

The History of the PEEHIP Retiree Trust

Thanks to retired Deputy Director of the RSA, Mr. Marc Reynolds, the Alabama Retired Education Employees' Health Care Trust (the Retiree Trust) was funded by two transfers from PEEHIP in 2007 and 2008 totaling \$631 million, along with additional monies from federal programs between 2007 and 2014. Since that time, the Retiree Trust has grown to approximately \$2.6 billion through investment earnings. These assets currently offset \$7.64 billion of retiree healthcare liabilities.

Under governing law, the PEEHIP Board of Control may authorize withdrawals of up to 10% of its prior-year market value to be used for retiree healthcare costs in any given year. The Board has withdrawn funds from the Retiree Trust in 2015 (\$92 million) and 2016 (\$32 million). The Board has authorized the withdrawal of up to \$118.9 million for the 2026 fiscal year. ●

PEEHIP: No Changes for 2026 or 2027

BY DAVID G. BRONNER

Members of the Public Education Employees' Health Insurance Plan (PEEHIP) should celebrate the support given to PEEHIP by Governor Kay Ivey and the Alabama Legislature! They stepped up mightily to **provide no cost increase and no benefit changes for 2026 AND 2027!**

The governor and Alabama Legislature provided PEEHIP with a funding increase of \$130 million while the Alabama Retired Education Employees' Health Care Trust (the Retiree Trust) provided \$118.9 million for a total of \$1.129 billion to meet our **2026** current obligations.

The legislative session concluded on April 9, and it was a difficult year for funding in **2027** due to increased funding for the school choice program, reduced federal funding, and state tax cuts over the last three years. Yet the governor and State Legislature again stood tall, providing an additional \$180 million to PEEHIP, bringing the total to \$1.309 billion. Subject

to the PEEHIP Board's approval, additional funding of up to \$200 million from the Retiree Trust will cover the remaining shortfall for 2027.

Although the governor and State Legislature did not fully fund PEEHIP's request of \$380 million, PEEHIP is very appreciative of the funding received and recognizes the financial limitations of the Education Trust Fund budget.

We should make it through 2026 and 2027 without plan changes, BUT in the fall of 2026, PEEHIP will begin discussions with the new governor's staff as to how to fund PEEHIP's 2028 costs.

Unfortunately, healthcare is expensive and costs continue to increase. Keep in mind that the PEEHIP Board and staff have no direct control over costs by hospitals, doctors, or drug companies, nor over member utilization. ●



Alabama Welcomes the U.S. Navy

BY DAVID G. BRONNER



The U.S. defense industry will occupy the RSA's largest 2.2 million square-foot building (over one mile in length and up to four football fields wide) in Cherokee, just west of the four cities that make up The Shoals. The site was home to Freight-Car America, which closed in 2021.

After searching the world for a tenant, literally from India to Turkey, the U.S. defense industry has located Hadrian, the



manufacturer of precision components for defense. They have a partnership to produce parts for the U.S. Navy's Columbia and Virginia Submarines, which will then be assembled in Mobile; a huge win for both The Shoals and Mobile.

House Appropriations Chairman Representative Robert Aderholt, whose

Alabama Welcomes the U.S. Navy

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district includes The Shoals, called the project a long-awaited milestone after years of effort to redevelop the vacant site. “We are opening a factory of the future,” Aderholt said. “The Shoals is ready, and this facility shows what’s possible when you invest in communities that are willing to compete and win.”

House Armed Services Committee Chairman Representative Mike Rogers warned that the U.S. must rebuild its defense base to meet growing global threats. “We were at a dangerously low level of defense spending,” Rogers said.

Senator Tommy Tuberville emphasized

both the strategic and economic significance of the project. “They’re going to be building submarines in Alabama, on a river. The economy here will boom. It will explode, and you will be protecting this country because we’re behind in submarines and ships, behind China,” Tuberville said.

Senator Katie Britt pointed to the broader impact on American manufacturing and workforce development. “American manufacturing is the backbone of American strength, and Alabama is going to help revitalize it and make sure that we are ready for whatever the world

sends our way,” Britt said. “Our great state has known this for a long time, and that’s the National Defense means a great deal to Alabama...”

Secretary of the Navy John C. Phelan, U.S. Senators Katie Britt and Tommy Tuberville, U.S. Representatives Robert Aderholt, Mike Rogers, Dale Strong, and Barry Moore attended the ribbon-cutting ceremony alongside state and local leaders. The RSA thanks all the leaders in Washington and Alabama for their efforts to strengthen Alabama. ●

RSA Follows the Recommendations of Actuaries, Not the Reason Foundation

BY JO MOORE, DEPUTY DIRECTOR FOR ADMINISTRATION; DIANE SCOTT, CHIEF FINANCIAL OFFICER; AND NEAH SCOTT, LEGISLATIVE COUNSEL

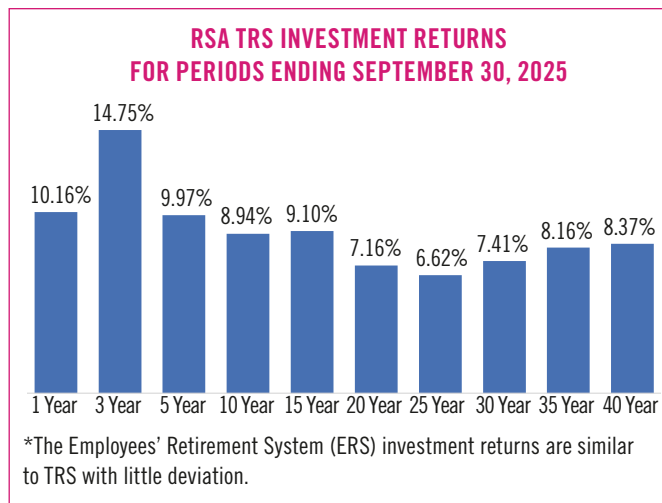
The Reason Foundation, an out-of-state think tank that advocates public pension reform, published an article entitled “Alabama’s unrealistic pension assumptions are putting the state in debt,” which criticizes the Retirement Systems of Alabama’s (RSA) assumed rate of return of 7.45% as being too high.

As the basis for its conclusion, the Reason Foundation picks the random benchmark of the past 24 years, which had an average investment return of 6.4%. As with all pension systems where investments are made long-term, it is prudent to look at all historical investment returns not just one random snapshot in time. For example, RSA’s investment returns are located in the chart.

Since adopting the 7.45% ARR, RSA’s average annual investment return has been 9.97%, exceeding the ARR by 2.52%.

And let’s be clear, no pension system is going to meet its ARR every single year. The financial markets fluctuate and as we have seen in the dot-com bust of 2001-2002, the 2008-2009 recession, and COVID events to name a few, the markets can fluctuate wildly. In some years, investment returns will exceed the pension

system’s ARR and in some years, investment returns will be less than the pension system’s ARR.



provides that RSA’s unfunded liability has increased. This increase occurred due to RSA adopting the actuarial changes recommended by the actuaries’ five-year experience study. Every five years, independent nationally recognized actuary firms review RSA’s plan assumptions and recommend any changes needed to ensure the health of RSA’s pension plans. **Not one but three independent actuary firms review RSA’s plan assumptions and make recommendations for any changes needed.**

In the last experience study, the RSA did among other things decrease the ARR by .25%, update its mortality assumptions to assume longer life expectancies, and close its amortization period

If the Reason Foundation is suggesting that a pension system should meet its ARR every single year without fail, pension systems would have to divest almost completely from the stock market to earn such a consistent return, resulting in an investment return that would be significantly lower than the gains made every year in the stock market. We cannot imagine that the Reason Foundation would recommend such a divestment to any of its readers in the private sector.

The Reason Foundation correctly

to 27 years (gradually moving towards a 20-year amortization period). All of these fiscally conservative changes did increase the unfunded liability of the system. As the Reason Foundation points out, such changes strengthen the pension system. If the three sets of independent actuaries recommend in the next experience study that the ARR further decrease, the RSA will certainly follow their recommendation. ●

Alabama Success Story

Alabama Expands Mental Health Support for Veterans and Families

As the nation recognizes Mental Health Awareness Month this May, Alabama showcases access and awareness to veterans' mental health care. The state's first comprehensive plan for veterans' mental health—developed by the Veterans Mental Health Steering Committee (VMHSC) and delivered to Governor Kay Ivey in Summer 2025—places veterans and their loved ones at the center of a stronger, more connected system of care.

Formed in 2024 and led by Alabama Department of Mental Health (ADMH) Commissioner Kimberly Boswell, the 20-member VMHSC spent a year listening to veterans, reviewing services across the state, and studying proven approaches nationwide. Their work shaped a plan focused on four priorities that directly affect veterans' daily lives: promoting lethal means safety, strengthening crisis response and behavioral health services, expanding access to effective treatment, and addressing the risk and protective factors that influence longterm wellbeing.

To turn these priorities into action, the VMHSC has awarded \$3 million in grant funding—supported by Opioid Settlement Funds—to launch new mental health pilot projects across Alabama. These projects are designed to meet veterans where they are and make it easier for them and their families to find the right level of care when they need it most.

The pilot projects increase awareness

of evidence-based, veteran-focused services and expand access to crisis care, outpatient therapy, telehealth options, residential treatment, and trauma-focused services tailored to veterans' unique needs. Veterans can contact each pilot project directly to sign up for services, reducing barriers and helping families connect with support more quickly.

A full list of pilot projects is available at: mh.alabama.gov/veterans-mental-health-pilot-projects/.

Lawmakers also acted quickly on



Alabama Department
of Mental Health
connecting mind and wellness

the VMHSC's recommendations during the last legislative session. They passed the Houston/Hunter Act, which created SAFER Together, a voluntary program that gives people in crisis a safe way to temporarily store firearms with licensed dealers—an important step in preventing tragedies and supporting families during difficult moments. Learn more at www.safertogetheral.org.

The Legislature also invested \$12

million to expand services that directly support veterans. This funding includes:

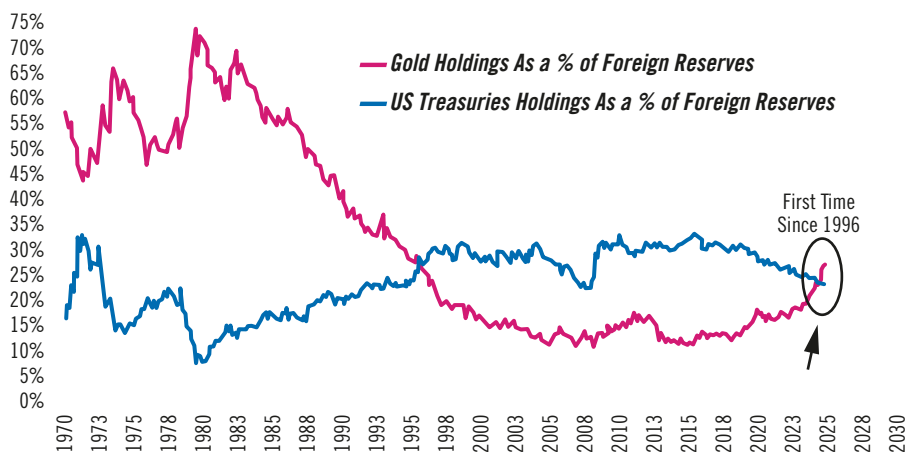
- As noted previously, \$3 million for the new veteran-focused pilot projects supported by opioid settlement funds,
- \$5 million for the Alabama Veterans Resource Center, which opened in downtown Montgomery in early 2026 and now serves as a hub for connection and care,
- \$1.5 million to continue successful pilot projects already making a difference in communities, and
- \$2.5 million to grow the Traumatic Brain Injury Program at the Alabama Department of Rehabilitation Services.

These efforts reflect a statewide commitment to strengthening support networks, improving access to care, and building a future where every Alabama veteran—and every family member who stands beside them—can find the help, hope, and healing they need. And during Mental Health Awareness Month, the message is especially clear: Alabama is taking action to ensure veterans never have to navigate mental health challenges alone.

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. ●

Foreign Central Banks Hold More Gold Than Treasuries

Central Banks' Gold vs. US Treasuries Holdings As a % of International Reserves



Disclosure: Crescat may or may not own the securities discussed here, investing involves risk including risk of loss

Source: Bloomberg; Tavi Costa

Chart as of 8/27/2025

Retiree Bonuses

BY NEAH M. SCOTT,
LEGISLATIVE COUNSEL

During this legislative session, the Legislature approved retiree bonuses for state and education employees equal to \$1 per month of service credit. Local governments have until August 31 to adopt the bonuses for their retirees. Payments are scheduled to be distributed in October 2026. Be sure to thank your legislators and the retiree associations whose advocacy helped make these bonuses possible! ●

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• July 1-2, 5-10, 24-27

The Battle House RSA Spa Package \$244

• May 11, 18-20, 25-27 • June 1-3, 22-23
• July 1, 6-8, 27

Riverview Plaza \$119

• May 7-9, 17-22, 24-29 • June 4-6, 17-22, 27-29
• July 1-2, 5-10, 24-27

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

• May 17-19, 27-28 • June 1-3, 16-17 • July 6-7, 26-28

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

• May 17-19, 27-28 • June 1-3, 16-17 • July 6-7, 26-28

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

• May 17-19, 27-28 • June 1-3, 16-17 • July 6-7, 26-28

Renaissance Shoals \$119

• May 3-5, 10-11, 17-18 • June 14-15, 21-22, 28-29
• July 6-7, 19-20, 26-27

Renaissance Shoals RSA Spa Package \$229

• May 3-5, 10-11, 17-18 • June 14-15, 21-22, 28-29
• July 6-7, 19-20, 26-27

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

• May 3-6, 10, 13, 17, 25-26, 31
• June 1-2, 7-8, 14-15, 21 • July 8-9, 19-20, 26-27

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

• May 4-5 • June 1-2, 15 • July 20, 27

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

• May 10, 17-18, 24-28, 31 • June 1, 14-17, 21, 28-29
• July 6-7, 15-16, 19, 22-23

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

• May 10, 17-18, 24-28, 31 • June 1, 14-17, 21, 28-29
• July 15-16, 19, 22-23

Prattville Marriott \$109

• May 3, 10-11, 16-17, 24-25, 31
• June 5-7, 14-15, 21-22, 28-29
• July 12-13, 18-19, 26-27

Renaissance Montgomery \$129

• May 3-4, 10-11, 25-26
• June 14-15, 21-22, 28-29 • July 1-6

Renaissance Montgomery RSA Spa Package \$244

• May 3-4, 10-11, 25-26 • June 14-15, 21-22, 28-29
• July 1-6

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

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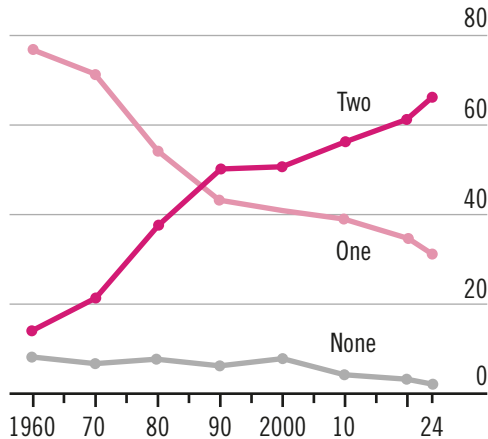
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Two for the Mortgage

US married couples*, % of homebuyers

By number of full-time workers in household



*Under 45 years old who moved into their home in the past year

Sources: Census Bureau; *The Economist*

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