



Teachers
Retirement
System of
Georgia

A COMPONENT UNIT
OF THE STATE OF GEORGIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended
June 30, 2026



Teachers
Retirement
System of
Georgia

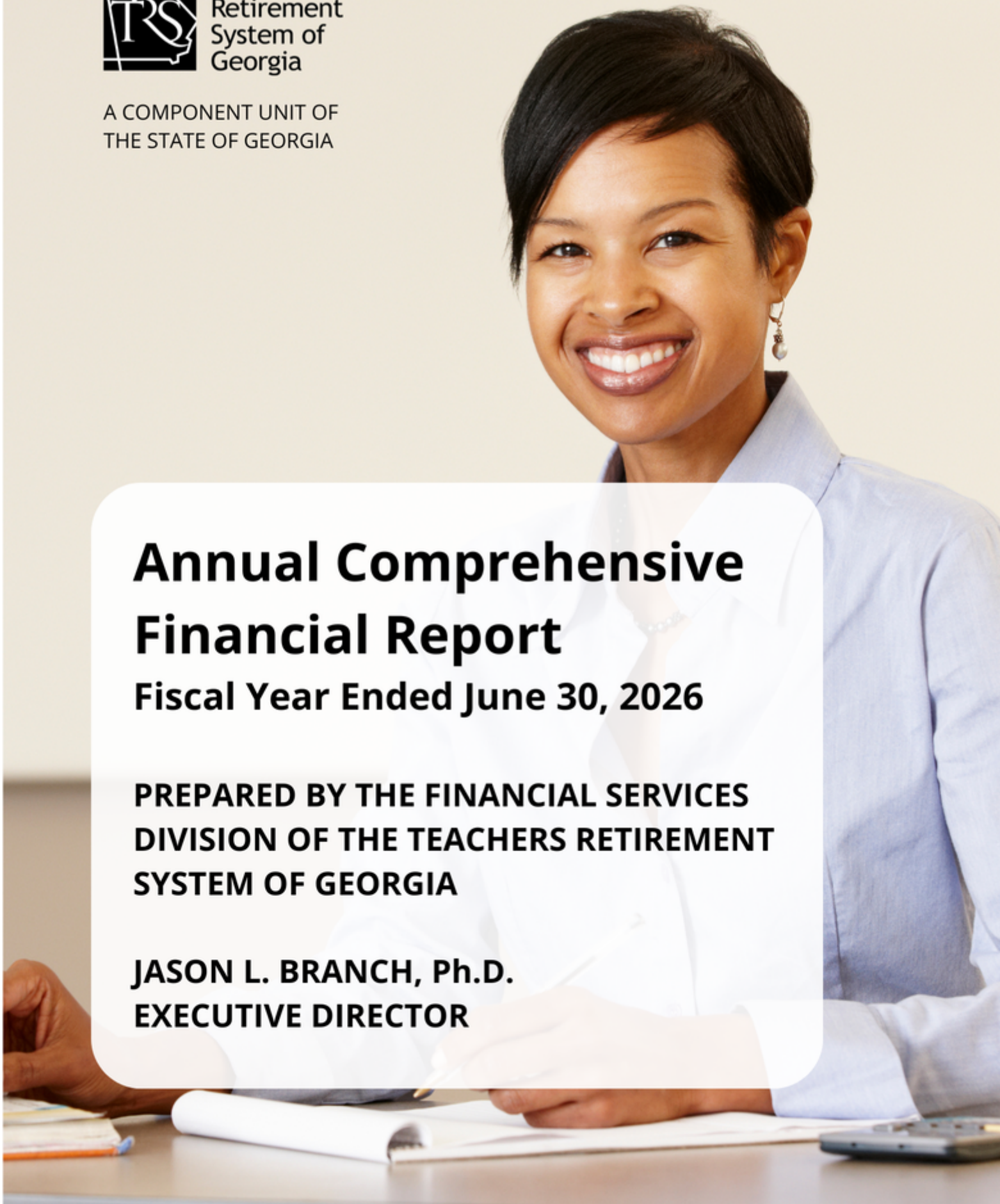
A COMPONENT UNIT OF
THE STATE OF GEORGIA

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2026

**PREPARED BY THE FINANCIAL SERVICES
DIVISION OF THE TEACHERS RETIREMENT
SYSTEM OF GEORGIA**

**JASON L. BRANCH, Ph.D.
EXECUTIVE DIRECTOR**





OUR MISSION IS TO...

**provide pension education,
safeguard plan investments,
and efficiently administer
retirement benefits.**

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Certificate of
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For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

Christopher P. Morill

Executive Director/CEO

BOARD OF TRUSTEES

as of September 25, 2026



Ms. Deborah K. Simonds*
Chair
Retired Teacher

Elected by the Board of
Trustees
Term Expires 6/30/27



Mr. Kenneth Dyer*
Vice-Chair
School Administrator

Appointed by the Governor
Term Expires 7/01/29



Dr. Mary Elizabeth Davis
Not Employed by the Board
of Regents
Appointed by the Governor
Term Expires 7/01/27



Mr. Christopher A. McGraw*
TRS Member
Appointed by the Board of
Regents
Term Expires 6/30/27



Mr. Greg S. Griffin*
State Auditor
Ex-Officio



Mr. Steven N. McCoy
State Treasurer
Ex-Officio



Dr. William G. Sloan, Jr.*
Member-at-Large
Appointed by the Governor
Term Expires 7/01/29



Mr. Christopher M. Swanson
Classroom Teacher
Appointed by the Governor
Term Expires 7/01/27



Vacant
Investment Professional
Elected by the Board of
Trustees



Ms. Miriam M. Shook
Classroom Teacher
Appointed by the Governor
Term Expires 7/01/29

* Investment Committee Member



September 25, 2026
Board of Trustees
Teachers Retirement System of Georgia
Atlanta, Georgia

TRS Plan members and Board of Trustees:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the Teachers Retirement System of Georgia (the System) for the fiscal year ended June 30, 2026. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System. I trust that you will find this report helpful in understanding your retirement system.

This report reflects the System's continued commitment to excellence in financial management, operational effectiveness, and member service. During the past year, the System remained focused on its long-term sustainability through sound administration, responsible stewardship of resources, and ongoing process improvements. Across the organization, initiatives were undertaken to enhance efficiency, improve service delivery, and address the evolving needs and expectations of members and stakeholders. The Financial Services Division and Division of Investment Services upheld the highest standards of integrity through sound accounting, financial reporting, and investment management practices. These efforts underscore an unwavering dedication to safeguarding the retirement security and financial well-being of our members.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its ACFR for the fiscal year ended June 30, 2025. This was the 38th consecutive year that the System has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program's requirements, and are submitting it to the GFOA to determine its eligibility for another certificate.

History and Overview

The System was created in 1943, by an act of the Georgia General Assembly to provide retirement security to those individuals who choose to dedicate their lives to educating the children of the State of Georgia, and began operations in 1945. A summary of the System's plan provisions is provided on pages 12-13 of this report.

The System is governed by a ten-member Board of Trustees (the Board) that appoints the Executive Director, who is responsible for the administration and operations of the System, which serves 555,526 active and retired members, and 331 employers.

Financial Information

The management of the System is charged with the responsibility of maintaining a sound system of internal accounting controls. The objectives of such a system are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations, and that they are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance

LETTER OF TRANSMITTAL

continued

recognizes the cost of a control should not exceed the benefits likely to be derived. Therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Even though there are inherent limitations in any system of internal control, the management of the System makes every effort to ensure that through systematic reporting and internal reviews, errors or fraud would be quickly detected and corrected.

Please refer to Management's Discussion and Analysis beginning on page 16 of this report for an overview of the financial status of the System, including a summary of the System's Fiduciary Net Position, Changes in Fiduciary Net Position, and Investment Allocation.

INVESTMENTS - The System has continued to invest primarily in a mix of liquid, high quality bonds and stocks as it historically has done. This was TRS' 6th year investing in private markets and our intention is to continue to build the program in a disciplined manner. These types of investments further diversify the portfolio and allow the System to participate in rising markets, while moderating the risks on the downside. A high quality balanced fund has proven to be a successful strategy in a variety of markets over a long period of time. Despite challenges the economy faced this fiscal year, the unique blend of events resulted in a strong equity return. The time-weighted rate of return is 17.9%, with a 23.2% return for equities, a 11.6% return on private equity, and a 3.0% return for fixed income. A comparative analysis of rates of return, excluding private equity, is presented on page 54. For additional information and analysis pertaining to investment policies and strategies, asset allocations, and yield, see Management's Discussion and Analysis beginning on page 16 and the Investment Section beginning on page 53. The System addresses the safeguarding of investments by requiring that they be held by agent custodial banks in the name of the System and that deposits are insured by the Federal Deposit Insurance Corporation.

As in years past, maintaining quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" continue to be guiding principles for investment decisions. The System continued to use a diversified portfolio to accomplish these objectives. When necessary, actions are taken to adjust the assumed annual rate of return on future investments to prepare for market conditions.

FUNDING - The System's funding policy provides for employee and employer contributions at rates, expressed as

a percentage of annual covered payroll, that are sufficient to provide resources to pay benefits when due.

A useful indicator of the funded status of a retirement system is the relationship between the actuarial value of assets and the actuarial accrued liabilities. The System continues to remain strong as evidenced by the ratio of the actuarial value of assets to the actuarial accrued liabilities. This ratio was 78.7% for the fiscal year ended June 30, 2025. The ultimate test of the financial soundness of a retirement system is its ability to pay all promised benefits when due. I am proud to say that through the continued wisdom and the support of Governor Brian Kemp and the Georgia General Assembly, the System has been and will continue to be funded on an actuarially sound basis, thus providing the membership the comfort and security they expect from their retirement system.

Initiatives

A major responsibility of administering the TRS fund is safeguarding not only the System's assets, but also the integrity of the member data entrusted to us. In an environment where cyber threats continue to evolve, TRS remains committed to maintaining a strong security posture through ongoing investments in technology, infrastructure, and staff training. Throughout the year, the System continued to strengthen its cybersecurity framework by implementing enhanced security protocols, modernizing hardware and software, and providing employees with the resources and education necessary to identify and respond to emerging threats.

The Information Technology Division (IT) implemented several significant enhancements during the year to strengthen cybersecurity, modernize infrastructure, and improve member services. IT completed a major workforce technology refresh by replacing Windows 10 laptops and workstations with new Windows 11 systems. This upgrade provides employees with enhanced security features, improved performance, and continued support for critical business applications. In addition, new internet border firewalls at both onsite and offsite data storage locations were installed, further strengthening network security and providing upgraded protection against external threats.

To further improve the member experience, enhancements to the member portal password reset process were made by incorporating real-time verification of member email addresses and mobile phone numbers, increasing security while streamlining account recovery. Migration of the System's telephony platform to a cloud-based solution improved reliability, flexibility, and scalability while

enhancing customer service capabilities. These investments position TRS to provide a more responsive and seamless experience for members seeking assistance and information.

As advances in artificial intelligence (AI) continue to reshape business operations, TRS has taken a thoughtful and deliberate approach to evaluating and implementing these technologies. Agency-wide training efforts focused on AI tools, governance, and responsible use have expanded, ensuring employees understand both the opportunities and risks associated with emerging technologies. Division leaders regularly collaborate with the IT security team to evaluate business needs, establish appropriate safeguards, and identify practical uses that improve efficiency while maintaining the highest standards of security and privacy. These efforts have already begun to support content development and communication workflows, reducing production timelines while preserving quality and oversight.

In addition to technology improvements, the System has continued to prioritize accessibility and inclusion across all member-facing communications. A comprehensive initiative is underway to enhance the accessibility of the TRS website, mass communications, social media content, and digital marketing materials. This effort includes partnerships with other state agencies and expanded agency-wide training to ensure staff are proficient in creating accessible documents and digital content. By improving accessibility standards and practices throughout the organization, TRS is working to ensure that all members can access important retirement information and services regardless of ability.

System enhancements are only one aspect of our commitment to member service. TRS also places significant emphasis on educating members about retirement planning, financial literacy, and account security. Social media campaigns were developed to encourage multifactor authentication activation, and educational podcast content was produced to help members protect their digital identities and personal information. These initiatives reflect the System's commitment to empowering members with the knowledge needed to safeguard both their retirement benefits and personal assets.

Recognizing that our membership spans multiple generations, TRS continues to diversify the channels through which information is delivered. During the year, the System engaged members representing more than five generations through a combination of in-person events, social media, video content, podcasts, and digital communications. More than 60 educational videos were

produced covering retirement planning, financial literacy, account security, and member benefits. On social media, strategic use of short-form videos, reels, and educational content generated substantial engagement, including more than 1.6 million reaches on Facebook alone. These efforts help ensure members receive timely, relevant information through the communication channels they use most frequently.

While digital engagement continues to grow, demand for personalized and face-to-face service remains strong. TRS conducted 115 workshops throughout the year and provided counseling services to 8,482 members through outreach events and in the Atlanta and Macon offices. The continued utilization of these services demonstrates the value members place on direct interaction with knowledgeable staff who can assist them with retirement planning and benefit-related decisions.

TRS also expanded its outreach efforts to employers through the successful launch of its first Employer Summit. This event focused on educating employer reporting personnel on reporting requirements, best practices, and policy compliance. By strengthening employer understanding of reporting responsibilities, the System promotes the accuracy of member records, supports proper contribution reporting, and further safeguards the financial soundness of the retirement plan. Employer education remains a critical component of maintaining the integrity of the System and protecting members' retirement benefits.

Supporting both member and employer service objectives requires a capable and well-trained workforce. During the year, strategic hires and promotions were made to strengthen operations in both the Atlanta and Macon offices. New positions, including an Employer Trainer role, were added to support growing educational and outreach needs, while promotions and staffing enhancements increased the System's capacity to deliver high-quality service and support. These investments in personnel reflect TRS' commitment to developing talent and ensuring organizational readiness for future growth.

Beyond its administrative responsibilities, TRS continued to support statewide efforts focused on recruiting and retaining highly qualified educators. The System collaborated with the Georgia Department of Education, the Professional Standards Commission, local school systems, higher education institutions, and other educational partners to support initiatives and programs that strengthen Georgia's education workforce. These partnerships help reinforce the long-term health of the teaching profession

LETTER OF TRANSMITTAL

continued

while supporting the future sustainability of the retirement system.

Collectively, these initiatives demonstrate the System's continued commitment to innovation, operational excellence, member education, and responsible stewardship. Through strategic investments in technology, accessibility, workforce development, cybersecurity, employer engagement, and member outreach, the System remains focused on protecting retirement security while delivering exceptional service to the educators and beneficiaries it serves.

Other Information

INDEPENDENT AUDIT - The Board requires an annual audit of the financial statements of the System by independent, certified public accountants. The accounting firm of KPMG LLP was selected by the Board. The independent auditors' report on the *Statement of Fiduciary Net Position* and the related *Statement of Changes in Fiduciary Net Position* is included in the Financial Section of this report.

ACKNOWLEDGMENTS - The compilation of this report reflects the combined effort of the staff under the leadership of the Board. It is intended to provide complete and reliable information as a basis for making management

decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the assets contributed by the System's members, their employers, and the State of Georgia.

Copies of this report can be obtained by contacting the System, or may be downloaded from the System's website.

I would like to take this opportunity to express my gratitude to Governor Brian Kemp, members of the Georgia General Assembly, the staff, the advisors, and to the many people who have worked so diligently to ensure the successful operation of the System.

Sincerely,



Dr. Jason L. Branch
Executive Director



Laura L. Lanier
Chief Financial Officer/Deputy Executive Director



Financial & Statistical Highlights

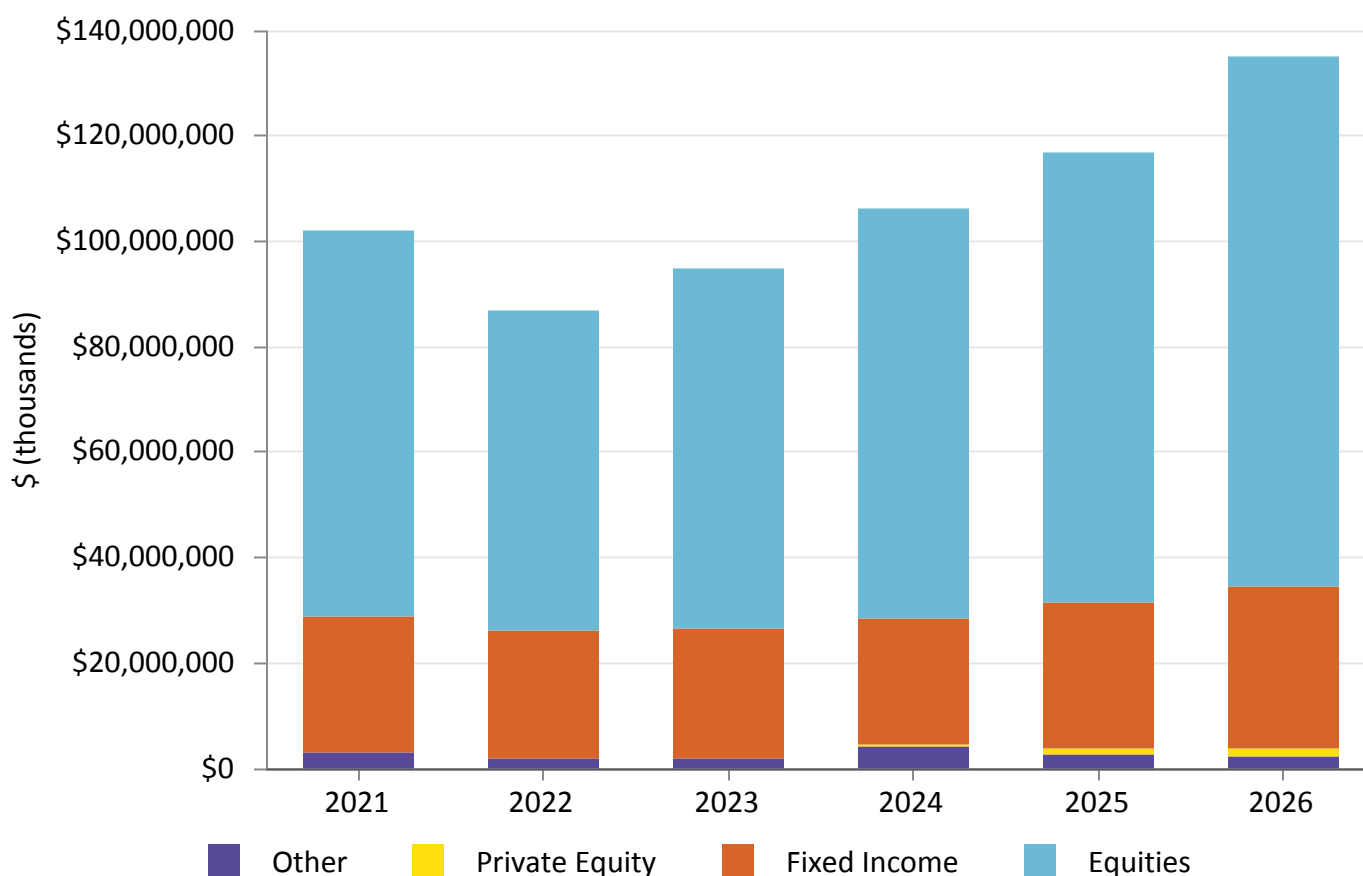
	June 30,		
	2026	2025	% Change
Financial Highlights (dollars in thousands)			
Member Contributions	\$ 1,056,761	\$ 1,031,027	+2.5
Employer and Nonemployer Contributions	\$ 3,746,134	\$ 3,471,216	+7.9
Interest and Dividend Income	\$ 2,555,927	\$ 2,378,741	+7.4
Benefits Paid to Retired Members	\$ 6,821,068	\$ 6,504,379	+4.9
Refunds of Member Contributions	\$ 99,908	\$ 98,159	+1.8
Interest Credited to Member Contributions	\$ 501,555	\$ 480,593	+4.4
Statistical Highlights			
Active Membership	241,599	242,241	-0.3
Members Leaving the System	7,670	7,842	-2.2
Retired Members	160,300	155,826	+2.9
Average Monthly Benefit	\$ 3,546	\$ 3,478	+2.0

SYSTEM ASSETS



Total System Assets at June 30 (dollars in thousands)

	2021	2022	2023	2024	2025	2026
Equities	\$73,188,525	\$60,694,882	\$68,386,851	\$77,640,031	\$85,432,088	\$100,619,351
Fixed Income	25,863,109	24,421,017	24,550,200	23,884,722	27,457,479	30,603,695
Private Equity	50,450	214,651	450,255	743,478	1,147,565	1,671,390
Other ⁽¹⁾	3,109,708	1,885,266	1,716,076	4,091,142	2,801,118	2,273,028
Total System Assets	\$102,211,792	\$87,215,816	\$95,103,382	\$106,359,373	\$116,838,250	\$135,167,464



⁽¹⁾ Includes cash and cash equivalents, receivables, real estate, net OPEB asset, and capital assets, net.

ADMINISTRATIVE STAFF & ORGANIZATION

as of September 25, 2026



Dr. Jason L. Branch
Executive Director



Laura L. Lanier
Chief Financial Officer/Deputy
Executive Director



Charles W. Cary, Jr.
Chief Investment Officer
Investment Services



R. Cory Buice
Director
Retirement Services



K. Paige Donaldson
Director
Employer Services & Contact
Management



Winston Buckley
Director
Communications & Outreach



Dina N. Jones
Director
Member Services



Sonya Kinley
Chief Human Resources Officer
Human Resources



Mike Jackson
Controller
Financial Services



Tom McMurry
Chief Information Officer
Information Technology

Consulting Services

Actuary

CavMac Actuarial Consulting
Services

Auditor

KPMG LLP

Medical Advisors

Laura Stubbs Fay, MD, Albany, GA
Pedro Garcia, MD, Atlanta, GA
Kent Gibson, MD, Albany, GA
Ben Hunter, MD, Atlanta, GA
Howard McMahan, MD, Marietta, GA
Quentin Pirkle, MD, Ellijay, GA
Joseph W. Stubbs, MD, Albany, GA

Investment Advisors*

Albritton Capital Management
Fisher Investments
MFS Institutional Advisors, Inc.
Mondrian Investment Partners Limited
Sands Capital Management
WCM Investment Management

* See page 55 in the Investment Section for a
summary of fees paid to Investment Advisors.

SUMMARY OF PLAN PROVISIONS

Purpose

The Teachers Retirement System of Georgia (the System) was established in 1943, by an act of the Georgia General Assembly for the purpose of providing retirement allowances and other benefits for teachers of the State, and began operations in 1945. The System has the power and privileges of a corporation and the right to bring and defend actions.

The major objectives of the System are (1) to pay monthly benefits due to retirees accurately and in a timely manner, (2) to soundly invest retirement funds to ensure adequate financing for future benefits due and for other obligations of the System, (3) to accurately account for the status and contributions of all active and inactive members, (4) to provide statewide educational and counseling services for System members, and (5) to process refunds due to terminated members.

Administration

State statutes provide that the administration of the System be vested in a ten-member Board of Trustees (the Board) comprised as follows:

Ex-officio members:

- the State Auditor
- the State Treasurer

Governor's appointees:

- two active members of the System who are classroom teachers and not employees of the Board of Regents
- one active member of the System who is a public school administrator
- one active member of the System who is not an employee of the Board of Regents
- one member-at-large

Board of Regents appointee:

- one active member of the System who is an employee of the Board of Regents

Trustee appointees:

- one member who has retired under the System
- one individual who is a citizen of the State, not a member of the System, and experienced in the investment of money

A complete listing of the current members of the Board is included on page 4 of this report.

Management of the System is the responsibility of the Executive Director who is appointed by the Board and serves at its pleasure. On behalf of the Board, the Executive Director is responsible for the proper operation of the System, engaging such actuarial and other services as shall be necessary to transact business, and paying expenses necessary for operations. A listing of the administrative staff is included on page 11 of this report.

Membership

All personnel employed in a permanent status position, and not less than one-half time, with local boards of education, charter schools, universities and colleges, technical colleges, Board of Regents, county and regional libraries, Regional Educational Service Agencies, and certain State of Georgia agencies are required to be members as a condition of employment. Exceptions to TRS membership include employees required to participate in another Georgia retirement plan or employees who may elect the Board of Regents Optional Retirement Plan in lieu of TRS membership.

Eligibility

Service Retirement

Active members may retire and elect to receive monthly retirement benefits after one of the following conditions: 1) completion of 10 years of creditable service and attainment of age 60, or 2) completion of 25 years of creditable service.

Disability Retirement

Members are eligible to apply for monthly retirement benefits under the disability provision of the law if they are an active member, have at least 10 years of creditable service, and are permanently disabled.

The Formula

Normal Retirement

Any member who has at least 30 years of creditable service or who has at least 10 years of creditable service and has attained age 60 will receive a benefit calculated by using the percentage of salary formula. Simply stated, two percent (2%) is multiplied by the member's years of creditable service established with the System, including partial years (not to exceed 40 years). The product is then multiplied by the average monthly salary for the two highest consecutive membership years of service. The resulting product is the monthly retirement benefit under the maximum plan of retirement.

Early Retirement

Any member who has not reached the age of 60 and has between 25 and 30 years of creditable service will receive a reduced benefit. The benefit will be calculated using the percentage of salary formula explained above. It will then be reduced by the lesser of 1/12 of 7% for each month the member is below age 60 or 7% for each year or fraction thereof the member has less than 30 years of creditable service. The resulting product is the monthly retirement benefit under the maximum plan of retirement.

Disability Retirement

Disability retirement benefits are also calculated using the percentage of salary formula explained above. The resulting product is the monthly disability retirement benefit under the maximum plan. The member must have at least 10 years of creditable service to qualify; however, there is no age requirement for disability retirement.

Plan A - Maximum Plan of Retirement

This plan produces the largest possible monthly benefit payable to the member only during his or her lifetime. There are no survivorship benefits under this plan.

Plan B - Optional Plans of Retirement

Upon retirement, a member of the System may elect one of six optional plans that provide survivorship benefits. The election of an optional form of payment is made upon application for retirement and it becomes irrevocable upon distribution of the first benefit check. The six options are as follows:

Option 1

The retiring member accepts a relatively small reduction from the maximum monthly benefit in order to guarantee to the estate, beneficiary, or beneficiaries named on the retirement application, a lump-sum refund of any remaining portion of member contributions and interest.

Option 2

This plan offers the retiring member a reduced monthly benefit, based on the ages of the member and the beneficiary, payable for life. It further provides a guarantee to the surviving named beneficiary that, at the death of the retired member, the beneficiary will receive the same basic monthly retirement allowance the member received at the date of retirement plus any cost-of-living increases the member received up to the time of death.

Option 2 Pop-Up

Any member may elect a reduced retirement allowance to be designated Option 2 Pop-Up with the provision that if the beneficiary dies prior to the retiree that the basic benefit payable to the retiree shall increase to an amount the retiree would have received under Plan A - Maximum Plan.

Option 3

This plan of retirement offers a reduced monthly benefit that is based on the ages of the member and the beneficiary. The resulting benefit is paid to the retired member for life, with the guarantee to the surviving named beneficiary that at the time of the retired member's death, the beneficiary will receive a payment for life of one-half of the initial monthly benefit received by the member at the time of retirement plus one-half of any cost-of-living increases the member received up to the time of death.

Option 3 Pop-Up

Any member may elect a reduced retirement allowance to be designated Option 3 Pop-Up with the provision that if the beneficiary dies prior to the retiree, the basic benefit payable to the retiree shall increase to the amount the retiree would have received under Plan A - Maximum Plan.

Option 4

This option offers a reduced monthly lifetime benefit in exchange for the flexibility to designate a specific dollar amount or percentage of the retiring member's monthly benefit to be paid to the beneficiary after the retired member's death. The beneficiary benefits specified under this plan cannot cause the retired member's monthly benefit to be reduced below 50% of the maximum benefit available to them. If multiple beneficiaries predecease the retiree, the dollar amounts for the percentages are not adjusted. Beneficiaries also receive a prorated share of any cost-of-living increases the retiree received up to the date of death.

Partial Lump-Sum Option Plan

TRS offers a Partial Lump-Sum Option Plan (PLOP) at retirement. In exchange for a permanently reduced lifetime benefit, a member may elect to receive a lump-sum distribution in addition to a monthly retirement benefit. The age of the member and plan of retirement are used to determine the reduction in the benefit.

A member is eligible to participate in the PLOP if he or she meets the following criteria. A member must:

- have 30 years of creditable service or 10 years of creditable service and attain age 60 (not early retirement).
- not retire with disability benefits.

At retirement, a member may elect a lump-sum distribution in an amount between 1 and 36 months of his or her normal monthly retirement benefit. This amount will be calculated under Plan A - Maximum Plan of Retirement and will be rounded up or down to be a multiple of \$1,000. If a PLOP distribution is elected, the monthly benefit is actuarially reduced to reflect the value of the PLOP distribution. The combination of both the PLOP distribution and the reduced benefit are the same actuarial value as the unreduced normal benefit alone.

Financing the System

The funds to finance the System come from member contributions, 6.00% of annual salary; employer contributions, 21.91% of annual salary; and investment income.

INDEPENDENT AUDITORS' REPORT



KPMG LLP
Suite 2000, 303 Peachtree Street, NE
Atlanta, GA 30308
www.kpmg.com

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Teachers Retirement System of Georgia (the System), a component unit of the State of Georgia, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2026, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material

misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedule of changes in employers' and nonemployer's net pension liability,

schedule of employers' and nonemployer's net pension liability and related ratios, schedule of employer and nonemployer contributions, schedule of investment returns, schedule of the System's proportionate share of the net pension liability to ERS, schedule of the System's contributions to ERS, schedule of the System's proportionate share of the net OPEB liability (asset), schedule of the System's contributions to OPEB plans, and the notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedule of administrative expenses and schedule of investment expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, investment, actuarial, and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2026 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
September 25, 2026

MANAGEMENT'S DISCUSSION & ANALYSIS

(Unaudited)

This section provides a discussion and analysis of the financial performance of the System for the year ended June 30, 2026. The discussion and analysis of the System's financial performance is within the context of the accompanying financial statements and disclosures following this section.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Teachers Retirement System of Georgia, Two Northside 75, Suite 100, Atlanta, GA 30318.

Overview of the Financial Statements

The System prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). These statements provide information about the System's overall financial status.

The basic financial statements include (1) the *Statement of Fiduciary Net Position*, (2) the *Statement of Changes in Fiduciary Net Position*, and (3) notes to the financial statements. The System also includes in this report additional information to supplement the financial statements.

The *Statement of Fiduciary Net Position* presents information that includes all of the System's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the balance reported as and representing the Net Position Restricted for Pensions.

The *Statement of Changes in Fiduciary Net Position* reports how the System's net position changed during the fiscal year. The additions and the deductions to net position are summarized in this statement. The additions include contributions and investment income, which includes the net increase (decrease) in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

These statements should be read together along with the accompanying notes to the financial statements to assess TRS's ability to meet its current and long-term obligations to members and beneficiaries.

Financial Summary

The following table presents a summarized comparison of the System's net position at June 30, 2026 and 2025:

Summary of TRS Fiduciary Net Position (dollars in thousands)

	Net position June 30,		Amount	Percentage
	2026	2025	change	change
Assets:				
Cash and cash equivalents				
and receivables	\$ 2,211,685	2,765,103	(553,418)	(20.0)%
Investments	132,939,138	114,060,435	18,878,703	16.6
Net OPEB asset	13,661	8,863	4,798	54.1
Capital assets, net	2,980	3,849	(869)	(22.6)
Total assets	<u>135,167,464</u>	<u>116,838,250</u>	<u>18,329,214</u>	15.7
Deferred outflows of resources	10,354	11,812	(1,458)	(12.3)
Liabilities:				
Due to brokers and accounts payable and other liabilities	43,656	41,327	2,329	5.6
Net pension liability	20,741	33,756	(13,015)	(38.6)
Total liabilities	<u>64,397</u>	<u>75,083</u>	<u>(10,686)</u>	(14.2)
Deferred inflows of resources	10,950	7,067	3,883	54.9
Net position restricted for pensions	<u>\$135,102,471</u>	<u>116,767,912</u>	<u>18,334,559</u>	15.7

MANAGEMENT'S DISCUSSION & ANALYSIS

(Unaudited) continued

The table below presents a summarized comparison of the System's changes in net position for the years ended June 30, 2026 and 2025:

Changes in TRS Fiduciary Net Position (dollars in thousands)

	Changes in net position		Amount change	Percentage change
	2026	2025		
Additions:				
Employer contributions	\$ 3,739,063	3,464,704	274,359	7.9 %
Nonemployer contributions	7,071	6,512	559	8.6
Member contributions	1,056,761	1,031,027	25,734	2.5
Net investment income	20,471,309	12,715,602	7,755,707	61.0
Total additions	25,274,204	17,217,845	8,056,359	46.8
Deductions:				
Benefits payments	6,821,068	6,504,379	316,689	4.9
Refunds	99,908	98,159	1,749	1.8
Administrative expenses, net	18,669	21,396	(2,727)	(12.7)
Total deductions	6,939,645	6,623,934	315,711	4.8
Net increase in net position	18,334,559	10,593,911	7,740,648	73.1
Beginning of year	116,767,912	106,174,001	10,593,911	10.0
End of year	135,102,471	116,767,912	18,334,559	15.7

Overall, the change in fiduciary net position for the year was driven primarily by investment performance, as discussed in detail in the sections below.

MANAGEMENT'S DISCUSSION & ANALYSIS

(Unaudited) continued

Detailed Analysis

The following table presents the investment allocation at June 30, 2026 and 2025:

Investment Allocation		2026	2025
Asset allocation at June 30 (in percentages):			
Equities:			
Domestic		56.5 %	57.5 %
International		19.2	17.4
Private equity		1.3	1.0
Domestic obligations:			
U.S. treasuries		15.0	17.9
Corporate and other bonds		7.7	5.9
International obligations:			
Corporates		0.3	0.3
Real Estate		—	—
Asset allocation at June 30 (dollars in thousands):			
Equities:			
Domestic		\$ 75,117,468	65,588,869
International		25,501,883	19,843,219
Private equity		1,671,390	1,147,565
Domestic obligations:			
U.S. treasuries		19,905,457	20,337,576
Corporate and other bonds		10,303,445	6,731,313
International obligations:			
Corporates		394,793	388,590
Real Estate		44,702	23,303
		<u>\$132,939,138</u>	<u>114,060,435</u>

The total investment portfolio at June 30, 2026 increased \$18.9 billion, or 16.6%, from June 30, 2025, which was due to several factors. U.S. Real GDP was uneven over the past fiscal year but grew at a 2.3% rate, essentially matching the year before. Inflation reaccelerated during the year, driven largely by higher energy prices, peaking at 4.2% in May before moderating to 3.5% in June. After cutting rates three times in the fall of 2025, the Federal Reserve held steady through the first half of 2026. The reacceleration in inflation and a new Federal Reserve chairman have raised the possibility of a rate increase in the coming fiscal year. The unemployment rate held steady at 4.2%, signaling continued resilience in the labor market. Against this backdrop, U.S. equities returned 23.3% and foreign equities, excluding China and Hong Kong, gained 31.0%.

Investment performance is calculated using a time-weighted rate of return using the Daily Valuation Method. The time-weighted rate of return in fiscal year 2026 was 17.9%, with a 23.2% return for equities, an 11.6% return on private equity (inception date March 2021), and a 3.0% return for fixed income. The five-year

annualized rate of return at June 30, 2026 was 8.1% with a 10.7% return on equities and a 0.7% return on fixed income.

A money-weighted rate of return is weighted by the amount of dollars in the fund at the beginning and end of the performance period. A money-weighted rate of return is highly influenced by the timing of cash flows into and out of the fund and is a better measure of an entity or person who controls the cash flows into or out of the fund. The nondiscretionary cash flows for the plan, primarily contributions and benefit payments, have a considerable impact on the money-weighted returns of the portfolio. The money-weighted rate of return for the fiscal year ended June 30, 2026 was 16.0%, compared to 10.1% for the fiscal year ended June 30, 2025.



MANAGEMENT'S DISCUSSION & ANALYSIS

(Unaudited) continued

Contributions and Investment Income

The System accumulates resources needed to fund benefits through contributions and returns on invested funds. Member contributions were higher with an increase of \$25.7 million, or 2.5%, primarily due to an increase in membership salary in 2026 coupled with an increase in active members. Employer contributions were higher with an increase of \$274.4 million, or 7.9%, compared to 2025 primarily due to increases in membership salaries offset by a slight decrease in the number of active members from 242,241 in 2025 to 241,599 in 2026. In addition, the employer required contribution rate increased from 20.78% in 2025 to 21.91% in 2026. Net investment income totaled \$20.5 billion, primarily attributable to equity market gains, and reflected an investment return of 17.9% in 2026, compared with 12.2% in 2025.

Benefit Payments, Refunds, and Administrative Expenses

Deductions increased \$315.7 million, or 4.8%, in 2026, primarily because of the \$316.7 million, or 4.9%, increase in benefit payments. Regular pension benefit payments increased due to an increase in the number of retirees and beneficiaries receiving benefit payments from 155,826 in 2025 to 160,300 in 2026, and an increase in postretirement benefits of 1.50% given in July of 2025 and January of 2026.

Fiduciary Net Position

The \$18.3 billion, or 15.7%, increase in net position from 2025 to 2026 was primarily due to positive equity market returns, which were 23.2% this year.

Currently Known Facts, Decisions, or Conditions

The following currently known actuarial facts and decisions have affected the System's current financial position. Under GASB Statement No. 67, *Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27* two important actuarial concepts are the Actuarially Determined Employer Contribution (ADEC) and the Actuarial Accrued Liability (AAL), though they serve different purposes. The ADEC is a funding measure that represents the actuary's estimate of the annual contribution needed to systematically finance pension benefits. It generally includes the cost of benefits earned by employees during the

current year, known as the normal cost, along with a payment toward any previously unfunded pension obligations. While GASB requires disclosure of the ADEC and related contribution information as supplementary information, it is primarily a funding metric rather than a reported accounting liability.

The AAL, by contrast, is a measure of the pension obligation that has accumulated based on employee service provided up to a given valuation date. Historically, it was a key indicator of a pension plan's funded status, with the difference between the AAL and plan assets representing the Unfunded Actuarial Accrued Liability (UAAL). However, GASB 67 and 68 shifted the focus of financial reporting away from the AAL and toward the Total Pension Liability (TPL) and the Net Pension Liability (NPL), which is calculated as the TPL less the pension plan's fiduciary net position. As a result, while the AAL remains important for funding analyses and actuarial valuations, the NPL is now the primary liability measure reported in government financial statements.

In simple terms, the ADEC addresses how much a government should contribute to its pension plan each year to keep the plan adequately funded, while the AAL reflects the value of pension benefits that employees have already earned. GASB 67 and 68 separate these funding and accounting perspectives, emphasizing the ADEC for funding policy discussions and the NPL for financial reporting and transparency.

Due to legislative initiatives to increase teacher pay in recent fiscal years, and these increases being more than the 3-8.75% noted in the actuarial assumptions, the amount of required employer contributions and related total pension liability has been impacted.

The ADEC for employers increased from 20.78% in fiscal year 2025 to 21.91% in 2026 with a slight increase coming in 2027 to 22.32%.

The UAAL for the System pension benefits was \$29.9 billion as of June 30, 2025, up from \$29.5 billion as of June 30, 2024. The funded ratio, which is the actuarial value of assets divided by the AAL, was 78.7% at June 30, 2025 also up from 77.9% at June 30, 2024.

The TPL increased from \$137.9 billion in 2025 to \$145.3 billion in 2026. However, the NPL decreased from \$21.2 billion in fiscal year 2025 to \$10.3 billion in 2026 due to the TPL increase being offset by the \$18.3 billion increase in net position from 2025 to 2026.

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2026 (in thousands)

Assets

Cash and cash equivalents	\$ 1,429,072
Receivables:	
Interest and dividends	345,856
Due from brokers for securities sold	23,756
Member and employer contributions	363,287
Securities Lending	40,000
Other	9,714
Total receivables	<u>782,613</u>
Investments:	
Equities:	
Domestic	75,117,468
International	25,501,883
Private equity	1,671,390
Real Estate	44,702
Domestic obligations:	
U.S. treasuries	19,905,457
Corporate and other bonds	10,303,445
International obligations:	
Corporates	<u>394,793</u>
Total investments	<u>132,939,138</u>
Net OPEB asset	13,661
Capital assets, net	<u>2,980</u>
Total assets	<u>135,167,464</u>
Deferred Outflows of Resources	<u>10,354</u>
Liabilities	
Accounts payable and other liabilities	17,143
Due to brokers for securities purchased	26,513
Net pension liability	<u>20,741</u>
Total liabilities	<u>64,397</u>
Deferred Inflows of Resources	<u>10,950</u>
Net Position Restricted for Pensions	<u>\$ 135,102,471</u>

See accompanying notes to financial statements.



STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2026 (in thousands)

Additions:

Contributions:

Employer	\$ 3,739,063
Nonemployer	7,071
Member	1,056,761

Investment income:

Net increase in fair value of investments	17,990,586
Interest, dividends, and other	2,555,927

Total investment gain	20,546,513
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Less: investment expense	75,204
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Net investment income	20,471,309
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Total additions	25,274,204
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Deductions:

Benefit payments	6,821,068
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Refunds of member contributions	99,908
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Administrative expenses, net	18,669
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Total deductions	6,939,645
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Net increase in net position	18,334,559
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Net Position Restricted for Pensions:

Beginning of year	116,767,912
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End of year	\$ 135,102,471
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See accompanying notes to financial statements.



1. Plan Description

Teachers Retirement System of Georgia (the System) was created in 1943 by an act of the Georgia Legislature (the Act) to provide retirement benefits for teachers who qualify under the Act. The System administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No.67. A Board of Trustees (the Board) comprising two appointees of the Board, two ex-officio state employees, five appointees of the Governor, and one appointee of the Board of Regents is ultimately responsible for the administration of the System.

Eligibility and Membership

All teachers in the state public schools, the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and certain other designated employees in educational-related work are eligible for membership. There were 331 employers and 1 nonemployer contributing entity participating in the plan during 2026.

Retirement Benefits

As of June 30, 2026, participation in the System is as follows:

Inactive members and beneficiaries	
currently receiving benefits	160,300
Inactive members not yet	
receiving benefits, vested	16,540
Inactive members, nonvested	137,087
Active plan members	241,599
Total	<u>555,526</u>

The System provides service retirement, disability retirement, and survivor's benefits. Title 47 of the Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the provisions of the System to the State Legislature. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year, or fraction thereof, by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, may be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a

reduced monthly retirement benefit. Options are available for distribution of the member's monthly pension, at a reduced rate, to a designated beneficiary upon the member's death.

Death and Disability Benefits

Retirement benefits also include death and disability benefits, whereby the disabled member or surviving spouse is entitled to receive annually an amount equal to the member's service retirement benefit or disability retirement, whichever is greater. The benefit is based on the member's creditable service (minimum of 10 years of service) and compensation up to the time of disability.

The death benefit is the amount that would be payable to the member's beneficiary had the member retired on the date of death with either a service retirement allowance or a disability retirement allowance, whichever is larger. The benefit is based on the member's creditable service (minimum of 10 years of service) and compensation up to the date of death.

Contributions

The System is funded by member, employer, and nonemployer contributions. The contribution rates are adopted and amended by the Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employers by the State of Georgia.

Contributions, as a percentage of covered payroll, required for fiscal year 2026 were based on the June 30, 2023 actuarial valuation as follows:

Member	<u>6.00 %</u>
Employer:	
Normal	8.62 %
Unfunded accrued liability	<u>13.29 %</u>
Total	<u>21.91 %</u>

Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions with accumulated interest are reported as net position restricted for pensions.

NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*

2. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The System's financial statements are prepared on the accrual basis of accounting. Contributions from the employers, nonemployer, and the members are recognized when due, based on statutory requirements. Retirement and refund payments are recognized as deductions when due and payable.

Reporting Entity

The System is a component unit of the State of Georgia; however, it is accountable for its own fiscal matters and presentation of its separate financial statements. The System has considered potential component units under GASB Statements No. 80, *Blending Requirements for Certain Component Units*, GASB Statement No. 61, *The Financial Reporting Entity's Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and determined there were no component units of the System.

Cash and Cash Equivalents

Cash and cash equivalents, reported at cost, include cash in banks and cash on deposit with the investment custodian.

Investments

Investments are reported at fair value and, in some cases, net asset value (NAV) as a practical expedient to fair value. Additionally, real estate held for investment is valued at acquisition cost. Equity securities traded on a national or international exchange are valued at the last reported sales price. Investments in private investment companies are valued utilizing the NAVs provided by the underlying private investment companies as a practical expedient. The Pooled Investment Fund (the Fund) applies the practical expedient to its investments in private investment companies on an investment by investment basis, consistent with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the NAV of the investment. Private equity fair value is measured using the valuation of the underlying companies as reported by the general partner. These investments, in the form of limited partnerships, reflect values and related performance on a quarter-lag basis due to the nature of the investments and the time it takes to value them. The estimated fair value of investments without readily determinable market values could differ significantly if a ready market for these assets existed. Fixed income securities are valued based primarily on quoted market prices provided by independent pricing sources. Global foreign exchange holdings are translated using a third-party vendor. Investment income is recognized as earned by the System. There are no investments in, loans to, or leases with parties related to the System.

The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, foreign currency, and overall market volatility risk.

Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The System's policy in regard to the allocation of invested assets is established on a cost basis in compliance with Georgia statute. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the System's adopted asset allocation policy as of June 30, 2026:

Asset Class	Target Allocation
Fixed income	25% - 45%
Equities	55% - 75%
Alternative investments	0% - 5%
Total	100%

Approximately 15.0% of the investments held for pension benefits are invested in debt securities of the U.S. government. The System has no investments in any one organization, other than those issued by the U.S. government, that represent 5% or more of the System's net position restricted for pensions.

For the fiscal year ended June 30, 2026, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Capital Assets

The System has two categories of capital assets which are tangible capital assets and intangible right-to-use subscription assets.

Tangible capital assets are stated at cost less accumulated depreciation. The capitalization thresholds are \$5 thousand for equipment and vehicles purchased prior to October 1, 2024, or \$10 thousand for equipment and vehicles purchased October 1, 2024, or later, and \$1 million for software. These assets are included within Capital assets, net on the *Statement of Fiduciary Net Position*. Depreciation on tangible capital assets is computed using the straight-line method over estimated useful lives of three to ten years. Depreciation expense is included in administrative expenses, net. Maintenance and repairs are charged to administrative expenses when incurred. When tangible assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the *Statement of Changes in Fiduciary Net Position* in the period of disposal. The table on the following page summarizes the estimated useful life by class:

2. Summary of Significant Accounting Policies and Plan Asset Matters, *continued*

Tangible Capital Asset Class	Estimated Useful Life
Furniture and fixtures	5-7 years
Computer equipment	3-7 years
Computer software	3-10 years

Intangible right-to-use subscription assets are assets that convey control of the right to use another entity's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time, in an exchange or exchange-like transaction. For eligible contracts with a term greater than 12 months, the System records intangible right-to-use subscription assets and related subscription liabilities, if applicable, at the commencement date of the contract. The intangible right-to-use subscription asset is calculated from the initial measurement of the subscription liability, plus any payments made to the vendor at or before the commencement of the contract term, plus any applicable implementation costs. The System has adopted a capitalization threshold of \$100,000. These assets are included within Capital assets, net on the *Statement of Fiduciary Net Position*. Subscription liabilities represent the System's obligation to make subscription payments and are measured at the present value of expected future subscription payments over the contract term. These liabilities are included within Accounts payable and other liabilities on the *Statement of Fiduciary Net Position*. When the interest rate is not provided in the contract, the System has elected to calculate the present value using the State's incremental borrowing rate. Amortization of intangible right-to-use subscription assets is computed using the straight-line method over the shorter of the term of the contract or the estimated remaining useful life of the underlying asset. Interest expense is recognized over the contract term. Amortization and interest expenses are included in either Administrative expenses, net or Less investment expense on the *Statement of Changes in Fiduciary Net Position*.

For contracts that contain both a subscription component and a non-subscription component, the components are accounted for separately except when it is not practicable and the System accounts for both components as a single subscription based information technology arrangement (SBITA). Contracts that are entered into at or near the same time with the vendor are considered part of the same contract when the contracts are negotiated as a package with a single objective.

System Employee Pensions and Other Postemployment Benefits (OPEB)

For the plans listed below, for purposes of measuring the net pension liability, net OPEB asset, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the plans and additions to and

deductions from the fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value and in some cases NAV as a practical expedient to fair value.

Pensions:

- Employees' Retirement System of Georgia (ERS)

OPEB:

- Georgia State Employees Postemployment Benefit Fund (State OPEB)
- State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein. Actual results could differ from those estimates.

New Accounting Pronouncements

Pronouncements effective for the 2026 financial statements:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The System adopted the provisions and reporting requirements of GASB Statement No. 103. Management's Discussion and Analysis is limited to the related topics in the specified sections that are material to the System, provides analysis of why balances and results of operations changed, and avoids duplication.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. The System adopted the reporting requirements for the topics relating to Statement No. 104. Subscription-Based Information Technology Arrangements are separately discussed in Note 5, Capital Assets.

Pronouncements issued, but not yet implemented:

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, effective for fiscal years beginning after June 15, 2026. The primary objective of this statement is to improve the financial reporting requirements for subsequent events, thereby

NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*

2. Summary of Significant Accounting Policies and Plan Asset Matters, *continued*

enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as events that occur after the date of the financial statements but before the date the financial statements are available to be issued and requires the date through which subsequent events have been evaluated to be disclosed. Additionally, this Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The System is in the process of evaluating the impact of this pronouncement on its financial statements.

3. Investment Program

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the Board. All investments are held by agent custodial banks in the name of the System. State statutes and the System's investment policy authorize the System to invest in a variety of short-term and long-term securities as follows:

Cash and Cash Equivalents

The carrying amount of the System's deposits totaled approximately \$1.4 billion at June 30, 2026, with actual bank balances of approximately \$1.5 billion. The System's cash balances are fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. government.

The System engages in repurchase and reverse repurchase agreements as part of the securities lending program. The System and the broker exchange cash for direct obligations of the U.S. government or obligations unconditionally guaranteed by agencies of the U.S. government or U.S. corporations. The System or broker promises to repay the cash received plus interest at a specific date in the future in exchange for the same securities.

Short-term securities authorized but not currently used are:

- U.S. Treasury obligations.
- Commercial paper, with a maturity of 180 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 and/or A-1 by national credit rating agencies.
- Master notes, an overnight security administered by a custodian bank, and an obligation of a corporation whose commercial paper is rated P-1 and/or A-1 by national credit rating agencies.

Investments in commercial paper or master notes are limited to no more than \$500 million in any one name.

Investments

Fixed income investments, managed by the Division of Investment Services (the Division), are authorized in the following instruments:

- U.S. and foreign government obligations. At June 30, 2026, the System held US Treasury bonds of approximately \$19.9 billion.
- U.S. and foreign corporate obligations. At June 30, 2026, the System held U.S. corporate bonds of approximately \$10.3 billion and international corporate bonds of approximately \$394.8 million.
- Obligations unconditionally guaranteed by agencies of the U.S. government. At June 30, 2026, the System did not hold agency bonds.
- Private placements are authorized under the same general restrictions applicable to corporate bonds. At June 30, 2026, the System did not hold private placements.

Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the state of Georgia.

Real estate is authorized by statute. The allocation shall not exceed 10.0% of the System's plan assets. At June 30, 2026, the System held real estate of approximately \$44.7 million, which is 0.03% of the System's total assets.

Equity securities are also authorized by statute for investment as a complement to the System's fixed income portfolio and as a long-term inflation hedge. No more than 75% of the invested assets on a historical cost basis may be placed in equities. Equity holdings in any one corporation may not exceed 5% of the outstanding equity of the issuing corporation. The equity portfolio is managed by the Division in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the Board; in-house research considering such matters as yield, growth, and sales statistics; and analysis of independent market research. Equity trades are approved and executed by the Division's staff. Common stocks eligible for investment are approved by the Investment Committee of the Board before being placed on an approved list.

3. Investment Program, *continued*

Equity investments are authorized in the following instruments:

- Domestic equities are securities domiciled in the United States. At June 30, 2026, the System held domestic equities of approximately \$75.1 billion.
- International equities, including American Depositary Receipts (ADR), are not domiciled in the United States. At June 30, 2026, the System held ADRs of approximately \$13.8 billion and international equities of approximately \$11.7 billion.
- Alternative investments are authorized by statute to provide portfolio diversification and to enhance the risk-adjusted rate of return for the retirement fund that benefits the members of the System. By statute, the allocation to alternative investments shall not, in the aggregate, exceed 5.0% of the System's plan assets at any time. Further, in any calendar year, new commitments to alternative investments shall not, in the aggregate, exceed 1.0% of the System's plan assets until the first occurrence that 4.5% of the assets have been invested, at which time there shall be no limit on the percentage of commitments that may be made in any calendar year, subject to compliance with other provisions of the statute. At June 30, 2026, the System held private equity investments of approximately \$1.7 billion, which is 1.2% of the System's total assets.

Fair Value Measurements: The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuations are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs.

Level 1 - Valuations based on unadjusted quoted prices for identical instruments in active markets that the System has the ability to access.

Level 2 - Valuations based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The System also has investments held through limited partnerships for which fair value is estimated using the NAV reported by the general partner as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy.

The System has real estate investments held at acquisition value. Such investments are not included in the fair value schedule.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each investment.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Equity securities classified in Level 2 are valued using prices quoted for similar instruments in active markets. Equity securities classified in Level 3 are valued using third-party valuations not currently observable in the market.

Debt securities classified in Level 1 are valued using prices quoted in active markets. Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These securities have nonproprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*



3. Investment Program, *continued*

This table shows the fair value leveling of the System's investments (in thousands):

Investments Measured at Fair Value as of June 30, 2026 (dollars in thousands)				
Investments by fair value level	Fair value measures using			Total
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Equities:				
Domestic	\$ 75,117,467	\$ —	\$ 1	\$ 75,117,468
International	25,322,324	179,559	—	25,501,883
Obligations:				
Domestic:				
U.S. treasuries	19,905,457	—	—	19,905,457
Corporate bonds	—	10,303,445	—	10,303,445
International:				
Corporate bonds	—	394,793	—	394,793
Total investments by fair value level	<u>\$ 120,345,248</u>	<u>\$ 10,877,797</u>	<u>\$ 1</u>	<u>\$ 131,223,046</u>
Investments measured at NAV*				
Private equity funds				1,671,390
Total				<u>\$ 132,894,436</u>

*Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Fiduciary Net Position.



3. Investment Program, *continued*

Unfunded commitments, redemption frequency, and redemption notice period relative to the System's alternative investments for which the System utilized NAV or its equivalent relative to the determination of fair value at June 30, 2026, are as follows (in thousands):

	Investments measured at NAV	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Private equity funds	\$ 1,671,390	\$ 1,773,293	Not Eligible	N/A

Investments in privately-held limited partnerships are valued using the NAV provided by the general partner as of March 31 of each fiscal year, adjusted by the System for cash flows through June 30. The quarterly values of the partnership investments provided from the general partner are reviewed by the System to determine if any adjustments are necessary. The types of partnership strategies held include control distressed, oil and gas energy, growth equity, leveraged buyouts, and co-investment. Investments typically have an approximate life of 10–12 years. These investments are considered illiquid since the nature of these private investments prohibits redemption with the fund; instead, distributions are received from the general partner through liquidation of the underlying assets of the fund. The System currently has no plans to sell any of the investments prior to their liquidation, resulting in these assets being carried at the NAV estimated by the general partner and adjusted for final quarter cash flows by the System.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. O.C.G.A. 47-20-84 limits investments to investment grade securities. It is the System's investment policy to require that the bond portfolio be of high quality and chosen with respect to maturity ranges, coupon levels, refunding characteristics, and marketability. The System's policy is to require that new purchases of bonds be restricted to high-grade bonds rated no lower than "A" by any nationally recognized statistical rating organization. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The quality ratings of investments in fixed income securities as described by Standard & Poor's and by Moody's Investors Service, which are nationally recognized statistical rating organizations, at June 30, 2026, are shown in the chart on the following page.

NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*

3. Investment Program, *continued*

Quality Ratings of Fixed Income Investments held at June 30, 2026 (dollars in thousands)		
Investment type	Standard and Poor's/ Moody's quality rating	June 30, 2026 Fair value
Domestic obligations:		
U.S. treasuries		\$ 19,905,457
Corporates	AAA/Aaa	654,884
	AA/Aaa	827,097
	AA/Aa	3,996,843
	AA/A	1,565,182
	A/Aa	780,731
	A/A	2,074,537
	BBB/Baa	404,171
Total domestic corporates		10,303,445
International obligations:		
Corporates	AA/Aa	394,793
Total fixed income investments		<u>\$ 30,603,695</u>

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. At June 30, 2026, the System did not have debt or equity investments in any one organization, other than those issued or guaranteed by the U.S. government or its agencies, which represented greater than 5% of total investments.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the System has no formal interest rate risk policy, active management of the bond portfolio incorporates interest rate risk to generate improved returns. This risk is managed within the portfolio using the effective duration method. This method is

widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets.

Effective Duration of Fixed Income Assets by Security Type (dollars in thousands)			
Fixed income type	Fair value June 30, 2026	Percentage of all fixed income assets	Effective duration (years)
Domestic obligations:			
U.S. treasuries	\$ 19,905,457	65.0 %	5.8
Corporates	10,303,445	33.7	4.8
International obligations:			
Corporates	394,793	1.3	0.6
Total	<u>\$ 30,603,695</u>	<u>100.0 %</u>	5.3

3. Investment Program, *continued*

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risks, primarily reside within the System's international equity investment holdings. The System's asset allocation and investment policies allow for active and passive investments in international securities. The System's Board-adopted foreign exchange risk management policy is to minimize risk and protect the investments from negative impact by hedging

foreign currency exposures with foreign exchange instruments when market conditions and circumstances are deemed appropriate. Foreign exchange instruments are used to protect the value of noncash investments from currency movements. The System's foreign exchange risk management policy does not quantify limitations on foreign currency-denominated investments. As of June 30, 2026, the System's exposure to foreign currency risk in U.S. Dollars is highlighted in this table:

International Investment Securities at Fair Value as of June 30, 2026 (dollars in thousands)

Currency	Cash & cash equivalents	Equities	Fixed income	Total
Australian Dollar	\$ —	\$ 390,103	\$ —	\$ 390,103
Brazilian Real	—	196,131	—	196,131
British Pound Sterling	—	885,623	—	885,623
Canadian Dollar	—	445,240	—	445,240
Chilean Peso	—	14,290	—	14,290
Colombian Peso	—	11,296	—	11,296
Czech Koruna	—	22,252	—	22,252
Danish Krone	—	208,953	—	208,953
Euro	—	3,449,233	—	3,449,233
Hungarian Forint	—	23,473	—	23,473
Indian Rupee	—	564,110	—	564,110
Indonesian Rupiah	—	21,238	—	21,238
Israeli Shekel	—	72,849	—	72,849
Japanese Yen	—	1,548,857	—	1,548,857
Malaysian Ringgit	41	55,514	—	55,555
Mexican Peso	—	109,135	—	109,135
New Zealand Dollar	—	10,488	—	10,488
Norwegian Krone	—	23,444	—	23,444
Philippine Peso	—	13,761	—	13,761
Polish Zloty	—	52,562	—	52,562
Qatari Riyal	—	18,315	—	18,315
Singapore Dollar	—	180,960	—	180,960
South African Rand	—	132,367	—	132,367
South Korean Won	—	1,743,911	—	1,743,911
Swedish Krona	—	410,909	—	410,909
Swiss Franc	—	224,588	—	224,588
Taiwan Dollar	—	751,632	—	751,632
Thai Baht	—	55,756	—	55,756
UAE Dirham	—	67,965	—	67,965
Total holdings subject to foreign currency risk	41	11,704,955	—	11,704,996
Investment securities payable in U.S. dollars	—	13,796,928	394,793	14,191,721
Total international investments - at fair value	\$ 41	\$ 25,501,883	\$ 394,793	\$ 25,896,717

NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*

4. Securities Lending Program

State statutes and the Board's policies permit the System to lend its securities to broker/dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System is presently involved in securities lending programs or repurchase and reverse repurchase agreements that act as securities lending programs with major brokerage firms. The System lends equity and fixed income securities for varying terms and receives a fee. The System reports the net loan fee income earned as investment income on the *Statement of Changes in Fiduciary Net Position*. During a loan, the System continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U.S. government and agency securities, mortgage-backed securities issued by a U.S. government agency, corporate bonds, and equities. The collateral value must be equal to at least 102% to 109% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled approximately \$10.1 billion at June 30, 2026. The collateral value was equal to 103.1% of the loaned securities' fair value at June 30, 2026. The System's lending collateral was held in the System's name by the triparty custodian.

Loaned securities are included in the accompanying *Statement of Fiduciary Net Position* since the System maintains ownership. The related collateral securities are not recorded as assets on the System's *Statement of Fiduciary Net Position*, and a corresponding liability is not recorded, since the System is deemed not to have the ability to pledge or trade the collateral securities. In accordance with the criteria set forth in GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the System is deemed not to have the ability to pledge or sell collateral securities, since the System's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the System has not previously demonstrated that ability, and there are no indications of the System's ability to pledge or sell the collateral securities.

5. Capital Assets

The following is a summary of capital assets and amortization/depreciation information as of June 30 and for the years then ended:

Summary of Capital Assets (dollars in thousands)

	Balance at June 30, 2025	Additions	Disposals	Balance at June 30, 2026
Capital assets:				
Furniture and fixtures	594	—	(440)	154
Computer equipment	5,026	690	(741)	4,975
Computer software	14,980	—	—	14,980
Intangible right-to-use subscriptions	3,470	114	(1,053)	2,531
	<u>24,070</u>	<u>804</u>	<u>(2,234)</u>	<u>22,640</u>
Accumulated amortization/depreciation for:				
Furniture and fixtures	(554)	(13)	440	(127)
Computer equipment	(3,314)	(1,018)	741	(3,591)
Computer software	(14,980)	—	—	(14,980)
Intangible right-to-use subscriptions	(1,373)	(642)	1,053	(962)
	<u>(20,221)</u>	<u>(1,673)</u>	<u>2,234</u>	<u>(19,660)</u>
Capital assets, net	<u>\$ 3,849</u>	<u>\$ (869)</u>	<u>\$ —</u>	<u>\$ 2,980</u>

5. Capital Assets, *continued*

The System enters into contracts to use other entities' information technology software to support the System. The contract term used in the measurement of the subscription liability includes the options to extend or terminate the contract when it is reasonably certain that the System will exercise that option. Variable payments that are fixed in substance, such as contracts that provide for increases in the future minimum annual subscription, are included in the measurement of the subscription liability. The System's current contracts expire at various dates through fiscal year 2029.

The outstanding subscription liability as of June 30, 2026 was \$1.0 million. The total future minimum subscription payments under the subscription agreements are as follows:

Future Minimum Subscription Payments (dollars in thousands)			
Year Ended	Principal	Interest	
2027	\$ 529	\$ 25	
2028	502	11	
2029	—	—	

6. Commitments

As of June 30, 2026, the System had committed to fund certain private equity partnerships for a total capital commitment of \$3.1 billion. Of this amount, \$1.8 billion remained unfunded and is not recorded on the System's *Statement of Fiduciary Net Position*.



NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*



7. Net Pension Liability of Employers and Nonemployer

This table summarizes components of the net pension liability of the participating employers and nonemployer at June 30, 2026:

Components of Net Pension Liability (dollars in thousands)

Total pension liability	\$ 145,417,169
Plan fiduciary net position	135,102,471
Employers' and nonemployer's net pension liability	<u>\$ 10,314,698</u>
Plan fiduciary net position as a percentage of the total pension liability	92.91 %

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2025 rolled forward to June 30, 2026 using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.00 - 8.75%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

The Mortality rates are as follows: The Pub-2010 Teachers Headcount Weighted Below Median Employee Table, with ages set forward one year and adjusted 106%, projected generationally with the MP-2021 Projection Scale is used for both males and females while in active service. Rates of improvement have been reduced by 20% for all years prior to the ultimate rate. For those not in active service, the Pub-2010 Benefit Weighted Family of Tables projected generationally with the MP-2021 Projection Scale are used. Rates of improvement have been reduced by 20% for all years prior to the ultimate rate. Further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teachers Healthy Below-Median Annuitant	Male: +1; Female +1	Male 105%; Female 110%
Disability Retirees	Teachers Disabled	Male: +3; Female +3	Male 106%; Female 106%
Beneficiaries	Teachers Below-Median Contingent Survivors	Male: +1; Female -1	Male 100%; Female 102%

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2023.



7. Net Pension Liability of Employers and Nonemployer, *continued*

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and inflation) are developed for each major

asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Target Allocation & Estimated Rates of Return by Asset Class

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	2.30 %
Domestic large cap equities	38.70	8.90
Domestic small cap equities	4.20	12.20
International developed market equities	14.90	7.60
International emerging market equities	7.20	9.60
Alternatives	5.00	12.80
Total	100.00 %	

* Net of inflation

Discount rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at the actuarially determined employer contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the employers and nonemployer, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

Employers' and Nonemployer's Net Pension Liability (Asset)

(dollars in thousands)

1% Decrease (5.90%)	Current discount rate (6.90%)	1% Increase (7.90%)
\$30,286,167	\$10,314,698	\$(6,018,641)

7. Net Pension Liability of Employers and Nonemployer, *continued*

Actuarial valuation date: The total pension liability is based upon the June 30, 2025 actuarial valuation. An expected total pension liability is determined as of June 30, 2026 using standard roll-forward techniques for the actual total pension liability. The roll-forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. In addition an expected total pension liability as of June 30, 2026 is based on the total pension liability roll-forward in the June 30, 2025 GASB 67 report. The difference between this amount and the roll-forward of the actual total pension liability before the change in assumption is reflected as an experience gain or loss for the year.

8. System Employees' Retirement Benefits

The System's employees are members of the ERS plan. This note to the financial statements and required supplementary information in the first two tables on page 47 are presented from the perspective of the System as an employer.

General Information about the Employees' Retirement System of Georgia

Plan description: ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/post/annual-financial-reports.

Benefits provided: The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the Old Plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contributions under the Old Plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the Old Plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The System's total required contribution rate for the year ended June 30, 2026 was 29.15% of annual covered payroll for old plan members and new plan members and 25.51% for GSEPS members. The System's contributions to ERS for funding purposes totaled approximately \$7.2 million for the year ended June 30, 2026. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2026, the System reported a liability of approximately \$20.7 million for its proportionate share of the net pension liability for the ERS plan. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2024. An expected total pension liability as of June 30, 2025 was determined using standard roll-forward techniques. The System's proportionate share of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2025. At June 30, 2025, the System's proportionate share was 0.731592% which is based on contributions, and a decrease of 0.018239% from its proportionate share measured as of June 30, 2024.

For the year ended June 30, 2026, the System recognized a pension benefit of approximately \$2.3 million. Pursuant to GASB Statement No. 67, approximately \$1.3 million of the pension expense is included in investment expense as a reduction of investment income. At June 30, 2026, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown in the chart on the following page.

8. System Employees' Retirement Benefits, *continued*

Deferred Outflows and Inflows of Resources (dollars in thousands)

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,081	\$ —
Change of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	6,368
Changes in proportion and differences between the System's contributions and proportionate share of contributions	44	475
System's contributions subsequent to the measurement date	7,215	—
Total	<u>\$ 8,340</u>	<u>\$ 6,843</u>

System contributions subsequent to the measurement date of approximately \$7.2 million are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (dollars in thousands):

Years ended June 30:		
2027	\$	1,511
2028		(3,397)
2029		(2,638)
2030		(1,194)
Total		<u>(5,718)</u>

Actuarial assumptions: The total pension liability as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 - 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	1.05%, annually

The Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019

projection scale is used for both males and females while in active service.

- The Pub-2010 Family of Tables projected generationally with the MP-2019 projection scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/Setback (-)	Adjustment To Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*



8. System Employees' Retirement Benefits, *continued*

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in this table:

Target Allocation & Estimated Rates of Return by Asset Class

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	1.90 %
Domestic large cap equities	43.20	9.30
Domestic small cap equities	4.30	13.00
International developed market equities	12.30	9.30
International emerging market equities	5.20	11.30
Alternatives	5.00	11.40
Total	100.00%	

*Net of inflation

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the ERS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate: The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is

1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate (dollars in thousands):

System's Proportionate Share of the Net Pension Liability		
1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
\$37,647	\$20,741	\$6,524

Pension plan fiduciary net position: Detailed information about the ERS plan's fiduciary net position is available in the separately issued 2025 ERS financial report, which is publically available at www.ers.ga.gov/post/annual-financial-reports.

9. System Employees' Other Postemployment Expense (Benefits)

Plan descriptions and Funding Policy:

Georgia State Employees Postemployment Benefit Fund (State OPEB Fund)

Plan Description: Employees of State organizations as defined in §45-18-25 of the O.C.G.A. are provided OPEB through the State OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (DCH Board). Title 45 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the DCH Board.

Benefits Provided: The State OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with the Department of Community Health (DCH) for inclusion in the plan. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from ERS. If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The State OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

Contributions: As established by the DCH Board, the State OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the System were \$1.2 million for the year ended June 30, 2026. Active employees are not required to contribute to the State OPEB Fund.

State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB)

Plan Description: SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of ERS, LRS, and JRS. The plan is a cost-sharing multiple-employer defined benefit OPEB plan as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

Benefits Provided: The amount of insurance for a retiree with creditable service prior to April 1, 1964 in the SEAD-OPEB plan is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 in the SEAD-OPEB plan is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions: Georgia law provides that employee contributions to the SEAD-OPEB plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2026.

OPEB Liabilities, OPEB Expense (Benefits), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026, the System reported an asset of \$5.3 million for its proportionate share of the State OPEB fund net asset and an asset of \$8.4 million for its proportionate share of the SEAD-OPEB net asset.

The following schedule details the System's proportionate share of the OPEB amounts for all plans as of June 30, 2026:

Aggregate OPEB Amounts - All Plans (dollars in thousands)

OPEB liabilities	\$	—
OPEB assets		13,661
Deferred outflows of resources		2,014
Deferred inflows of resources		4,107
OPEB benefit		(1,752)

The net OPEB assets were measured as of June 30, 2025. The total OPEB liability was used to calculate the net OPEB liability (asset) and were based on actuarial valuations as of June 30, 2024. An expected total OPEB liability as of June 30, 2025 were determined using standard roll-forward techniques.

The System's proportionate share of the net OPEB asset for the State OPEB fund was actuarially determined based on employer contributions during the fiscal year ended June 30, 2025. At June 30, 2025, the System's proportionate share was 0.724212%, which was a decrease of 0.034409% from its proportionate share measured as of June 30, 2024. The System's proportionate share of the net OPEB asset for the SEAD-OPEB plan was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2025. At June 30, 2025, the System's proportionate share was 1.240347%, which was an increase of 0.001902% from its proportionate share measured as of June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*



9. System Employees' Other Postemployment Expense (Benefits), *continued*

For the year ended June 30, 2026 the System recognized an OPEB benefit of \$672.8 thousand for the State OPEB fund and an OPEB benefit of \$1,079.6 thousand for the SEAD-OPEB plan. Pursuant to GASB Statement No. 74, approximately \$375.1 thousand of the State OPEB fund reduction of expense and \$575.2 thousand of the

SEAD-OPEB reduction of OPEB expense is included in investment expense as a reduction of investment income. At June 30, 2026, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB for each plan from the following sources:

Deferred Outflows and Inflows of Resources (dollars in thousands)

	State OPEB fund		SEAD-OPEB plan	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 318	\$ 1,039	\$ 3	\$ —
Change of assumptions	479	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	1,919	—	1,036
Changes in proportion and differences between the System's contributions and proportionate share of contributions	60	111	—	2
System's contributions subsequent to the measurement date	1,154	—	—	—
Total	<u>\$ 2,011</u>	<u>\$ 3,069</u>	<u>\$ 3</u>	<u>\$ 1,038</u>

System contributions subsequent to the measurement date of \$1.2 million for the State OPEB fund are reported as deferred outflows of resources and will be recognized as a reduction of the net State OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

Years ended June 30:	State OPEB	SEAD-OPEB
2027	\$ (334)	\$ 148
2028	(804)	(565)
2029	(796)	(429)
2030	(278)	(189)
Total	<u>(2,212)</u>	<u>(1,035)</u>

9. System Employees' Other Postemployment Expense (Benefits), *continued*

Actuarial assumptions: The total State OPEB liability and SEAD-OPEB liability as of June 30, 2025 were determined by an actuarial

valuation as of June 30, 2024 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025:

Actuarial Assumptions

	State OPEB fund	SEAD-OPEB plan
Inflation	2.50%	2.50%
Salary increases	3.00 - 6.75%, including inflation	3.00 - 6.75%, including inflation
Investment rate of return	7.00%, compounded annually, net of investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	6.50%	N/A
Ultimate trend rate	4.50%	N/A
Year of Ultimate trend rate	2032	N/A

Pre-retirement mortality rates for the State OPEB fund were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 105% for females) with the MP-2019 projection scale applied generationally.

Mortality rates for the SEAD-OPEB plan are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 projection scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 projection scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment To Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2024 valuation for the State OPEB fund and SEAD-OPEB plan were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019. For State OPEB, the remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation.

Projection of State OPEB benefits for financial reporting purposes is based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions



NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*

9. System Employees' Other Postemployment Expense (Benefits), *continued*

used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on the State OPEB fund and SEAD-OPEB plan investments were determined using a log-normal distribution analysis in which best-estimate ranges of expected

future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Target Allocation & Estimated Rates of Return by Asset Class

Asset class	State OPEB Fund		SEAD-OPEB Plan	
	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.45 %	30.00%	1.90 %
Domestic large cap equities			43.20	9.30
Equities	70.00	9.30	—	—
Domestic small cap equities	—	—	4.30	13.00
International developed market equities	—	—	12.30	9.30
International emerging market equities	—	—	5.20	11.30
Alternatives	—	—	5.00	11.40
Total	100.00%		100.00%	

*Net of inflation

Discount rate

The discount rate used to measure the total State OPEB liability was 7.00%, the same as last year's rate. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Based on those assumptions, the State OPEB fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The discount rate used to measure the total SEAD-OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be

made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The long-term expected rate of return on the State OPEB and SEAD-OPEB plan investments was applied to all periods of projected benefit payments to determine the total State OPEB and SEAD-OPEB liability. For State OPEB, the projected future benefit payments for all current plan members were projected through 2124.



9. System Employees' Other Postemployment Expense (Benefits), *continued*

Sensitivity of the Employer Agency's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the System's proportionate share of the net State OPEB asset and net SEAD-OPEB asset calculated using the discount rate detailed below, as well as what the proportionate share of the net State OPEB asset and net SEAD-OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (dollars in thousands):

System's Proportionate Share of the Net OPEB Asset			
	1% Decrease	Current discount rate	1% Increase
	(6.00%)	(7.00%)	(8.00%)
State OPEB	\$ (3,661)	\$ (5,289)	\$ (6,691)
SEAD-OPEB	(6,738)	(8,372)	(9,717)

Sensitivity of the Employer Agency's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the System's proportionate share of the State net OPEB liability (asset), as well as what the proportionate share of the State net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (dollars in thousands):

System's Proportionate Share of the Net State OPEB Asset		
1% Decrease	Current healthcare cost trend rate	1% Increase
\$ (6,925)	\$ (5,289)	\$ (3,365)

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the 2025 Annual Comprehensive Financial Reports (ACFR) for each of the plans which are publicly available. The State OPEB fund is located at <https://sao.georgia.gov/statewide-reporting/acfr> and the SEAD-OPEB plan is located at www.ers.ga.gov/post/annual-financial-reports.

NOTES TO FINANCIAL STATEMENTS

June 30, 2026, *continued*



10. Deferred Outflows and Inflows of Resources

Deferred Outflows and Inflows of Resources reported on the *Statement of Net Position* as of June 30, 2026 consist of the following (dollars in thousands):

Deferred Outflows of Resources

	ERS pension plan	State OPEB fund	SEAD- OPEB plan	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 1,081	\$ 318	\$ 3	\$ 1,402
Change of assumptions	—	479	—	479
Net difference between projected and actual earnings on plan investments	—	—	—	—
Changes in proportion and differences between the System's contributions and proportionate share of contributions	44	60	—	104
System's contributions subsequent to the measurement date	7,215	1,154	—	8,369
Total Deferred Outflows of Resources	\$ 8,340	\$ 2,011	\$ 3	\$ 10,354

Deferred Inflows of Resources

	ERS pension plan	State OPEB fund	SEAD- OPEB plan	Total
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ —	\$ 1,039	\$ —	\$ 1,039
Change of assumptions	—	—	—	—
Net difference between projected and actual earnings on plan investments	6,368	1,919	1,036	9,323
Changes in proportion and differences between the System's contributions and proportionate share of contributions	475	111	2	588
Total Deferred Inflows of Resources	\$ 6,843	\$ 3,069	\$ 1,038	\$ 10,950

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30 (Unaudited)



Schedule of Changes in Employers' and Nonemployer's Net Pension Liability (dollars in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability:										
Service cost	\$ 2,457,675	\$ 2,274,799	\$ 2,123,205	\$ 1,966,543	\$ 1,742,643	\$ 1,734,145	\$ 1,597,714	\$ 1,536,336	\$ 1,484,705	\$ 1,413,080
Interest	9,279,344	8,832,507	8,373,427	8,043,425	7,837,074	7,440,942	7,080,133	6,868,617	6,565,372	6,293,611
Differences between expected and actual experience	2,657,389	2,494,755	2,619,452	957,570	(215,975)	1,934,042	368,463	430,272	894,691	573,483
Changes of assumptions	—	(364,397)	—	—	5,026,914	—	1,316,780	2,388,357	—	—
Benefit payments	(6,821,068)	(6,504,379)	(6,224,330)	(5,957,380)	(5,692,032)	(5,434,414)	(5,192,283)	(4,950,465)	(4,699,920)	(4,461,124)
Refunds of member contributions	(99,908)	(98,159)	(98,633)	(89,460)	(94,853)	(69,166)	(76,976)	(76,543)	(76,061)	(76,296)
Net change in total pension liability	7,473,432	6,635,126	6,793,121	4,920,698	8,603,771	5,605,549	5,093,831	6,196,574	4,168,787	3,742,754
Total pension liability - beginning	137,943,737	131,308,611	124,515,490	119,594,792	110,991,021	105,385,472	100,291,641	94,095,067	89,926,280	86,183,526
Total pension liability - ending (a)	145,417,169	137,943,737	131,308,611	124,515,490	119,594,792	110,991,021	105,385,472	100,291,641	94,095,067	89,926,280
Plan fiduciary net position:										
Contributions - employer	3,739,063	3,464,704	3,121,575	2,923,577	2,691,316	2,490,404	2,733,089	2,560,989	2,014,308	1,648,669
Contributions - nonemployer	7,071	6,512	5,908	5,519	5,398	5,123	5,729	5,414	4,416	6,175
Contributions - member	1,056,761	1,031,027	968,016	911,542	853,376	817,090	800,864	759,474	745,574	716,233
Net investment income	20,471,309	12,715,602	13,434,751	10,097,823	(12,770,564)	23,192,761	4,119,609	4,972,419	6,247,155	7,971,677
Benefit payments	(6,821,068)	(6,504,379)	(6,224,330)	(5,957,380)	(5,692,032)	(5,434,414)	(5,192,283)	(4,950,465)	(4,699,920)	(4,461,124)
Refunds of member contributions	(99,908)	(98,159)	(98,633)	(89,460)	(94,853)	(69,166)	(76,976)	(76,543)	(76,061)	(76,296)
Administrative expense	(18,669)	(21,396)	(24,481)	(23,285)	(16,470)	(16,668)	(17,411)	(15,276)	(15,865)	(16,773)
Other ¹	—	—	—	—	—	—	—	—	(27,654)	—
Net change in plan fiduciary net position	18,334,559	10,593,911	11,182,806	7,868,336	(15,023,829)	20,985,130	2,372,621	3,256,012	4,191,953	5,788,561
Plan fiduciary net position - beginning	116,767,912	106,174,001	94,991,195	87,122,859	102,146,688	81,161,558	78,788,937	75,532,925	71,340,972	65,552,411
Plan fiduciary net position - ending (b)	135,102,471	116,767,912	106,174,001	94,991,195	87,122,859	102,146,688	81,161,558	78,788,937	75,532,925	71,340,972
Net pension liability- ending (a)-(b)	<u>\$ 10,314,698</u>	<u>\$ 21,175,825</u>	<u>\$ 25,134,610</u>	<u>\$ 29,524,295</u>	<u>\$ 32,471,933</u>	<u>\$ 8,844,333</u>	<u>\$ 24,223,914</u>	<u>\$ 21,502,704</u>	<u>\$ 18,562,142</u>	<u>\$ 18,585,308</u>

¹ The System is a participating employer in the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund. Pursuant to the requirements of GASB Statement No. 75, the fiscal year 2018 beginning Fiduciary Net Position was restated by \$27,653,657. The restatement was made for reporting purposes to reflect the impact of recording the initial deferred outflow of resources and the net pension and OPEB liability. For actuarial purposes, the adjustments is being recognized in fiscal year 2018, and beginning fiduciary net position was not restated.

See accompanying notes to required supplementary information and independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30 (Unaudited), *continued*



Schedule of Employers' and Nonemployer's Net Pension Liability & Related Ratios (dollars in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$145,417,169	\$137,943,737	\$131,308,611	\$124,515,490	\$119,594,792	\$110,991,021	\$105,385,472	\$100,291,641	\$ 94,095,067	\$89,926,280
Plan fiduciary net position	135,102,471	116,767,912	106,174,001	94,991,195	87,122,859	102,146,688	81,161,558	78,788,937	75,532,925	71,340,972
Employers' and nonemployer's net pension liability	<u>\$ 10,314,698</u>	<u>\$ 21,175,825</u>	<u>\$ 25,134,610</u>	<u>\$ 29,524,295</u>	<u>\$ 32,471,933</u>	<u>\$ 8,844,333</u>	<u>\$ 24,223,914</u>	<u>\$ 21,502,704</u>	<u>\$ 18,562,142</u>	<u>\$18,585,308</u>
Plan fiduciary net position as a percentage of the total pension liability	92.91 %	84.65 %	80.86 %	76.29 %	72.85 %	92.03 %	77.01 %	78.56 %	80.27 %	79.33 %
Covered payroll	\$ 17,097,827	\$ 16,704,601	\$ 15,653,068	\$ 14,660,140	\$ 13,612,892	\$ 13,093,006	\$ 12,955,620	\$ 12,279,440	\$ 12,009,066	\$11,596,664
Employers' and nonemployer's net pension liability as a percentage of covered payroll	60.33 %	126.77 %	160.57 %	201.39 %	238.54 %	67.55 %	186.98 %	175.11 %	154.57 %	160.26 %

Schedule of Employer and Nonemployer Contributions (dollars in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined employer and nonemployer contribution	\$3,746,134	\$3,471,216	\$3,127,483	\$2,929,096	\$2,696,714	\$2,495,527	\$2,738,818	\$2,566,403	\$2,018,724	\$1,654,844
Contributions in relation to actuarially determined contribution	<u>3,746,134</u>	<u>3,471,216</u>	<u>3,127,483</u>	<u>2,929,096</u>	<u>2,696,714</u>	<u>2,495,527</u>	<u>2,738,818</u>	<u>2,566,403</u>	<u>2,018,724</u>	<u>1,654,844</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$17,097,827	\$16,704,601	\$15,653,068	\$14,660,140	\$13,612,892	\$13,093,006	\$12,955,620	\$12,279,440	\$12,009,066	\$11,596,664
Contributions as a percentage of covered payroll	21.91 %	20.78 %	19.98 %	19.98 %	19.81 %	19.06 %	21.14 %	20.90 %	16.81 %	14.27 %

Schedule of Investment Returns

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	15.95%	10.08%	11.55%	8.56%	(15.18)%	25.08%	2.91%	4.08%	5.05%	7.62%

See accompanying notes to required supplementary information and independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30 (Unaudited), *continued*

Schedule of the System's Proportionate Share of the Net Pension Liability to ERS (dollars in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
System's proportion of the net pension liability	0.731592 %	0.749831 %	0.740892 %	0.777964 %	0.767947 %	0.723618 %	0.699417 %	0.676785 %	0.691037 %	0.698825 %
System's proportionate share of the net pension liability	\$ 20,741	\$ 33,756	\$ 44,199	\$ 51,956	\$ 17,962	\$ 30,500	\$ 28,862	\$ 27,823	\$ 28,065	\$ 33,057
System's covered payroll	25,110	23,599	21,519	20,138	19,440	19,214	18,555	18,202	17,756	16,880
System's proportionate share of the net pension liability as a percentage of its covered payroll	82.60 %	143.04 %	205.40 %	258.00 %	92.40 %	158.74 %	155.54 %	152.86 %	158.06 %	195.84 %
ERS fiduciary net position as a percentage of the total pension liability	86.80 %	78.75 %	71.20 %	67.44 %	87.62 %	76.21 %	76.74 %	76.68 %	76.33 %	72.34 %

Schedule of the System's Contributions to ERS (dollars in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 7,215	\$ 6,838	\$ 6,481	\$ 6,318	\$ 4,807	\$ 4,579	\$ 4,504	\$ 4,451	\$ 4,423	\$ 4,328
Contributions in relation to the contractually required contribution	7,215	6,838	6,481	6,318	4,807	4,579	4,504	4,451	4,423	4,328
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
System's covered payroll	\$ 26,635	\$ 25,110	\$ 23,599	\$ 21,519	\$ 20,138	\$ 19,440	\$ 19,214	\$ 18,555	\$ 18,202	\$ 17,756
Contributions as a percentage of covered payroll	27.09 %	27.23 %	27.46 %	29.36 %	23.87 %	23.55 %	23.44 %	23.99 %	24.30 %	24.37 %

Schedule of the System's Proportionate Share of the Net OPEB Liability (Asset) (dollars in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
State OPEB fund									
System's proportion of the net OPEB liability (asset)	0.724212 %	0.758621 %	0.774979 %	0.811933 %	0.782645 %	0.748277 %	0.714338 %	0.691645 %	0.698345 %
System's proportionate share of the net OPEB liability (asset)	\$ (5,289)	\$ (1,912)	\$ 2,197	\$ 3,648	\$ 2,151	\$ 8,421	\$ 8,867	\$ 18,091	\$ 28,452
System's covered payroll	27,463	26,678	25,052	24,223	22,732	22,052	21,061	20,599	19,895
System's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	19.26 %	7.17 %	8.77 %	15.06 %	9.46 %	38.19 %	42.10 %	87.82 %	143.01 %
Plan fiduciary net position as a percentage of the total OPEB liability	131.40 %	110.27 %	87.75 %	80.03 %	87.58 %	59.71 %	56.57 %	31.48 %	17.34 %
SEAD-OPEB plan									
System's proportion of the net OPEB liability (asset)	1.240347 %	1.238445 %	1.173282 %	1.194024 %	1.109326 %	1.018190 %	0.939985 %	0.865387 %	0.837498 %
System's proportionate share of the net OPEB liability (asset)	\$ (8,372)	\$ (6,951)	\$ (5,174)	\$ (4,389)	\$ (6,832)	\$ (2,892)	\$ (2,658)	\$ (2,342)	\$ (2,177)
System's covered payroll	12,061	12,347	12,039	12,198	11,996	12,080	11,996	12,056	12,196
System's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	69.42 %	56.29 %	42.98 %	35.98 %	56.95 %	23.94 %	22.16 %	19.43 %	17.85 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	165.26 %	155.14 %	144.49 %	138.03 %	164.76 %	129.20 %	129.73 %	129.46 %	130.17 %

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30 (Unaudited), *continued*



Schedule of the System's Contributions to OPEB Plans (dollars in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
State OPEB fund									
Contractually required contribution	\$ 1,154	\$ 1,298	\$ 3,411	\$ 1,377	\$ 1,141	\$ 1,187	\$ 1,126	\$ 3,820	\$ 3,449
Contributions in relation to the contractually required contribution	1,154	1,298	3,411	1,377	1,141	1,187	1,126	3,820	3,449
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
System's covered payroll	\$ 28,349	\$ 27,463	\$ 26,678	\$ 25,052	\$ 24,223	\$ 22,732	\$ 22,052	\$ 21,061	\$ 20,599
Contributions as a percentage of covered payroll	4.07 %	4.73 %	12.79 %	5.50 %	4.71 %	5.22 %	5.11 %	18.14 %	16.74 %
SEAD-OPEB plan									
Contractually required contribution ¹	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the contractually required contribution	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
System's covered payroll	\$ 12,970	\$ 12,061	\$ 12,347	\$ 12,039	\$ 12,198	\$ 11,996	\$ 12,080	\$ 11,996	\$ 12,056
Contributions as a percentage of covered payroll	— %	— %	— %	— %	— %	— %	— %	— %	— %

¹ Employer contributions are not currently required for the SEAD-OPEB plan.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and independent auditors' report.



Required Supplementary Information for the System as the Plan

Schedule of Changes in the Employers' and Nonemployer's Net Pension Liability

The total pension liability contained in this schedule was provided by the System’s actuary, CavMac Actuarial Consulting Services. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

Schedule of Employer and Nonemployer Contributions

The required employer and nonemployer contributions and percentage of those contributions actually made are presented in the schedule.

Actuarial Methods and Assumptions

Changes of assumptions: Based on the funding policy adopted by the Board on May 15, 2019, the investment rate of return assumption was changed to 7.25%. In addition, the assumed rate of inflation was changed to 2.50%. On May 13, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, and withdrawal. On May 11, 2022, the Board adopted recommended changes to the investment rate of return assumption from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%. On January 22, 2025, the Board adopted recommended changes to various assumptions and methods utilized by the System. Primary

among the changes were updates on rates of mortality, retirement, disability, and withdrawal.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of employer and nonemployer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (June 30, 2026 employer contributions are based on June 30, 2023 valuation).

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:	
Valuation date:	June 30, 2023
Actuarial cost method:	Entry age
Amortization method:	Level percent of pay, closed
Remaining amortization period:	21.4 years
Asset valuation method:	Five-year smoothed fair value
Inflation rate:	2.50%
Salary increases:	3.00 to 8.75%, including inflation
Investment rate of return:	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases:	1.50% semi-annually

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2026 (Unaudited), *continued*

Required Supplementary Information for the System as a Participating Employer in ERS

Schedule of the System's Proportionate Share of the Net Pension Liability to ERS

This schedule presents historical trend information about the System's proportionate share of the net pension liability for its employees who participate in the ERS plan.

Schedule of the System's Contributions to ERS

This schedule presents historical trend information about the System's contributions for its employees who participate in the ERS plan.

Changes in Benefit Terms and Assumptions

Changes of benefit terms: There were no changes in benefit terms that affect the measurement of the total pension liability since the prior measurement date.

Changes of assumptions: A funding policy was adopted by the Board on March 15, 2018 and then amended on June 18, 2020. In accordance with this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the ERS Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date, and remained unchanged for the June 30, 2019 and June 30, 2020 measurement dates.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the Experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00% and remained unchanged for the June 30, 2022 measurement date.

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the AAL and normal cost of the System will include a prefunded variable cost-of-living adjustment (COLA) for eligible retirees and beneficiaries of the System. The assumption for future COLAs was set at 1.05%. In addition, a new transitional UAAL was established and will be amortized over a closed 20-year period.

Required Supplementary Information for the System as a Participating Employer in the State OPEB fund

Changes in Benefit Terms and Assumptions

Changes of benefit terms: There were no changes in benefit terms that affect the measurement of the total State OPEB liability since the prior measurement date.

Changes in assumptions: The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB fund based on their last employer payroll location: irrespective of retirement affiliation.

In the June 30, 2019 valuation, the inflation assumption was lowered from 2.75% to 2.50% in anticipation of the upcoming ERS Experience study. Additionally, decremental assumptions were changed to reflect the Teachers Retirement System's experience study. Approximately 6.0% of employees are members of the Teachers Retirement System.

In the June 30, 2020 valuation, decremental assumptions were changed to reflect the ERS Experience study.

In the June 30, 2022 valuation, the tobacco use assumption and aging factors were revised.

In the June 30, 2023 valuation, the Medicare health care trend rates were updated.

The discount rate was updated from 3.09% as of June 30, 2016 to 3.60% as of June 30, 2017 to 5.22% as of June 30, 2018, to 7.30% as of June 30, 2019, to 7.06% as of June 30, 2020, and to 7.00% as of June 30, 2021 and remain unchanged for June 30, 2025.

Required Supplementary Information for the System as a Participating Employer in the SEAD-OPEB plan

Changes of assumptions

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 SEAD Total OPEB Liability.



ADDITIONAL INFORMATION

For the Year Ended June 30, 2026

Schedule of Administrative Expenses (dollars in thousands)

Personal services:

Salaries and fringes	\$ 9,731
Health insurance	2,820
FICA	971
Miscellaneous	130
Total personal services	<u>13,652</u>

Communications:

Postage	259
Publications and printing	222
Telecommunications	239
Travel	183
Total communications	<u>903</u>

Professional services:

Computer services	2,598
Actuarial services	103
Audit fees	287
Legal services	38
Medical services	67
Total professional services	<u>3,093</u>

Management Expenses:

Building maintenance	660
Total management expenses	<u>660</u>

Other services and charges:

Repairs and maintenance	5
Supplies and materials	182
Depreciation and amortization	1,030
Miscellaneous	348
Total other services and charges	<u>1,565</u>

Total administrative expenses 19,873

Less reimbursement by other state retirement systems for services rendered on their behalf 1,204

Net administrative expenses \$ 18,669

See accompanying independent auditors' report.

Schedule of Investment Expenses (dollars in thousands)

Investment advisory and custodial fees	\$ 57,591
Miscellaneous	<u>17,613</u>
Total investment expenses	<u>\$ 75,204</u>

See accompanying independent auditors' report.

U.S. Real GDP was uneven over the past fiscal year but grew at a 2.3% rate, essentially matching the year before. Inflation reaccelerated during the year, driven largely by higher energy prices, peaking at 4.2% in May before moderating to 3.5% in June. After cutting rates three times in the fall of 2025, the Federal Reserve held steady through the first half of 2026. The reacceleration in inflation and a new Federal Reserve chairman have raised the possibility of a rate increase in the coming fiscal year. The unemployment rate held steady at 4.2%, signaling continued resilience in the labor market. Against this backdrop, U.S. equities returned 23.3% and foreign equities, excluding China and Hong Kong, gained 31.0%.

We continually emphasize that the pension plan has a long-term investment horizon and that short-term concerns should not drive investment decisions. The System invests primarily in a mix of liquid, high-quality bonds and stocks. In addition, the System continues to build its private markets program in a disciplined manner. These types of investments further diversify the portfolio and allow the System to participate in rising markets while moderating the risks on the downside. A high-quality balanced fund has proven to be a successful strategy in a variety of markets over long periods of time.

As in previous years, the bias to quality was a primary goal and was successfully met. “Conservation of Capital” and “Conservatism” remain the guiding principles for investment decisions. The Board of Trustees continues to use a diversified portfolio to accomplish these objectives.

Fiscal 2026 was a year of cross currents. Enormous capital spending on artificial intelligence supported growth and drove much of the equity market's performance, while tariffs and conflict in the Middle East added to global uncertainty. The spending has spread well beyond our borders, with markets in Korea and Taiwan, home to critical chip manufacturers, posting extraordinary gains. International markets delivered outstanding returns, led by the emerging markets.

Studies undertaken to evaluate the investment returns of pension funds over very long-time horizons indicate that the asset allocation decision has the largest impact on the fund's returns. Although the returns for the various asset categories vary from year to year, over the long term, equities typically outperform fixed income and cash by a very wide margin. For example, the ten-year returns for equities was 15.2%, while for bonds it was 1.6%. For that reason, the System has generally maintained significant equity exposure, with the remainder of the fund invested in fixed income securities designed to generate income and preserve capital.

Returns for one, three, five, ten, twenty, and thirty-year periods are presented in this section. Longer periods allow for a more valid evaluation of returns, both in absolute terms and relative to an asset class index, by reducing emphasis on the short-term volatility of markets. The returns are calculated using a daily time-weighted rate of return consistent with the CFA Institute's objectives as stated in its publication, “Global Investment Performance Standards Handbook.”

The U.S. Large Cap Index returned 22.6%, while the U.S. Mid Cap and the U.S. Small Cap Indexes gained 17.2% and 37.8%, respectively. In a reversal from recent years, smaller companies led the market by a wide margin. Over the past decade, the U.S. Large Cap Index has led with an annualized return of 15.6%, as compared to Mid Cap at 11.2% and Small Cap at 12.0%. From a sector perspective, Information Technology, Industrials and Energy delivered the strongest returns during the period.

Global markets outside of the U.S., excluding China and Hong Kong, had an outstanding year with a return of 31.0%. The EAFE Index had a return of 20.8% and our emerging markets benchmark, excluding China, had a return of 63.1%. Developed markets, excluding Hong Kong, returned 21.2%.

Yields shifted over the last year as Federal Reserve cuts caused yields on bills to decline, while higher rate expectations caused bond yields to move slightly higher. For example, the yield on the 2-year and 10-year bonds as of June 30, 2026, was 4.1% and 4.4%, respectively. This compares to 3.7% and 4.2% as of June 30, 2025. The 10-year Treasury had a return of 2.9% for the year, while the 30-year Treasury had a return of 2.5%.

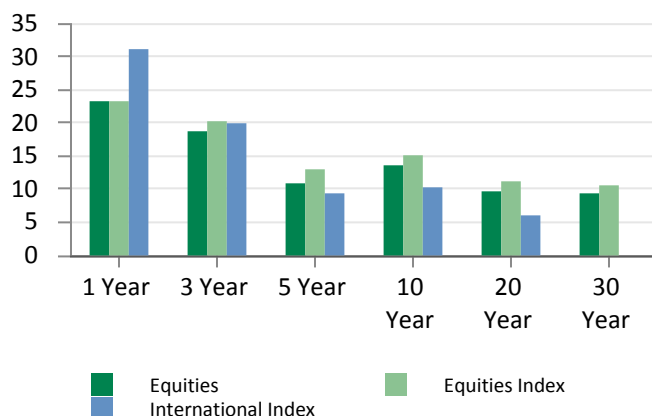
We look at two fixed-income indexes to measure the bond market's performance, and both returned 2.8% for the year. The U.S. Government/Credit Index is a broad index containing corporate and government-sponsored bonds as well as Treasuries. The Gov/Corp AAA/AA is also a broad index containing higher-rated corporate bonds as well as Treasuries and Government securities.

In summary, due to the long-term investment focus, and despite remarkable market volatility and high inflation, the investment status of the System is excellent. The high quality of the System's investments is in keeping with the continued policy of “Conservation of Capital” and “Conservatism.”

Prepared by the Division of Investment Services

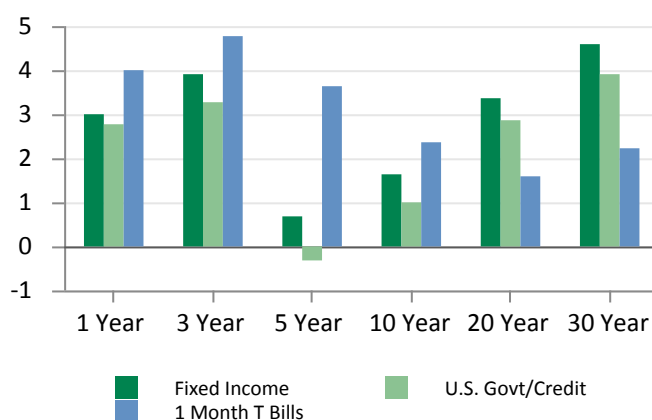
RATES OF RETURN

Equities



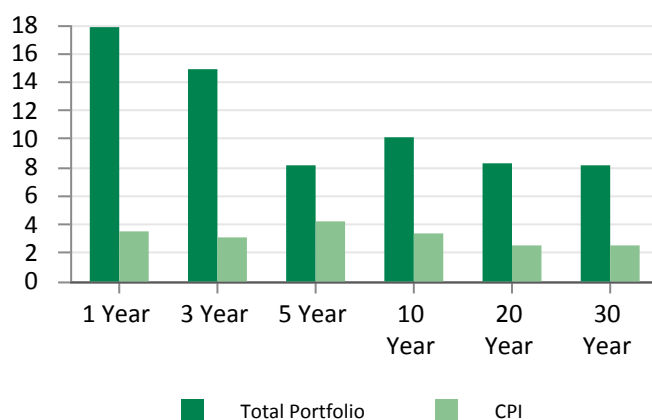
	Equities	Equities Index	International Index
1 Year	23.24%	23.29%	30.99%
3 Year	18.82	20.36	19.83
5 Year	10.75	13.09	9.34
10 Year	13.50	15.22	10.21
20 Year	9.70	11.31	5.96
30 Year	9.30	10.46	—

Fixed Income



	Fixed Income	U.S. Govt/Credit	1 Month T Bills
1 Year	3.01%	2.78%	4.02%
3 Year	3.92	3.27	4.79
5 Year	0.66	(0.34)	3.63
10 Year	1.63	1.00	2.35
20 Year	3.36	2.85	1.61
30 Year	4.59	3.91	2.22

Total Portfolio



	Total Portfolio	CPI
1 Year	17.85%	3.46%
3 Year	14.84	3.04
5 Year	8.13	4.21
10 Year	10.17	3.31
20 Year	8.24	2.53
30 Year	8.19	2.54

Note: Time-weighted rates of return are calculated using the Daily Valuation Method based on market rates of return.

Investment Allocation



Investment Summary

Asset Allocation at June 30

	2021	2022	2023	2024	2025	2026
Equities	73.8%	71.1%	73.2%	75.9%	74.9%	75.7%
Fixed Income	26.1%	28.6%	26.3%	23.4%	24.1%	23.0%
Private Equity	0.1%	0.3%	0.5%	0.7%	1.0%	1.3%
Real Estate	—%	—%	—%	—%	—%	—%

Asset Allocation at June 30 (in millions)

Equities	\$ 73,189	\$ 60,695	\$ 68,387	\$ 77,640	\$ 85,432	\$100,619
Fixed Income	25,863	24,421	24,550	23,885	27,457	30,604
Private Equity	50	215	450	743	1,148	1,671
Real Estate	—	—	—	8	23	45
Total Investments	\$ 99,102	\$ 85,331	\$ 93,387	\$102,276	\$114,060	\$132,939

Schedule of Fees and Commissions (dollars in thousands)

For the Year Ended June 30, 2026

Investment Advisors' Fees:

U.S. Equity	\$ 22,741
International Equity	30,501

Investment Commissions:

U.S. Equity	4,837
International Equity	12,306

SEC & Foreign Transaction Fees:

Miscellaneous*:	73,857
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Total Fees and Commissions	\$ 146,953
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*Amount included in total investment expenses shown on page 52.

PORTFOLIO DETAIL STATISTICS

Twenty Largest Equity Holdings (dollars in thousands)*

Shares	Company	Fair Value
19,315,175	Nvidia Corp.	\$ 3,864,773
11,768,745	Apple Inc.	3,405,404
9,270,857	Alphabet Inc.	3,298,607
6,430,955	Microsoft Corp.	2,398,875
8,174,289	Amazon.Com Inc.	1,948,260
4,353,809	Taiwan Semiconductor Manufacturing Company Ltd.	1,633,521
3,689,115	Broadcom Inc.	1,393,563
1,064,624	Micron Technology Inc.	1,228,885
2,097,978	Meta Platforms Inc.	1,181,770
2,104,424	Tesla Inc.	885,121
2,343,139	JPMorgan Chase & Co.	766,980
3,640,767	Samsung Electronics Co. Ltd.	752,351
1,245,184	Advanced Micro Devices Inc.	723,340
601,570	Eli Lilly and Company	721,541
1,243,819	Berkshire Hathaway Inc.	622,395
294,120	ASML Holding NV	585,134
4,061,952	Exxon Mobil Corporation	555,350
2,142,209	Johnson & Johnson	544,057
312,041	SK hynix Inc.	533,730
1,205,355	Lam Research Corporation	522,316
Total of 20 Largest Equity Holdings		<u>\$ 27,565,973</u>
Total Equity Holdings		<u>\$ 100,619,351</u>

Ten Largest Fixed-Income Holdings*

Description	Maturity Date	Interest Rate %	Par Value (in thousands)	Fair Value (in thousands)
U.S. Treasury Note	5/15/2033	3.375	2,208,000	\$ 2,085,439
U.S. Treasury Note	8/15/2033	3.875	2,017,000	1,961,375
U.S. Treasury Note	1/31/2032	4.375	1,200,000	1,207,734
U.S. Treasury Note	5/15/2035	4.250	1,100,000	1,087,023
U.S. Treasury Note	11/15/2030	0.875	1,200,000	1,042,031
U.S. Treasury Note	3/31/2028	1.250	900,000	856,125
U.S. Treasury Note	2/15/2034	4.000	820,000	801,102
U.S. Treasury Note	11/30/2031	4.125	800,000	795,719
U.S. Treasury Note	4/30/2030	3.875	600,000	593,508
U.S. Treasury Note	2/15/2028	2.750	600,000	586,734
Total of 10 Largest Fixed-Income Holdings				<u>\$ 11,016,790</u>
Total Fixed-Income Holdings				<u>\$ 30,603,695</u>

* A complete listing is available upon written request, subject to restrictions of O. C. G. A. Section 47-1-14.



May 13, 2026

Board of Trustees
Teachers Retirement System of Georgia
Suite 100, Two Northside 75
Atlanta, GA 30318

Members of the Board:

Section 47-3-23 of the law governing the operation of the Teachers Retirement System of Georgia provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2025. The report indicates that annual employer contributions at the rate of 22.32% of compensation for the fiscal year ending June 30, 2028 are sufficient to support the benefits of the System.

In our opinion, the valuation is complete and accurate and the incorporated methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2025 Session of the General Assembly.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different and our calculations may need to be revised. The complete cooperation of the Retirement System staff in furnishing materials requested is hereby acknowledged with appreciation. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are both individually and, in the aggregate, reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding and financial reporting purposes meet the parameters set by Actuarial Standards of Practice (ASOPs). The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percent of payroll. Gains and losses are reflected in the unfunded accrued liability, which is amortized as a level percent of payroll in accordance with the funding policy adopted by the Board.

The Plan and the employers are required to comply with the financial reporting requirements of GASB Statements No. 67 and 68. The necessary disclosure information is provided in separate supplemental reports.

We have provided the following information and supporting schedules for the Actuarial Section of the Annual Comprehensive Annual Report:

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Members
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Schedule of Funding Progress
- Analysis of Financial Experience

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion, the System is operating on an actuarially sound basis. Assuming that contributions to

ACTUARY'S CERTIFICATION LETTER

continued

the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be reasonably anticipated.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

Future actuarial results may differ significantly from the current results 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; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

The actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Use of these computations for purposes other than meeting these requirements may not be appropriate.

This is to certify that Ed Koebel and Micki Taylor are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Sincerely yours,



Edward J. Koebel, EA, FCA, MAAA
Chief Executive Officer



Micki R. Taylor, ASA, EA, FCA, MAAA
Consulting Actuary

SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

The laws governing the Teachers Retirement System of Georgia (the System) provide that an actuary perform an annual valuation of the contingent assets and liabilities of the System and perform at least once every five years an actuarial investigation of the mortality, service, and compensation experience of the members and beneficiaries of the System. The latest actuarial valuation of the System, prepared as of June 30, 2025, was made on the basis of the funding policy adopted by the Board on May 11, 2022 and the 5-year experience study for the period ending June 30, 2023, adopted by the Board on January 22, 2025. The Board is responsible for maintaining this funding policy. A summary of plan provisions can be found in the Introductory Section beginning on page 12, and a plan description can be found in the Financial Section beginning on page 23. The more pertinent facts and significant assumptions underlying the computations included in the June 30, 2025 valuation are as follows:

a) Actuarial Method Used

The actuarial cost method used for funding purposes is the Entry Age Normal method, which is the same cost method used for financial reporting purposes. The Entry Age Normal method is the most commonly used funding method among public retirement plans. This cost method allocates the cost of benefits over each member's expected career as a level percentage of their expected salary and demonstrates the highest degree of stability in the calculation of a plan's normal cost over time. Gains and losses are reflected in the unfunded accrued liability. Adopted November 20, 2013.

b) Investment Rate of Return

The assumed investment rate of return is 6.90% compounded annually, which consists of a 4.40% assumed real rate of return and a 2.50% assumed annual rate of inflation. This long-term expected rate of return is used to determine the total pension liability for financial reporting purposes. Adopted May 11, 2022.

c) Salary Increases

Salaries are expected to increase 3.00% to 8.75% annually depending upon the members' years of creditable service. The salary increase includes a 0.50% assumed real rate of wage inflation and a 2.50% assumed annual rate of inflation. Adopted May 15, 2019.

d) Death, Disability and Withdrawal Rates

Death, disability and withdrawal rates for active employees and service retirement tables are based upon the System's historical experience. The death-after-retirement rates are based on the Pub-2010 Teachers Benefit Weighted Healthy Retiree mortality table (ages set forward one year and adjusted 105% for males and 110% for females) with the MP-2021 Projection scale applied generationally is used for death after service retirement and beneficiaries.

The rates of improvement have been reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward three years and adjusted 106%) with the MP-2021 Projection scale applied generationally is used for death after disability retirement. The rates of improvement have been reduced by 20% for all years prior to the ultimate rate. Rates of withdrawal were revised to include an age-service combination table to more closely reflect the experience of the System. Adopted May 14, 2025.

e) Asset Valuation Method

The actuarial value of assets recognizes a portion of the difference between the fair value of the assets and the expected fair value of assets, based on the assumed valuation rate of return. In accordance with the funding policy, the asset smoothing methodology was modified for the June 30, 2021 valuation in order to mitigate the impact of the assumption and methodology changes mentioned in this summary. The amount of asset gain recognized this year was an amount such that the total UAAL was the same as if no assumptions or methods had been changed. The remaining unrecognized gain will be spread equally over the subsequent 4-year period. The actuarial value of assets in subsequent valuations will be determined by recognizing the annual differences between actual and expected market value of assets equally over a 5-year period. Adopted May 11, 2022. The actuarial value of assets is limited to a range between 75% and 125% of fair value. Adopted July 27, 2011.

f) Service Retirement Benefit

The service benefit (pension) paid to members is an annuity that is owed to them at retirement that will provide a total annual pension equal to 2% of the member's average compensation over the two consecutive years of membership service producing the highest such average, multiplied by the number of years of creditable service up to 40 years. It is also assumed that certain cost-of-living adjustments will be made in future years.

g) Actuarially Determined Unfunded Accrued Liability

In accordance with the funding policy, a new transitional UAAL amortization base was defined as of June 30, 2021. The present value of this UAAL, based on unaudited data provided the actuary by the System, was approximately \$21.7 billion as of June 30, 2021. In each subsequent valuation, all benefit changes, assumption and method changes, and experience gains and/or losses that have occurred since the previous valuation will determine a New Incremental UAAL. Each New Incremental UAAL will be amortized as a level percent of payroll over a closed 25 year period from the date it is established. Adopted May 11, 2022.

h) Required Contributions (% of compensation)

The ten-year schedule of actuarially determined and actual contributions is provided as Required Supplementary Information in the Schedule of Employer and Nonemployer Contributions on page 46.

Contributions required by the annual actuarial valuation as of June 30, 2025, to be made for the year ended June 30, 2028:

(1) Member	6.00 %
(2) Employer:	
Normal	8.81 %
Unfunded Accrued Liability	13.51 %
Total	22.32 %

Service Retirement

Adopted May 14, 2025

Age	Male		Female	
	< 30 years of service	≥ 30 years ¹ of service	< 30 years of service	≥ 30 years ¹ of service
50	2.80%	65.00%	2.80%	60.00%
55	5.00	45.00	5.80	37.00
60	20.00	35.00	26.00	37.00
61	17.00	30.00	23.00	40.00
62	20.00	37.00	24.00	40.00
63	20.00	35.00	22.00	40.00
64	20.00	35.00	22.00	40.00
65	25.00	25.00	32.00	32.00
66	28.00	28.00	32.00	32.00
67	28.00	28.00	32.00	32.00
68	28.00	28.00	30.00	30.00
69	28.00	28.00	30.00	30.00
70	28.00	28.00	30.00	30.00

⁽¹⁾ An additional percentage of members are assumed to retire at 30 years of service for ages between 50 and 64.





Separation Before Service Retirement

Adopted May 14, 2025

Age	Annual Rate of			
	<u>Death</u> ¹	<u>Disability</u>	<u>Death</u> ¹	<u>Disability</u>
	Male		Female	
20	0.0382%	—%	0.0138%	—%
25	0.0318	—	0.0138	—
30	0.0392	—	0.0212	—
35	0.0498	0.0124	0.0318	0.0106
40	0.0700	0.0206	0.0488	0.0218
45	0.1134	0.0540	0.0753	0.0455
50	0.1866	0.1020	0.1113	0.0980
55	0.2820	0.1800	0.1632	0.2380
60	0.4357	—	0.2533	—
64	0.6519	—	0.3784	—

⁽¹⁾ The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% is used for death prior to retirement. Future improvement in mortality rates is assumed using the MP-2021 projection scale generationally. These rates of improvement have been reduced by 20% for all years prior to the ultimate rate. The proposed rates shown above are based on a projection to 2010. Actual mortality rates would be projected generationally.

SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

continued

Separation Before Service Retirement

Adopted May 14, 2025

Age	RATES OF WITHDRAWAL*												
	MALES												
	YEARS OF SERVICE												
	0	1	2	3	4	5	6	7	8	9	10	11	12
18-21	35.00%	35.00%	35.00%	35.00%	35.00%	—%	—%	—%	—%	—%	—%	—%	—%
22	35.00	35.00	35.00	35.00	35.00	11.00	8.00	5.50	5.25	5.00	—	—	—
23	24.00	22.00	20.00	18.00	16.00	11.00	8.00	5.50	5.25	5.00	5.00	5.00	4.50
24-27	18.00	16.50	15.50	14.00	12.00	11.00	8.00	5.50	5.25	5.00	5.00	5.00	4.50
28-32	18.00	16.50	15.50	14.00	12.00	8.00	7.00	5.50	5.25	5.00	5.00	5.00	4.50
33-37	18.00	15.00	14.50	13.50	12.00	8.00	7.00	5.50	5.25	5.00	4.50	4.00	3.50
38-42	18.00	13.50	13.00	12.50	12.00	8.00	5.75	5.50	5.25	5.00	4.50	4.00	3.50
43-47	15.00	13.50	13.00	11.00	10.00	7.00	5.75	5.50	5.25	5.00	4.50	4.00	3.50
48-52	15.00	13.50	11.50	11.00	9.00	7.00	5.75	5.50	5.25	5.00	4.50	4.00	3.50
53-57	15.00	13.50	11.50	11.50	9.00	7.00	5.75	5.50	5.25	5.00	4.50	4.00	3.50
58-59	20.00	14.50	11.50	11.50	8.00	7.00	5.75	5.50	5.25	5.00	4.50	4.00	3.50
60	20.00	14.50	11.50	11.50	8.00	7.00	5.75	5.50	5.25	5.00	—	—	—
61-62	20.00	15.50	15.00	12.00	10.00	7.00	5.75	5.50	5.25	5.00	—	—	—
63-74	20.00	16.50	16.00	15.00	13.00	10.00	9.00	7.50	5.25	5.00	—	—	—
>=75	—	—	—	—	—	—	—	—	—	—	—	—	—

Age	MALES												
	YEARS OF SERVICE												
	13	14	15	16	17	18	19	20	21	22	23	24	>=25
18-21	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
22	—	—	—	—	—	—	—	—	—	—	—	—	—
23-27	4.00	3.50	3.00	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
28-32	4.00	3.50	3.00	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
33-37	4.00	3.50	3.00	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
38-42	3.00	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
43-47	3.00	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
48-52	3.00	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
53-57	3.00	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
58-59	3.00	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
60	3.00	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.00	2.00	1.50	—
61-62	—	—	—	—	—	—	—	—	—	—	—	—	—
63-74	—	—	—	—	—	—	—	—	—	—	—	—	—
>=75	—	—	—	—	—	—	—	—	—	—	—	—	—

*Withdrawal Rates are zero at retirement eligibility.

SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

continued

Separation Before Service Retirement

Adopted May 14, 2025

RATES OF WITHDRAWAL*

Age	FEMALES												
	YEARS OF SERVICE												
	0	1	2	3	4	5	6	7	8	9	10	11	12
18-21	30.00%	30.00%	30.00%	30.00%	30.00%	—%	—%	—%	—%	—%	—%	—%	—%
22	30.00	30.00	30.00	30.00	30.00	11.00	10.00	5.75	5.50	5.00	—	—	—
23-27	18.00	14.00	14.00	13.50	11.75	11.00	10.00	5.75	5.50	5.00	5.00	4.50	4.00
28-32	18.00	14.00	14.00	13.50	11.75	8.50	7.50	5.75	5.50	5.00	5.00	4.50	4.00
33-37	18.00	14.00	13.50	12.50	11.75	8.50	7.50	5.75	5.50	5.00	5.00	4.50	4.00
38-42	18.00	13.50	11.25	11.00	10.50	7.50	7.00	5.75	5.50	4.50	4.25	4.25	3.50
43-47	15.00	13.00	11.00	10.00	9.50	6.50	6.00	5.75	5.50	4.50	4.25	4.25	3.50
48-52	15.00	13.50	10.50	10.00	9.50	6.00	5.75	5.75	5.50	4.50	4.25	4.25	3.50
53-57	15.00	13.50	10.50	10.00	9.50	6.00	5.75	5.75	5.50	4.50	4.25	4.25	3.50
58-59	15.00	15.00	12.00	11.00	9.50	6.00	5.75	5.75	5.50	4.50	4.25	4.25	3.50
60	15.00	15.00	12.00	11.00	9.50	6.00	5.75	5.75	5.50	4.50	—	—	—
61-62	18.00	16.00	13.00	12.00	10.00	6.00	5.75	5.75	5.50	4.50	—	—	—
63-74	18.00	16.00	16.00	15.00	15.00	12.00	9.00	8.00	6.50	4.50	—	—	—
>=75	—	—	—	—	—	—	—	—	—	—	—	—	—

FEMALES

	YEARS OF SERVICE												
	13	14	15	16	17	18	19	20	21	22	23	24	>=25
18-21	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
22	—	—	—	—	—	—	—	—	—	—	—	—	—
23-27	3.50	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	—
28-32	3.50	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	—
33-37	3.50	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	—
38-42	3.50	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	—
43-47	3.50	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	—
48-52	3.50	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	—
53-57	3.50	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	—
58-59	3.50	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	—
60	—	—	—	—	—	—	—	—	—	—	—	—	—
61-62	—	—	—	—	—	—	—	—	—	—	—	—	—
63-74	—	—	—	—	—	—	—	—	—	—	—	—	—
>=75	—	—	—	—	—	—	—	—	—	—	—	—	—

*Withdrawal Rates are zero at retirement eligibility.

ACTUARIAL VALUATION DATA



Active Members

Fiscal Year ⁽¹⁾	Number of Participating Employers	Members	Annual Payroll ⁽²⁾ (000's)	Average Pay	% Increase
2016	416	218,193	\$ 10,783,277	\$ 49,421	2.2%
2017	419	222,902	11,333,997	50,847	2.9
2018	422	226,039	11,704,334	51,780	1.8
2019	426	226,366	11,882,828	52,494	1.4
2020	430	231,032	12,737,375	55,133	5.0
2021	434	227,926	12,728,936	55,847	1.3
2022	434	230,326	13,224,129	57,415	2.8
2023	440	235,920	14,306,169	60,640	5.6
2024	438	240,561	15,352,507	63,820	5.2
2025	441	242,260	16,324,339	67,384	5.6

⁽¹⁾ Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. An actuarial valuation for the fiscal year ended June 30, 2026 is currently in process and was not available for this analysis.

⁽²⁾ The annual payroll shown in the schedule of active member valuation data is the annual compensation of the active members at the date of the valuation. The covered payroll reported in the financial section represents the payroll during the fiscal year upon which employer contributions were made.



Retirees and Beneficiaries

Fiscal Year ⁽¹⁾	<i>Added to Roll</i>		<i>Removed from Roll</i>		<i>Roll-End of Year</i>		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances (000's)	Number	Annual Allowances (000's)	Number	Annual Allowances (000's)		
2016	7,225	312,063	2,392	80,359	117,957	4,297,292	5.7%	36,431
2017	7,189	318,594	2,459	84,596	122,687	4,531,290	5.4	36,934
2018	7,345	341,242	2,732	98,829	127,300	4,773,703	5.3	37,500
2019	7,247	347,533	2,727	100,233	131,820	5,021,003	5.2	38,090
2020	6,894	346,319	3,036	114,317	135,678	5,253,005	4.6	38,717
2021	7,915	391,351	3,728	144,560	139,865	5,499,796	4.7	39,322
2022	7,762	403,232	3,584	142,734	144,043	5,760,294	4.7	39,990
2023	7,375	404,322	3,317	137,638	148,101	6,026,978	4.6	40,695
2024	7,551	428,168	3,728	158,007	151,924	6,297,139	4.5	41,449
2025	7,726	457,827	3,705	162,839	155,945	6,592,127	4.7	42,272

⁽¹⁾ Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. An actuarial valuation for the fiscal year ended June 30, 2026 is currently in process and was not available for this analysis.

ACTUARIAL VALUATION DATA

continued



Solvency Test (dollars in thousands)

Fiscal Year ¹	Aggregate Actuarial Accrued Liabilities For				Portion of Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)	Actuarial Value of Assets	(1)	(2)	(3)
	Active Member Contributions	Retirees and Beneficiaries	Active Members (Employer-Financed Portion)				
2016	\$8,522,267	\$55,186,998	\$28,012,510	\$68,161,710	100.0 %	100.0 %	15.9 %
2017	8,936,010	57,659,259	29,385,762	71,212,660	100.0	100.0	15.7
2018	9,350,031	58,993,494	28,561,728	75,024,364	100.0	100.0	23.4
2019	9,791,208	61,856,920	30,191,271	78,126,922	100.0	100.0	21.5
2020	10,320,195	64,144,338	32,724,242	81,632,571	100.0	100.0	21.9
2021	10,787,139	68,862,439	36,053,989	94,048,970	100.0	100.0	39.9
2022	11,241,201	71,651,571	37,597,783	96,867,918	100.0	100.0	37.2
2023	11,806,674	74,384,034	40,775,158	99,312,538	100.0	100.0	32.2
2024	12,385,500	76,338,418	44,541,327	103,756,747	100.0	100.0	33.8
2025	13,033,496	79,378,843	48,017,262	110,505,732	100.0	100.0	37.7

¹Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. An actuarial valuation for the fiscal year ended June 30, 2026 is currently in process and was not available for this analysis.

Member & Employer Contribution Rates

Fiscal Year	Member	Employer
2018	6.00%	16.81%
2019	6.00	20.90
2020	6.00	21.14
2021	6.00	19.06
2022	6.00	19.81
2023	6.00	19.98
2024	6.00	19.98
2025	6.00	20.78
2026	6.00	21.91
2027	6.00	22.32



Schedule of Funding Progress (dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll ⁽¹⁾ (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll [(b-a)/c]
6/30/16	\$ 68,161,710	\$ 91,721,775	\$ 23,560,065	74.3%	\$10,783,277	218.5%
6/30/17	71,212,660	95,981,031	24,768,371	74.2	11,333,997	218.5
6/30/18	75,024,364	96,905,253	21,880,889	77.4	11,704,334	186.9
6/30/19 ⁽²⁾	78,126,922	101,839,399	23,712,477	76.7	11,882,828	199.6
6/30/20	81,632,571	107,188,775	25,556,204	76.2	12,737,375	200.6
6/30/21 ⁽²⁾	94,048,970	115,703,567	21,654,597	81.3	12,728,936	170.1
6/30/22	96,867,918	120,490,555	23,622,637	80.4	13,224,129	178.6
6/30/23	99,312,538	126,965,866	27,653,328	78.2	14,306,169	193.3
6/30/24 ⁽²⁾	103,756,747	133,265,245	29,508,498	77.9	15,352,507	192.2
6/30/25	110,505,732	140,429,601	29,923,869	78.7	16,324,339	183.3

⁽¹⁾ The annual covered payroll shown in the schedule of funding progress valuation data is the annual compensation of the active members at the date of the valuation. The covered payroll reported in the financial section represents the payroll during the fiscal year upon which employer contributions were made.

⁽²⁾ Reflects change in assumptions.

This data, except for annual covered payroll, was provided by the System's actuary.

ACTUARIAL VALUATION DATA

continued



Analysis of Financial Experience (dollars in millions)

Item	Analysis of the Change in Unfunded Accrued Liability Increase (Decrease) During the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Interest Added to Previous										
Unfunded Accrued Liability	\$ 2,036.1	\$ 1,908.1	\$ 1,630.0	\$ 1,494.2	\$ 1,852.8	\$ 1,719.2	\$ 1,586.4	\$ 1,733.8	\$ 1,649.2	\$ 1,300.9
Accrued Liability Contribution	(2,321.9)	(2,088.3)	(1,982.5)	(1,761.3)	(1,681.3)	(2,027.0)	(1,834.2)	(1,261.0)	(929.4)	(985.4)
Experience:										
Valuation Asset Growth ⁽¹⁾	(1,784.7)	78.7	1,932.9	1,339.4	(8,785.7)	348.2	558.1	(925.3)	(539.2)	150.9
Pensioners' Mortality	91.3	21.1	106.1	(40.1)	(112.5)	(26.4)	53.9	(32.4)	40.5	(13.4)
Turnover and Retirements	153.6	172.2	135.7	118.9	347.8	153.1	147.8	266.2	246.9	209.2
New Entrants	307.2	455.3	239.8	213.7	152.2	285.7	151.3	161.2	172.7	153.1
Salary Increases	1,713.0	1,648.9	1,768.4	451.8	(740.3)	1,066.8	(213.2)	(103.6)	327.9	72.3
Interest Smoothing	—	—	—	—	—	—	—	(2,744.0)	121.6	5,286.1
Assumption and Method Changes ⁽²⁾	—	(377.1)	—	—	4,913.9	—	1,204.2	(133.4)	—	—
Miscellaneous	220.8	36.3	200.3	151.4	151.5	324.1	177.3	151.0	118.1	109.5
Total Increase	<u>\$ 415.4</u>	<u>\$ 1,855.2</u>	<u>\$ 4,030.7</u>	<u>\$ 1,968.0</u>	<u>\$ (3,901.6)</u>	<u>\$ 1,843.7</u>	<u>\$ 1,831.6</u>	<u>\$ (2,887.5)</u>	<u>\$ 1,208.3</u>	<u>\$ 6,283.2</u>

⁽¹⁾ Valuation Asset Growth

2021 - Includes the immediate recognition of the amount necessary to offset the impact of the reduction in the assumed annual rate of return on investments.

⁽²⁾ Assumption and Method Changes

2018 - Reflects elimination of the interest smoothing methodology and the reductions in the long-term discount rate and the inflation assumption.

2019 - The assumed rates of withdrawal, disability, retirement, mortality, and the assumed rates of salary increase and administrative expenses have been revised to more closely reflect the actual and anticipated experience of the System.

2021 - Reflects a reduction in the assumed annual rate of return on investments from 7.25% to 6.90%.

2024 - The assumed rates of withdrawal, disability, retirement, mortality and the administrative expenses have been revised to more closely reflect the actual and anticipated experience of the System. In addition, assumptions related to option factors, unused sick leave, and termination benefits were also revised.

STATISTICAL SECTION OVERVIEW & FINANCIAL TRENDS



The statistical section presents additional information to provide financial statement users with added historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the System's financial condition.

Operating Information

The schedules presented on pages 71 through 77 contain benefits, service, and employer data to help the reader understand how the System's financial report relates to the services of the System and the activities it performs.

Financial Trends

The schedules presented on pages 69 through 70 contain trend information to help the reader understand how the System's financial position has changed over time.

Additions by Source (dollars in thousands)

Fiscal Year	Member Contributions	Employer and Nonemployer Contributions	Net Investment Income (Loss)	Total Additions to (Deductions from) Fiduciary Net Position
2017	\$ 716,233	\$ 1,654,844	\$ 7,971,677	\$10,342,754
2018	745,574	2,018,724	6,247,155	9,011,453
2019	759,474	2,566,403	4,972,419	8,298,296
2020	800,864	2,738,818	4,119,609	7,659,291
2021	817,090	2,495,527	23,192,761	26,505,378
2022	853,376	2,696,714	(12,770,564)	(9,220,474)
2023	911,542	2,929,096	10,097,823	13,938,461
2024	968,016	3,127,483	13,434,751	17,530,250
2025	1,031,027	3,471,216	12,715,602	17,217,845
2026	1,056,761	3,746,134	20,471,309	25,274,204

Contributions were made in accordance with actuarially determined contribution requirements.

STATISTICAL SECTION OVERVIEW & FINANCIAL TRENDS

continued



Deductions by Type (dollars in thousands)

Benefit Payments										Total Deductions From Fiduciary Net Position
Fiscal Year	Service	Partial Lump-Sum Option	Disability	Survivor Benefits	Supplemental Payments ⁽¹⁾	Lump-Sum Death Settlement	Total Benefit Payments	Net Administrative Expenses	Refunds	
2017	\$4,241,760	\$31,839	\$114,813	\$70,179	\$297	\$2,236	\$4,461,124	\$16,773	\$76,296	\$4,554,193
2018	4,473,928	32,100	118,567	73,385	250	1,690	4,699,920	15,865	76,061	4,791,846
2019	4,714,549	32,714	124,071	76,912	204	2,015	4,950,465	15,276	76,543	5,042,284
2020	4,951,973	28,420	128,984	80,529	181	2,196	5,192,283	17,411	76,976	5,286,670
2021	5,182,724	34,084	131,500	83,773	152	2,181	5,434,414	16,668	69,166	5,520,248
2022	5,437,097	29,896	134,799	88,105	113	2,022	5,692,032	16,470	94,853	5,803,355
2023	5,691,568	32,042	138,837	91,547	87	3,299	5,957,380	23,285	89,460	6,070,125
2024	5,944,213	41,305	141,579	94,970	65	2,198	6,224,330	24,481	98,633	6,347,444
2025	6,217,238	40,941	144,823	98,592	58	2,727	6,504,379	21,396	98,159	6,623,934
2026	6,524,191	42,841	149,036	102,104	28	2,868	6,821,068	18,669	99,908	6,939,645

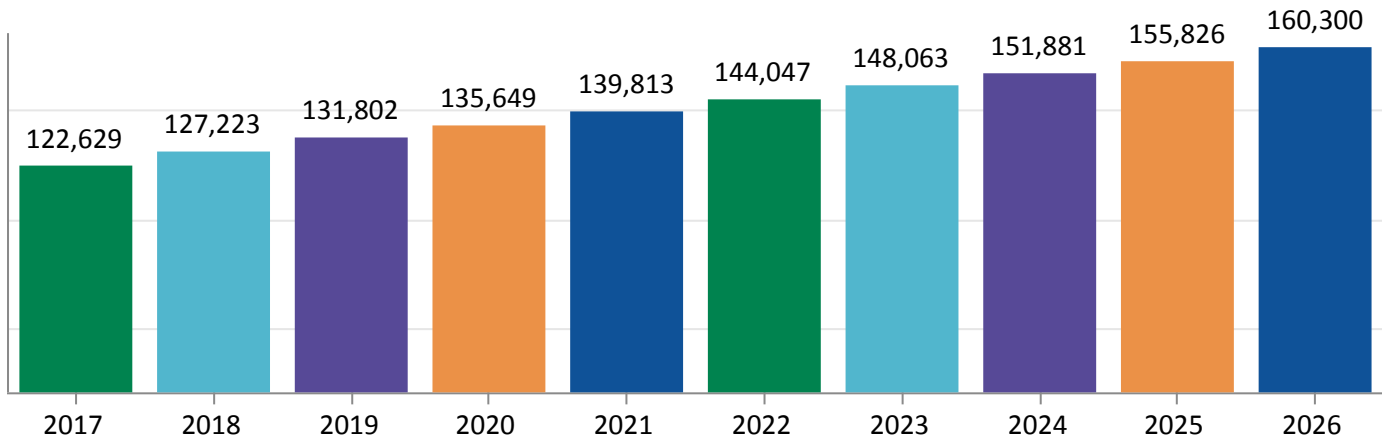
⁽¹⁾ Supplemental payments to retirees who belong to a local retirement system.

Changes in Fiduciary Net Position (dollars in thousands)

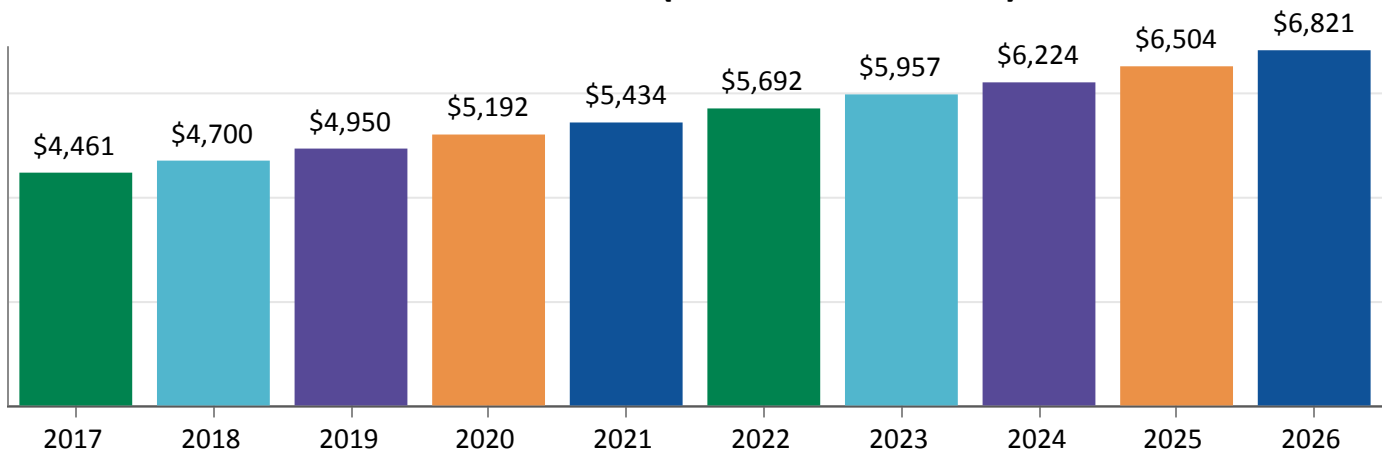
Fiscal Year	Total Additions to (Deductions from) Fiduciary Net Position	Total Deductions from Fiduciary Net Position	Changes in Fiduciary Net Position
2017	\$ 10,342,754	\$ 4,554,193	\$ 5,788,561
2018	9,011,453	4,791,846	4,219,607
2019	8,298,296	5,042,284	3,256,012
2020	7,659,291	5,286,670	2,372,621
2021	26,505,378	5,520,248	20,985,130
2022	(9,220,474)	5,803,355	(15,023,829)
2023	13,938,461	6,070,125	7,868,336
2024	17,530,250	6,347,444	11,182,806
2025	17,217,845	6,623,934	10,593,911
2026	25,274,204	6,939,645	18,334,559

Benefit Payment Statistics

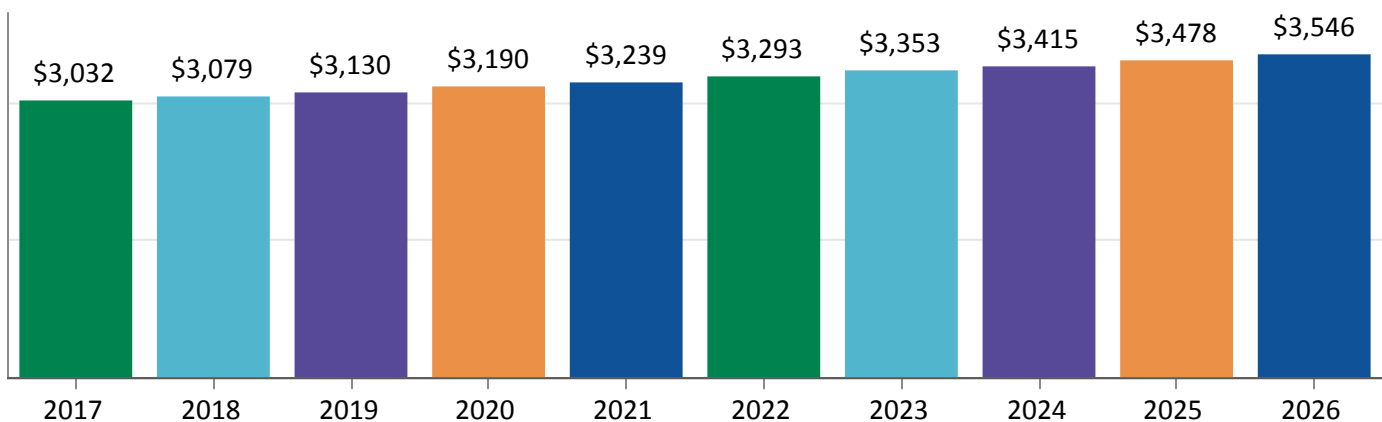
Number of Retirees



Annual Benefit (dollars in millions)



Average Monthly Benefit

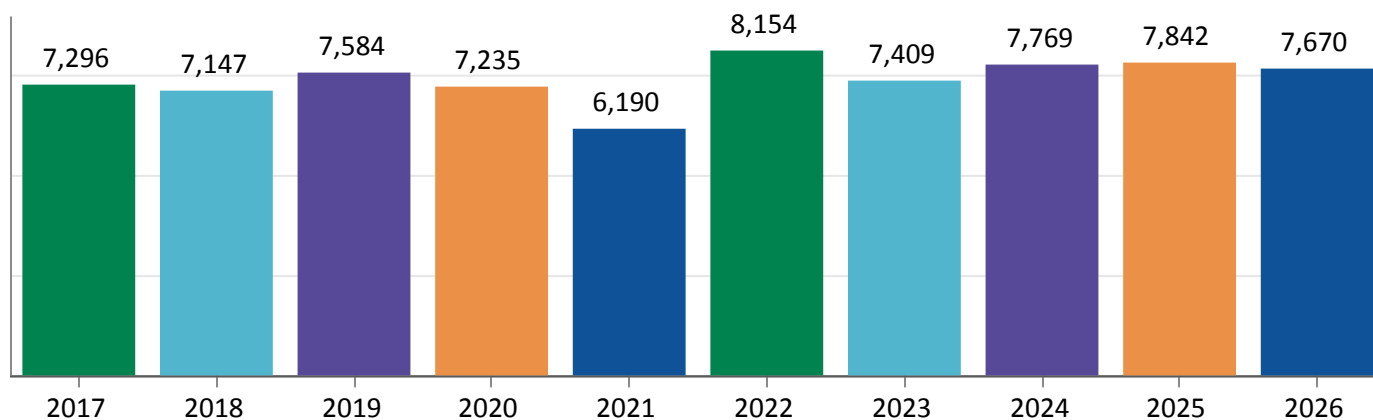


OPERATING INFORMATION

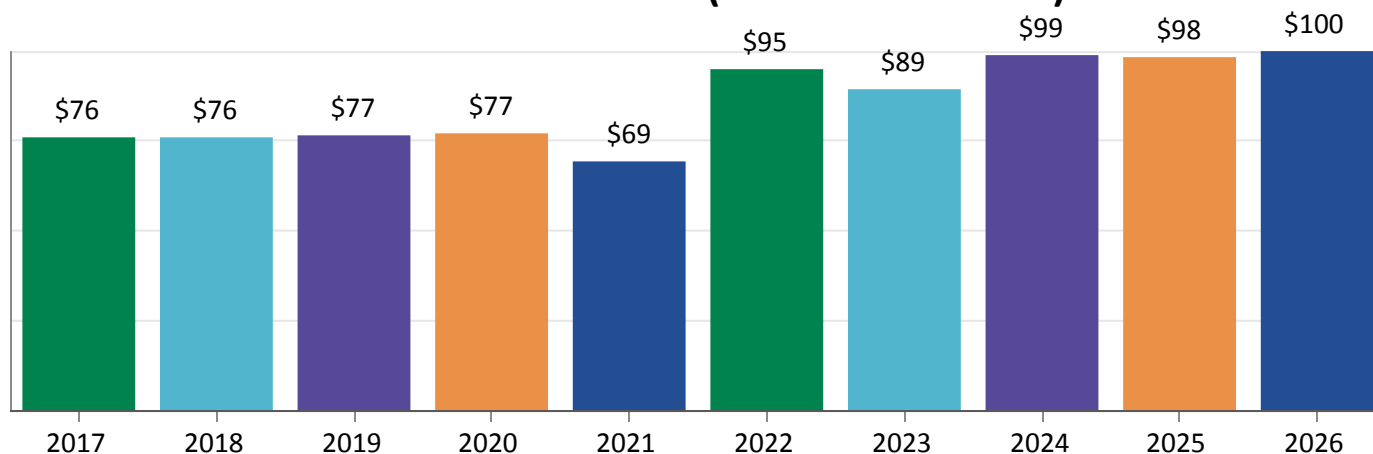
continued

Member Withdrawal Statistics

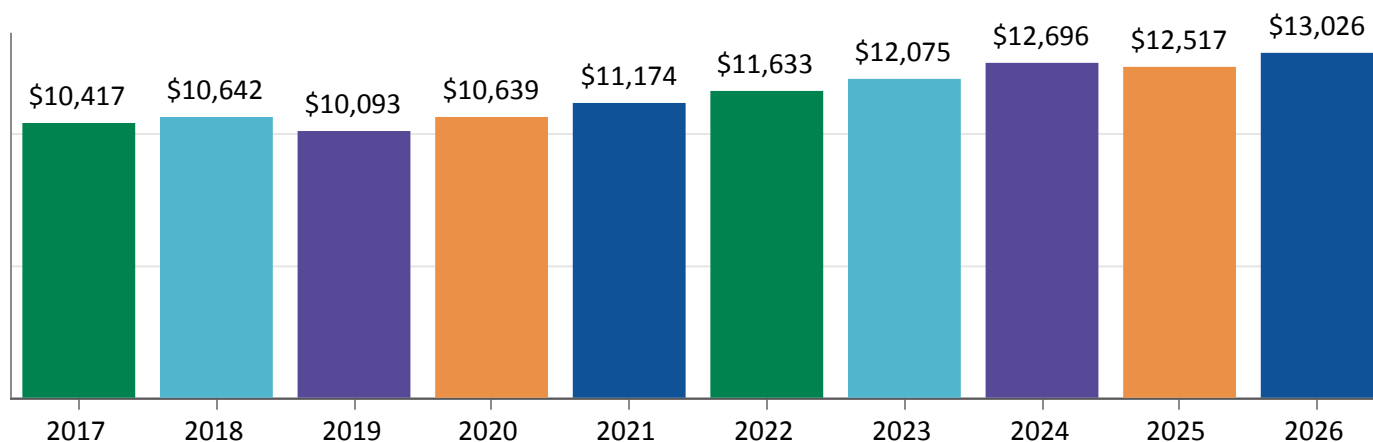
Number of Members



Annual Withdrawal (dollars in millions)



Average Withdrawal



Average Monthly Benefit Payments for New Retirees

Effective Retirement Dates for Fiscal Years Ended June 30,	Years Credited Service					Total
	10 - 15	16 - 20	21 - 25	26 - 30	Over 30	
2017						
Average monthly benefit	\$870.72	\$1,455.45	\$1,997.91	\$2,588.80	\$3,535.59	\$2,220.50
Average final average salary	\$3,778.31	\$4,230.72	\$4,657.44	\$5,139.34	\$5,877.02	\$4,839.84
Number of retirees	1,692	1,120	1,089	973	2,300	7,174
2018						
Average monthly benefit	\$880.97	\$1,503.44	\$2,106.91	\$2,703.58	\$3,625.69	\$2,331.31
Average final average salary	\$3,789.48	\$4,388.19	\$4,882.12	\$5,295.62	\$6,009.09	\$4,997.10
Number of retirees	1,609	1,184	1,090	967	2,471	7,321
2019						
Average monthly benefit	\$932.13	\$1,504.91	\$2,051.21	\$2,709.96	\$3,638.98	\$2,330.77
Average final average salary	\$3,964.41	\$4,434.82	\$4,826.46	\$5,401.88	\$6,125.55	\$5,080.38
Number of retirees	1,537	1,206	1,188	909	2,395	7,235
2020						
Average monthly benefit	\$948.76	\$1,535.47	\$2,086.78	\$2,702.45	\$3,692.62	\$2,371.48
Average final average salary	\$3,980.66	\$4,512.99	\$4,875.02	\$5,322.40	\$6,140.51	\$5,107.67
Number of retirees	1,443	1,168	1,127	822	2,330	6,890
2021						
Average monthly benefit	\$959.48	\$1,590.49	\$2,170.32	\$2,821.35	\$3,851.38	\$2,472.46
Average final average salary	\$4,001.19	\$4,523.33	\$5,031.91	\$5,608.36	\$6,295.60	\$5,233.87
Number of retirees	1,642	1,263	1,280	1,055	2,623	7,863
2022						
Average monthly benefit	\$1,013.12	\$1,600.94	\$2,214.83	\$2,938.15	\$3,987.82	\$2,573.00
Average final average salary	\$4,193.53	\$4,704.75	\$5,123.28	\$5,736.34	\$6,598.17	\$5,450.90
Number of retirees	1,426	1,274	1,397	1,167	2,500	7,764
2023						
Average monthly benefit	\$1,001.01	\$1,717.28	\$2,248.91	\$3,016.78	\$4,023.10	\$2,613.58
Average final average salary	\$4,199.50	\$5,030.74	\$5,273.58	\$5,962.86	\$6,667.95	\$5,584.89
Number of retirees	1,388	1,231	1,251	1,120	2,374	7,364
2024						
Average monthly benefit	\$1,028.33	\$1,665.77	\$2,297.29	\$3,135.31	\$4,128.71	\$2,724.54
Average final average salary	\$4,354.33	\$4,882.77	\$5,375.79	\$6,272.49	\$7,018.06	\$5,811.88
Number of retirees	1,371	1,237	1,250	1,033	2,667	7,558
2025						
Average monthly benefit	\$1,079.44	\$1,788.04	\$2,486.06	\$3,239.88	\$4,398.72	\$2,889.04
Average final average salary	\$4,607.91	\$5,202.74	\$5,706.48	\$6,356.72	\$7,330.89	\$6,082.33
Number of retirees	1,471	1,168	1,229	1,046	2,700	7,614
2026						
Average monthly benefit	\$1,119.23	\$1,924.42	\$2,533.81	\$3,426.52	\$4,605.38	\$3,019.97
Average final average salary	\$4,815.18	\$5,514.23	\$5,820.29	\$6,658.77	\$7,583.52	\$6,316.48
Number of retirees	1,550	1,285	1,339	1,294	2,825	8,293

OPERATING INFORMATION

continued



Retired Members by Type of Benefit

Amount of Monthly Benefit	Number of Retirees	Type of Retirement ⁽¹⁾				Option Selected ⁽²⁾						
		A	B	C	D	Max	Opt-1	Opt-2	Opt-3	Opt-4	Opt-2 Pop-Up	Opt-3 Pop-Up
1 - 500	4,233	3,520	256	455	2	2,078	122	1,071	337	160	357	108
500 - 1000	14,820	13,054	931	834	1	8,561	507	2,868	669	185	1,554	476
1000 - 1500	16,897	15,320	872	705	—	9,590	611	2,996	788	116	2,080	716
1500 - 2000	14,269	12,881	794	593	1	7,880	533	2,481	714	104	1,860	697
2000 - 2500	12,077	10,981	664	432	—	6,267	489	2,104	682	100	1,683	752
2500 - 3000	11,036	10,152	539	345	—	5,663	444	1,899	585	81	1,602	762
3000 - 3500	11,034	10,363	449	222	—	5,594	453	1,788	606	116	1,727	750
3500 - 4000	11,969	11,383	423	163	—	5,902	514	1,855	629	147	2,070	852
4000 - 4500	12,139	11,726	288	125	—	6,368	563	1,621	642	192	1,835	918
4500 - 5000	11,448	11,202	158	88	—	6,394	515	1,380	545	177	1,623	814
5000 - 5500	10,306	10,162	89	55	—	6,217	563	1,030	478	160	1,196	662
5500 - 6000	8,110	8,030	42	38	—	5,085	422	778	369	126	820	510
6000 - 6500	5,797	5,735	26	36	—	3,655	309	590	279	81	550	333
6500 - 7000	4,191	4,156	12	23	—	2,638	232	419	210	79	360	253
7000 - 7500	2,831	2,816	5	10	—	1,772	147	315	145	61	236	155
7500 - 8000	2,151	2,132	6	13	—	1,245	124	281	127	36	206	132
8000 - 8500	1,624	1,614	2	8	—	972	89	209	94	39	138	83
8500 - 9000	1,198	1,184	1	13	—	694	68	175	77	25	90	69
9000 - 9500	890	883	1	6	—	506	52	138	63	23	59	49
9500 - 10000	690	681	1	8	—	381	28	109	52	22	64	34
Over 10000	2,590	2,565	4	21	—	1,204	119	553	241	108	207	158
TOTALS	160,300	150,540	5,563	4,193	4	88,666	6,904	24,660	8,332	2,138	20,317	9,283

⁽¹⁾ Type of Retirement

A - Service

B - Disability

C - Survivor Benefit

D - Supplemental payments to retirees who belonged to a local retirement system.

⁽²⁾ Refer to Summary of Plan Provisions, beginning on page 12 for descriptions of Options.

Retirement Payments by County of Residence During Fiscal Year 2026

County	Number of Retirees	FY26 Total Gross Pay (in thousands)	County	Number of Retirees	FY26 Total Gross Pay (in thousands)
Appling	402	\$ 16,973	Dade	157	\$ 5,869
Atkinson	138	5,470	Dawson	539	22,877
Bacon	179	7,619	Decatur	421	16,148
Baker	34	1,191	DeKalb	7,618	364,687
Baldwin	967	39,735	Dodge	369	14,450
Banks	283	11,163	Dooly	169	6,930
Barrow	1,176	44,280	Dougherty	1,752	74,308
Bartow	1,524	60,455	Douglas	1,235	50,399
Ben Hill	346	13,386	Early	234	9,800
Berrien	336	13,056	Echols	11	382
Bibb	2,317	94,269	Effingham	845	30,254
Bleckley	351	12,828	Elbert	408	14,966
Brantley	222	8,447	Emanuel	540	21,702
Brooks	225	8,363	Evans	207	7,366
Bryan	559	19,820	Fannin	486	19,948
Bulloch	1,744	71,349	Fayette	2,432	111,948
Burke	343	12,750	Floyd	1,776	76,931
Butts	400	15,521	Forsyth	1,821	75,951
Calhoun	128	4,780	Franklin	552	22,634
Camden	647	25,364	Fulton	7,921	376,861
Candler	217	7,986	Gilmer	613	26,212
Carroll	2,547	101,549	Glascock	54	1,617
Catoosa	714	27,343	Glynn	1,681	74,912
Charlton	137	5,452	Gordon	774	30,046
Chatham	3,480	144,147	Grady	356	14,695
Chattahoochee	39	1,457	Greene	428	20,963
Chattooga	415	16,121	Gwinnett	6,588	264,445
Cherokee	3,894	160,879	Habersham	901	36,748
Clarke	3,875	187,022	Hall	3,064	132,933
Clay	56	2,444	Hancock	182	6,554
Clayton	1,518	60,405	Haralson	491	18,342
Clinch	122	5,124	Harris	835	34,494
Cobb	7,960	341,398	Hart	458	20,004
Coffee	683	27,312	Heard	140	5,239
Colquitt	772	30,456	Henry	2,538	104,707
Columbia	3,266	137,543	Houston	2,233	91,107
Cook	290	10,726	Irwin	148	5,842
Coweta	2,205	91,839	Jackson	2,009	83,642
Crawford	104	3,939	Jasper	359	15,012
Crisp	361	15,924	Jeff Davis	230	8,942

OPERATING INFORMATION

continued

		FY26 Total				FY26 Total	
County	Number of Retirees		Gross Pay (in thousands)	County	Number of Retirees		Gross Pay (in thousands)
Jefferson	282	\$	10,964	Richmond	3,161	\$	118,136
Jenkins	150		5,622	Rockdale	1,061		44,512
Johnson	183		7,547	Schley	88		2,896
Jones	349		14,044	Screven	310		12,296
Lamar	346		13,785	Seminole	171		7,368
Lanier	100		3,677	Spalding	1,141		47,557
Laurens	919		38,885	Stephens	546		22,056
Lee	456		18,917	Stewart	86		3,607
Liberty	499		17,827	Sumter	622		26,950
Lincoln	209		9,584	Talbot	61		2,285
Long	104		3,685	Taliaferro	18		599
Lowndes	2,173		87,618	Tattnall	303		11,495
Lumpkin	674		27,313	Taylor	151		5,964
Macon	193		7,030	Telfair	241		9,666
Madison	1,029		35,382	Terrell	150		5,905
Marion	170		5,409	Thomas	929		39,155
McDuffie	412		16,572	Tift	1,035		41,914
McIntosh	235		9,551	Toombs	489		19,832
Meriwether	296		11,534	Towns	343		15,213
Miller	116		4,522	Treutlen	127		4,801
Mitchell	327		12,665	Troup	1,064		43,646
Monroe	425		17,667	Turner	203		7,644
Montgomery	199		7,972	Twiggs	98		3,599
Morgan	538		23,660	Union	564		23,632
Murray	475		20,449	Upson	486		18,464
Muscogee	2,721		110,642	Walker	819		30,406
Newton	1,180		46,155	Walton	1,979		80,774
Oconee	1,783		86,172	Ware	617		24,091
Oglethorpe	435		15,502	Warren	84		3,028
Paulding	1,267		44,905	Washington	345		13,893
Peach	708		29,627	Wayne	522		20,074
Pickens	838		35,531	Webster	34		1,413
Pierce	398		15,378	Wheeler	119		5,511
Pike	413		16,553	White	670		27,252
Polk	687		29,035	Whitfield	1,283		54,826
Pulaski	197		8,647	Wilcox	178		7,944
Putnam	522		22,640	Wilkes	230		8,962
Quitman	27		802	Wilkinson	175		6,343
Rabun	380		17,985	Worth	287		10,999
Randolph	123		4,928	Outside GA	22,270		883,217
Total Benefit Payments						\$	6,821,068



Principal Participating Employers

Employers	2026			2017		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
State of Georgia	38,783	1	16.05 %	37,961	1	17.03 %
Gwinnett County Schools	20,150	2	8.34 %	16,978	2	7.62 %
Cobb County Schools	11,546	3	4.78 %	11,466	3	5.14 %
Dekalb County Schools	11,441	4	4.74 %	11,048	4	4.96 %
Fulton County Schools	9,863	5	4.08 %	10,043	5	4.51 %
Atlanta Public Schools	5,811	6	2.40 %	5,339	6	2.40 %
Clayton County Schools	5,724	7	2.37 %	5,083	7	2.28 %
Forsyth County Schools	5,381	8	2.23 %	3,955	10	1.77 %
Chatham County Schools	4,844	9	2.00 %	4,525	8	2.03 %
Henry County Schools	4,630	10	1.92 %	4,231	9	1.90 %
Top 10	118,173		48.91 %	110,629		49.63 %
Total	241,599		100.00 %	222,918		100.00 %

OPERATING INFORMATION

continued

Reporting Entities

Universities and Colleges

Abraham Baldwin Agricultural College
Albany State University
Atlanta Metropolitan State College
Augusta University
Clayton College & State University
College of Coastal Georgia
Columbus State University
Cooperative Extension Service
Dalton State College
East Georgia State College
Fort Valley State University
Georgia College & State University
Georgia Gwinnett College
Georgia Highlands College
Georgia Institute of Technology
Georgia Military College
Georgia Southern University
Georgia Southwestern State University
Georgia State University
Gordon College
Kennesaw State University
Middle Georgia State College
Savannah State University
South Georgia State College
The University of Georgia
University of North Georgia
University of West Georgia
Valdosta State University

Brantley County
Bremen City
Brooks County
Bryan County
Buford City
Bulloch County
Burke County
Butts County
Calhoun City
Calhoun County
Camden County
Candler County
Carroll County
Carrollton City Schools
Cartersville City
Catoosa County
Charlton County
Chatham County
Chattahoochee County
Chattooga County
Cherokee County
Chickamauga City
Clarke County
Clay County
Clayton County
Clinch County
Cobb County
Coffee County
Colquitt County
Columbia County
Commerce City
Cook County
Coweta County
Crawford County
Crisp County
Dade County
Dalton City
Dawson County
Decatur City
Decatur County
DeKalb County
Dodge County
Dooly County
Dougherty County

Boards of Education

Appling County
Atkinson County
Atlanta Public
Bacon County
Baker County
Baldwin County
Banks County
Barrow County
Bartow County
Ben Hill County
Berrien County
Bibb County
Bleckley County

Douglas County	Lincoln County
Dublin City	Long County
Early County	Lowndes County
Echols County	Lumpkin County
Effingham County	Macon County
Elbert County	Madison County
Emanuel County	Marietta City
Evans County	Marion County
Fannin County	McDuffie County
Fayette County	McIntosh County
Floyd County	Meriwether County
Forsyth County	Miller County
Franklin County	Mitchell County
Fulton County	Monroe County
Gainesville City	Montgomery County
Gilmer County	Morgan County
Glascok County	Murray County
Glynn County	Muscogee County
Gordon County	Newton County
Grady County	Oconee County
Greene County	Oglethorpe County
Griffin-Spalding County	Paulding County
Gwinnett County	Peach County
Habersham County	Pelham City
Hall County	Pickens County
Hancock County	Pierce County
Haralson County	Pike County
Harris County	Polk School District
Hart County	Pulaski County
Heard County	Putnam County
Henry County	Quitman County
Houston County	Rabun County
Irwin County	Randolph County
Jackson County	Richmond County
Jasper County	Rockdale County
Jeff Davis County	Rome City
Jefferson City	Schley County
Jefferson County	Screven County
Jenkins County	Seminole County
Johnson County	Social Circle City
Jones County	Stephens County
Lamar County	Stewart County
Lanier County	Sumter County
Laurens County	Talbot County
Lee County	Taliaferro County
Liberty County	Tattnall County

OPERATING INFORMATION

continued

Taylor County
Telfair County
Terrell County
Thomas County
Thomaston-Upson County
Thomasville City
Tift County
Toombs County
Towns County
Treutlen County
Trion City
Troup County
Turner County
Twiggs County
Union County
Valdosta City
Vidalia City
Walker County
Walton County
Ware County
Warren County
Washington County
Wayne County
Webster County
Wheeler County
White County
Whitfield County
Wilcox County
Wilkes County
Wilkinson County
Worth County

Public Libraries

Athens Regional Library
Augusta Richmond County Library
Azalea Regional Library
Barnesville-Lamar County Library
Bartow County Library
Bartram Trail Regional Library
Brooks County Library
Catoosa County Library
Cherokee Regional Library
Chestatee Regional Library
Clayton County Regional Library
Coastal Plains Regional Library

Cobb County Public Library
Conyers-Rockdale Library System
Coweta Public Library
DeKalb County Public Library
DeSoto Trail Regional Library
Dougherty County Public Library
Elbert County Library
Eastern Regional Library System
Flint River Regional Library
Forsyth County Public Library
Gwinnett County Public Library
Hall County Library
Hart County Library
Henry County Library
Houston County Public Library
Jefferson County Library System
Kinchafonee Regional Library
Lake Blackshear Regional Library
Lee County Library
Lincoln County Library
Live Oak Public Libraries
Middle Georgia Regional Library
Moultrie-Colquitt County Library
Mountain Regional Library
Newton County Library
Northeast Georgia Regional Library
Northwest Georgia Regional Library
Ocmulgee Regional Library
Oconee Regional Library
Ohoopsee Regional Library
Okefenokee Regional Library
Peach Public Library
Piedmont Regional Library
Pine Mountain Regional Library
Roddenbery Memorial Library
Sara Hightower Regional Library
Satilla Regional Library
Screven-Jenkins Regional Library
Sequoyah Regional Library
South Georgia Regional Library
Southwest Georgia Regional Library
Statesboro Regional Library
Thomas County Public Library
Three Rivers Regional Library
Troup-Harris-Coweta Regional Library
Warren County Public Library

West Georgia Regional Library
Worth County Library System

Technical Colleges

Albany Technical Institute
Athens Technical College
Atlanta Technical College
Augusta Technical Institute
Central Georgia Technical College
Chattahoochee Technical College
Coastal Pines Technical College
Columbus Technical Institute
Georgia Northwestern Technical College
Georgia Piedmont Technical College
Gwinnett Technical College
Lanier Technical College
North Georgia Technical Institute
Oconee Fall Line Technical College
Ogeechee Technical College
Savannah Technical College
South Georgia Technical College
Southeastern Technical College
Southern Crescent Technical College
Southern Regional Technical College
West Georgia Technical College
Wiregrass Georgia Technical College

Regional Educational Service Agencies

Central Savannah River Area RESA
Chattahoochee Flint RESA
Coastal Plains RESA
First District RESA
Griffin RESA
Heart of Georgia RESA
Metro RESA
Middle Georgia RESA
North Georgia RESA
Northeast Georgia RESA
Northwest Georgia RESA
Oconee RESA
Okfenokee RESA
Pioneer RESA
Southwest Georgia RESA

West Georgia RESA

Charter Schools

Academy for Classical Education, Inc.
Amana Academy
Atlanta Classical Academy
Atlanta Heights Charter School
Atlanta Neighborhood Charter School, Inc.
Atlanta Smart Academy
Atlanta Unbound Academy
Baconton Community Charter School
Brighten Academy
Brookhaven Innovation Academy
Centennial Academy
Charles Drew Charter School
Charter Conservatory for Liberal Arts and Technology
Chattahoochee Hills Charter School, Inc.
Cherokee Charter Academy
Cherokee Classical Academy
Cirrus Academy
Coastal Plains Education Center
Coweta Charter Academy
DeKalb Academy of Technology and Environment
DeKalb Brilliance Academy
DeKalb Path Academy
DeKalb Preparatory Academy
Delta Steam Academy
Destinations Career Academy of Georgia
Dubois Integrity Academy
Ethos Classical Charter School
Excelsior Village Academy, Inc.
Foothills Education Charter High School
Fulton Academy of Science and Technology
Furlow Charter School
Genesis Innovation Academy for Boys
Genesis Innovation Academy for Girls
Georgia Connections Academy
Georgia Cyber Academy
Georgia Fugees Academy Charter School, Inc.
Georgia High School for Accelerated Learning
Georgia Magnet Charter School
Georgia School for Innovation and the Classics
International Academy of Smyrna Charter School
International Charter Academy of Georgia

OPERATING INFORMATION

continued

International Charter School of Atlanta
International Community School
Ivy Preparatory Academy for Girls
Kipp Metro Atlanta Collaborative
Leadership Preparatory Academy Charter School
Liberation Academy
Liberty Technical Charter School
Main Street Academy
Miles Ahead Charter School
Mountain Education Center Inc.
Museum School of Avondale
New Life Academy of Excellence Inc.
Northwest Classical Academy
Odyssey Charter School
Pataula Charter Academy
Peace Academy Charter
Purpose Built Schools of Atlanta
Resurgence Hall
Rise Prep Charter School
Sail Charter School
Sankofa Montessori Charter School
Savannah Classical Academy
Scintilla Charter Academy
Simple Vue Academy Charter School Inc
SLAM Academy of Atlanta
Southwest Georgia STEM Charter
Spring Creek Charter Academy
Tapestry Public Charter School
The Anchor School
The Globe Academy
The Kindezi School
The Movement School South Fulton
Utopian Academy for the Arts
Utopian Academy for the Arts Elementary School
Utopian Academy for the Arts High School
Utopian Academy for The Arts Trilith
Wesley International Academy
Westside Atlanta Charter School
Yi Hwang Academy of Language Excellence
Zest Preparatory Academy

State Agencies

Board of Regents
Department of Administrative Services

Department of Agriculture
Department of Banking and Finance
Department of Behavioral Health and Development Disabilities
Department of Community Health
Department of Corrections
Department of Human Services
Department of Natural Resources
Department of Public Health
Department of Public Safety
Georgia Agricultural Exposition Authority
Georgia Building Authority
Georgia Bureau of Investigation
Georgia Department of Community Affairs
Georgia Department of Community Supervision
Georgia Department of Defense
Georgia Department of Early Care and Learning
Georgia Department of Education
Georgia Department of Juvenile Justice
Georgia Department of Labor
Georgia Department of Revenue
Georgia Department of Transportation
Georgia Financing and Investment Commission
Georgia General Assembly
Georgia Public Defender Standards Council
Georgia Public Telecommunications Commission
Georgia Student Finance Commission
Georgia Technology Authority
Georgia Vocational Rehabilitation Agency
Governor's Office of Planning and Budget
Office of Commissioner of Insurance and Safety Fire
Prosecuting Attorneys' Council of Georgia
Secretary of State
State Board of Workers Compensation
Technical College System of Georgia

Other

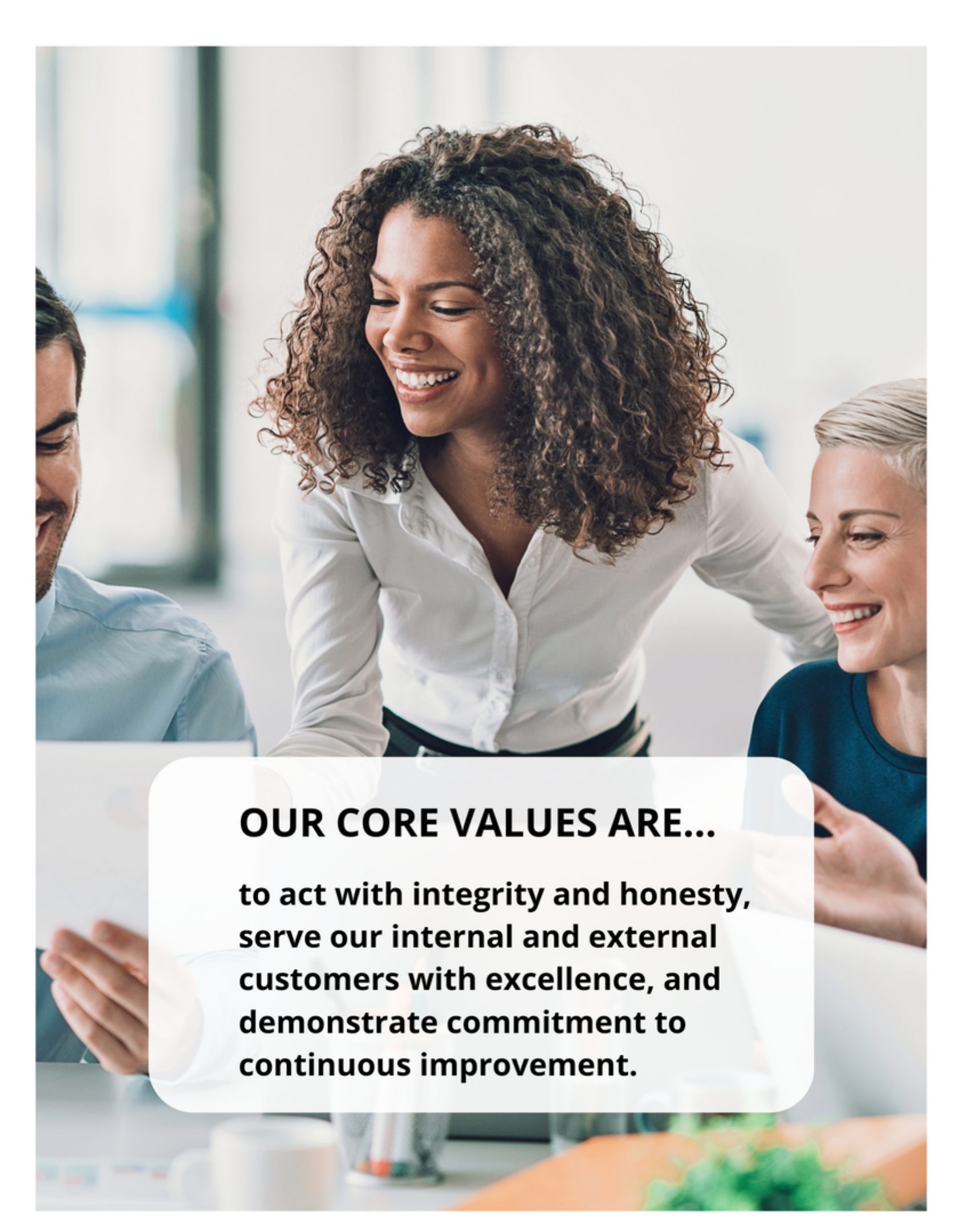
Cherokee County Board of Health
Clarke County DFACS
Clarke County Health Department
Clayton Center Community Service Board
Decatur County Health Department
DeKalb County DFACS
Department of Family and Children Services Region IX
DFACS Region VIII

DFACS Region X
 District IV Public Health
 Effingham County Tax Commissioner Office
 Georgia Department Public Health South Health District
 Muscogee County Health Department
 North Central Health District
 Richmond County DFACS
 Tift County Board of Health
 Ware County Health Department
 Whitfield County DFACS



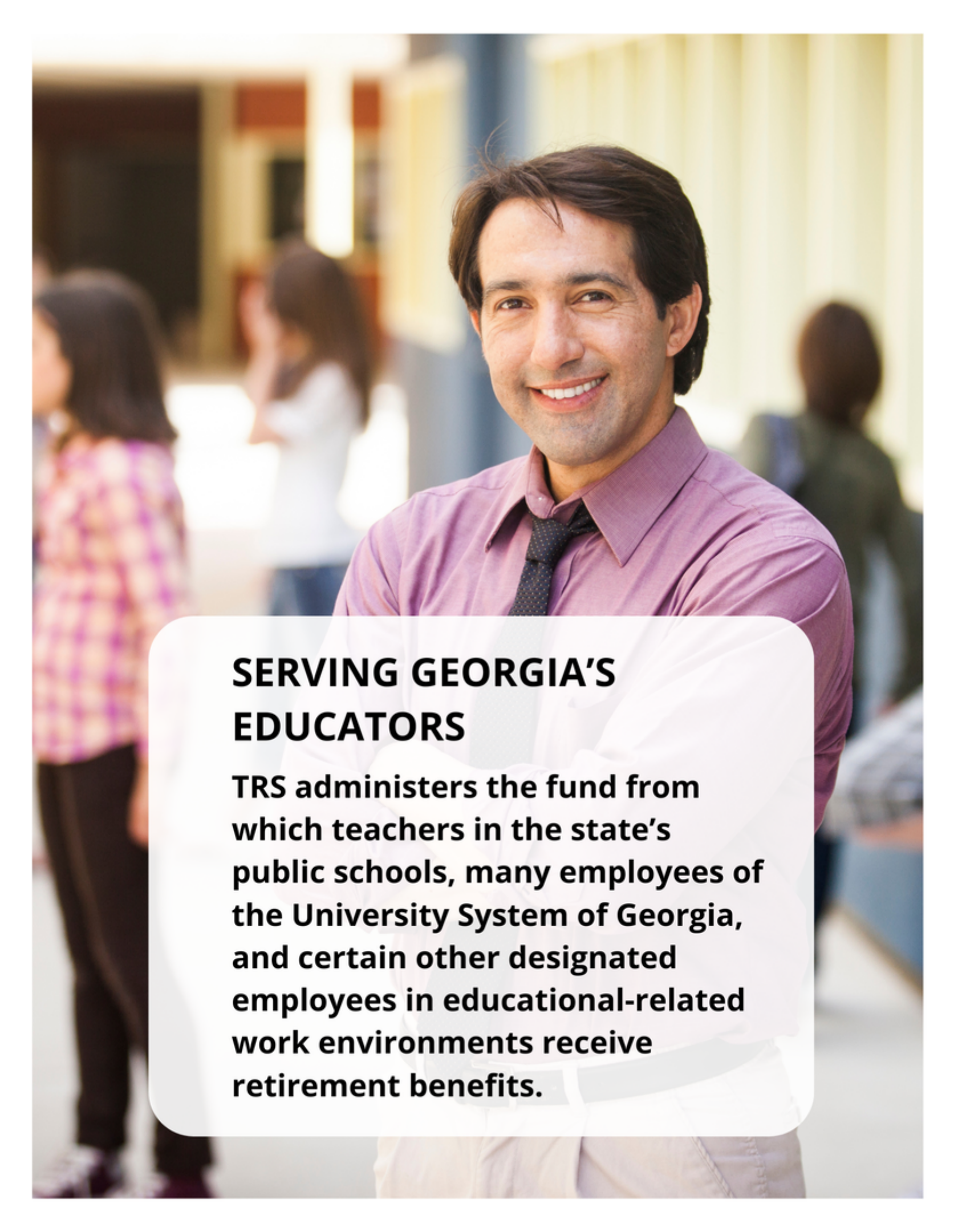
OUR VISION IS TO BE...

**the premier retirement
system providing exceptional
and comprehensive service.**

A photograph of three business professionals in an office setting. A woman with curly brown hair, wearing a white button-down shirt, is leaning over a desk and smiling. To her left, a man with a beard, wearing a light blue shirt, is also smiling. To her right, an older woman with short grey hair, wearing a dark blue top, is smiling. They are all looking at a laptop screen. The background is a bright, out-of-focus office environment.

OUR CORE VALUES ARE...

**to act with integrity and honesty,
serve our internal and external
customers with excellence, and
demonstrate commitment to
continuous improvement.**



SERVING GEORGIA'S EDUCATORS

TRS administers the fund from which teachers in the state's public schools, many employees of the University System of Georgia, and certain other designated employees in educational-related work environments receive retirement benefits.



Teachers
Retirement
System of
Georgia

**A COMPONENT UNIT
OF THE STATE OF GEORGIA**



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