

FY 2024 STATE ADMINISTERED RETIREMENT SYSTEMS – ACTUARIAL AND FINANCIAL UPDATE

2024 ACTUARIAL VALUATION RESULTS: PLAN HEALTH STATISTICS

The two most commonly discussed statistics in actuarial reports for public pension funds are the Unfunded Liability (UL) and the Funding Level (FL). Below is a summary of the unfunded liabilities (UL) in billions of dollars and the funding levels (FL) expressed as a percentage as determined from the actuarial valuations completed in the last 5 years, including the most recent 2024 valuations.

		PENSION					RETIREE HEALTH				
		2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
KERS NONHAZ	UL \$ B	\$14.026	\$13.585	\$13.511	\$12.752	\$12.526	\$1.469	\$1.283	\$0.373	\$0.344	\$0.383
	FL (%)	14.2% 👆	16.8% 👆	18.5% 👆	21.8% 👆	24.8% 👆	42.7% 👆	50.2% 👆	79.1% 👆	81.7% 👆	81.7% ↔️
KERS HAZ	UL \$ B	\$0.574	\$0.513	\$0.484	\$0.472	\$0.458	(\$0.111)	(\$0.151)	(\$0.251)	(\$0.256)	(\$0.273)
	FL (%)	55.3% 👆	60.4% 👆	63.2% 👆	65.4% 👆	68.3% 👆	126.0% 👆	135.5% 👆	172.2% 👆	170.4% 👇	171.9% 👆
SPRS	UL \$ B	\$0.757	\$0.730	\$0.507	\$0.502	\$0.481	\$0.069	\$0.049	(\$0.001)	(\$0.001)	(\$0.012)
	FL (%)	28.1% 👆	30.7% 👆	52.5% 👆	54.0% 👆	56.7% 👆	75.0% 👆	82.0% 👆	100.6% 👆	100.5% 👇	104.9% 👆
CERS NONHAZ	UL \$ B	\$7.390	\$7.179	\$7.525	\$6.711	\$6.565	\$0.731	\$0.503	(\$0.768)	(\$0.806)	(\$0.648)
	FL (%)	49.4% 👆	51.8% 👆	52.0% 👆	56.1% 👆	58.4% 👆	78.5% 👆	85.4% 👆	132.1% 👆	131.5% 👇	122.3% 👇
CERS HAZ	UL \$ B	\$2.983	\$3.001	\$3.073	\$2.842	\$2.791	\$0.379	\$0.276	(\$0.016)	(\$0.011)	(\$0.008)
	FL (%)	45.1% 👇	46.7% 👆	47.6% 👆	51.4% 👆	54.0% 👆	78.2% 👆	84.3% 👆	101.0% 👆	100.7% 👇	100.5% 👇
TRS	UL \$ B	\$14.786	\$16.957	\$16.880	\$17.455	\$17.818	\$1.057	\$1.384	\$1.368	\$1.121	\$0.790
	FL (%)	58.4% 👆	57.2% 👇	58.8% 👆	58.6% 👇	59.1% 👆	61.7% 👆	60.0% 👇	63.7% 👆	71.3% 👆	80.4% 👆
LRP	UL \$ B		(\$0.006)		(\$0.018)			(\$0.041)		(\$0.050)	
	FL (%)		108.9% 👆		126.8% 👆			362.6% 👆		374.5% 👆	
JRP	UL \$ B		\$0.020		(\$0.022)			(\$0.068)		(\$0.079)	
	FL (%)		94.7% 👆		105.8% 👆			272.5% 👆		259.5% 👇	
TOTAL		TOTAL 2024 PENSION UL 40.599 B 👆 \$0.095 B					TOTAL 2024 RETIREE HEALTH UL \$0.103 B 👆 \$0.159 B				

*👆 or 👇 denotes change in statistic from prior actuarial valuation. LRP/JRP perform a funding actuarial valuation once every 2 years to coincide with the biennial budget process with the latest occurring in 2023. "Nonhaz" means nonhazardous and "Haz" means Hazardous.

2024 vs. 2023 ACTUARIAL HEALTH STATISTICS SUMMARY FOR THE THREE LARGEST SYSTEMS

Three of the state-administered retirement systems, KERS Nonhaz, CERS Nonhaz, and TRS, account for 92% of all unfunded liabilities (UL). Below is a comparison of the 2023 to 2024 actuarial valuation statistics for these three systems and the primary factors that resulted in the year over year changes.

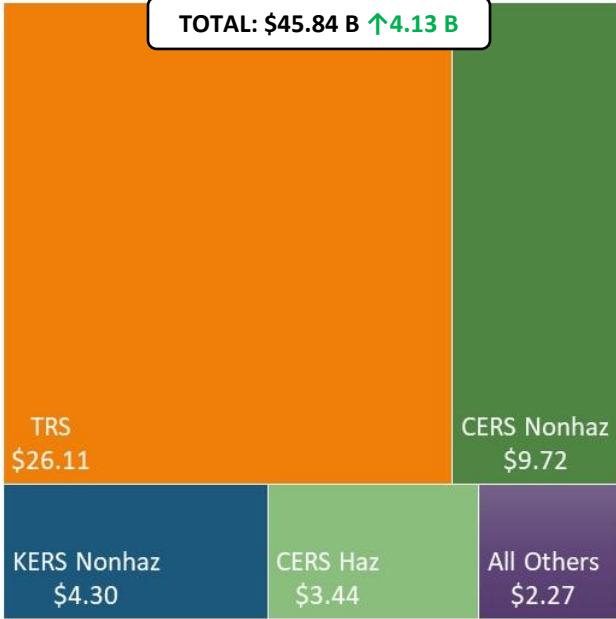

KERS NONHAZ	CERS NONHAZ	TRS
<p>👆 PENSION FUND</p> <ul style="list-style-type: none"> Funding Level: 21.8% to 24.8% UL: \$12.752 B to \$12.526 B <ul style="list-style-type: none"> Investment return[^] \$240 M add'l. appropriation Salary increases <p>↔️ RETIREE HEALTH FUND</p> <ul style="list-style-type: none"> Funding Level: 81.7% to 81.7% UL: \$0.344 B to \$0.383 B <ul style="list-style-type: none"> Investment return Premium growth > assumption 	<p>👆 PENSION FUND</p> <ul style="list-style-type: none"> Funding Level: 56.1% to 58.4% UL: \$6.711 B to \$6.565 B <ul style="list-style-type: none"> Investment returns[^] Salary increases <p>👇 RETIREE HEALTH FUND</p> <ul style="list-style-type: none"> Funding Level: 131.5% to 122.3% UL: (\$0.806 B) to (\$0.648 B) <ul style="list-style-type: none"> Investment return Premium growth > assumption 	<p>👆 PENSION FUND</p> <ul style="list-style-type: none"> Funding Level: 58.6% to 59.1% UL: \$17.455 B to \$17.818 B <ul style="list-style-type: none"> Investment returns[^] Salary Increases Negative amortization^{^^} <p>👆 RETIREE HEALTH FUND</p> <ul style="list-style-type: none"> Funding Level: 71.3% to 80.4% UL: \$1.121 B to \$0.790 B <ul style="list-style-type: none"> Statutory Contributions > ADC Premium growth < assumption Assumption changes

[^]Funding Levels & Unfunded Liabilities are calculated using an actuarial value of assets (different from market value of assets) that smooths individual year investment gains & losses over a 5 yr. period. ADC is the actuarially determined contribution. ^{^^}Impacted by direct rate smoothing.

2024 ACTUARIAL VALUATION RESULTS: CHANGES IN EMPLOYER FUNDING REQUIREMENTS

- Each system varies by statute or policy on which actuarial valuation year impacts employer contribution requirements. Future CERS and TRS employer contribution requirements are impacted by the 2024 valuation. KERS, SPRS, LRP, and JRP employer contribution requirements are established every 2 years to coincide with the biennial state budget (the 2025 valuation will impact the next budget biennium of 2026-2028 for these systems).
- CERS employer contribution rates paid by local governments change annually based upon the results of the annual CERS actuarial valuation as approved by the CERS board. The CERS actuarially recommended employer rates effective July 1, 2025, are set to reduce to 18.62% of pay for nonhazardous employers and 35.73% of pay for hazardous employers (current year rates are 19.71% of pay and 38.61% of pay, respectively). This includes costs for both pension and retiree health benefits.
- For the TRS pension fund, the 2024 actuarial valuation determines the employer contributions paid in the first year of the next biennial budget period (FY 2027). For fiscal year 2027, which begins July 1, 2026, pension fund contributions for all employers and all funds are expected to increase with a projected total cost for all employers, all funds of \$1.625 billion for pensions (which does not include costs for retiree health).

ASSET VALUES & INVESTMENT RETURNS AS OF JUNE 30, 2024

PENSION FUND ASSETS		R. HEALTH		COMMENTARY																																																						
TOTAL: \$45.84 B ↑4.13 B 		TOTAL: \$11.51 ↑1.33 B 		<ul style="list-style-type: none"> • Asset values increased across all pension and retiree health funds for the fiscal year ended 2024 due to improved investment markets that exceeded the assumed rate of return (AROR). • Returns for the trailing 1, 5, 10, and 20 yr. time periods as well as policy benchmarks and the AROR for select pension funds are provided in the table below. 																																																						
<table border="1"> <thead> <tr> <th>As of June 30, 2024</th> <th>1-Yr.</th> <th>5-Yr.</th> <th>10-Yr.</th> <th>20-Yr.</th> <th>AROR</th> </tr> </thead> <tbody> <tr> <td>KERS-Nonhaz Pension (N)</td> <td>9.5%</td> <td>6.9%</td> <td>6.1%</td> <td>6.4%</td> <td>5.25%</td> </tr> <tr> <td>Policy Benchmark</td> <td>10.1%</td> <td>6.5%</td> <td>6.0%</td> <td>6.4%</td> <td></td> </tr> <tr> <td>CERS-Nonhaz Pension (N)</td> <td>11.6%</td> <td>8.0%</td> <td>6.9%</td> <td>6.8%</td> <td>6.50%</td> </tr> <tr> <td>Policy Benchmark</td> <td>14.1%</td> <td>8.1%</td> <td>6.8%</td> <td>6.8%</td> <td></td> </tr> <tr> <td>TRS Pension (N)</td> <td>11.9%</td> <td>8.5%</td> <td>7.7%</td> <td>7.4%</td> <td>7.10%</td> </tr> <tr> <td>Policy Benchmark</td> <td>13.8%</td> <td>9.2%</td> <td>8.1%</td> <td>N/A</td> <td></td> </tr> <tr> <td>JRP Pension (N)</td> <td>19.4%</td> <td>12.5%</td> <td>11.1%</td> <td>9.1%</td> <td>6.50%</td> </tr> <tr> <td>Policy Benchmark</td> <td>18.2%</td> <td>10.9%</td> <td>9.6%</td> <td>8.3%</td> <td></td> </tr> </tbody> </table>					As of June 30, 2024	1-Yr.	5-Yr.	10-Yr.	20-Yr.	AROR	KERS-Nonhaz Pension (N)	9.5%	6.9%	6.1%	6.4%	5.25%	Policy Benchmark	10.1%	6.5%	6.0%	6.4%		CERS-Nonhaz Pension (N)	11.6%	8.0%	6.9%	6.8%	6.50%	Policy Benchmark	14.1%	8.1%	6.8%	6.8%		TRS Pension (N)	11.9%	8.5%	7.7%	7.4%	7.10%	Policy Benchmark	13.8%	9.2%	8.1%	N/A		JRP Pension (N)	19.4%	12.5%	11.1%	9.1%	6.50%	Policy Benchmark	18.2%	10.9%	9.6%	8.3%	
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All Others includes KERS Haz, SPRS, JRP, and LRP. Note: TRS did not benchmark returns before 2008.

CASH FLOW AS OF JUNE 30, 2024

Below is a summary of assets, contributions, investment income/gains (losses), and total benefit payments/expenses.

	PENSION (in millions of \$)			RETIREE HEALTH (in millions of \$)		
	KERS NH	CERS NH	TRS	KERS NH	CERS NH	TRS
Fund Assets Beginning of Year	\$3,607.21	\$8,781.44	\$24,244.55	\$1,465.49	\$3,289.53	\$2,743.41
• Employee Contributions	\$96.60	\$161.09	\$385.91	\$10.68	\$21.00	\$155.33
• Employer Contributions	\$1,295.70	\$764.78	\$1,178.68	\$136.63	\$10.14	\$224.32
• Investment Income	\$112.40	\$217.38	\$432.62	\$43.43	\$81.70	\$52.11
• Other	\$0.00	\$0.00	\$0.00	\$8.44	\$10.45	\$0.00
Total Cash Inflows	\$1,504.70	\$1,143.25	\$1,997.21	\$199.18	\$123.29	\$431.75
Less: Total Benefit Pmts./Expenses	\$1,057.90	\$992.33	\$2,514.70	\$95.86	\$125.74	\$145.64
Net Cash Flow Before Asset Gains (Losses)	\$446.80	\$150.92	(\$517.49)	\$103.32	(\$2.45)	\$286.11
Plus: Asset Gains or (Losses)	\$243.62	\$785.27	\$2,381.08	\$123.29	\$298.81	\$288.19
Fund Assets End of Year	\$4,297.57	\$9,717.63	\$26,108.14	\$1,692.09	\$3,585.89	\$3,317.71
Net Change in Plan Assets	\$690.37	\$936.19	\$1,863.59	\$226.60	\$296.36	\$574.30