

Schedule F: Board Funding Policy

- **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, a contribution rate for the term life insurance 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.
 - In subsequent years the UAAL and employer contribution rate shall be determined in accordance with the rules of the Funding Policy described in the previous section.

III. Methods and Assumptions

The actuarial funding method used to develop the benchmarks will be the Entry Age Normal (EAN) actuarial cost method. The actuarial methods and assumptions used will be those last adopted by the Board based upon the advice and recommendation of the actuary. The actuary shall conduct an investigation into the system's experience at least every five years and utilize the results of the investigation to form the basis for those recommendations.

IV. Funding Policy Progress

The Board will periodically have projections of funded status performed to assess the current and expected future progress towards the overall funding goals of the System.





Schedule G: Amortization of Bases

**AMORTIZATION SCHEDULE FOR THE REMAINING INITIAL UAAL
INCLUDING GAINS AND LOSSES NOT DUE TO BENEFIT IMPROVEMENTS
AFTER SEPTEMBER 30, 2021**

<u>Valuation Date</u>	<u>Initial Balance of UAAL</u>	<u>Amortization Period</u>	<u>Annual Amortization Payment</u>
9/30/2021	\$11,896,322,737	27	\$797,507,849
9/30/2022	13,979,041,360	26	955,768,808
9/30/2023	15,355,779,012	25	1,072,199,796
9/30/2024	15,427,584,752	24	1,101,685,291
9/30/2025	15,475,254,525	23	1,131,981,636
9/30/2026	15,496,179,351	22	1,163,111,131
9/30/2027	15,487,533,582	21	1,195,096,687
9/30/2028	15,446,258,146	20	1,227,961,846
9/30/2029	15,369,042,532	19	1,261,730,797
9/30/2030	15,252,305,403	18	1,296,428,394
9/30/2031	15,092,173,762	17	1,332,080,175
9/30/2032	14,884,460,532	16	1,368,712,380
9/30/2033	14,624,640,462	15	1,406,351,970
9/30/2034	14,307,824,206	14	1,445,026,649
9/30/2035	13,928,730,460	13	1,484,764,882
9/30/2036	13,481,655,998	12	1,525,595,916
9/30/2037	12,960,443,453	11	1,567,549,804
9/30/2038	12,358,446,686	10	1,610,657,424
9/30/2039	11,668,493,541	9	1,654,950,503
9/30/2040	10,882,845,806	8	1,700,461,642
9/30/2041	9,993,156,177	7	1,747,224,337
9/30/2042	8,990,421,976	6	1,795,273,006
9/30/2043	7,864,935,407	5	1,844,643,014
9/30/2044	6,606,230,081	4	1,895,370,697
9/30/2045	5,203,023,525	3	1,947,493,391
9/30/2046	3,643,155,387	2	2,001,049,459
9/30/2047	1,913,521,004	1	2,056,078,319
9/30/2048	0	0	0





Schedule G: Amortization of Bases

AMORTIZATION SCHEDULE FOR BASE
CLOSED ON SEPTEMBER 30, 2021
DUE TO BENEFIT IMPROVEMENTS

<u>Valuation Date</u>	<u>Balance of UAAL Due to Benefit Improvements</u>	<u>Amortization Period</u>	<u>Annual Amortization Payment</u>
9/30/2021	\$56,254,718	15	\$5,409,633
9/30/2022	55,036,062	14	5,558,398
9/30/2023	53,577,851	13	5,711,254
9/30/2024	51,858,147	12	5,868,313
9/30/2025	49,853,266	11	6,029,692
9/30/2026	47,537,643	10	6,195,508
9/30/2027	44,883,689	9	6,365,885
9/30/2028	41,861,639	8	6,540,946
9/30/2029	38,439,385	7	6,720,822
9/30/2030	34,582,297	6	6,905,645
9/30/2031	30,253,033	5	7,095,550
9/30/2032	25,411,333	4	7,290,678
9/30/2033	20,013,799	3	7,491,172
9/30/2034	14,013,656	2	7,697,179
9/30/2035	7,360,494	1	7,908,851
9/30/2036	0	0	0





Schedule G: Amortization of Bases

AMORTIZATION SCHEDULE FOR TOTAL UAAL AS OF SEPTEMBER 30, 2023

<u>Year</u>	<u>Projected UAAL</u>	<u>Payment for year Beginning September 30.</u>
2021	\$11,952,577,455	\$802,917,482
2022	14,034,077,422	961,327,206
2023	15,409,356,863	1,077,911,050
2024	15,479,442,899	1,107,553,604
2025	15,525,107,791	1,138,011,328
2026	15,543,716,994	1,169,306,639
2027	15,532,417,271	1,201,462,572
2028	15,488,119,785	1,234,502,792
2029	15,407,481,917	1,268,451,619
2030	15,286,887,700	1,303,334,039
2031	15,122,426,795	1,339,175,725
2032	14,909,871,865	1,376,003,058
2033	14,644,654,261	1,413,843,142
2034	14,321,837,862	1,452,723,828
2035	13,936,090,954	1,492,673,733
2036	13,481,655,998	1,525,595,916
2037	12,960,443,453	1,567,549,804
2038	12,358,446,686	1,610,657,424
2039	11,668,493,541	1,654,950,503
2040	10,882,845,806	1,700,461,642
2041	9,993,156,177	1,747,224,337
2042	8,990,421,976	1,795,273,006
2043	7,864,935,407	1,844,643,014
2044	6,606,230,081	1,895,370,697
2045	5,203,023,525	1,947,493,391
2046	3,643,155,387	2,001,049,459
2047	1,913,521,004	2,056,078,319
2048	0	0





Schedule H: Summary of Main Plan Provisions

AS INTERPRETED FOR VALUATION PURPOSES

The Teachers' Retirement System of Alabama was established on September 15, 1939, and went into effect September 30, 1941. The valuation took into account amendments to the System through the valuation date. There is a new tier (Tier II) of benefits for all members initially joining the System on and after January 1, 2013. The following summary describes the main benefit and contribution provisions of the System as interpreted for the valuation.

1 – DEFINITIONS

Average Final Compensation - the average compensation of a member for:

- Tier I – the 3 highest years in the last 10 years of Creditable Service
- Tier II – the 5 highest years in the last 10 years of Creditable Service

Membership Service – all creditable service rendered while a member of the retirement 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 accumulated contributions of a member.

Pension – payments for life derived from employer contributions.

Retirement Allowance – the sum of the annuity and pension.

2 - BENEFITS

Service Retirement Allowance

Condition for Allowance

- | | |
|---------|---|
| Tier I | A retirement allowance is payable upon the request of any 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 II | 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). |





Schedule H: Summary of Main Plan Provisions

Amount of Allowance

Tier I	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 creditable service as a full-time certified firefighter, police officer, or correctional officer.
Tier II	Upon service 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. 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).
Both	The member 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" below).

Disability Retirement Allowance

Condition for Allowance	A disability retirement allowance may be granted to a member who has 10 years or more of creditable service and becomes totally and permanently incapacitated for duty before reaching eligibility for a service retirement allowance.
Amount of Allowance	
Tier I	On retirement for disability, 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 creditable service as a full-time certified firefighter, police officer, or correctional officer.
Tier II	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.
Both	The member 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" below).





Schedule H: Summary of Main Plan Provisions

Benefits Payable on
Separation from Service

Any 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 in the membership of the System and file for service retirement after reaching age 60 (age 62 for Tier II 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-spouse beneficiary) as defined below 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 preretirement death benefit fund equal to the salary on which the member made retirement contributions for the previous scholastic year (July 1-June 30).*

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

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





Schedule H: Summary of Main Plan Provisions

Special Privileges at Retirement

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 annuity payments have equaled the present value of the annuity at the date of retirement, the balance is paid to a designated beneficiary or to his/her 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 his 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.

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 not to exceed five years, nor to be less than three years. At the end of this 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, 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.

Term Life Insurance

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





Schedule H: Summary of Main Plan Provisions

Member Contributions

Tier I

Prior to October 1, 2011, regular members contributed 5.0% of salary and certified police officers, firefighters, and correctional officers contributed 6.0% of salary. DROP participants continued to contribute during the DROP period but received a refund of these contributions and regular interest upon retirement.

Beginning October 1, 2011, the contribution rates were increased to 7.25% of salary for regular members and 8.25% of salary for full-time, certified police officers, firefighters, and correctional officers.

Beginning October 1, 2012, the contribution rates were increased to 7.50% of salary for regular members and 8.50% of salary for full-time certified police officers, firefighters, and correctional officers.

Tier II

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% of salary for regular members and 7.20% of salary for full-time certified police officers, firefighters, and correctional officers.

Both

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 Section 16-25-14-(g)(1)).





Schedule I: Schedule of Membership Data

NUMBER OF ACTIVE MEMBERS AND THEIR AVERAGE COMPENSATION BY AGE AND YEARS OF SERVICE AS OF SEPTEMBER 30, 2023

Attained Age	Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	≥ 40	
Under 25	1,720	2,074	3								3,797
Avg. Pay	40,933	38,943	43,719								39,848
25 to 29	1,607	7,610	1,727	4							10,948
Avg. Pay	42,973	45,899	54,848	47,138							46,882
30 to 34	1,285	5,481	5,770	1,210	3						13,749
Avg. Pay	43,767	47,965	57,673	65,359	62,581						53,181
35 to 39	1,224	5,020	4,446	4,625	1,300	10					16,625
Avg. Pay	43,242	49,200	61,380	68,857	73,277	62,019					59,377
40 to 44	949	4,305	4,039	3,126	5,283	1,349	9				19,060
Avg. Pay	43,958	48,495	60,994	70,901	74,906	78,588	67,067				64,052
45 to 49	782	3,415	3,402	2,741	3,590	4,714	1,055	5			19,704
Avg. Pay	46,718	47,241	59,498	68,532	75,911	80,498	84,700	59,875			67,487
50 to 54	662	3,159	3,092	2,515	3,260	3,361	3,191	493	9		19,742
Avg. Pay	45,532	48,237	57,372	62,067	70,421	78,401	85,121	90,674	59,608		67,164
55 to 59	506	2,298	2,273	2,010	2,808	2,785	1,951	1,177	220	5	16,033
Avg. Pay	41,187	49,249	54,402	60,291	64,105	70,021	79,259	89,306	88,529	58,303	64,454
60 to 64	318	1,715	1,790	1,424	1,837	1,942	1,382	741	409	72	11,630
Avg. Pay	39,915	44,465	49,891	56,466	61,118	63,857	72,688	82,382	84,907	78,386	59,916
65 to 69	151	743	936	671	654	591	473	297	175	125	4,816
Avg. Pay	41,588	35,315	53,504	61,958	64,069	66,038	73,303	88,757	96,255	84,804	60,959
70 & up	83	349	518	424	323	221	179	132	72	36	2,337
Avg. Pay	31,956	31,080	50,099	57,774	63,182	70,201	61,516	91,621	91,765	125,271	57,378
Total	9,287	36,169	27,996	18,750	19,058	14,973	8,240	2,845	885	238	138,441
Avg. Pay	43,016	46,696	57,711	65,652	70,724	75,013	80,383	87,738	88,352	88,427	60,801

Average Age: 45.64

Average Service: 10.82





Schedule I: Schedule of Membership Data

NUMBER OF SERVICE RETIREMENTS AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	280	\$ 9,893,062	\$ 35,332
50 – 54	2,481	87,698,986	35,348
55 – 59	4,756	167,873,222	35,297
60 – 64	10,950	313,759,013	28,654
65 – 69	19,403	510,315,095	26,301
70 – 74	21,727	529,655,957	24,378
75 – 79	17,358	403,659,340	23,255
80 – 84	9,952	226,499,415	22,759
85 – 89	5,130	110,141,378	21,470
90 – 94	2,164	44,018,019	20,341
95 & Over	668	11,814,373	17,686
Total	94,869	\$ 2,415,327,860	\$ 25,460

Average Age: 71.9

NUMBER OF BENEFICIARIES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	454	\$ 5,702,140	\$ 12,560
50 – 54	244	3,517,445	14,416
55 – 59	305	3,790,726	12,429
60 – 64	492	7,963,090	16,185
65 – 69	743	12,287,760	16,538
70 – 74	1,005	17,673,875	17,586
75 – 79	1,147	21,659,937	18,884
80 – 84	965	18,462,157	19,132
85 – 89	710	13,117,334	18,475
90 – 94	352	5,706,512	16,212
95 & Over	125	1,888,494	15,108
Total	6,542	\$ 111,769,470	\$ 17,085

Average Age: 72.6





Schedule I: Schedule of Membership Data

NUMBER OF DISABLED RETIREES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	229	\$ 3,498,437	\$ 15,277
50 – 54	446	6,678,908	14,975
55 – 59	700	9,207,661	13,154
60 – 64	1,133	14,030,203	12,383
65 – 69	1,268	15,596,571	12,300
70 – 74	1,001	11,129,225	11,118
75 – 79	659	7,512,941	11,401
80 – 84	301	3,243,746	10,777
85 – 89	93	1,021,035	10,979
90 – 94	28	353,237	12,616
95 & Over	4	40,788	10,197
Total	5,862	\$ 72,312,752	\$ 12,336

Average Age: 66.0

STATUS RECONCILIATION FROM 2022 TO 2023

Reconciliation of Data from Last Year to This Year	Active	Retired	Disabled	Survivor	Vested	Total
Total as of September 30, 2022	135,783	93,393	5,904	6,252	7,157	248,489
Service Retirements	(3,638)	4,056			(418)	0
Disability Retirements	(173)		177		(4)	0
Termination (Re-Retirement)	(38)					(38)
Deceased	(96)	(2,052)	(186)	(292)	(26)	(2,652)
Deceased with Beneficiary	(22)	(487)	(31)	544	(4)	0
Deferred Vested Termination	(1,137)				1,137	0
Refunds	(1,758)	(2)	(1)		(177)	(1,938)
Transfer Out	(65)	(4)				(69)
Inactive	(6,028)				(8)	(6,036)
Return to Active Status	312	(37)	(1)		(274)	0
Pick-up/Status Change		2		38	13	53
New	15,301					15,301
Total as of September 30, 2023	138,441	94,869	5,862	6,542	7,396	253,110

