Legislative Retirement System of North Carolina

Principal Results of Actuarial Valuation as of December 31, 2025

Michael A. Ribble, FSA, EA, MAAA, FCA
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November 5, 2026, Board of Trustees Meeting



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Valuation results

Net actuarial gain or loss

Actuarial Value of Assets	Actuarial Accrued Liability	Net Actuarial Gain or Loss	Funded Ratio	Employer Contributions

The table below provides a reconciliation of the prior year's unfunded actuarial accrued liability to the current year's unfunded actuarial accrued liability.

(in millions)		
Unfunded actuarial accrued liability (UAAL) as of 12/31/2024	$	(0.5)
Normal cost and administrative expense during 2025		0.8
Reduction due to actual contributions during 2025		(0.9)
Interest on UAAL, normal cost, and contributions		0.0
Asset (gain) / loss		0.4
Actuarial accrued liability (gain) / loss		(0.7)
Impact of assumption changes		(0.9)
Impact of benefit changes		0.1
Unfunded actuarial accrued liability (UAAL) as of 12/31/2025	$	(1.7)

During 2025, the negative UAAL (or, surplus) increased by $1.2 million.

This was primarily due to an actuarial accrued liability gain of $0.7 million and an assumption change gain of $0.9 million, partially offset by an asset loss during the year of $0.4 million.

A detailed summary of the net actuarial gain or loss is provided in Section 4.

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Valuation results (continued)

Employer contributions

Actuarial Value of Assets	Actuarial Accrued Liability	Net Actuarial Gain or Loss	Funded Ratio	Employer Contributions

The table below provides a reconciliation of the actuarially determined employer contribution.

Fiscal year ending June 30, 2027 Preliminary ADEC (estimated based on December 31, 2024 valuation)	17.87%
Impact of Benefit Changes	1.53%
Fiscal year ending June 30, 2027 Final ADEC	19.40%
Change Due to Anticipated Reduction in UAAL	0.00%
Change Due to Demographic (Gain)/Loss	(1.90%)
Change Due to Investment (Gain)/Loss	1.26%
Change Due to Contribution Experience	(0.19%)
Impact of Assumption and Method Changes	0.03%
Reversal of one-time Legislative Cost	(1.53%)
Impact of Benefit Changes	0.00%
Impact of Direct Rate Smoothing	(0.02%)
Fiscal year ending June 30, 2028 Preliminary ADEC (estimated based on December 31, 2025 valuation)	17.05%

The change in the ADEC due to investment losses is based on the actuarial value of assets return of 5.30%, which was less than the 6.50% assumed return.

The FY 2027 rate reflects the legislated one-time pension supplement of 2.5% payable in October 2026.

A detailed summary of the actuarially determined employer contribution rates is provided in Section 5.

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Key takeaways

- The actuarial valuation is performed each year to replace the estimates the actuary assumed for the prior valuation with the actual events that happened. This past year, as expected, some of the assumptions used in the prior valuation were not realized. Key results of the December 31, 2025 valuation were:
  - Market value returns of 12.73% during calendar year 2025 compared to 6.50% assumed
  - Liabilities $0.7 million lower than anticipated as of December 31, 2025, primarily from lower-than-expected salary increases for continuing active members and inactive member mortality experience
  - Liabilities decreased by $0.9 million as a result of assumption changes from the experience study prepared as of December 31, 2024, and adopted by the Board of Trustees on January 29, 2026. The impact of assumption and method changes on the employer contribution rate is smoothed over a 5-year period beginning with the December 31, 2025 valuation.
- When compared to the December 31, 2024 actuarial valuation, the above resulted in:
  - Higher funded ratio (105.9% in the December 31, 2025 valuation compared to 101.8% in the December 31, 2024 valuation)
  - Lower actuarially determined employer contribution rate prior to reflecting the impact of benefit changes (17.05% for fiscal year ending June 30, 2028 compared to the contribution rate of 17.87% for fiscal year ending June 30, 2027)

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Key takeaways (continued)

- LRS is well funded compared to its peers. This is due to:
  - Stakeholders working together to keep LRS well-funded since inception
  - A history of appropriating and contributing the recommended contribution requirements
  - Assumptions that in aggregate are more conservative than peers
  - A surplus policy that only reduces normal cost contributions when funded status reaches 110%
  - An ad hoc cost-of-living adjustment that supports the health of the system
  - Modest changes in benefits when compared to peers
- Continued focus on these measures will be needed to maintain the solid status of LRS well into the future.

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Certification

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: fund experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Such changes in law may include additional costs resulting from future legislated benefit improvements or cost-of-living pension increases or supplements, which are not anticipated in the actuarial valuation. Because of limited scope, Gallagher performed no analysis of the potential range of such future differences, except for some limited analysis in financial projections or required disclosure information.

The purpose of this presentation is to provide a summary of the actuarial valuation results to the Board at the November 5, 2026 meeting attended by the actuaries. Use of this report for any other purposes may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of this presentation for that purpose. This presentation should not be provided without a copy of the full valuation report. Because of the risk of misinterpretation of actuarial results, you should ask Gallagher Benefit Services, Inc. (hereinafter “Gallagher”) to review any statement you wish to make on the results contained in this presentation. Gallagher will not accept any liability for any such statement made without prior review.

This presentation is considered part of the annual actuarial valuation report. Please see the report for full description of data, actuarial assumptions and methods, plan provisions, and other applicable disclosures.

We meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions about it.

Michael A. Ribble, FSA, EA, MAAA, FCA

Elizabeth A. Wiley Hoalt, FSA, EA, MAAA, FCA

Appendix

Supplemental information

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Valuation input

Membership data

The table below provides a summary of the membership data used in this valuation compared to the prior valuation.

Number as of	12/31/2025	12/31/2024
Active members	170	170
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	55	53
Terminated non-vested members and survivors of deceased members entitled to benefits but not yet receiving benefits	68	59
Retired members and survivors of deceased members currently receiving benefits	282	291
Total	575	573
Active reported compensation	$ 3,577,666	$ 3,513,917
Active valuation compensation	$ 3,727,329	$ 3,739,035
Annual retirement allowances	$ 2,251,031	$ 2,323,815

The number of retired members and survivors of deceased members currently receiving benefits decreased by 3.1% from the previous valuation date.

Reported compensation for active members increased by 1.8% from the prior year. Covered payroll was expected to increase annually by 3.25%. Lower payroll results in lower benefits accruing than we anticipate, but also fewer contributions supporting the system.

A detailed summary of the membership data used in this valuation is provided in Section 2 and Appendix A.

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Valuation input (continued)

Market value

The table below provides details of the Market Value of Assets for the current and prior year's valuations.

Asset data as of	12/31/2025	12/31/2024
Beginning of year market value of assets	$ 29,589,250	$ 29,135,614
Employer contributions	631,332	771,127
Employee contributions	253,274	253,151
Benefit payments other than refunds	(2,351,292)	(2,367,293)
Refunds	(385,946)	(277,204)
Administrative expenses	(25,421)	(18,802)
Investment income	3,647,666	2,092,657
Net increase / (decrease)	1,769,613	453,636
End of year market value of assets	$ 31,358,863	$ 29,589,250
Estimated net investment return on market value (annualized)	12.73%	7.39%

LRS assets are held in trust and are invested for the exclusive benefit of plan members.

Over the long term, benefit payments and administrative expenses not covered by contributions are expected to be covered with investment income, illustrating the benefits of following actuarial pre-funding since inception.

A detailed summary of the market value of assets is provided in Section 3.

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Legislative Retirement System of North Carolina

Report on the Actuarial Valuation
Prepared as of December 31, 2025

October 2026



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October 27, 2026

Board of Trustees
Legislative Retirement System
of North Carolina
3200 Atlantic Avenue
Raleigh, NC 27604

Members of the Board:

We submit herewith our report on the actuarial valuation of the Legislative Retirement System of North Carolina (referred to as "LRS") prepared as of December 31, 2025.

The primary purpose of the valuation report is to determine the required member and employer contribution rates, to describe the current financial condition of LRS, and to analyze changes in such condition. Use of this report for any other purposes or by anyone other than North Carolina Retirement Systems Division (RSD) or Department of State Treasurer staff may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. The attached pages should not be provided without a copy of this cover letter. Because of the risk of misinterpretation of actuarial results, you should ask Gallagher to review any statement you wish to make on the results contained in this report. Gallagher will not accept any liability for any such statement made without prior review.

The valuation is based upon membership data and financial information as furnished by RSD and the Financial Operations Division and as summarized in this report. Although we reviewed for reasonableness and consistency with the prior valuation, these elements have not been audited by Gallagher and we cannot certify as to the accuracy and completeness of the data supplied. The valuation is also based on benefit and contribution provisions as presented in this report. If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, or that conditions have changed since the calculations were made, you should contact the authors of this actuarial report prior to relying on this information.

The valuation is further based on the actuarial valuation assumptions, approved by the Board of Trustees, as presented in this report. We believe that these assumptions are reasonable and comply with Actuarial Standard of Practice ("ASOP") 27. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias. We have prepared this valuation in accordance with the requirements of this standard and in accordance with all applicable ASOPs.

The assumptions used for the December 31, 2025 actuarial valuation are based on the experience study prepared as of December 31, 2024, and adopted by the Board of Trustees on January 29, 2026. All assumptions are discussed annually with the appropriate parties, and actuarial gain/loss experience is reviewed during each valuation, to see if any changes are needed. The economic assumptions with respect to investment yield, salary increase, and inflation have been based upon a review of the existing portfolio structure as well as recent and anticipated experience. All assumptions represent an estimate of future experience.

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ASOP 27 asks the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement. In the case of the Board's selection of the investment return assumption, the signing actuaries have used economic information and tools provided by Gallagher's Financial Risk Management ("FRM") practice. A spreadsheet tool created by the FRM team converts averages, standard deviations, and correlations from Gallagher's Capital Markets Assumptions ("CMA") that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. It is intended to suggest possible reasonable ranges for the investment return assumption without attempting to predict or select a specific best estimate rate of return. It takes into account the duration (horizon) of investment and the target allocation of assets in the portfolio to various asset classes. Based on the actuaries' analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the spreadsheet described above and review of actuarial gain/loss experience, the actuaries believe the assumptions, in the actuaries' professional judgment, are reasonable for the purpose of the measurement.

Where presented, references to "funded ratio" and "unfunded actuarial accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded actuarial accrued liabilities. Moreover, the funded ratio presented may be appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e., purchase annuities) for a portion or all of its liabilities. In various places in the report the results also show funded ratios and unfunded liabilities based upon varying sets of assumptions as well as market values of assets as that is required for certain disclosure information required per accounting rules or statutes. Where this has been done it has been clearly indicated.

Actuarial Standard of Practice No. 56 ("ASOP 56") provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the spreadsheet model discussed above, Gallagher uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the Plan using data and assumptions as of the measurement date under the accounting rules specified in this report. The output from the third-party vendor software is used as input to an internally developed model that applies applicable accounting rules to the liabilities derived and other inputs, such as Plan assets and contributions, to generate many of the exhibits found in this report. Gallagher has an extensive review process whereby the results of the liability calculations are checked using detailed sample output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other accounting outputs and the internal model are similarly reviewed in detail and at a high level for accuracy, reasonability, and consistency with prior results. Gallagher also reviews the third-party model when significant changes are made to the software. The review is performed by experts within the company who are familiar with applicable accounting rules as well as the manner in which the model generates its output. If significant changes are made to the internal model, extra checking and review are completed. Significant changes to the internal model that are applicable to multiple clients are generally developed, checked, and reviewed by multiple experts within the company who are familiar with the details of the required changes.

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Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: fund experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Such changes in law may include additional costs resulting from future legislated benefit improvements or cost-of-living pension increases or supplements, which are not anticipated in the actuarial valuation. Because of limited scope, Gallagher performed no analysis of the potential range of such future differences, except for some limited analysis in financial projections or required disclosure information.

This report was prepared under our supervision and in accordance with all applicable Actuarial Standards of Practice. We are Fellows of the Society of Actuaries, Enrolled Actuaries, Members of the American Academy of Actuaries, and Fellows of the Conference of Consulting Actuaries. We meet the Qualification Standards of the American Academy of Actuaries for Actuaries Issuing Statements of Actuarial Opinion in the United States to render the actuarial opinions contained herein. We are available to discuss this report with you at your convenience.

Respectfully submitted,

Gallagher Benefit Services, Inc. (“Gallagher”)

Michael A. Ribble, FSA, EA, MAAA, FCA
Senior Vice President, Public Sector Retirement

Elizabeth A. Wiley Hoalt, FSA, EA, MAAA, FCA
Vice President, Public Sector Retirement

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Executive Summary

Overview

The North Carolina Retirement Systems Division (RSD) was established in 1941 to provide retirement benefits for public servants in the State of North Carolina. Today, under the management of the Department of State Treasurer, RSD administers seven public pension plans (defined benefit plans), three supplemental retirement plans (voluntary defined contributions plans), a health trust fund, a disability income plan, death benefit funds and a number of other benefit programs. As of December 31, 2025, the RSD defined benefit plans cover over one million current and prior public servants of the state of North Carolina. During the fiscal year ending June 30, 2026, RSD paid over $8.2 billion in pensions to more than 380,000 retirees and as of June 30, 2026, RSD's defined benefit plan assets were valued at over $147 billion.

Under the supplemental retirement plans, the amount of contributions in any given year is defined by law. The amount of benefits derived is dependent on the investment returns the individual achieves. Conversely, under the pension plans, the amount of the benefit paid to a member upon retirement, termination, death or disability is defined by law. The amount of contributions needed to fund these benefits cannot be known with certainty. In North Carolina, like other states, these contributions are paid during a public servant's career so that upon retirement, termination, death, or disability, there are funds available to pay these benefits. These amounts are determined through an actuarial valuation. Actuarial valuations are performed for each of the pension plans administered by RSD and the results are contained in actuarial valuation reports like this.

The Legislative Retirement System ("LRS") provides benefits to all members of the General Assembly. LRS has over $31 million in assets and 575 members as of December 31, 2025. This actuarial valuation report is our annual analysis of the financial health of LRS. This report, prepared as of December 31, 2025, presents the results of the actuarial valuation of the Retirement System.

Purpose

An actuarial valuation is performed on LRS annually as of the end of the calendar year. The actuary determines the amount of contributions to be made to LRS during each member's career that, when combined with investment return, will be sufficient to pay for retirement benefits.

In addition, the annual actuarial valuation is performed to:

- Determine the progress on funding LRS,
- Explore why the results of the current valuation differ from the results of the valuation of the previous year, and
- Satisfy regulatory and accounting requirements.

A detailed summary of the valuation process and a glossary of actuarial terms are provided in the supplementary document, "State of North Carolina Retirement Systems Actuarial Valuation Report Process and Actuarial Terms Glossary" dated October 2026.

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Executive Summary (continued)

Actuarial Comments and Other Observations

Membership

As with any estimate, the actuary collects information that we know now. Under the actuarial valuation process, current information about LRS members is collected annually by the RSD staff at the direction of the actuary. Membership data will assist the actuary in estimating benefits that could be paid in the future. Information about benefit provisions and assets held in the trust as of the valuation date is also collected.

The member information the actuary collects includes data elements such as current service, salary and benefit group identifier for members that have not separated service, and actual benefit amounts and form of payment for members that have separated service. Data elements such as gender and date of birth are used to determine when a benefit might be paid and for how long.

The table below provides a summary of the membership data used in this valuation compared to the prior valuation.

Number as of	12/31/2025	12/31/2024
Active members	170	170
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	55	53
Terminated non-vested members and survivors of deceased members entitled to a refund of contributions	68	59
Retired members and survivors of deceased members currently receiving benefits	282	291
Total	575	573
Active Reported Compensation	3,577,666	3,513,917
Active Valuation Compensation	3,727,329	3,739,035
Annual Retirement Allowances	2,251,031	2,323,815

The number of retired members and survivors of deceased members currently receiving benefits decreased by 3.1% from the previous valuation date.

Reported compensation for active members increased by 1.8% from the prior year. Covered payroll was expected to increase by 3.25%. Lower payroll results in lower benefits accruing than we anticipate, but also fewer contributions supporting the system.

A detailed summary of membership data can be found in Section 2 of this report.

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Executive Summary (continued)

Assets

LRS assets are held in trust and are invested for the exclusive benefit of plan members. The Market Value of Assets is $31.4 million as of December 31, 2025, and was $29.6 million as of December 31, 2024. The estimated net investment return for the market value of assets for calendar year 2025 was 12.73%.

Market value returns during 2025 were greater than the 6.50% assumed rate of return, resulting in lower required contributions and a higher funded ratio than anticipated.

The actuarial value of assets smooths investment gains and losses. The actuarial value of assets is $30.5 million as of December 31, 2025 and $30.8 million as of December 31, 2024. The market value of assets is higher than the actuarial value of assets, which is used to determine employer contributions. This indicates that overall, there are unrecognized asset gains to be recognized in future valuations.

The lower-than-expected market return in 2022, partially offset by higher-than-expected market returns in 2021, 2023, 2024, and 2025, resulted in an actuarial value of asset return for calendar year 2025 of 5.30% and a recognized actuarial asset loss of $0.4 million during 2025. The assets at actuarial value were $1.7 million greater than the actuarial accrued liability as of December 31, 2025.

Based on historical market returns, the current asset allocation, the current investment policy, and the expectation of future asset returns, as reviewed in the last experience study, the 6.50% discount rate used in this valuation is reasonable and appropriate.

A detailed summary of asset information is provided in Section 3 of this report.

Benefit Provisions

This valuation reflects the provisions of S.L. 2026-41, which became law on July 7, 2026. In particular, the valuation reflects the one-time supplement for LRS payees in pay status as of September 1, 2026 that is equal to 2.5% of their annual allowance and payable as a lump sum in October 2026. The one-time supplements do not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years. There have been no other significant changes in benefit provisions from the previous valuation.

Many public sector retirement systems in the United States have undergone pension reform where the benefits of members (active or future members) have been reduced. Because of the well-funded status of LRS due to the legislature contributing the actuarially determined employer contribution when such contribution is required, benefit cuts have not been made in North Carolina as they have been in most other states. However, if North Carolina's investment policy shifts substantively, or if the system incurs other unfavorable investment, economic, or demographic experience, the system should review likely impacts of the shift and consider corresponding changes to actuarial assumptions, funding policy and/or benefit levels.

A detailed summary of the benefit provisions is provided in Appendix B of this report.

Actuarial Assumptions

Actuarial assumptions bridge the gap between the information that we know with certainty as of the valuation date (age, gender, service, pay, and benefits of the members) and what may happen in the future. The actuarial assumptions of LRS are reviewed at least every five years. Based on this review, the actuary will make recommendations on the demographic and economic assumptions.

Demographic assumptions describe future events that relate to people such as retirement rates, termination rates, disability rates, and mortality rates. Economic assumptions describe future events that relate to the assets such as the interest rate, salary increases, the real return and payroll growth.

The assumptions used for the December 31, 2025 actuarial valuation are based on the experience study prepared as of December 31, 2024 and adopted by the Board of Trustees on January 29, 2026.

A detailed summary of actuarial assumptions, including a description of the material assumptions that were changed since the previous valuation, is provided in Appendix C of this report.

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Executive Summary (continued)

Funding Methodology

The contribution allocation procedure for LRS, or the procedure used to calculate the actuarially determined employer contribution (ADEC), was reviewed and adopted by the Board of Trustees on January 29, 2026, following the experience study prepared as of December 31, 2024. This procedure includes amortization of actuarial experience gains and losses over 15-year periods. The procedure also includes a policy regarding treatment of surplus assets. In particular, if the funded status exceeds 100% on an actuarial value of assets (AVA) basis, but is less than 110%, all prior amortization bases are considered fully amortized and no amortization contribution is due. If the funded status exceeds 110% on an AVA basis, a surplus credit is offset against the normal cost rate and is based on a 30-year, level dollar, rolling amortization of the portion of the AVA in excess of 110% of the actuarial accrued liability.

A detailed summary of the actuarial methods is provided in Appendix C of this report.

Liabilities

The Actuarial Accrued Liability (AAL) decreased from $30.2 million to $28.8 million during 2025. The AAL was $0.7 million less than expected.

A detailed summary of the actuarial accrued liability can be found in Section 4 of this report.

Funded Ratio

The funded ratio is a measure of the progress that has been made in funding the plan as of the valuation date. It is the ratio of how much money LRS actually has in the fund to the amount LRS should have in the fund.

The ratio of assets to liabilities shows the health of the plan on an accrued basis. The funded ratio on an actuarial basis increased from 101.8% as of December 31, 2024 to 105.9% at December 31, 2025.

Unfunded Actuarial Accrued Liability

The unfunded actuarial accrued liability (UAAL) is the portion of actuarial accrued liability that is not covered by the assets of the Retirement System. The actuarial value of assets basis is used for computing contributions to alleviate contribution volatility. The difference in the actuarial accrued liability and the actuarial value of assets, if positive, is the amount of unfunded actuarial accrued liability to be paid off over a 15-year period.

The UAAL decreased from $(0.5) million as of December 31, 2024 to $(1.7) million as of December 31, 2025. A detailed reconciliation of the UAAL can be found in Section 4 of this report.

Contributions

G.S. 120-4.20 provides that the contributions of employers shall consist of a normal contribution and an accrued liability contribution.

The December 31, 2024 valuation suggested that the preliminary total employer contribution rate be set at 19.40% of payroll for the fiscal year ending June 30, 2027, including the impact of legislative changes effective during the fiscal year. As a result of this December 31, 2025 valuation, the preliminary actuarially determined employer contribution rate is 17.05% of payroll for the fiscal year ending June 30, 2028, subject to the impact of any future legislative changes effective during that fiscal year.

A detailed summary of the actuarially determined employer contribution rates is provided in Section 5 of this report.

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Executive Summary (continued)

Risk

Measuring pension obligations and actuarially determined contributions requires the use of assumptions regarding future economic and demographic experience. Whenever assumptions are made about future events, there is risk that actual experience will differ from expected. Actuarial valuations include the risk that actual future measurements will deviate from expected future measurements due to actual experience that is different than the actuarial assumptions. The primary areas of risk in this actuarial valuation are:

- Investment Risk – the potential that investment returns will be different than expected.
- Longevity and Other Demographic Risks – the potential that mortality or other demographic experience will be different than expected.
- Interest Rate Risk – To the extent market rates of interest affect the expected return on assets, there is a risk of change to the discount rate which determines the present value of liabilities and actuarial valuation results.
- Contribution Risk – The potential that actual contributions are different than the actuarially determined contributions.

Annual actuarial valuations are performed for RSD which re-measure the assets and liabilities and compute a new actuarially determined contribution. RSD also has experience studies performed every five years to analyze the discrepancies between actuarial assumptions and actual experience and determine if the actuarial assumptions need to be changed. Annual actuarial valuations and periodic experience studies are practical ways to monitor and reassess risk.

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Executive Summary (continued)

Key Takeaways

The actuarial valuation is performed each year to replace the estimates the actuary assumed for the prior valuation with the actual events that happened. This past year, as expected, some of the assumptions used in the prior valuation were not realized. Key results of the December 31, 2025 valuation as compared to the December 31, 2024 valuation were:

- Market value returns of 12.73% during calendar year 2025 compared to 6.50% assumed
- Liabilities $0.7 million lower than anticipated as of December 31, 2025, primarily from lower-than-expected salary increases for continuing active members and inactive member mortality experience
- Liabilities decreased by $0.9 million as a result of assumption changes from the experience study prepared as of December 31, 2024, and adopted by the Board of Trustees on January 29, 2026. The impact of assumption and method changes on the employer contribution rate is smoothed over a 5-year period beginning with the December 31, 2025 valuation.

When compared to the December 31, 2024 actuarial valuation, the above resulted in:

- Higher funded ratio (105.9% in the December 31, 2025 valuation compared to 101.8% in the December 31, 2024 valuation)
- Lower actuarially determined employer contribution rate prior to reflecting the impact of benefit changes (17.05% for fiscal year ending June 30, 2028 compared to the contribution rate of 17.87% for fiscal year ending June 30, 2027)

LRS is well funded compared to its peers. This is due to:

- Stakeholders working together to keep LRS well-funded since inception
- A history of appropriating and contributing the recommended contribution requirements
- Assumptions that in aggregate are more conservative than peers
- A surplus policy that only reduces normal cost contributions when funded status reaches 110%
- An ad hoc cost-of-living adjustment that supports the health of the system
- Modest changes in benefits when compared to peers

Continued focus on these measures will be needed to maintain the solid status of LRS well into the future.

This report, prepared as of December 31, 2025, presents the results of the annual valuation of the system. The principal results of the valuation and a comparison with the preceding year's results are summarized in the following table.

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Section 1: Principal Results

This report, prepared as of December 31, 2025, presents the results of the actuarial valuation of the system. The principal results of the valuation and a comparison with the preceding year's results are summarized below.

Table 1: Summary of Principal Results

Valuation results as of	12/31/2025	12/31/2024
Active Members		
Number	170	170
Reported Compensation	$ 3,577,666	$ 3,513,917
Valuation Compensation*	$ 3,727,329	$ 3,739,035
Retired Members and Survivors of Deceased Members Currently Receiving Benefits		
Number	282	291
Annual Allowances	$ 2,251,031	$ 2,323,815
Assets		
Actuarial Value (AVA)	$ 30,465,021	$ 30,763,448
Market Value	$ 31,358,863	$ 29,589,250
Actuarial Accrued Liability (AAL)	$ 28,757,563	$ 30,216,056
Unfunded Actuarial Accrued Liability (AAL-AVA)	$ (1,707,458)	$ (547,392)
Funded Ratio (AVA/AAL)**	105.9%	101.8%

Results for Fiscal Year Ending	6/30/2028	6/30/2027
Actuarially Determined Employer Contribution (ADEC) of employer, as a percentage of payroll		
Normal Cost	17.07%	17.43%
Accrued Liability	0.00%	0.44%
Total Preliminary ADEC	17.07%	17.87%
Total with Direct Rate Smoothing	17.05%	17.87%
Impact of Benefit Changes***	Not Final	1.53%
Final ADEC	Not Final	19.40%

Appropriations Act for Fiscal Year Ending	6/30/2028	6/30/2027****
Employer Contribution Rate as a percentage of payroll		
Normal Cost	17.07%	17.43%
Accrued Liability	N/A	1.97%
Total	N/A	19.40%

* Reported compensation annualized for new hires and projected for valuation purposes

** The Funded Ratio on a Market Value of Assets basis is 109.0% as of December 31, 2025

*** FY 2027 rate reflects the legislated one-time pension supplement of 2.5% payable in October 2026

**** Session Law 2026-41, enacted in 2026, established an employer contribution rate of 19.40% for the fiscal year ending June 30, 2027

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Section 2: Membership Data

RSD provided membership data as of the valuation date for each member of LRS. The membership data assists the actuary in estimating benefits that could be paid in the future. The tables below provide a summary of the membership data used in this valuation. Detailed tabulations of data are provided in Appendix A.

Table 2: Summary of Membership Data

Number as of	12/31/2025	12/31/2024
Active members	170	170
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	55	53
Terminated non-vested members and survivors of deceased members entitled to a refund of contributions	68	59
Retired members and survivors of deceased members currently receiving benefits	282	291
Total	575	573
Active Reported Compensation	3,577,666	3,513,917
Active Valuation Compensation	3,727,329	3,739,035
Annual Retirement Allowances	2,251,031	2,323,815

Table 3: Active Member Data

	Member Count	Average Age	Average Service	Reported Compensation
Male	118	57.33	7.72	$ 2,517,220
Female	52	57.38	6.68	1,060,446
Total	170	57.35	7.40	$ 3,577,666

Table 4: Vested Terminated Member Data

	Member Count	Average Age	Average Service	Deferred Retirement Allowance
Male	46	56.26	9.09	$ 366,789
Female	9	56.11	6.07	45,517
Total	55	56.24	8.60	$ 412,306

The table above includes terminated members entitled to retirement benefits but not yet receiving benefits.

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Section 2: Membership Data (continued)

Table 5: Non-Vested Terminated Member Data

	Member Count	Average Age	Average Service	Accumulated Contributions
Male	58	57.03	2.59	$ 336,601
Female	10	58.20	2.20	42,841
Total	68	57.20	2.53	$ 379,442

The table above includes non-vested terminated members who have not received a refund of contributions.

Table 6: Data for Members Currently Receiving Benefits

	Member Count	Average Age	Annual Retirement Allowances
Retired Members (Healthy at Retirement)			
Male	165	79.41	$ 1,369,219
Female	56	78.25	442,645
Total	221	79.12	$ 1,811,864
Survivors of Deceased Members			
Male	2	68.50	$ 23,964
Female	59	79.20	415,203
Total	61	78.85	$ 439,167
Grand Total	282	79.06	$ 2,251,031

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Section 3: Asset Data

Assets are held in trust and are invested for the exclusive benefit of LRS members. The tables below provide the details of the Market Value of Assets for the current and prior year's valuations.

Table 7: Market Value of Assets

Asset Data as of	12/31/2025	12/31/2024
Beginning of Year Market Value of Assets	$ 29,589,250	$ 29,135,614
Employer Contributions	631,332	771,127
Employee Contributions	253,274	253,151
Benefit Payments Other than Refunds	(2,351,292)	(2,367,293)
Refunds	(385,946)	(277,204)
Administrative Expense	(25,421)	(18,802)
Investment Income	3,647,666	2,092,657
Net Increase/(Decrease)	1,769,613	453,636
End of Year Market Value of Assets	$ 31,358,863	$ 29,589,250
Estimated Net Investment Return on Market Value	12.73%	7.39%

Table 8: Allocation of Investments by Category of the Market Value of Assets

Asset Data as of	12/31/2025	12/31/2024
Allocation by Dollar Amount		
Public Equity	$ 13,150,409	$ 11,977,519
Fixed Income (LTIF)	7,827,337	7,051,454
Cash and Receivables	1,983,150	3,039,560
Other*	8,397,967	7,520,717
Total Market Value of Assets	$ 31,358,863	$ 29,589,250
Allocation by Percentage of Asset Value		
Public Equity	41.9%	40.5%
Fixed Income (LTIF)	25.0%	23.8%
Cash and Receivables	6.3%	10.3%
Other*	26.8%	25.4%
Total Market Value of Assets	100.0%	100.0%

* Real Estate, Alternatives, Inflation and Credit

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Section 3: Asset Data (continued)

In order to reduce the volatility that investment gains and losses can have on the required contributions and funded status of LRS, the Board adopted an asset valuation method to determine the Actuarial Value of Assets used for funding purposes. The table below provides the calculation of the Actuarial Value of Assets at the valuation date.

Table 9: Actuarial Value of Assets

Asset Data as of	12/31/2025
Beginning of Year Market Value of Assets	$ 29,589,250
Contributions	884,606
Benefit Payments, Refunds and Administrative Expenses	(2,762,659)
Net Cash Flow	(1,878,053)
Expected Investment Return	1,863,225
Expected End of Year Market Value of Assets	29,574,422
End of Year Market Value of Assets	31,358,863
Excess of Market Value over Expected Market Value of Assets	1,784,441
80% of 2025 Asset Gain/(Loss)	1,427,553
60% of 2024 Asset Gain/(Loss)	150,763
40% of 2023 Asset Gain/(Loss)	375,479
20% of 2022 Asset Gain/(Loss)	(1,059,953)
Total Deferred Asset Gain/(Loss)	893,842
Preliminary End of Year Actuarial Value of Assets	30,465,021
Final End of Year Actuarial Value of Assets (not less than 80% and not greater than 120% of Market Value)	30,465,021
Estimated Net Investment Return on Actuarial Value	5.30%

Commentary: The actuarial value of assets smooths investment gains/losses, resulting in less volatility in the employer contribution. The asset valuation method recognizes asset returns in excess of or less than the expected return on the market value of assets over a five-year period.

Continued recognition of the 2022 asset loss resulted in a lower-than-expected return on the actuarial value of assets for calendar year 2025 of 5.30% and a recognized actuarial asset loss of $0.4 million during 2025. The assets at actuarial value were $1.7 million greater than the actuarial accrued liability as of December 31, 2025.

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Section 4: Liability Results

Using the provided membership data, benefit provisions, and actuarial assumptions, the future benefit payments of LRS are estimated. These projected future benefit payments are discounted into today's dollars using the assumed rate of investment return assumption to determine the Present Value of Future Benefits. The Present Value of Future Benefits is allocated to past, current, and future service, respectively known as the actuarial accrued liability, normal cost, and present value of future normal costs. The table below provides these liability numbers for the current and prior year's valuations.

Table 10: Liability Summary

Valuation Results as of	12/31/2025	12/31/2024
(a) Present Value of Future Benefits		
(1) Active Members	$ 11,883,402	$ 12,069,131
(2) Terminated Members	3,270,432	3,152,229
(3) Members Currently Receiving Benefits	18,111,569	19,497,296
(4) Total	$ 33,265,403	$ 34,718,656
(b) Present Value of Future Normal Costs	$ 4,507,840	$ 4,502,600
(c) Actuarial Accrued Liability: (a4) - (b)	$ 28,757,563	$ 30,216,056
(d) Actuarial Value of Assets	$ 30,465,021	$ 30,763,448
(e) Unfunded Actuarial Accrued Liability: (c) - (d)	$ (1,707,458)	$ (547,392)

The table below provides a reconciliation of the prior year's unfunded actuarial accrued liability to the current year's unfunded actuarial accrued liability.

Table 11: Reconciliation of Unfunded Actuarial Accrued Liability (in millions)

(in millions)	
Unfunded Actuarial Accrued Liability (UAAL) as of 12/31/2024	$ (0.5)
Normal Cost and Administrative Expense during 2025	0.8
Reduction due to Actual Contributions during 2025	(0.9)
Interest on UAAL, Normal Cost, and Contributions	0.0
Asset (Gain)/Loss	0.4
Actuarial Accrued Liability (Gain)/Loss	(0.7)
Impact of Assumption Changes	(0.9)
Impact of Benefit Changes	0.1
Unfunded Actuarial Accrued Liability (UAAL) as of 12/31/2025	$ (1.7)

Commentary: During 2025, the negative UAAL (or, surplus) was expected to increase less than it did. This was primarily due to an actuarial accrued liability gain of $0.7 million and an assumption change gain of $0.9 million, partially offset by an asset loss during the year of $0.4 million.

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Section 5: Actuarially Determined Employer Contribution

The Actuarially Determined Employer Contribution (ADEC) as a percent of payroll consists of a normal cost rate and an accrued liability rate. The normal cost rate is the employer's portion of the cost of benefits accruing during the year after reducing for the member contribution. The accrued liability rate, in case there is an unfunded actuarial accrued liability, is the payment toward the unfunded actuarial accrued liability in order to pay off the unfunded actuarial accrued liability over 15 years. If the funded status exceeds 100% on an actuarial value of assets (AVA) basis, but is less than 110%, all prior amortization bases are considered fully amortized and no amortization contribution is due. If the funded status of the plan exceeds 110% on an AVA basis, prior amortization bases are eliminated and a credit is applied to the actuarially determined employer contribution equal to a 30-year, level dollar, rolling amortization of the portion of the AVA in excess of 110% of the actuarial accrued liability.

The table below provides the calculation of the ADEC for the current and prior years' valuations.

The ADEC is compliant with the definition of a reasonable actuarially determined contribution under ASOP 4. When determining the smoothing period for the actuarial value of assets and the amortization period for the unfunded actuarial accrued liability, the following items were considered: (i) the balance among benefit security, intergenerational equity, and stability of actuarially determined contributions, (ii) the timing and duration of expected benefit payments, and (iii) the nature and frequency of plan amendments. Plan amendments are amortized over periods appropriate for the nature of the change or are funded at the time of the change based on decisions by the plan sponsor.

Table 12: Calculation of the Actuarially Determined Contribution (ADEC)

Valuation Date	12/31/2025	12/31/2024
ADEC for Fiscal Year Ending	6/30/2028	6/30/2027**
Normal Cost Rate Calculation		
(a) Total Normal Cost Rate	23.57%	23.43%
(b) Employee Contribution Rate	7.00%	7.00%
(c) Expense Assumption	0.50%	1.00%
(d) Employer Normal Cost Rate: (a) - (b) + (c)	17.07%	17.43%
Accrued Liability Rate Calculation		
(e) Unfunded Actuarial Accrued Liability	$ (1,707,458)	$ (547,392)
(f) Total Amortization Payments*	$ -	$ 17,154
(g) Valuation Compensation	$ 3,910,504	$ 3,922,787
(h) Accrued Liability Rate: (f) / (g)	0.00%	0.44%
Preliminary ADEC (d) + (h)	17.07%	17.87%
ADEC (with Direct Rate Smoothing)	17.05%	17.87%
Impact of Benefit Changes***	Not Final	1.53%
Final ADEC	Not Final	19.40%

* See Table 15 for more detail
** Session Law 2026-41, enacted in 2026, established an employer contribution rate of 19.40% for the fiscal year ending June 30, 2027.
*** FY 2027 rate reflects the legislated one-time pension supplement of 2.5% payable in October 2026

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Section 5: Actuarially Determined Employer Contribution (continued)

The table below provides a reconciliation of the actuarially determined employer contribution.

Table 13: Reconciliation of the Change in the ADEC

Fiscal Year ending June 30, 2027 Preliminary ADEC (based on December 31, 2024 Valuation)	17.87%
Impact of Benefit Changes	1.53%
Fiscal Year ending June 30, 2027 Final ADEC	19.40%
Change Due to Anticipated Reduction in UAAL	0.00%
Change Due to Demographic (Gain)/Loss	(1.90%)
Change Due to Investment (Gain)/Loss	1.26%
Change Due to Contribution Experience	(0.19%)
Impact of Assumption and Method Changes	0.03%
Reversal of one-time Legislative Cost	(1.53%)
Impact of Benefit Changes	0.00%
Impact of Direct Rate Smoothing	(0.02%)
Fiscal Year ending June 30, 2028 Preliminary ADEC (based on December 31, 2025 Valuation)	17.05%

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Section 5: Actuarially Determined Employer Contribution (continued)

Amortization methods determine the payment schedule for the unfunded actuarial accrued liability or surplus. Beginning with fiscal year ending in 2028, the Board adopted a policy such that unfunded actuarial accrued liability bases are amortized over a 15-year closed amortization period. At the same time, the Board adopted a surplus policy such that if the funded status exceeds 100% on an actuarial value of assets (AVA) basis, all prior amortization bases are considered fully amortized, and no amortization contribution is due. The tables below provide the calculation of the new amortization base and the amortization schedule for the current year's valuation.

Table 14: Calculation of the New Amortization Base

Calculation as of		12/31/2025
(a) Unfunded Actuarial Accrued Liability	$	(1,707,458)
(b) Prior Years' Outstanding Balances		0
(c) New Amortization Base: (a) - (b)		0
(d) New Amortization Payment		0

Since the plan is over 100% but less than 110% funded on AVA basis, all prior amortization bases are considered fully amortized and no amortization contribution is due.

Table 15: Amortization Schedule for Unfunded Actuarial Accrued Liability

Since the plan is over 100% but less than 110% funded on AVA basis, all prior amortization bases are considered fully amortized and no amortization contribution is due.

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Section 5: Actuarially Determined Employer Contribution (continued)

The following table shows an estimate of the potential cost of two types of benefit improvements if they were enacted based on the results of the December 31, 2025 or December 31, 2024 valuations. The first benefit improvement is a permanent one-time cost-of-living increase and the second is a one-time supplement payment for retirees.

Table 16: Cost of Benefit Enhancements

Calculation as of	12/31/2025	12/31/2024
Increase in UAAL for a 1.00% COLA*	189,974	201,804
Increase in ADEC for a 1.00% COLA*	0.56%	0.68%
Increase in UAAL for a 1.00% Supplement**	23,571	23,772
Increase in ADEC for a 1.00% Supplement**	0.61%	0.61%

* The 1.00% COLA in the December 31, 2025 column would be effective July 1, 2027 and includes expected costs of COLAs paid for retirements before June 30, 2027. The COLA would be paid in full to retired members and survivors of deceased members on the retirement roll on July 1, 2026 and would be prorated for retired members and survivors of deceased members who commence benefits after July 1, 2026 but before June 30, 2027. Note that although the plan is over 100% funded, the increase in the ADEC was calculated assuming the full cost of the COLA would be paid for through increased employer contributions. We are assuming that the cost of the COLA is amortized over a 15-year period as of December 31, 2025, and a 12-year period as of December 31, 2024.

** The 1.00% Supplement in the December 31, 2025 column is based on an assumed payment date of July 1, 2027 and includes expected costs of the 1.00% July 1, 2027 supplements paid for retirements before June 30, 2027. The supplement would be equal to 1.00% of the annual allowances of retirees and other beneficiaries who commence retirement on or before July 1, 2027. Note that although the plan is over 100% funded, the increase in the ADEC was calculated assuming the full cost of the supplement would be paid for through increased employer contributions. We are assuming that the cost of the supplement is amortized over a one-year period.

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Appendix A: Detailed Tabulations of Member Data

Table A-1: The Number and Average Reported Compensation of Active Members Distributed by Age and Service as of December 31, 2025

Age	Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	0	1	0	0	0	0	0	0	0	0	1
	0	20,659	0	0	0	0	0	0	0	0	20,659
25 to 29	0	2	0	0	0	0	0	0	0	0	2
	0	20,659	0	0	0	0	0	0	0	0	20,659
30 to 34	0	4	1	0	0	0	0	0	0	0	5
	0	20,659	20,659	0	0	0	0	0	0	0	20,659
35 to 39	1	6	4	1	0	0	0	0	0	0	12
	14,690	20,659	29,271	20,659	0	0	0	0	0	0	23,032
40 to 44	3	5	5	0	0	0	0	0	0	0	13
	8,680	20,659	20,659	0	0	0	0	0	0	0	17,895
45 to 49	0	9	8	2	1	0	0	0	0	0	20
	0	20,659	21,207	20,659	31,771	0	0	0	0	0	21,434
50 to 54	0	10	6	1	0	0	0	0	0	0	17
	0	20,659	21,389	20,659	0	0	0	0	0	0	20,917
55 to 59	0	8	14	2	1	0	0	0	0	0	25
	0	20,659	20,894	22,850	20,659	0	0	0	0	0	20,966
60 to 64	0	4	13	1	1	0	1	0	0	0	20
	0	20,659	20,659	20,659	20,659	0	31,771	0	0	0	21,215
65 to 69	0	3	5	3	3	1	0	0	0	0	15
	0	20,659	20,659	20,659	20,659	20,659	0	0	0	0	20,659
70 & Up	0	2	13	10	11	2	1	0	1	0	40
	0	20,659	20,659	20,659	20,659	20,659	55,107	0	20,659	0	21,520
Total	4	54	69	20	17	3	2	0	1	0	170
	10,183	20,659	21,333	20,878	21,313	20,659	43,439	0	20,659	0	21,045

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Appendix A: Detailed Tabulations of Member Data (continued)

Table A-2: Number and Reported Compensation of Active Members Distributed by Age as of December 31, 2025

	Men		Women	
Age	Number	Compensation	Number	Compensation
23	1	$ 20,659		
27	1	20,659		
29	1	20,659		
31	2	41,318		
34	3	61,977		
35	2	41,318	1	$ 20,659
36			1	20,659
37			1	20,659
38	4	111,115		
39	3	61,977		
40	2	41,318	1	20,659
41	1	20,659	1	20,659
42	2	39,766		
43			2	23,116
44	2	25,133	2	41,318
45	2	41,318	1	20,659
46	3	61,977	2	45,699
47	4	82,636	2	41,318
48	2	41,318	2	41,318
49	2	52,430		
50			3	61,977
51	4	87,017	1	20,659
52	3	61,977	1	20,659
53	2	41,318		
54	1	20,659	2	41,318
55	3	66,358		
56	3	61,977	1	20,659
57	6	127,236	1	20,658
58	3	61,977	3	61,977
59	3	61,977	2	41,318
60	1	31,771		
61	5	103,295	2	41,318
62	1	20,659		
63	3	61,977	3	61,977
64	3	61,977	2	41,318
65	1	20,659	2	41,318
66	2	41,318		
67	1	20,659	1	20,659
68	2	41,318	1	20,659
69	4	82,636	1	20,659

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Appendix A: Detailed Tabulations of Member Data (continued)

Table A-2: Number and Reported Compensation of Active Members Distributed by Age as of December 31, 2025 (continued)

	Men		Women	
Age	Number	Compensation	Number	Compensation
70	3	$ 61,977	1	$ 20,659
71	3	61,977	1	20,659
72	1	20,659	2	41,318
73	4	117,084		
74	5	103,295	1	20,659
75	3	61,977		
76	3	61,977	1	20,659
77	1	20,659	1	20,659
78	1	20,659		
79	1	20,659		
80	2	41,318		
81	1	20,659	3	61,977
82	1	20,659		
83	1	20,659		
Total	118	$ 2,517,220	52	$ 1,060,446

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Appendix A: Detailed Tabulations of Member Data (continued)

Table A-3: Number and Reported Compensation of Active Members Distributed by Service as of December 31, 2025

	Men		Women	
Service	Number	Compensation	Number	Compensation
0	3	38,271	1	$ 2,457
1	17	351,202	9	185,931
3	14	289,225	12	247,908
4	2	41,318		
5	16	330,543	9	185,931
6	2	41,318		
7	17	351,203	7	148,993
8			2	41,318
9	13	310,681	3	61,977
10	1	20,659		
11	5	103,295	2	41,318
12	2	45,699	1	20,659
13	8	165,272	1	20,659
15	10	217,702	1	20,659
16	1	20,659		
17	1	20,659	1	20,659
19	3	61,977		
21	1	20,659	1	20,659
23			1	20,659
25	1	55,107		
27	1	31,771		
37			1	20,659
Total	118	$ 2,517,220	52	$ 1,060,446

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Appendix A: Detailed Tabulation of Member Data (continued)

Table A-4: Number and Deferred Retirement Allowance of Terminated Vested Members Distributed by Age as of December 31, 2025

	Men		Women	
Age	Number	Allowance	Number	Allowance
39	1	$ 4,983		
40	1	8,305		
41	1	8,997		
42	1	4,983	1	$ 4,706
43	2	16,610		
44	1	6,632		
47	1	9,758	1	5,722
48	1	8,997		
51	3	23,669		
52	2	16,274		
53	1	4,637		
54	2	14,326		
55	2	18,807		
56	2	9,412	2	9,966
57	2	20,901		
58	2	20,477	1	4,983
59	2	12,665	1	4,983
60	2	15,563	2	9,966
61	2	13,080		
62	4	28,790		
63	3	21,997		
64	2	22,178		
65	3	33,363		
66	1	8,305		
67			1	5,191
69	1	6,436		
76	1	6,644		
Total	46	$ 366,789	9	$ 45,517

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Appendix A: Detailed Tabulation of Member Data (continued)

Table A-5: Number of Accumulated Contributions of Non-Vested Members Distributed by Age as of December 31, 2025

	Men		Women	
Age	Number	Contributions	Number	Contributions
37	3	$ 11,385		
38	1	3,319	1	$ 3,068
39	1	4,560		
40	1	7,471		
42	3	13,964		
43	2	5,674		
44	1	8,740	1	7,323
46	1	6,181		
48	2	12,983	1	3,068
50	1	6,723		
51	1	643		
52	2	12,795		
53	3	18,219		
54	2	11,310	1	3,590
55	3	24,064		
57	3	14,463		
58	2	20,388		
60	1	6,908	1	822
61	4	18,293		
62			1	7,768
63	2	11,520		
64	1	6,239		
65	1	3,068		
66	3	16,718	1	3,191
67	2	18,924		
68	3	16,807	1	7,745
69	2	11,027	1	2,191
71	2	11,063		
73	2	16,948	1	4,075
74	1	750		
79	1	8,381		
84	1	7,073		
Total	58	$ 336,601	10	$ 42,841

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Appendix A: Detailed Tabulation of Member Data (continued)

Table A-6: Number and Annual Retirement Allowances of Retired Members and Survivors of Deceased Members Distributed by Age as of December 31, 2025

	Men		Women	
Age	Number	Allowances	Number	Allowances
46			1	$ 28,943
55	2	$ 37,543		
58			2	15,118
62			1	7,412
63	2	11,206	3	11,912
64			1	6,307
65	3	14,207		
66	2	14,603	3	32,671
67	1	7,057	2	23,437
68	3	18,971	3	32,238
69	4	21,876	3	10,743
70	8	68,598	1	14,252
71	2	20,970	1	7,240
72	6	44,625		
73	4	11,509	6	29,500
74	5	39,888	6	31,745
75	9	71,525	2	5,705
76	7	48,271	8	41,964
77	11	96,507	3	31,863
78	6	57,692	8	61,188
79	8	79,776	6	48,694
80	9	79,812	9	70,403
81	9	74,554	6	32,283
82	7	54,130	5	46,426
83	10	70,732	5	28,101
84	10	71,541	1	6,213
85	4	27,174	2	4,421
86	4	40,995	5	42,422
87	5	35,226	3	42,501
88	3	32,649	2	14,688
89	7	54,040	4	46,379
90	2	44,908	1	15,023
91	5	44,864	2	2,601
92	2	24,138	3	22,259
93	4	23,559		

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Appendix A: Detailed Tabulation of Member Data (continued)

Table A-6: Number and Annual Retirement Allowances of Retired Members and Survivors of Deceased Members Distributed by Age as of December 31, 2025 (continued)

	Men		Women	
Age	Number	Allowances	Number	Allowances
94	1	$ 10,657	3	$ 15,387
95	1	15,494	2	26,489
98			1	557
99			1	763
101	1	23,886		
Total	167	$ 1,393,183	115	$ 857,848

Table A-7: Number and Annual Retirement Allowances of Retired Members and Survivors of Deceased Members Distributed by Annuity Type as of December 31, 2025

	Men		Women	
Annuity Type	Number	Allowances	Number	Allowances
Maximum	70	$ 664,616	42	$ 357,533
Option 2	85	605,796	13	70,860
Option 3	10	98,807	1	14,252
Survivors of Deceased Members	2	23,964	59	415,203
Total	167	$ 1,393,183	115	$ 857,848

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Appendix B: Summary of Main Benefit & Contribution Provisions

All members of the General Assembly are eligible for membership.

"Compensation" means salary and expense allowance paid for service as a legislator in the General Assembly, exclusive of travel and per diem. "Highest annual compensation" means the 12 consecutive calendar months of compensation during a member's final legislative term for the highest position that a member held as a member of the General Assembly. "Creditable service" includes all service rendered as a member of the General Assembly.

Benefits

Service Retirement Allowance

Conditions for Allowance

A service retirement allowance is payable to any member who retires from service and

(a) has attained age 50 and completed 20 or more years of creditable service; or

(b) has attained age 60 and completed five or more years of creditable service.

(c) Members retiring on or after September 1, 2005 are not entitled to a retirement allowance from this system while employed in a contributing position in the Teachers' and State Employees' Retirement System or the Consolidated Judicial Retirement System

Unreduced Allowance

An unreduced annual service retirement allowance is payable to a member who has attained age 65 and completed five years of creditable service.

The Service Retirement Allowance is equal to 4.02% of a member's highest annual compensation multiplied by the number of years of creditable service.

Reduced Allowance

A reduced annual service retirement allowance is payable to a member who retires from service after attaining age 60 and completing five years of creditable service.

The reduced amount is an allowance as computed above reduced by 1/4% for each month that the member's retirement date precedes the date upon which the member would have attained age 65 had he or she remained in service.

OR

A reduced annual service retirement allowance is payable to a member who retires from service after attaining age 50 and completing 20 years of creditable service.

The reduced amount is an allowance as computed above reduced by 5/12 of 1% for each month that the member's retirement date precedes the date upon which the member would have attained age 60, plus 1/4% for each month that the date upon which the member would have attained age 60 precedes the date upon which the member would have attained age 65.

Maximum Amount

The maximum annual service retirement allowance (on an unreduced basis) is 75% of the member's highest annual compensation.

Disability Retirement Allowance

Condition for Allowance

Any member who becomes permanently and totally disabled prior to the attainment of age 60 and who has completed at least five years of creditable service may be retired by the Board of Trustees on a disability retirement allowance.

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Appendix B: Summary of Main Benefit & Contribution Provisions (continued)

Amount of Allowance

The disability retirement allowance is computed as an unreduced service retirement allowance based on the number of years of creditable service the member would have had had he or she remained in service to age 60.

Deferred Allowance

Any member who separates from service after completing five years of creditable service and who leaves his or her total accumulated contributions in the system may receive a deferred allowance, beginning at age 50, computed in the same way as a service retirement allowance on the basis of his or her creditable service and compensation to the date of separation.

Return of contributions

Upon the withdrawal of a member without a retirement allowance and upon his or her request, the member's contributions are returned, together with accumulated regular interest.

Upon the death of a member before retirement, the member's contributions, together with the full accumulated regular interest thereon, are paid to the estate or to person(s) designated by the member unless the designated beneficiary, if eligible, elects the survivor's alternate benefit described below.

The current interest rate on member contributions is 4%.

Survivor's Alternate Benefit

Upon the death of a member in service who has met conditions (a) or (b) below, the designated beneficiary may elect to receive a benefit equal to that which would have been payable under the provisions of Option 2 had the member retired on the first day of the month following death and elected such option, in lieu of the member's accumulated contributions, provided the member had not instructed the Board of Trustees in writing that he or she did not wish the alternate benefit to apply

(a) attainment of age 60 and completion of five years of creditable service.

(b) completion of 12 years of creditable service.

Lump Sum Death Benefit

Upon the death of a member in active service after completing one year of creditable service, a lump sum payment equal to the deceased member's highest annual compensation to a maximum of $15,000 is made to his or her designated beneficiary or estate. This benefit is payable from the Teachers' and State Employees' Retirement System Death Benefit Fund.

Death after Retirement

Upon the death of a beneficiary who did not retire under an effective election of Option 2 or Option 3, an amount equal to the excess if any, of his or her accumulated contributions at retirement over the retirement allowance payments received is paid to a designated person or to the beneficiary's estate.

Upon the death of the survivor of a beneficiary who retired under an effective election of Option 2 or Option 3, an amount equal to the excess, if any, of the beneficiary's accumulated contributions at retirement over the total retirement allowance payments received is paid to such other person designated by the beneficiary or to the beneficiary's estate.

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Appendix B: Summary of Main Benefit & Contribution Provisions (continued)

Optional Allowances

In lieu of the full retirement allowance, any member may elect to receive a reduced retirement allowance equal in value to the full allowance, with the provision that:

Option 2: At the death of the member his or her allowance shall be continued throughout the life of such other person as the member shall have designated at the time of retirement, or

Option 3: At the death of the member one-half of the allowance shall be continued throughout the life of such other person as the member shall have designated at the time of retirement.

Post-Retirement Increases in Allowance

Future increases in allowances may be granted at the discretion of the State.

Contributions

Member Contributions

Each member contributes 7% of annual compensation.

Employer Contributions

The State makes annual contributions consisting of a normal contribution and an accrued liability contribution. The normal contribution covers the liability on account of current service and is determined by the actuary after each valuation.

The accrued liability contribution covers the liability on account of service rendered before the establishment of the retirement system and the liability on account of increases in benefits for service rendered prior to the effective date of any amendment.

Changes Since Prior Valuation

The December 31, 2025, valuation reflects a one-time supplement for LRS payees in pay status as of September 1, 2026 that is equal to 2.5% of their annual retirement allowance payable as of that date, with such supplement to be paid in October 2026.

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Appendix C: Actuarial Assumptions and Methods

Assumptions are based on the experience investigation prepared as of December 31, 2024 and adopted by the Board of Trustees on January 29, 2026 for use beginning with the December 31, 2025 annual actuarial valuation.

Interest Rate

6.50% per annum, compounded annually.

Price Inflation

2.50% per annum, compounded annually.

Real Wage Growth

0.75% per annum.

Annual Rate of Salary Increase

3.25%.

Separations Before Retirement

Representative values of the assumed annual rates of separation are as follows:

Age	Annual Rate of Disability	Base Mortality*		Withdrawal
		Male	Female	
25	.0001	.00042	.00013	.100
30	.0004	.00048	.00019	.100
35	.0010	.00052	.00028	.100
40	.0029	.00069	.00041	.100
45	.0049	.00099	.00061	.100
50	.0084	.00147	.00092	.100
55	.0144	.00226	.00137	.100
60		.00341	.00207	.100
64		.00459	.00288	.100

* Base mortality rates as of 2016

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Appendix C: Actuarial Assumptions and Methods (continued)

Service Retirement

Representative values of the assumed annual rates of separation for members with at least 5 years of service are as follows:

Annual Rates of Retirement	
Age	Rate
60	0.105
65	0.165
70	0.115
75	0.160
80	1.000

Current and future deferred vested members are assumed to retire age 65.

Post-Decrement Mortality

Representative values of the assumed post-decrement mortality rates as of 2016 prior to any mortality improvements are as follows:

	Healthy Members		Contingent Survivors and Alternate Payees		Disabled Members	
Age	Male	Female	Male	Female	Male	Female
55	.00355	.00291	0.00989	0.00650	.01321	.01115
60	.00539	.00369	0.01310	0.00937	.02016	.01698
65	.00769	.00527	0.01800	0.01378	.02406	.01874
70	.01219	.00911	0.02607	0.02088	.02831	.02256
75	.02180	.01696	0.03992	0.03272	.04084	.03429
80	.04068	.03212	0.06411	0.05335	.06446	.05742

Deaths After Termination/Retirement

Mortality rates are based on the Pub-2016 General Retirees Above-Median Amount-Weighted Mortality.

Deaths After Disablement

Mortality rates are based on the Pub-2016 General Disabled Retirees Amount-Weighted Mortality.

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Appendix C: Actuarial Assumptions and Methods (continued)

Deaths of Contingent Survivors (before and after death of original member) and Alternate Payees

Mortality rates are based on the Below-median General Mortality Table for Contingent Survivors. Rates for male members are multiplied by 109%. Rates for female members are multiplied by 126% for ages under 81, decreased by 2% for each age up to age 89, and by 108% for ages greater than 89.

Deaths Prior to Termination/Retirement

Mortality rates are based on the Pub-2016 General Employees Amount-Weighted Mortality.

Mortality Projection

All mortality rates are projected from 2016 using generational improvement with Scale MP-2021.

Marriage Assumption

100% married with male spouses two years older than female spouses.

Missing Gender Code

For members reported on the data without a gender code, we use the prior year's code where available or assign a code based on inspection.

Liability for Inactive Members

The liability for members who terminated prior to five years of creditable service is estimated to be 100% of the member's accumulated contributions. The liability for members who terminated after completing five years of creditable service is estimated based on the member's current age and the service and reported compensation at termination of employment.

Timing of Assumptions

All withdrawals, deaths, disabilities, retirements and salary increases are assumed to occur July 1 of each year. The timing of retirement changes from mid-year to beginning of year at and after the 100% retirement age.

Administrative Expenses

0.50% of payroll added to the normal cost rate.

Reported Compensation

Calendar year compensation as furnished by the system's office.

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Appendix C: Actuarial Assumptions and Methods (continued)

Valuation Compensation

Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date and the probability of decrement during the year.

Compensation Limits

No compensation limits are applied.

Actuarial Cost Method

Entry age normal cost method. Under this method, the actuarial value of projected benefits for each individual participant is allocated as a level percentage of compensation over the working lifetime of the participant between the date of employment and assumed date of exit.

Amortization Method

15-year closed, level-dollar amount.

Additionally, if the funded status exceeds 100% on an actuarial value of assets (AVA) basis, but is less than 110%, all prior amortization bases are considered fully amortized and no amortization contribution is due. If the funded status exceeds 110% on an AVA basis, a surplus credit is offset against the normal cost rate and is based on a 30-year, level dollar, rolling amortization of the portion of the AVA in excess of 110% of the actuarial accrued liability.

Asset Valuation Method

Actuarial value, as developed in Table 9. Actuarial value of assets is based upon a smoothed market value method. Under this method, asset returns in excess of or less than the expected return on market value of assets will be reflected in the actuarial value of assets over a five-year period. The calculation of the Actuarial Value of Assets is based on the following formula:

$MV - 80\% \times G/(L)_1 - 60\% \times G/(L)_2 - 40\% \times G/(L)_3 - 20\% \times G/(L)_4$

MV = the market value of assets as of the valuation date

$G/(L)_i$ = the asset gain or (loss) for the i-th year preceding the valuation date

Direct Rate Smoothing

Assumption changes proposed in the experience study prepared as of December 31, 2024, and adopted by the Board of Trustees on January 29, 2026, increased the actuarially determined contribution requirements of LRS by 0.03% of payroll. The impact of these assumption changes has been smoothed over a five-year period so that 20% of the impact has been recognized for each valuation starting with the December 31, 2025 valuation, and will be fully recognized in the December 31, 2029 valuation.

The Total Preliminary ADEC shown in Table 1 is the actuarially determined contribution prior to any direct rate smoothing.

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Appendix C: Actuarial Assumptions and Methods (continued)

Changes in Assumptions and Methods Since Prior Valuation

The assumptions and methods used for the December 31, 2025, actuarial valuation are based on the experience study prepared as of December 31, 2024, and adopted by the Board of Trustees on January 29, 2026. Material assumptions and methods that were changed since the prior valuation:

- The retirement assumptions, mortality assumptions, marriage assumption, and administrative expense assumption were changed
- The amortization method used in the calculation of actuarially determined contributions was changed to be based on 15-year periods instead of 12-year periods, and a policy regarding treatment of surplus assets was established

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Appendix D: Additional Disclosures

LRS invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. However, Actuarial Standard of Practice No. 4 (“ASOP 4”) requires the actuary to disclose a Low-Default-Risk Obligation Measure (“LDROM”) of plan liabilities and provide commentary to help intended users of this report understand the significance of the measure with respect to funded status, contributions, and participant benefit security.

As of December 31, 2025 the LDROM is $33,406,096. The LDROM is to be based on “discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.” Please note that the interest rate used for the LDROM is based on 30-year Treasury rates as of the measurement and will therefore vary for different measurement dates. As of December 31, 2025 the 30-year Treasury rate used to calculate the LDROM is 4.84%. All other assumptions are the same as those used for funding purposes as shown in this report.

The LDROM shown here represents what the LRS actuarial accrued liability would be if LRS invested its assets solely in 30-year Treasury bonds. Consequently, the difference between the LDROM and the Actuarial Accrued Liability can be thought of as representing the expected taxpayer savings / (cost) from investing in the plan’s diversified portfolio compared to investing only in 30-year Treasury bonds. It may also be thought of as the cost of reducing investment risk.

Actuaries play a role in helping determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on actuarial accrued liability and the actuarially determined contributions are determined using the expected return on assets, which reflects the actual investment portfolio. Since the assets are not invested in an all-bond portfolio, the LDROM does not indicate LRS funded status or progress, nor does it provide information on necessary plan contributions.

With respect to security of participant benefits, if this plan were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date may be considered more secure as investment risk may be significantly reduced. However, the assets being invested in a diversified portfolio does not mean the participant benefits are not secure. Security of participant benefits relies on a combination of the assets in the plan, the investment returns generated on those assets, and the promise of future contributions from the plan sponsors.

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