



FY2025 ANNUAL VALUATION SUMMARY

The actuarial valuation results provide a “snapshot” view of the System’s financial condition on June 30, 2025. Actuarial gains and losses result when the actual experience of the plan (such as asset return, pay increases, turnover, deaths, etc.) is different from that expected by the actuarial assumptions. A summary of the key results from the June 30, 2025 actuarial valuation is shown below.

F2025 Pension and Health Care Valuation Key Findings

FUNDED STATUS

Benefit	June 30, 2025	June 30, 2024
Pension Benefits	78.90%	79.00%
Medicare Part B	85.16%	78.37%
Post-Retirement Death Benefits	82.59%	80.02%

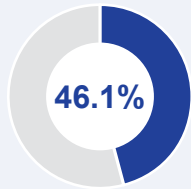
The following statistics are for Basic Benefits, predominately Pension:

- Market value investment return was 10.64%.
- The smoothed actuarial value return was 6.1%.
- Funded ratio increased from 78.99% to 79.00%.
- Actuarially determined employer contribution (ADEC) rate increased from 9.56% to 9.74%
- 19-year amortization schedule.
- Increased unfunded actuarial accrued liability for Basic Benefits by \$156.9 million.
- \$719.4 million of unrecognized investment gains, which will be recognized as investment gains over the next three years.
 - 2025/2026 - \$266.0 Million
 - 2026/2027 - \$282.1 Million
 - 2027/2028 - \$171.3 Million
- The SERS Board of Trustees approved a 2.5% Cost-of-Living Adjustment (COLA) increase for 2026, which is the statutory maximum.
- SERS funding policy permits up to 0.5% of employer contributions to be allocated toward Health Care. For FY2026, the Board voted to apply the entire 14% toward pensions given the strengthened status of the Health Care Fund.
- The additional employer contribution rate above the ADEC, or 4.26%, went toward paying down SERS’ unfunded actuarial accrued liability.
- SERS’ actuary has determined that the current employer contribution rate is sufficient to meet the 30-year funding requirement.

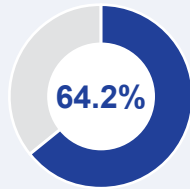
The 2025 valuation noted the following deviations when comparing actual experience to assumptions:

Summary of Gains/(Losses) in millions		
Investment Income	\$(167.1)	↓
Death after retirement and other gains	65.8	↑
Pay Increases	(50.1)	↓
New Members	(62.9)	↓
Age & Service Retirements	(71.5)	↓
Other losses	(58.4)	↓
2.5% 2025 COLA above original 2% assumption	(40.0)	↓

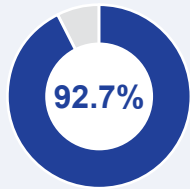
Retiree Data



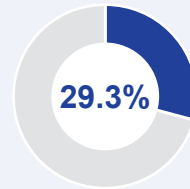
of current service retirees receive an annual benefit of **\$12,000 or less.**



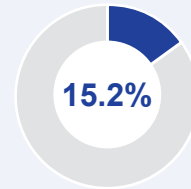
of current service retirees receive an annual benefit of **\$18,000 or less.**



of current service retirees are age **65 or older.**



of current service retirees are age **80 or older.**



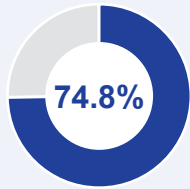
of current service retirees are age **85 or older.**



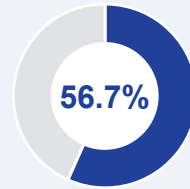
4,435 (6%) of current service retirees are age **90 or older.**



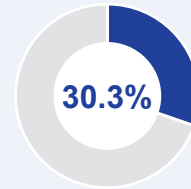
7 current benefit recipients are age **105 or older.**



of new service retirees in 2024 had **20 or more** years of service.

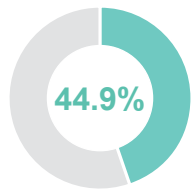


of new service retirees in 2024 had **25 or more** years of service.

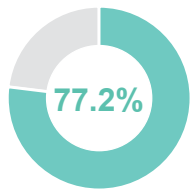


of new service retirees in 2024 had **30 or more** years of service.

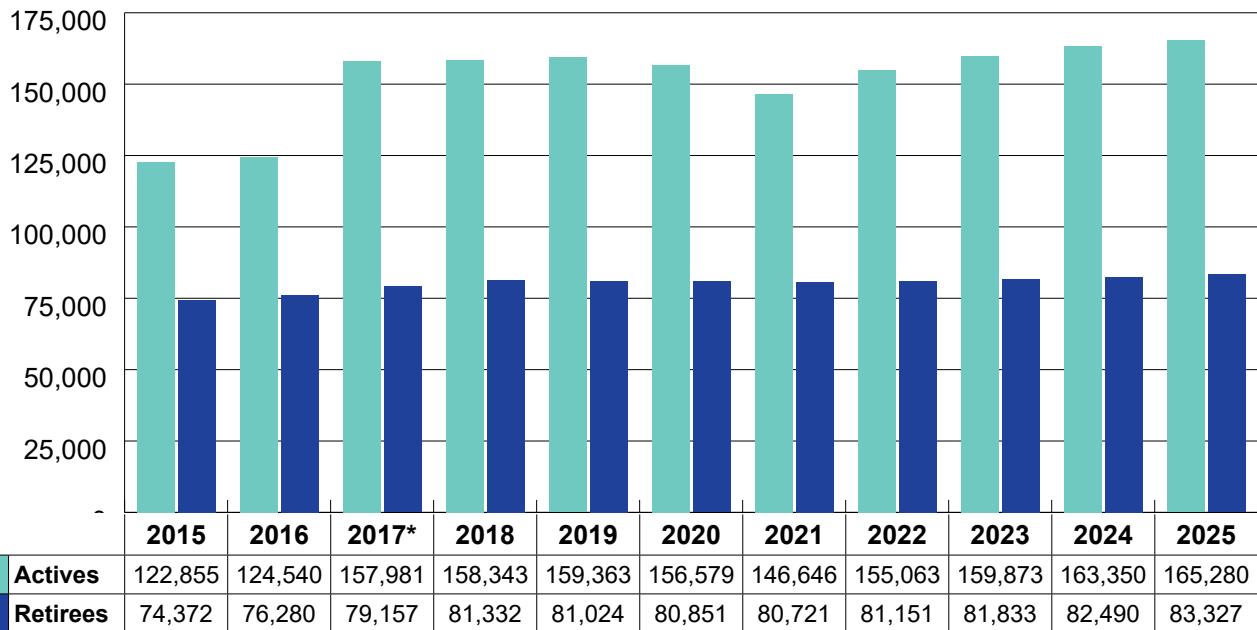
Active Member Data



of current active members make **less than \$20,000** annually.



of current active members make **less than \$40,000** annually.



*2017 active membership reflects an increase of 32,641 members with 0.25 or less years of service who have been re-categorized from inactive to active status.

F2025 Health Care Valuation Key Findings

	June 30, 2025	June 30, 2024	June 30, 2023
Funded Ratio	54.53%	61.59%	46.14%
Solvency Years	39	45	39
Amortization Years	30	30	30

- Market value investment return was 9.11%
- Actuarially determined employer contribution (ADEC) rate increased from 2.00% to 2.60%
- Minimum salary used for employer surcharge at June 30, 2025, was \$30,000. Employer surcharge is limited to 2% of each employer's payroll and 1.5% of total system payroll.
- Decrease at June 30, 2025, funding ratio was largely due to increased Medicare plan costs and a reduction in retiree Medicare surcharge contribution from \$35 to \$15.

The 2025 valuation noted the following deviations when comparing actual experience to assumptions:

Summary of Gains/(Losses) in millions		
Investment Income	\$24.6	↑
Death after retirement and other gains	42.2	↑
Claims Increases	(358.4)	↓
New Members	(12.9)	↓
Age & Service Retirements	9.5	↑
Withdrawal from Employment	19.7	↑

Health Care Fund Projections

