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July 2026

All Rate Plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool (CalPERS ID: 3304364524)
Annual Valuation Report as of June 30, 2025

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2025, actuarial valuation report for the plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2027-28**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the following rate plan(s) including the development of the current and projected employer contributions.
  - 4540, Miscellaneous Plan
  - 26893, PEPRA Miscellaneous Plan
- Section 2 contains the Miscellaneous Risk Pool information as of June 30, 2025.

Section 2 can be found on the CalPERS website in the Forms & Publications section. Search for *"Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2025.

Required Contributions

The table below shows the minimum required employer contributions and member contribution rates for FY 2027-28 along with an estimate of the required employer Unfunded Accrued Liability (UAL) contribution for FY 2028-29. **The required employer and member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Rate Plan	Employer Normal Cost Rate	Member Contribution Rate
2027-28	4540	14.65%	7.00%
	26893	8.95%	8.25%

Fiscal Year	Employer Amortization of Unfunded Accrued Liability
2027-28	$105,460
	Projected (Estimated)
2028-29	*$112,000*

The actual investment return for FY 2025-26 was not known at the time this report was prepared. The projected UAL payment above assumes the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2025-26 differs from 6.8%, the actual UAL contribution requirement for FY 2028-29 will differ from that shown above. For additional information on future contribution requirements, please refer to Projected Employer Contributions. This section also contains projected required contributions through FY 2032-33.

Changes from Previous Year's Valuations

On November 19, 2025, the CalPERS Board of Administration (board) adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increase, the inflation assumption, and various other assumptions for public agencies. These new assumptions are incorporated in this actuarial valuation and impact the required contributions for FY 2027-28.

In addition, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. The board adopted a discount rate of 6.80%, which is unchanged from the prior year's valuation, and an increase in the price inflation assumption from 2.30% to 2.50% per year.

Besides the above-noted changes, there may also be changes specific to the plan such as contract amendments and funding changes such as additional discretionary payments and amortization schedule fresh starts.

A consolidated plan identifier has been added to the cover page of the report. As a result of the combination of some or all of the employer's rate plans in the Miscellaneous Risk Pool effective with the prior year's valuation, there is now one consolidated UAL value and actuarial valuation report for the group of component rate plans. This single identifier, set equal to the identifier of the component rate plan to which the UAL is attached, is intended to make it easier to identify a specific group of rate plans, the associated UAL, and the actuarial report.

PEPRA Member Contribution Rate

The employee contribution rate for PEPRA members can change based on the results of the actuarial valuation. See Member Contribution Rates for more information.

Report Navigation Features

The valuation report has a number of features to ease navigation and allow the reader to find specific information more quickly. The tables of contents are "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks	CalPERS Website Links
Required Employer Contributions	Required Employer Contribution Search Tool
Member Contribution Rates	Public Agency PEPRA Member Contribution Rates
Summary of Key Valuation Results	Pension Outlook Overview
Funded Status – Funding Policy Basis	Interactive Summary of Public Agency Valuation Results
Projected Employer Contributions	Public Agency Actuarial Valuation Reports

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

Sincerely,



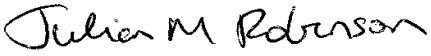
Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS



Julian Robinson, FSA, EA, MAAA
Senior Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the Rate Plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool

as of June 30, 2025

Consolidated Plan ID: 26893

(CalPERS ID: 3304364524)
(Rate Plan IDs: 4540, 26893)

Required Contributions for Fiscal Year

July 1, 2027 — June 30, 2028

CalPERS

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Section 2 – Miscellaneous Risk Pool Actuarial Information

Section 2 may be found on the CalPERS website in the Forms & Publications section.

Section 1

California Public Employees' Retirement System

Employer Specific Information for the Rate Plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool

(CalPERS ID: 3304364524)
(Rate Plan IDs: 4540, 26893)

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions. The actuaries responsible for this report and their respective responsibilities are as follows.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



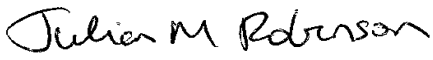
Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

The assumptions and methods in this report are the responsibility of the CalPERS Chief Actuary and Deputy Chief Actuaries named above. These were established pursuant to their responsibility for setting actuarial policy and are relied upon without independent assessment of the reasonableness of the assumptions and methods, as such an evaluation would have required substantial additional work beyond the scope of this assignment. To the best of my knowledge and having relied upon the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the rate plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2025, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Bay Area Water Supply and Conservation Agency, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.



Julian Robinson, FSA, EA, MAAA
Senior Actuary, CalPERS

Highlights and Executive Summary

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- **Purpose of Section 1** **3**
- **Summary of Key Valuation Results** **4**
- **Changes Since the Prior Year’s Valuation** **5**
- **Subsequent Events** **5**

Introduction

This report presents the results of the June 30, 2025, actuarial valuation of the rate plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2027-28.

Purpose of Section 1

This Section 1 report for rate plans of the Bay Area Water Supply and Conservation Agency in the Miscellaneous Risk Pool of CalPERS was prepared by the Actuarial Office using data as of June 30, 2025. This report contains actuarial information for the following rate plan(s).

- 4540, Miscellaneous Plan
- 26893, PEPRA Miscellaneous Plan

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of these rate plans as of June 30, 2025;
- Determine the minimum required employer contributions for these rate plans for FY July 1, 2027, through June 30, 2028;
- Determine the required member contribution rate for FY July 1, 2027, through June 30, 2028, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2025, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2025.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2026-27	Fiscal Year 2027-28
Employer Normal Cost Rates		
Rate Plan 4540	13.89%	14.65%
Rate Plan 26893	8.69%	8.95%
Unfunded Accrued Liability (UAL) Contribution Amount	$123,749	$105,460
Paid either as		
Option 1) 12 Monthly Payments of	$10,312.42	$8,788.33
Option 2) Annual Prepayment in July	$119,745	$102,047

Member Contribution Rates — page 9

	Fiscal Year 2026-27	Fiscal Year 2027-28
Rate Plan 4540	7.00%	7.00%
Rate Plan 26893	8.25%	8.25%

Projected Employer Contributions — page 13

Fiscal Year	Normal Cost (% of payroll)		Annual UAL Payment
	Rate Plan 4540	Rate Plan 26893	
2028-29	14.7%	9.0%	$112,000
2029-30	14.7%	9.0%	$102,000
2030-31	14.7%	9.0%	$92,000
2031-32	14.7%	9.0%	$87,000
2032-33	14.7%	9.0%	$89,000

Funded Status — Funding Policy Basis — page 11

	June 30, 2024	June 30, 2025
Entry Age Accrued Liability (AL)	$6,980,936	$8,007,719
Fair Value of Assets (Assets)	5,770,978	7,043,920
Unfunded Accrued Liability (UAL) [AL – Assets]	$1,209,958	$963,799
Funded Ratio [Assets ÷ AL]	82.7%	88.0%

Summary of Valuation Data — page 28

	June 30, 2024	June 30, 2025
Active Member Count	9	9
Annual Covered Payroll	$1,529,853	$1,389,294
Transferred Member Count	4	4
Separated Member Count	4	4
Retired Members and Beneficiaries Count	3	4

Changes Since the Prior Year's Valuation

Investment Policy and Discount Rate

On November 19, 2025, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. Consistent with that policy, the board also adopted a discount rate of 6.80% for use in this valuation, which is unchanged from the prior year's valuation.

Actuarial Methods and Other Assumptions

On November 19, 2025, the board adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study assessed various assumptions including retirement rates, termination rates, mortality rates, rates of salary increase, and inflation. New assumptions stemming from the study are incorporated in this actuarial valuation and affect required contributions for fiscal year 2027-28. Among the changes were an increase in the price inflation assumption from 2.30% to 2.50% per year and an increase in the wage inflation assumption from 2.80% to 3.00% per year.

Plan Assets

Plan assets are measured at fair value. In the prior year's actuarial valuation report the term Market Value of Assets was used to describe the asset value used for funding purposes. The Actuarial Office has used this term interchangeably with Fair Value of Assets. Effective with the June 30, 2025, valuation, CalPERS will exclusively use the term Fair Value of Assets in actuarial reports. This is a change in terminology and does not represent any change in methodology.

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Plan Identification

A consolidated plan identifier has been added to the cover page of the report. As a result of the combination of some or all of the employer's rate plans in the Miscellaneous Risk Pool effective with the prior year's valuation, there is now one consolidated Unfunded Accrued Liability (UAL) value and actuarial valuation report for the group of component rate plans. This single identifier, set equal to the identifier of the component rate plan to which the UAL is attached, is intended to make it easier to identify a specific group of rate plans, the associated UAL, and the actuarial report.

Amendments to Regulations Regarding Participation in Risk Pools

On September 17, 2025, the board approved amendments to pooling regulations, which were endorsed by the Office of Administrative Law on May 12, 2026. Beginning with the June 30, 2026, actuarial valuation, it will be possible for pooled plans to be removed from the risk pool and become non-pooled plans. The general rule is that if an employer sponsors a pooled plan with at least 150 but less than 200 active members as of the valuation date, the employer may elect to remove that plan from the risk pool. If the plan has at least 200 active members, the plan will be automatically removed. More information can be found in Regulatory Actions on the CalPERS website under the heading Participation in Risk Pools.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2025, as well as statutory changes, regulatory changes and board actions through January 2026.

The 2025 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.5% per year based on the price inflation assumption. The actual 2026 limits, determined in October 2025, are not reflected.

To the best of our knowledge, there have been no subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

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- **Required Employer Contributions** 8
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- **Breakdown of Entry Age Accrued Liability** 10
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Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, UAL emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the UAL Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The UAL Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see Member Contribution Rates.

Required Employer Contributions	Fiscal Year 2027-28
Employer Normal Cost Rate	
Classic Rate Plan 4540	**14.65%**
PEPRA Rate Plan 26893	**8.95%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount†	**$105,460**
Paid either as	
1) Monthly Payment	**$8,788.33**
Or	
2) Annual Prepayment Option‡	**$102,047**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

†The required UAL contribution does not take into account any additional discretionary payment made after April 30, 2026.
‡Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2026-27	Fiscal Year 2027-28
Classic Rate Plan 4540		
Base Total Normal Cost for Formula	18.85%	19.36%
Surcharge for Class 1 Benefits[1]	1.97%	2.23%
Plan's Total Normal Cost	20.82%	21.59%
Offset Due to Employee Contributions[2]	(6.93%)	(6.94%)
Employer Normal Cost for Rate Plan 4540	13.89%	14.65%
PEPRA Rate Plan 26893		
Base Total Normal Cost for Formula	15.68%	15.80%
Surcharge for Class 1 Benefits[1]	1.26%	1.40%
Plan's Total Normal Cost	16.94%	17.20%
Offset Due to Employee Contributions[2]	(8.25%)	(8.25%)
Employer Normal Cost for Rate Plan 26893	8.69%	8.95%

[1] See Surcharge for Class 1 Benefits in the supplementary information section of this report.

[2] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Classic Members

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%

Auxiliary organizations of the CSU system may elect reduced contribution rates for Miscellaneous members, in which case the contribution rate above the breakpoint is 6% if members are not covered by Social Security and 5% if they are.

PEPRA Members

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2027, based on 50% of the total normal cost rate as of the June 30, 2025, valuation.

		Basis for Current Rate		Rates Effective July 1, 2027			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change in Normal Cost	Adj. Needed	Member Rate
26893	PEPRA Miscellaneous Plan	16.73%	8.25%	17.20%	0.47%	No	8.25%

Breakdown of Entry Age Accrued Liability

Active Members	$3,779,620
Transferred Members	385,607
Separated Members	194,364
Members and Beneficiaries Receiving Payments	3,648,128
Total	$8,007,719

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$8,007,719
2.	Projected UAL Balance at 6/30/2025	1,204,135
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2025 for Asset Share	1,204,135
5.	Pool's Accrued Liability[1]	26,128,329,326
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2025[1]	5,408,106,113
7.	Pool's 2024-25 Investment (Gain)/Loss[1]	(1,023,922,845)
8.	Pool's 2024-25 Non-Investment (Gain)/Loss[1]	254,352,784
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	(336,210)
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	77,953
11.	Plan's New (Gain)/Loss as of 6/30/2025: (9) + (10)	(258,257)
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	58,472,717
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	17,921
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	(336,210)

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$963,799
19.	Plan's Share of Pool's Fair Value of Assets: (1) - (18)	$7,043,920

For a reconciliation of the pool's Fair Value of Assets, information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the fair value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the **Accrued Liability** and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability** (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **Funded Ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2024	June 30, 2025
1. Present Value of Benefits	$9,032,899	$10,030,001
2. Entry Age Accrued Liability	6,980,936	8,007,719
3. Fair Value of Assets	5,770,978	7,043,920
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$1,209,958	$963,799
5. Funded Ratio [(3) ÷ (2)]	82.7%	88.0%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$9,192,131	$8,007,719	$7,036,017
2. Fair Value of Assets	7,043,920	7,043,920	7,043,920
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$2,148,211	$963,799	($7,903)
4. Funded Ratio [(2) ÷ (1)]	76.6%	88.0%	100.1%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan's unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in Amortization Schedule and Alternatives. Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments. Provided below is information on how an Additional Discretionary Payment (ADP), together with your required UAL payment of $105,460 for FY 2027-28, may better accomplish your agency's specific objectives with regard to either smoothing out projected future payments or achieving a greater reduction in UAL than would otherwise occur when making only the minimum required payment. Such additional payments are allowed at any time and can also result in significant long-term savings.

Fiscal Year 2027-28 Employer Contribution Versus Agency Funding Objectives

The interest-to-payment ratio for the FY 2027-28 minimum required UAL payment is 32%, which means the required payment of $105,460 includes $33,835 of interest cost and results in a $71,625 reduction in the UAL, as can be seen in Amortization Schedule and Alternatives (see columns labelled Current Amortization Schedule). If the interest-to-payment ratio is close to 100%, and the reduction in the UAL is small, it may indicate that required contributions will be increasing in the coming years, which would be shown in Projected Employer Contributions. An alternative metric that provides similar information about the FY 2027-28 required UAL payment is the number of years it would take that payment, if held constant, to pay off the existing UAL (note: actual required UAL payments will vary each year). An annual payment of $105,460 would pay off the current UAL in 6.4 years (ignoring any unexpected changes in UAL occurring after June 30, 2025). If the agency would like their FY 2027-28 payment toward the UAL to be consistent with a faster pace for reaching 100% funded, an ADP can be added to the required minimum payment.

Provided below are select ADP options for consideration. Making such an ADP during FY 2027-28 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2027-28 Employer Contributions — Illustrative Scenarios

If the Annual UAL Payment Each Year Were…	The Current UAL Would be Paid Off in…	This Would Require an ADP[1] in FY 2027-28 of…	Plus the Estimated Normal Cost of…	Estimated Total Contribution
$105,460	6.4 years	$0	$165,903	$271,363
128,967	5 years	23,507	165,903	294,870

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2027, as determined in the June 30, 2025, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan through April 30, 2026.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$0	2023-24	$0
2020-21	0	2024-25	0
2021-22	0	2025-26	300,000
2022-23	0		

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2025-26 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The normal cost rates for each rate plan are assumed to remain constant. The employer normal cost rate for pooled plans is relatively constant from year to year when there are no assumption changes. Beginning with the June 30, 2026, actuarial valuation, it will be possible for pooled plans to be removed from the risk pool, in which case the employer normal cost would be based only on the members of that plan and will be different than the projections below. Plans with at least 200 active members on a valuation date will be automatically removed from the risk pool.

If the normal cost rates do remain constant, the employer contribution amounts will vary due to changes in payroll. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

		Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2025-26 and Beyond)**				
		2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Rate Plan Identifier	**Covered Payroll June 30, 2025**	Normal Cost Rates (Percentage of Payroll)					
4540	$699,799	14.65%	14.7%	14.7%	14.7%	14.7%	14.7%
26893	689,495	8.95%	9.0%	9.0%	9.0%	9.0%	9.0%
	UAL Payment	$105,460	$112,000	$102,000	$92,000	$87,000	$89,000

Unlike the normal cost rates, the required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

For ongoing plans, investment gains and losses are amortized using an initial 5-year ramp. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the initial ramp period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2025.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2027-28.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2025-26 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2026, if necessary, and the expected payment for FY 2026-27 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Fresh Start	6/30/17	No Ramp		2.80%	7	447,811	59,613	416,656	61,283	381,656	62,998
Assumption Change	6/30/18	100%	Up/Dn	2.80%	13	109,835	10,892	106,048	11,197	101,688	11,511
Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	23	(33,447)	(2,218)	(33,429)	(2,280)	(33,346)	(2,344)
Method Change	6/30/18	100%	Up/Dn	2.80%	13	28,668	2,843	27,679	2,923	26,540	3,004
Non-Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	1	15,568	16,088	0	0	0	0
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	14	16,502	1,668	15,900	1,668	15,257	1,668
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	14	13,574	1,372	13,079	1,372	12,550	1,372
Investment (Gain)/Loss	6/30/20	100%	Up Only	0.00%	15	90,466	7,210	89,167	9,013	85,916	9,013
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	15	12,793	1,250	12,371	1,250	11,920	1,250
Assumption Change	6/30/21	No Ramp		0.00%	16	27,356	2,594	26,535	2,594	25,659	2,594
Net Investment (Gain)	6/30/21	100%	Up Only	0.00%	16	(494,061)	(29,706)	(496,958)	(39,608)	(489,819)	(49,510)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	16	(19,228)	(1,823)	(18,652)	(1,823)	(18,036)	(1,823)
Investment (Gain)/Loss	6/30/22	80%	Up Only	0.00%	17	732,179	75,685	703,751	42,314	707,877	56,419
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	17	86,605	7,987	84,240	7,987	81,714	7,987
Partial Fresh Start	6/30/22	80%	Up Only	0.00%	17	82,039	3,372	84,133	5,059	84,626	6,745
Investment (Gain)/Loss	6/30/23	100%	Up Only	0.00%	1	37,422	38,674	0	0	0	0
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	1	110,735	114,438	0	0	0	0
Investment (Gain)/Loss	6/30/24	40%	Up Only	0.00%	19	(152,797)	0	(163,187)	(3,508)	(170,658)	(7,015)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	1	92,115	95,196	0	0	0	0
Non-Investment (Gain)/Loss	6/30/25	No Ramp		0.00%	20	77,953	0	83,254	0	88,915	7,996

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Assumption Change	6/30/25	No Ramp		0.00%	20	17,921	0	19,140	0	20,442	1,838
Investment (Gain)/Loss	6/30/25	20%	Up Only	0.00%	20	(336,210)	0	(359,072)	0	(383,489)	(8,243)
Total						**963,799**	**405,135**	**610,655**	**99,441**	**549,412**	**105,460**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Each year, many agencies express a desire for a more stable pattern of payments or indicate interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative “fresh start” amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single “fresh start” base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			5 Year Amortization		Alternative Schedule 2	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2027	549,412	105,460	549,412	128,967	N/A	N/A
6/30/2028	477,787	111,606	453,492	128,967		
6/30/2029	394,938	102,015	351,050	128,967		
6/30/2030	316,368	92,493	241,642	128,967		
6/30/2031	242,295	86,536	124,794	128,967		
6/30/2032	169,341	88,885				
6/30/2033	88,998	91,302				
6/30/2034	695	718				
6/30/2035						
6/30/2036						
6/30/2037						
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total	**679,015**		**644,835**			**N/A**
Interest Paid	**129,603**		**95,423**			**N/A**
Estimated Savings			**34,180**			**N/A**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate		Unfunded Liability Payment
		Rate Plan 4540	Rate Plan 26893	
06/30/2016	2018-19	11.154%	7.557%	$28,864
06/30/2017	2019-20	11.767%	7.528%	57,637
06/30/2018	2020-21	12.531%	8.239%	63,185
06/30/2019	2021-22	12.38%	8.09%	68,648
06/30/2020	2022-23	12.39%	8.19%	76,396
06/30/2021	2023-24	13.79%	8.48%	64,007
06/30/2022	2024-25	13.84%	8.63%	85,252
06/30/2023	2025-26	13.91%	8.72%	106,946
06/30/2024	2026-27	13.89%	8.69%	123,749
06/30/2025	2027-28	14.65%	8.95%	105,460

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's fair value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability	Share of Pool's Fair Value of Assets	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2016	$2,702,566	$2,145,503	$557,063	79.4%	$929,387
06/30/2017	2,962,856	2,414,269	548,587	81.5%	936,155
06/30/2018	3,429,348	2,752,260	677,088	80.3%	1,045,194
06/30/2019	3,854,370	3,114,014	740,356	80.8%	1,105,967
06/30/2020	4,278,364	3,442,749	835,615	80.5%	1,227,668
06/30/2021	4,886,955	4,533,245	353,710	92.8%	1,279,203
06/30/2022	5,540,750	4,439,329	1,101,421	80.1%	1,383,946
06/30/2023	6,294,845	5,046,788	1,248,057	80.2%	1,444,331
06/30/2024	6,980,936	5,770,978	1,209,958	82.7%	1,529,853
06/30/2025	8,007,719	7,043,920	963,799	88.0%	1,389,294

Risk Analysis

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Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2025 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS Funding Risk Mitigation Policy stipulates that when the investment return exceeds the discount rate by at least 2% the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 11.6% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The employer normal cost rates are not affected by Investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See Projected Employer Contributions for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 1.9% or 11.6% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2045.

Assumed Annual Return FY 2025-26 through FY 2044-45	Projected Employer UAL Contributions				
	2028-29	2029-30	2030-31	2031-32	2032-33
1.9% (5th percentile)	$120,000	$128,000	$144,000	$173,000	$219,000
11.6% (95th percentile)	$96,000	$0	$0	$0	$0

Required UAL contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.9% or greater than 11.6% over a 20-year period, the likelihood of a single investment return less than 1.9% or greater than 11.6% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.7% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.9% or less and a 2.5% probability that the annual return will be -18.6% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2025-26 on the FY 2028-29 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2028-29.

Assumed Annual Return for Fiscal Year 2025-26	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2027-28	2028-29
(18.6%) (2 standard deviation loss)	$105,460	$155,000
(5.9%) (1 standard deviation loss)	$105,460	$134,000

- Without investment gains (returns higher than 6.8%) in FY 2026-27 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2025-26.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2028-29 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.3% and 2.5%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2025, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2025	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.5%	2.5%	2.5%
Real Rate of Return	**3.3%**	**4.3%**	**5.3%**
a) Total Normal Cost			
Rate Plan 4540	27.20%	21.59%	17.32%
Rate Plan 26893	21.63%	17.20%	13.84%
b) Accrued Liability	$9,192,131	$8,007,719	$7,036,017
c) Fair Value of Assets	$7,043,920	$7,043,920	$7,043,920
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2,148,211	$963,799	($7,903)
e) Funded Ratio	76.6%	88.0%	100.1%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2025	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.5%**	**2.5%**	**3.5%**
Real Rate of Return	4.3%	4.3%	4.3%
a) Total Normal Cost			
Rate Plan 4540	23.06%	21.59%	19.85%
Rate Plan 26893	18.45%	17.20%	15.74%
b) Accrued Liability	$8,062,998	$8,007,719	$7,572,809
c) Fair Value of Assets	$7,043,920	$7,043,920	$7,043,920
d) Unfunded Liability/(Surplus) [(b) - (c)]	$1,019,078	$963,799	$528,889
e) Funded Ratio	87.4%	88.0%	93.0%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2025, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2025. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2025	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 4540	21.96%	21.59%	21.25%
Rate Plan 26893	17.51%	17.20%	16.91%
b) Accrued Liability	$8,158,992	$8,007,719	$7,868,565
c) Fair Value of Assets	$7,043,920	$7,043,920	$7,043,920
d) Unfunded Liability/(Surplus) [(b) - (c)]	$1,115,072	$963,799	$824,645
e) Funded Ratio	86.3%	88.0%	89.5%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures include only the rate plans covered in this report. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2024	June 30, 2025
1. Retiree Accrued Liability	$1,072,597	$3,648,128
2. Total Accrued Liability	$6,980,936	$8,007,719
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	15%	46%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

Support Ratio	June 30, 2024	June 30, 2025
1. Number of Actives	9	9
2. Number of Retirees	3	4
3. Support Ratio [(1) ÷ (2)]	3.00	2.25

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of fair value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2024	June 30, 2025
1. Fair Value of Assets	$5,770,978	$7,043,920
2. Payroll	$1,529,853	$1,389,294
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	3.8	5.1
4. Accrued Liability	$6,980,936	$8,007,719
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	4.6	5.8

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	34%	2.33	2.6	3.2
06/30/2018	30%	2.67	2.6	3.3
06/30/2019	27%	2.67	2.8	3.5
06/30/2020	24%	3.00	2.8	3.5
06/30/2021	20%	3.00	3.5	3.8
06/30/2022	18%	3.00	3.2	4.0
06/30/2023	17%	3.00	3.5	4.4
06/30/2024	15%	3.00	3.8	4.6
06/30/2025	46%	2.25	5.1	5.8

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2025. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis are based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as demonstrated below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
6/30/2016	1.86%	6/30/2021	2.00%
6/30/2017	2.61%	6/30/2022	3.38%
6/30/2018	2.91%	6/30/2023	4.06%
6/30/2019	2.31%	6/30/2024	4.61%
6/30/2020	1.18%	6/30/2025	4.79%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Fair Value of Assets also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the assets will change in different interest rate environments, the results below use the plan's share of the pool's Fair Value of Assets as of the valuation date.

	Discount Rate: 3.79% Price Inflation: 2.47%	Discount Rate: 5.79% Price Inflation: 2.47%
1. Termination Liability[1]	$12,082,492	$8,901,114
2. Fair Value of Assets	7,043,920	7,043,920
3. Unfunded Termination Liability [(1) – (2)]	$5,038,572	$1,857,194
4. Funded Ratio [(2) ÷ (1)]	58.3%	79.1%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 5.58%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2025.

Selected Measures on a Low-Default-Risk Basis	**June 30, 2025**
Discount Rate	5.58%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	$4,574,358
b) Transferred Members	488,045
c) Separated Members	230,233
d) Members and Beneficiaries Receiving Payments	4,196,507
e) Total	$9,489,143
2. Fair Value of Assets	7,043,920
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$2,445,223
4. Unfunded Accrued Liability – Funding Policy Basis	963,799
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$1,481,424

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero-coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

Supplementary Information

- **Normal Cost by Benefit Group** **27**
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Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group for FY 2027-28. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as changes in economic and demographic assumptions, changes in plan benefits, or changes in applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2027-28	Offset due to Employee Contributions FY 2027-28	Employer Normal Cost FY 2027-28	Number of Actives	Payroll on 6/30/2025
4540	Miscellaneous Plan	21.59%	6.94%	14.65%	4	$699,799
26893	PEPRA Miscellaneous Plan	17.20%	8.25%	8.95%	5	689,495
	Total				9	$1,389,294

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2024	June 30, 2025
Active Members		
Counts	9	9
Average Attained Age	50.8	51.8
Average Entry Age to Rate Plan	39.3	41.6
Average Years of Credited Service	11.2	9.9
Average Annual Covered Pay	$169,984	$154,366
Annual Covered Payroll	$1,529,853	$1,389,294
Present Value of Future Payroll	$11,588,074	$11,031,328
Transferred Members		
Counts	4	4
Separated Members		
Counts	4	4
Retired Members and Beneficiaries*		
Counts	3	4
Average Annual Benefits	$29,036	$58,843
Total Annual Benefits	$87,108	$235,371

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service in another plan and would therefore have a larger total benefit than would be included as part of the average shown here.

* Values include community property settlements

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2025.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	4	5	55.6%
Average Attained Age	58.1	46.7	
Average Entry Age	42.1	41.3	
Average Years of Credited Service	16.1	5.0	
Average Annual Covered Payroll	$174,950	$137,899	
Annual Covered Payroll	$699,799	$689,495	49.6%
Present Value of Future Payroll	$3,675,770	$7,355,558	66.7%
Transferred Members			
Count	0	4	100.0%
Separated Members			
Count	2	2	50.0%
Retired Members and Beneficiaries Receiving Payments			
Count	4	0	0.0%
Average Annual Benefit	$58,843	$0	
Total Annual Benefits	$235,371	$0	0.0%
Accrued Liabilities			
Active Members	$3,131,786	$647,834	17.1%
Transferred Members	0	385,607	100.0%
Separated Members	113,742	80,622	41.5%
Retired Members and Beneficiaries	3,648,128	0	0.0%
Total	$6,893,656	$1,114,063	13.9%

Surcharge for Class 1 Benefits

This plan has the following Class 1 benefit provisions which result in the surcharges indicated:

Class 1 benefit provisions	Rate Plan 4540	Rate Plan 26893
One Year Final Compensation (FAC 1)	0.69%	N/A
Post-Retirement Survivor Allowance (PRSA)	0.83%	0.84%
3% Annual Cost-of-Living Allowance Increase (3% COLA)	0.71%	0.56%
Surcharge for Class 1 Benefits	2.23%	1.40%

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 4540	**Benefit Group**	
Member Category	**Misc**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	One Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$5,000	
Survivor Allowance (PRSA)	Yes	
COLA	3%	

Plan's Major Benefit Options (Continued)

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 26893	**Benefit Group**	
Member Category	**Misc**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	8.25%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$5,000	
Survivor Allowance (PRSA)	Yes	
COLA	3%	

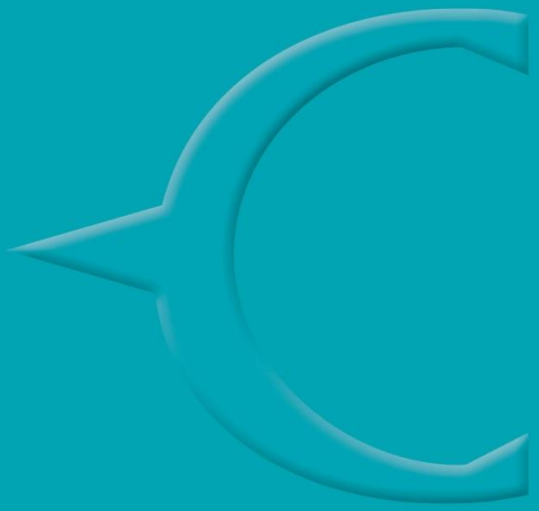
Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website
in the Forms & Publications section

CHEIRON Classic Values, Innovative Advice



San Francisco City and County Employees' Retirement System
July 1, 2025
Actuarial Valuation Report

Produced by Cheiron
May 2026

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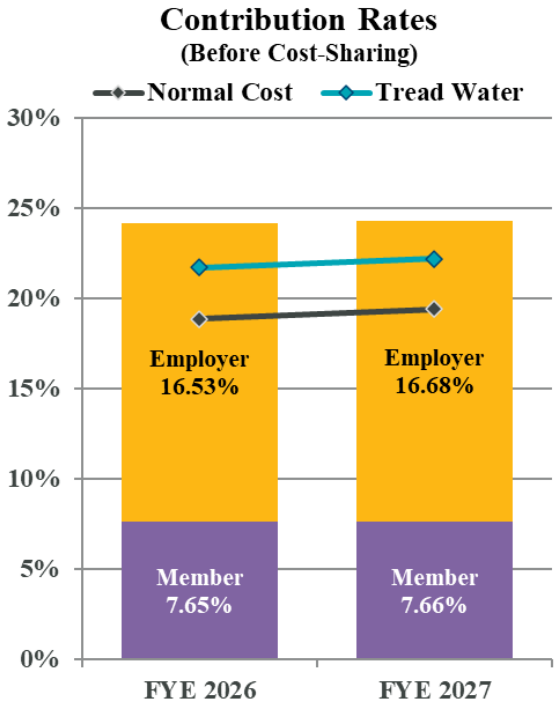
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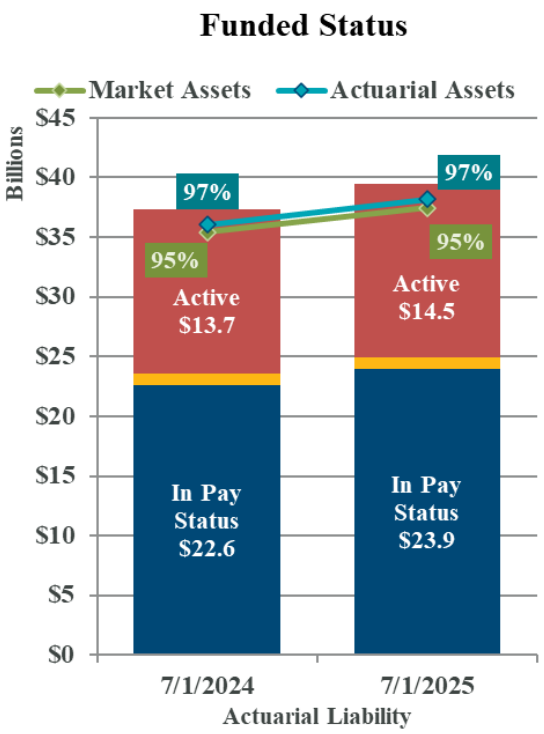
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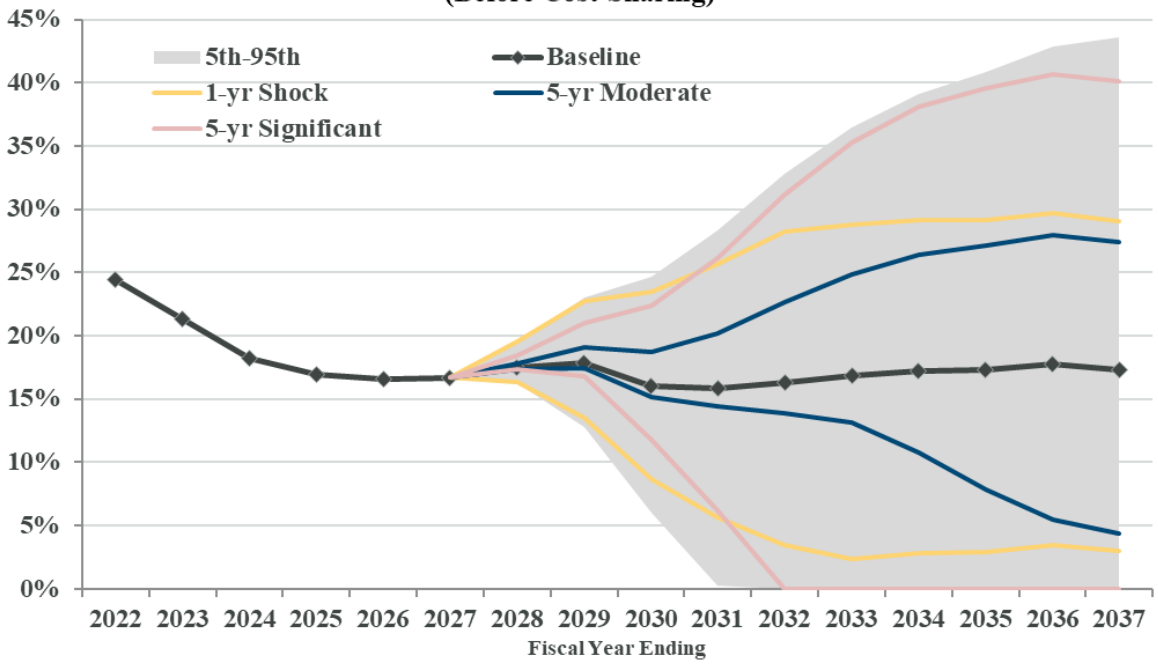
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SECTION I – BOARD SUMMARY

Dashboard







SECTION I – BOARD SUMMARY

Key Findings of the July 1, 2025 Valuation

The key results of the July 1, 2025 actuarial valuation are as follows:

- The employer contribution rate increased from 16.53% for FYE 2026 to 16.68% for FYE 2027 before any cost-sharing adjustments.[1] See Table I-4 for details on the components of the increase in contribution rates. After the cost-sharing adjustments, the estimated employer contribution rate increased from 14.87% to 15.01%. The actual aggregate employer contribution rates after cost-sharing adjustments will depend upon the proportion of the actual payroll for each employee group defined in the Charter. See Table VI-2 for more details.
- The average employee contribution rate after cost-sharing adjustments is estimated to be 9.33% of pay in FYE 2027 compared to 9.31% in FYE 2026, an increase of 0.02% of pay in FYE 2027.
- Based on the Market Value of Assets, the funded ratio remained at 94.9%, and the Unfunded Actuarial Liability (UAL) increased from $1.9 billion to $2.0 billion. Based on the smoothed Actuarial Value of Assets, the funded ratio increased from 96.6% to 96.8%, and the Unfunded Actuarial Liability remained at $1.3 billion.
- The return on the Market Value of Assets for the year ended June 30, 2025, was approximately 8.5%, resulting in an actuarial gain of about $0.4 billion that will be recognized over the next five years. The return on the Actuarial Value of Assets was 8.6%, which recognizes 20% of the FYE 2025 gain as well as deferred investment gains and losses from previous years and results in an actuarial gain of about $0.6 billion that is amortized over 20 years.
- A demographic experience study was performed for the period July 1, 2019 to June 30, 2024. All demographic assumption changes were adopted at the September 10, 2025 Board meeting based on our recommendations. The assumption changes increased the Actuarial Liability by approximately $29.0 million and the employer contribution rate by about 0.59% of pay.
- At its September 2025 meeting, the Retirement Board adopted a change to the Actuarial Value of Assets. Starting with the July 1, 2025 actuarial valuation, the Actuarial Value of Assets is calculated by recognizing 20% of each of the past five years of actual investment experience relative to the expected return on the Market Value of Assets. However, to transition, the investment gain/(loss) for fiscal years ending 2021-2024 was based on the prior method of the expected return on the Actuarial Value of Assets. The change in asset smoothing methodology reduced the Actuarial Value of Assets by approximately $77.2 million and increased the employer contribution rate by 0.12% of pay.

[1] The cost-sharing adjustments depend on the employer contribution rate, the employee group, and the level of pay based on the applicable table in the Charter. The FYE 2027 average cost-sharing adjustment is estimated to be 1.67%, details of the calculation can be found in Table VI-2 of this report.

SECTION I – BOARD SUMMARY

- At its March 2026 meeting, the Retirement Board revised the amortization method for the Supplemental COLAs. Effective July 1, 2025, the change in UAAL due to a Supplemental COLA will be amortized over a fixed period between 5 and 10 years. The amortization payments will not exceed the amortization credit for the investment gain that generated the Supplemental COLA unless it would extend the amortization period beyond 10 years, in which case the amortization period will be 10 years with a 5-year phase-in that mirrors the increase in amortization credits due to the investment gain as it is fully recognized by the 5-year asset smoothing method.
- Because actual investment returns were greater than expected, a Supplemental COLA was payable, increasing the Actuarial Liability by approximately $330 million. This increase is amortized over a period of 10 years, increasing the contribution rate by 0.23% of pay beginning with the FYE 2027 contribution. The amortization payment will increase to approximately 1.17% of pay by the end of the 5-year phase-in period.

SECTION I – BOARD SUMMARY

Funded Status

This report measures assets and liabilities for funding purposes. Table I-1 below summarizes the Actuarial Liability, assets, and related ratios as of July 1, 2025 compared to July 1, 2024.

Table I-1
Summary of Key Valuation Results
(Amounts in millions)

Valuation Date	July 1, 2024	July 1, 2025	% Change
Actuarial Liability	$37,314.5	$39,446.1	5.7%
Actuarial Value of Assets	$36,038.3	$38,185.1	6.0%
Unfunded Actuarial Liability (actuarial value)	1,276.2	1,261.0	-1.2%
Funding Ratio (actuarial value)	96.6%	96.8%	0.2%
Market Value of Assets	$35,417.7	$37,450.1	5.7%
Unfunded Liability (market value)	1,896.8	1,996.0	5.2%
Funding Ratio (market value)	94.9%	94.9%	0.0%
Expected Payroll	$4,623.9	$4,959.8	7.3%
Asset Leverage Ratio	7.7	7.6	-1.4%
Actuarial Liability Leverage Ratio	8.1	8.0	-1.4%
Interest on UAL (MVA basis)	$131.9	$138.8	5.2%
Interest Cost as Percent of Payroll	2.9%	2.8%	-0.1%

The Actuarial Liability increased by approximately $2.1 billion. The Actuarial Value of Assets used as the basis to set contribution rates increased by approximately $2.1 billion, reflecting smoothed investment returns and contributions offset by benefits and expenses paid during the year. The Unfunded Actuarial Liability decreased by approximately $0.02 billion based on the Actuarial Value of Assets. The Market Value of Assets increased by approximately $2.0 billion, and the UAL, based on the Market Value of Assets, increased by approximately $0.1 billion.

The interest cost on the UAL – based on the Market Value of Assets – increased by $7 million. As a result, approximately 2.8% of payroll is necessary to pay the interest on the UAL, a slight decrease from the 2.9% of payroll in the prior year.

SECTION I – BOARD SUMMARY

Contributions

The San Francisco City and County Employees' Retirement System (SFERS) funding policy sets employer contributions equal to the sum of:

- The employer's normal cost under the Entry Age Normal Cost Method,
- The expected administrative expenses, and
- An amortization payment on the Unfunded Actuarial Liability.

The Charter requires employees to pay a portion of the employer contribution rate that varies, depending on the employer contribution rate, the employee group, and the employee's salary. Unless explicitly identified, the figures shown in this report are before applying the cost-sharing adjustments. Table I-2 on the following page summarizes the employer and member contribution rates before and after the cost-sharing adjustments.

SECTION I – BOARD SUMMARY

Table I-2
Summary of Contributions
(Amounts in millions)

	FYE 2026	FYE 2027	Change
Contribution Rates Before Adjustments			
Net Employer Contribution Rate	16.53%	16.68%	0.15%
Est. Aggregate Employee Contribution Rate	7.65%	7.66%	0.01%
Total Contribution Rate	24.18%	24.34%	0.16%
Estimated Payroll	$4,774.1	$5,121.0	$346.9
Estimated Net Employer Contributions	$789.4	$854.4	$65.0
Contribution Rates After Adjustments			
Net Employer Contribution Rate	14.87%	15.01%	0.14%
Est. Aggregate Employee Contribution Rate	9.31%	9.33%	0.02%
Total Contribution Rate	24.18%	24.34%	0.16%
Estimated Payroll	$4,774.1	$5,121.0	$346.9
Estimated Net Employer Contributions	$709.9	$768.7	$58.8
Total Contribution Rate			
Normal Cost Rate	18.29%	18.82%	0.53%
Administrative Expense Rate	0.60%	0.60%	0.00%
UAL Rate			
Interest on Market Value UAL	2.90%	2.80%	-0.10%
Principal on UAL	2.39%	2.12%	-0.27%
Total UAL Rate	5.29%	4.92%	-0.37%
Total Contribution Rate	24.18%	24.34%	0.16%

Before applying the cost-sharing adjustments, the net employer contribution rate increased 0.15% of payroll from 16.53% to 16.68% for the fiscal year ending June 30, 2027. The cost-sharing adjustment is estimated to decrease the employer contribution rate and increase the aggregate employee contribution rate by about 1.67% of payroll. Thus, the estimated employer contribution rate after cost-sharing is 15.01% for FYE 2027. The cost-sharing adjustments will remain at this level as long as the employer contribution rate before adjustment is between 15.01% and 17.50%.

SECTION I – BOARD SUMMARY

SFERS Membership

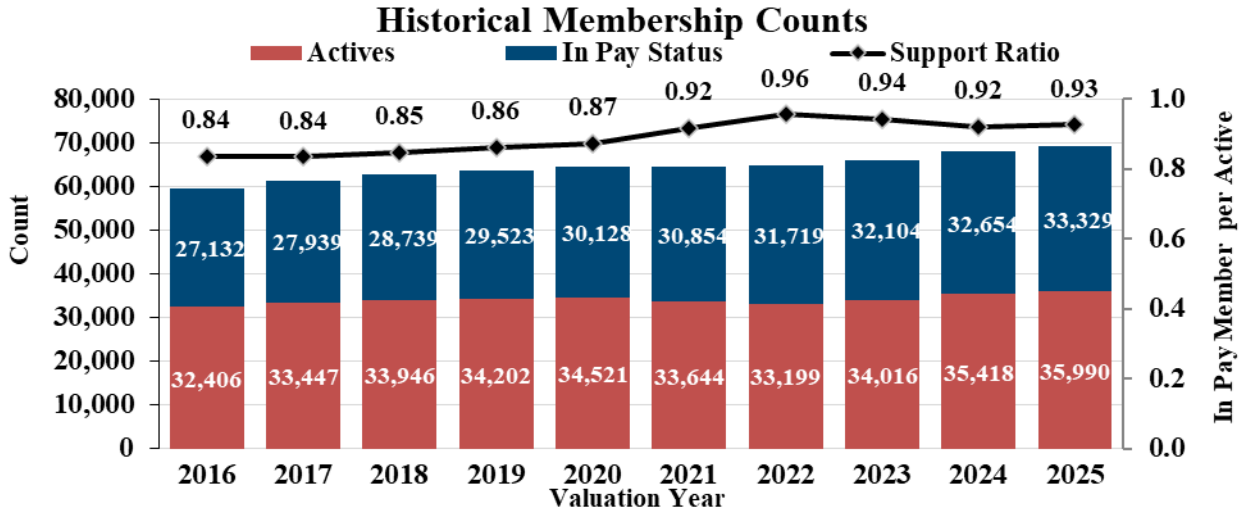
As shown in Table I-3, SFERS membership increased by 2.4%. Active membership increased by 1.6%, terminated vested membership by 5.6%, and members receiving benefits by 2.1%. Total payroll increased by 7.4%. The average active member pay increased by 5.7%.

Table I-3
Membership Total

	July 1, 2024	July 1, 2025	% Change
Actives	35,418	35,990	1.6%
Inactive Members Not Receiving Benefits	13,103	13,842	5.6%
Members Receiving Benefits	32,654	33,329	2.1%
Total SFERS Members	**81,175**	**83,161**	**2.4%**
Active Member Payroll (millions)	$4,620.0	$4,960.0	7.4%
Average Pay per Active	$130,400.0	$137,800.0	5.7%

Active member payroll is projected for the fiscal year beginning on the valuation date.

The chart below shows the trend in membership counts, which can be an important indicator of plan maturity and sensitivity to investment returns, assumption changes, and other changes to the System. If the support ratio (the ratio of retirees to active members) grows, it indicates that any losses on retiree liabilities or assets are likely to place a relatively greater burden on employers and active members. For SFERS, the support ratio remained relatively stable before the pandemic but increased in 2021 and 2022 due to declining active membership. This trend has since reversed, and the support ratio has stabilized around 0.93, below its peak in 2022 of 0.96.



SECTION I – BOARD SUMMARY

Contribution Reconciliation

The SFERS contribution rate for FYE 2027 before cost-sharing adjustments increased from 16.53% to 16.68% of payroll. Table I-4 below shows sources for the change in the net employer contribution rate.

Table I-4
Net Employer Contribution Rate Reconciliation
(Before Cost-Sharing Adjustment)

	Normal Cost	UAL Payment	Total
FYE 2026 Net Employer Contribution Rate	**11.24%**	**5.29%**	**16.53%**
Fully paid 2004 Prop E and 2003 Prop F	0.00%	-0.11%	-0.11%
Payroll growth more than assumed	0.00%	-0.16%	-0.16%
Investment gain on actuarial value of assets	0.00%	-0.87%	-0.87%
Salary increases more than expected	0.00%	0.26%	0.26%
Other experience	-0.03%	0.12%	0.09%
Full Supplemental COLA	0.00%	0.23%	0.23%
Demographic assumption changes	0.55%	0.04%	0.59%
Asset smoothing method change	0.00%	0.12%	0.12%
FYE 2027 Net Employer Contribution Rate	**11.76%**	**4.92%**	**16.68%**

Normal cost includes administrative expenses and is net of employee contributions.

SECTION I – BOARD SUMMARY

- Amortization payments for the 2023 and 2024 Charter amendments were completed, resulting in a 0.11% decrease in the employer contribution rate.
- Payroll grew by 7.4%, more than the expected growth rate of 3.25%, resulting in a 0.16% reduction in the employer contribution rate. The dollar amount of amortization payments increases at the expected payroll growth rate. When payroll growth is more than assumed, the amortization payments decrease as a percentage of payroll.
- Investment gains on the smoothed Actuarial Value of Assets reduced the contribution rate by 0.87% of payroll.
- Salary increases for active members were higher than expected, especially for the Miscellaneous and Police membership. As a result, the employer contribution rates increased by 0.26% of payroll.
- Other plan experience, including retirements, terminations, disabilities, and member mortality, somewhat offset by contribution experience, increased the contribution rate by 0.09% of payroll.
- A full Supplemental COLA was payable as of July 1, 2025 because actual investment returns were greater than expected. The Actuarial Liability increased by about $330 and is amortized over 10 years with a 5-year phase-in, increasing the contribution rate by 0.23% of payroll beginning with the FYE 2027 contribution. The amortization payment will increase to approximately 1.17% of pay by the end of the 5-year phase-in period.
- Demographic assumptions changes increased the contribution rate by 0.59% of payroll.
- The asset smoothing method change increased the contribution rate by 0.12% of payroll.

Historical and Projected Trends

Each valuation is a snapshot of the long-term progress of a pension fund. It is important to judge a current year's valuation result in the context of historical and projected future trends. The baseline projections on page 10 include the cost and liability for assumed future Supplemental COLAs.

Supplemental COLAs are granted if the actual return on the Market Value of Assets exceeds the expected return on the Actuarial Value of Assets. For members hired after Proposition C (Prop C) passed in 2012, the Supplemental COLA is only payable if the System was 100% funded based on the Market Value of Assets. For non-Prop C Retirees, the projections assume 50% of a full Supplemental COLA each year (0.75% for most members). For the Prop C Retirees, the probability is slightly lower than 50% in the short term since the System is only 95% funded based on the Market Value of Assets.

The top chart on page 11 compares the Market Value of Assets to the Actuarial Liability for the historical period from 2015 to 2025 and the projected period from 2026 to 2035, assuming all assumptions are met. The light gray bars represent the historical Actuarial Liability in years when

SECTION I – BOARD SUMMARY

no Supplemental COLA was paid, while the black bars represent the historical Actuarial Liability in years when a Supplemental COLA was paid. The medium gray bars represent the projected Actuarial Liability with an assumed level of Supplemental COLA. The gray bar with a black outline is the current valuation year.

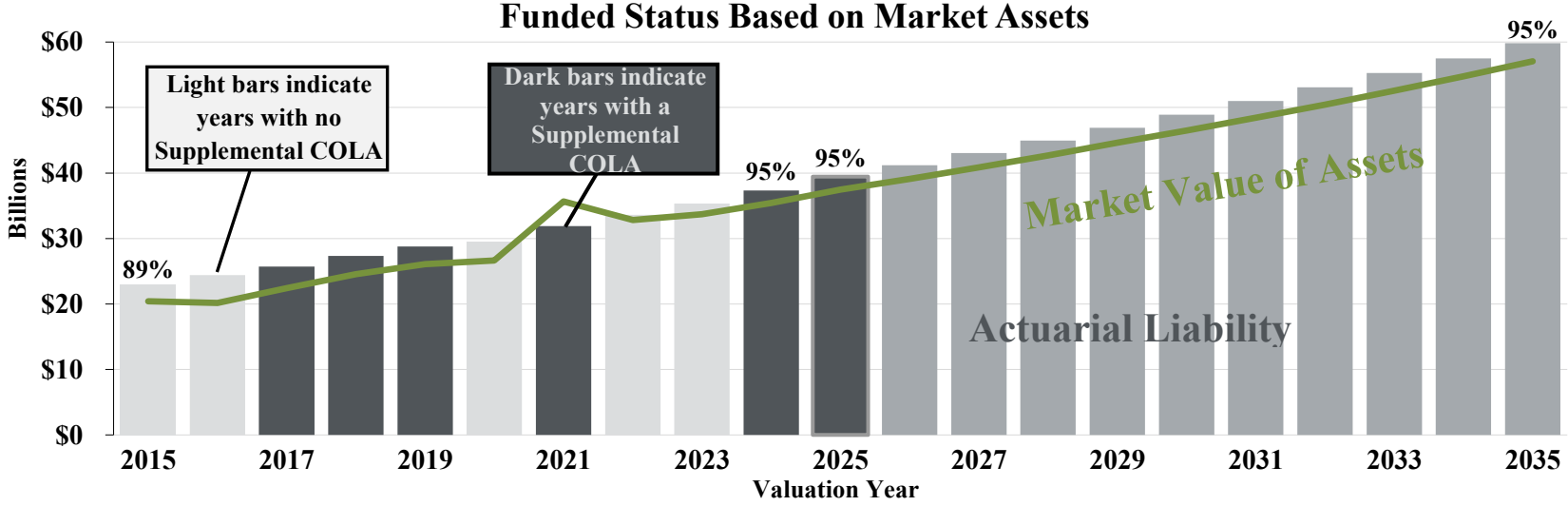
The funding ratios based on the Market Value of Assets are shown at the top of the bars. The System was 89% funded as of July 1, 2015. Since then, investment returns and contributions, offset by some assumption changes and the impact of actual Supplemental COLAs, have increased the funding ratio to 95% as of July 1, 2025.

The bottom chart on page 11 shows historical and projected contribution rates for the fiscal years ending 2017 through 2037. The dark and light gray bars represent historical member and employer contribution rates, while the purple and gold bars represent member and employer contribution rates currently in effect and projected for the future. The rates determined by the current valuation are a darker shade. The blue line represents the baseline projection from the 2025 actuarial valuation.

Since FYE 2021, the employer contribution rate has decreased primarily due to the completion of the amortization payments for certain charter amendments and investment returns on the Actuarial Value of Assets. In FYE 2028 and FYE 2029, employer contributions are expected to increase as deferred asset losses are recognized in the smoothed Actuarial Value of Assets and some amortization credits are fully amortized. After FYE 2031, employer contributions are expected to remain relatively level.

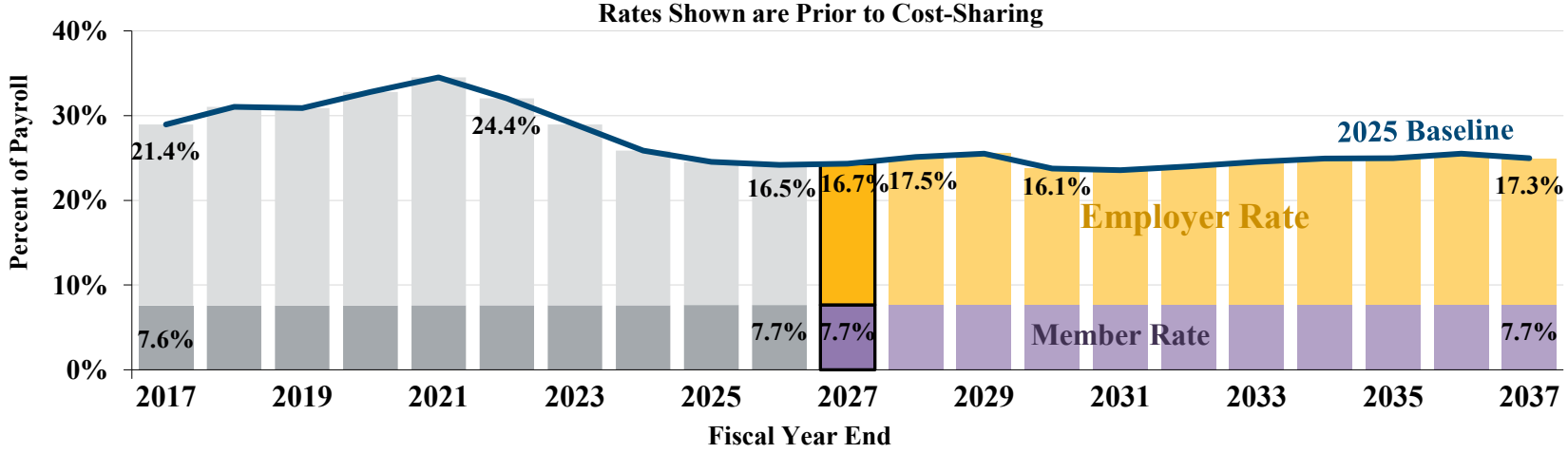
SECTION I – BOARD SUMMARY

Funded Status Based on Market Assets



Employer Contribution Rates

Rates Shown are Prior to Cost-Sharing



SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may be significantly different. This section of the report is intended to identify the primary risks to the plan, provide some background information about those risks, and assess those risks.

Identification of Risks

The fundamental risk to the System is that the contributions needed to pay the benefits become unaffordable. While SFERS cannot determine on its own what contribution level is unaffordable, we can project expected contribution rates and illustrate the potential impact of key sources of risk on those contribution rates so the employers can assess affordability. While there are several factors that could lead to contribution amounts becoming unaffordable, we believe the primary risks for this System are:

- Investment risk,
- Interest rate risk, and
- Supplemental COLA risk.

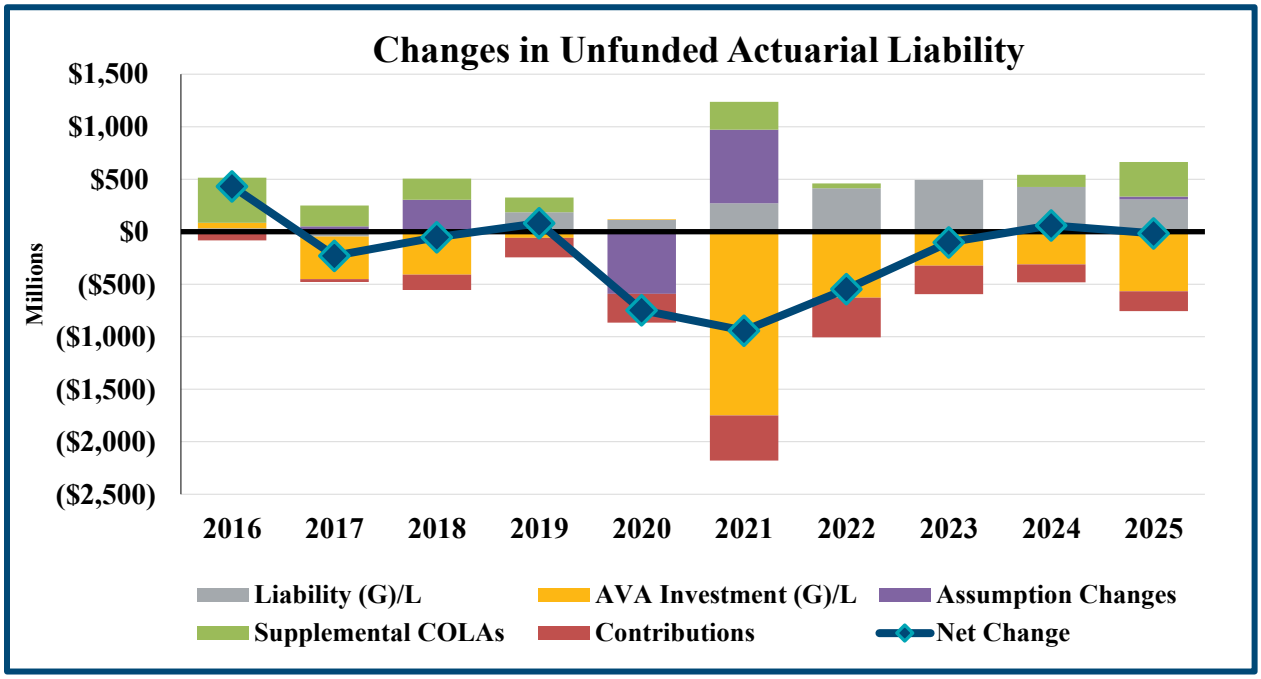
Investment risk is the potential for investment returns to differ from expectations. Interest rate risk is the potential for interest rates to be different from what is expected. For public plans, short-term fluctuations in interest rates have little or no effect, but longer-term trends can have a powerful effect on economic assumptions, particularly the discount rate. Supplemental COLA risk is the potential for future Supplemental COLA costs to increase contribution rates.

Other risks we have not identified may also prove important.

The chart on the following page shows the components of changes in the Unfunded Actuarial Liability for the last 10 years, including investment gains and losses on the Actuarial Value of Assets, liability gains and losses, assumption changes, benefit changes, and contributions compared to the tread water level of contributions (normal cost plus interest on the UAL, explained in more detail below). The dark blue line shows the net UAL change.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

SFERS Historical Changes in UAL 2016-2025



SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Table II-1

Changes in Unfunded Actuarial Liability

(Amounts in millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Discount Rate	**7.50%**	**7.50%**	**7.40%**	**7.40%**	**7.40%**	**7.20%**	**7.20%**	**7.20%**	**7.20%**	**7.20%**	
Source											
AVA (G)/L	$52	($406)	($409)	($59)	$6	($1,750)	($628)	($323)	($311)	($569)	**($4,395)**
Liability (G)/L	35	(46)	7	185	112	270	413	493	425	306	**2,200**
Assumptions/Methods	0	50	298	0	(591)	702	0	0	0	106	**564**
Supplemental COLAs	429	200	201	141	0	264	48	0	116	330	**1,729**
Contributions	(84)	(27)	(148)	(186)	(274)	(428)	(379)	(271)	(170)	(188)	**(2,155)**
Total UAL Change	**$432**	**($228)**	**($51)**	**$82**	**($747)**	**($942)**	**($546)**	**($101)**	**$61**	**($15)**	**($2,057)**

In the table, "Contributions" are normal cost, administrative expenses, and interest on the UAL minus actual member and employer contributions.

The totals on the previous page illustrate the significant risk attributable to investment returns and the corresponding and offsetting risk of Supplemental COLAs. The risk attributable to interest rates is partially shown in the cost of assumption changes when the discount rate is reduced. More significant impacts due to the reduction in the discount rate predate the 10-year window shown in this chart. More recently, the impact of inflation on salary increases has driven liability losses in the last several years. We have not identified inflation as a key risk for the System because it also has offsetting impacts, including the impact of higher interest rates on expected returns.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

On a smoothed asset basis, recent market experience has produced gains in eight of the last 10 years. Over the 10-year period, investment gains reduced the UAL by approximately $4.4 billion. The 10-year returns on the Actuarial Value and Market Value of Assets were 8.9% and 8.3%, respectively.

On the liability side (gray bars), the UAL has increased by approximately $2.2 billion over the 10-year period, primarily due to salary increases and Old Safety Basic COLAs experience losses.

Assumption and method changes (purple bars) over the last 10 years have increased the UAL by about $0.6 billion. The significant changes increasing the UAL have included reductions in the discount rate and increases in retirement rates. The assumption changes lowering the UAL in 2020 were primarily due to reductions in wage inflation and assumed Old Safety COLAs. In 2021, the discount rate was reduced from 7.4% to 7.2%, which increased the UAL by about $700 million. The assumption and method changes for 2025 included updates to demographic assumptions and a change to the asset smoothing methodology.

Benefit changes (green bars) are almost all Supplemental COLAs. While our projections include an assumed level of Supplemental COLAs, the Actuarial Liability for determining contribution rates in each valuation does not. In 2016, the benefit increase is a result of the 2013 and 2014 retroactive Supplemental COLAs. The 2022 increase is due to Proposition A which increased pre-96 retiree benefits for prior Supplemental COLAs that were not granted due to SFERS not being 100% funded. In 2024, $15.6 million of the $116 million increase is due to Propositions H and I, which increased benefits for certain members. Over the 10-year period, Supplemental COLAs and other benefit changes increased the UAL by about $1.7 billion.

Over the 10-year period, contributions have consistently reduced the UAL by about $2.2 billion in total. Each year, absent any contributions, the UAL is expected to increase for active member benefits attributable to the current year of service (the normal cost), administrative expenses, and interest on the UAL. This expected increase is referred to as the tread water level. If contributions exceed the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase.

In general, the amortization methods used to determine contributions to the System are designed to collect more than the tread water level. However, the System may temporarily pay less than this threshold due to asset smoothing, the one-year delay between the valuation date and when contribution rates become effective, or unexpected reductions in payroll.

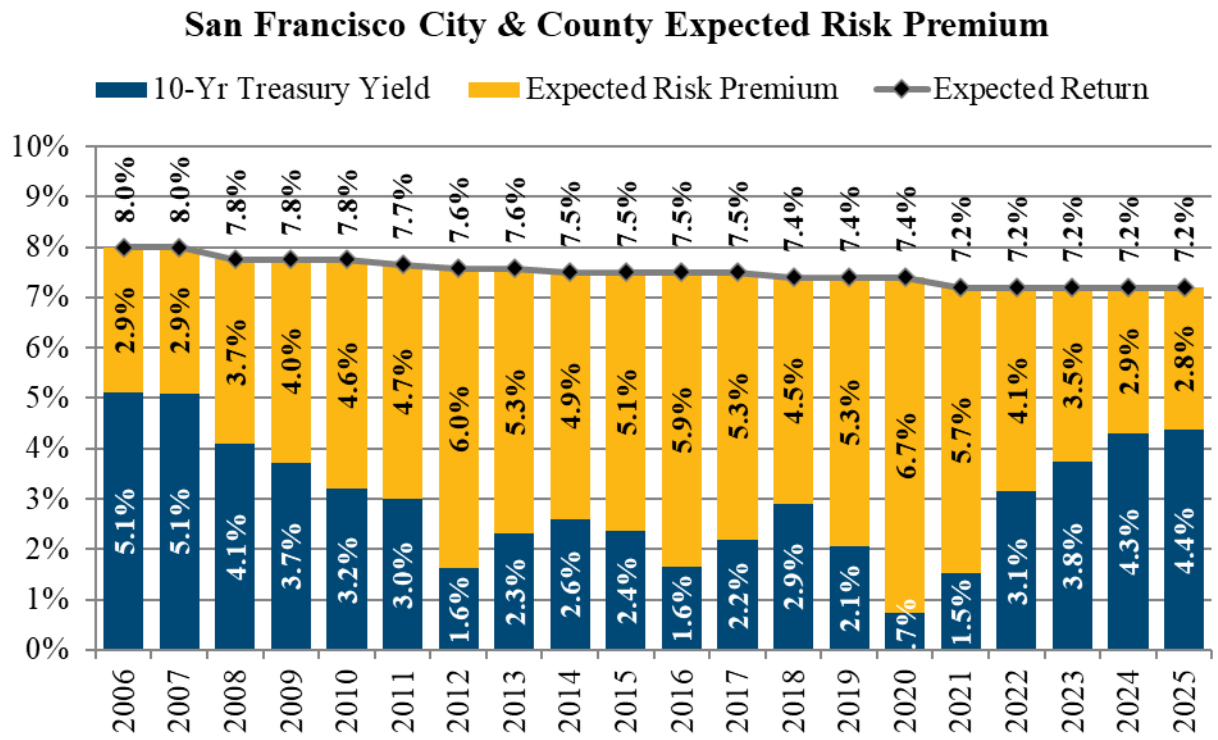
The chart below shows the yield on a 10-year Treasury security compared to the System's assumed rate of return. The difference is a simple measure of the investment risk premium. From 2007 to 2020, the yield on the 10-year Treasury declined from about 5.1% to 0.7%. During this period, the

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

System reduced its expected rate of return from 8.0% to 7.2%. Meanwhile, its expected risk premium grew from 2.9% to 6.7%. As interest rates declined, the System faced a choice:

- Maintain the same risk premium and reduce the expected rate of return;
- Maintain the same expected rate of return and increase the risk premium; or
- Some combination of the two strategies.

In the last three years, the yield on the 10-year Treasury has rebounded to 4.4% as the Federal Reserve increased rates to combat inflation. The expected risk premium has contracted to 2.8%, the lowest level in the last 20 years. If interest rates remain at the current level, there will be less pressure to reduce the discount rate further.



SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

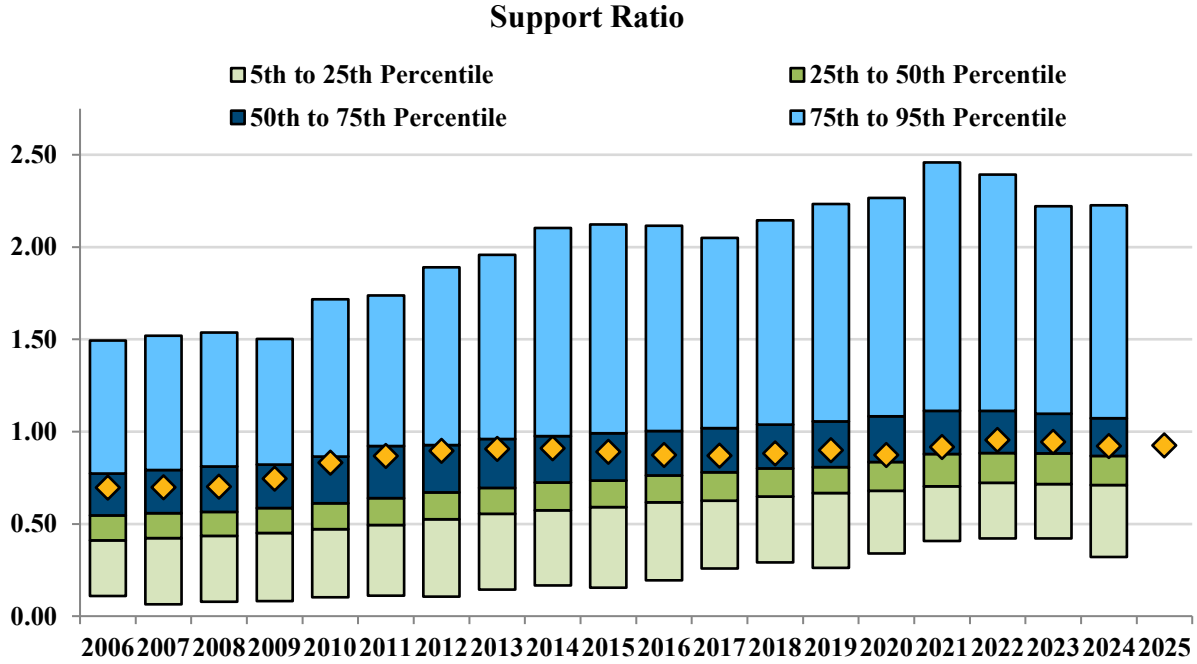
Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand the maturity of SFERS compared to other public plans and how the maturity has changed over time.

Plan maturity can be measured in a variety of ways, but all of the measures get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for SFERS.

SUPPORT RATIO (INACTIVES PER ACTIVE)

One simple measure of plan maturity is the ratio of the number of members receiving benefits to the number of active members. The revenue base supporting the plan is usually proportional to the number of active members, so a relatively high number of inactives compared to actives indicate a larger plan relative to its revenue base as well.



Survey Data from Public Plans Data as of 3/24/2026

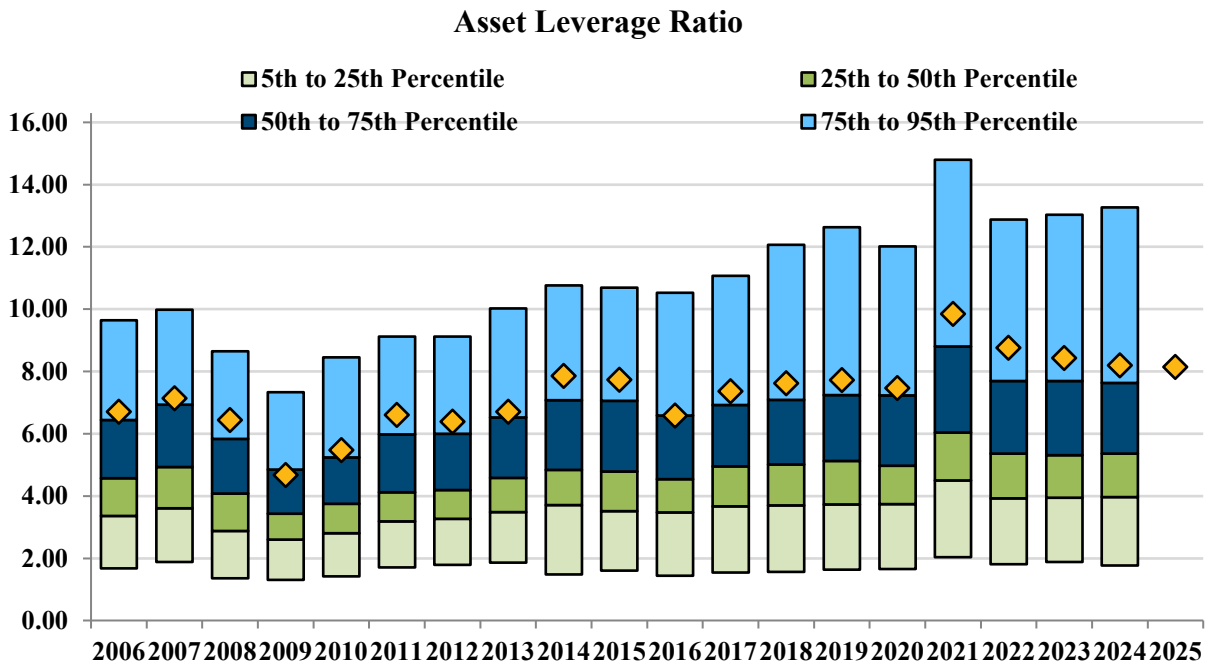
The chart above compares the distribution from the 5th to 95th percentile of support ratios for the plans in Public Plans Data to SFERS (yellow diamonds). Like many other plans, SFERS's support ratio increased during the Great Recession, but it has stabilized in recent years while other plans

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

have continued to increase. The support ratio for SFERS increased slightly in 2021 and 2022 due to declines in active membership but decreased slightly in 2023 and 2024.

LEVERAGE RATIOS

Leverage or volatility ratios measure the size of the plan compared to its revenue base more directly. For example, an asset leverage ratio of 5.0 means that if the system experiences a 10% loss on assets compared to the expected return, the loss would be equivalent to 50% of payroll. The same investment loss for a system with an asset leverage ratio of 10.0 would be equivalent to 100% of payroll. Plans with higher asset leverage ratios are more sensitive to variations in investment returns.



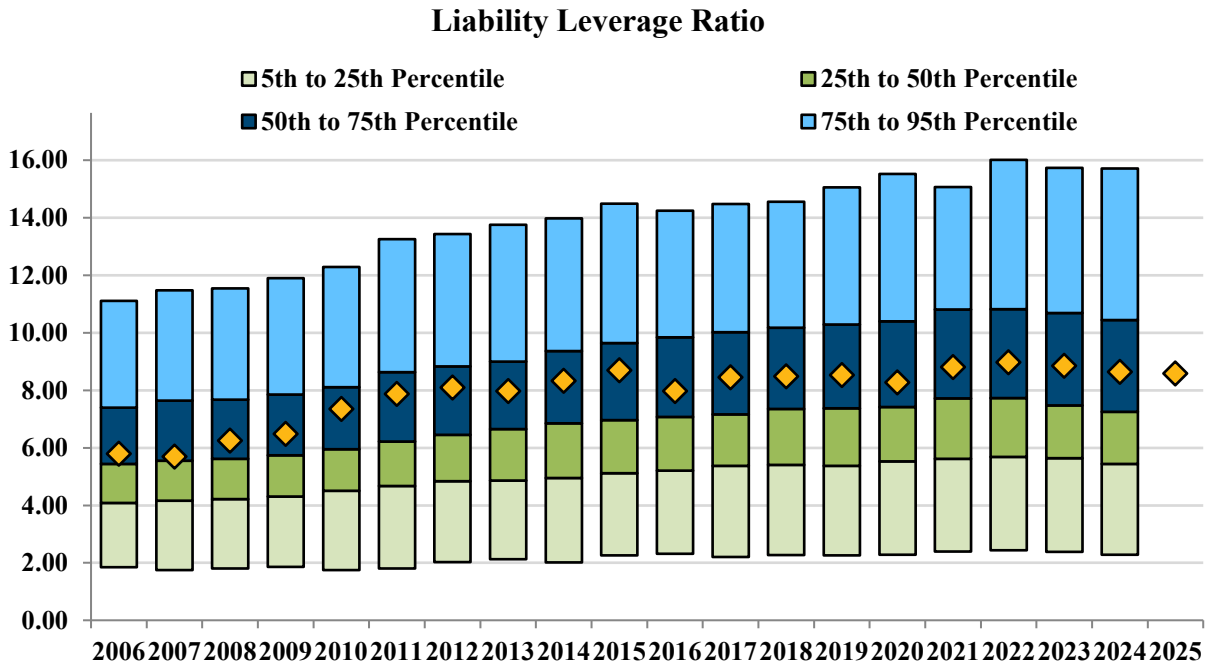
Survey Data from Public Plans Data as of 3/24/2026

The chart above compares the distribution of asset leverage ratios from the 5th to 95th percentile for the plans in the Public Plans Database to SFERS (yellow diamonds).

SFERS' asset leverage ratio has consistently been at the 75th percentile or above compared to other plans, while its absolute level has fluctuated with investment returns and the System's growth. It reached a low during this period of 4.7 in 2009, a peak of 9.3 in 2021, and has since decreased to 8.1 as of July 1, 2025. SFERS' asset leverage ratio remained stable in 2025, indicating that payroll moved in proportion to its assets. This level indicates that SFERS is more sensitive to investment returns than 75% of public plans. For example, an investment loss of 10% (compared to the

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

assumed return) would increase SFERS UAL by about 81% of payroll compared to only 54% of payroll for the median plan in 2024.



Survey Data from Public Plans Data as of 3/24/2026

The chart above compares the distribution of liability leverage ratios from the 5th to 95th percentile for the plans in the Public Plans Database to SFERS (yellow diamonds).

SFERS' Actuarial Liability leverage ratio has consistently been between the 50th and 75th percentiles and has recently held relatively constant, around 8.0, while other plans have been increasing. SFERS remains in the 50th to 75th percentile, which means that it is slightly more sensitive to the impact of assumption changes than most public plans. For example, an assumption change that increases the Actuarial Liability by 5% would add a liability equivalent to about 42% of payroll for SFERS compared to about 36% of payroll for the median plan in 2024.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Assessment of Risks

The fundamental risk to the System is that the contributions needed to fund the benefits become unaffordable. Assessing this risk, however, is complex because there is no bright line of what is unaffordable and the contribution amounts themselves are affected not just by the experience of the System, but also by the interaction of that experience and decisions by the Board related to assumptions, asset smoothing methods, and amortization periods.

INVESTMENT RISK – STRESS TESTING

We developed six hypothetical scenarios to assess the potential impact of investment risk. The scenarios are balanced between positive and negative and are based on a lognormal distribution of one- and five-year expected returns, as shown in the table below, using the 10-year capital market assumptions from SFERS' investment consultant Wilshire (Geometric return = 6.7%, standard deviation = 13.4).

Table II-2
Distribution of Expected Average Annual Returns

Percentile	1 Year	5 Year
5%	-13.1%	-2.7%
25%	-1.9%	2.7%
50%	6.7%	6.7%
75%	16.0%	10.7%
95%	30.8%	16.9%

The scenarios include a one-year shock using the 5th and 95th percentile returns for one year, a five-year moderate scenario using the 25th and 75th percentile returns for five years, and a five-year significant scenario using the 5th and 95th percentile returns for five years. The table on the next page summarizes the theoretical scenarios.

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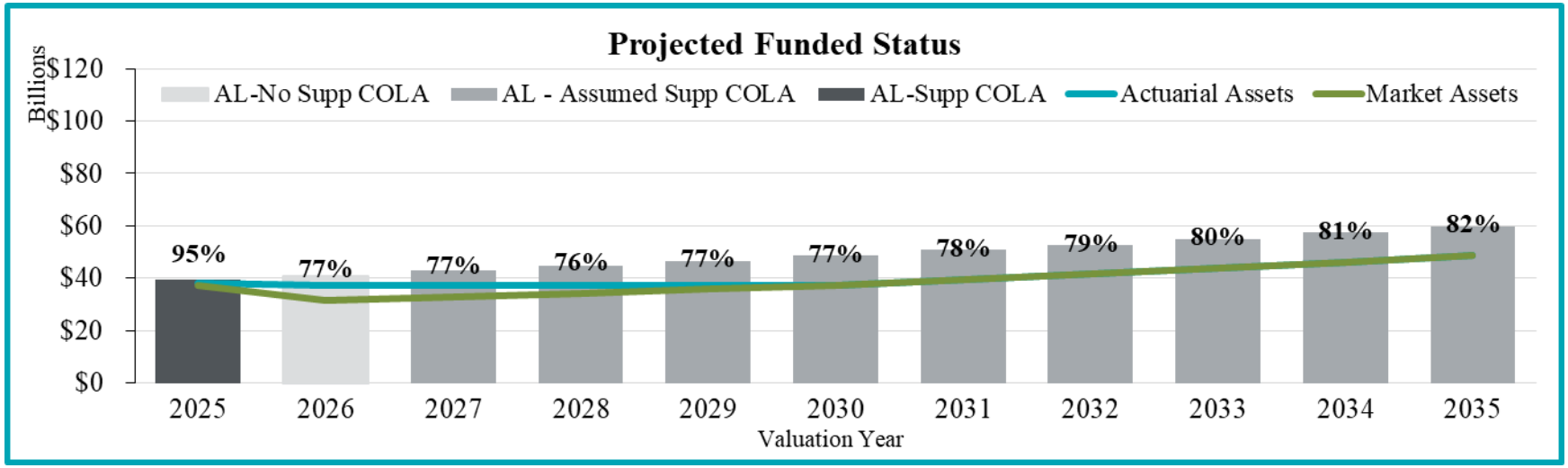
Table II-3
Theoretical Scenarios

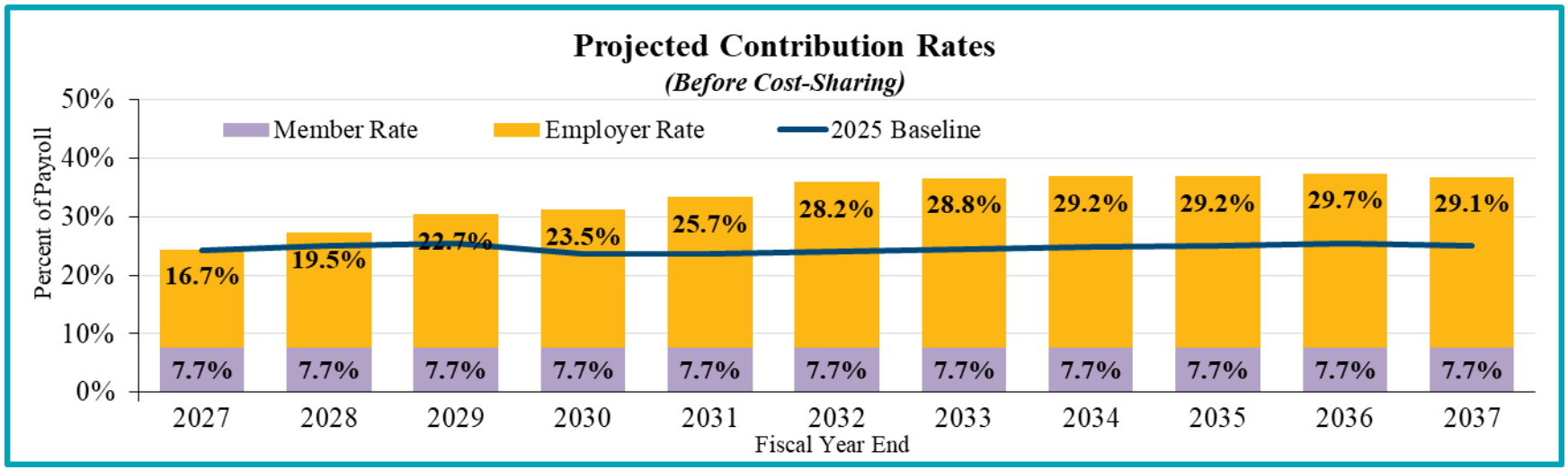
	1-Yr Shock		5-Yr Moderate		5-Yr Significant	
FYE	**Neg**	**Pos**	**Neg**	**Pos**	**Neg**	**Pos**
2026	-13.1%	30.8%	2.7%	10.7%	-2.7%	16.9%
2027	7.2%	7.2%	2.7%	10.7%	-2.7%	16.9%
2028	7.2%	7.2%	2.7%	10.7%	-2.7%	16.9%
2029	7.2%	7.2%	2.7%	10.7%	-2.7%	16.9%
2030	7.2%	7.2%	2.7%	10.7%	-2.7%	16.9%
2031+	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%

The charts on pages 21-27 show the projections under each of these theoretical scenarios. The contribution charts include a blue line representing the 2025 baseline projections shown in the Board Summary (on page 11) to facilitate the comparison between the scenario and the projections assuming all assumptions are met. Supplemental COLAs for future years, where the return differs from the assumption are calculated based on actual returns in excess of the expected return on the Actuarial Value of Assets. In years, where the return equals the assumed return, a partial Supplemental COLA is assumed based on the probability of the return exceeding the amount necessary to generate a Supplemental COLA. The liability projections are shown as black bars in years a Supplemental COLA is payable, medium gray bars in years when a Supplemental COLA is assumed to be payable, and light gray bars in years when no Supplemental COLA is payable. The contribution rates are shown before any cost-sharing adjustments.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

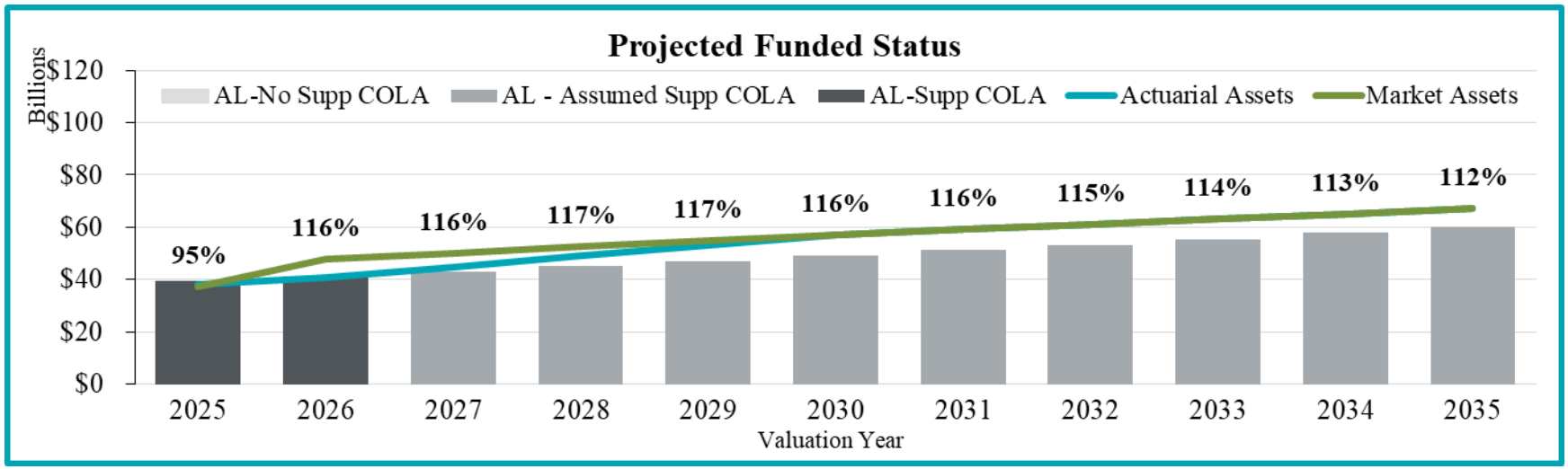
One-Year Negative Shock Scenario: -13.1% return FYE 2026, 7.2% thereafter

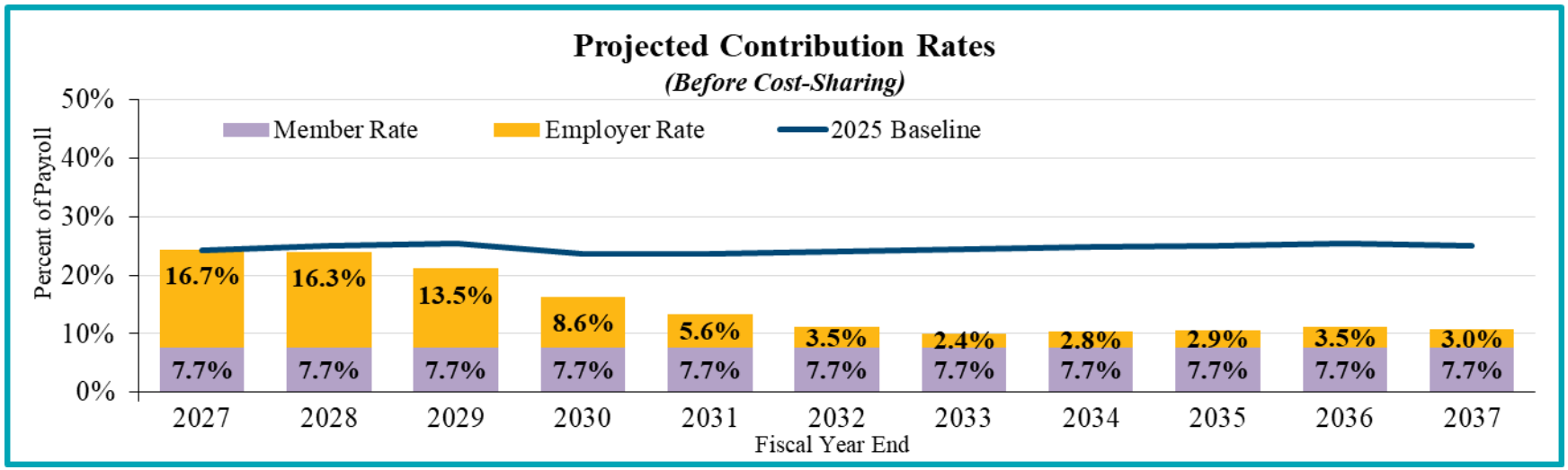




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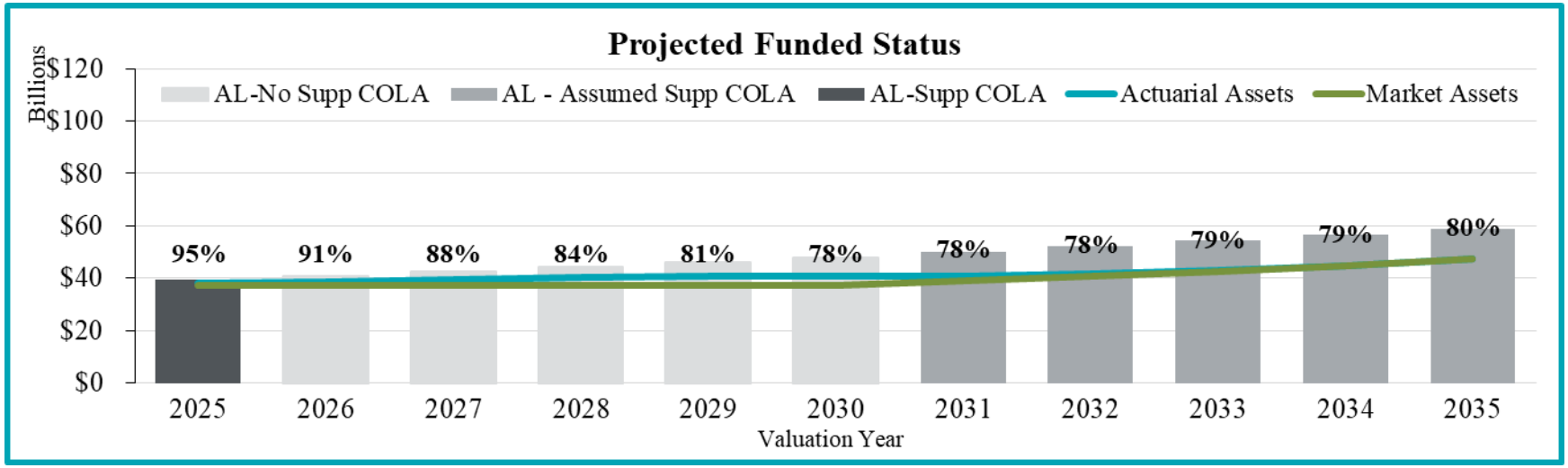
One-Year Positive Shock Scenario: 30.8% return FYE 2026, 7.2% thereafter

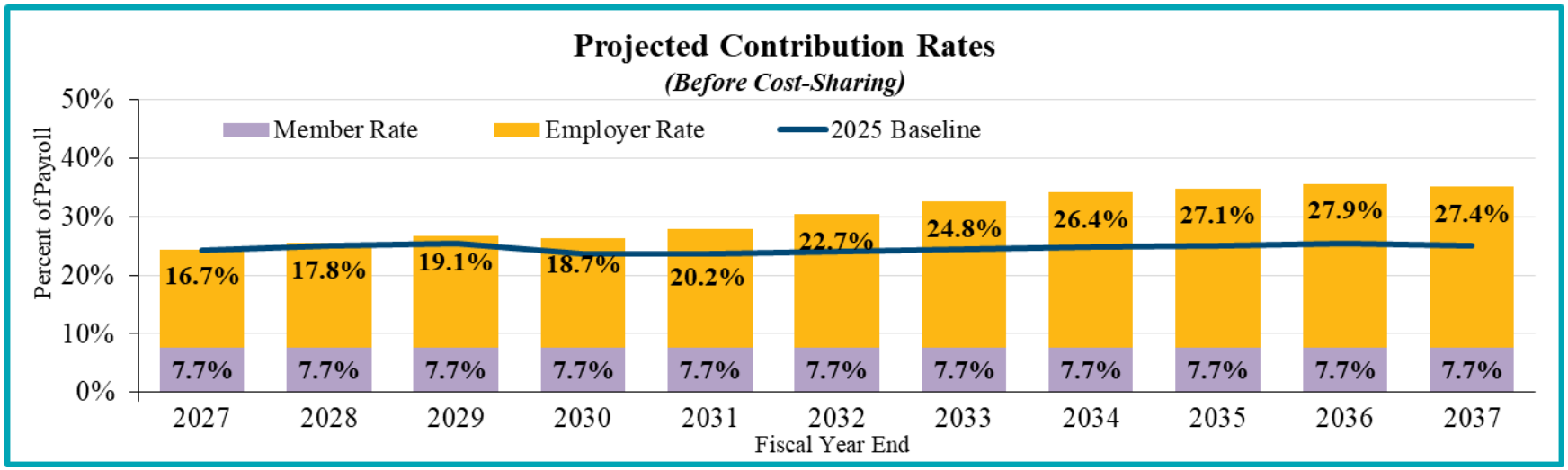




SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

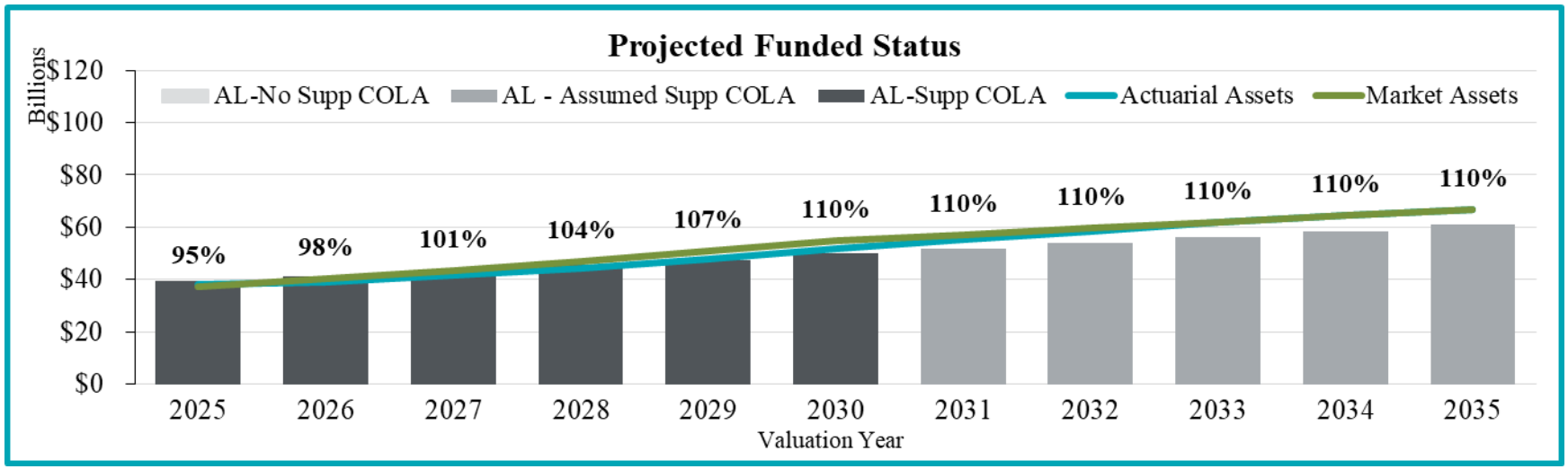
Five-Year Moderate Negative Scenario: 2.7% return FYE 2026-2030, 7.2% thereafter

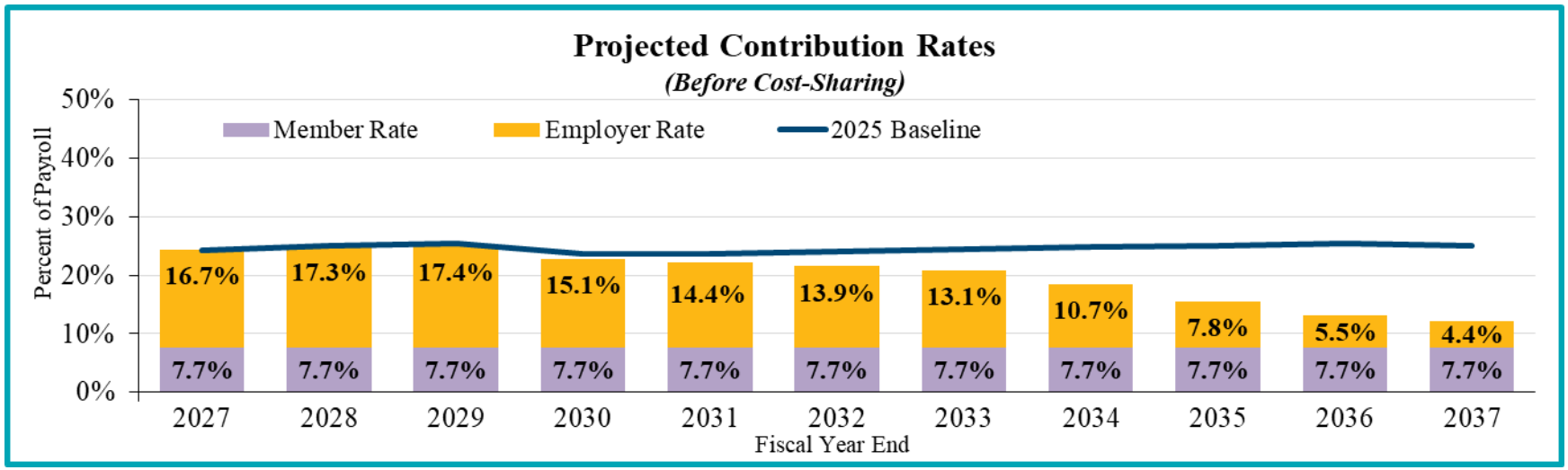




SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

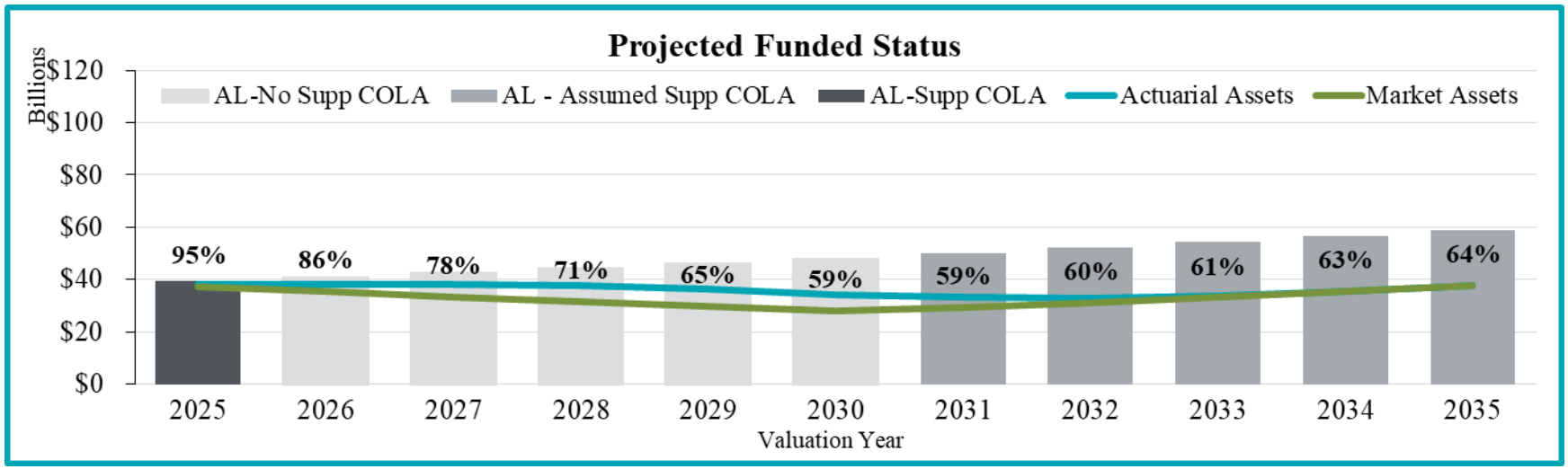
Five-Year Moderate Positive Scenario: 10.7% return FYE 2026-2030, 7.2% thereafter

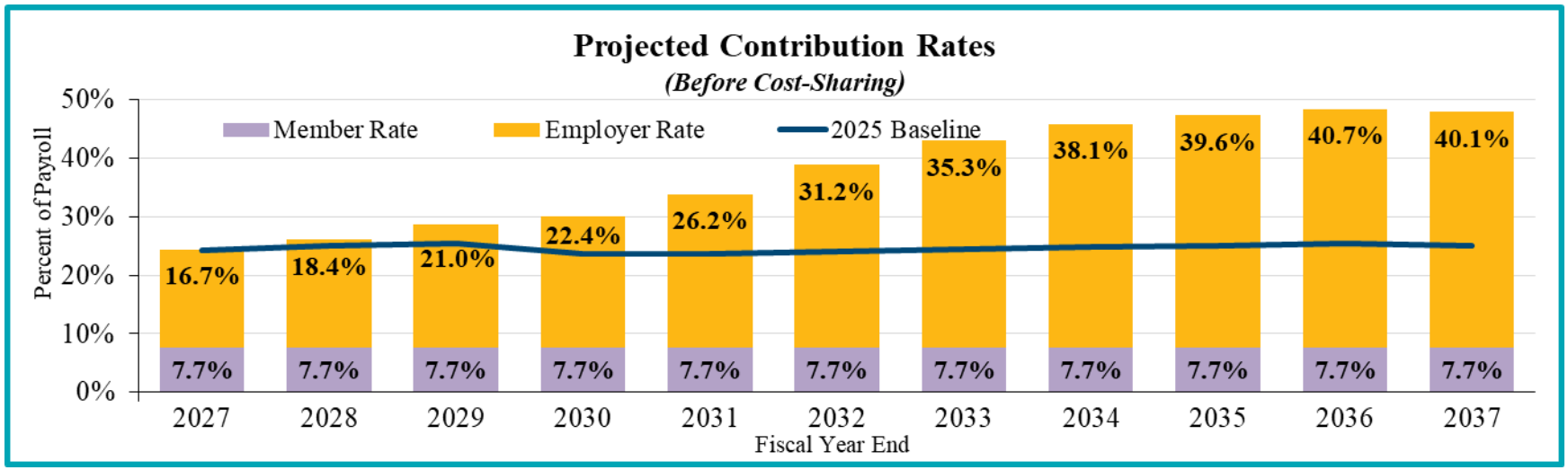




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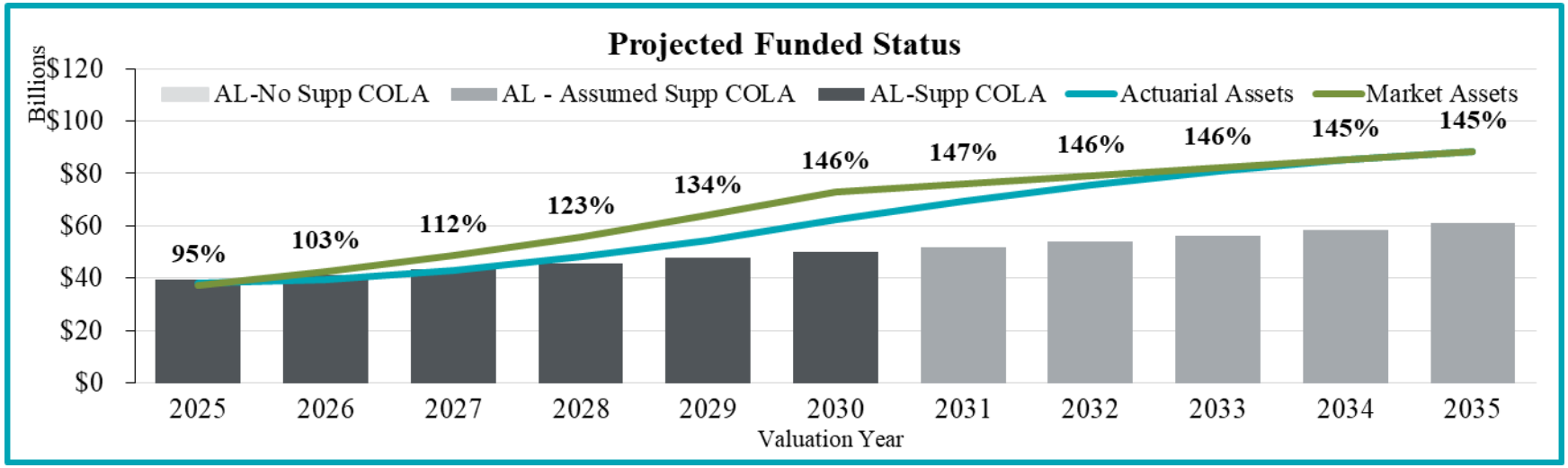
Five-Year Significant Negative Scenario: -2.7% return FYE 2026–2030, 7.2% thereafter

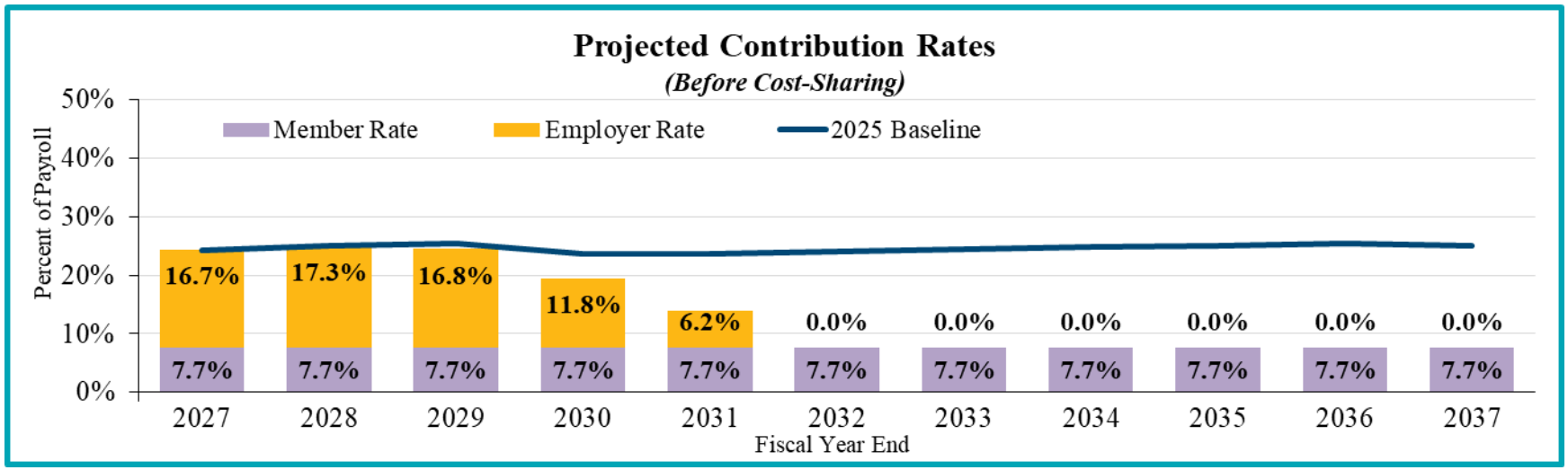




SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Five-Year Significant Positive Scenario: 16.9% return FYE 2026-2030, 7.2% thereafter





SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

The scenarios show that actual future investment returns significantly impact future contribution rates.

All positive economic scenarios produce Supplemental COLAs for all retirees and declining contribution rates.

- The one-year positive shock scenario (+30.8%) produces a Supplemental COLA for 2026 and immediate reductions in employer contribution rates through FYE 2033 as the investment gains are recognized in the Actuarial Value of Assets.
- The five-year moderate positive scenario (+10.7%) produces Supplemental COLAs for 2026 through 2030. Initially, the amortization payments of the Supplemental COLAs are equal to the investment gains. Then, employer contribution rates decline as SFERS becomes fully funded based on the smoothed assets, from a peak in FYE 2029 to a low in FYE 2037.
- The five-year significant positive scenario (+16.9%) also produces Supplemental COLAs for 2026 through 2030. But the recognition of the investment gains in the Actuarial Value of Assets quickly overcomes the cost of the Supplemental COLAs and reduces employer contribution rates to 0.0% by FYE 2032, where they remain as the System is projected to be 146% funded.

The five-year negative economic scenarios produce no Supplemental COLAs and increase employer contribution rates during the 10-year projection period.

- The one-year negative shock (-13.1%) shows employer rates increasing immediately and reaching a peak in FYE 2036 of 29.7%. The funded status remains at or above 76% throughout the 10-year period.
- The five-year moderate negative scenario (+2.7%) also shows contribution rates increasing immediately. They continue to increase over the period and peak at 27.9% in FYE 2036. The funded status remains at or above 78% throughout the 10-year period.
- The five-year significant negative scenario (-2.7%) produces a slight increase in the rate in FYE 2028 before the employer rate escalates quickly, reaching 40.7% in FYE 2036. The funded status declines significantly each year, dropping to 59% funded in 2030 before it gradually increases to 64% at the end of the 10-year period.

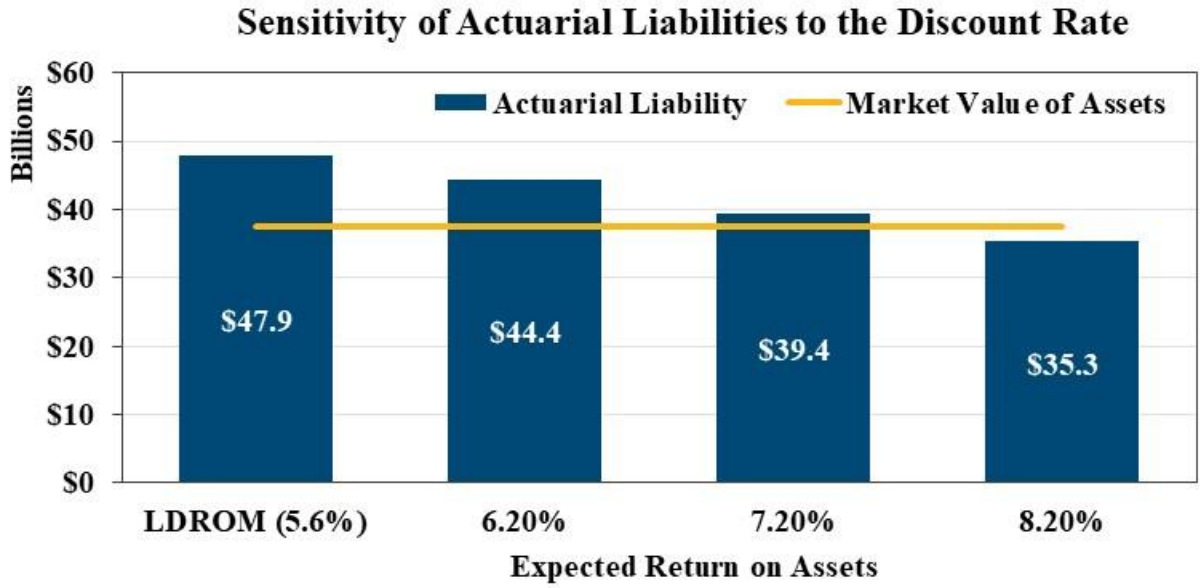
The investment returns used in the projections above were selected solely to illustrate the impact of investment volatility on the pattern of funded status and employer contribution rates. They are not intended to be predictive of actual future contribution rates or funded status or even to represent a realistic pattern of investment returns.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

INTEREST RATE AND DISCOUNT RATE CHANGE RISK – SENSITIVITY TESTING

As shown in Table II-1 (page 14), assumption changes over the last decade have increased the UAL by approximately $0.6 billion, primarily due to decreases in the discount rate from 7.50% to 7.20%. The reductions in discount rates were largely driven by declines in interest rates that affect expectations of future investment returns. If the recent rise in interest rates persists, it may ease the pressure to reduce discount rates. But if interest rates revert to the low levels reached during the pandemic or if there is a desire or need to reduce investment risk, the discount rate and expected returns may need to be reduced further.

The chart below compares the Market Value of Assets (gold line) to the Actuarial Liability (blue bar) using discount rates equal to the current expected rate of return and 100 basis points above and below the expected rate of return. In addition, the chart shows the low-default-risk obligation measure (LDROM), which is the Actuarial Liability using a discount rate derived from low-default-risk fixed income securities that approximately match the benefit payments of the plan.



SFERS invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. If investments return 7.20% annually, SFERS would need approximately $39.4 billion in assets today to pay all benefits attributable to past service, compared to current assets of $37.5 billion. If investment returns are only 6.20%, SFERS would need approximately $44.4 billion in assets today, and if investment returns are 8.20%, only $35.3 billion in assets would be needed.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

The lowest-risk portfolio for a pension plan with fixed cash flows would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of SFERS. As of June 30, 2025, using the FTSE Pension Liability Index (rounded to 10 basis points), we estimate that such a portfolio would have an expected return of 5.6%, and SFERS would need $47.9 billion to pay all benefits attributed to past service. This amount is the LDROM. The $8.5 billion difference between the LDROM and the Actuarial Liability at 7.20% represents the expected savings from bearing the risk of investing in SFERS' diversified portfolio. Alternatively, it also represents the cost of eliminating the investment risk.

Because SFERS invests in a diversified portfolio rather than the LDROM portfolio, the reported funded status is higher and expected employer contributions are lower. Benefit security for SFERS members depends on a combination of the plan's assets, the investment returns generated on those assets, and the ability of employers to make any needed future contributions. An LDROM portfolio would generate more predictable but lower expected investment returns, potentially changing the level of reliance on future employer contributions to secure benefits.

SUPPLEMENTAL COLA RISK – STRESS TESTING

Supplemental COLA risk is the potential for the cost of future Supplemental COLAs to increase contribution rates. Supplemental COLAs are granted if actual returns on the Market Value of Assets exceed the expected return on Actuarial Value of Assets. For members hired after Proposition C passed in 2012, the Supplemental COLA is only payable if the System is also 100% funded.

In determining the Actuarial Liability in the funding valuation and whether the System is 100% funded, there are no future Supplemental COLAs assumed. In the projections, however, Supplemental COLAs are assumed to be granted each year in the future with a 50% probability (multiplied by the probability of being 100% funded for members with that requirement). If the Actuarial Liability were determined with the same assumption, it would affect the funded status, as shown in the table on the following page.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK

Table II-4
Impact of Anticipating Future Supplemental COLAs

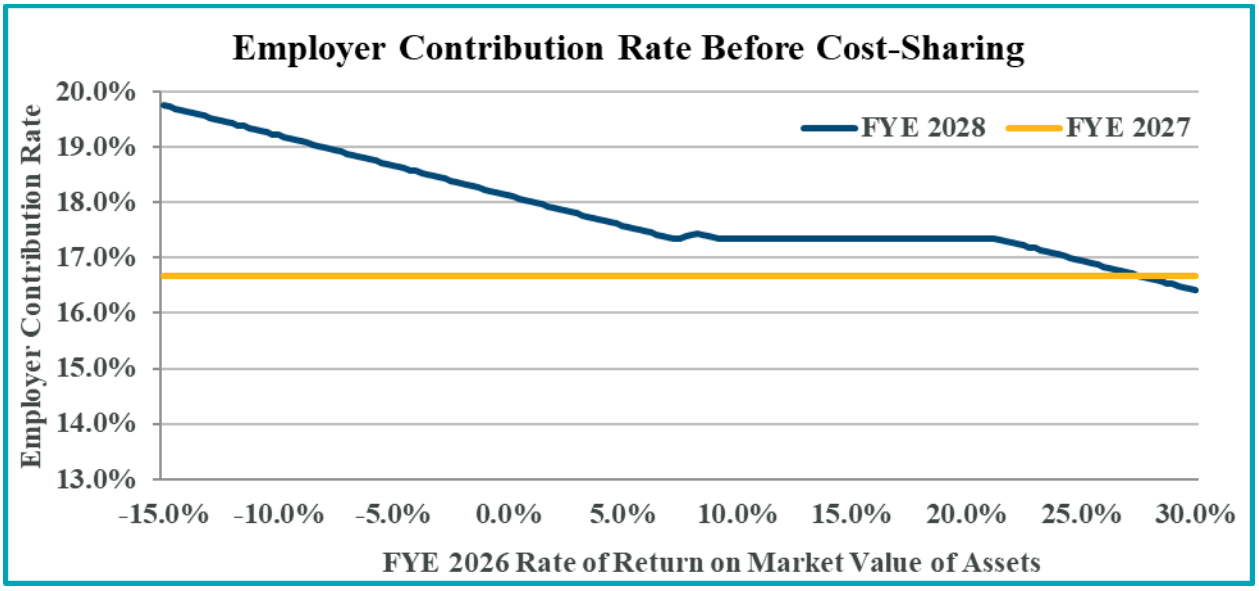
	Future Supplemental COLAs		
	None	Assumed	% Difference
Actuarial Liability	$39,446.1	$42,172.6	6.9%
Actuarial Value of Assets	$38,185.1	$38,185.1	0.0%
Unfunded Actuarial Liability (actuarial value)	$1,261.0	$3,987.5	216.2%
Funding Ratio (actuarial value)	96.8%	90.5%	-6.3%
Market Value of Assets	$37,450.1	$37,450.1	0.0%
Unfunded Liability (market value)	$1,996.0	$4,722.5	136.6%
Funding Ratio (market value)	94.9%	88.8%	-6.1%

While current contribution rates do not anticipate any future Supplemental COLAs, when a Supplemental COLA is granted, the increase in Actuarial Liability is amortized over a fixed period between 5 to 10 years, generally not exceeding the amortization credit for the investment gain that generated the Supplemental COLA. The revised Supplemental COLA amortization policy mitigates increases in the employer contribution rate when returns are greater than the assumed rate and a Supplemental COLA is granted.

To illustrate the impact of the Supplemental COLA on the employer contribution rate, the chart on the next page shows the estimated FYE 2028 contribution rate, assuming actual rates of investment return vary from -15% to 30% with all other actuarial assumptions being met. The expected employer contribution rate for FYE 2028 ranges from 16.4% to 19.8%, a relatively narrow range compared to the extremely wide range of investment returns.

As shown in the chart, a return of approximately 7.4% starts to generate a Supplemental COLA, and a return of approximately 8.3% or greater generates a full Supplemental COLA for the non-Prop C retirees.

SECTION II – ASSESSMENT AND DISCLOSURE OF RISK



SECTION III – CERTIFICATION

The purpose of this report is to present the July 1, 2025 Actuarial Valuation of the San Francisco City and County Employees' Retirement System (SFERS or the System). This report is for the use of the System and its auditors in setting contribution levels and preparing financial reports in accordance with applicable law and annual report requirements.

In preparing our report, we relied on information, some oral and some written, supplied by the System. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with the Actuarial Standard of Practice No. 23.

All demographic assumptions and the price and wage inflation assumptions were adopted at the September 10, 2025 Board meeting based on our recommendations. Please refer to the demographic experience study report dated September 2025 for the rationale for the demographic assumptions and the November 12, 2025 Board presentation for the rationale for the economic assumptions. The amortization policy change was adopted at the March 11, 2026 Board meeting. We believe all the assumptions are reasonable for the purposes of the measurement.

The measures, including funding ratios, in this report are for the purpose of establishing contribution rates. These measures are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic projections in this report were developed using P-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the System. P-scan uses standard roll-forward techniques that implicitly assume a stable active population. Assumed Supplemental COLAs are included in these projections.

SECTION III – CERTIFICATION

Stochastic projections in this presentation were developed using R-scan, our proprietary tool for assessing the probability of different outcomes based on the range of potential investment returns. We relied on Cheiron colleagues for the development of the model. The stochastic projections of investment returns assume that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. The standard deviation used in the stochastic projection of investment returns was provided by the System's investment consultant.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report was prepared for the System for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

William R. Hallmark, ASA, EA, MAAA, FCA
Consulting Actuary

Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

SECTION IV – ASSETS

SFERS uses and discloses two different asset measurements: the Market Value and the Actuarial Value of Assets. The market value represents the value of the assets if they were liquidated on the valuation date. The Actuarial Value of Assets is a value that attempts to smooth annual investment return performance over multiple years to reduce the impact of investment volatility on SFERS contribution rates.

This section includes the following information on SFERS assets:

- Statement of changes in the Market Value of Assets during the year,
- Development of the Actuarial Value of Assets, and
- Discussion of investment performance for the year.

Changes in the Market Value of Assets

Table IV-1
Change in Market Value of Assets
(Amounts in thousands)

	FYE 2024	FYE 2025
1. Market Value, Beginning of Year	$33,688,428	$35,417,666
2. Additions		
a. Employer Contributions	672,618	685,309
b. Member Contributions	427,512	442,009
c. Total Contributions: (2a. + 2b.)	$1,100,130	$1,127,318
3. Net Investment Income	2,587,698	2,961,176
4. Benefits	(1,932,046)	(2,024,001)
5. Administrative Expenses	(26,544)	(32,064)
6. Net Increase/(Decrease): (2c.+3.+4.+5.)	$1,729,238	$2,032,429
7. Market Value, End of Year	**$35,417,666**	**$37,450,095**
8. Estimated Rate of Return on Market Value	7.8%	8.5%

SECTION IV – ASSETS

Actuarial Value of Assets

To determine ongoing contribution requirements, most pension funds utilize an Actuarial Value of Assets that differs from the Market Value of Assets. The Actuarial Value of Assets is intended to smooth year-to-year investment returns to reduce the volatility of contribution rates.

The Retirement Board adopted a new asset smoothing method starting with the July 1, 2025 valuation. The Actuarial Value of Assets is calculated by recognizing 20% of each of the past five years of actual investment experience compared to the expected return on the Market Value of Assets. To transition, the investment gain or (loss) for fiscal years ending 2021 through 2024 was based on the prior method of the expected return on the Actuarial Value of Assets. See Appendix B for further explanation of the asset valuation method. Table IV-2 develops the deferred gain or loss for the Actuarial Value of Assets.

Table IV-2
Development of Deferred Investment Gains and (Losses)
(Amounts in thousands)

Year End	Actual Return	Expected Return	Investment Gain/(Loss)	Deferred	Deferred Gain/(Loss)
June 30, 2021	$9,447,669	$1,991,288	$7,456,381	0%	$0
June 30, 2022	(2,308,320)	2,171,201	(4,479,521)	20%	(895,904)
June 30, 2023	1,670,666	2,319,837	(649,171)	40%	(259,668)
June 30, 2024	2,587,698	2,449,128	138,570	60%	83,142
June 30, 2025	2,961,176	2,539,336	421,840	80%	337,472
Total Deferred Investment Gain or (Loss)					($734,958)

Table IV-3 adjusts the Market Value of Assets for the Deferred Investment Gains and Losses to determine the Actuarial Value of Assets.

SECTION IV – ASSETS

Table IV-3

Development of the Actuarial Value of Assets

(Amounts in thousands)

Item	Value
1. Market Value of Assets as of June 30, 2025	$37,450,095
2. Total Deferred Investment Gain or (Loss)	(734,958)
3. Actuarial Value of Assets as of June 30, 2025 [1. - 2.]	$38,185,053
4. Ratio of Actuarial Value to Market Value [3. / 1.]	102.0%
5. Estimated Rate of Return on Actuarial Value	8.6%

Investment Performance

The internal rate of return on the Market Value of Assets, net of investment expenses, was 8.5% for the plan year ending June 30, 2025. This return compares to an assumed rate of return of 7.2% and resulted in actual investment returns that are approximately $422 million more than the expected return on the Market Value of Assets.

On an Actuarial Value of Assets basis, the return for the plan year ending June 30, 2025, was 8.6% compared to the assumed return of 7.2%. This return produced an investment gain on the Actuarial Value of Assets of $569 million for the plan year ending June 30, 2025.

SECTION V – MEASURES OF LIABILITY

This section presents detailed information on liability measures for SFERS for funding purposes, including:

- Present value of future benefits,
- Normal cost,
- Actuarial Liability, and
- Analysis of changes in the Unfunded Actuarial Liability during the year.

These measures are developed to establish contribution rates and are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.

Present Value of Future Benefits

The present value of future benefits represents the amount of money today that is expected to be needed to pay all benefits of SFERS; both earned as of the valuation date and those to be earned in the future by current plan members under the current plan provisions if all assumptions are met. Table V-1 below shows the present value of future benefits as of July 1, 2024 and July 1, 2025.

Table V-1
Present Value of Future Benefits
(Amounts in thousands)

Group	July 1, 2024	July 1, 2025	% Change
Actives	$21,451,340	$23,239,800	8.3%
Terminated Vested	950,813	1,010,891	6.3%
Members Receiving Benefits	22,637,693	23,942,136	5.8%
Total	**$45,039,846**	**$48,192,827**	**7.0%**

Normal Cost

Under the Entry Age Actuarial Cost Method, the present value of future benefits for each individual is spread over the individual's expected working career as a level percentage of the individual's expected pay. The normal cost is the amount attributed to the next year of service. Table V-2 on the next page shows the normal cost as of the valuation date separately for each tier of benefits for Police, Fire, and Miscellaneous employees.

SECTION V – MEASURES OF LIABILITY

Table V-2

Normal Cost by Group as of July 1, 2025

(Amounts in thousands)

Charter Group	Police	Fire	Miscellaneous	Total
New	$53,597	$32,154	$226,353	$312,104
Prop D	1,036	3,237	29,983	34,256
Prop C	80,352	63,024	444,216	587,592
Total	**$134,985**	**$98,415**	**$700,552**	**$933,952**

Actuarial Liability

The Actuarial Liability is calculated by taking the present value of all future benefits and subtracting the present value of future normal costs as determined under the Entry Age Actuarial Cost Method. The Actuarial Liability represents the amount of money today that is expected to be needed to pay for benefits attributed to service prior to the valuation date if all assumptions are met. Table V-3 below shows the Actuarial Liability as of the valuation date separately for Police, Fire, and Miscellaneous employees.

Table V-3

Actuarial Liability by Group as of July 1, 2025

(Amounts in thousands)

Group	Police	Fire	Miscellaneous	Total
Actives	$2,175,373	$1,492,308	$10,825,374	$14,493,055
Terminated Vested	62,617	24,655	923,619	1,010,891
Members Receiving Benefits				
Retirees	3,080,875	2,265,440	14,095,553	19,441,868
Disabled	1,098,719	1,172,600	482,108	2,753,427
Beneficiaries	462,077	386,438	898,326	1,746,841
Total Members Receiving Benefits	$4,641,671	$3,824,478	$15,475,987	$23,942,136
Total Actuarial Liability	**$6,879,661**	**$5,341,441**	**$27,224,980**	**$39,446,082**

SECTION V – MEASURES OF LIABILITY

Changes in Unfunded Actuarial Liability

The Unfunded Actuarial Liability (UAL) is the difference between the Actuarial Liability and the Actuarial Value of Assets. The UAL of any retirement plan is expected to change at each subsequent valuation for various reasons. Table V-4 on the following page presents key changes in the UAL since the last valuation.

Table V-4
Key Changes in the UAL
(Amounts in millions)

Item	Cost
1. Unfunded Actuarial Liability (UAL) at July 1, 2024	$1,276
2. Middle of year expected actuarial liability payment	(236)
3. Interest to end of year on 1. and 2.	84
4. Expected UAL at July 1, 2025 (1+2+3)	1,124
5. Actual Unfunded Liability at July 1, 2025	1,261
6. Assumption/Asset Method Changes	106
7. Experience Gain/(Loss): (4-5+6)	($31)
8. Portion of difference due to:	
a. Investment experience on actuarial value	$569
b. Supplemental COLA	(330)
c. Salaries more than expected	(172)
d. Old Safety Basic COLA less than expected	17
e. Retirements, terminations, mortality, and disability experience	(116)
f. New entrants	(57)
g. Other experience	58
h. Total gain/(loss)	($31)

Table V-5 shows a five-year history of sources of liability gain and loss. Higher salary increases than expected, new entrants, terminations, and retirements have been the primary sources of losses.

SECTION V – MEASURES OF LIABILITY

Table V-5

Historical Sources of Liability (Gain) or Loss

(Amounts in thousands)

	Year Ending June 30th					
Source	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
Salary Increases	$169,789	$240,602	$209,096	$196,010	$171,770	$987,267
Retirement	39,765	52,504	34,733	54,391	37,105	218,498
Termination	29,126	(5,829)	18,789	30,683	18,979	91,748
Mortality	(1,492)	12,143	(25,459)	36,763	31,832	53,787
Disability	16,369	9,370	38,251	24,147	28,067	116,204
New Entrants	24,142	34,713	56,841	55,278	56,777	227,751
Old Safety COLAs	(19,826)	83,279	13,674	24,463	(16,804)	84,786
Other	12,171	(13,886)	32,255	3,745	(21,485)	12,800
Total	$270,044	$412,896	$378,180	$425,480	$306,241	$1,792,841

SECTION VI – CONTRIBUTIONS

The contribution allocation procedure employed by SFERS allocates the total contribution among three components: the normal cost determined under the Entry Age Actuarial Cost Method, administrative expenses, and the contribution toward the Unfunded Actuarial Liability.

The normal cost shown in the prior section is divided by the projected payroll for the year for each benefit tier to determine the normal cost rate for that tier. The aggregate normal cost rate is the weighted average of the normal cost rate for each tier based on the expected payroll for that tier for the fiscal year to which the contribution rate applies. Finally, the normal cost rate is reduced by the member contribution rate to produce the employer normal cost rate.

Assumed administrative expenses of 0.60% of payroll are added to the contribution rate.

The difference between the Actuarial Liability determined under the Entry Age Actuarial Cost Method and the Actuarial Value of Assets is the Unfunded Actuarial Liability (UAL). The UAL is made up of the unamortized portion of prior Charter amendments, plus the impact of accumulated experience, assumption changes, and method changes.

Table VI-1 on the following page develops the employer's contribution rate for FYE 2027 prior to any cost-sharing adjustments. The employer pays the composite contribution rate on the payroll for all employees. The contribution rates shown for Police, Fire, and Miscellaneous are for illustrative purposes only.

SECTION VI – CONTRIBUTIONS

Table VI-1

Development of the Net Employer Contribution Rate for FYE 2027

(Amounts in millions)

	FYE 2027				FYE 2026
	Police	Fire	Misc.	TOTAL	TOTAL
1. Total Normal Cost Rate	30.70%	32.14%	16.60%	**18.82%**	**18.29%**
2. Member Contribution Rate	8.50%	8.59%	7.50%	**7.66%**	**7.65%**
3. Employer Normal Cost Rate (1 - 2)	22.20%	23.55%	9.10%	**11.16%**	**10.64%**
4. UAL Components					
a. Proposition balance	$24.0	$32.6	$276.7	**$333.3**	**$417.4**
b. Other UAL balance	82.3	57.7	787.7	**927.7**	**858.8**
c. Total UAL (4a+4b)	$106.3	$90.3	$1,064.4	**$1,261.0**	**$1,276.2**
5. Amortization Payments					
a. Propositions	1.59%	2.23%	2.36%	**2.28%**	**2.47%**
b. Other UAL	2.64%	2.64%	2.64%	**2.64%**	**2.82%**
c. Total Amortization (5a+5b)	4.23%	4.87%	5.00%	**4.92%**	**5.29%**
6. Administrative Expenses	0.60%	0.60%	0.60%	**0.60%**	**0.60%**
7. Net Employer Contribution Rate (3+ 5c+6)	27.03%	29.02%	14.70%	**16.68%**	**16.53%**

Table VI-2 shows the estimated member and employer contributions adjusted for the cost-sharing provisions under Proposition C. The adjustments are based on the applicable table in the Charter for an employer contribution rate of 16.68% and the hourly pay rates shown in the table on the next page.

SECTION VI – CONTRIBUTIONS

Table VI-2

FYE 2027 Employee and Employer Contribution Rates by Employee Group

(Amounts in thousands)

Hire Date	Hourly Pay	Estimated FYE2027 Payroll	Base Rates		Adjusted Rates		Cost Sharing Adjustment
			Employee	Employer	Employee	Employer	
Police and Fire							
11/2/1976 - 6/30/2010	All	$236,460	7.50%	16.68%	9.50%	14.68%	2.00%
> 6/30/2010	< $71	$319,028	9.00%	16.68%	10.50%	15.18%	1.50%
> 6/30/2010	>= $71	$217,677	9.00%	16.68%	11.00%	14.68%	2.00%
Miscellaneous							
>= 11/2/1976	< $36	$190,246	7.50%	16.68%	7.50%	16.68%	0.00%
>= 11/2/1976	$36 - $71	$2,296,280	7.50%	16.68%	9.00%	15.18%	1.50%
>= 11/2/1976	>= $71	$1,861,339	7.50%	16.68%	9.50%	14.68%	2.00%
Estimated Total Plan		**$5,121,029**	**7.66%**	**16.68%**	**9.33%**	**15.01%**	**1.67%**
Estimated Contribution Amounts			**$392,271**	**$854,187**	**$477,792**	**$768,666**	**$85,521**

Table VI-3 provides the amortization schedules for the changes to the Actuarial Liability due to Charter amendments. Amendments before 2014 are amortized over 20 years from the date it was first recognized in the valuation. After 2014, any changes to active member benefits are amortized over 15 years, and any changes to inactive or retired member benefits, including Supplemental COLAs shown in

SECTION VI – CONTRIBUTIONS

Table VI-4, are amortized over five years. However, the Board elected to amortize the change due to Proposition A over a 10-year period. All amortization payments increase each year at the ultimate assumed wage inflation rate.

Table VI-3

Development of the Proposition Amortization Rate as of July 1, 2025 for FYE 2027

(Amounts in thousands)

Propositions	Remaining Period	Police Balance	Police Payment	Fire Balance	Fire Payment	Miscellaneous Balance	Miscellaneous Payment	Total Balance	Total Payment
Liability of 2003 Prop F (extended) - Misc 3+3 Early Ret Bfts	1	$0	$0	$0	$0	$1,435	$1,593	$1,435	$1,593
Liability of 2003 Prop F (extended) - Misc 3+3 Early Ret Bfts	2	0	0	0	0	1,218	689	1,218	689
2008 Prop B	3	14,473	5,557	11,811	4,535	250,092	96,021	276,376	106,113
2022 Prop A Pre96 Supplemental COLAs	7	9,484	1,678	6,374	1,128	23,181	4,103	39,039	6,909
2024 Props H/I Firefighters/Nurses	14	0	0	14,437	1,444	838	84	15,275	1,528
Proposition Total		**$23,957**	**$7,235**	**$32,622**	**$7,107**	**$276,764**	**$102,490**	**$333,343**	**$116,832**
Expected FYE 2027 Payroll			$454,385		$318,779		$4,347,865		$5,121,029
Amortization Rate			**1.59%**		**2.23%**		**2.36%**		**2.28%**

SECTION VI – CONTRIBUTIONS

Effective July 1, 2014, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a closed, layered 20-year period. In addition, the UAL as of July 1, 2013, not attributable to Propositions was re-amortized over a closed 19-year period as of July 1, 2014.

Effective with the July 1, 2021 valuation, the remaining amortization periods for assumption changes prior to July 1, 2021, and all prior actuarial gains and losses (including the gain for 2021) were reduced to five years. Furthermore, if the System becomes fully funded based on the Actuarial Value of Assets, any unexpected changes in the surplus would be amortized over a rolling 20-year period.

Effective with the July 1, 2025 valuation, Supplemental COLAs will be amortized over a fixed period between 5 and 10 years. The amortization payments will not exceed the amortization credit for the investment gain that generated the Supplemental COLA unless it would extend the amortization period beyond 10 years, in which case the amortization period will be 10 years with a 5-year phase-in that mirrors the increase in amortization credits due to the investment gain as it is fully recognized by the 5-year asset smoothing method.

Table VI-4 on the next page shows all the Non-Proposition amortizations under the new amortization policy. All amortization schedules are determined on a level percent of pay basis, which means that for the duration of the amortization schedule, the payment amount increases each year at the assumed wage inflation rate.

SECTION VI – CONTRIBUTIONS

Table VI-4

Development of the Non-Proposition Amortization Rate for FYE 2027

(Amounts in thousands)

Amortization Bases	Remaining Period	Outstanding Balance	Amortization Payment
2013 Non-Proposition UAL	1	$586,413	$650,868
2014 Actuarial Gain	1	(197,614)	(219,336)
2014 Assumption Change	1	34,957	38,800
2015 Actuarial Gain	1	(179,657)	(199,405)
2015 Assumption Change	1	284,239	315,483
2013 Supplemental COLA	8	150,677	23,753
2016 Actuarial Loss	1	6,515	7,232
2017 Actuarial Gain	1	(94,929)	(105,364)
2017 Assumption and Method Change	1	12,034	13,357
2018 Actuarial Gain	1	(94,849)	(105,274)
2018 Assumption Change	1	72,011	79,927
2019 Actuarial Loss	1	42,119	46,749
2020 Actuarial Loss	1	38,022	42,201
2020 Assumption Changes	1	(144,385)	(160,256)
2021 Actuarial Gain	1	(389,851)	(432,704)
2021 Supplemental COLA	1	64,616	71,719
2021 Assumption Change	16	681,878	61,756
2022 Actuarial Gain	17	(338,343)	(29,330)
2023 Actuarial Loss	18	78,996	6,577
2024 Actuarial Loss	19	93,033	7,461
2024 Supplemental COLA	4	84,692	24,840
2025 Actuarial Gain	20	(298,606)	(23,127)
2025 Supplemental COLA	10	329,540	11,139
2025 Assumption/Method Changes	20	106,178	8,224
Total Non-Proposition UAL		**$927,686**	**$135,290**
Expected FYE 2027 Payroll			**$5,121,029**
Amortization Rate			**2.64%**

SECTION VII – ACTUARIAL SECTION OF THE ANNUAL REPORT

Government Finance Officers Association (GFOA) maintains a checklist of items to be included in a System's Annual Comprehensive Financial Report to receive recognition for excellence in financial reporting. We understand that SFERS includes these exhibits in its Annual Report. The following Tables VII-1 through VII-3 are exhibits listed by the GFOA, and they recommend showing 10 years of experience for each exhibit. Table VII-1 presents an Analysis of Financial Experience for the valuation year, Table VII-2 presents the Schedule of Funded Liabilities by Type, Table VII-3 shows the Schedule of Funding Progress, and Table VII-4 shows the Retirees added and removed from the Rolls.

In the table below, non-recurring items include changes in assumptions and methods, Supplemental COLAs, and changes in plan provisions.

Table VII-1

Analysis of Financial Experience

(Amounts in thousands)

Gain or (Loss) for Year Ending	Investment Income	Contribution Income	Combined Liability Experience	(A)+(B)+(C) Gain or (Loss) From Experience	Non-Recurring Items	Composite Gain or (Loss) During Year
	(A)	(B)	(C)	(D)	(E)	(F)
July 1, 2025	$568,683	$36,164	($306,241)	$298,606	($435,718)	($137,112)
July 1, 2024	310,625	85,173	(425,480)	(29,682)	(116,262)	(145,944)
July 1, 2023	322,456	91,497	(378,180)	35,773	(115,426)	(79,653)
July 1, 2022	628,041	128,903	(412,896)	344,048	(48,037)	296,011
July 1, 2021	1,750,143	113,249	(270,044)	1,593,348	(965,694)	627,654
July 1, 2020	(6,409)	(37,023)	(112,293)	(155,725)	591,355	435,630
July 1, 2019	58,561	(46,222)	(185,408)	(173,069)	(140,998)	(314,067)
July 1, 2018	408,925	19,028	(35,783)	392,170	(498,554)	(106,384)
July 1, 2017	405,685	(55,038)	45,496	396,143	(250,285)	145,858
July 1, 2016	(51,452)	58,461	(34,514)	(27,505)	(429,336)	(456,841)

Contribution Income G/L is due to Payroll Changes, One-Year Lag, and Expenses. Non-Recurring Items include Assumption, Method, and Benefit Changes as well as Supplemental COLAs.

SECTION VII – ACTUARIAL SECTION OF THE ANNUAL REPORT

Table VII-2
Schedule of Funded Liabilities by Type
(Amounts in millions)

Valuation Date	Active Member Contributions	Retirees, Beneficiaries, and Inactives	Remaining Active Members' Liabilities	Actuarial Value of Assets	Portion of Actuarial Liabilities Covered by Reported Assets		
July 1,	(A)	(B)	(C)		(A)	(B)	(C)
2025	$4,902	$24,953	$9,591	$38,185	100%	100%	87%
2024	4,675	23,589	9,051	36,038	100%	100%	86%
2023	4,437	22,469	8,446	34,137	100%	100%	86%
2022	4,232	21,512	7,847	32,275	100%	100%	83%
2021	4,104	20,228	7,573	30,043	100%	100%	75%
2020	3,916	18,621	6,963	26,696	100%	100%	60%
2019	3,675	18,074	7,050	25,248	100%	100%	50%
2018	3,496	17,024	6,816	23,866	100%	100%	49%
2017	3,325	15,847	6,535	22,185	100%	100%	46%
2016	3,175	14,941	6,288	20,655	100%	100%	40%

2025 reflects revised demographic assumptions and asset method. 2018 & 2021 reflects revised discount rate. 2020 reflects revised demographic and wage inflation assumptions. 2017 reflects revised wage inflation assumption. 2016 reflects 2013 and 2014 Retroactive Supplemental COLA benefits for Post96 Retirees.

SECTION VII – ACTUARIAL SECTION OF THE ANNUAL REPORT

Table VII-3

Schedule of Funding Progress

(Amounts in thousands)

Valuation Date July 1,	Actuarial Value of Assets	Actuarial Liability (AL)	Unfunded AL	Funded Ratio	Covered Payroll	Unfunded AL as a % of Covered Payroll
2025	$38,185,053	$39,446,082	$1,261,029	97%	$4,959,834	25%
2024	36,038,298	37,314,504	1,276,206	97%	4,623,854	28%
2023	34,137,005	35,351,967	1,214,962	97%	4,258,568	29%
2022	32,275,474	33,591,565	1,316,091	96%	3,984,150	33%
2021	30,043,222	31,905,275	1,862,053	94%	3,828,797	49%
2020	26,695,844	29,499,918	2,804,074	90%	3,703,103	76%
2019	25,247,549	28,798,581	3,551,032	88%	3,549,936	100%
2018	23,866,027	27,335,417	3,469,390	87%	3,385,517	102%
2017	22,185,244	25,706,090	3,520,846	86%	3,242,468	109%
2016	20,654,703	24,403,882	3,749,179	85%	3,062,422	122%

SECTION VII – ACTUARIAL SECTION OF THE ANNUAL REPORT

Table VII-4
Schedule of Retirees and Beneficiaries Added to and Removed from Retirement Payroll

FYE	Added to Rolls		Removed from Rolls		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Member Count	Annual Allowance	Member Count	Annual Allowance	Member Count	Annual Allowance		
2025	1,680	$114,118,384	1,005	$51,880,116	33,329	$2,121,837,911	6.7%	$63,663
2024	1,554	94,311,036	1,004	48,961,571	32,654	1,987,942,237	5.3%	60,879
2023	2,044	103,581,459	1,543	61,862,676	32,104	1,888,105,484	5.2%	58,812
2022	1,872	103,981,941	1,007	45,948,001	31,719	1,795,472,441	6.1%	56,606
2021	1,722	97,495,262	996	43,909,238	30,854	1,691,633,291	6.5%	54,827
2020	1,470	74,777,425	816	34,764,875	30,128	1,587,981,080	4.9%	52,708
2019	1,770	83,661,179	957	36,959,870	30,778	1,513,436,081	6.3%	49,173
2018	1,797	84,574,963	959	36,284,323	29,965	1,424,324,641	6.9%	47,533
2017	1,769	80,214,008	928	35,082,179	29,127	1,332,430,263	6.8%	45,746
2016	1,657	72,049,646	856	30,384,191	28,286	1,247,230,245	7.8%	44,094

Member count as of FYE 2020 reflects combining records for members who have both a Safety and Miscellaneous benefit. Member count as of FYE 2023 reflects combining records for beneficiaries and QDROs who have both a Safety and Miscellaneous benefit.

APPENDIX A – MEMBERSHIP INFORMATION

Table A-1
Active Member Data – By Group

	July 1, 2024	July 1, 2025	% Change
Total Count	35,418	35,990	1.6%
Total Average Current Age	47.1	47.0	-0.1
Total Average Service	10.7	10.7	0.0
Total Annual Pensionable Earnings	$4,398,687,240	$4,692,542,727	6.7%
Total Average Pensionable Earnings	$124,194	$130,385	5.0%
Police Count	2,397	2,445	2.0%
Police Average Current Age	41.9	41.9	0.0
Police Average Service	13.3	13.2	-0.1
Police Annual Pensionable Earnings	$385,941,427	$413,562,753	7.2%
Police Average Pensionable Earnings	$161,010	$169,146	5.1%
Fire Count	1,733	1,749	0.9%
Fire Average Current Age	42.0	41.8	-0.2
Fire Average Service	11.8	11.7	-0.1
Fire Annual Pensionable Earnings	$273,595,062	$286,623,159	4.8%
Fire Average Pensionable Earnings	$157,874	$163,878	3.8%
Miscellaneous Count	31,288	31,796	1.6%
Misc. Average Current Age	47.8	47.7	-0.1
Misc. Average Service	10.5	10.4	-0.1
Misc. Annual Pensionable Earnings	$3,739,150,751	$3,992,356,815	6.8%
Misc. Average Pensionable Earnings	$119,508	$125,562	5.1%

APPENDIX A – MEMBERSHIP INFORMATION

Table A-2
July 1, 2025 Active Member Data – By Charter

	Counts	Annual Pensionable Earnings
Total - Old	4	$511,388
Total - New	10,625	1,539,130,621
Total - Prop D	1,309	170,061,686
Total - Prop C	24,052	2,982,839,032
Total	35,990	$4,692,542,727
Police - Old	0	$0
Police - New	813	167,707,983
Police - Prop D	15	2,868,869
Police - Prop C	1,617	242,985,901
Police - Total	2,445	$413,562,753
Fire - Old	1	$201,284
Fire - New	489	102,779,209
Fire - Prop D	47	8,594,154
Fire - Prop C	1,212	175,048,512
Fire - Total	1,749	$286,623,159
Misc. - Old	3	$310,104
Misc. - New	9,323	1,268,643,429
Misc. - Prop D	1,247	158,598,663
Misc - Prop C	21,223	2,564,804,619
Misc - Total	31,796	$3,992,356,815

Police includes Sheriff's Plan (Charter A8.608) and Miscellaneous Safety Plan (Charter A8.610) members.

APPENDIX A – MEMBERSHIP INFORMATION

Table A-3

Non-Active Member Data – Total System

	July 1, 2024	July 1, 2025	Change
Retired Count	25,864	26,418	2.1%
Retired Average Age	72.2	72.4	0.2
Retired Average Annual Benefit	$61,580	$64,389	4.6%
Disabled Count	2,505	2,532	1.1%
Disabled Average Age	69.9	69.9	0.0
Disabled Average Annual Benefit	$82,500	$87,161	5.6%
Beneficiaries Count	4,285	4,378	2.2%
Beneficiaries Average Age	78.3	78.6	0.3
Beneficiaries Average Annual Benefit	$44,009	$45,711	3.9%
Total Payees Count	32,654	33,328	2.1%
Total Payees Average Age	72.8	73.1	0.3
Total Payees Average Annual Benefit	$60,879	$63,665	4.6%
Inactives Count	13,103	13,842	5.6%
Inactives Average Age	48.6	48.7	0.1
Inactives Total Contribution Balance with Interest	$503,006,354	$527,423,222	4.9%
Inactives Average Contribution Balance with Interest	$38,389	$38,103	-0.7%

Benefits are based on the June 30 valuation data, plus estimated Basic COLAs effective July 1, 2025 for Old Safety payees and the estimated Supplemental COLA effective July 1, 2025. If applicable, amounts are limited by Section 415(b) of the Internal Revenue Code.

APPENDIX A – MEMBERSHIP INFORMATION

Table A-4
Non-Active Member Data – Old Safety

	July 1, 2024	July 1, 2025	Change
Retired Count	3	1	-66.7%
Retired Average Age	91.7	84.0	-7.7
Retired Total Annual Benefit	$97,294	$27,319	-71.9%
Retired Average Annual Benefit	$32,431	$27,319	-15.8%
Disabled Count	20	16	-20.0%
Disabled Average Age	86.3	86.8	0.5
Disabled Total Annual Benefit	$1,126,300	$945,316	-16.1%
Disabled Average Annual Benefit	$56,315	$59,082	4.9%
Beneficiaries Count	73	73	0.0%
Beneficiaries Average Age	84.3	84.4	0.1
Beneficiaries Total Annual Benefit	$3,262,623	$3,425,054	5.0%
Beneficiaries Average Annual Benefit	$44,693	$46,919	5.0%
Total Payees Count	96	90	-6.3%
Total Payees Average Age	84.9	84.9	0.0
Total Payees Total Annual Benefit	$4,486,217	$4,397,689	-2.0%
Total Payees Average Annual Benefit	$46,731	$48,863	4.6%

Benefits are based on the June 30 valuation data, plus estimated Basic COLAs effective July 1, 2025 for Old Safety payees and the estimated Supplemental COLA effective July 1, 2025. If applicable, amounts are limited by Section 415(b) of the Internal Revenue Code.

APPENDIX A – MEMBERSHIP INFORMATION

Table A-5

Non-Active Member Data – New Safety (includes Prop D and C)

	July 1, 2024	July 1, 2025	Change
Retired Count	2,370	2,443	3.1%
Retired Average Age	65.0	65.5	0.5
Retired Average Annual Benefit	$125,206	$131,687	5.2%
Disabled Count	825	903	9.5%
Disabled Average Age	64.3	64.4	0.1
Disabled Average Annual Benefit	$125,179	$130,119	3.9%
Beneficiaries Count	206	218	5.8%
Beneficiaries Average Age	66.7	67.6	0.9
Beneficiaries Average Annual Benefit	$81,092	$84,156	3.8%
Total Payees Count	3,401	3,564	4.8%
Total Payees Average Age	65.0	65.4	0.4
Total Payees Average Annual Benefit	$122,527	$128,383	4.8%
Inactives Count	483	517	7.0%
Inactives Average Age	42.5	42.9	0.4
Inactives Total Contribution Balance with Interest	$37,445,422	$34,657,733	-7.4%
Inactives Average Contribution Balance with Interest	$77,527	$67,036	-13.5%

Benefits are based on the June 30 valuation data, plus the estimated Supplemental COLA effective July 1, 2025. If applicable, amounts are limited by Section 415(b) of the Internal Revenue Code.

APPENDIX A – MEMBERSHIP INFORMATION

Table A-6
Non-Active Member Data – Miscellaneous

	July 1, 2024	July 1, 2025	Change
Retired Count	22,704	23,233	2.3%
Retired Average Age	72.7	72.9	0.2
Retired Average Annual Benefit	$52,476	$54,964	4.7%
Disabled Count	1,230	1,206	-2.0%
Disabled Average Age	69.6	70.0	0.4
Disabled Average Annual Benefit	$36,686	$37,594	2.5%
Beneficiaries Count	3,365	3,452	2.6%
Beneficiaries Average Age	78.2	78.5	0.3
Beneficiaries Average Annual Benefit	$28,897	$30,094	4.1%
Total Payees Count	27,299	27,891	2.2%
Total Payees Average Age	73.2	73.5	0.3
Total Payees Average Annual Benefit	$48,858	$51,135	4.7%
Inactives Count	12,618	13,323	5.6%
Inactives Average Age	48.8	49.0	0.2
Inactives Total Contribution Balance with Interest	$465,557,654	$492,762,080	5.8%
Inactives Average Contribution Balance with Interest	$36,896	$36,986	0.2%

Benefits are based on the June 30 valuation data, plus the estimated Supplemental COLA effective July 1, 2025. If applicable, amounts are limited by Section 415(b) of the Internal Revenue Code.

APPENDIX A – MEMBERSHIP INFORMATION

Table A-7
Distribution of Active Members as of July 1, 2025
Count By Age/Service – Total System

	Years of Service										
Age	**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 and up**	**Total**
Under 25	128	164	1	0	0	0	0	0	0	0	293
25 to 29	353	1,114	180	0	0	0	0	0	0	0	1,647
30 to 34	381	1,555	1,111	155	0	0	0	0	0	0	3,202
35 to 39	351	1,620	1,891	927	101	0	0	0	0	0	4,890
40 to 44	246	1,294	1,828	1,404	621	74	1	0	0	0	5,468
45 to 49	200	1,112	1,351	1,165	815	459	101	0	0	0	5,203
50 to 54	142	837	1,087	932	792	683	494	77	1	0	5,045
55 to 59	105	639	936	797	703	674	708	274	35	2	4,873
60 to 64	55	385	658	621	506	465	518	203	76	23	3,510
65 to 69	7	120	285	300	228	172	149	59	51	32	1,403
70 and up	3	35	88	100	65	50	43	18	19	35	456
Total Count	1,971	8,875	9,416	6,401	3,831	2,577	2,014	631	182	92	35,990

APPENDIX A – MEMBERSHIP INFORMATION

Table A-8
Distribution of Active Members as of July 1, 2025
Average Salary by Age/Service – Total System

Age	Years of Service										
	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 and up	Total
Under 25	$90,078	$84,534	$64,559	$0	$0	$0	$0	$0	$0	$0	$86,888
25 to 29	99,522	99,634	119,099	0	0	0	0	0	0	0	101,737
30 to 34	119,388	110,559	131,926	144,001	0	0	0	0	0	0	120,642
35 to 39	119,502	116,333	131,169	144,742	146,858	0	0	0	0	0	128,314
40 to 44	114,572	117,476	133,623	145,571	162,152	170,025	135,028	0	0	0	135,746
45 to 49	122,317	114,260	127,998	143,545	154,356	166,268	165,359	0	0	0	136,555
50 to 54	121,445	113,529	124,483	135,849	149,021	158,567	170,946	186,496	157,369	0	138,649
55 to 59	114,313	108,816	121,319	125,284	138,971	144,525	162,086	165,200	147,978	137,449	134,522
60 to 64	118,671	111,728	118,304	119,855	132,766	135,101	143,905	155,733	151,833	115,170	128,821
65 to 69	133,232	110,848	116,356	117,922	127,101	128,149	126,574	123,348	144,218	144,770	122,536
70 and up	170,643	91,047	123,068	113,612	107,728	117,270	128,493	150,163	124,868	130,835	118,279
Avg. Salary	$113,628	$111,365	$127,868	$136,812	$146,231	$149,529	$156,389	$160,411	$146,173	$131,909	$130,385

APPENDIX A – MEMBERSHIP INFORMATION

Table A-9

Distribution of Active Members as of July 1, 2025

Count By Age/Service – Police

Age	Years of Service										
	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 and up	Total
Under 25	17	11	0	0	0	0	0	0	0	0	28
25 to 29	27	73	41	0	0	0	0	0	0	0	141
30 to 34	20	77	275	47	0	0	0	0	0	0	419
35 to 39	21	41	200	208	26	0	0	0	0	0	496
40 to 44	8	19	108	141	165	16	0	0	0	0	457
45 to 49	3	13	36	50	130	84	22	0	0	0	338
50 to 54	7	13	11	29	62	82	76	32	0	0	312
55 to 59	2	8	8	7	21	40	53	37	1	0	177
60 to 64	2	4	3	5	4	18	16	8	2	0	62
65 to 69	0	0	1	0	0	1	0	3	0	3	8
70 and up	0	0	2	0	1	0	0	3	1	0	7
Total Count	107	259	685	487	409	241	167	83	4	3	2,445

APPENDIX A – MEMBERSHIP INFORMATION

Table A-10
Distribution of Active Members as of July 1, 2025
Average Salary by Age/Service – Police

Age	Years of Service										
	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 and up	Total
Under 25	$105,723	$112,031	$0	$0	$0	$0	$0	$0	$0	$0	$108,201
25 to 29	108,015	117,743	137,642	0	0	0	0	0	0	0	121,666
30 to 34	118,202	119,870	149,909	169,132	0	0	0	0	0	0	145,031
35 to 39	117,136	120,442	152,268	173,476	187,162	0	0	0	0	0	158,873
40 to 44	125,371	120,123	149,192	169,238	193,236	214,378	0	0	0	0	171,936
45 to 49	126,689	122,214	154,550	166,685	191,494	203,329	210,362	0	0	0	184,819
50 to 54	136,764	155,246	159,274	170,824	189,460	201,416	215,829	218,922	0	0	196,643
55 to 59	204,898	171,221	185,374	176,161	189,547	197,162	215,883	240,422	185,675	0	208,394
60 to 64	72,382	178,780	167,728	172,781	180,560	193,872	199,750	211,377	220,242	0	189,781
65 to 69	0	0	201,497	0	0	140,470	0	193,078	0	185,122	184,571
70 and up	0	0	137,550	0	210,239	0	0	204,477	185,675	0	183,492
Avg. Salary	$116,192	$123,436	$150,676	$171,006	$191,452	$201,421	$213,585	$226,323	$202,959	$185,122	$169,146

APPENDIX A – MEMBERSHIP INFORMATION

Table A-11
Distribution of Active Members as of July 1, 2025
Count By Age/Service – Fire

Age	Years of Service										
	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 and up	Total
Under 25	12	16	0	0	0	0	0	0	0	0	28
25 to 29	14	148	9	0	0	0	0	0	0	0	171
30 to 34	17	149	87	6	0	0	0	0	0	0	259
35 to 39	3	97	154	57	5	0	0	0	0	0	316
40 to 44	3	36	103	121	33	10	0	0	0	0	306
45 to 49	0	17	37	85	28	46	15	0	0	0	228
50 to 54	0	2	12	32	33	61	68	7	0	0	215
55 to 59	0	0	9	10	14	35	79	23	2	0	172
60 to 64	0	0	1	4	2	11	17	6	2	0	43
65 to 69	0	0	1	0	3	3	0	1	0	1	9
70 and up	0	1	0	0	0	0	0	0	0	1	2
Total Count	49	466	413	315	118	166	179	37	4	2	1,749

APPENDIX A – MEMBERSHIP INFORMATION

Table A-12
Distribution of Active Members as of July 1, 2025
Average Salary By Age/Service – Fire

	Years of Service										
Age	**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 and up**	**Total**
Under 25	$81,118	$95,867	$0	$0	$0	$0	$0	$0	$0	$0	$89,546
25 to 29	83,530	104,477	152,264	0	0	0	0	0	0	0	105,277
30 to 34	83,238	113,841	160,745	164,101	0	0	0	0	0	0	128,752
35 to 39	78,847	117,020	163,078	179,680	160,492	0	0	0	0	0	151,094
40 to 44	94,647	125,966	162,798	182,676	187,455	233,711	0	0	0	0	170,633
45 to 49	0	127,999	155,869	181,687	189,024	207,636	216,917	0	0	0	181,948
50 to 54	0	120,842	163,003	186,089	191,288	204,801	220,085	245,109	0	0	202,974
55 to 59	0	0	173,825	179,828	192,505	193,742	222,945	241,081	268,745	0	212,405
60 to 64	0	0	172,179	180,368	170,945	187,178	223,697	252,730	202,503	0	209,738
65 to 69	0	0	209,773	0	229,176	175,389	0	205,949	0	240,238	207,740
70 and up	0	60,000	0	0	0	0	0	0	0	201,284	130,642
Avg. Salary	$83,232	$112,279	$162,003	$181,740	$189,137	$203,297	$221,425	$242,782	$235,624	$220,761	$163,878

APPENDIX A – MEMBERSHIP INFORMATION

Table A-13
Distribution of Active Members as of July 1, 2025
County by Age/Service – Miscellaneous

	Years of Service										
Age	**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 and up**	**Total**
Under 25	99	137	1	0	0	0	0	0	0	0	237
25 to 29	312	893	130	0	0	0	0	0	0	0	1,335
30 to 34	344	1,329	749	102	0	0	0	0	0	0	2,524
35 to 39	327	1,482	1,537	662	70	0	0	0	0	0	4,078
40 to 44	235	1,239	1,617	1,142	423	48	1	0	0	0	4,705
45 to 49	197	1,082	1,278	1,030	657	329	64	0	0	0	4,637
50 to 54	135	822	1,064	871	697	540	350	38	1	0	4,518
55 to 59	103	631	919	780	668	599	576	214	32	2	4,524
60 to 64	53	381	654	612	500	436	485	189	72	23	3,405
65 to 69	7	120	283	300	225	168	149	55	51	28	1,386
70 and up	3	34	86	100	64	50	43	15	18	34	447
Total Count	1,815	8,150	8,318	5,599	3,304	2,170	1,668	511	174	87	31,796

APPENDIX A – MEMBERSHIP INFORMATION

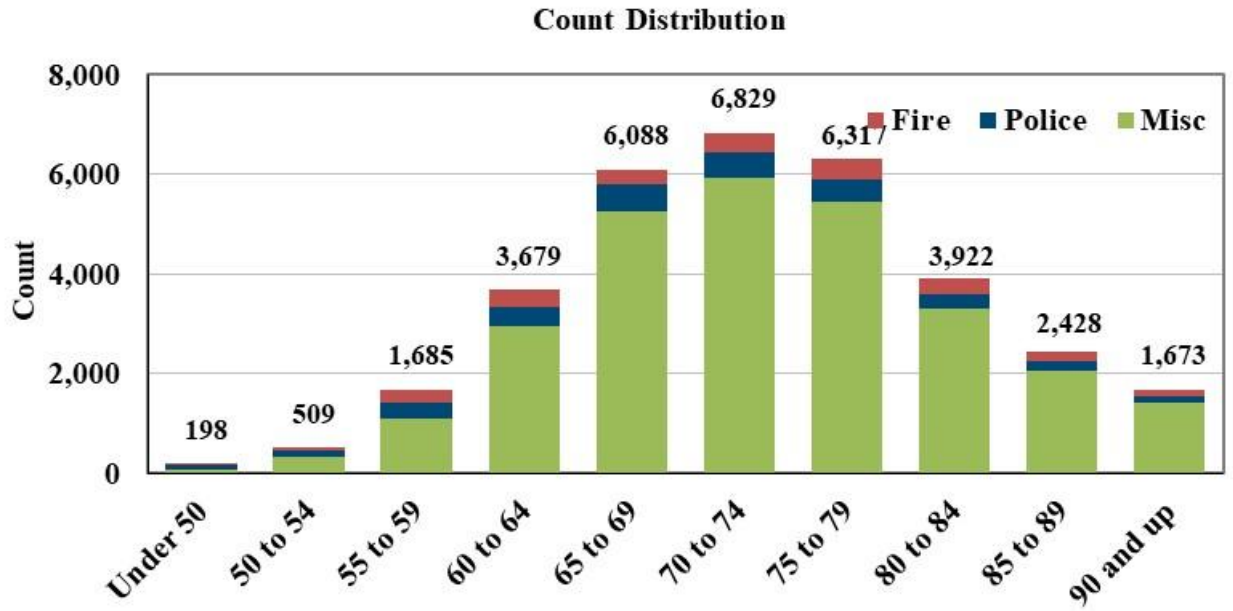
Table A-14
Distribution of Active Members as of July 1, 2025
Average Salary by Age/Service – Miscellaneous

	Years of Service										
Age	**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 and up**	**Total**
Under 25	$88,477	$81,002	$64,559	$0	$0	$0	$0	$0	$0	$0	$84,055
25 to 29	99,504	97,351	110,955	0	0	0	0	0	0	0	99,179
30 to 34	121,243	109,652	121,976	131,238	0	0	0	0	0	0	115,761
35 to 39	120,027	116,175	125,226	132,705	130,914	0	0	0	0	0	122,832
40 to 44	114,458	117,189	130,725	138,717	148,053	141,973	135,028	0	0	0	129,961
45 to 49	122,251	113,949	126,443	139,274	145,531	151,021	137,806	0	0	0	130,805
50 to 54	120,650	112,852	123,689	132,838	143,423	146,837	151,653	148,393	157,369	0	131,583
55 to 59	112,554	108,025	120,247	124,128	136,259	138,135	148,789	144,038	139,252	137,449	128,670
60 to 64	120,417	111,024	117,995	119,027	132,231	131,361	139,266	150,299	148,525	115,170	126,689
65 to 69	133,232	110,848	115,725	117,922	125,740	127,232	126,574	118,042	144,218	137,037	121,625
70 and up	170,643	91,960	122,731	113,612	106,126	117,270	128,493	139,301	121,489	128,762	117,203
Avg. Salary	$114,297	$110,929	$124,295	$131,311	$139,101	$139,653	$143,684	$143,741	$142,812	$128,032	$125,562

APPENDIX A – MEMBERSHIP INFORMATION

Table A-15
Distribution of Retirees, Disabled Members, and Beneficiaries as of July 1, 2025
Count

Age	Police	Fire	Misc	Total
Under 50	86	25	87	198
50 to 54	123	52	334	509
55 to 59	331	264	1,090	1,685
60 to 64	398	343	2,938	3,679
65 to 69	523	299	5,266	6,088
70 to 74	528	376	5,925	6,829
75 to 79	441	437	5,439	6,317
80 to 84	296	316	3,310	3,922
85 to 89	183	171	2,074	2,428
90 and up	127	118	1,428	1,673
Total	3,036	2,401	27,891	33,328

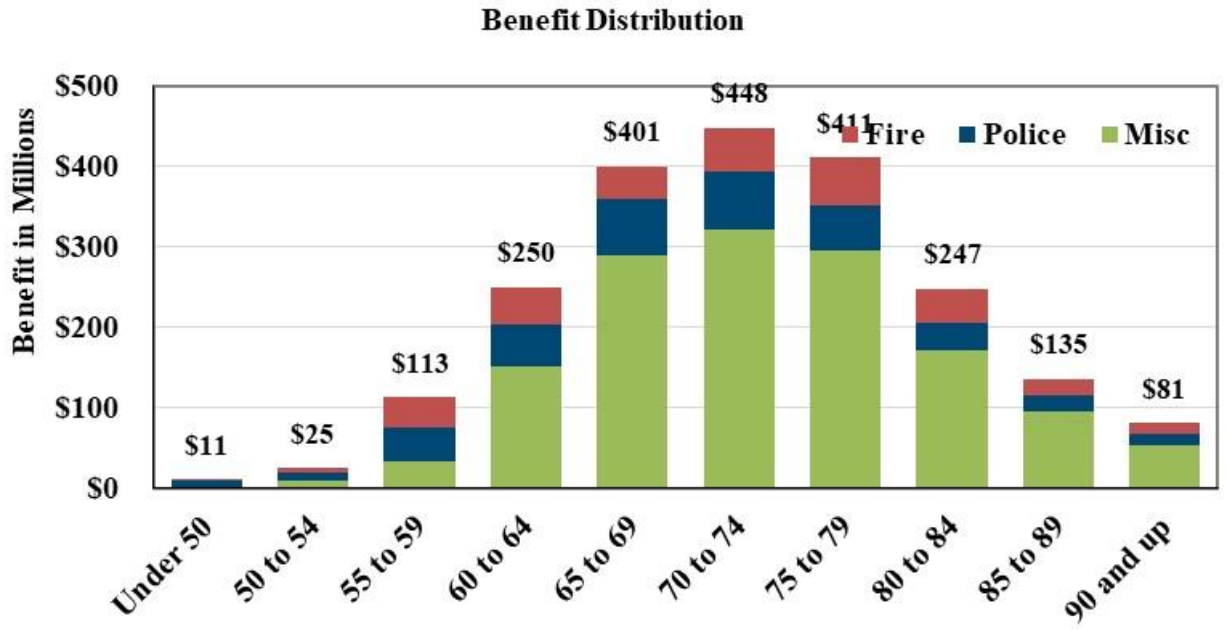


APPENDIX A – MEMBERSHIP INFORMATION

Table A-16
Distribution of Retirees, Disabled Members, and Beneficiaries as of July 1, 2025
Annual Benefit

Age	Police	Fire	Misc	Total
Under 50	$6,471,275	$1,999,289	$2,346,155	$10,816,719
50 to 54	$11,074,806	$4,663,710	$9,478,530	$25,217,046
55 to 59	$42,700,987	$37,281,680	$33,240,056	$113,222,723
60 to 64	$50,678,015	$46,472,218	$152,652,012	$249,802,245
65 to 69	$70,888,436	$40,229,450	$289,391,265	$400,509,151
70 to 74	$72,560,887	$53,827,270	$321,120,650	$447,508,807
75 to 79	$55,528,641	$59,810,406	$295,693,677	$411,032,724
80 to 84	$34,034,726	$40,948,951	$172,480,083	$247,463,760
85 to 89	$19,261,092	$20,164,405	$95,933,421	$135,358,918
90 and up	$13,152,451	$13,884,808	$53,847,311	$80,884,570
Total	$376,351,317	$319,282,188	$1,426,183,159	$2,121,816,664

Annual benefit amounts reflect those used in the July 1, 2025 actuarial valuation.



APPENDIX A – MEMBERSHIP INFORMATION

Table A-17

Summary and Reconciliation of Participant Data

Total System

	Active	Vested Terminated	Reciprocal	Non-Vested Terminated	Disabled	Retired	Beneficiaries	Totals
Participants as of 7/1/2024	**35,418**	**3,153**	**1,173**	**8,777**	**2,505**	**25,864**	**4,285**	**81,175**
New Entrants	3,181	0	0	1	0	0	0	3,182
Returned to Work	235	(68)	(12)	(149)	0	(6)	0	0
Vested Terminations	(332)	333	(1)	0	0	0	0	0
Reciprocals	(31)	(33)	68	(4)	0	0	0	0
Non Vested Terminations	(1,135)	0	0	1,135	0	0	0	0
Refund/Withdrawal	(242)	(51)	(3)	(253)	0	0	0	(549)
Changes in Inactive Status	0	41	37	(78)	0	0	0	0
Retirements	(1,056)	(146)	(46)	(9)	0	1,257	0	0
Disabilities	(17)	(4)	(6)	0	107	(80)	0	0
Benefit Ceased	(28)	(11)	0	(2)	(81)	(662)	(257)	(1,041)
New Continuants & Dissolutions	0	0	0	0	0	37	319	356
New Split Benefits	0	0	0	0	0	34	0	34
Other Adjustments	(3)	0	0	0	1	(26)	32	4
Participants as of 7/1/2025	**35,990**	**3,214**	**1,210**	**9,418**	**2,532**	**26,418**	**4,379**	**83,161**

Benefits Ceased includes deaths and benefits that were terminated or suspended. Miscellaneous benefits for Safety members who had previously commenced their Safety benefit but had not been eligible to commence their Miscellaneous benefit

APPENDIX A – MEMBERSHIP INFORMATION

Summary and Reconciliation of Participant Data

Police

	Active	Vested Terminated	Reciprocal	Non-Vested Terminated	Disabled	Retired	Beneficiaries	Totals
Participants as of 7/1/2024	**2,397**	**123**	**66**	**197**	**624**	**1,846**	**519**	**5,772**
New Entrants	147	0	0	0	0	0	0	147
Returned to Work	12	(2)	(1)	(7)	0	(2)	0	0
Vested Terminations	(20)	20	0	0	0	0	0	0
Reciprocals	(2)	(2)	8	(4)	0	0	0	0
Non Vested Terminations	(39)	0	0	39	0	0	0	0
Refund/Withdrawal	(11)	0	(3)	(8)	0	0	0	(22)
Changes in Inactive Status	0	1	(1)	0	0	0	0	0
Retirements	(73)	(2)	0	(1)	0	76	0	0
Disabilities	(13)	(4)	(2)	0	50	(31)	0	0
Benefit Ceased	(1)	(2)	0	0	(16)	(43)	(26)	(88)
New Continuants & Dissolutions	0	0	0	0	0	3	32	35
New Split Benefits	0	0	0	0	0	2	0	2
Transferred In (From Misc)	62	0	2	3	0	1	0	68
Transferred Out (To Misc)	(11)	(1)	0	0	0	0	0	(12)
Other Adjustments	(3)	0	0	0	1	(2)	2	(2)
Participants as of 7/1/2025	**2,445**	**131**	**69**	**219**	**659**	**1,850**	**527**	**5,900**

APPENDIX A – MEMBERSHIP INFORMATION

Summary and Reconciliation of Participant Data

Fire

	Active	Vested Terminated	Reciprocal	Non-Vested Terminated	Disabled	Retired	Beneficiaries	Totals
Participants as of 7/1/2024	**1,733**	**40**	**17**	**42**	**651**	**1,314**	**401**	**4,198**
New Entrants	52	0	0	0	0	0	0	52
Returned to Work	3	(1)	0	(2)	0	0	0	0
Vested Terminations	(6)	6	0	0	0	0	0	0
Reciprocals	0	(1)	1	0	0	0	0	0
Non Vested Terminations	(6)	0	0	6	0	0	0	0
Refund/Withdrawal	(2)	0	0	(2)	0	0	0	(4)
Changes in Inactive Status	0	1	0	(1)	0	0	0	0
Retirements	(62)	(4)	(3)	0	0	69	0	0
Disabilities	(3)	0	0	0	33	(30)	0	0
Benefit Ceased	(1)	0	0	0	(17)	(27)	(28)	(73)
New Continuants & Dissolutions	0	0	0	0	0	8	26	34
New Split Benefits	0	0	0	0	0	1	0	1
Transferred In (From Misc)	41	0	0	1	0	0	0	42
Transferred Out (To Misc)	0	0	0	0	0	0	0	0
Other Adjustments	0	0	0	0	0	0	0	0
Participants as of 7/1/2025	**1,749**	**41**	**15**	**44**	**667**	**1,335**	**399**	**4,250**

APPENDIX A – MEMBERSHIP INFORMATION

Summary and Reconciliation of Participant Data

Miscellaneous

	Active	Vested Terminated	Reciprocal	Non-Vested Terminated	Disabled	Retired	Beneficiaries	Totals
Participants as of 7/1/2024	**31,288**	**2,990**	**1,090**	**8,538**	**1,230**	**22,704**	**3,365**	**71,205**
New Entrants	2,982	0	0	1	0	0	0	2,983
Returned to Work	220	(65)	(11)	(140)	0	(4)	0	0
Vested Terminations	(306)	307	(1)	0	0	0	0	0
Reciprocals	(29)	(30)	59	0	0	0	0	0
Non Vested Terminations	(1,090)	0	0	1,090	0	0	0	0
Refund/Withdrawal	(229)	(51)	0	(243)	0	0	0	(523)
Changes in Inactive Status	0	39	38	(77)	0	0	0	0
Retirements	(921)	(140)	(43)	(8)	0	1,112	0	0
Disabilities	(1)	0	(4)	0	24	(19)	0	0
Benefit Ceased	(26)	(9)	0	(2)	(48)	(592)	(203)	(880)
New Continuants & Dissolutions	0	0	0	0	0	26	261	287
New Split Benefits	0	0	0	0	0	31	0	31
Transferred In (From Fire)	0	0	0	0	0	0	0	0
Transferred In (From Police)	11	1	0	0	0	0	0	12
Transferred Out (To Fire)	(41)	0	0	(1)	0	0	0	(42)
Transferred Out (To Police)	(62)	0	(2)	(3)	0	(1)	0	(68)
Other Adjustments	0	0	0	0	0	(24)	30	6
Participants as of 7/1/2025	**31,796**	**3,042**	**1,126**	**9,155**	**1,206**	**23,233**	**3,453**	**73,011**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Data Assumptions and Methods

In preparing our valuation results, we relied on information supplied by the SFERS staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. Our methodology for obtaining the data used for the valuation is based upon the following assumptions and practices:

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

- Valuation Salary for the fiscal year ending June 30, 2025 is equal to "Cvd Pay" reported for full-time members hired before the beginning of the previous plan year, and the maximum of "Cvd Pay" and "Calc Pay," which is an annualized pay rate, reported for new hires. A minimum of $60,000 pay is used for active members whose annualized pay rate is more than $60,000. Valuation Salary from the prior two years is used in determining Final Compensation if greater than current Valuation Salary. Valuation Salary projected forward is the Valuation Salary for the prior fiscal year increased for merit according to our assumptions and for wage inflation in accordance with the latest Memorandum of Understanding (MOUs) shown in Table B-1.
- Salary used to determine benefit amounts for active part-time members ("Sch" = "P") is calculated as the greater of "Cvd Pay" and "Calc Pay." The annual projected service for part-time members is the same as the service accrual in the previous year. For all other members, Valuation Salary is used to determine benefit amounts.
- Service for members on the "Active" data file was calculated using the field "Yrs Svc." Any service available for buyback is added to the "Yrs Svc" field and is reflected in the projected benefit.
- Benefits in the valuation data for members in pay status for the Miscellaneous and New Safety Charters include the Basic COLAs effective July 1, 2025.
- The Basic COLAs effective July 1, 2025, and January 4, 2026, for the Old Safety Charter retirees were estimated based on data provided by SFERS and included in the July 1, 2025 benefit.
- Supplemental COLA benefits were granted as of July 1, 2025, to Non-Prop C retired members and their beneficiaries, who were retired as of July 1, 2025. There was an adjustment made to the benefits provided in the valuation data for a Supplemental COLA of 1.5% for Miscellaneous and New Safety Charters and varying amounts for the Old Safety Charter so that the total benefit increase was 3.5%, unless the Basic COLA was greater than 3.5%.
- Records on the "Active" data file are considered to be Active if they have a status of "AM" or "RT," which means active, no "Job End Date" or the "Job End Date" is after 6/30/2025, and do not have a retiree record and their "Cvd Pay" is greater than $0.
- For accounts having duplicate records based on Social Security Number in the "Active" data file, the records are added together for fields "Cvd Pay," "Contribs," "Interest," "Shortage," "Short Int," and "Yrs Svc." The other data in the record is determined by the record which is considered open ("Plan Stat" = "O") with the most recent "Membership Date."

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

- Records on the "Active" data file are considered to be Inactive if they have a status of "VM," which means vested or they have a status of "AM" but their "Job End Date" is prior to 6/30/2025, or their "Cvd Pay" is $0. If these inactive members have less than five years of service (non-vested), they are assumed to receive a lump sum distribution on the valuation date. If these inactive members have five or more years of service (vested), they are assumed to have elected a deferred benefit and to retire at age 55 for non-reciprocal Miscellaneous and Safety Prop C members. The assumed retirement age for reciprocal Miscellaneous members is 60. The assumed retirement age for Safety non-Prop C members is 51.
- For Safety members, the deferred benefit is estimated using Final Average Compensation multiplied by years of service (including service purchased) multiplied by the appropriate age factor. For Miscellaneous members, the deferred benefit at retirement is 200% of the member's contribution account balance with interest as of the valuation date projected with the assumed interest crediting rate to the assumed retirement age and then divided by the appropriate annuity factor from Table 12 of the Operating Tables. When there are deferred vested Miscellaneous Prop C members, their deferred benefit will be calculated the same except 200% will be replaced by 150%.
- Members on the "Inactive" data file are assumed to have elected a refund and receive a lump sum distribution on the valuation date if their "Withdrawal Date" is on or after the valuation date. If their "Withdrawal Date" is before the valuation date, they are assumed to have taken a full refund prior to the valuation date.
- Records on the "Retiree" file are considered in pay status if their benefit is not suspended or terminated.
- Members in pay status with a date of retirement on or after June 1 preceding the valuation date have their benefits loaded by 6% to account for assumed adjustments made to their benefit when the calculation is finalized.
- Members may retire and receive benefits under multiple Charter sections (e.g., a police officer can have two benefits, one for the service during the academy training which is considered Miscellaneous service and a second benefit for all other service as a police officer). For retired or disabled members, as well as beneficiaries and alternate payees, who are reported with a Safety benefit and a Miscellaneous benefit with less than two years of service, their benefits are added together and valued as a single record under the Safety Charter section. For all other members who are reported with multiple benefits, we value each component of the members' benefit separately under the applicable Charter section. Consequently, the in-pay member counts reported in this valuation are slightly higher than the actual number of members due to some individual members being reported under multiple groups.
- We assume any member reported in last year's "Retiree" file and not in this year's file is deceased without a beneficiary and is removed from the valuation data.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

- We assume all deceased members with payments continuing to a beneficiary have been reported in the "Retiree" file.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

All demographic assumptions were adopted at the September 10, 2025 Board meeting based on our recommendations. Please refer to the demographic experience study report and presentation dated September 2025 for the rationale for the demographic assumptions. The economic assumptions were adopted at the November 12, 2025 Board meeting. Please refer to the November 12, 2025 Board presentation for the rationale for the economic assumptions. We believe all assumptions are reasonable for the purpose of the measurement.

DISCOUNT RATE

SFERS assets are assumed to earn 7.20% net of investment expenses.

PRICE INFLATION

Consumer Price Inflation: 2.50% compounded annually.

WAGE INFLATION

Bargained future increases as of the valuation date, followed by 3.25% compounded annually thereafter.

AMORTIZATION PAYMENT INCREASE RATE

Amortization payments increase at the rate of 3.25% compounded annually.

ADMINISTRATIVE EXPENSES

Administrative expenses are assumed to equal 0.60% of payroll.

INTEREST CREDITED TO MEMBER CONTRIBUTIONS

4.50%, compounded annually.

401(A)(17) MAXIMUM COMPENSATION LIMIT

The compensation limit in Section 401(a)(17) of the Internal Revenue Code is assumed to increase with price inflation. In the valuation, compensation limits are only applied to members of new plans created by Proposition C for whom compensation is limited to a percentage of the 401(a)(17) compensation limit.

415(B) MAXIMUM BENEFIT LIMIT

The 415(b) limits have been applied to active members' current and future benefits. The 415(b) limit is assumed to increase with price inflation. The 415(b) limit has also been applied to the

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

retiree members who were in excess of the 415(b) limit in 2025. The projected increase in the 415(b) limit for retirees is the same increase as their Basic COLA, which depends on their Charter.

SALARY INCREASE RATE

Bargained increases as of the valuation date, followed by 3.25% wage inflation compounded annually thereafter, plus an additional merit component based on service. The table below shows the bargained wage increases reflected in this valuation. Miscellaneous Safety and the Sheriff's Department are included with Police members, and Muni Drivers and Craft are included with Miscellaneous members.

Table B-1
Current Bargained Wage Increases

Date of Increase	Police	Fire	Misc
6/30/2025	n/a	n/a	1.00%
7/1/2025	3.00%	3.00%	1.00%
1/3/2026	n/a	n/a	1.50%
6/30/2026	n/a	n/a	2.00%
1/2/2027	n/a	n/a	2.00%
6/30/2027	n/a	n/a	2.50%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The additional merit component:

Table B-2
Salary Merit Increases – Sample Rates

Years of Service	Police	Fire	Muni Drivers	Craft	Misc
0	7.70%	12.65%	14.45%	4.05%	5.50%
1	6.90	9.75	10.75	3.35	4.65
2	6.20	8.15	7.45	2.80	3.95
3	5.50	6.60	5.05	2.25	3.45
4	4.80	5.70	3.40	1.95	3.00
5	4.10	4.85	2.55	1.65	2.55
10	1.70	2.35	0.40	0.90	1.40
15	0.50	1.00	0.20	0.50	0.80
20 & over	0.50	0.50	0.20	0.50	0.50

Extra covered wages in the last year before service retirement are assumed to be as follows:

Table B-3
Extra Covered Wages in the Last Year Before Retirement

Group	Increase
Safety	3.00%
Muni Drivers	4.25%
Craft Workers	2.75%
Miscellaneous	2.00%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

COST-OF-LIVING INCREASE IN BENEFITS

BASIC COLA

Table B-4
Basic COLA

Group	Increase
Old Plans – Miscellaneous	2.0% per year
New Plans – Safety and Miscellaneous	2.0% per year
Old Plans – Police and Fire, Charters 8.559 and 8.585	3.2% per year
Old Plans – Police and Fire, Charters 8.595 and 8.596	2.4% per year
Old Plans – Police and Fire, pre-7/1/75 dates of retirement	1.9% per year

Old Safety COLA assumptions are based on the following formula, rounded up to one decimal place:

(Wage Inflation + Ultimate Merit) ÷ 2 x Factor

For retirements after 6/30/75, the Factor represents the ratio of the average salary for the last position held to the average pension benefit.

Table B-5
Old Safety COLA Factor

Charter Section	Factor
8.559 and 8.585	1.70
8.595 and 8.596	1.27
Pre-7/1/1975 Dates of Retirement	1.00

SUPPLEMENTAL COLA

For purposes of the actuarial valuation and the determination of contribution rates for FYE 2026, future Supplemental COLAs are assumed to be 0%.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

For purposes of the projections, in years when the return equals the assumption, future Supplemental COLAs are assumed to be granted approximately:

- 50% of the time for members who are eligible for a Supplemental COLA regardless of the System's funded status, and
- 33.3% of the time for members who are eligible for a Supplemental COLA only if the System is also 100% funded.

In years when the return differs from the assumption, Supplemental COLAs are estimated based on the investment return.

RATES OF TERMINATION OF EMPLOYMENT

Sample rates of termination by age and service for Miscellaneous members are shown below.

TableB-6

Miscellaneous Rates of Termination

Service	Age Under 30	Age 30 to 39	Age 40 & over
0	30.00%	19.00%	19.00%
1	17.00	10.50	9.00
2	14.25	9.00	6.50
3	11.25	7.50	5.50
4	7.50	6.25	4.25
5	6.75	6.00	4.25
10	3.65	3.65	3.65
15	2.10	2.10	2.10
20	1.00	1.00	1.00
26+	0.00	0.00	0.00

Sample rates of termination by service for Police, Fire, Muni Drivers, and Craft members are shown below. Miscellaneous Safety and the Sheriff's Department are included with Police members.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-7
Other Rates of Termination

Service	Police	Fire	Muni Drivers	Craft
0	8.00%	2.00%	12.00%	9.50%
1	5.50	1.50	5.00	6.50
2	2.75	1.00	4.00	5.75
3	2.50	1.00	3.50	4.50
4	2.25	1.00	3.25	3.50
5	2.00	1.00	3.00	3.25
10	1.00	0.50	2.50	1.75
15	0.50	0.25	2.50	1.75
20	0.50	0.25	2.50	1.75
25+	0.00	0.00	0.00	0.00

When members are eligible to retire, their termination rates are assumed to be zero. 20 percent of Miscellaneous, Muni Drivers, and Craft members, and 40 percent of Safety members who terminate employment are assumed to subsequently work for a reciprocal employer and receive pay increases equal to the wage inflation assumption.

In estimating termination benefits for Miscellaneous members, it is assumed that employee contribution rates are, on average, not changed by the floating contribution rate provisions of Proposition C.

MEMBER REFUNDS

Non-vested terminated members are assumed to receive a refund of their contributions with interest. Sample rates of refund for terminated vested members are shown below. Miscellaneous Safety and the Sheriff's Department are included with Safety members, and Muni Drivers and Craft members are included with Miscellaneous members. Miscellaneous members who have attained age 50 are not assumed to receive a refund.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-8
Vested Terminated Rates of Refund

Service	Safety	Miscellaneous
5	16.00%	25.00%
6	8.00	17.00
7	8.00	13.00
8	8.00	10.00
9	8.00	9.00
10	8.00	8.50
15	0.00	6.00
20+	0.00	0.00

In estimating refund amounts, it is assumed that future employee contribution rates are, on average, not changed by the floating contribution rate provisions of Proposition C.

RATES OF DISABILITY

Sample disability rates of active participants are provided below. 100% of safety and 0% of Muni Driver, Craft, and Miscellaneous disabilities are assumed to be duty-related. Miscellaneous Safety and the Sheriff's Department are included with Police members.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-9

Rates of Disability at Selected Ages

Age	Police	Fire	Muni Drivers	Craft	Miscellaneous Females	Miscellaneous Males
30	0.35%	0.04%	0.01%	0.01%	0.01%	0.01%
35	0.44	0.09	0.05	0.05	0.01	0.01
40	0.65	0.24	0.10	0.09	0.04	0.03
45	0.74	0.42	0.14	0.17	0.10	0.08
50	1.20	0.70	0.25	0.34	0.23	0.19
55	3.60	3.00	1.20	0.64	0.35	0.28
60	6.05	8.00	0.00	0.00	0.00	0.00
65	6.55	8.00	0.00	0.00	0.00	0.00
70	0.00	0.00	0.00	0.00	0.00	0.00

Table B-10

Level of Duty Disability Benefits

(if projected to be disabled before service retirement eligibility)

Group	Level
Police	55% of pay
Fire	55% of pay

BASE RATES OF MORTALITY FOR HEALTHY LIVES

The mortality rates used in the valuation are developed from a base table that is projected generationally from the base year of that table using the mortality projection scale described below. Base mortality tables are developed by multiplying a published table by an adjustment factor developed in this experience study. The base mortality tables for healthy lives are described below.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-11

Base Rates of Mortality for Miscellaneous Healthy Lives

Group	Published Table	Adjustment Factor	
		Male	Female
Non-Annuitants	PubG-2016(A) Employee	0.84	0.86
Retirees	PubG-2016(A) Retiree	0.94	0.98
Beneficiaries	PubG-2016(A) Retiree	0.94	0.98

Miscellaneous (Includes Muni Drivers and Craft) Healthy Annuitants

Table B-12

Base Rates of Mortality for Safety Healthy Lives

Group	Published Table	Adjustment Factor	
		Male	Female
Non-Annuitants	PubS-2016(A) Employee	1.11	0.93
Retirees	PubS-2016(A) Retiree	0.98	1.01
Beneficiaries	PubG-2016(A) Retiree	0.94	0.98

For active members, 25% of Safety deaths and 0% of Miscellaneous (including Muni Drivers and Craft) deaths are assumed to be duty-related.

BASE RATES OF MORTALITY FOR RETIRED DISABLED LIVES

For disabled annuitant mortality, separate base tables are developed for males and females and for Miscellaneous and Safety members by multiplying a published table by an adjustment factor that was developed in the experience study. The base mortality tables for disabled annuitant lives are described below.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-13

Base Rates of Mortality for Retired Disabled Lives

Group	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubNS-2016 Disabled	1.12	1.02
Safety	PubS-2016 Disabled	0.94	0.96

MORTALITY PROJECTION SCALE

The mortality rates shown in the base tables above are projected generationally from the base year using the MP-2021 projection scale.

RATES OF RETIREMENT

Retirement rates are based on age and service, as shown in the tables on the following pages. Separate rates are used for members hired on or after January 7, 2012 under Charter Sections A8.603 and above (Prop C). Miscellaneous Safety and the Sheriff's Department are included with Police Prop C members.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-14

Police Rates of Retirement

	Other Than Prop C			Prop C		
	Years of Service			Years of Service		
Age	< 25	25 - 29	30 +	< 25	25 - 29	30 +
50	3.00%	6.00%	5.00%	3.00%	6.00%	5.00%
51	3.00	6.00	15.00	3.00	6.00	10.00
52	3.50	10.00	30.00	3.50	10.00	20.00
53	6.00	15.00	30.00	6.00	15.00	25.00
54	7.50	20.00	50.00	7.50	17.50	30.00
55	7.50	35.00	40.00	7.50	20.00	30.00
56	7.50	27.50	35.00	7.50	24.00	30.00
57	10.00	27.50	35.00	10.00	26.00	30.00
58	12.50	27.50	35.00	12.50	35.00	50.00
59	17.50	20.00	35.00	17.50	20.00	35.00
60	17.50	27.50	35.00	17.50	27.50	35.00
61	22.50	27.50	35.00	22.50	27.50	35.00
62	22.50	27.50	35.00	22.50	27.50	35.00
63	22.50	27.50	35.00	22.50	27.50	35.00
64	22.50	27.50	35.00	22.50	27.50	35.00
65 & over	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Tables B-15

Fire Rates of Retirement - All Tiers

	Years of Service		
Age	< 25	25 - 29	30 +
50	2.00%	5.00%	5.00%
51	2.00	5.00	5.00
52	3.00	5.00	20.00
53	5.00	10.00	35.00
54	7.50	20.00	35.00
55	7.50	25.00	35.00
56	10.00	20.00	35.00
57	12.50	20.00	35.00
58	12.50	25.00	27.50
59	15.00	27.50	27.50
60	15.00	27.50	40.00
61	20.00	40.00	40.00
62	20.00	40.00	30.00
63	20.00	25.00	30.00
64	25.00	25.00	25.00
65 & over	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-16

Muni Drivers Rates of Retirement

	Other Than Prop C			Prop C		
	Years of Service			Years of Service		
Age	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	2.00%	2.00%	0.00%	0.00%	0.00%
51	0.00	1.00	1.50	0.00	0.00	0.00
52	0.00	1.00	1.50	0.00	0.00	0.00
53	0.00	1.00	1.50	0.00	1.00	1.50
54	0.00	1.00	1.50	0.00	1.00	1.50
55	0.00	3.00	4.00	0.00	1.00	4.00
56	0.00	3.00	4.00	0.00	1.00	4.00
57	0.00	3.00	4.00	0.00	2.00	4.00
58	0.00	3.00	4.00	0.00	2.00	4.00
59	0.00	3.00	4.00	0.00	2.00	4.00
60	9.00	10.00	20.00	5.00	10.00	15.00
61	11.00	25.00	30.00	7.50	12.50	20.00
62	18.00	27.50	30.00	10.00	15.00	30.00
63	13.00	27.50	30.00	10.00	20.00	25.00
64	15.00	27.50	30.00	10.00	25.00	25.00
65	25.00	27.50	30.00	25.00	27.50	35.00
66	25.00	27.50	30.00	25.00	27.50	30.00
67	25.00	27.50	30.00	25.00	27.50	30.00
68	25.00	27.50	30.00	25.00	27.50	30.00
69	25.00	27.50	30.00	25.00	27.50	30.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-17

Craft Rates of Retirement

	Other Than Prop C			Prop C		
	Years of Service			Years of Service		
Age	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.50%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.50	1.50	0.00	0.00	0.00
52	0.00	1.50	1.50	0.00	0.00	0.00
53	0.00	2.50	4.00	0.00	1.50	1.50
54	0.00	2.50	4.00	0.00	1.50	1.50
55	0.00	2.50	5.00	0.00	1.50	2.50
56	0.00	3.00	5.00	0.00	1.50	2.50
57	0.00	3.00	5.00	0.00	2.00	2.50
58	0.00	3.00	7.50	0.00	2.00	7.50
59	0.00	8.00	20.00	0.00	2.00	10.00
60	6.00	12.00	35.00	5.00	7.50	15.00
61	10.00	20.00	40.00	7.50	12.50	25.00
62	15.00	30.00	40.00	10.00	25.00	30.00
63	15.00	20.00	27.50	10.00	15.00	25.00
64	20.00	25.00	27.50	10.00	17.50	25.00
65	22.50	27.50	27.50	22.50	27.50	40.00
66	27.50	27.50	27.50	27.50	27.50	27.50
67	20.00	27.50	27.50	20.00	27.50	27.50
68	20.00	27.50	27.50	15.00	27.50	27.50
69	20.00	27.50	40.00	15.00	27.50	40.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-18

Miscellaneous Rates of Retirement

	Other Than Prop C			Prop C		
	Years of Service			Years of Service		
Age	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	3.00%	7.00%	0.00%	0.00%	0.00%
51	0.00	2.50	7.00	0.00	0.00	0.00
52	0.00	2.50	7.00	0.00	0.00	0.00
53	0.00	2.50	5.00	0.00	2.50	3.25
54	0.00	3.00	5.00	0.00	3.00	4.00
55	0.00	4.00	5.00	0.00	4.00	4.00
56	0.00	4.00	6.75	0.00	4.00	4.25
57	0.00	4.50	8.00	0.00	4.50	4.50
58	0.00	5.00	8.00	0.00	5.00	7.50
59	0.00	8.00	20.00	0.00	8.00	10.00
60	8.00	12.50	30.00	7.50	10.00	12.50
61	12.00	20.00	35.00	10.00	15.00	15.00
62	17.50	25.00	35.00	10.00	20.00	25.00
63	12.50	22.50	27.50	12.50	17.50	20.00
64	16.00	22.50	27.50	16.00	17.50	20.00
65	20.00	25.00	27.50	20.00	35.00	40.00
66	25.00	30.00	30.00	25.00	30.00	30.00
67	20.00	30.00	30.00	20.00	30.00	30.00
68	20.00	30.00	30.00	20.00	30.00	30.00
69	20.00	30.00	30.00	20.00	30.00	30.00
70	22.50	25.00	25.00	22.50	25.00	25.00
71	22.50	25.00	25.00	22.50	25.00	25.00
72	22.50	25.00	25.00	22.50	25.00	25.00
73	22.50	25.00	25.00	22.50	25.00	25.00
74	22.50	25.00	25.00	22.50	25.00	25.00
75 & over	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The assumed retirement age for inactive terminated vested members and actives who are expected to terminate is shown below. Miscellaneous Safety and the Sheriff's Department are included with Safety Prop C members, and Muni Drivers and Craft members are included with Miscellaneous members.

Table B-19
Deferred Retirement Age

	Non-Prop C	Prop C
Safety	51	55
	Non-Reciprocal	**Reciprocal**
Miscellaneous	55	60

FAMILY COMPOSITION

The percentage assumed to be married (including assumption for Domestic Partners, 1994 Proposition H) is shown below. Spouses of male members are assumed to be three years younger than the member and spouses of female members are assumed to be two years older than the member. Miscellaneous Safety and the Sheriff's Department are included with Safety members, and Muni Drivers and Craft members are included with Miscellaneous members.

Table B-20
Percentage Married

Group	Percentage
Safety Males	80%
Safety Females	60
Miscellaneous Males	75
Miscellaneous Females	55

DEFERRED MEMBER BENEFIT AMOUNT

The benefit was estimated based on information provided by SFERS staff. The data used to estimate the deferred benefit were date of birth, date of hire, date of termination, and last pay. Based on the data provided, service credit, highest average salary, and deferred retirement age were estimated. The estimates were used to compute the retirement benefit, upon which the liabilities are based. For those members without sufficient data or service, accumulated member contribution balances, with interest, were used as the Actuarial Liability.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

TIMING OF CONTRIBUTIONS

Employer and employee contributions are made throughout the year.

CHANGES SINCE LAST VALUATION

Details of all demographic assumption changes can be found in the demographic experience study report for the period covering July 1, 2019 to June 30, 2024. The assumptions were adopted at the September 10, 2025 Board meeting.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below. This contribution allocation procedure, combined with reasonable assumptions, produces a Reasonable Actuarially Determined Contribution as defined in Actuarial Standard of Practice No. 4. The contribution allocation procedure was selected to balance benefit security, intergenerational equity, and the stability of actuarially determined contributions. The selection also considered the demographics of plan members, the funding goals and objectives of the Board, and the need to accumulate assets to make benefit payments when due. All components of the contribution allocation procedure were established prior to the July 1, 2008 actuarial valuation, except the amortization method, which was most recently modified by the Board at their March 11, 2026 meeting.

ACTUARIAL COST METHOD

The Entry Age Actuarial Cost Method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund the retirement benefits between each member's date of hire and assumed termination of employment. The normal costs calculated relate only to current member payroll. The Actuarial Liability is the difference between the present value of future benefits and the present value of future normal cost.

ASSET VALUATION METHOD

For the purposes of determining the Employer's contribution to SFERS, a smoothed Actuarial Value of Assets is used to dampen the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The actuarial value is calculated by recognizing 20% of each of the past five years of actual investment returns compared to the expected return (7.20% for the years ending 2022-2025, 7.40% for the year ending 2021) on the market asset value. The expected return on the Market Value of Assets is determined using SFERS actual cash flows and the assumed return. The balance of the actual investment experience is recognized in a similar fashion in future years.

This asset smoothing method is effective July 1, 2025. However, to transition, the experience for fiscal years ending 2021, 2022, 2023, and 2024 was based on the prior method of the expected return on the actuarial value of assets.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

AMORTIZATION METHOD

Any Charter change prior to July 1, 2014 has been amortized over 20 years from the date it was first recognized in the valuation. After July 1, 2014, any changes to active member benefits are amortized over a closed 15-year period, and any new changes to inactive or retired member benefits, excluding Supplemental COLAs, are amortized over a closed five-year period.

The UAL not attributable to Charter changes as of July 1, 2013, was amortized over a closed 19-year period as of July 1, 2014. Any sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over closed, layered 20-year periods.

If the System becomes 100% funded based on the Actuarial Value of Assets, any subsequent unexpected changes in the UAL are amortized over a rolling 20-year period until the System is no longer 100% funded.

Effective with the July 1, 2021 valuation, the remaining amortization periods for assumption changes prior to July 1, 2021, and all prior actuarial gains and losses (including the gain for 2021) were reduced to five years.

Effective with the July 1, 2025 valuation, Supplemental COLAs will be amortized over a fixed period between 5 and 10 years. The amortization payments will not exceed the amortization credit for the investment gain that generated the Supplemental COLA unless it would extend the amortization period beyond 10 years, in which case the amortization period will be 10 years with a 5-year phase-in that mirrors the increase in amortization credits due to the investment gain as it is fully recognized by the 5-year asset smoothing method.

All amortization payment amounts increase each year at the assumed wage inflation rate.

CHANGES SINCE LAST VALUATION

The asset smoothing method was changed at the September 10, 2025 Board meeting to calculate asset gains and losses based on the expected return on the market value of assets.

The amortization policy for Supplemental COLAs was adopted at the March 11, 2026 Board meeting.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Police and Fire

MEMBERSHIP REQUIREMENT

Charter Section	Membership Requirement
8.559	Police department members who became members before November 2, 1976 and retired on or before December 31, 2002 without electing membership in another Section.
8.585	Fire department members who became members before November 2, 1976 and retired on or before December 31, 2002 without electing membership in another Section.
8.586	Police department members who became members on or after November 2, 1976, and before January 1, 2003.
8.588	Fire department members who became members on or after November 2, 1976, and before January 1, 2003.
8.595	Active police department members on November 5, 2002 in Section 8.559 who elected to switch to Section 8.595 by December 31, 2002.
8.596	Active fire department members on November 5, 2002 in Section 8.585 who elected to switch to Section 8.596 by December 31, 2002.
8.597	Active police department members on January 1, 2003, in Section 8.586, who elected to switch to Section 8.597 by December 31, 2002; or new police department members on or after January 1, 2003, and before July 1, 2010.
8.598	Active fire department members on January 1, 2003, in Section 8.588, who elected to switch to Section 8.598 by December 31, 2002; or new fire department members on or after January 1, 2003, and before July 1, 2010.
8.601	New fire department members on or after July 1, 2010 and before January 7, 2012.
8.602	New police department members on or after July 1, 2010 and before January 7, 2012.
8.604	New fire department members on or after January 7, 2012.
8.605	New police department members on or after January 7, 2012.
8.608	Sheriff, undersheriffs, and all deputized personnel of the sheriff's department hired on or after January 7, 2012.
8.610	Miscellaneous Safety members hired on or after January 7, 2012. Public Safety Communications Personnel for service on or after January 4, 2025.
8.611	Public Safety Communications Personnel for service on or after January 4, 2025, regardless of hire date.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

FINAL COMPENSATION

Charter Sections	Final Compensation
8.559, 8.585, 8.595, and 8.596	Monthly salary earnable at the final rank held at termination date, or monthly salary at next lower rank if final rank held for less than one year.
8.586, 8.588, 8.597, and 8.598	Highest average monthly total compensation earnable during any 12 months of Credited Service. (Pre 1998 – three-year average of monthly compensation.)
8.601 and 8.602	Highest average monthly total compensation earnable during any two consecutive fiscal years of earnings or the twenty-four months of earnings immediately prior to retirement.
8.604, 8.605, 8.608, 8.610, and 8.611	Highest average monthly total compensation earnable during any three consecutive fiscal years of earnings or the thirty-six months of earnings immediately prior to retirement. Compensation for any fiscal year does not include remuneration that exceeds 75% of the IRC 401(a)(17) compensation limit.

CREDITED SERVICE

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked.

MEMBER CONTRIBUTIONS

Charter Sections	Member Contributions
8.559, 8.585, 8.595, and 8.596	7.0% of salary, excluding overtime and most premium pay. Depending on the employer contribution rate, the member contribution rate can increase or decrease by up to 6% of pay.
8.586, 8.588, 8.597, and 8.598	7.5% of salary, excluding overtime and most premium pay. Depending on the employer contribution rate, the member contribution rate can increase or decrease by up to 6% of pay.
8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611	9.0% of salary, excluding overtime and most premium pay. Depending on the employer contribution rate and the member's base pay rate, the member contribution rate can increase or decrease by up to 4% or 5% of pay.

Member contributions are credited with interest annually as determined by the Board.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

EMPLOYER CONTRIBUTIONS

Employers contribute the remaining amounts necessary to maintain the soundness of the Retirement System. Any decrease in the member contribution rate is paid by the City.

SERVICE RETIREMENT

Charter Sections	Eligibility for Service Retirement
8.559, 8.585, 8.595, 8.596, and Pre-1998	Age 50 with 25 years of Credited Service.
8.586, 8.588, 8.597, 8.598, 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611	Age 50 with five years of Credited Service.

The member's service retirement benefit equals the member's Credited Service multiplied by their Final Compensation and the Service Retirement Factor in the table below. Charter sections 8.586 and 8.588 have a minimum benefit equal to 2% of Final Compensation for each of the first 25 years of service plus an additional 3% of Average Compensation for each year of Credited Service in excess of 25 years (Pre-1998, the service retirement factors below did not apply for Charter sections 8.586 and 8.588.)

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Service Retirement Factors

Retirement Age	Charter Sections 8.559 and 8.585	8.595 and 8.596	8.586 and 8.588	8.597, 8.598, 8.601, 8.602, and 8.604	8.605 and 8.608	8.610 and 8.611
50	55% of Final Compensation plus an additional 4% of Final Compensation for each year of credited service in excess of 25 years	2.40%	2.00%	2.40%	2.20%	1.800%
51		2.52%	2.14%	2.52%	2.30%	1.912%
52		2.64%	2.28%	2.64%	2.40%	2.020%
53		2.76%	2.42%	2.76%	2.50%	2.132%
54		2.88%	2.56%	2.88%	2.60%	2.244%
55		3.00%	2.70%	3.00%	2.70%	2.356%
56		3.00%	2.70%	3.00%	2.80%	2.468%
57		3.00%	2.70%	3.00%	2.90%	2.590%
58 +		3.00%	2.70%	3.00%	3.00%	2.700%

Maximum Benefit as a Percentage of Final Compensation

	Charter Sections 8.559 and 8.585	8.595 and 8.596	8.586 and 8.588	8.597, 8.598, 8.601, 8.602, and 8.604	8.605 and 8.608	8.610 and 8.611
Maximum	75%	90%	75% (70% pre-1998)	90%	90%	90%

Automatic Survivor Benefit as a Percentage of the Service Retirement Benefit

Charter Sections	Percentage
8.559, 8.585, 8.595, and 8.596	75%
8.586, 8.588, 8.597, 8.598, 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611	50%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

NON-INDUSTRIAL DISABILITY

Eligibility: 10 years of Credited Service.

Non-Industrial Disability Member Benefit

Charter Sections	Description	Automatic Survivor Benefit Percentage
8.559, 8.585, 8.595, and 8.596	1.5% of Final Compensation for each year of Credited Service between 10 and 25 years, subject to a minimum of 33.3% and a maximum of 75% of Final Compensation for Charter Sections 8.559 and 8.585 or 90% of Final Compensation for Charter Sections 8.595 and 8.596. After 25 years of Credited Service, the non-industrial disability benefit equals the service retirement benefit determined as of the date of disability.	75%
8.586, 8.588, 8.597, 8.598, 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611	1.5% of Final Compensation for each year of Credited Service, subject to a minimum of 33.3% of Final Compensation, subject to a maximum of 75% of Final Compensation for Charter Sections 8.586 and 8.588 or 90% of Final Compensation for all other Charter Sections.	50%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

INDUSTRIAL DISABILITY

Eligibility: No age or service requirement.

Industrial Disability Member Benefit

Age and Service	Description
Less than age 50 with 25 Years of Service	Final Compensation times a percentage of disability, subject to a minimum of 50% and a maximum of 90%, as determined by the Workers' Compensation Appeals Board. If the member is age 50 with five years of service, the disability benefit is the service retirement allowance, but not less than 50% of Final Compensation. Once the member becomes eligible for qualified service retirement, assuming the member earned service and salary increases during the period of disability, the benefit is recalculated using the service and salary rate for the rank held at retirement. The recalculated benefit is subject to a minimum of 50% (55% for Charter Sections 8.559, 8.585, 8.595, and 8.596) of Final Compensation (not to exceed 90% of Final Compensation for Charter Sections 8.597, 8.598, 8.601, 8.602, 8.608, and 8.610).
Age 50 with 25 Years of Service	The service retirement allowance, but not less than 50% of Final Compensation (55% for Charter Sections 8.559, 8.585, 8.595, and 8.596).

Automatic Survivor Benefit as a Percentage of the Service Retirement Benefit

Charter Sections	Percentage
8.559, 8.585, 8.595, and 8.596	100%
8.586, 8.588, 8.597, 8.598, 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611	75%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

DEATH WHILE AN ACTIVE EMPLOYEE

Death Due to a Non-Work-Related Cause

	Charter Sections	
	8.559, 8.585, 8.595, and 8.596	8.586, 8.588, 8.597, 8.598, 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611
Less than 10 Years of Credited Service, or No Qualified Survivor	Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary.	
At least 10 but less than 25 years of Credited Service	Monthly continuation allowance to a qualified survivor equal to the non-industrial disability benefit the member would have been entitled to on the date of death, subject to a minimum of 33.3% of Final Compensation at the time of death.	
At Least 25 Years of Credited Service but Less than Age 50	Monthly continuation allowance to a qualified survivor equal to 75% of the monthly service retirement benefit the member would have received had the member been age 50 and retired on the date of death.	Monthly continuation allowance to a qualified survivor equal to 50% (75%of the monthly service retirement benefit the member would have received had the member been age 50 and retired on the date of death.
Age 50 with 25 Years of Credited Service	Monthly continuation allowance to a qualified survivor equal to 75% of the monthly service retirement benefit the member would have received had the member been retired on the date of death.	Monthly continuation allowance to a qualified survivor equal to 50% of the monthly service retirement benefit the member would have received had the member been retired on the date of death.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Death Due to a Work-Related Cause

	Charter Sections	
	8.559, 8.585, 8.595, and 8.596	**8.586, 8.588, 8.597, 8.598, 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611**
No Qualified Survivor	Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary. For Charter Sections 8.559, 8.585, 8.595, 8.596, 8.586 and 8.588, if the death is of a violent nature, an additional lump sum equivalent benefit equal to 12 months' salary is payable.	
Qualified Survivor and Less than Age 50 with 25 Years of Service	Monthly continuation allowance to a qualified survivor equal to the salary at the date of death. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of death to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date, such allowance shall not be less than 55% of Final Compensation.	Monthly continuation allowance to a qualified survivor equal to 100% (Pre 1998 – 75%) of Final Compensation at the date of death. Once the member would have completed 25 years of service and attained age 50, assuming that member earned service and salary increases from the date of death to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date. Such allowance shall not be less than 50% of Final Compensation (For Chapter Sections 8.597, 8.598, 8.601, 8.602, 8.608, and 8.610 not to exceed 90% of Final Compensation).
Qualified Survivor and Age 50 with 25 Years of Service	Monthly continuation allowance to a qualified survivor equal to 100% of the monthly service retirement benefit the member would have received had the member been retired on the date of death, but such allowance shall not be less than 55% of Final Compensation.	Monthly continuation allowance to a qualified survivor equal to 100% (Pre 1998 – 75%) of the monthly service retirement benefit the member would have received had the member been retired on the date of death, not less than 50% of Final Compensation.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

WITHDRAWAL BENEFITS

Less than five years of credited service: Lump sum benefit equal to the accumulated employee contributions with interest.

Five or more years of credited service: The member may choose a lump sum benefit equal to the accumulated refund of employee contributions with interest, or:

Charter Sections			
8.559 and 8.585	**8.595 and 8.596**	**8.586 and 8.588**	**8.597, 8.598, 8.601, 8.602, 8.604, 8.605, 8.608, 8.610, and 8.611**
Retirement benefit first payable at age 50 equal to 55% of Final Compensation at termination, multiplied by a service fraction, the numerator being the Credited Service of the member at termination, and a denominator of 25.	A specified percent of Final Compensation based on the member's age at retirement (factors shown in Table C-1) for each year of Credited Service, subject to a maximum of 90% of Final Compensation.	Retirement benefit first payable at age 50 equal to 2% of Final Compensation at termination for each year of credited service of the member at the date of termination.	A specified percent of Final Compensation at termination based on the member's age at retirement (factors shown in Table C-3, C-4, and C-5) for each year of Credited Service, subject to a maximum of 90% of Final Compensation, payable at age 50.

ADDITIONAL POST-RETIREMENT DEATH BENEFIT

A death benefit payable as a lump sum equal to $100 for each full year of Credited Service, subject to a maximum of $3,000, will be paid to a qualified survivor upon the member's death.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

POST-RETIREMENT COST-OF-LIVING BENEFIT

Charter Sections	8.559, 8.585, 8.595, and 8.596	8.586, 8.588, 8.597, 8.598, 8.601, and 8.602	8.604, 8.605, 8.608, 8.610, and 8.611
Basic COLA	Monthly benefits are adjusted by 50% of the actual dollar increase or decrease (50% of the percentage increase or decrease, applied to the monthly benefits excluding Supplemental COLA amounts, for members under Proposition H) in the salary rank or position the member's Final Compensation used to calculate the monthly benefit was based on. A member's monthly benefit will never decrease below its original amount.	Monthly benefits are increased or decreased each July 1 by a maximum of 2% per year of the initial monthly benefit. A member's monthly benefit will never decrease below its original amount. Effective July 1, 2009, monthly benefits are increased or decreased by a maximum of 2% of the prior year's monthly benefit.	
Supplemental COLA	Effective July 1 of each fiscal year, if there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of 0.5% up to a maximum of 3.5%.		Same Supplemental COLA as other Charter Sections except the Supplemental COLA is only payable if the Retirement System is also fully funded based on the Market Value of Assets.

CHANGES IN THIS VALUATION

None.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Miscellaneous

MEMBERSHIP REQUIREMENT

Charter Section	Membership Requirement
8.509	Employees and Officers, other than Police Officers or Firefighters, who became members before November 2, 1976 and continued as a member without interruption.
8.587	Active Employees and Officers, other than Police Officers or Firefighters, who were members under Section A8.584, and members under A8.587, whose accumulated contributions were in the retirement fund on November 7, 2000 and were not retired. After November 7, 2000, all full-time employees, certified Civil Service employees, or temporary employees who work more than 1,040 hours in any 12-month period; excluding all Police Officers and Firefighters.
8.600	Employees and Officers, other than Police Officers or Firefighters, who become employed on or after July 1, 2010, and prior to January 7, 2012.
8.603	Employees and Officers, other than Police Officers or Firefighters, who become employed on or after January 7, 2012.
8.611	Public Safety Communications Personnel for service on or after January 4, 2025, regardless of hire date.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

AVERAGE FINAL COMPENSATION

Charter Sections	Final Compensation
8.509 and 8.587	Average monthly compensation earned during any year of Credited Service which average compensation is the highest.
8.600	Average monthly compensation earned during the higher of any two consecutive fiscal years of earnings or the twenty-four months of earnings immediately prior to retirement.
8.603	Average monthly compensation earned during the higher of any three consecutive fiscal years of earnings or the 36 consecutive months of earnings immediately prior to retirement. Compensation for any fiscal year shall not include remuneration that exceeds 85% of the IRC 401(a)(17) compensation limit.

CREDITED SERVICE

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked. (Exception: for Charter 8.509 members, in the year of retirement, the denominator in the fraction is equal to 12).

MEMBER CONTRIBUTIONS

Charter Sections	Member Contributions
8.509	8.0% of salary
8.587, 8.600, and 8.603	7.5% of salary, excluding overtime and most premium pay.

Depending on the employer contribution rate, the member contribution rate can increase or decrease as described in the cost-sharing provisions below.

Member contributions are credited with interest annually as determined by the Board.

If the member elects Social Security, the contributions to the System may be reduced by the amount contributed to Social Security (excluding the Medicare portion). Retirement benefits are actuarially reduced by the shortage, which is the difference between contributions paid at the 8%/7.5% rate and contributions actually paid, plus plan interest.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

EMPLOYER CONTRIBUTIONS

Employers contribute the remaining amounts necessary to maintain the soundness of the Retirement System. Any decrease in the member contribution rate is paid by the City.

SERVICE RETIREMENT

Charter Sections	Eligibility for Service Retirement
8.509, 8.587, and 8.600	Age 50 with 20 years of Credited Service, or age 60 with 10 years of Credited Service.
8.603	Age 53 with 20 years of Credited Service, age 60 with 10 years of Credited Service, or age 65.

The member's service retirement benefit equals the member's Credited Service multiplied by their Average Final Compensation and the Service Retirement Factor in the table below, subject to a maximum of 75% of Average Final Compensation. Charter sections 8.509, 8.587, and 8.600 have a minimum benefit equal to the actuarial equivalent of twice the member's accumulated contributions with interest.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Service Retirement Factors

Retirement Age	Charter Sections 8.509, 8.587, and 8.600	8.603
50	1.0%	n/a
51	1.1%	n/a
52	1.2%	n/a
53	1.3%	1.000%
54	1.4%	1.108%
55	1.5%	1.216%
56	1.6%	1.324%
57	1.7%	1.432%
58	1.8%	1.540%
59	1.9%	1.648%
60	2.1%	1.756%
61	2.2%	1.864%
62	2.3%	1.972%
63	2.3%	2.080%
64	2.3%	2.188%
65 +	2.3%	2.300%

Automatic Survivor Benefit: 50% of the service retirement benefit is paid to a qualified survivor.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

DISABILITY

	Description
Eligibility	10 years of Credited Service.
Member Benefit:	1.8% of Average Final Compensation for each year of Credited Service, maximum of 75% of Average Final Compensation. If the benefit is less than 40% of Average Final Compensation, additional Credited Service had the member worked to age 60 can be added to the current Credited Service, in order to adjust the benefit to 40% of Average Final Compensation.
Survivor Benefit	50% of the disability retirement benefit paid to a qualified survivor.

DEATH WHILE AN ACTIVE EMPLOYEE

	Death Benefit
Not Eligible for Service Retirement	Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary. If the death is of a violent nature and job-related, an additional lump sum equivalent benefit equal to 12 months' salary is payable.
Eligible for Service Retirement	A qualified spouse may elect: 1. Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months' salary to a designated beneficiary. 2. A benefit equal to 50% of the service retirement benefit the member would have received had the member retired for service on the date of death.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

WITHDRAWAL BENEFITS

Benefit	8.509	8.587, 8.600, and 8.603
Lump sum benefit equal to the accumulated employee contributions with interest.	Less than 10 years of Credited Service or less than $1,000 in accumulated contributions.	Less than five years of Credited Service.
The member may choose one of the following: 1. Lump sum benefit equal to the accumulated refund of employee contributions with interest. 2. A deferred retirement benefit payable on or after age 50 (53 for Charter 8.603) equal to the actuarial equivalent of 200% (150% for Charter 8.603) of the member's accumulated contributions with interest as of the retirement date.	Ten or more years of Credited Service or accumulated contributions exceeding $1,000.	Five or more years of Credited Service.

ADDITIONAL POST-RETIREMENT DEATH BENEFIT

A death benefit payable as a lump sum equal to $100 for each full year of Credited Service, subject to a maximum of $3,000, will be paid to a qualified survivor upon the member's death.

POST-RETIREMENT COST-OF-LIVING BENEFIT

BASIC

Monthly benefits are adjusted each July 1 by the accumulated change in the Consumer Price Index to the nearest 1%, with a maximum increase or decrease of 2% per year of the prior year's monthly benefit. A member's monthly benefit will never decrease below its original amount.

SUPPLEMENTAL

Effective July 1 of each fiscal year, if the Retirement System was fully funded based on the Market Value of Assets for the previous year and there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of 0.5% up to a maximum of 3.5%. For members who worked after

APPENDIX C – SUMMARY OF PLAN PROVISIONS

November 6, 1996, and before Proposition C passed in 2012, the Supplemental COLA is payable if there are "excess" investment earnings regardless of whether or not the System was fully funded.

CHANGES IN THIS VALUATION

None.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Cost Sharing Provisions

ADJUSTED CONTRIBUTION RATES

The table below shows the adjustment to the employee contribution rate based on the calculated net employer contribution rate. There are three different adjustment schedules which apply to different groups of employees.

	Adjustment to Employee Contribution Rate		
Net Employer Contribution Rate	Group 1	Group 2	Group 3
0.00% – 0.00%	-4.00%	-5.00%	-6.00%
0.01% – 1.00%	-4.00%	-4.50%	-5.00%
1.01% – 2.50%	-3.75%	-4.25%	-4.75%
2.51% – 4.00%	-3.50%	-4.00%	-4.50%
4.01% – 5.50%	-2.50%	-3.00%	-3.50%
5.51% – 7.00%	-2.00%	-2.50%	-3.00%
7.01% – 8.50%	-1.50%	-2.00%	-2.00%
8.51% – 10.00%	-1.00%	-1.50%	-1.50%
10.01% – 11.00%	-0.50%	-0.50%	-0.50%
11.01% – 12.00%	0.00%	0.00%	0.00%
12.01% – 13.00%	0.50%	0.50%	0.50%
13.01% – 15.00%	1.00%	1.50%	1.50%
15.01% – 17.50%	1.50%	2.00%	2.00%
17.51% – 20.00%	2.00%	2.50%	3.00%
20.01% –22.50%	2.50%	3.00%	3.50%
22.51% – 25.00%	3.50%	4.00%	4.50%
25.01% – 27.50%	3.50%	4.00%	4.50%
27.51% – 30.00%	3.75%	4.25%	4.75%
30.01% – 32.50%	3.75%	4.25%	4.75%
32.51% – 35.00%	4.00%	4.50%	5.00%
35.01% +	4.00%	5.00%	6.00%

Group 1: Miscellaneous members earning between $24 per hour and $48 per hour, and Police or Fire members hired after June 30, 2010, earning less than $48 per hour.

Group 2: Miscellaneous members earning $48 per hour or more, and Police or Fire members hired after June 30, 2010, earning $48 per hour or more.

There is no adjustment for Miscellaneous members earning less than $24 per hour.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

The hourly rates shown above are for the fiscal year ending 2013. Each fiscal year these hourly rates are adjusted by the percentage increase, not to exceed 3.5%, in the cost-of-living during the previous calendar year determined by the CPI-U for San Francisco-Oakland-Hayward, CA.

Group 3: Police and Fire members hired before July 1, 2010.

Note: The summary of major plan provisions is designed to outline principal plan benefits. If the SFERS staff finds that the plan summary is not in accordance with the actual provisions, the actuary should be immediately alerted so that the proper provisions can be valued.

APPENDIX D – PROJECTION DETAILS

Historical and Projected Employer Contribution Rates by Scenario

Before Cost-Sharing Adjustments

		1-Year Shock		5-Year Moderate		5-Year Significant	
FYE	Baseline	Negative	Positive	Negative	Positive	Negative	Positive
2017	21.40%						
2018	23.46%						
2019	23.31%						
2020	25.19%						
2021	26.90%						
2022	24.41%						
2023	21.35%						
2024	18.24%						
2025	16.91%						
2026	16.53%						
2027	16.68%	16.68%	16.68%	16.68%	16.68%	16.68%	16.68%
2028	17.45%	19.54%	16.32%	17.83%	17.34%	18.42%	17.34%
2029	17.83%	22.70%	13.49%	19.11%	17.41%	20.98%	16.81%
2030	16.06%	23.51%	8.62%	18.68%	15.14%	22.38%	11.79%
2031	15.87%	25.65%	5.61%	20.21%	14.43%	26.15%	6.16%
2032	16.32%	28.20%	3.49%	22.69%	13.87%	31.17%	0.00%
2033	16.83%	28.81%	2.39%	24.84%	13.10%	35.26%	0.00%
2034	17.22%	29.16%	2.77%	26.37%	10.74%	38.08%	0.00%
2035	17.28%	29.17%	2.91%	27.11%	7.84%	39.57%	0.00%
2036	17.79%	29.65%	3.50%	27.92%	5.50%	40.69%	0.00%
2037	17.26%	29.07%	3.02%	27.36%	4.41%	40.11%	0.00%

APPENDIX D – PROJECTION DETAILS

Historical and Projected Funded Ratio Based on Market Assets By Scenario

		1-Year Shock		5-Year Moderate		5-Year Significant	
Valuation	Baseline	Negative	Positive	Negative	Positive	Negative	Positive
2015	88.9%						
2016	82.6%						
2017	87.2%						
2018	89.8%						
2019	90.6%						
2020	90.2%						
2021	111.8%						
2022	97.6%						
2023	95.3%						
2024	94.9%						
2025	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%
2026	94.9%	77.0%	115.6%	91.2%	97.6%	86.4%	103.2%
2027	94.9%	76.6%	116.1%	87.6%	100.5%	78.4%	112.4%
2028	95.0%	76.5%	116.6%	84.2%	103.6%	71.1%	122.7%
2029	95.1%	76.7%	116.7%	81.0%	106.9%	64.7%	134.1%
2030	95.1%	77.0%	116.4%	77.7%	110.1%	58.8%	146.4%
2031	95.0%	77.6%	115.7%	77.7%	110.2%	59.0%	146.6%
2032	95.0%	78.5%	114.7%	78.0%	110.3%	59.7%	146.2%
2033	95.1%	79.5%	113.6%	78.6%	110.3%	61.0%	145.8%
2034	95.2%	80.6%	112.6%	79.3%	110.1%	62.6%	145.4%
2035	95.4%	81.6%	111.6%	80.1%	109.6%	64.4%	145.1%

APPENDIX D – PROJECTION DETAILS

Historical and Projected UAL Based on Market Assets By Scenario

(Amounts in millions)

		1-Year Shock		5-Year Moderate		5-Year Significant	
FYE	Baseline	Negative	Positive	Negative	Positive	Negative	Positive
2015	2,543						
2016	4,249						
2017	3,296						
2018	2,777						
2019	2,720						
2020	2,880						
2021	(3,769)						
2022	793						
2023	1,664						
2024	1,897						
2025	1,996	1,996	1,996	1,996	1,996	1,996	1,996
2026	2,100	9,433	(6,453)	3,599	972	5,593	(1,311)
2027	2,198	10,046	(6,953)	5,293	(218)	9,228	(5,362)
2028	2,253	10,541	(7,476)	7,030	(1,634)	12,821	(10,321)
2029	2,281	10,883	(7,885)	8,802	(3,271)	16,329	(16,279)
2030	2,403	11,185	(8,042)	10,704	(5,017)	19,813	(23,137)
2031	2,536	11,360	(8,023)	11,160	(5,301)	20,558	(24,220)
2032	2,642	11,360	(7,854)	11,480	(5,574)	21,022	(24,987)
2033	2,712	11,287	(7,583)	11,664	(5,819)	21,220	(25,786)
2034	2,749	11,149	(7,295)	11,732	(5,926)	21,199	(26,617)
2035	2,771	10,960	(6,972)	11,722	(5,837)	21,017	(27,481)

APPENDIX E – GLOSSARY OF TERMS

Actuarial Liability

The Actuarial Liability is the difference between the present value of all future system benefits and the present value of total future normal costs. This is also referred to by some actuaries as the "accrued liability" or "actuarial accrued liability."

Actuarial Assumptions

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement rate or rates of investment income, and salary increases. Demographic actuarial assumptions (rates of mortality, disability, turnover, and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Accrued Service

Service credited under the System which was rendered before the date of the actuarial valuation.

Actuarial Equivalent

A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

Actuarial Cost Method

A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of a retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Gain (Loss)

The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

Actuarial Present Value

The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

APPENDIX E – GLOSSARY OF TERMS

Amortization

Paying off an interest-discounted amount with periodic payments of interest and principal – as opposed to paying off with a lump sum payment.

Normal Cost

The actuarial present value of retirement system benefits allocated to the current year by the actuarial funding method.

Unfunded Actuarial Liability (UAL)

The Unfunded Actuarial Liability represents the difference between Actuarial Liability and valuation assets. This value is sometimes referred to as "unfunded actuarial accrued liability."

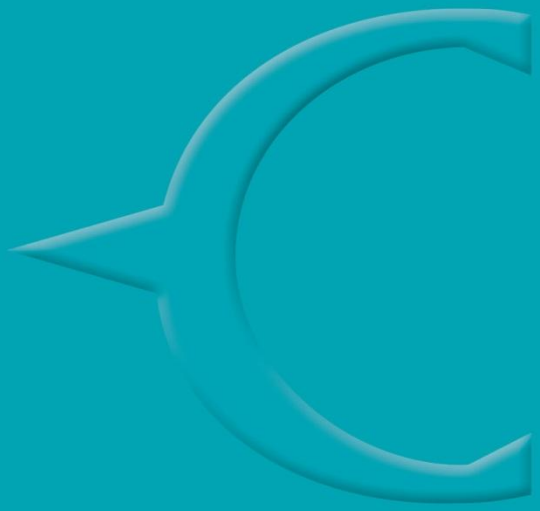
Most retirement systems have Unfunded Actuarial Liabilities. They typically arise each time new benefits are added and each time experience losses are realized.

The existence of unfunded actuarial accrued liability is not in itself an indicator of poor funding. Also, Unfunded Actuarial Liabilities do not represent a debt that is payable today. What is important is the ability of the plan sponsor to amortize the Unfunded Actuarial Liability and the trend in its amount (after due allowance for devaluation of the dollar).



Classic Values, Innovative Advice

CHEIRON Classic Values, Innovative Advice



City and County of San Francisco Postretirement Health Plan GASB 74/75 Report June 30, 2025 Measurement Date for June 30, 2026 Reporting Date

Produced by Cheiron

October 2026

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SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial reporting information under the Governmental Accounting Standards Board Statements No. 74 and No. 75 (GASB 74 and GASB 75) for the City and County of San Francisco Postretirement Health Plan (Plan). This information includes:

- Determination of the discount rate as of the measurement date;
- Projection of the Total OPEB Liability from the valuation date to the measurement date;
- Sensitivity of the Net OPEB Liability to changes in discount rates and health care cost trend rates;
- Changes in the Net OPEB Liability;
- Schedule of Employer Contributions;
- Disclosure of Deferred Inflows and Outflows; and
- Calculation of the Annual OPEB Expense for the City and County of San Francisco.

Numbers in the tables in this report may not add up to the total due to rounding.

Highlights

For this plan, valuations are conducted every other year, and each valuation is used as the basis for two years of reporting and disclosure of the Total OPEB Liability under GASB 74 and 75. The measurement date for this report is June 30, 2025. Measurements are based on the fair value of assets as of June 30, 2025, and the Total OPEB Liability as of the valuation date, June 30, 2024, updated to June 30, 2025. The update procedures include the addition of service cost and interest cost offset by actual benefit payments. We are unaware of any significant events between the valuation and measurement dates.

The table on the next page summarizes the key results during this measurement period. For GASB 74 reporting purposes, only the Net OPEB Liability applies.

SECTION I – BOARD SUMMARY

Table I-1
Summary of Results

Amounts in Thousands

	Measurement Date	
	6/30/2025	6/30/2024
Net OPEB Liability	$3,936,298	$3,921,799
Deferred Outflows	(506,697)	(586,093)
Deferred Inflows	297,470	411,308
Net Impact on Statement of Net Position	$3,727,071	$3,747,015
Contributions Subsequent to Measurement Date (Included in Deferred Outflows Above)		
Contributions to Trust	$54,526	$52,126
Benefit Payments	263,784	248,806
Total	$318,310	$300,932
OPEB Expense ($ Amount)	$298,366	$259,579
OPEB Expense (% of Payroll)	5.72%	5.32%

The Net OPEB Liability (NOL) increased by approximately $14 million since the prior measurement date, compared to an expected increase of $46 million. Investment gains subtracted $31 million from the expected increase in NOL.

Plan changes are recognized immediately; investment gains and losses are recognized over five years; and experience gains and losses, and assumption changes, are recognized over the average remaining service life, which is currently seven years. Unrecognized amounts are reported as Deferred Outflows and Deferred Inflows of Resources.

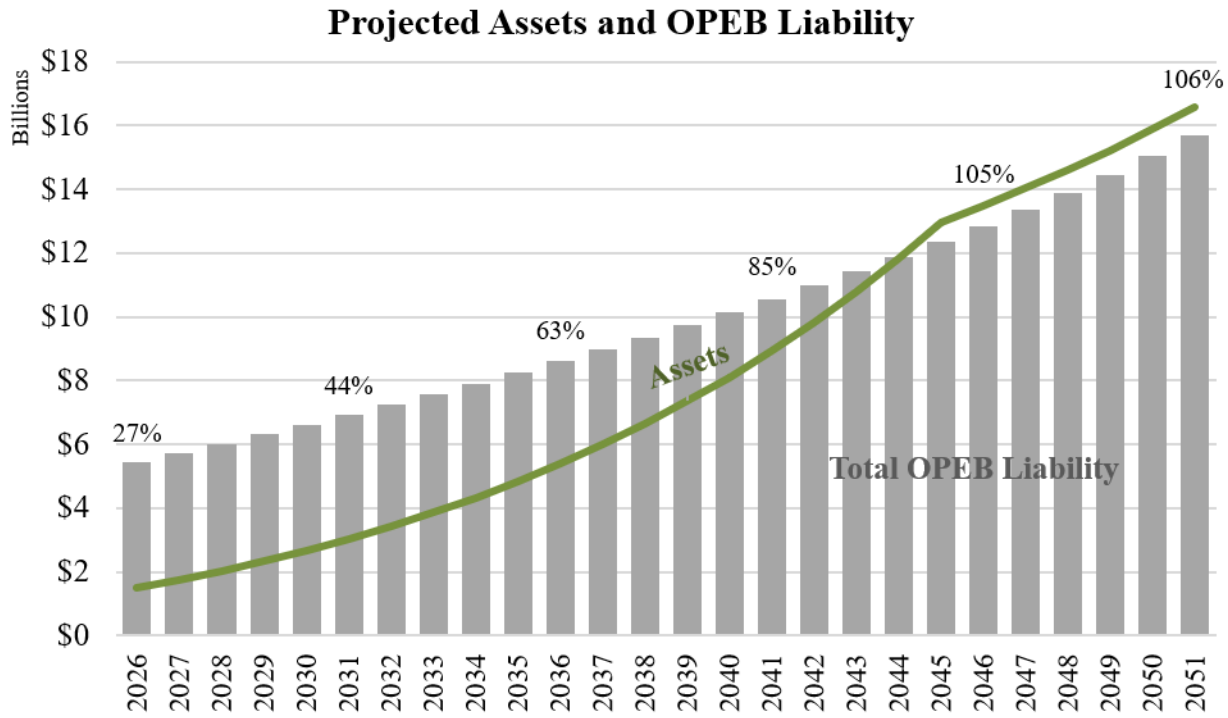
As of June 30, 2026, the end of the reporting year, the City and County reports a Net OPEB Liability of $3,936,298,000, Deferred Outflows of $506,697,000, and Deferred Inflows of $297,470,000. Consequently, the net impact on the City and County's Statements of Net Position is $3,727,071,000 at the end of the reporting year. Contributions of $318,310,000 between the measurement date (June 30, 2025) and the City and County's reporting date (June 30, 2026) are reported as Deferred Outflows to offset the cash outflow reported and are included in the figures above.

SECTION I – BOARD SUMMARY

For the fiscal year ending June 30, 2026, the OPEB Expense is $298,366,000, or 5.72% of covered payroll. Volatility in OPEB Expense from year to year is to be expected, given the immediate recognition of plan changes and the short recognition periods for investment gains and losses, assumption changes, and liability gains and losses. A breakdown of the components of the OPEB Expense is shown in Section VI of this report – GASB 75 Reporting Information.

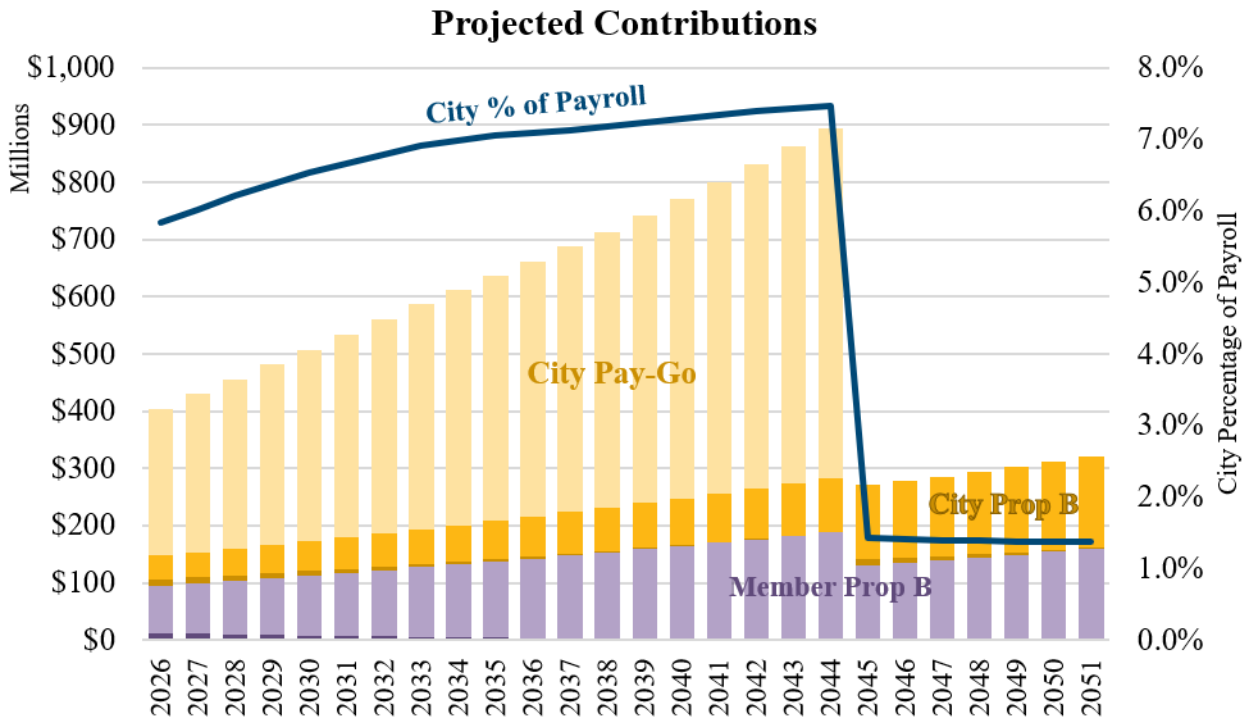
FUNDING PROJECTIONS

The chart below shows the projected growth of the Total OPEB Liability and the Retiree Health Care Trust Fund (RHCTF) assets over the next 25 years. If all assumptions are met, including the 7.0% expected return on assets, the Plan is expected to grow from 27% funded to 106% funded over the 25-year period, first exceeding 100% in 2045. Benefits cannot be paid from the RHCTF until the Plan is 100% funded.



SECTION I – BOARD SUMMARY

Contributions to fund the Plan are defined in the Charter and are not actuarially determined. Until the Plan is 100% funded, Pre-Prop B members contribute 1% of pay, Prop B members contribute 2% of pay, and the City contributes 1% of pay and pays the benefits on a pay-as-you-go basis each year. If the City's contributions exceed 10% of payroll, there are some potential adjustments that are described in detail in Section III and Appendix C of the report. Once the Plan is 100% funded, members pay 50% of the normal cost up to 2% of pay (1% if Pre-Prop B), and the City pays the remainder of the normal cost. The following chart shows the projected contributions over the next 25 years.



Member contributions are shown as purple bars, with the darker purple for Pre-Prop B members. City contributions are shown as gold bars with dark gold for Pre-Prop B members, medium gold for Prop B members, and light gold for the pay-as-you-go benefit payments. The dark purple and dark gold bars have become very small as the number of Pre-Prop B members who remain active employees diminishes. The blue line represents total City contributions as a percentage of payroll. If all assumptions are met, City contributions do not reach the 10% of payroll threshold, and contributions drop significantly in 2045 when the Plan is projected to reach 100% funding.

Appendix C – Summary of Plan Provisions provides details of the contribution and disbursement structure before and after full funding.

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB No. 74 for the City and County of San Francisco Postretirement Health Plan and under GASB No. 75 for the City and County of San Francisco. This report is for the use of the City and County of San Francisco and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the calculation of actuarially determined contributions.

In preparing our report, we relied on information (some oral and some written) supplied by the City and County of San Francisco (CCSF), the Health Services System (HSS), and the San Francisco Employees' Retirement System (SFERS). This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The City and County of San Francisco selected the actuarial assumptions based on our analysis and recommendations. We believe the selected assumptions to be reasonable for the purpose of financial reporting under GASB Statement Nos. 74 and 75.

Medical trend assumptions were developed using the Society of Actuaries (SOA) Long-Term Health Care Cost Trends Model (Model). This Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. We have reviewed the baseline assumptions for the Model and found them to be reasonable and consistent with the other economic assumptions used in the valuation, except the inflation (CPI) assumption. A long-term inflation assumption of 2.5% is better aligned with consensus expectations among macroeconomic forecasters and break-even inflation rates. Further rationale and detail on the parameters used in this Model can be found in Appendix B of this report – Actuarial Assumptions and Methods. We have relied on the SOA as the developer of the Model. We have reviewed the Model, have a basic understanding of the Model, and have used it in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of the Model that would affect these results.

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in the assumptions or output of ProVal that would affect this actuarial valuation.

SECTION II – CERTIFICATION

The funding projections in the Board Summary and the projection of future contributions shown in Appendix D – Determination of the Discount Rate are developed using an open group deterministic projection of the liabilities and assets associated with the Plan. The projection uses projected benefit payments for current members but excludes those for new members. This limitation is not material for the purpose of the projection, as it would affect the assets and liabilities by the same amount. The projection uses standard roll-forward techniques that implicitly assume a stable active population.

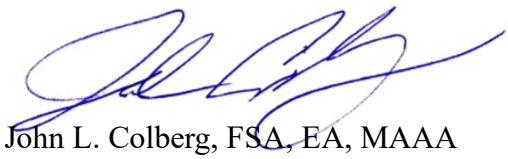
Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we collectively meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report was prepared exclusively for the City and County of San Francisco for the purposes described herein and for the use by the City's auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.



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SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total OPEB Liability was 7.00%.

Employee and City and County contributions to the Plan are set in Charter Section A8.432(a) and (b) and are not actuarially determined. Employee and City and County contributions to the Retiree Health Care Trust Fund (RHCTF) are a fixed percentage of pay, varying based on the employee's hire date, the year the payment is made, and whether the Trust is fully funded.

As described in Charter Section A8.432(d), before the Trust is fully funded, other than limited disbursements described below to stabilize City and County contributions and disbursements for reasonable administrative expenses, no disbursements may be made from the RHCTF. As a result, the City and County pays for all benefits on a pay-as-you-go basis while the contributions accumulate in the Trust.

If the City and County's retiree health care costs (RHCTF contributions plus benefit payments) are projected to exceed 10% of payroll, the RHCTF Board, with approval of the Mayor and by resolution of the Board of Supervisors, may authorize stabilization disbursements to the extent necessary to reduce the City's retiree health care costs to 10% of payroll. However, any such stabilization disbursement cannot exceed 10% of the balance in the RHCTF as of the prior year.

Once the RHCTF is fully funded:

- Benefits for current retirees can be paid from the Trust,
- Employee contributions to the Trust become 50% of normal cost up to 2% of pay, and
- City and County contributions become the remainder of the normal cost not paid by employee contributions.

Appendix C – Summary of Plan Provisions provides details of the contribution and disbursement structure before and after full funding.

To determine the discount rate, we have assumed that the City and County and employees will contribute to the RHCTF at the rates specified by the Charter, and disbursements from the RHCTF will continue to be limited by the Charter until it is fully funded.

A formal cash flow projection as described under Paragraph 37 of GASB Statement 75 is included in Appendix D – Determination of the Discount Rate. In performing the crossover test, we made the following assumptions to simplify the test:

SECTION III – DETERMINATION OF DISCOUNT RATE

- In projecting when the Plan becomes fully funded, the Total OPEB Liability includes the service cost for new entrants, and the assets include contributions for new entrants, but the Total OPEB Liability and assets are only reduced for projected benefit payments for current members.
- All projected administrative expenses are allocated to current members.

The projection shows that for each future period, the amount of the Plan's Fiduciary Net Position is projected to be greater than the benefit payments that are projected to be made in that period. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

SECTION IV – PROJECTION OF TOTAL OPEB LIABILITY

The Total OPEB Liability (TOL) at the end of the measurement year is measured as of the valuation date, June 30, 2024, and projected to June 30, 2025. The update procedures include the addition of service cost and interest cost offset by actual benefit payments. No adjustment was made to reflect the actual calendar year 2026 premiums and premium equivalents because premium increases were consistent with the assumptions and did not significantly change the long-term projection of future claim costs. We are unaware of any significant events between the valuation date and the measurement date. The amounts shown in the exhibits in this section as of June 30, 2024, match the TOL shown in the prior report.

The table below shows the projection of the TOL at discount rates equal to the rate used for disclosure and plus and minus one percent from that rate.

Table IV-1

Projection of Total OPEB Liability from Valuation to Measurement Date

Discount Rates

Amounts in Thousands

Discount Rate	6.00%	7.00%	8.00%
Valuation Total OPEB Liability, 6/30/2024			
Actives	$2,144,005	$1,828,611	$1,573,259
Deferred Vested	526,447	449,096	388,217
Retirees	3,175,219	2,866,742	2,607,416
Total	**$5,845,671**	**$5,144,450**	**$4,568,892**
Service Cost	213,543	168,019	133,441
Benefit Payments	248,806	248,806	248,806
Interest	349,698	357,332	360,986
Total OPEB Liability, 6/30/2025	**$6,160,106**	**$5,420,994**	**$4,814,513**

SECTION IV – PROJECTION OF TOTAL OPEB LIABILITY

The table below shows the projection of the TOL at healthcare trend rates equal to the rates used for disclosure, plus and minus one percent from those rates.

Table IV-2

Projection of Total OPEB Liability from Valuation to Measurement Date

Healthcare Trend Rates

Amounts in Thousands

Healthcare Trends	-1.00%	Baseline	1.00%
Valuation Total OPEB Liability, 6/30/2024			
Actives	$1,512,167	$1,828,611	$2,237,983
Deferred Vested	390,392	449,096	522,316
Retirees	2,625,316	2,866,742	3,148,522
Total	**$4,527,875**	**$5,144,450**	**$5,908,821**
Service Cost	136,044	168,019	210,947
Benefit Payments	248,806	248,806	248,806
Interest	313,071	357,332	412,315
Total OPEB Liability, 6/30/2025	**$4,728,185**	**$5,420,994**	**$6,283,277**

SECTION V – GASB 74 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in the Total OPEB Liability (TOL), the Plan Fiduciary Net Position (i.e., fair value of Plan assets) (FNP), and the Net OPEB Liability (NOL) during the measurement period ending on June 30, 2025.

Table V-1
Change in Net OPEB Liability

Amounts in Thousands

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at end of prior year	$5,144,450	$1,222,650	$3,921,799
Changes for the year:			
Service cost	168,019		168,019
Interest	357,332		357,332
Changes of benefits	0		0
Differences between expected and actual experience	0		0
Changes of assumptions	0		0
Contributions - employer		300,932	(300,932)
Contributions - member		88,437	(88,437)
Net investment income		121,764	(121,764)
Benefit payments	(248,806)	(248,806)	0
Administrative expense		(281)	281
Net changes	276,545	262,047	14,498
Balance at end of current year	$5,420,994	$1,484,697	$3,936,298

During the measurement year, the NOL increased by approximately $14 million. The service cost, interest cost, and administrative expenses increased the NOL by approximately $526 million, while contributions and net investment income decreased the NOL by approximately $511 million.

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, and higher discount rates produce a lower TOL. The table on the following page shows the sensitivity of the NOL to the discount rate.

SECTION V – GASB 74 REPORTING INFORMATION

Table V-2
Sensitivity of Net OPEB Liability to Changes in Discount Rate

Amounts in Thousands

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	$6,160,106	$5,420,994	$4,814,513
Plan Fiduciary Net Position	1,484,697	1,484,697	1,484,697
Net OPEB Liability	$4,675,410	$3,936,298	$3,329,816
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.1%	27.4%	30.8%

A one percent decrease in the discount rate increases the TOL by approximately 14% and the NOL by approximately 19%. A one percent increase in the discount rate decreases the TOL by approximately 11% and the NOL by approximately 15%.

Changes in healthcare trend rates affect the measurement of the TOL. Lower healthcare trends produce a lower TOL, and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

Table V-3
Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Amounts in Thousands

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	$4,728,185	$5,420,994	$6,283,277
Plan Fiduciary Net Position	1,484,697	1,484,697	1,484,697
Net OPEB Liability	$3,243,488	$3,936,298	$4,798,580
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	31.4%	27.4%	23.6%

SECTION V – GASB 74 REPORTING INFORMATION

A one percent decrease in healthcare trends decreases the TOL by approximately 13% and the NOL by approximately 18%. A one percent increase in healthcare trends increases the TOL by approximately 16% and the NOL by approximately 22%.

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 74 and 75 and eventually will build up to 10 years of information. The following schedule shows the changes in NOL and related ratios required by GASB for each measurement year since implementation. The covered payroll represents the pay on which contributions to the Retiree Health Care Trust Fund were made during the measurement year.

SECTION V – GASB 74 REPORTING INFORMATION

Table V-4
Schedule of Changes in Net OPEB Liability and Related Ratios

Amounts in Thousands

	MYE 2025	MYE 2024	MYE 2023	MYE 2022
Total OPEB Liability (TOL)				
Service cost	$168,019	$152,425	$145,520	$154,799
Interest	357,332	337,792	311,626	306,758
Changes of benefit terms	0	0	0	0
Differences between expected and actual experience	0	(94,640)	135,809	(224,065)
Changes of assumptions	0	115,097	0	49,784
Benefit payments	(248,806)	(229,922)	(215,408)	(211,025)
Net change in TOL	**$276,545**	**$280,753**	**$377,547**	**$76,251**
TOL - beginning	**5,144,450**	**4,863,697**	**4,486,150**	**4,409,899**
TOL - ending	**$5,420,994**	**$5,144,450**	**$4,863,697**	**$4,486,150**
Plan Fiduciary Net Position (FNP)				
Contributions - employer	$300,932	$278,701	$260,649	$252,866
Contributions - member	88,437	81,074	73,426	66,455
Net investment income	121,764	154,318	80,490	(87,003)
Benefit payments	(248,806)	(229,922)	(215,408)	(211,025)
Administrative expense	(281)	(386)	(172)	(189)
Net change in plan FNP	**$262,047**	**$283,785**	**$198,986**	**$21,103**
Plan FNP - beginning	**1,222,650**	**938,866**	**739,880**	**718,777**
Plan FNP - ending	**$1,484,697**	**$1,222,650**	**$938,866**	**$739,880**
NOL - ending	**$3,936,298**	**$3,921,799**	**$3,924,832**	**$3,746,270**
Plan Fiduciary Net Position as a percentage of the TOL	27.4%	23.8%	19.3%	16.5%
Covered payroll	$5,212,648	$4,877,917	$4,524,099	$4,184,087
NOL as a percentage of covered payroll	75.5%	80.4%	86.8%	89.5%

SECTION V – GASB 74 REPORTING INFORMATION

Table V-4
Schedule of Changes in Net OPEB Liability and Related Ratios (continued)

Amounts in Thousands

	MYE 2021	MYE 2020	MYE 2019	MYE 2018	MYE 2017
Total OPEB Liability (TOL)					
Service cost	$155,840	$141,642	$133,736	$127,850	$125,193
Interest	300,122	314,907	283,520	290,029	272,943
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	(151,947)	(381,922)	194,068	(385,732)	0
Changes of assumptions	0	151,725	0	111,119	0
Benefit payments	(206,439)	(196,445)	(185,839)	(178,019)	(165,470)
Net change in TOL	**$97,576**	**$29,907**	**$425,485**	**($34,753)**	**$232,666**
TOL - beginning	**4,312,323**	**4,282,416**	**3,856,931**	**3,891,684**	**3,659,019**
TOL - ending	**$4,409,899**	**$4,312,323**	**$4,282,416**	**$3,856,931**	**$3,891,684**
Plan Fiduciary Net Position (FNP)					
Contributions - employer	$245,994	$235,963	$218,625	$203,858	$183,898
Contributions - member	61,582	60,236	51,025	41,682	31,686
Net investment income	128,916	22,746	26,959	14,105	17,369
Benefit payments	(206,439)	(196,445)	(185,839)	(178,019)	(165,470)
Administrative expense	(265)	(114)	(132)	(138)	(109)
Net change in plan FNP	**$229,788**	**$122,387**	**$110,638**	**$81,488**	**$67,373**
Plan FNP - beginning	**488,989**	**366,602**	**255,964**	**174,477**	**107,103**
Plan FNP - ending	**$718,777**	**$488,989**	**$366,602**	**$255,964**	**$174,477**
NOL - ending	**$3,691,122**	**$3,823,334**	**$3,915,814**	**$3,600,967**	**$3,717,207**
Plan Fiduciary Net Position as a percentage of the TOL	16.3%	11.3%	8.6%	6.6%	4.5%
Covered payroll	$3,955,498	$3,951,792	$3,763,446	$3,583,448	$3,393,658
NOL as a percentage of covered payroll	93.3%	96.7%	104.0%	100.5%	109.5%

SECTION V – GASB 74 REPORTING INFORMATION

Contributions to the Plan are set by the Charter and are not actuarially determined. Employee and City and County contributions to the Retiree Health Care Trust Fund (RHCTF) are a fixed percentage of pay that varies depending on the employee's hire date, the year in which the payment is being made, and whether the Trust is fully funded. In addition to the contributions to the Trust, the City and County pays plan benefits on a pay-as-you-go basis until the Trust is fully funded. For purposes of the schedule of employer contributions, the combination of the pay-as-you-go amounts and the contributions to the Trust is considered Charter-required contributions. The table below shows the Charter-required contributions for each of the last 10 measurement years.

Table V-5

Schedule of Employer Contributions

Amounts in Thousands

	MYE 2025	MYE 2024	MYE 2023	MYE 2022	MYE 2021
Charter Required Contribution	$300,932	$278,701	$260,649	$252,866	$245,994
Contributions in Relation to the Charter Required Contribution	300,932	278,701	260,649	252,866	245,994
Contribution Deficiency/(Excess)	$0	$0	$0	$0	$0
Covered Payroll	$5,212,648	$4,877,917	$4,524,099	$4,184,087	$3,955,498
Actual Contributions as % of Pay	5.77%	5.71%	5.76%	6.04%	6.22%

	MYE 2020	MYE 2019	MYE 2018	MYE 2017	MYE 2016
Charter Required Contribution	$235,963	$218,625	$203,858	$183,898	$168,855
Contributions in Relation to the Charter Required Contribution	235,963	218,625	203,858	183,898	168,855
Contribution Deficiency/(Excess)	$0	$0	$0	$0	$0
Covered Payroll	$3,951,792	$3,763,446	$3,583,448	$3,393,658	$3,241,700
Actual Contributions as % of Pay	5.97%	5.81%	5.69%	5.42%	5.21%

For measurement years prior to 2017, covered payroll represents the pay during the measurement year for members eligible to receive future OPEB benefits if they meet the age and service requirements for benefits. For the measurement years ended on or after June 30, 2017, covered payroll is the payroll on which contributions to the RHCTF were made.

SECTION VI – GASB 75 REPORTING INFORMATION

We understand the City and County elected to use a measurement date as of the end of the prior fiscal year for their reporting under GASB 75. As a result, the schedules in this section, based on the June 30, 2025, measurement date, are intended to be used for their 2026 reporting date.

The table below summarizes the current balances of Deferred Outflows and Deferred Inflows of Resources related to the Plan, along with the net recognition over the next five years and the total amount recognized thereafter, if any.

Table VI-1
Schedule of Deferred Inflows and Outflows of Resources

Amounts in Thousands

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$67,905	$240,262
Changes in assumptions	120,482	0
Net difference between projected and actual earnings on OPEB plan investments	0	57,208
Contributions subsequent to the measurement date		
Contributions to the Trust	$54,526	
Benefit payments	263,784	
Total contributions	$318,310	
Total	**$506,697**	**$297,470**

Amounts reported as deferred outflows due to contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the measurement year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Measurement year ended June 30:	
2026	($57,897)
2027	(53,219)
2028	2,458
2029	(3,348)
2030	2,922
Thereafter	0

SECTION VI – GASB 75 REPORTING INFORMATION

The tables on the following pages provide details on the current balances of Deferred Inflows and Outflows of Resources, the recognition of each base for each of the current and following four years, and the total for any years thereafter.

SECTION VI – GASB 75 REPORTING INFORMATION

Table VI-2
Recognition of Experience (Gains) and Losses

Amounts in Thousands

Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	Recognition Year 2025	2026	2027	2028	2029	Thereafter
2024	7.0	($94,640)	($81,120)	($67,600)	($13,520)	($13,520)	($13,520)	($13,520)	($13,520)	($13,520)
2023	6.0	135,809	90,539	67,905	22,635	22,635	22,635	22,635	0	0
2022	6.0	(224,065)	(112,032)	(74,688)	(37,344)	(37,344)	(37,344)	0	0	0
2021	7.0	(151,947)	(65,120)	(43,413)	(21,707)	(21,707)	(21,707)	0	0	0
2020	7.0	(381,922)	(109,121)	(54,560)	(54,560)	(54,560)	0	0	0	0
2019	7.0	194,068	27,724	0	27,724	0	0	0	0	0
Deferred Outflows			$118,263	$67,905	$50,359	$22,635	$22,635	$22,635	$0	$0
Deferred (Inflows)			(367,394)	(240,262)	(127,131)	(127,131)	(72,571)	(13,520)	(13,520)	(13,520)
Net Change in OPEB Expense			($249,130)	($172,358)	($76,772)	($104,496)	($49,936)	$9,115	($13,520)	($13,520)

SECTION VI – GASB 75 REPORTING INFORMATION

Table VI-3
Recognition of Assumption Changes

Amounts in Thousands

Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	Recognition Year 2025	2026	2027	2028	2029	Thereafter
2024	7.0	$115,097	$98,655	$82,212	$16,442	$16,442	$16,442	$16,442	$16,442	$16,442
2022	6.0	49,784	24,892	16,595	8,297	8,297	8,297	0	0	0
2020	7.0	151,725	43,350	21,675	21,675	21,675	0	0	0	0
Deferred Outflows			$166,897	$120,482	$46,415	$46,415	$24,740	$16,442	$16,442	$16,442
Deferred (Inflows)			0	0	0	0	0	0	0	0
Net Change in OPEB Expense			$166,897	$120,482	$46,415	$46,415	$24,740	$16,442	$16,442	$16,442

SECTION VI – GASB 75 REPORTING INFORMATION

Table VI-4
Recognition of Investment (Gains) and Losses

Amounts in Thousands

Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	Recognition Year 2025	2026	2027	2028	2029	Thereafter
2025	5.0	($31,352)	($31,352)	($25,082)	($6,270)	($6,270)	($6,270)	($6,270)	($6,270)	$0
2024	5.0	(84,142)	(67,314)	(50,485)	(16,828)	(16,828)	(16,828)	(16,828)	0	0
2023	5.0	(24,621)	(14,773)	(9,849)	(4,924)	(4,924)	(4,924)	0	0	0
2022	5.0	141,038	56,415	28,208	28,208	28,208	0	0	0	0
2021	5.0	(91,216)	(18,243)	0	(18,243)	0	0	0	0	0
Net Change in OPEB Expense			($75,267)	($57,208)	($18,059)	$184	($28,023)	($23,099)	($6,270)	$0

SECTION VI – GASB 75 REPORTING INFORMATION

The Annual OPEB Expense recognized by the City and County of San Francisco can be calculated in two different ways. It is the change in the amounts reported on the City and County's Statements of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in NOL plus the changes in Deferred Outflows and Inflows plus employer contributions. Alternatively, Annual OPEB Expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of the OPEB Expense.

The table on the next page shows the development of the OPEB Expense using both methodologies.

SECTION VI – GASB 75 REPORTING INFORMATION

Table VI-5
Calculation of OPEB Expense

Amounts in Thousands

Measurement Year Ending	June 30, 2025	June 30, 2024
Change in Net OPEB Liability	$14,498	($3,032)
Change in Deferred Outflows	96,774	27,590
Change in Deferred Inflows	(113,838)	(43,681)
Employer Contributions	300,932	278,701
OPEB Expense	**$298,366**	**$259,579**
OPEB Expense as % of Payroll	**5.72%**	**5.32%**
Operating Expenses		
Service cost	$168,019	$152,425
Employee contributions	(88,437)	(81,074)
Administrative expenses	281	386
Total	$79,863	$71,737
Financing Expenses		
Interest cost	$357,332	$337,792
Expected return on assets	(90,412)	(70,175)
Total	$266,919	$267,617
Changes		
Benefit changes	$0	$0
Recognition of assumption changes	46,415	62,289
Recognition of liability gains and losses	(76,772)	(131,877)
Recognition of investment gains and losses	(18,059)	(10,188)
Total	($48,416)	($79,776)
OPEB Expense	**$298,366**	**$259,579**

Operating expenses are items directly attributable to the operation of the Plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating the Plan for the year.

SECTION VI – GASB 75 REPORTING INFORMATION

The financing expenses are the interest on the Total OPEB Liability less the expected return on assets. Financing expenses are the primary source of expenses for the Plan. As the funding level improves, the financing expenses will decline.

The remaining components of the annual expense are due to the recognition of changes. These components will drive most of the year-to-year volatility in OPEB Expense. They include any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TOL, and investment gains or losses.

The OPEB Expense increased by approximately $39 million. The recognition of changes increased by about $31 million, financing expenses decreased by about $1 million, and operating expenses increased by about $8 million.

APPENDIX A – MEMBERSHIP INFORMATION

The census data used to develop the Total OPEB Liability as of June 30, 2025, is the same census data used in our June 30, 2024 actuarial valuation. The census data used for the previous valuation on June 30, 2022, is shown for comparison purposes. Please refer to the GASB 74/75 Report for the June 30, 2024, measurement date for a more complete summary of the census data.

Table A-1
Schedule of Valuation Data

Valuation Date	June 30, 2024	June 30, 2022	% Change
Active Employees			
Count	33,657	31,621	6%
Average Age	46.9	47.1	0%
Average Service	10.8	11.0	-2%
Total Payroll ($000's)	$4,426,691	$3,832,603	16%
Vested, Terminated Members			
Count	2,103	2,211	-5%
Average Age	52.5	51.2	3%
In-Pay Members with Coverage			
Count	24,398	23,624	3%
Average Age	72.9	72.3	1%
Total Member Count	60,158	57,456	5%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Economic Assumptions

The City and County adopted a 7.0% expected return on plan assets based on Meketa's 10- and 20-year capital market assumptions for the RHCTF's asset allocation.

The wage inflation and price inflation assumptions are the same as those adopted by the San Francisco City and County Employees' Retirement System (SFERS) at the December 9, 2020, Board meeting. Please refer to the economic assumption review presentation for SFERS dated December 9, 2020, for the rationale for the wage inflation and price inflation assumptions.

The per-person healthcare cost trends were developed using the 2025 Version 1b Getzen Model of Long-Run Medical Cost Trends published by the Society of Actuaries. Initial trends reflect short-term expectations, including the delayed impact of inflation on healthcare costs and the impact of changes to the Centers for Medicare & Medicaid Services (CMS) funding methodology for MAPD plans. Longer-term trends are based on our review of the current economic environment and our expectations for the future.

Please refer to the Assumptions and Methods presentation dated September 11, 2025, for further details on the rationale for these assumptions.

These assumptions have been reviewed and approved by the City and County of San Francisco.

Expected Return on Assets and Discount Rate

7.00% per year, net of investment expenses

Price Inflation

2.50%, compounded annually

Wage Inflation

Bargained future increases for the fiscal year ending June 30, 2025, followed by 3.25% compounded annually thereafter. Since benefits are not based on pay, we used a simplified version of the SFERS wage inflation assumption.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-1
Current Bargained Wage Increases

Date of Increase	Police	Fire	Misc
7/1/2024			1.50%
1/4/2025	3.00%	3.00%	1.50%
6/30/2025			1.00%

PER PERSON COST TRENDS

Medical trends were developed using the 2025 Society of Actuaries Long-Term Health Care Cost Trends model with the following parameters:

Parameter	Value
Inflation	2.5%
Real GDP per Capita	1.4%
Excess Medical Cost Growth	0.9%
Capacity Constraints	
Expected Health Share of GDP in 2034	19.0%
Resistance Point – Share of GDP	18.0%
Year Limited to GDP Growth	2075

Deductibles, co-payments, out-of-pocket maximums, and the annual maximum are assumed to increase at the following trend rates.

For the fiscal year beginning July 1, 2025, the trend was developed using actual calendar year 2025 premiums and a trend assumption for calendar year 2026. The trend assumption for the 10-County trend was 4.12%; for vision, 1.50%; for expense, 16.00%; and it varies by health plan, as shown in the following table.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-2
Annual Per Person Cost Increases by Health Plan
Medical and Rx

	Non-Medicare (NM)					Medicare	
To Fiscal Year Beginning	Blue Shield Access+	Blue Shield Trio	HN Canopy Care	NM PPO	Kaiser	UHC PPO	Kaiser
2025	5.78%	6.85%	3.50%	3.91%	6.22%	5.48%	7.79%

7.33% for the Non-Medicare PPO Choice Not Available Active Plan. HN = Health Net.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

For the fiscal year beginning July 1, 2026, and for subsequent years, annual per-person cost increases for vision and expense are assumed to be 3.00%. The table below shows the trend increases on a fiscal-year basis; premium rates change on a calendar-year basis.

Table B-3
Annual Per Person Cost Increases
Medical and Rx

To Fiscal Year Beginning	10-County Trend	Non-Medicare	Medicare Eligible	To Fiscal Year Beginning	10-County Trend	Non-Medicare	Medicare Eligible
2026	5.00%	6.87%	6.87%	2051	4.49%	4.49%	4.49%
2027	5.00%	6.62%	6.62%	2052	4.48%	4.48%	4.48%
2028	4.99%	6.36%	6.36%	2053	4.47%	4.47%	4.47%
2029	4.97%	6.09%	6.09%	2054	4.47%	4.47%	4.47%
2030	4.95%	5.82%	5.82%	2055	4.46%	4.46%	4.46%
2031	4.92%	5.55%	5.55%	2056	4.46%	4.46%	4.46%
2032	4.90%	5.27%	5.27%	2057	4.45%	4.45%	4.45%
2033	4.88%	5.00%	5.00%	2058	4.44%	4.44%	4.44%
2034	4.76%	4.76%	4.76%	2059	4.44%	4.44%	4.44%
2035	4.64%	4.64%	4.64%	2060	4.43%	4.43%	4.43%
2036	4.63%	4.63%	4.63%	2061	4.43%	4.43%	4.43%
2037	4.62%	4.62%	4.62%	2062	4.42%	4.42%	4.42%
2038	4.60%	4.60%	4.60%	2063	4.41%	4.41%	4.41%
2039	4.59%	4.59%	4.59%	2064	4.41%	4.41%	4.41%
2040	4.58%	4.58%	4.58%	2065	4.38%	4.38%	4.38%
2041	4.57%	4.57%	4.57%	2066	4.33%	4.33%	4.33%
2042	4.56%	4.56%	4.56%	2067	4.28%	4.28%	4.28%
2043	4.55%	4.55%	4.55%	2068	4.23%	4.23%	4.23%
2044	4.54%	4.54%	4.54%	2069	4.18%	4.18%	4.18%
2045	4.54%	4.54%	4.54%	2070	4.14%	4.14%	4.14%
2046	4.53%	4.53%	4.53%	2071	4.09%	4.09%	4.09%
2047	4.52%	4.52%	4.52%	2072	4.05%	4.05%	4.05%
2048	4.51%	4.51%	4.51%	2073	4.00%	4.00%	4.00%
2049	4.50%	4.50%	4.50%	2074	3.96%	3.96%	3.96%
2050	4.50%	4.50%	4.50%	2075 +	3.94%	3.94%	3.94%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Demographic Assumptions

The rates of retirement, termination, member refunds, mortality, disability, and salary increases are the same as those adopted by the SFERS Board at the December 9, 2020, Board meeting. Please refer to the SFERS demographic experience study report dated August 2020 for the rationale for these demographic assumptions.

The other demographic assumptions are based on recent Plan experience and our expectations for the future. Please refer to the Assumptions and Methods presentation dated September 11, 2025, for further details on the rationale for these assumptions.

These assumptions have been reviewed and approved by the City and County of San Francisco.

SALARY INCREASE RATE

Wage Inflation, as described above in the economic assumptions, plus an additional merit component. Sample merit increases are in the table below.

Table B-4

Salary Merit Increases – Sample Rates

Years of Service	Police	Fire	Muni Drivers	Craft	Misc
0	7.50%	14.00%	16.00%	3.75%	5.50%
1	6.75	10.00	11.00	3.00	4.50
2	6.00	8.00	6.50	2.40	3.75
3	5.25	6.00	3.50	1.80	3.25
4	4.50	5.00	1.75	1.50	2.75
5	3.75	4.00	1.25	1.20	2.25
10	1.50	1.50	0.30	0.50	1.10
15	0.50	0.50	0.00	0.50	0.55
20 & over	0.50	0.50	0.00	0.50	0.30

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

RETIREMENT RATES

The following tables show retirement rates by age and service. Separate rates apply to members hired on or after January 7, 2012, under Charter Sections A8.603 and above (Prop C). Any deferred vested member hired on or after January 10, 2009, is assumed to retire outside of the 180-day retirement window set in place by Proposition B (passed 6/3/2008).

Table B-5

Police Rates of Retirement

	Other than Prop C Years of Service			Prop C Years of Service		
Age	< 25	25 - 29	30 +	< 25	25 - 29	30 +
50	1.50%	5.00%	5.00%	1.50%	5.00%	5.00%
51	1.50	5.00	15.00	1.50	5.00	10.00
52	2.00	7.50	20.00	2.00	7.50	20.00
53	5.00	20.00	40.00	5.00	15.00	25.00
54	7.50	22.00	50.00	7.50	17.50	30.00
55	7.50	35.00	50.00	7.50	20.00	35.00
56	7.50	26.00	40.00	7.50	24.00	35.00
57	10.00	28.00	45.00	10.00	26.00	40.00
58	10.00	30.00	45.00	10.00	35.00	60.00
59	15.00	25.00	45.00	15.00	25.00	45.00
60	20.00	34.00	45.00	20.00	34.00	45.00
61	10.00	36.00	40.00	10.00	36.00	40.00
62	15.00	36.00	40.00	15.00	36.00	40.00
63	12.50	36.00	40.00	12.50	36.00	40.00
64	12.50	36.00	40.00	12.50	36.00	40.00
65 & over	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-6
Fire Rates of Retirement

Age	All Tiers Years of Service < 25	25 - 29	30 +
50	2.00%	5.00%	5.00%
51	1.00	5.00	5.00
52	2.00	5.00	5.00
53	3.00	5.00	15.00
54	7.50	20.00	35.00
55	7.50	25.00	35.00
56	7.50	20.00	35.00
57	12.50	20.00	35.00
58	12.50	20.00	25.00
59	12.50	25.00	25.00
60	15.00	25.00	35.00
61	15.00	40.00	40.00
62	15.00	40.00	40.00
63	15.00	20.00	25.00
64	20.00	20.00	25.00
65 & over	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-7
Muni Drivers Rates of Retirement

	Other than Prop C Years of Service			Prop C Years of Service		
Age	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.00%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.00	1.50	0.00	0.00	0.00
52	0.00	1.00	1.50	0.00	0.00	0.00
53	0.00	1.00	1.50	0.00	1.00	1.50
54	0.00	1.00	1.50	0.00	1.00	1.50
55	0.00	4.00	5.00	0.00	1.00	5.00
56	0.00	4.00	5.00	0.00	1.00	5.00
57	0.00	4.00	5.00	0.00	2.00	5.00
58	0.00	4.00	5.00	0.00	2.00	5.00
59	0.00	4.00	5.00	0.00	2.00	5.00
60	10.00	10.00	20.00	5.00	10.00	15.00
61	12.50	25.00	30.00	7.50	12.50	20.00
62	20.00	32.50	35.00	10.00	15.00	30.00
63	15.00	30.00	30.00	10.00	20.00	25.00
64	15.00	30.00	30.00	10.00	25.00	25.00
65	27.50	30.00	35.00	27.50	30.00	40.00
66	27.50	30.00	35.00	27.50	30.00	35.00
67	27.50	30.00	35.00	27.50	30.00	35.00
68	27.50	30.00	35.00	27.50	30.00	35.00
69	27.50	30.00	35.00	27.50	30.00	35.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-8
Craft Rates of Retirement

	Other than Prop C Years of Service			Prop C Years of Service		
Age	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.50%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.50	1.50	0.00	0.00	0.00
52	0.00	1.50	1.50	0.00	0.00	0.00
53	0.00	2.50	4.00	0.00	1.50	1.50
54	0.00	2.50	4.00	0.00	1.50	1.50
55	0.00	2.50	5.00	0.00	1.50	2.50
56	0.00	3.00	5.00	0.00	1.50	2.50
57	0.00	3.00	5.00	0.00	2.00	2.50
58	0.00	3.00	5.00	0.00	2.00	5.00
59	0.00	8.00	20.00	0.00	2.00	10.00
60	7.50	12.00	32.50	5.00	7.50	15.00
61	10.00	20.00	35.00	7.50	12.50	20.00
62	20.00	30.00	37.50	17.50	25.00	30.00
63	10.00	25.00	30.00	10.00	17.50	25.00
64	17.50	25.00	30.00	10.00	17.50	25.00
65	25.00	27.50	30.00	25.00	30.00	40.00
66	27.50	30.00	32.50	27.50	30.00	32.50
67	27.50	30.00	32.50	27.50	30.00	32.50
68	15.00	25.00	30.00	15.00	25.00	30.00
69	15.00	25.00	30.00	15.00	25.00	30.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Table B-9
Miscellaneous Rates of Retirement

	Other than Prop C Years of Service			Prop C Years of Service		
Age	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	2.75%	3.50%	0.00%	0.00%	0.00%
51	0.00	2.50	3.50	0.00	0.00	0.00
52	0.00	2.50	3.50	0.00	0.00	0.00
53	0.00	3.25	3.50	0.00	3.25	3.25
54	0.00	4.00	4.00	0.00	4.00	4.00
55	0.00	4.00	5.50	0.00	4.00	4.00
56	0.00	4.25	6.75	0.00	4.25	4.25
57	0.00	4.50	8.75	0.00	4.50	4.50
58	0.00	5.00	10.00	0.00	5.00	7.50
59	0.00	8.75	20.00	0.00	8.75	10.00
60	9.00	11.50	30.00	7.50	10.00	12.50
61	13.25	20.00	35.00	10.00	15.00	15.00
62	20.00	30.00	35.00	17.50	25.00	25.00
63	16.00	22.50	30.00	12.50	17.50	20.00
64	16.00	22.50	30.00	12.50	17.50	20.00
65	20.00	30.00	30.00	25.00	40.00	40.00
66	25.00	30.00	35.00	25.00	30.00	35.00
67	25.00	30.00	35.00	25.00	30.00	35.00
68	20.00	30.00	30.00	20.00	30.00	30.00
69	20.00	30.00	30.00	20.00	30.00	30.00
70	25.00	25.00	30.00	25.00	25.00	30.00
71	25.00	25.00	30.00	25.00	25.00	30.00
72	25.00	25.00	30.00	25.00	25.00	30.00
73	25.00	25.00	30.00	25.00	25.00	30.00
74	25.00	25.00	30.00	25.00	25.00	30.00
75 & over	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The assumed retirement age for inactive, terminated vested members and actives expected to terminate is shown below.

Table B-10
Deferred Retirement Age

Deferred Retirement Age		
	Non-Prop C	Prop C
Safety	51	55
	Non-Reciprocal	Reciprocal
Miscellaneous	55	60

RATES OF TERMINATION OF EMPLOYMENT

Sample termination rates by service for Police, Fire, Muni Drivers, and Craft members are shown below.

Table B-11
Rates of Termination

Service	Police	Fire	Muni Drivers	Craft
0	8.00%	2.50%	12.00%	9.50%
1	5.00	1.00	5.00	6.50
2	2.00	1.00	4.00	5.75
3	1.50	1.00	3.50	4.50
4	1.00	1.00	3.25	3.50
5	1.00	1.00	3.00	3.25
10	0.75	0.50	2.50	1.75
15	0.50	0.25	2.50	1.75
20+	0.50	0.25	2.50	1.75

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Sample rates of termination by age and service for Miscellaneous members are shown below.

Table B-12
Misc. Rates of Termination by Age and Service Years

Service	Under 30	30 to 39	40 & over
0	38.00%	24.00%	20.00%
1	20.00	12.00	9.00
2	14.00	9.00	6.00
3	10.00	7.00	4.80
4	7.50	6.50	4.60
5	6.75	6.00	4.40
10	3.75	3.75	3.75
15	2.25	2.25	2.25
20+	1.00	1.00	1.00

When members are eligible to retire, it is assumed that their termination rates are zero.

MEMBER REFUNDS

The rates of refund of contributions for terminated vested members are shown below.

Table B-13
Vested Terminated Rates of Refund

Service	Police & Fire	Miscellaneous
5	24.0%	20.0%
6	20.0	15.0
7	16.0	12.0
8	12.0	10.0
9	8.0	9.0
10	4.0	8.5
15	0.0	6.0
20	0.0	0.0

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

BASE RATES OF MORTALITY

The mortality rates used in the valuation are developed from a base table that is projected generationally from the base year of that table using the mortality projection scale described below. Base mortality tables are developed by multiplying a published table by an adjustment factor that was developed in the SFERS experience study for the period ending June 30, 2019. The base mortality tables are described below.

Table B-14
Base Mortality Tables

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Non-Annuitants			
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979
Healthy Retirees			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubS-2010 Retiree	0.947	1.044
Disabled Retirees			
Miscellaneous	PubG-2010 Disabled	1.045	1.003
Safety	PubS-2010 Disabled	0.916	0.995
Beneficiaries			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubG-2010 Retiree	1.031	0.977

MORTALITY PROJECTION SCALE

The mortality rates shown in the base tables above are projected generationally from the base year using the MP-2019 projection scale.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

RATES OF DISABILITY

Sample disability rates of active participants are provided below. 100% of safety and 0% of Miscellaneous disabilities are assumed to be duty-related.

Table B-15
Rates of Disability at Selected Ages

Age	Police	Fire	Muni Drivers	Craft	Misc Females	Misc Males
30	0.05%	0.04%	0.01%	0.01%	0.01%	0.01%
35	0.14	0.09	0.06	0.06	0.04	0.04
40	0.35	0.24	0.11	0.11	0.07	0.08
45	0.44	0.42	0.17	0.20	0.15	0.11
50	0.90	0.84	0.45	0.40	0.40	0.28
55	3.30	3.50	1.35	0.75	0.55	0.45
60	5.75	7.30	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

LOAD FOR OVERTIME AND OTHER COMPENSATION ABOVE BASE PAY

For the funding projections and crossover test, the base pay in the census data was increased by 16.3% to account for additional compensation from overtime and other pay that is subject to the contribution rate. The resulting total pay serves as the basis for projecting contributions to the RHCTF. This load was based on the three-year average of overtime and other pay relative to base pay for the period ending in 2024, as reported by Transparent California for City and County employees.

PERCENT OF RETIREES ELECTING COVERAGE

Future eligible retirees are assumed to elect coverage at retirement at the following rates, which vary by vesting level and Medicare eligibility.

Table B-16
Percentage of Retirees Electing Coverage

	Vesting Level				
	0%	50%	75%	100%	Disabled
Non-Medicare Eligible	10%	35%	75%	87%	89%
Medicare Eligible	15%	60%	90%	91%	95%

Participants currently receiving benefits are assumed to keep their current coverage.

MEDICAL PLAN ELECTION

Future retirees' plan elections are assumed to mirror those of current retirees. The following rates are used to determine blended claims and contributions for future retirees.

Table B-17
Assumed Plan Elections for Future Retirees

Medical Plan	Non-Medicare	Medicare Eligible
Health Net Canopy Care	1%	N/A
Blue Shield Access+	20%	N/A
Blue Shield Trio	11%	N/A
Blue Shield PPO	11%	N/A
Blue Shield PPO– Choice Not Available	10%	N/A
Kaiser	47%	45%
UHC PPO	N/A	55%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Participants currently receiving benefits are assumed to remain enrolled in their current medical plan, subject to the following transitions where applicable:

- UHC PPO Medicare participants are assumed to elect the new Blue Shield of California PPO Medicare plan for 2025,
- Kaiser and non-Kaiser retirees without Medicare are assumed to transition to the Kaiser Senior Advantage HMO and Blue Shield PPO, respectively, once Medicare eligible.

MEDICARE PARTICIPATION

All in-pay participants, both current and future, are assumed to be eligible for and elect into Medicare at age 65. All participants under age 65 and currently on Medicare are assumed not to be on Medicare until age 65.

FUTURE SERVICE ACCRUALS

Actives are assumed to accrue a full year of credited service each year. Members currently terminated and under a reciprocity arrangement are assumed to meet the City's eligibility requirements for retiree healthcare through earned reciprocity service.

PORTION OF NEW ENTRANT PAYROLL ELIGIBLE FOR PRE-PROP B BENEFITS

To project payroll for employees eligible for the pre-Proposition B vesting schedule, we assumed the following portion of newly hired employees were originally hired on or before January 9, 2009, and returned to work: 6.5% in the fiscal year ending 2025 and decreasing by 0.5% each year thereafter until 0%.

COVERAGE ELECTIONS FOR SPOUSES AND DOMESTIC PARTNERS

The percentage of future retirees who elect to cover a spouse or domestic partner is shown in the following table.

Table B-18
Spousal Coverage Elections

Vesting Level	0%	50%	75%	100%	Disabled
Pre-Medicare	60%	40%	35%	37%	30%
Medicare Eligible	40%	40%	40%	38%	43%

Actual spouse/domestic partner coverage data is used for participants currently receiving a benefit.

The cost for children is fully paid for by the member. No additional load was added for children.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

DEPENDENT AGE

For participants currently receiving a benefit, the actual spouse's date of birth is used if available. Otherwise, spouses and domestic partners of male members are assumed to be three years younger than the member, and spouses and domestic partners of female members are assumed to be two years older than the member.

SURVIVING SPOUSE PARTICIPATION

100% of surviving spouses continue coverage.

DEFERRED MEMBER BENEFIT

Based on the data provided (date of birth, date of hire, date of termination), service credit, and deferred retirement age were estimated. These estimates were used to compute eligibility and vesting for the OPEB benefit, upon which the liabilities are based.

FUTURE INCREASES IN RETIREE HEALTHCARE TRUST FUND ADMINISTRATIVE EXPENSE

FYE 2025 expenses increased by 3.25% per year.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Claim and Expense Assumptions

AVERAGE ANNUAL CLAIMS ASSUMPTIONS

The following claim assumptions apply to the 12-month plan year beginning July 1, 2024, and are based on the premiums in effect on the valuation date. Subsequent years' costs are based on actual premiums, adjusted for the trends shown above.

Table B-19
Annual Claims and Expenses – Non-Medicare
For the Period July 1, 2024 to June 30, 2025

	Medical & Rx						
	Blue Shield of CA (BSC)			Health	BSC		
Age	Access+	Trio	Kaiser	Net	PPO	Expense	Vision
40	$10,108	$8,766	$7,860	$7,701	$9,948	$42	$50
45	11,528	9,998	8,965	8,770	11,493	42	50
50	13,654	11,841	10,618	10,378	14,000	42	50
55	16,603	14,398	12,911	12,608	17,415	42	50
60	20,165	17,488	15,682	15,289	21,113	42	50
64	23,096	20,030	17,961	17,472	23,357	42	50

Table B-20
Annual Claims and Expenses – Medicare Eligible
For the Period July 1, 2024 to June 30, 2025

	Medical & Rx			
Age	Kaiser	UHC	Expense	Vision
65	$3,397	$5,303	$42	$50
70	3,540	5,526	42	50
75	4,028	6,289	42	50
80	4,572	7,137	42	50
85	4,964	7,749	42	50

DENTAL, VISION, AND EXPENSE

These benefits are assumed to have no implicit subsidy cost.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

MEDICARE PART D SUBSIDY

Per GASB guidance, this valuation does not reflect the Part D Subsidy.

ANNUAL LIMITS

Assumed to increase at the same rate as trend.

LIFETIME MAXIMUMS

Unlimited.

GEOGRAPHY

Implicitly assumed to remain the same as current retirees.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Methodology

The Entry Age Actuarial Cost Method was used to measure the Plan's Total OPEB Liability and service cost. Under this method, the service cost rate is the percentage of pay contribution that is expected to be sufficient to fund the Plan benefits if it were paid from each member's hire date at the City until termination or retirement.

A service cost rate is determined for each individual by taking the value, as of age at entry into the Plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of the member's expected future salary.

The Total OPEB Liability is that portion of the present value of projected benefits that is not expected to be paid by future service costs. The difference between the Total OPEB Liability and the Market Value of Assets (or Fiduciary Net Position) as of the same date is the Net OPEB Liability.

The medical claims costs were developed based on actual premiums for the six months ending December 31, 2024, and calendar year 2025 for the HMO plans and actual rates for the six months ending December 31, 2024, and calendar year 2025 for the PPO plan. For Non-Medicare adults, the premiums (or rates, as applicable) for active employee only, first dependent of active employee, Non-Medicare retiree, and first dependent of Non-Medicare retirees were blended based upon enrollment data for the period July 1, 2023, to June 30, 2024. The same process was used for Medicare adults, except that only Medicare retirees and first dependents of Medicare retirees were included. The resulting per-person-per-month (PPPM) cost was then adjusted using age curves. Expenses and vision costs were based directly on the rates in effect for 2024-2025.

Changes Since Last Measurement Date

Future increases in the Retiree Healthcare Trust Fund administrative expenses were updated to reflect actual experience during the fiscal year ending 2025.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Eligibility

Former employees of the City and County of San Francisco who were members of the Health Service System and who retire under SFERS or CalPERS are eligible for postretirement health benefits from the City and County of San Francisco. Superior Court members who were separated as of January 1, 2001, are treated as former employees of the City and County. Effective with Proposition B, passed 6/3/2008, employees hired on or after January 10, 2009, must retire within 180 days of separation in order to be eligible for retiree healthcare benefits from the City.

The eligibility requirements to receive a pension benefit, and thus commence postretirement health benefits, are as follows:

Retirement Eligibility
City and County of San Francisco's Retirement System (SFERS)

Retirement Type	Eligibility
Normal Retirement	
Miscellaneous (Hired before January 7, 2012)	Age 50 with 20 years of credited service, or age 60 with 10 years of credited service
Miscellaneous (Hired on or after January 7, 2012, under Charter Section 8.603)	Age 53 with 20 years of credited service, or age 60 with 10 years of credited service, or age 65
Safety	Age 50 with 5 years of credited service
Disabled Retirement	Any age with 10 years of credited service
Terminated Vested	5 years of credited service at separation

Retirement Eligibility
California Public Employees' Retirement System (CalPERS) – the Safety Plan of the City and County of San Francisco

Retirement Type	Eligibility
Normal Retirement	Age 50 with 5 years of credited service
Disabled Retirement	Any age with 5 years of credited service
Terminated Vested	5 years of credited service at separation

For both SFERS and CalPERS, there is no service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses / domestic partners of those killed in the line of duty.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Healthcare Benefits for Retirees

The San Francisco Health Service System administers healthcare benefits to the retirees of the City and County of San Francisco.

Medical:	PPO – Blue Shield (self-insured) and UHC Medicare Advantage (fully-insured) HMO – Kaiser (fully-insured), Blue Shield (flex-funded), and Health Net (flex-funded)
Dental:	Delta Dental, DeltaCare USA, and UHC Dental
Vision:	Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Premiums: Monthly premiums for January 1, 2024, through December 31, 2025, are as follows.

Table C-1
Medical Premiums/Premium Equivalents
January 1, 2024 – December 31, 2024

	Pre-Medicare		Medicare Eligible	
	Single	Dual	Single	Dual
Active				
BSC Access+	$1,070.36	$2,137.74	N/A	N/A
BSC Trio	884.69	1,766.40	N/A	N/A
Health Net CanopyCare	798.52	1,594.07	N/A	N/A
BSC PPO - CNA	1,070.36	2,137.74	N/A	N/A
BSC PPO	1,459.35	2,831.71	N/A	N/A
Kaiser	835.66	1,668.34	N/A	N/A
Retiree				
Blue Shield Access+	$2,472.90	$3,582.86	N/A	N/A
Blue Shield Trio	2,042.31	2,959.16	N/A	N/A
Health Net CanopyCare	1,842.46	2,669.67	N/A	N/A
BSC PPO	1,965.19	2,851.02	$521.46	$1,039.94
Kaiser	1,679.50	2,512.18	329.98	656.98

Premiums include Rx, vision, expenses, claims stabilization amounts, and the Sutter Legal Settlement. BSC = Blue Shield of California; CNA = Choice Not Available. Retiree BSC PPO includes CNA. UHC Medicare Advantage PPO premiums are shown for Medicare-eligible retirees.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table C-2
Medical Premiums/Premium Equivalents
January 1, 2025 – December 31, 2025

	Pre-Medicare		Medicare Eligible	
	Single	Dual	Single	Dual
Active				
BSC Access+	$1,163.91	$2,323.84	N/A	N/A
BSC Trio	989.72	1,975.47	N/A	N/A
Health Net CanopyCare	791.41	1,578.85	N/A	N/A
BSC PPO - CNA	1,163.91	2,323.84	N/A	N/A
BSC PPO	1,478.50	2,867.91	N/A	N/A
Kaiser	881.38	1,758.78	N/A	N/A
Retiree				
BSC Access+	$2,688.54	$3,894.74	N/A	N/A
BSC Trio	2,284.58	3,309.61	N/A	N/A
Health Net CanopyCare	1,824.65	2,643.43	N/A	N/A
BSC PPO	1,990.63	2,887.46	$542.52	$1,081.06
Kaiser	1,770.88	2,648.28	358.90	713.82

Premiums include Rx, vision, expenses, claims stabilization amounts, and the Sutter Legal Settlement.
BSC = Blue Shield of California; CNA = Choice Not Available. Retiree BSC PPO includes CNA.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

The following tables summarize the medical plans that were approved as of June 30, 2024.

Medical Plans Approved as of June 30, 2024

Plan	Health Net CanopyCare (HMO)	Blue Shield Trio (HMO)	Blue Shield Access+ (HMO)	Blue Shield (PPO)	Kaiser (HMO)
In-Network (INN) Benefits					
Deductible (Individual / Family)	None	None	None	$250 / $750	None
Coinsurance	N/A	N/A	N/A	15%	N/A
Out-of-Pocket Max (Individual / Family)	$2,000 / $4,000	$2,000 / $4,000	$2,000 / $4,000	$3,750 / $7,500	$1,500 / $3,000
Copays					
Preventive Care	Fully Covered	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV) - Primary Care (PCP)	$25 per visit	$25 per visit	$25 per visit	DC	$20 per visit
OV - Specialist Care Provider (SCP)	$25 per visit	$25 per visit	$25 per visit	DC	$20 per visit
Hospital Emergency Room (ER)	$100 per visit	$100 per visit	$100 per visit	DC	$100 per visit
Outpatient Surgery	$100 per surgery	$100 per surgery	$100 per surgery	DC	$35 per surgery
Hospital Inpatient	$200 per admission	$200 per admission	$200 per admission	DC	$100 per admission
Lifetime Max	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Plan	Health Net CanopyCare (HMO)	Blue Shield Trio (HMO)	Blue Shield Access+ (HMO)	Blue Shield (PPO)	Kaiser (HMO)
Out-of-Network (OON) Benefits	**Not Covered**	**Not Covered**	**Not Covered**		**Not Covered**
Deductible (Individual / Family)				$500 / $1500	
Coinsurance				50%	
Office Visits (PCP) & (SCP)				DC	
Out-of-Pocket Max (Individual / Family)				$7,500 per person	
Lifetime Max				Unlimited	
Prescription Drugs					
Retail (30 Days) - Generic/Formulary/Non-Form.	$10 / $25 / $50	$10 / $25 / $50	$10 / $25 / $50	$10 / $25 / $50 (OON $10 / $25 / $50 then 50% coins)	$5 / $15 / Physician authorized only
Mail Order (90 Days) - Generic/Form./Non-Form.	$20 / $50 / $100	$20 / $50 / $100	$20 / $50 / $100	$20 / $50 / $100 (OON no coverage)	$10 / $30 / Physician authorized only
Specialty Pharmacy	20% of script up to $100	20% of script up to $100	20% of script up to $100	$50 (OON $50 then 50% coins)	20% of script up to $100

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Plan	Health Net CanopyCare (HMO)	Blue Shield Trio (HMO)	Blue Shield Access+ (HMO)	Blue Shield (PPO)	Kaiser (HMO)
Mental Health and Substance Abuse					
Mental Health Inpatient	$200 per admission	$200 per admission	$200 per admission	DC	$100 per admission
Mental Health Outpatient	$25 per visit	$25 per visit	$25 per visit	DC	$20 per visit
Substance Abuse Inpatient	$200 per admission	$200 per admission	$200 per admission	DC	$100 per admission
Substance Abuse Outpatient	$25 per visit	$25 per visit	$25 per visit	DC	$20 per visit
Detail Benefits					
Chiropractic Benefit	$15 per visit (30 visit limit)	$15 per visit (30 visit limit)	$15 per visit (30 visit limit)	Deductible and 50% Coins. ($1000 limit)	$15 per visit (combined 30 visit limit with acupuncture)
Rehab (speech, occupational, physical)	$25 per visit	$25 per visit	$25 per visit	DC	$20 per visit
Hearing Aids	$5,000 combined (both ears) for 36 mos.	$2,500 per ear for 36 mos.	$2,500 per ear for 36 mos.	DC (up to $2,500 per ear for 36 mos.)	$2,500 per ear for 36 mos.
Durable Medical Equipment	Fully Covered	Fully Covered	Fully Covered	DC	Fully Covered

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Plan	Health Net CanopyCare (HMO)	Blue Shield Trio (HMO)	Blue Shield Access+ (HMO)	Blue Shield (PPO)	Kaiser (HMO)
Medical Management	PCP referral required	PCP referral required	PCP referral required	Required on Some Services	PCP referral required
Medicare Integration	N/A	N/A	N/A	Blue Shield of California MAPD-PPO (1/1/2025)	Senior Advantage HMO
Vision Care Services	**Not Covered**	**Not Covered**	**Not Covered**	**Not Covered**	**Not Covered**

DC = Deductible and coinsurance applies

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Cost-Sharing Provisions

MEDICAL & VISION

Members are required to pay the difference between the cost of coverage and the City contribution.

DENTAL COVERAGE

Retirees pay the full cost of dental coverage offered by the City for themselves and their dependents.

CITY CONTRIBUTION

The City pays a portion of the retiree or spouse/domestic partner premium as detailed in the following table, with the vesting schedule also applied. The City's contribution is limited by the premium. Medicare Part B premiums are the responsibility of the retiree. The City does not contribute to coverage for dependent children.

City Contribution

Group	City Contribution
Pre-Medicare:	
Retiree/Surviving Spouse	Single Retiree Premium less 50% of the amount the Single Active Premium exceeds the 10-County Amount
Spouse/Domestic Partner	50% of the difference between the Single and Dual Retiree Coverage Premiums
Medicare Eligible:	
Retiree/Surviving Spouse	100% of Single Retiree Premium, up to the 10-County Amount
Spouse/Domestic Partner	50% of the difference between the Single and Dual Retiree Coverage Premiums

For participants terminated on or before 6/30/2001 and not yet retired on or before 1/6/2012, Proposition C (passed 11/8/2011) removes the additional City Contribution put in place by Proposition E (passed 11/7/2000), which decreased the amount the retiree pays for one dependent coverage by half.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Vesting Schedule

Years Of Credited Service	Vesting Percent
Originally hired on or before January 9, 2009	100%
Originally hired on or after January 10, 2009	
Under 10 years	0%
10 to 15 years	50%
15 to 20 years	75%
Over 20 years	100%

Proposition B, passed 6/3/2008, introduced this vesting schedule to the postretirement health benefit plan. Participants retiring under disability or benefiting under the active death benefit receive 100% of the City Contribution, regardless of hire date and service. The participant's vesting schedule is based on their original hire date.

10-County Amount: The 10-County Amount (historical amounts are listed in the table below) is the average of the monthly employer contribution in the 10 most populous counties in California (other than San Francisco).

10-County Amount

Period Ending	Amount
December 31, 2024	$854.55
December 31, 2025	882.05

December 31, 2025 is the calculated amount

RETIREE HEALTH CARE TRUST FUND CONTRIBUTIONS

The City and County of San Francisco created the Retiree Health Care Trust Fund (RHCTF) as an irrevocable trust fund established under City Charter Section A8.432.

The employee's contribution is based on their latest date of hire.

Employees most recently hired before January 10, 2009: Once the Plan is fully funded, employees contribute the lesser of 50% of the normal cost or 1% of payroll, and the employer contributes the remainder of the normal cost. Prior to becoming fully funded, employee contributions are the lesser of 100% of normal cost or 1% of payroll, and employer contributions are 1% of payroll.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Employees most recently hired on or after January 10, 2009: Once the Plan is fully funded, employees contribute the lesser of 50% of the normal cost or 2% of payroll, and the employer contributes the remainder of the normal cost. Prior to becoming fully funded, employee contributions are the lesser of 100% of normal cost or 2% of payroll, and employer contributions are 1% of payroll.

DISBURSEMENTS FROM THE RETIREE HEALTH CARE TRUST FUND

Other than disbursements described below to stabilize City contributions and disbursements for reasonable administrative expenses, no disbursements may be made from the RHCTF unless it is fully funded.

If City retiree health care costs (RHCTF contributions plus benefit payments) are projected to exceed 10% of payroll, with approval of the Mayor and by resolution of the Board of Supervisors, the RHCTF Board may authorize stabilization disbursements up to the extent necessary to reduce the City's retiree health care costs to 10% of payroll provided that such stabilization disbursement does not exceed 10% of the balance in the RHCTF as of the prior year.

Changes Since Last Measurement Date

There have been no changes to the Plan provisions since the last measurement date.

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Amounts in Thousands

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2026	$1,484,697	$385,747	$290	$257,182	$108,342	$1,721,315	$257,182	$0
2027	1,721,315	402,512	299	275,780	124,842	1,972,590	275,780	0
2028	1,972,590	420,335	309	295,298	142,373	2,239,691	295,298	0
2029	2,239,691	437,959	319	314,646	161,010	2,523,695	314,646	0
2030	2,523,695	455,512	329	333,999	180,828	2,825,706	333,999	0
2031	2,825,706	472,771	340	353,131	201,904	3,146,910	353,131	0
2032	3,146,910	490,990	351	373,258	224,323	3,488,614	373,258	0
2033	3,488,614	508,885	362	393,136	248,173	3,852,173	393,136	0
2034	3,852,173	525,046	374	411,383	273,550	4,239,012	411,383	0
2035	4,239,012	540,421	386	428,900	300,555	4,650,702	428,900	0
2036	4,650,702	555,461	399	446,160	329,296	5,088,900	446,160	0
2037	5,088,900	570,556	412	463,535	359,891	5,555,401	463,535	0
2038	5,555,401	586,919	425	482,281	392,464	6,052,078	482,281	0
2039	6,052,078	603,965	439	501,924	427,141	6,580,822	501,924	0
2040	6,580,822	622,053	453	522,748	464,059	7,143,732	522,748	0
2041	7,143,732	641,231	468	544,847	503,362	7,743,009	544,847	0
2042	7,743,009	660,051	483	566,755	545,204	8,381,026	566,755	0
2043	8,381,026	678,732	499	588,782	589,750	9,060,227	588,782	0
2044	9,060,227	698,551	515	612,197	637,169	9,783,235	612,197	0
2045	9,783,235	61,091	532	633,863	665,100	9,875,031	633,863	0
2046	9,875,031	55,054	549	654,222	670,617	9,945,931	654,222	0
2047	9,945,931	49,121	567	671,603	674,777	9,997,660	671,603	0
2048	9,997,660	43,316	586	687,924	677,636	10,030,102	687,924	0
2049	10,030,102	37,676	605	702,021	679,227	10,044,379	702,021	0
2050	10,044,379	32,416	624	715,224	679,591	10,040,538	715,224	0

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Amounts in Thousands

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2051	$10,040,538	$27,632	$645	$723,163	$678,884	$10,023,246	$723,163	$0
2052	10,023,246	23,341	666	730,464	677,274	9,992,731	730,464	0
2053	9,992,731	19,455	687	735,807	674,819	9,950,512	735,807	0
2054	9,950,512	15,914	709	737,375	671,687	9,900,029	737,375	0
2055	9,900,029	12,818	733	737,855	668,030	9,842,289	737,855	0
2056	9,842,289	10,240	756	736,912	663,931	9,778,791	736,912	0
2057	9,778,791	8,134	781	733,424	659,533	9,712,253	733,424	0
2058	9,712,253	6,407	806	727,635	655,014	9,645,232	727,635	0
2059	9,645,232	4,998	833	723,581	650,413	9,576,230	723,581	0
2060	9,576,230	3,856	860	717,342	645,757	9,507,640	717,342	0
2061	9,507,640	2,936	888	710,699	641,152	9,440,141	710,699	0
2062	9,440,141	2,205	916	705,335	636,585	9,372,681	705,335	0
2063	9,372,681	1,622	946	698,649	632,072	9,306,779	698,649	0
2064	9,306,779	1,167	977	691,831	627,677	9,242,815	691,831	0
2065	9,242,815	825	1,009	685,285	623,411	9,180,758	685,285	0
2066	9,180,758	569	1,041	678,087	619,305	9,121,504	678,087	0
2067	9,121,504	386	1,075	671,147	615,389	9,065,057	671,147	0
2068	9,065,057	257	1,110	663,266	611,703	9,012,641	663,266	0
2069	9,012,641	169	1,146	654,216	608,341	8,965,789	654,216	0
2070	8,965,789	109	1,184	644,189	605,403	8,925,928	644,189	0
2071	8,925,928	68	1,222	632,420	603,015	8,895,370	632,420	0
2072	8,895,370	42	1,262	618,890	601,339	8,876,599	618,890	0
2073	8,876,599	24	1,303	603,460	600,554	8,872,414	603,460	0
2074	8,872,414	14	1,345	586,268	600,851	8,885,666	586,268	0
2075	8,885,666	7	1,389	567,254	602,431	8,919,461	567,254	0

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Amounts in Thousands

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2076	$8,919,461	$3	$1,434	$546,601	$605,506	$8,976,934	$546,601	$0
2077	8,976,934	1	1,481	524,513	610,287	9,061,229	524,513	0
2078	9,061,229	1	1,529	501,105	616,991	9,175,587	501,105	0
2079	9,175,587	0	1,578	476,515	625,841	9,323,335	476,515	0
2080	9,323,335	0	1,630	450,908	637,063	9,507,860	450,908	0
2081	9,507,860	0	1,683	424,472	650,887	9,732,592	424,472	0
2082	9,732,592	0	1,737	397,418	667,547	10,000,983	397,418	0
2083	10,000,983	0	1,794	369,969	687,277	10,316,498	369,969	0
2084	10,316,498	0	1,852	342,364	710,311	10,682,593	342,364	0
2085	10,682,593	0	1,912	314,845	736,882	11,102,718	314,845	0
2086	11,102,718	0	1,974	287,656	767,225	11,580,312	287,656	0
2087	11,580,312	0	2,039	261,033	801,570	12,118,811	261,033	0
2088	12,118,811	0	2,105	235,200	840,152	12,721,658	235,200	0
2089	12,721,658	0	2,173	210,364	883,203	13,392,324	210,364	0
2090	13,392,324	0	2,244	186,707	930,961	14,134,334	186,707	0
2091	14,134,334	0	2,317	164,388	983,667	14,951,297	164,388	0
2092	14,951,297	0	2,392	143,533	1,041,570	15,846,941	143,533	0
2093	15,846,941	0	2,470	124,236	1,104,926	16,825,161	124,236	0
2094	16,825,161	0	2,550	106,560	1,174,007	17,890,058	106,560	0
2095	17,890,058	0	2,633	90,534	1,249,098	19,045,990	90,534	0
2096	19,045,990	0	2,718	76,154	1,330,505	20,297,623	76,154	0
2097	20,297,623	0	2,807	63,393	1,418,556	21,649,978	63,393	0
2098	21,649,978	0	2,898	52,193	1,513,603	23,108,490	52,193	0
2099	23,108,490	0	2,992	42,478	1,616,030	24,679,050	42,478	0
2100	24,679,050	0	3,090	34,154	1,726,252	26,368,059	34,154	0

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Amounts in Thousands

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2101	$26,368,059	$0	$3,190	$27,113	$1,844,721	$28,182,477	$27,113	$0
2102	28,182,477	0	3,294	21,237	1,971,929	30,129,876	21,237	0
2103	30,129,876	0	3,401	16,401	2,108,410	32,218,484	16,401	0
2104	32,218,484	0	3,511	12,481	2,254,744	34,457,236	12,481	0
2105	34,457,236	0	3,625	9,351	2,411,560	36,855,819	9,351	0
2106	36,855,819	0	3,743	6,894	2,579,541	39,424,723	6,894	0
2107	39,424,723	0	3,865	4,998	2,759,426	42,175,286	4,998	0
2108	42,175,286	0	3,990	3,559	2,952,010	45,119,747	3,559	0
2109	45,119,747	0	4,120	2,489	3,158,155	48,271,292	2,489	0
2110	48,271,292	0	4,254	1,708	3,378,785	51,644,115	1,708	0
2111	51,644,115	0	4,392	1,149	3,614,897	55,253,471	1,149	0
2112	55,253,471	0	4,535	758	3,867,561	59,115,739	758	0
2113	59,115,739	0	4,682	489	4,137,924	63,248,491	489	0
2114	63,248,491	0	4,834	309	4,427,217	67,670,565	309	0
2115	67,670,565	0	4,992	191	4,736,761	72,402,143	191	0
2116	72,402,143	0	5,154	115	5,067,969	77,464,843	115	0
2117	77,464,843	0	5,321	68	5,422,354	82,881,808	68	0
2118	82,881,808	0	5,494	39	5,801,536	88,677,811	39	0
2119	88,677,811	0	5,673	22	6,207,251	94,879,367	22	0
2120	94,879,367	0	5,857	12	6,641,354	101,514,852	12	0
2121	101,514,852	0	6,048	6	7,105,831	108,614,629	6	0
2122	108,614,629	0	6,244	3	7,602,809	116,211,191	3	0
2123	116,211,191	0	6,447	2	8,134,561	124,339,304	2	0
2124	124,339,304	0	6,657	1	8,703,522	133,036,169	1	0
2125	133,036,169	0	6,873	0	9,312,295	142,341,591	0	0

APPENDIX E – GLOSSARY OF TERMS

Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the Total OPEB Liability, assumption changes reducing the Total OPEB Liability, or investment gains that are recognized in future reporting periods.

Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the Total OPEB Liability, assumption changes increasing the Total OPEB Liability, or investment losses that are recognized in future reporting periods.

Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the service cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total OPEB Liability.

Measurement Date

The date as of which the Total OPEB liability and Plan Fiduciary Net Position are measured. The Total OPEB Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

APPENDIX E – GLOSSARY OF TERMS

Net OPEB Liability

The liability of employers and non-employer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the Total OPEB Liability less the Plan Fiduciary Net Position.

Plan Fiduciary Net Position

The fair or Market Value of Assets.

Reporting Date

The last day of the plan or employer's fiscal year.

Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75. The service cost is the normal cost calculated under the Entry Age Actuarial Cost Method.

Total OPEB Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The Total OPEB Liability is the Actuarial Liability calculated under the Entry Age Actuarial Cost Method.

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