



RSA’s 2025 Investment Performance

BY MARC GREEN, DEPUTY DIRECTOR FOR INVESTMENTS

Total Portfolio	Annualized Investment Returns			
	1 Year	Last 3 Years	Last 5 Years	Last 10 Years
TRS	10.16%	14.75%	9.97%	8.94%
ERS	10.40%	14.74%	9.93%	9.03%
JRF	10.37%	15.64%	9.67%	9.20%

Fiscal year 2025 can aptly be described as a roller coaster ride that coasted in safely at the end. The abundance of twists and turns throughout the year were fairly unprecedented. We had an obvious changing of the guard, with President Trump again taking the reins and immediately shaking things up. The apex of capital markets confusion was April 2 or “liberation day,” when reciprocal tariffs were announced. The market had a 12% correction in four trading days as it digested the news. After that, the markets took off and never looked back. With the benefit of hindsight, the tariffs did not cause a recession, though Wall Street and the betting markets were putting a 2/3rds chance that one would quickly ensue. Nor did we see a spike in inflation prompted

by the change in tariff rates. Stock market returns were dominated by the mega cap companies. After market breadth had improved in the prior year, the artificial intelligence focused companies reasserted their leadership. There has been much recent chatter drawing parallels to the dot com era. Though there are some similarities, the main difference is that the leaders in AI are very profitable companies. It is probably fair to say that there may be a bit of froth brewing in some of these stocks, but calling a top is a tough game. From a total portfolio perspective, there were no big reallocations, just some trimming around the edges to bring weightings back to target. Towards the end of the year, we did pare back some

exposure to developed international equities. After lagging for years, they turned in nice returns, especially on a currency adjusted basis. We continue to slowly add to our core fixed income weighting as yields have moved higher and equity valuations have become stretched. Our peer group ranking (State Street Public Funds Universe greater than \$1 billion) for last fiscal year was right at the median return on a dollar weighted basis. The five-year rankings were right around the median as well, while the ten-year rankings were slightly below the median. We have seen increasing volatility within the peer rankings as state defined benefit plan assets have seen a large increase in alternative assets the past decade, and we expect this trend to continue. ●

Undeserving Praise

BY DAVID G. BRONNER

All of us enjoy praise, especially from a tough critic! Public employees should remember when their pension programs in America were under attack about ten years ago. The national program aimed to eliminate the “defined benefit” and replace it with a 401(k) investment that requires the member to select their own investments.

Back in January of 2016, I wrote the following:
Make no mistake, these outside critics are both inside and outside Alabama and are spending big money to win. The Alabama Policy Institute, originally started by well-intentioned business leaders, has taken over \$180,000 from the Arnold Foundation.

This foundation has spent over \$50 million in a nationwide program to trash public pension funds.
Other critics include the Koch Brothers, who fund college professors at Troy University (over \$298,000) and Auburn University to trash public pension funds, while at the same time,

Undeserving Praise

continued from page one

these very same professors are sucking up RSA benefits. The one-time credible Pew Foundation has collected over \$4.8 million from the Arnold Foundation to make a mess of Kentucky and is now helping the Alabama Legislature.

On October 30, 2025, the Reason Foundation, another long-time critic of

public pension systems, put out a 2024 study called “The public pension plans with the most debt, best and worst investment return rates.” The study looked at 42 systems.

Alabama was near the bottom, 39th in debt – that’s good! Annual investment returns for 2024 – ranked #3 Judicial

22.21%, #4 Employees’ 21.2%, and #5 Teachers’ 21.1%, which is correct. The RSA had three of the top 5! BUT, only three states have a calendar ending in September; most states have a calendar ending in June. Therefore, it is not a valid comparison with three months apart, but you’ve got to love praise from a critic! ●

PROJECTED STATE COSTS FOR 2026–27

Projected Retirement Employer Cost

Retirement Systems of Alabama
(Amounts in millions)

Retirement	Actual 2024-2025	Estimated 2025-2026	Requested 2026-2027
Teachers’ (TRS)	\$1,189	\$1,301	\$1,306#
Employees’ Regular-State (ERS)	330	359	358*
Judicial (JRF)	25	27	27
Total Retirement Cost	\$1,544	\$1,687	\$1,691

Estimated \$777.85M from Education Trust Fund * Estimated \$88.71M from General Fund

Projected Insurance Employer Cost

Retirement Systems of Alabama
(Amounts in millions)

Insurance	Actual 2024-2025	Estimated 2025-2026	Requested 2026-2027
PEEHIP (Teachers)	\$1,012	\$1,129	\$1,509&
SEHIP (State Employees)	391	400	456
Total Insurance Cost	\$1,403	\$1,529	\$1,965

& Estimated \$1,089.5M from Education Trust Fund

Note: PEEHIP numbers exclude amounts from Universities for retiree costs

Note: FY2027 estimated cost for PEEHIP totals \$1.96 billion

The RSA’s RTJ Golf Trail is Helping Alabama Become a Move-in State

BY MARK FAGAN

In 1990, retirees in the U.S. were one-fourth of the population, yet owned 77% of the personal financial assets. Approximately 80% owned their own homes, and they controlled 40% of consumer spending, accounting for 70% of pleasure travel dollars. Many were migrating to other states for retirement, and their spending was creating jobs in real estate, financial services, health-care, recreation, insurance, and retail. Migrating retirees were not straining the education system, social services, the criminal justice system, or the environment. This large sum of assets and income attracted many towns and states to recruit them to their area. Tourism areas were evolving into retirement areas, and retirees were becoming permanent tourists in their area of relocation.

In 1990, the RSA began the development of world-class golf courses and hotels to attract tourists, attract

retirees, and improve the quality of life for corporate expansion in Alabama. These 26 public golf courses were designed by Robert Trent Jones Sr. and became The Robert Trent Jones Golf Trail (the Trail). The Trail has evolved into 11 golf complexes, 8 resort hotels (comprising a total of 2,155 rooms), 26 restaurants/lounges, 6 world-class spas, and 2 complete resort communities. In 1995, the RSA began marketing the Trail nationally by purchasing 47 TV stations and 100 local newspapers. These investments were structured to provide the RSA with millions of dollars each year of free advertising to promote the Trail and other Alabama attractions. The cost of these ads for the last 30 years would have totaled more than \$1 billion. This advertising has resulted in millions of people from all 50 states and 24 countries visiting Alabama to play golf on the Trail.

According to the United Van Lines

48th Annual National Movers Study of inbound/outbound states for 2024, Alabama has moved up the list of higher-percentage inbound mover states since 2002. In 2014, Alabama had 48% inbound movers and 52% outbound movers. In 2024, Alabama had 59% inbound movers and 41% outbound movers. In 2024, 42% of those moving in were aged 55 and over, and in 2024, 73% of those moving in were aged 55 and over. From 2014 to 2024, the number of people moving to Alabama for retirement averaged 18% per year, while those moving out for retirement averaged 8% per year. As of 2024, Alabama has reached number 6 on the list of states with the highest percentage of inbound movers, behind West Virginia, Delaware, South Carolina, Washington, D.C., and North Carolina. Each retiree household moving into Alabama has the same economic impact as 3.7 factory jobs. ●

Alabama Success Story

Alabama School of Healthcare Sciences Breaks Ground in Demopolis

WWW.ALHEALTHCAREHS.ORG

On October 14, 2025, ground was broken for the new Alabama School of Healthcare Sciences (ASHS) campus in Demopolis. ASHS will be a specialty public high school designed to prepare students for careers in healthcare, located next to Whitfield Regional Hospital, its primary medical partner. With a mission to empower students through compassion, innovation, integrity, and service, ASHS hopes to prepare the next generation of healthcare professionals to improve the health of communities across Alabama.

ASHS will be the fourth state-funded specialty high school in Alabama and the first dedicated exclusively to healthcare sciences. Students will complete the state-required core curriculum while engaging in rigorous academic courses and specialized healthcare classes, gaining hands-on experience with clinical and community partners. They will also earn both college credit and industry-recognized certifications before graduation. Graduates will be prepared to step directly into the healthcare workforce or begin college or advanced training with meaningful credits already earned—giving them a clear head start on their future.

Through a community-focused,

STEMM-centered approach, ASHS will empower graduates to make immediate, positive contributions in both their communities and across Alabama and to build a foundation for a meaningful life. Strategic partnerships have been forged with more than 30 rural hospitals and statewide health institutions to provide 12th-grade internships and direct career pathways after graduation, guiding stu-

for students to experience the impact and rewards of healthcare in a rural setting.

Scheduled to open in Fall 2026, the school will only accept 9th-grade Alabama residents for its inaugural class. Upper grades will be added as the program grows. ASHS is a public, residential high school serving grades 9–12. Students from all 67 counties are encouraged to apply.



Currently, ASHS staff are holding informational meetings across the state, offering parents, students, and community members an inside look at ASHS. Each meeting includes presentations from school administrators about the school's vision, its innovative curriculum, and the unique opportunities students will experience by living on campus. Attendees will

also learn about the admissions process and have time to ask questions directly to the leadership team.

Living on a campus designed specifically to meet the unique needs of this school will allow students to fully dedicate themselves to their education and training with like-minded peers and a focused, nurturing staff and faculty. Set in the welcoming community of Demopolis, the campus provides an ideal environment

also learn about the admissions process and have time to ask questions directly to the leadership team.

This is a series of articles about Alabama Success Stories. Please let us know if you have a similar success story you would like to share with the RSA membership. You may contact us at communication.correspondences@rsa-al.gov. ●

RSA Member Services is Here to Help You

We know your time is valuable, so we want your experience with the RSA to be easy and helpful. Whether you are a teacher, bus driver, state or local employee, or retiree, we offer personal service and education opportunities by phone, in person, and online.

BY PHONE

Most questions about your retirement benefits can be answered over the

phone. You can schedule a call with a Retirement Counselor by contacting Member Services at **334.517.7000** or **877.517.0020**. Calls are usually returned within one business day. You can also email member.services@rsa-al.gov.

IN PERSON

If you would prefer to meet face-to-face, our Retirement Counselors are available at the RSA headquarters in Montgomery. Walk-ins are welcome,

but scheduling an appointment is recommended. We also offer **Retirement Preparation and Mid-Career Seminars** throughout Alabama to help you plan for your future retirement.

ONLINE

You can find answers and helpful resources anytime at www.rsa-al.gov — no call or visit required. ●



The RSA Staff wishes you a

*Merry
Christmas!*



Member Hotel
Discounts Webpage

Start Planning Your Holiday Getaways at RSA's Outstanding Hotels, Spas, and RTJ Golf

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ENJOY YOUR HOLIDAYS A Special Deal FOR RSA MEMBERS

The Battle House, A Renaissance Hotel \$129

- December 1-3, 7-9, 17-19, 21-29
- January 1-6, 18-23 • February 1-4, 8-11, 18-28

The Battle House RSA Spa Package \$244

- December 1-3, 8-9, 17, 22-23, 29
- January 5-6, 19-21 • February 2-4, 9-11, 18, 23-25

Riverview Plaza \$119

- December 1-3, 7-9, 17-29 • January 1-6, 16-21
- February 1-4, 9-11, 18-23, 27-28

Grand Hotel \$137 (plus a 15% resort fee)

- December 1-4, 7-8, 14-15
- January 7-8, 11-12, 19-21
- February 1-3, 8-12, 17-19

See RSA website for Holiday Stroll Package.

Grand Hotel RSA Golf Package \$209 (plus a 15% resort fee)

- December 1-4, 7-8, 14-15 • January 7-8, 11-12, 19-21
- February 1-3, 8-12, 17-19

Grand Hotel RSA Spa Package \$285 (plus a 15% resort fee)

- December 1-4, 7-8, 14-15 • January 7-8, 11-12, 19-21
- February 1-3, 8-12, 17-19

Renaissance Shoals \$119

- December 7-8, 14-15, 21-30
- January 1-4, 8-15, 18-19 • February 1-4, 15-16

Renaissance Shoals RSA Spa Package \$229

- December 7-8, 14-15, 21-30
- January 1-4, 8-15, 18-19 • February 1-4, 15-16

Renaissance Ross Bridge* \$129 (plus a 15% resort fee)

- December 1-5, 7-27, 30 • January 1-4, 11-12, 24-25
- February 1, 8-9, 11-12, 15-16

Renaissance Ross Bridge* RSA Spa Package \$260 (plus a 15% resort fee)

- December 8, 15-17 • January 11-12, 25
- February 9, 11

Auburn/Opelika Marriott Resort* \$119 (plus a 10% resort fee)

- December 15-16, 21-22, 24-25
- January 4-5, 18-21 • February 1-4, 16-17

Auburn/Opelika Marriott Resort* RSA Spa Package \$234 (plus a 10% resort fee)

- December 15-16, 21-22, 27-28
- January 4-5, 18-21 • February 1-4, 16-17

Prattville Marriott \$109

- December 7-11, 14, 17, 19-31
- January 1-6, 11-12, 24-25 • February 1, 8-9, 15-18

Renaissance Montgomery \$129

- December 9-10, 21-22, 28-29 • January 2-7
- February 1-2, 8-9, 27-28

Renaissance Montgomery RSA Spa Package \$244

- December 9-10, 21-22, 28-29 • January 4-7
- February 1-2, 8-9

Rates available the 1st of the month and
are not applicable to groups.

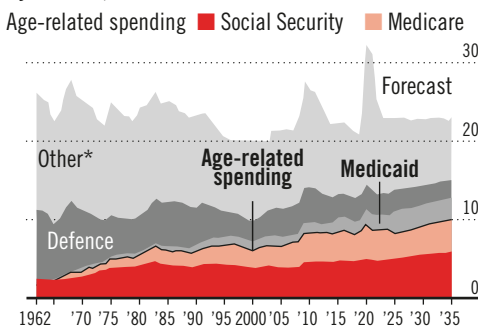
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Golden Oldies

United States, mandatory federal spending
by source, % of GDP



Sources: Congressional Budget Office; Office of Management and Budget
*Non-interest, non-defence spending

The drift towards crisis could be arrested if budgets were fixed today

You look like you need a trim

G7 countries, 2025, % of GDP

Country	Government net debt	Government revenue	Austerity required to stabilize debt*
Japan	134.2	36.7	0.7
Italy	127.3	47.5	-0.5
France	108.2	51.9	3.1
United States	98.0	31.5	2.3
Britain	95.1	39.5	2.3
Germany	49.6	46.9	1.7
Canada	12.5	42.4	1.2

Sources: Bloomberg;
IMF; The Economist

*Change in primary balance required if average financing
costs immediately reflected five-year bond yields

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