Eufaula Water Works & Sewer Board  
Eufaula, City of  
Eutaw, City of  
Evergreen Housing Authority  
Evergreen, City of  
Excel, Town of  
Fairfield, City of  
Fairhope Public Library  
Fairhope, City of  
Falkville, Town of  
Fayette County Commission  
Fayette County E-911 District  
Fayette County Water Authority  
Fayette Gas Board  
Fayette Housing Authority  
Fayette Water Works Board

# RETIREMENT SYSTEMS OF ALABAMA

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## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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Fayette, City of  
Fayetteville Water Authority  
Five Star Water Supply District  
Flomaton, Town of  
Floral, City of  
Floral, Utilities Board  
Florence Housing Authority  
Florence Lauderdale Port Authority  
Florence/Lauderdale Tourism Board  
Foley Utilities Board  
Foley, City of  
Forestdale Fire District  
Fort Deposit Water Works & Sewer Board  
Fort Deposit, Town of  
Fort Payne Housing Authority  
Fort Payne Improvement Authority  
Fort Payne Water Works Board  
Fort Payne, City of  
Fosters-Ralph Water Authority  
Franklin County Commission  
Franklin County Soil & Water Conservation District  
Franklin County Water Service Authority  
Frisco City, Town of  
Fultondale Gas Board  
Fultondale, Town of  
Fyffe, Town of  
Gadsden Water Works & Sewer Board  
Gadsden, City of  
Gantt, Town of  
Garden Town, Town of  
Gardendale, City of  
Geneva County Commission  
Geneva County E-911  
Geneva Water Works & Sewer Board  
Geneva, City of  
Georgiana Housing Authority  
Georgiana, City of  
Geraldine, Town of  
Gilbertown Utilities Board  
Gilbertown, Town of  
Glencoe Water & Sewer Board  
Glencoe, City of  
Goodwater Water Works & Sewer Board  
Good Hope, City of  
Gordo, City of  
Governmental Utility Services Corporation of Moody  
Governmental Utility Services Corporation of the City of Bessemer  
Grant, Town of  
Graysville Public Library  
Graysville, City of  
Greater Etowah Mental Retardation 310 Board  
Greene County Ambulance Service  
Greene County Commission  
Greene County E-911 Communication District  
Greene County Hospital & Nursing Home  
Greene County Housing Authority  
Greene County Industrial Development Authority  
Greene County Racing Commission  
Greenhill Water & Fire Protection Authority  
Greensboro Housing Authority  
Greensboro, City of  
Greenville Housing Authority  
Greenville Water Works & Sewer Board  
Greenville, City of  
Grove Hill, City of  
Guin Housing Authority  
Guin Water Works & Sewer Board  
Guin, City of  
Gulf Shores Utilities Board  
Gulf Shores, City of  
Guntersville Electric Board  
Guntersville Housing Authority  
Guntersville Water Works & Sewer Board  
Guntersville, City of  
Gurley, Town of  
Hackleburg Housing Authority  
Hackleburg Water Board  
Hackleburg, Town of  
Hackneyville Water & Fire Protection Authority  
Hale County Commission  
Hale County Emergency Medical Service  
Haleyville, City of  
Hamilton Housing Authority  
Hamilton, City of  
Hammondville, Town of  
Hanceville Water Works & Sewer Board  
Hanceville, City of  
Harpersville, Town of  
Hartford, City of  
Hartselle Utilities Board  
Hartselle, City of  
Hartselle, Housing Authority of the City of  
Harvest-Monrovia Water, Sewer & Fire Protection Authority  
Hayden, Town of  
Hayneville, City of  
Headland Housing Authority  
Headland, City of  
Heflin Water Works & Sewer Board  
Heflin, City of  
Helena Utilities Board  
Helena, City of  
Henagar, City of  
Henry County Commission  
Henry County Water Authority  
Highland Water Authority  
Historic Blakeley Authority  
Hillsboro, Town of  
Hodges, Town of  
Hokes Bluff Water Board  
Hokes Bluff, Town of  
Holly Pond, Town of

# RETIREMENT SYSTEMS OF ALABAMA

## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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Hollywood, Town of  
Homewood, City of  
Hoover, City of  
Horseshoe Bend Regional Library  
Houston County Commission  
Houston County Soil Conservation District  
Houston County Water Authority  
Houston-Love Memorial Library  
Hueytown, City of  
Huguley Water, Sewer & Fire Protection Authority  
Huntsville Electric Utilities System  
Huntsville Gas Utilities System  
Huntsville Solid Waste Disposal Authority  
Huntsville Waterworks Utilities System  
Huntsville, City of  
Huntsville/Madison County Convention & Visitors Bureau  
Huntsville-Madison County Airport Authority  
Huntsville-Madison County Marina & Port Authority  
Huntsville-Madison County Mental Health Center Board  
Ider, Town of  
Indian Pines Recreational Authority  
International Motorsports Hall of Fame  
Irondale, City of  
J. Paul Jones Hospital  
Jackson County Commission  
Jackson County Economic Development Authority  
Jackson County Emergency Management Communications District  
Jackson County Soil & Water Conservation District  
Jackson County Water Authority  
Jackson, City of  
Jackson's Gap Water Authority  
Jackson's Gap, Town of  
Jacksonville Housing Authority  
Jacksonville Water Works, Gas & Sewer Board  
Jacksonville, City of  
Jasper Waterworks & Sewer Board  
Jasper, City of  
Jefferson County Department of Health  
Jefferson County Housing Authority  
Jefferson-Blount-St. Clair Mental Health Authority  
Jemison, Town of  
Joppa, Hulaco & Ryan Water Authority  
Kennedy, City of  
Killen, City of  
Kinsey, Town of  
LaFayette, City of  
Lake View, City of  
Lamar County Commission  
Lamar County Communications District  
Lanett, City of  
Lauderdale County Commission  
Lauderdale County Community Corrections Authority  
Lauderdale County Regional Library System  
Lawrence County Commission  
Lee County Commission  
Leeds Housing Authority  
Leeds Water Works Board  
Leeds, City of  
Lee-Russell Council of Governments  
Leesburg, Town of  
Leighton Water & Sewer Board  
Leighton, Town of  
Level Plains, Town of  
Lexington, Town of  
Limestone County Commission  
Limestone County Water & Sewer Authority  
Lincoln, City of  
Linden, City of  
Lineville Housing Authority  
Lineville Waterworks & Sewer Board  
Lineville, City of  
Littleville, Town of  
Livingston Housing Authority  
Livingston, City of  
Loachapoka Water Authority  
Locust Fork, Town of  
Lowndes County Commission  
Loxley, City of  
Luverne Housing Authority  
Luverne, City of  
Lynn, Town of  
Macon County Commission  
Macon County Racing Commission  
Madison County 310 Board  
Madison County Commission  
Madison County Communications District  
Madison Water & Wastewater Board  
Madison, City of  
Magnolia Springs, Town of  
Malvern, Town of  
Maplesville Waterworks & Gas Board  
Maplesville, City of  
Marengo County Commission  
Marengo County Emergency Communications District  
Marengo Nursing Home  
Margaret, Town of  
Marion County Commission  
Marion County Emergency Communications District  
Marion County Public Water Authority  
Marion Housing Authority  
Marion, City of  
Marshall County Commission  
Marshall County Community Punishment & Corrections Authority  
Marshall County Emergency Telephone Services

# RETIREMENT SYSTEMS OF ALABAMA

## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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Marshall County Gas District  
Marshall-Jackson Mental Retardation Authority  
McAdory Area Fire District  
McIntosh, Town of  
Mental Health Board of Bibb, Pickens &  
Tuscaloosa County  
Mental Health Center of North Central Alabama  
Mental Retardation/Developmental Disabilities  
Board  
Mentone, Town of  
Middle Alabama Area Agency on Aging  
Midfield, City of  
Midland City, City of  
Midway, City of  
Mildred B. Harrison Library  
Millbrook, City of  
Millport Housing Authority  
Millport, Town of  
Millry, Town of  
Mobile Airport Authority  
Mobile Area Water & Sewer System  
Mobile County Commission  
Mobile County Communications District  
Mobile County Emergency Management  
Agency  
Mobile County Emergency Med Svc Sys Res  
Mobile County Health Department  
Mobile County Law Enforcement & Firefighters'  
Pension Fund  
Mobile County Housing Authority  
Mobile County Personnel Board  
Mobile County Racing Commission  
Mobile County Water, Sewer & Fire Protection  
Authority  
Mobile Public Library  
Mobile, City of  
Monroe County Commission  
Monroeville Housing Authority  
Monroeville Water Works Board  
Monroeville, City of  
Montevallo Water Works & Sewer Board  
Montevallo, City of  
Montgomery Airport Authority  
Montgomery Area Mental Health Authority  
Montgomery County Commission  
Montgomery County Soil & Water Conservation  
District  
Montgomery Water Works & Sanitary Sewer  
Board  
Montgomery, City of  
Moody, City of  
Morgan County Commission  
Morgan County Emergency Management  
Communication District  
Morgan County Soil & Water Conservation  
District  
Moulton Housing Authority  
Moulton, City of  
Moundville, City of  
Mountain Brook Library Board  
Mountain Brook Park & Recreation Board  
Mountain Brook, City of  
Mt. Vernon, Town of  
Mulga, Town of  
Munford Water Authority  
Munford, Town of  
Muscle Shoals Electric Board  
Muscle Shoals Utilities Board  
Muscle Shoals, City of  
Myrtlewood, Town of  
Nauvoo, Town of  
Nectar, Town of  
New Brockton, The Water Works & Sewer Board of  
the Town of  
New Hope, Town of  
New London Water, Sewer & Fire Protection  
Authority  
New Site, Town of  
Newton, Town of  
North Alabama Gas District  
North Baldwin Utilities  
North Central Alabama Mental Retardation  
Authority  
North Central Alabama Regional Council of  
Governments  
North Dallas County Water Authority  
North Marshall Utilities Board  
North Shelby County Fire & Emergency  
Medical District  
North Shelby Library  
Northeast Alabama MR/DD Authority  
Northeast Alabama Water, Sewer & Fire  
Protection District  
Northeast Morgan County Water & Sewer  
Authority  
Northport Housing Authority  
Northport, City of  
Northwest Alabama Council of Local  
Governments  
Northwest Alabama Mental Health Center  
Northwest Alabama Regional Airport  
Notasulga, Town of  
Oak Grove, Town of  
Oakman Water Works Board  
Oakman, Town of  
Odenville Utilities Board  
Odenville, Town of  
Ohatchee, Town of  
Oneonta Housing Authority  
Oneonta Utilities Board  
Oneonta, City of  
Opelika Housing Authority  
Opelika Utilities Board  
Opelika, City of  
Opp Utilities Board  
Opp, City of

# RETIREMENT SYSTEMS OF ALABAMA

## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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Orange Beach Water, Sewer & Fire Protection Authority  
Orange Beach, Town of  
Owassa/Brownville Water Authority  
Owens Cross Roads Water Authority  
Owens Cross Roads, City of  
Oxford, City of  
Ozark Utilities Board  
Ozark, City of  
Ozark-Dale County E-911  
Parrish Water Works & Sewer Board  
Parrish, Town of  
Pelham, City of  
Pell City Housing Authority  
Pell City, City of  
Pennington Utilities Board  
Pennington, City of  
Perdido Bay Water, Sewer & Fire Protection District  
Perry County Commission  
Perry County E-911  
Phenix City Utilities  
Phenix City, City of  
Phil Campbell Housing Authority  
Phil Campbell Water Works & Sewer Board  
Phil Campbell, Town of  
Pickens County Commission  
Pickens County E-911 Board  
Pickens County Water Authority  
Piedmont Housing Authority  
Piedmont, City of  
Pike County Commission  
Pike County Communications District  
Pike County Soil & Water Conservation District  
Pike County Water Authority  
Pike Road Volunteer Fire Protection Authority  
Pike Road, Town of  
Pine Bluff Water Authority  
Pine Hill, Town of  
Pine Level Water Authority  
Pinson, City of  
Pisgah, Town of  
Pleasant Grove, City of  
Prattville Housing Authority  
Prattville Water Works Board  
Prattville, City of  
Priceville, Town of  
Prichard Housing Authority  
Pryor Field Airport Authority  
Quint-Mar Water Authority  
Ragland Water Works Board  
Ragland, Town of  
Rainbow City Utilities Board  
Rainbow City, City of  
Rainsville, City of  
Randolph County Commission  
Randolph County E-911  
Red Bay Housing Authority  
Red Bay Water Works & Gas Board  
Red Bay, City of  
Reform Housing Authority  
Reform, City of  
Regional Housing Authority of Lawrence, Cullman & Morgan Counties  
Rehobeth, City of  
Remlap-Pine Mountain Water Authority  
Repton, Town of  
Riverbend Center for Mental Health  
Riverside, Town of  
Roanoke Utility Board  
Roanoke, City of  
Robertsdale, City of  
Rockford Utilities Board  
Rockford, Town of  
Rocky Ridge Fire District  
Rogersville Water Works & Sewer Board  
Rogersville, Town of  
Russell County Commission  
Russell County Emergency Communications District  
Russell County Soil & Water Conservation District  
Russell County Water Authority  
Russellville Electric Board  
Russellville Gas Board  
Russellville Housing Authority  
Russellville Water & Sewer Board  
Russellville, City of  
Rutledge, Town of  
Samson, City of  
Saraland Water Service  
Saraland, City of  
Sardis City Water Board  
Sardis, City of  
Satsuma Water Works Board  
Satsuma, City of  
Scottsboro Electric Power Board  
Scottsboro Housing Authority  
Scottsboro Public Library  
Scottsboro Public Park & Recreation Board  
Scottsboro Waterworks, Sewer & Gas Board  
Scottsboro, City of  
Section Waterworks Board  
Section, Town of  
Selma Housing Authority  
Selma Water & Sewer Board  
Selma, City of  
Semmes, City of  
Sheffield Utilities Board  
Sheffield, City of  
Shelby County Commission  
Shelby County Community Corrections  
Shelby County Emergency Management Communications District  
Shelby County Soil Conservation District  
Shoals Committee on Programs & Employment for the Mentally Retarded

# RETIREMENT SYSTEMS OF ALABAMA

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## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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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  
Steele Water Works Board  
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  
Tallasse, 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  
Union Grove Utilities Board  
Union Springs Utilities Board  
Union Springs, City of

# RETIREMENT SYSTEMS OF ALABAMA

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## *Statistical Section*

### Employees' Retirement System

#### Local Participating Employers

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Uniontown Housing Authority	York Housing Authority
Uniontown Utilities Board	York, City of
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	
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	

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Ten-Year History of Largest Employers

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
1) Employer	State of Alabama									
# of Active Members	28,527	27,758	27,380	28,333	29,019	28,533	29,664	29,548	29,756	30,109
% of Total Active Members	32.12%	32.11%	32.33%	33.50%	33.95%	33.75%	34.27%	34.50%	35.08%	35.43%
2) Employer	Huntsville, City of									
# of Active Members	2,626	2,494	2,418	2,374	2,353	2,443	2,362	2,296	2,258	2,207
% of Total Active Members	2.96%	2.88%	2.85%	2.81%	2.75%	2.89%	2.73%	2.68%	2.66%	2.60%
3) Employer	Montgomery, City of	Mobile County								
# of Active Members	2,044	2,018	2,120	2,139	2,206	1,539	1,596	1,610	1,604	1,587
% of Total Active Members	2.30%	2.33%	2.50%	2.53%	2.58%	1.82%	1.84%	1.88%	1.89%	1.87%
4) Employer	Mobile County	Mobile, City of								
# of Active Members	1,639	1,461	1,492	1,452	1,514	1,058	1,104	1,150	1,195	1,250
% of Total Active Members	1.85%	1.69%	1.76%	1.72%	1.77%	1.25%	1.28%	1.34%	1.41%	1.47%
5) Employer	Mobile, City of	Mobile, City of	Mobile, City of	Mobile, City of	Madison County					
# of Active Members	1,106	1,090	1,051	1,043	1,048	1,044	1,083	1,107	1,145	1,152
% of Total Active Members	1.25%	1.26%	1.24%	1.23%	1.23%	1.24%	1.25%	1.29%	1.35%	1.36%
6) Employer	Dothan, City of									
# of Active Members	1,099	1,075	1,050	1,015	1,022	1,035	1,032	1,018	999	995
% of Total Active Members	1.24%	1.24%	1.24%	1.20%	1.20%	1.22%	1.19%	1.19%	1.18%	1.17%
7) Employer	Madison County	Madison County	Madison County	Dothan, City of	Mobile, City of	Auburn, City of	Auburn, City of	Montgomery County	Montgomery County	AlaPointe Health*
# of Active Members	1,042	1,011	991	1,003	1,022	822	828	801	807	792
% of Total Active Members	1.17%	1.17%	1.17%	1.19%	1.20%	0.97%	0.96%	0.94%	0.95%	0.93%
8) Employer	Auburn, City of	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
# of Active Members	883	833	847	770	768	770	759	786	774	777
% of Total Active Members	0.99%	0.96%	1.00%	0.91%	0.90%	0.91%	0.88%	0.92%	0.91%	0.91%
9) Employer	Tuscaloosa, City of	Tuscaloosa, City of	Tuscaloosa, City of	Tuscaloosa, City of	Auburn, City of	Montgomery County	Montgomery County	Tuscaloosa, City of	Auburn, City of	Montgomery County
# of Active Members	791	778	739	757	759	751	757	783	752	766
% of Total Active Members	0.89%	0.90%	0.87%	0.90%	0.89%	0.89%	0.87%	0.91%	0.89%	0.90%
10) Employer	Hoover, City of	Hoover, City of	Hoover, City of	Montgomery County	Montgomery County	Hoover, City of	Hoover, City of	Hoover, City of	Hoover, City of	Auburn, City of
# of Active Members	738	719	695	697	715	726	689	706	704	706
% of Total Active Members	0.83%	0.83%	0.82%	0.82%	0.84%	0.86%	0.80%	0.82%	0.83%	0.83%
Total # of Active Members	88,806	86,450	84,697	84,572	85,485	84,534	86,565	85,657	84,814	84,985

\* Formerly Greater Mobile-Washington Co. Mental Health Board







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