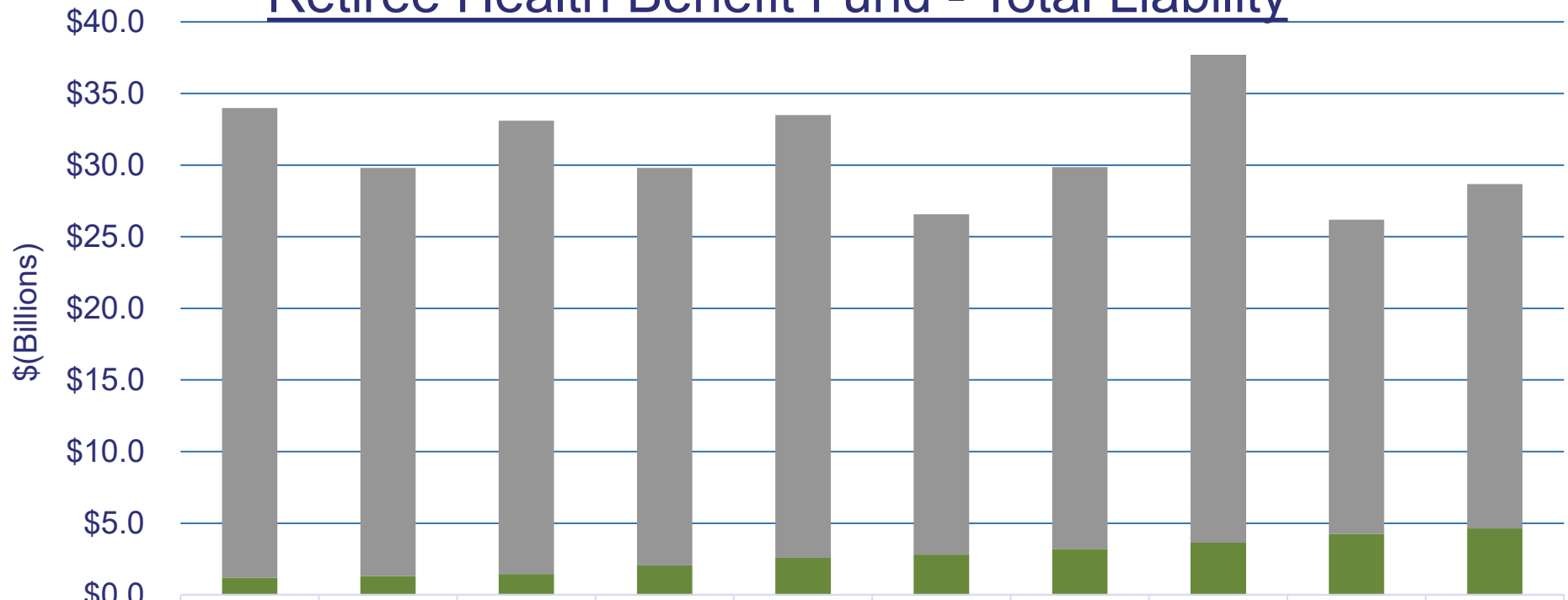


Retiree Health Benefit OPEB Update

OPEB History

Retiree Health Benefit Fund - Total Liability



	6/2017	6/2018	6/2019	6/2020*	6/2021	6/2022	6/2023	6/2024	6/2025	6/2026
Unfunded Liability	$32.8	$28.5	$31.6	$27.7	$30.9	$23.7	$26.6	$34.0	$22.0	$24.0
Assets	$1.2	$1.3	$1.5	$2.1	$2.6	$2.8	$3.2	$3.7	$4.2	$4.6
Funding Ratio	3.5%	4.4%	4.4%	6.9%	7.7%	10.6%	10.7%	9.8%	16.2%	16.2%

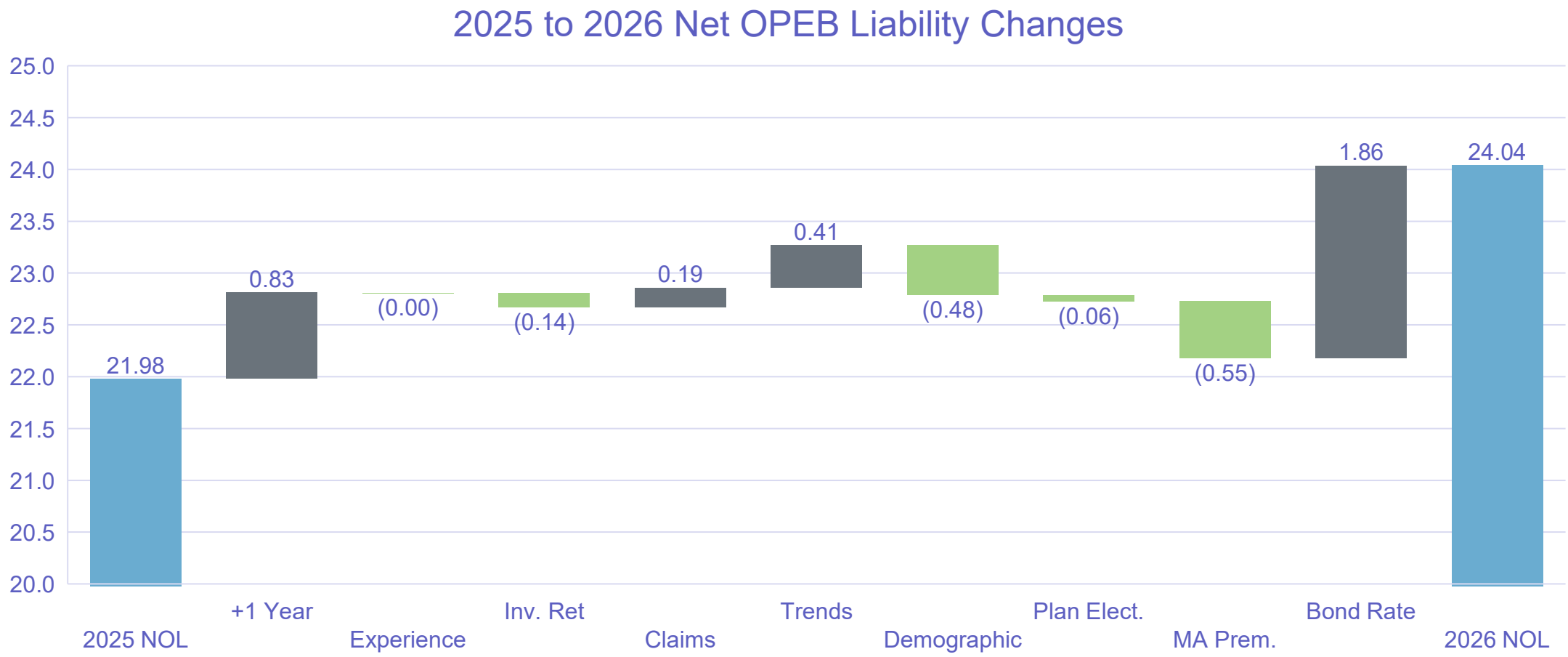
* 2020 First year of PEHBF transfers

OPEB Liability

$ Billions	2024	2025	2026
BOY Total Liability	**$29.85**	**$37.70**	**$26.22**
Discount Rate	3.93%	5.20%	4.67%
G/(L) Discount Rate	1.66	5.14	(1.86)
G/(L) MA Premiums	(8.77)	4.64	0.55
G/(L) Other Assumptions	(0.90)	2.50	(0.07)
G/(L) Plan Changes	1.37	0.86	0.00
G/(L) Passage of Time	(1.21)	(1.66)	(1.08)
Total G/(L)	**($7.85)**	**$11.48**	**($2.46)**
EOY Total Liability	**$37.70**	**$26.22**	**$28.68**

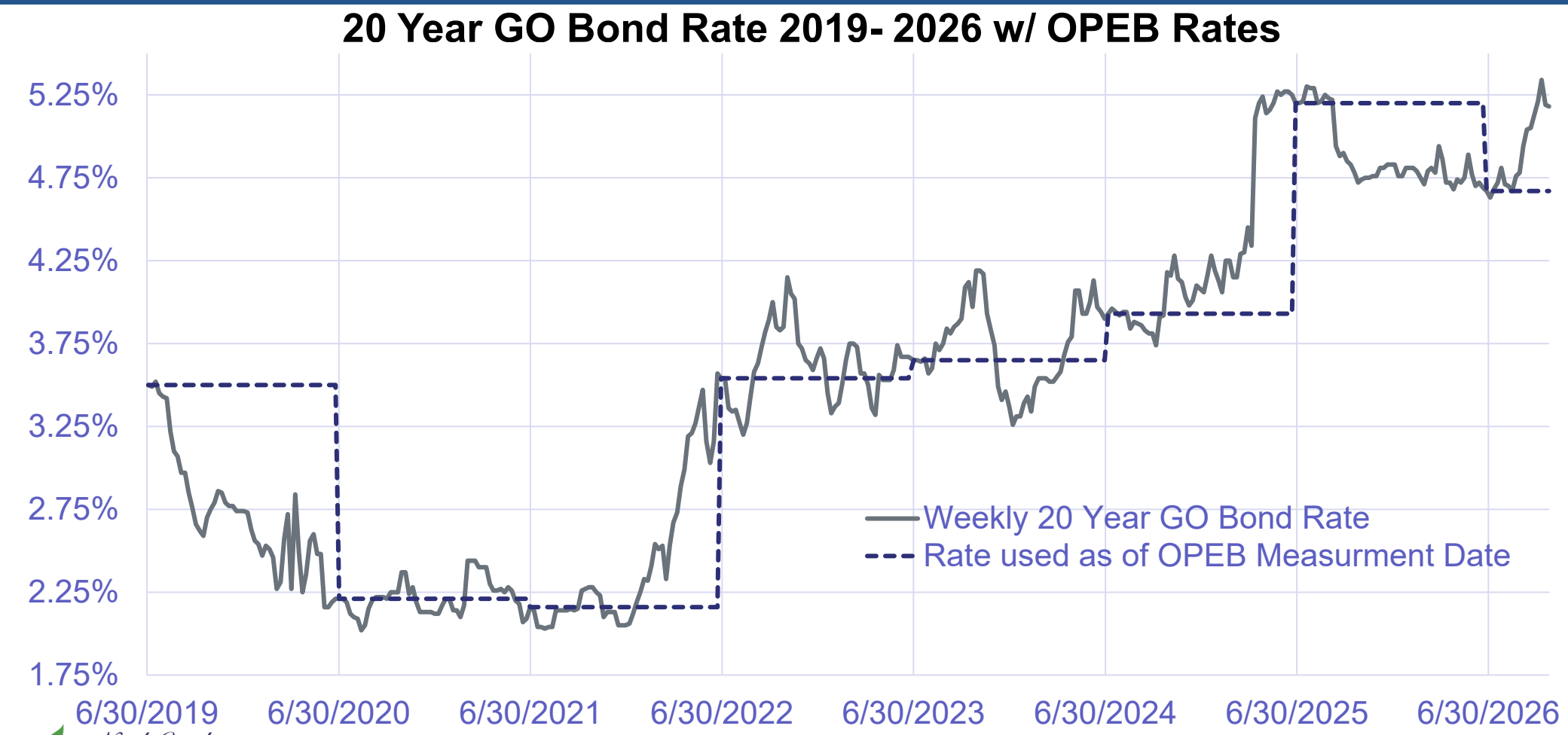
- OPEB Liability calculates the current amount expected to pay for current and future retirees for next 100 years. "Snapshot" as of June 30, 20XX.
- Most Impactful Assumptions
  - Discount Rate – Allows future costs to be calculated as of the present date. Rate is mandated by GASB 74/75 guidelines for plans without a dedicated funding source.
  - MA Premiums – Most members age 65+ choose MA causing volatility from premium changes. 2024 had a high future premium expectation that was negotiated down in 2025.
- OPEB uses same assumptions as TSERS Pension where applicable. Recently updated with 2025 Experience Study.

2026 Liability Changes



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20 Year GO Bond History



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Retiree Health Trust Fund

$ Billions	2024	2025	2026
BOY RHBTF	**$3.20**	**$3.69**	**$4.24**
Contribution	1.49	1.52	1.07
Xfer to PEHBF	(1.22)	(1.28)	(1.09)
Investment Ret.	0.22	0.31	0.42
Rate of Return	6.48%	8.09%	9.89%
EOY RHBTF	**$3.69**	**$4.24**	**$4.64**
EOY Liability	37.70	26.22	28.68
Funding Ratio	**9.8%**	**16.2%**	**16.2%**

- Retiree Health Benefit Trust (RHBTF) is codified by G.S. 135-7(f) to offset OPEB Liability.
  - TSERS Board of Trustees are Trustees of the RHBTF
- Funded by a % of Salary in Appropriations Legislation: FY 2026: 4.93%; FY 2027: 5.29%
- RHBTF transfers money monthly to Public Employee Health Benefit Fund (SHP uses for operations) for retiree benefits.
  - CY 2026: $300 per retiree per month
  - CY 2027: $378 per retiree per month
- Investment Returns since 2024 have been at or above 6.50% assumption.
- Actuarial Value of Assets = Market Value of RHBTF (No smoothing)

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Changes from last year

- **Experience Study assumptions as approved by TSERS Board of Trustees ($480M Gain)**
  - Retirement, Disability, Termination, Mortality assumptions
  - Marriage Assumptions
  - Investment Return
  - Salary Increase
- **Actives are eligible for Retiree Health benefits if they have service prior to 1/1/2021 (G.S 135-48.1)**
- **Per SL 2026-41, the OPEB Committee is dissolved and responsibility for completing OPEB is with the State Health Plan**
  - State Health Plan continued to work with other Departments in DST (Retirement and Fiscal Operations) as well as other agencies (OSC and OSBM) to ensure agreement with assumptions and calculations.