Experience Study Results

July 1, 2020 to June 30, 2025

ORSC Meeting – May 14, 2026

Purpose of the Actuarial Experience Study

Review of Assumptions

- The study compares actual plan behavior with assumptions used in valuations to maintain accuracy

Demographic Factor Examination

- Key factors like retirement patterns and mortality rates are reviewed to adjust valuation assumptions

Ensuring Financial Sustainability

- The study helps safeguard financial health by updating projections to reflect current realities

Supporting Future Decisions

- Findings inform future actuarial modeling and funding strategies for long-term benefit security

Basic Components

Component	Description
Price Inflation	Historically measured by CPI (W) and is a component of Investment Return and Wage Inflation
Wage Inflation	Price inflation plus a component for promotions and longevity
Cost-of Living Adjustments	Based on the CPI (W) but capped by statute at 2.5%
Rate of Retirement	Percent of employees expected to retire by category (reduced based on age and/or service and unreduced) each year
Mortality	Percent of members and beneficiaries expected to age out of the system (death)
Investment Return	Used to discount expected benefit payments and project growth in assets

Assumption Updates – Basic Benefits

Item	Current	Proposed
Price Inflation	2.40%	2.50%
Investment Return	7.00%	7.00%
Real Wage Growth	0.85%	1.00%
Cost-of-Living Adjustment	2.00%	2.50%
Wage Inflation	3.25%	3.50%
Mortality Tables	Pub-2010	Pub-2016
Withdrawals & Retirements		Updated based on experience
Amortization – Basic Benefits	Fixed	Layered

Financial Impact – Basic Benefits

	Valuation 6/30/25 (7.00%)	Impact of Assumption Changes * (7.00%)
Employer Contribution Rate		
Normal Rate	0.75%	1.01%
UAAL #	8.99%	10.66%
Total Required Employer Rate	9.74%	11.67%
Amortization Period	19 Years	19 – 20 Years
Funded Status – Pension	78.90%	75.87%
Actuarial Accrued Liability	$24,584,159,753	$25,561,034,970
Actuarial Value of Assets	$19,422,393,762	$19,422,393,762
UAAL	$5,161,765,991	$9,138,641,208

* Based on the 6/30/2025 actuarial valuation. Actual impact on the 6/30/26 valuation will differ
# Unfunded Actuarial Accrued Liability (UAAL)

Impact of Changed Assumptions on UAAL

Basic Benefits (Pension):

Impact Area	Amount	Description
COLA Adjustment	$587M	Increase from 2.0% to 2.5%
Salary Growth	$318M	Higher wage inflation and real wage growth assumptions
Retirement Adjustments	$266M	Reflects earlier-than-expected retirements
Mortality Change	($193M)	Updated Pub-2016 mortality tables
Total Increase	$978M	Combined net impact

Employer Contributions and Amortization Method – Basic Benefits

Increase in Actuarial Determined Employer Contribution (ADEC)

- ADEC rises from 9.74% to 11.67%, staying below the 14% statutory cap with excess contributions paying down liabilities faster than planned

Transition to Layered Amortization in 2026

- Divides the UAAL into separate layers based on the year created with each layer amortized over its own closed fixed period to represent new changes in gains, losses, or plan assumptions.

Enhanced Transparency for Stakeholders

- Layered approach improves transparency, showing how individual gain or loss layers evolve within the total UAAL.

Retiree Health Care Changes and Impact

- Full Medicare participation increased from 98% to 100%
- Health Care cost trend rate increased based on increase in Price Inflation from 4.4% to 4.5%

	Health Care Valuation 6/30/2025 (7.00%)	Impact of Assumption Changes * (7.00%)
UAAL	$783,775,027	$651,289,843
Funded Status	54.53%	59.07%
Solvency Period	2064	2065
Amortization Period	30 Years	30 Years
Amortization Type	Open	Closed

* Based on the 6/30/2025 actuarial valuation. Actual impact on the 6/30/26 valuation will differ