# North Carolina National Guard Pension Fund

**Principal Results of Actuarial Valuation as of December 31, 2025**

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November 5, 2026, Board of Trustees Meeting



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# Valuation input

## Membership data

| Membership Data | Asset Data | Benefit Provisions | Assumptions | Funding Methodology |
|---|---|---|---|---|

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 | 5,485 | 5,729 |
| Terminated members entitled to benefits but not yet receiving benefits | 2,397 | 2,391 |
| Retired members currently receiving benefits | 4,899 | 4,895 |
| Total | 12,781 | 13,015 |

The total number of active members decreased by 4.3% from the previous valuation date.

The number of new entrants between 12/31/2024 and 12/31/2025 did not exceed the number of actives terminating or retiring.

The number of terminated and retired members remained relatively level from the previous valuation date.

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

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# Valuation results

## Net actuarial gain or loss



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 | $ | (34.4) |
| Normal cost and administrative expense during 2025 | | 0.5 |
| Reduction due to actual contributions during 2025 | | (1.1) |
| Interest on UAAL, normal cost, and contributions | | (2.2) |
| Asset (gain) / loss | | 1.7 |
| Actuarial accrued liability (gain) / loss | | 2.0 |
| Impact of assumption changes | | 2.3 |
| Impact of plan change | | 6.4 |
| Unfunded actuarial accrued liability (UAAL) as of 12/31/2025 | $ | (24.8) |

During 2025, the negative UAAL (or, surplus) decreased by $1.7 million due to asset loss recognition.

In addition, demographic experience decreased the surplus by $2.0 million.

Assumption changes following the experience study decreased the surplus by $2.3 million.

Plan changes resulting from Session Law 2026-41 (see Appendix B) decreased the surplus by $6.4 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) | $ 0 |
| Impact of Benefit Changes | 0 |
| Fiscal year ending June 30, 2027 Final ADEC | $ 0 |
| Fiscal year ending June 30, 2027 ADEC Without $0 Minimum | $ (1,633,650) |
| Anticipated Increase/(Decrease) in UAAL | (960,527) |
| Change Due to Demographic (Gain)/Loss | 247,000 |
| Change Due to Investment (Gain)/Loss | 225,388 |
| Change Due to Contributions Greater than ADEC | (151,002) |
| Impact of Assumption and Method Changes | 2,141,410 |
| Impact of Benefit Changes | 589,410 |
| Direct Rate Smoothing | (1,713,128) |
| Fiscal year ending June 30, 2028 ADEC Without $0 Minimum | $ (1,255,099) |
| Fiscal year ending June 30, 2028 Preliminary ADEC (estimated based on December 31, 2025 valuation and no less than $0) | $ 0 |

The change in amount due to investment loss is based on the actuarial value of assets return of 5.56%, which is less than the 6.50% assumed return.

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. The overall impact of these changes (+$2.1M) is recognized over a five-year period with direct rate smoothing.

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

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# Valuation results (continued)

## Employer contributions (SCRSP)

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

The table below provides a summary of the employer contribution development for this valuation compared to the prior valuation.

| Contributions for Fiscal Year Ending | 6/30/2028 | 6/30/2027 |
|---|---|---|
| Actuarially Determined Employer Contribution (ADEC) | | |
| Normal Cost | $ 1,131,959 | $ 1,126,618 |
| Accrued Liability | (673,930) | (1,126,618) |
| Total Preliminary ADEC | $ 458,029 | $ 0 |
| Total Based on Direct Rate Smoothing | $ 0 | $ 0 |
| Additional Contribution Under State Contribution Rate Stabilization Policy (SCRSP)* | $ 1,131,959 | $ 1,126,618 |
| Total Contribution | $ 1,131,959 | $ 1,126,618 |

| Contributions for Fiscal Year Ending | 6/30/2028 | 6/30/2027 |
|---|---|---|
| Legislative Appropriation | Not Final | Not Final |

The SCRSP was adopted on July 30, 2026, for the fiscal years ending June 30, 2028 through June 30, 2032, and continues the guidelines used for fiscal years ending June 30, 2025 through June 30, 2027. Under the SCRSP, when the Fund's funded percentage is at least 100%, the recommended appropriation equals the Normal Cost used to calculate the Underlying ADEC, including amounts for anticipated new entrants and administrative expenses.

A detailed summary of the actuarially determined employer contributions is provided in Section 5.
The full State Contribution Rate Stabilization Policy (SCRSP) is provided in Appendix E.

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# Valuation results (continued)

## State Contribution Rate Stabilization Policy

| Benefit Enhancements | Additional Disclosures | Projections |
|---|---|---|

Below is a summary of the SCRSP that the Board adopted on July 30, 2026:

- Annual Appropriation Recommendation
  - If the Funded Percentage is greater than or equal to 100%, the Board will recommend a contribution equal to the Normal Cost used to calculate the underlying ADEC, including any provisions included in the Normal Cost for anticipated new entrants and administrative expenses, and including any increase to the Normal Cost from a benefit improvement after the publication of the actuary's report.
  - If the Funded Percentage is less than 100%, the Board recommendation will be the greater of (1) the appropriation recommended by the Board for the current fiscal year or (2) the underlying ADEC for the upcoming fiscal year plus $2 million.
- Board considerations for benefit improvements:
  - Recommended benefit increase is no greater than the most recent June-over-June CPI-U increase, subject to the policy's special rule for carrying forward a recommendation that was not enacted during the first year of a State budget biennium.
  - The Benefit Improvement Funding Requirement (BIFR) is included in the appropriation recommended by the Board for the upcoming fiscal year
  - Based on statutory provisions as of July 2026, the NCNGPF pension amount will increase effective January 1, 2027. For members with 20 years of creditable service, it will increase from $105 to $110 per month. For each additional year of such service, the incremental additional pension will increase from $10.50 to $11.00 per month. The maximum benefit, which would be reached after 30 years of creditable service, will increase from $210 to $220 per month.
  - See slide 8 for information regarding the BIFR

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# Valuation results (continued)

## State Contribution Rate Stabilization Policy (continued)

| Benefit Enhancements | Additional Disclosures | Projections |
|---|---|---|

Below is a summary of the SCRSP that the Board adopted on July 30, 2026:

- Board considerations for Cost-of-Living Adjustments (COLAs):
  - The Board may recommend a COLA for already-retired members corresponding to the increase recommended for non-retired members under the section for recommended increases to benefit at retirement, provided that the value of the COLA is incorporated in the calculation of the Benefit Improvement Funding Requirement.
  - If the Board is not recommending a benefit improvement for non-retired members under the section for recommended increases to benefit at retirement, the Board should only consider recommending a COLA for retirees if the Funded Percentage is greater than or equal to 90%. In that event, any recommendations of the Board regarding (1) whether a COLA increase should be granted, (2) the percentage increase in retirement benefits due to the COLA, and (3) the term of amortization will be the same as the Board's recommendations taking effect at the same time regarding TSERS. If it is not administratively feasible for RSD staff to implement the same adjustment for the NCNGPF as for TSERS, then the Board will recommend that some pension adjustment of similar value for retirees be implemented.

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# Valuation results (continued)

## State Contribution Rate Stabilization Policy (continued)

**Benefit Enhancements** | Additional Disclosures | Projections

Metrics the Board must consider to recommend a benefit increase to the General Assembly based on the results of the December 31, 2025 valuation:

- The most recent June-over-June increase in the CPI-U is 3.53%. Consequently, the maximum benefit improvement the Board could recommend is an increase in the $110/$220 benefit to $113/$226 applicable to current and future retired participants, provided the BIFR is included in the appropriation recommendation for the upcoming fiscal year.
- The increase in the AAL and Normal Cost for certain proposed benefit improvements:

| | $ Improvement | | |
|---|---|---|---|
| | $1 | $2 | $3 |
| Increase in AAL | $ 1,502,437 | $ 3,004,874 | $ 4,507,311 |
| % Increase in AAL | 0.91% | 1.82% | 2.73% |
| Increase in Normal Cost | $ 7,181 | $ 14,362 | $ 21,543 |

- Development of BIFR for a benefit improvement from $110/$220 to $113/$226

| | $ Improvement | | |
|---|---|---|---|
| | $1 | $2 | $3 |
| (1) Full Actuarial Cost of Proposed Benefit Improvement | $ 1,509,618 | $ 3,019,236 | $ 4,528,854 |
| (2) NCNGPF Actuarial Accrued Liability as of 12/31/2025 | 165,268,027 | 165,268,027 | 165,268,027 |
| (3) NCNGPF Actuarial Value of Assets as of 12/31/2025 | 190,058,378 | 190,058,378 | 190,058,378 |
| (4) Underlying ADEC for FYE 6/30/2028* | 1,131,959 | 1,131,959 | 1,131,959 |
| (5) Policy Contribution Without Benefit Increase for FY 6/30/2028 | 1,131,959 | 1,131,959 | 1,131,959 |
| (6) Total Adjustment (2) – (3) + (4) – (5), only if less than $0 | (24,790,351) | (24,790,351) | (24,790,351) |
| BIFR: (1) + (6), not less than $0 | $ 0 | $ 0 | $ 0 |

* Since item (3) is greater than item (2), item (4) is to include only the normal cost component of the underlying ADEC

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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 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 (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 | $ 181,840,721 | $ 177,919,103 |
| Contributions | 1,120,949 | 560,474 |
| Benefit payments | (9,165,307) | (9,227,317) |
| Expenses | (342,074) | (324,849) |
| Investment income | 22,979,026 | 12,913,310 |
| Net increase / (decrease) | 14,592,594 | 3,921,618 |
| End of year market value of assets | $ 196,433,315 | $ 181,840,721 |
| Estimated net investment return | 12.94% | 7.45% |

National Guard Pension Fund 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.

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# Valuation input (continued)

## Funded ratio

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

The table below provides a summary of the results of this valuation compared to the prior valuation.

| Valuation results as of | 12/31/2025 | 12/31/2024 |
|---|---|---|
| Assets | | |
| Actuarial Value (AVA) | $ 190,058,378 | $ 188,206,330 |
| Market Value | $ 196,433,315 | $ 181,840,721 |
| Actuarial Accrued Liability (AAL) | $ 165,268,027 | $ 153,844,144 |
| Unfunded Accrued Liability (AAL-AVA) | $ (24,790,351) | $ (34,362,186) |
| Funded Ratio (AVA/AAL) | 115.0% | 122.3% |

The funded ratio decreased from 122.3% to 115.0% as of 12/31/2025.

The decrease in funded ratio is primarily attributable to recognized asset losses, assumption updates from the experience study, and plan changes resulting from Session Law 2026-41 (see slide 3 for additional details).

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# North Carolina National Guard Pension Fund

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

October 2026



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October 27, 2026

Board of Trustees
Teachers' and State Employees'
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3200 Atlantic Avenue
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Members of the Board:

We submit herewith our report on the actuarial valuation of the North Carolina National Guard Pension Fund (referred to as “the Fund”) prepared as of December 31, 2025. The report has been prepared in accordance with Chapter 127A of the North Carolina General Statutes.

The primary purpose of the valuation report is to determine the required employer contribution rates, to describe the current financial condition of the Fund, 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 results of this report are dependent on the accuracy of the data. Sometimes assumptions are made by Gallagher to interpret membership data that is imperfect. The valuation does not include members with less than seven years of service. The liabilities have been adjusted to reflect the expected impact of these members. Furthermore, in order to be eligible to receive a benefit from the Fund, members are required to have twenty years of total military service, of which at least fifteen must be North Carolina National Guard service. Assumptions with respect to total military service and North Carolina National Guard service are detailed in Appendix C.

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.

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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 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.

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

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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.

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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# Section 1: Principal Results

This report, prepared as of December 31, 2025, presents the results of the actuarial valuation of the Fund. For convenience of reference, 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 | 5,485 | 5,729 |
| Retired Members Currently Receiving Benefits | | |
| Number | 4,899 | 4,895 |
| Annual Pensions | $ 9,107,617 | $ 9,087,554 |
| Terminated Members Entitled to but Not Yet Receiving Benefits | | |
| Number | 2,397 | 2,391 |
| Deferred Pensions | $ 4,231,001 | $ 4,235,841 |
| Assets | | |
| Actuarial Value (AVA) | $ 190,058,378 | $ 188,206,330 |
| Market Value | $ 196,433,315 | $ 181,840,721 |
| Actuarial Accrued Liability (AAL) | $ 165,268,027 | $ 153,844,144 |
| Unfunded Accrued Liability (AAL-AVA) | $ (24,790,351) | $ (34,362,186) |
| Funded Ratio (AVA/AAL)* | 115.0% | 122.3% |

| Contributions for Fiscal Year Ending | 6/30/2028 | 6/30/2027 |
|---|---|---|
| Actuarially Determined Employer Contribution (ADEC) | | |
| Normal Cost | $ 1,131,959 | $ 1,126,618 |
| Amortization of UAAL / (Surplus) | (673,930) | (1,126,618) |
| Total Preliminary ADEC | 458,029 | 0 |
| Total Based on Direct Rate Smoothing | $ 0 | $ 0 |
| Additional Contribution Under State Contribution Rate Stabilization Policy (SCRSP)** | $ 1,131,959 | $ 1,126,618 |
| Total Contribution | $ 1,131,959 | $ 1,126,618 |

| Contributions for Fiscal Year Ending | 6/30/2028 | 6/30/2027 |
|---|---|---|
| Legislative Appropriation | Not Final | Not Final |

* The Funded Ratio on a Market Value of Assets basis is 118.9% at December 31, 2025

** The SCRSP can be found in Appendix E



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# Section 1: Principal Results (continued)

The following table shows a reconciliation of the change in the actuarially determined employer contribution that remained at $0 based on the December 31, 2024 and December 31, 2025 valuations.

## Table 2: Reconciliation of Change in Actuarially Determined Employer Contribution (ADEC)

| | | |
|---|---|---|
| Fiscal year ending June 30, 2027 Preliminary ADEC (based on December 31, 2024 valuation) | $ | 0 |
| Impact of Benefit Changes | | 0 |
| Fiscal year ending June 30, 2027 Final ADEC | $ | 0 |
| Fiscal year ending June 30, 2027 ADEC Without $0 Minimum | $ | (1,633,650) |
| Change Due to Anticipated Increase/(Decrease) in UAAL | | (960,527) |
| Change Due to Demographic (Gain)/Loss | | 247,000 |
| Change Due to Investment (Gain)/Loss | | 225,388 |
| Change Due to Contributions Greater than ADEC | | (151,002) |
| Impact of Assumption and Method Changes | | 2,141,410 |
| Impact of Benefit Changes | | 589,410 |
| Impact of Direct Rate Smoothing | | (1,713,128) |
| Fiscal year ending June 30, 2028 ADEC Without $0 Minimum | $ | (1,255,099) |
| Fiscal year ending June 30, 2028 Preliminary ADEC (based on December 31, 2025 valuation and no less than $0) | $ | 0 |

- Tables summarizing the membership of the Fund as of the valuation date are shown in Section 2.
- An allocation of investments by category and the development of the actuarial value of assets are shown in Section 3.
- Comments on the experience and actuarial gains/losses during the valuation year are provided in Section 4.
- Comments on the actuarially determined employer contribution are provided in Section 5.
- Comments on risks to the fund are provided in Section 6.
- Appendix A provides detailed tabulations of the membership of the Fund as of the valuation date.
- Appendix B gives a summary of the benefit provisions of the Fund.
- Appendix C outlines the full set of actuarial assumptions and methods employed.
- Appendix D provides disclosures in accordance with Actuarial Standard of Practice No. 4 (“ASOP 4”).
- Appendix E contains the SCRSP.


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# Section 2: Membership Data

Data regarding the membership of the Fund for use as a basis for the valuation were furnished by the Retirement Systems Division. The following table summarizes the membership of the Fund as of December 31, 2025 upon which the valuation was based. Detailed tabulations of the data are given in Appendix A.

## Table 3: Membership of the Fund as of December 31, 2025

| | Member Count | Average Age | Average Service | Annual Pensions |
|---|---|---|---|---|
| Active Members | 5,485 | 38.56 | 15.98 | N/A |
| Retired Members Currently Receiving Benefits | 4,899 | 73.44 | N/A | $ 9,107,617 |
| Terminated Members Entitled to Benefits but Not Yet Receiving Benefits | 2,397 | 58.58 | N/A | $ 4,231,001 |


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# Section 3: Asset Data

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

## Table 4: Market Value of Assets

| Asset Data as of | 12/31/2025 | 12/31/2024 |
|---|---|---|
| Beginning of Year Market Value of Assets | $ 181,840,721 | $ 177,919,103 |
| State Contributions | 1,120,949 | 560,474 |
| Benefit Payments | (9,165,307) | (9,227,317) |
| Expenses | (342,074) | (324,849) |
| Investment Income | 22,979,026 | 12,913,310 |
| Net Increase/(Decrease) | 14,592,594 | 3,921,618 |
| End of Year Market Value of Assets | $ 196,433,315 | $ 181,840,721 |
| Estimated Net Investment Return on Market Value | 12.94% | 7.45% |

The following table shows an allocation of investments by category as of December 31, 2025.

## Table 5: Allocation of Investments by Category for the National Guard Pension Fund as of December 31, 2025

| | |
|---|---|
| Cash and Receivables | 6.1% |
| Fixed Income (LTIF) | 25.4% |
| Public Equity | 42.7% |
| Other* | 25.8% |
| Total | 100.0% |

* Real Estate, Alternatives, Inflation, and Credit.


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# Section 3: Asset Data (continued)

## Table 6: Development of Actuarial Value of Assets

| Asset Data as of | 12/31/2025 |
|---|---|
| Beginning of Year Market Value of Assets | $ 181,840,721 |
| Contributions | 1,120,949 |
| Benefit Payments and Administrative Expenses | (9,507,381) |
| Net Cash Flow | (8,386,432) |
| Expected Investment Return | 11,551,379 |
| Expected End of Year Market Value of Assets | 185,005,668 |
| End of Year Market Value of Assets | 196,433,315 |
| Excess of Market Value over Expected Market Value of Assets | 11,427,647 |
| 80% of 2025 Asset Gain/(Loss) | 9,142,118 |
| 60% of 2024 Asset Gain/(Loss) | 981,719 |
| 40% of 2023 Asset Gain/(Loss) | 2,238,207 |
| 20% of 2022 Asset Gain/(Loss) | (5,987,107) |
| Total Deferred Asset Gain/(Loss) | 6,374,937 |
| Preliminary End of Year Actuarial Value of Assets | 190,058,378 |
| Final End of Year Actuarial Value of Assets (not less than 80% and not greater than 120% of Market Value) | 190,058,378 |
| Estimated Net Investment Return on Actuarial Value | 5.56% |
| Estimated Net Investment Return on Market Value | 12.94% |

**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 5.56% and a recognized actuarial asset loss of $1.7 million during 2025.


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# Section 4: Liability Results

## Table 7: Liability Summary

| Valuation Results as of | 12/31/2025 | 12/31/2024 |
|---|---|---|
| (a) Present Value of Future Benefits | | |
| (1) Active Members | $ 32,857,238 | $ 27,256,983 |
| (2) Terminated Members | 52,961,936 | 49,144,768 |
| (3) Members Currently Receiving Benefits | 81,573,693 | 78,590,734 |
| (4) Total | $ 167,392,867 | $ 154,992,485 |
| (b) Present Value of Future Normal Costs | $ 2,124,840 | $ 1,148,341 |
| (c) Actuarial Accrued Liability: (a4) - (b) | $ 165,268,027 | $ 153,844,144 |
| (d) Actuarial Value of Assets | $ 190,058,378 | $ 188,206,330 |
| (e) Unfunded Accrued Liability: (c) - (d) | $ (24,790,351) | $ (34,362,186) |

The following table shows a detailed reconciliation of the change in unfunded accrued liability since the prior valuation.

## Table 8: Reconciliation of Change in Unfunded Accrued Liability Since the Prior Valuation (in millions)

| (in millions) | |
|---|---|
| Unfunded Actuarial Accrued Liability (UAAL) as of 12/31/2024 | $ (34.4) |
| Normal Cost and Administrative Expense during 2025 | 0.5 |
| Reduction due to Actual Contributions during 2025 | (1.1) |
| Interest on UAAL, Normal Cost, and Contributions | (2.2) |
| Asset (Gain)/Loss | 1.7 |
| Actuarial Accrued Liability (Gain)/Loss | 2.0 |
| Impact of Assumption Changes | 2.3 |
| Plan Change | 6.4 |
| Unfunded Actuarial Accrued Liability (UAAL) as of 12/31/2025 | $ (24.8) |

**Commentary:** The UAAL increased by $1.7 million during 2025 due to asset loss recognition. Demographic experience increased the UAAL by $2.0 million. Assumption changes following the experience study increased the UAAL by $2.3 million. Plan changes resulting from Session Law 2026-41 (see Appendix B) increased the UAAL by $6.4 million.


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# Section 5: Actuarially Determined Employer Contribution

The normal cost contribution is the cost of benefits accruing in the current year under the actuarial funding method. The valuation indicates that the annual normal cost contribution payable by the State is equal to $75.64 multiplied by the number of active members with seven or more years of service. Based on 5,485 active members included in the valuation, the normal contribution is $414,885. In addition, there is $342,074 required for administrative expenses and $375,000 added to the normal cost to account for members with less than 7 years of service that are not included in the valuation.

The unfunded actuarial accrued liability, if positive, is amortized within a 15-year period through an annual unfunded accrued liability contribution. 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 unfunded accrued liability 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 actuarial value of assets in excess of 110% of the actuarial accrued liability.

According to the SCRSP adopted on July 30, 2026, since the plan's funded percentage is greater than 100% as of December 31, 2025, the appropriation recommended by the SCRSP is equal to the Normal Cost used to calculate the ADEC for the fiscal year ending June 30, 2028, including any provisions included in the Normal Cost for anticipated new entrants and administrative expenses.

The SCRSP would result in a recommended contribution of $1,131,959. The SCRSP can be found in Appendix E.

Based on the present membership and the amortization schedule described above, the following table shows the total actuarially determined employer contributions for the fiscal years ending June 30, 2028 and June 30, 2027.

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 9: Actuarially Determined Employer Contribution (ADEC)

| Contribution | Annual Amount FY Ending 6/30/2028 | Annual Amount FY Ending 6/30/2027 |
|---|---|---|
| Normal Cost for Benefits | $ 414,885 | $ 251,618 |
| Administrative Expenses | $ 342,074 | $ 150,000 |
| Load for New Entrants | $ 375,000 | $ 725,000 |
| Total Normal Cost | $ 1,131,959 | $ 1,126,618 |
| Amortization of UAAL / (Surplus) | $ (673,930) | $ (1,126,618) |
| Total | $ 458,029 | $ 0 |
| Impact of Direct Rate Smoothing | $ (1,713,128) | $ 0 |
| Preliminary ADEC (not less than $0) | $ 0 | $ 0 |


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# Section 5: Actuarially Determined Employer Contribution (continued)

## Table 10: Amortization Schedule for Unfunded Actuarial Accrued Liability

Since the funded status of the plan exceeds 110% on an actuarial value of assets 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 actuarial value of assets in excess of 110% of the actuarial accrued liability.


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# Section 6: 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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# Appendix A: Detailed Tabulations of Member Data

## Table A-1: The Number 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 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| 25 to 29 | 0 | 0 | 439 | 205 | 0 | 0 | 0 | 0 | 0 | 0 | 644 |
| 30 to 34 | 0 | 0 | 269 | 948 | 66 | 0 | 0 | 0 | 0 | 0 | 1,283 |
| 35 to 39 | 0 | 0 | 94 | 494 | 714 | 103 | 0 | 0 | 0 | 0 | 1,405 |
| 40 to 44 | 0 | 0 | 37 | 160 | 305 | 390 | 55 | 0 | 0 | 0 | 947 |
| 45 to 49 | 0 | 0 | 6 | 68 | 125 | 183 | 175 | 19 | 0 | 0 | 576 |
| 50 to 54 | 0 | 0 | 2 | 20 | 62 | 77 | 81 | 72 | 16 | 0 | 330 |
| 55 to 59 | 0 | 0 | 0 | 5 | 40 | 71 | 48 | 42 | 55 | 8 | 269 |
| 60 to 64 | 0 | 0 | 0 | 0 | 4 | 8 | 3 | 3 | 8 | 3 | 29 |
| 65 to 69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70 & Up | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 849 | 1,900 | 1,316 | 832 | 362 | 136 | 79 | 11 | 5,485 |


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# Appendix A: Detailed Tabulations of Member Data (continued)

## Table A-2: The Number of Active Members Distributed by Age as of December 31, 2025

| Age | Number |
|---|---|
| 24 | 2 |
| 25 | 23 |
| 26 | 94 |
| 27 | 127 |
| 28 | 192 |
| 29 | 208 |
| 30 | 281 |
| 31 | 249 |
| 32 | 263 |
| 33 | 266 |
| 34 | 224 |
| 35 | 272 |
| 36 | 306 |
| 37 | 312 |
| 38 | 283 |
| 39 | 232 |
| 40 | 210 |
| 41 | 182 |
| 42 | 195 |
| 43 | 192 |
| 44 | 168 |
| 45 | 146 |
| 46 | 145 |
| 47 | 111 |
| 48 | 97 |
| 49 | 77 |
| 50 | 64 |
| 51 | 73 |
| 52 | 76 |
| 53 | 53 |
| 54 | 64 |
| 55 | 74 |
| 56 | 67 |
| 57 | 52 |
| 58 | 40 |
| 59 | 36 |
| 60 | 17 |
| 61 | 9 |
| 62 | 1 |
| 63 | 2 |
| Total | 5,485 |


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# Appendix A: Detailed Tabulations of Member Data (continued)

## Table A-3: The Number of Active Members Distributed by Service as of December 31, 2025

| Service | Number |
|---|---|
| 7 | 59 |
| 8 | 286 |
| 9 | 504 |
| 10 | 433 |
| 11 | 421 |
| 12 | 389 |
| 13 | 347 |
| 14 | 310 |
| 15 | 266 |
| 16 | 262 |
| 17 | 247 |
| 18 | 268 |
| 19 | 273 |
| 20 | 185 |
| 21 | 171 |
| 22 | 164 |
| 23 | 160 |
| 24 | 152 |
| 25 | 108 |
| 26 | 83 |
| 27 | 57 |
| 28 | 72 |
| 29 | 42 |
| 30 | 33 |
| 31 | 26 |
| 32 | 29 |
| 33 | 22 |
| 34 | 26 |
| 35 | 15 |
| 36 | 25 |
| 37 | 12 |
| 38 | 16 |
| 39 | 11 |
| 40 | 3 |
| 41 | 6 |
| 42 | 1 |
| 43 | 1 |
| Total | 5,485 |


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# Appendix A: Detailed Tabulations of Member Data (continued)

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

| Age | Number | Allowances |
|---|---|---|
| 37 | 3 | $ 3,780 |
| 38 | 4 | $ 5,166 |
| 39 | 2 | $ 2,520 |
| 40 | 9 | $ 12,222 |
| 41 | 22 | $ 31,752 |
| 42 | 38 | $ 52,219 |
| 43 | 46 | $ 66,750 |
| 44 | 43 | $ 59,472 |
| 45 | 55 | $ 83,538 |
| 46 | 56 | $ 82,604 |
| 47 | 45 | $ 67,536 |
| 48 | 58 | $ 90,669 |
| 49 | 58 | $ 91,728 |
| 50 | 77 | $ 127,788 |
| 51 | 73 | $ 123,606 |
| 52 | 80 | $ 139,192 |
| 53 | 86 | $ 153,342 |
| 54 | 108 | $ 189,821 |
| 55 | 139 | $ 257,796 |
| 56 | 139 | $ 265,508 |
| 57 | 150 | $ 287,657 |
| 58 | 151 | $ 288,039 |
| 59 | 148 | $ 297,008 |
| 60 | 115 | $ 211,059 |
| 61 | 52 | $ 95,256 |
| 62 | 51 | $ 92,396 |
| 63 | 49 | $ 91,711 |
| 64 | 30 | $ 54,296 |
| 65 | 30 | $ 54,684 |
| 66 | 31 | $ 56,196 |
| 67 | 21 | $ 42,588 |
| 68 | 19 | $ 37,926 |
| 69 | 9 | $ 15,750 |
| 70 | 14 | $ 24,570 |
| 71 | 12 | $ 19,152 |
| 72 | 16 | $ 25,956 |
| 73 | 15 | $ 23,310 |
| 74 | 12 | $ 17,892 |
| 75 | 10 | $ 17,766 |
| 76 | 36 | $ 58,086 |
| 77 | 33 | $ 55,062 |
| 78 | 44 | $ 70,812 |
| 79 | 41 | $ 72,324 |
| 80 | 35 | $ 65,772 |
| 81 | 36 | $ 66,654 |
| 82 | 25 | $ 45,738 |
| 83 | 28 | $ 52,920 |
| 84 | 20 | $ 35,658 |
| 85 | 15 | $ 32,004 |
| 86 | 5 | $ 9,450 |
| 89 | 2 | $ 3,780 |
| 91 | 1 | $ 2,520 |
| Total | 2,397 | $ 4,231,001 |


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# Appendix A: Detailed Tabulations of Member Data (continued)

## Table A-5: The Number and Annual Retirement Allowances of Retired Members Distributed by Age as of December 31, 2025

| Age | Number | Allowances |
|---|---|---|
| 56 | 1 | $ 2,142 |
| 60 | 52 | 104,639 |
| 61 | 156 | 293,958 |
| 62 | 193 | 359,730 |
| 63 | 195 | 359,352 |
| 64 | 216 | 396,774 |
| 65 | 203 | 380,143 |
| 66 | 190 | 351,288 |
| 67 | 172 | 307,668 |
| 68 | 158 | 290,682 |
| 69 | 160 | 290,430 |
| 70 | 145 | 274,165 |
| 71 | 154 | 282,895 |
| 72 | 148 | 266,630 |
| 73 | 193 | 348,034 |
| 74 | 231 | 421,876 |
| 75 | 250 | 458,215 |
| 76 | 253 | 468,535 |
| 77 | 277 | 502,614 |
| 78 | 266 | 475,475 |
| 79 | 249 | 451,710 |
| 80 | 170 | 322,182 |
| 81 | 162 | 302,652 |
| 82 | 134 | 248,724 |
| 83 | 118 | 228,816 |
| 84 | 83 | 153,468 |
| 85 | 54 | 105,084 |
| 86 | 53 | 111,636 |
| 87 | 58 | 115,416 |
| 88 | 47 | 97,272 |
| 89 | 38 | 81,900 |
| 90 | 33 | 71,064 |
| 91 | 26 | 52,542 |
| 92 | 18 | 37,548 |
| 93 | 13 | 30,366 |
| 94 | 12 | 24,822 |
| 95 | 3 | 5,292 |
| 96 | 5 | 10,080 |
| 97 | 5 | 10,332 |
| 98 | 1 | 2,520 |
| 99 | 2 | 5,040 |
| 102 | 2 | 3,906 |
| Total | 4,899 | $ 9,107,617 |


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# Appendix B: Summary of Main Plan Provisions

### Membership

All members of the North Carolina National Guard with seven years of service are eligible to be members of the Fund.

## Benefits

### Service Retirement Pension

Condition for Pension

A member who retires after he or she has attained age 60 and has credit for 20 years of military service, including at least 15 years of North Carolina National Guard duty, both reserve and active, and who has received an honorable discharge, is entitled to a monthly pension.

Amount of Pension

Effective January 1, 2027, the amount of the pension is equal to $110 per month for 20 years of creditable service with an additional $11.00 per month for each additional year of such service, provided that the total pension shall not exceed $220 per month. Prior to January 1, 2027, the amount of the pension is equal to $105 per month for 20 years of creditable service with an additional $10.50 per month for each additional year of such service, provided that the total pension shall not exceed $210 per month.

### Deferred Early Retirement Pension

Condition for Pension

A member whose service is terminated after he or she has credit for 20 years of military service, including at least 15 years of North Carolina National Guard duty, both reserve and active, and who has received an honorable discharge, is eligible to receive a deferred retirement pension commencing at age 60. If electing to receive benefits after age 60, benefit payments are retroactively due to the member to age 60 without accumulated interest.

Amount of Pension

The amount is the same as that for a service retirement.

### Normal Form

Life Annuity.

### Optional Form

None.

### Contributions

The State makes annual contributions sufficient to meet the cost of the benefits under the Fund.

### Changes Since Prior Valuation

For projected pension payments in 2027 and thereafter, the amount of the pension was increased from $105 to $110 per month with an additional $11.00 per month for each additional year of such service, provided that the total pension shall not exceed $220 per month. The former maximum benefit was $210. This change resulted from Session Law 2026-41, which was enacted July 7, 2026. This change increased the 12/31/2025 AAL by approximately $6.4 million.


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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.

### Active Members

Normal Cost is loaded $375,000 to account for active members with less than 7 years of service that are not included in the valuation.

### Separations From Active Service

Assumed annual rates of separation from active service are as follows:

| Annual Rates of Withdrawal | | | | |
|---|---|---|---|---|
| | Service | | | |
| Age | < = 6 | 7 – 9 | 10 - 19 | > = 20 |
| < = 50 | 0.000 | 0.130 | 0.080 | 0.135 |
| 50 - 54 | 0.000 | 0.130 | 0.080 | 0.170 |
| > = 55 | 0.000 | 0.130 | 0.100 | 0.230 |

### Deaths Prior to Separation/Retirement

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

| Annual Rates of Mortality | | |
|---|---|---|
| | Base Mortality* | |
| Age | Males | Females |
| 25 | 0.00042 | 0.00013 |
| 30 | 0.00048 | 0.00019 |
| 35 | 0.00052 | 0.00028 |
| 40 | 0.00069 | 0.00041 |
| 45 | 0.00099 | 0.00061 |
| 50 | 0.00147 | 0.00092 |
| 55 | 0.00226 | 0.00137 |
| 60 | 0.00341 | 0.00207 |

*Base mortality rates as of 2016.

### Benefit Payments for Deferred Vested Members Over Age 60

All current deferred vested members over age 60 are assumed to receive a payment on the valuation date equal to the amount of payments due retroactively to age 60, without adjustment for any interest.


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# Appendix C: Actuarial Assumptions and Methods (continued)

### Service Retirement

Assumed annual rates of retirement from active service are as follows:

| Annual Rates of Retirement | | |
|---|---|---|
| | Service | |
| Age | <=19 | >=20 |
| <=55 | 0.000 | 0.150 |
| 55-59 | 0.000 | 0.250 |
| >=60 | 0.000 | 1.000 |

Current and future deferred vested participants are assumed to retire at age 60.

### Post-Decrement Mortality

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

| Annual Rates of Mortality | | | | |
|---|---|---|---|---|
| | Healthy Members | | Alternate Payees | |
| Age | Males | Females | Males | Females |
| 55 | 0.00418 | 0.00285 | 0.00989 | 0.00650 |
| 60 | 0.00619 | 0.00361 | 0.01310 | 0.00937 |
| 65 | 0.00877 | 0.00516 | 0.01800 | 0.01378 |
| 70 | 0.01366 | 0.00892 | 0.02607 | 0.02088 |
| 75 | 0.02392 | 0.01730 | 0.03992 | 0.03272 |
| 80 | 0.04426 | 0.03377 | 0.06411 | 0.05335 |
| 85 | 0.08519 | 0.07021 | 0.10515 | 0.08303 |
| 90 | 0.15778 | 0.11764 | 0.18118 | 0.13165 |

### Mortality Assumption

All mortality rates use Pub-2016 amount-weighted tables.

### Mortality Projection

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


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# Appendix C: Actuarial Assumptions and Methods (continued)

### Deaths After Separation/Retirement

Mortality rates are based on the General Mortality Table for Retirees, with adjustments as follows:

| Age | Male Factor | Female Factor | Age | Male Factor | Female Factor |
|---|---|---|---|---|---|
| < 72 | 99% | 94% | 81 | 99% | 103% |
| 72 | 99% | 95% | 82 | 100% | 105% |
| 73 | 99% | 96% | 83 | 101% | 107% |
| 74 | 99% | 97% | 84 | 102% | 109% |
| 75 | 98% | 98% | 85 | 103% | 109% |
| 76 | 98% | 99% | 86 | 104% | 109% |
| 77 | 98% | 100% | 87 | 105% | 107% |
| 78 | 98% | 101% | 88 | 105% | 105% |
| 79 | 98% | 101% | 89 | 105% | 103% |
| 80 | 98% | 101% | >= 90 | 105% | 101% |

### Deaths of Alternate Payees

Mortality rates are based on the Below-median General Mortality Table for Contingent Survivors, with adjustments as follows:

| Age | Male Factor | Female Factor |
|---|---|---|
| < 81 | 109% | 126% |
| 81 | 109% | 124% |
| 82 | 109% | 122% |
| 83 | 109% | 120% |
| 84 | 109% | 118% |
| 85 | 109% | 116% |
| 86 | 109% | 114% |
| 87 | 109% | 112% |
| 88 | 109% | 110% |
| >= 89 | 109% | 108% |

### Deaths Prior to Separation/Retirement

Mortality Rates are based on the General Mortality Table for Employees.

### Timing of Assumptions

All withdrawals, deaths and retirements 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.


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# Appendix C: Actuarial Assumptions and Methods (continued)

### Administrative Expenses

The expected plan related expenses of $342,074 were added to Normal Cost. The expense is equal to the prior year's plan-related expenses.

### 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.

### Other Data Assumptions

- Members of the Army National Guard who were terminated vested participants in the prior valuation but were reported with less than 15 years of prior North Carolina National Guard duty were assumed to have terminated without a vested benefit.
- Inactive Army National Guard members who were reported this year with over 20 years of total service and more than 15 years of North Carolina National Guard duty (or National Guard duty information was omitted), but were not included as deferred vested members the previous year, are assumed to have terminated with a vested benefit.
- Where service showed an unexpected change from the prior year and an explanation for the change could not be reconciled, the creditable service reported for the current year was accepted.

### 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 dollar over the working lifetime of the participant between the date of employment and assumed date of exit.

### Normal Cost

Normal cost reflects an estimated impact of $375,000 to account for members with less than 7 years of service that are not included in the valuation, plus assumed administrative expenses described above.

### 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 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 Section 3. 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


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# Appendix C: Actuarial Assumptions and Methods (continued)

### Direct Rate Smoothing

Assumption and method 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 preliminary actuarially determined contribution requirements of NGPF by $2,141,410. The impact of these assumption changes will be smoothed over a five-year period so that 20% of the impact is recognized for each valuation starting with the December 31, 2025 valuation, and will be fully recognized in the December 31, 2029 valuation.

### Changes in Assumption 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 withdrawal assumptions, retirement assumptions, mortality assumptions, new entrant load assumption, and administrative expense assumption were updated based on the experience study prepared as of December 31, 2024 and adopted by the Board of Trustees on January 29, 2026.
- 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

NCNGPF 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 $198,541,785. 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 an estimate of what the NCNGPF actuarial accrued liability would be if NCNGPF 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 NCNGPF 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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# Appendix E: State Contribution Rate Stabilization Policy (SCRSP)

## Teachers' and State Employees' Retirement System Board of Trustees

### State Contribution Rate Stabilization Policy for the North Carolina National Guard Pension Fund

This SCRSP was adopted by the TSERS Board of Trustees at its meeting on July 30, 2026.

**I. Policy Purpose**

This policy provides for continued operation of a State Contribution Rate Stabilization Policy (SCRSP) for the North Carolina National Guard Pension Fund (NCNGPF). The SCRSP was first adopted by the Teachers' and State Employees' Retirement System (TSERS) Board of Trustees (Board), which administers the provisions of the NCNGPF as set forth in G.S. 127A-40, on April 25, 2019, and was effective through fiscal year ending 2022. The SCRSP for fiscal years ending 2023 through 2027 was adopted on April 29, 2021, and amended on January 25, 2024. Having adopted the Experience Study of the 2020-2024 calendar years on January 29, 2026, which will be effective for plan funding purposes for fiscal years ending 2028 and later, the Board wishes to adopt an SCRSP effective for contributions during the five fiscal years ending 2028 through 2032.

**II. Policy Objectives**

This policy establishes how the Board will develop an annual appropriation amount to recommend to the General Assembly to fund the NCNGPF, and the conditions under which the Board will consider or recommend benefit improvements for the NCNGPF.

**III. Definitions**

**Actuarial Measurement**

The result of an analysis by the Board's consulting actuary, presented to the Board in a public report, based on actuarial assumptions and methods adopted by the Board for purposes of funding of the NCNGPF, without regard to any "direct rate smoothing" of changes in the Board's assumptions and methods.

**Benefit Improvement Funding Requirement**

An amount equal to:

(1) the Actuarial Measurement of the full increase in the NCNGPF actuarial accrued liability and normal cost expected from a proposed benefit increase, plus

(2) the NCNGPF actuarial accrued liability according to the most recently accepted valuation report of the consulting actuary, less

(3) the NCNGPF actuarial value of assets according to the most recently accepted valuation report of the consulting actuary, plus

(4) the Underlying ADEC for the upcoming fiscal year subject to the exception that if item (3) is greater than item (2), then this item (4) is to include only the normal cost component of the Underlying ADEC, less

(5) the Policy Contribution Without Benefit Increase for the upcoming fiscal year.

However, the Benefit Improvement Funding Requirement will be no less than $0, and no greater than the amount in part (1) of the definition prior to adjustment for parts (2) through (5). The intention of parts (2) through (5) is to provide for a possible reduction in the Benefit Improvement Funding Requirement if there is a funding surplus (parts (2) and (3)) or if the Board's appropriation recommendation under this policy will exceed the Underlying ADEC (parts (4) and (5)).


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# Appendix E: State Contribution Rate Stabilization Policy (SCRSP) (continued)

**Funded Percentage**

The NCNGPF's actuarial value of assets, divided by its actuarial accrued liability, according to the most recently accepted valuation report of the consulting actuary.

**Policy Contribution Without Benefit Increase**

The State appropriation to be recommended by the Board under this policy, prior to any increase for the cost of benefit improvements that the Board may recommend under Sections V or VI of this policy.

**Underlying Actuarially Determined Employer Contribution (Underlying ADEC)**

The amount developed annually by the Board's consulting actuary, representing a funding requirement according to the Board's actuarial assumptions and methods before applying this policy.

## IV. Annual Appropriation Recommendation

This policy calls for continuing the guidelines used for the fiscal years ending 2025 through 2027. This may result in an appropriation recommendation exceeding the Underlying ADEC. Accordingly, for each year that this policy is in effect:

- **If the Funded Percentage is greater than or equal to 100%,** the Policy Contribution Without Benefit Increase recommended by the Board for an upcoming fiscal year will be equal to the Normal Cost used to calculate the underlying ADEC, including any provisions included in the Normal Cost for anticipated new entrants and administrative expenses, and including any increase to the Normal Cost from a benefit improvement after the publication of the actuary's report. The intent of this provision is that, if a benefit improvement decreases the funded percentage from at least 100% to below 100%, an amount at least equal to the Benefit Improvement Funding Requirement will be contributed as described in Section V below, and in no case will the State contribution be less than the Actuarially Determined Employer Contribution.
- **If the Funded Percentage is less than 100%,** the Policy Contribution Without Benefit Increase recommended by the Board for an upcoming fiscal year will be the greater of (1) the appropriation recommended by the Board for the current fiscal year, or (2) the Underlying ADEC for the upcoming fiscal year plus $2 million*. In developing Parts (1) and (2) of this definition, this policy provides the following guidance:
  - In Part (1), the appropriation that was recommended for the current fiscal year should exclude any portion of the Board's recommendation specifically intended to cover a one-year payment of the costs of a benefit improvement, as described below under "Further Increase to Fund Benefit Improvement."
  - In Part (1), the appropriation that was recommended for the current fiscal year should be adjusted (increased) to include the cost of any benefit improvements enacted by the General Assembly, for which the General Assembly did not appropriate funding during the current fiscal year at least equal to the Benefit Improvement Funding Requirement. This increase should be equal to the Benefit Improvement Funding Requirement, reduced for any funding appropriated by the General Assembly during the current fiscal year toward the enacted benefit improvement.

* The amount of $2 million corresponds to more than one percent of the Actuarial Accrued Liability. Therefore, the appropriation amount recommended under this policy, if enacted, will improve the Funded Percentage by approximately one percentage point in each year if the Funded Percentage is less than 100%, relative to the Funded Percentage if only the Underlying ADEC had been contributed.


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# Appendix E: State Contribution Rate Stabilization Policy (SCRSP) (continued)

- In Part (1), the appropriation that was recommended for the current fiscal year should be adjusted (either increased or reduced) for the effect of any changes in actuarial assumptions or methods adopted by the Board that were not incorporated in the Board's recommendation for the current fiscal year. The adjustment should be equal to the Actuarial Measurement of the effect on the Underlying ADEC, except that it may include direct rate smoothing to the extent the Board adopted direct rate smoothing of the relevant assumption or method change for NCNGPF funding purposes.
- In Part (2), the Underlying ADEC for the upcoming fiscal year should exclude any portion attributable to a one-year payment of costs of a benefit improvement.

**Further Increase to Fund Benefit Improvement**

The appropriation recommended by the Board for the upcoming fiscal year will be further adjusted if the Board recommends to the General Assembly a benefit improvement as described in Sections V or VI of this policy. Such adjustment will be at least equal to the Benefit Improvement Funding Requirement. Under such a recommendation, the full actuarial cost of any benefit improvement would be funded within one year through the upcoming year's appropriation, rather than amortized over multiple years.

The Policy Contribution Without Benefit Increase, added to the Benefit Improvement Funding Requirement associated with any benefit improvement enacted by the General Assembly effective for a fiscal year, will be deemed by the Board to be the annual actuarially determined employer contribution (funding ADEC) for the NCNGPF.

## V. Recommended Increases to Benefit at Retirement

Based on statutory provisions as of July 2026, the NCNGPF pension amount will increase effective January 1, 2027. For members with 20 years of creditable service, it will increase from $105 to $110 per month. For each additional year of such service, the incremental additional pension will increase from $10.50 to $11.00 per month. The maximum benefit, which would be reached after 30 years of creditable service, will increase from $210 to $220 per month. This section of the policy describes the conditions under which the Board may consider a recommendation of further benefit improvements, meaning improvements in the calculation of the initial pension benefit for members who have not yet retired.

Under this policy, the Board may consider a recommendation to the General Assembly that the benefit amounts be improved, provided that both of the following conditions are met:

1. The increase in the benefit amount is not greater than the most recent June-over-June one-year change in the Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average, all items, not seasonally adjusted, standard reference base, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

   If the Board recommends a benefit improvement to be effective during the first year of a State budget biennium, but the General Assembly does not enact the recommendation by the time the Board is making recommendations for the second year of the biennium, then the Board's recommended increase effective during the second year of the biennium may incorporate the prior recommendation as a starting point; however, the recommended increase should be no greater than the prior recommendation increased by the most recent June-over-June increase in the CPI-U.*

* For example: Suppose the CPI-U increase from June 2025 to June 2026 is 3.0%; the Board recommends in January 2027 that the benefit after 20 years of creditable service be improved from $110 to $113 per month effective in the fiscal year ending 2028 (with corresponding changes to the benefit amounts after 20 years of creditable service); and the General Assembly does not enact the recommendation before January 2028. Suppose also that the CPI-U increase from June 2026 to June 2027 is 3.5%. When the Board is considering its alternatives under this policy in January 2028 for the fiscal year ending 2029, which is the second year of a State budget biennium, the Board could recommend under this policy that the benefit after 20 years of creditable service be improved from $110 to $116 per month effective in the fiscal year ending 2029. In this example, the policy would allow the $116 recommendation because it is no greater than $113 (the previously recommended, but not yet enacted, amount) increased by 3.5%. The recommended increase from $110 to $116 should still be reviewed to ensure it meets criterion #2 regarding the Benefit Improvement Funding Requirement. In this same example, when the Board is considering its alternatives under this policy in January 2029, for the fiscal year ending 2030, any prior recommendations that were not enacted should be disregarded, because the fiscal year ending 2030 is the first year of a new State budget biennium.


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# Appendix E: State Contribution Rate Stabilization Policy (SCRSP) (continued)

2. The Benefit Improvement Funding Requirement is included in the appropriation recommended by the Board for the upcoming fiscal year.

## VI. Recommended Increases for Cost-of-Living Adjustments (COLAs)

This section of the policy describes the conditions under which the Board may consider a recommendation of a COLA, meaning an increase to existing retirees' pension amounts, whether that be a permanent, ongoing increase to each retiree's pension or a one-time supplemental payment.

The Board may recommend a COLA for already-retired members corresponding to the increase recommended for non-retired members under Section V above, provided that the value of the COLA is incorporated in the calculation of the Benefit Improvement Funding Requirement.

If the Board is not recommending a benefit improvement for non-retired members under Section V above, the Board should only consider recommending a COLA for retirees if the Funded Percentage is greater than or equal to 90%. In that event, any recommendations of the Board regarding (1) whether a COLA increase should be granted, (2) the percentage increase in retirement benefits due to the COLA, and (3) the term of amortization will be the same as the Board's recommendations taking effect at the same time regarding TSERS. If it is not administratively feasible for RSD staff to implement the same adjustment for the NCNGPF as for TSERS, then the Board will recommend that some pension adjustment of similar value for retirees be implemented.

## VII. Policy Effective Date

This policy will be effective through the fiscal year ending June 30, 2032. The Board may vote to extend it for any period of time.


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