

**NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS
COUNTY EMPLOYEES RETIREMENT SYSTEM
CASH BALANCE BENEFIT FUND**



**ACTUARIAL VALUATION RESULTS
AS OF JANUARY 1, 2026
FOR
STATE FISCAL YEAR
ENDING JUNE 30, 2028**

SUBMITTED: MAY 11, 2026



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May 11, 2026

Public Employees Retirement Board
Nebraska Public Employees Retirement System
Post Office Box 94816
Lincoln, NE 68509

Dear Members of the Board:

At your request, we performed an actuarial valuation of the County Employees Retirement System Cash Balance Benefit Fund as of January 1, 2026 for the purpose of determining the actuarial required contribution rate for the 2026 plan year. It is our understanding that any additional required State contributions for this plan year will be made on July 1, 2027 (State fiscal year end 2028). The major findings of the valuation are contained in this report, which reflects the benefit provisions in place on January 1, 2026. There have been no changes to the actuarial methods or plan provisions from the prior valuation, but the investment return assumption has changed since the last valuation.

At their March 17, 2025 meeting, the Public Employees Retirement Board adopted a plan to phase-in the change to the investment return assumption over a four-year period, beginning with the January 1, 2025 valuation. Over the course of this four-year period, the investment return assumption will decrease from 7.00% to 6.75%. In the current valuation, the investment return assumption decreased from 6.95% to 6.90%. The impact of this change on the current valuation results is discussed in further detail in the Board Summary section of this report.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. Active member data was provided to us by Ameritas, the record-keeper for the Plan. We found this information to be reasonably consistent and comparable with information used in the prior report. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised.



We further certify that all costs, liabilities, rates of interest and other factors for the County Employees Retirement System Cash Balance Benefit Fund have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Fund and reasonable expectations); and which, in combination, offer the best estimate of anticipated experience affecting the Fund. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Public Employees Retirement Board has the final decision regarding the appropriateness of the assumptions and adopted the set of assumptions outlined in Appendix C.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our report, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the actuarial required contribution rates for funding the System and have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards No. 67 and No. 68 are provided in separate reports.

The consultants who worked on this assignment are pension actuaries. CavMac's advice is not intended to be a substitute for qualified legal or accounting counsel.



On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in the report or to provide explanations or further details as may be appropriate.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Handwritten signature of Patrice A. Beckham in blue ink.

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Handwritten signature of Brent A. Banister in blue ink.

Brent A. Banister Ph.D., FSA, EA, FCA, MAAA
Chief Actuary





SECTION 1 – BOARD SUMMARY

This report presents the results of the January 1, 2026 actuarial valuation of the County Employees Retirement System Cash Balance Benefit Fund (County Cash Balance Plan or Plan). The primary purposes of performing the actuarial valuation are to:

- Determine if the statutory member and employer contribution rates are sufficient to meet the funding policy defined under Nebraska state statutes for the plan year ending December 31, 2026 and, if not, the additional required State contribution.
- Disclose asset and liability measurements as well as the current funded status of the County Cash Balance Benefit Fund on the valuation date.
- Compare actual and expected experience under the County Cash Balance Benefit Fund during the plan year beginning January 1, 2025 and ending December 31, 2025.
- Evaluate and disclose the key risks to funding the County Cash Balance Benefit Fund pursuant to Actuarial Standard of Practice Number 51.
- Analyze and report on trends in the County Cash Balance Benefit Fund contributions, assets and liabilities over the past several years.
- Quantify the contribution rate available for benefit improvements, if any.

The Nebraska statutes require the State to make an additional contribution if the regular, payroll-related contributions by members (4.50% of pay for most members) and the County employers (150% of member contributions for most members) are insufficient to meet the actuarial required contribution rate for the plan year. Based on the results of the January 1, 2026 actuarial valuation, the contributions defined by statute are more than sufficient to meet the actuarially required contribution. **Therefore, there is no additional State contribution for this plan year (due in the State fiscal year ending June 30, 2028).**

State statutes provide that the Board may grant a dividend if the unfunded actuarial accrued liability is less than zero and the dividend granted would not increase the actuarial required contribution rate above ninety percent (90%) of the statutory contribution rate. The Public Employees Retirement Board (PERB) also has a policy that sets out additional criteria for granting a dividend which requires the Plan be at least 100% funded on both a Funded Basis and a Current Value Basis before and after the dividend is granted. **For the 2026 plan year, the criteria have been met and a dividend may be granted. The maximum dividend, based on the January 1, 2026 valuation, is 3.36%.**

Factors Impacting the 2026 Valuation Results

At their March 17, 2025 meeting, the Board adopted a plan to phase-in the change to the investment return assumption over a four-year period, beginning with the January 1, 2025 valuation. As a result, the investment return assumption was lowered from 6.95% to 6.90% in the current valuation. The impact of the scheduled change in the investment return assumption in this valuation was an increase of \$3.6 million in the actuarial accrued liability, as well as an increase of 0.13% of pay in the actuarial required contribution rate.

The remaining phase-in of the investment return assumption will be implemented as follows: 6.85% in the January 1, 2027 valuation and 6.75% in the January 1, 2028 valuation. The phase-in of the investment return assumption is expected to increase both the unfunded actuarial





SECTION 1 – BOARD SUMMARY

accrued liability (UAAL) and the actuarial contribution rate over the next two years, absent the impact of future favorable experience. If the ultimate investment return assumption was fully recognized in the current valuation, it would increase the UAAL by \$10.9 million, decrease the funded ratio to 102.69%, and increase the actuarial contribution rate by 0.40%

The actuarial valuation results provide a “snapshot” view of the County Cash Balance Benefit Fund’s financial condition on January 1, 2026, capturing all experience that occurred during calendar year 2025. The excess of actuarial assets over the actuarial accrued liability increased from \$14.5 million in the January 1, 2025 valuation to \$33.7 million in the January 1, 2026 valuation, and the funded ratio increased from 101.81% to 104.03%. The actuarial required contribution rate decreased from 10.75% of pay in last year’s valuation to 10.30% of pay in the current valuation. Several factors impacted the January 1, 2026 actuarial valuation results, including:

- Assumption Changes. As discussed earlier, changes to the set of actuarial assumptions resulted in a \$3.6 million increase in the UAAL and an increase in the actuarial required contribution rate of 0.13%.
- Actual experience on Plan assets. The rate of return on the market value of assets for calendar year 2025 was 15.6%, as reported to the Nebraska Investment Council. Due to the asset smoothing method, the rate of return on the actuarial value of assets was 8.8%, which was higher than the assumed rate of return of 6.95% for 2025. As a result, there was an experience gain on the actuarial value of assets of \$14.6 million.
- Actual demographic experience on Plan liabilities. The net impact of all liability experience was an actuarial gain of \$7.5 million. The largest sources of liability experience resulted from favorable retirement experience and a lower interest credit than assumed (5.62% actual vs. 6.00% assumed for calendar year 2025).
- Dividend Granted in 2025. The January 1, 2025 valuation results showed that the Plan met the criteria for granting a dividend up to a maximum of 0.84% to member account balances. The PERB voted to grant the full 0.84% dividend, which increased the Plan’s actuarial accrued liability by \$4.9 million.
- Contributions above the actuarial required contribution rate. Total contributions to the Plan during calendar year 2025 were 12.07% of pay, which was 1.32% above the actuarial required contribution rate of 10.75% of pay. Contributions above the actuarial required contribution rate increased the Plan’s actuarial surplus (actuarial assets over actuarial accrued liability) by \$5.7 million.

A summary of the key results from the January 1, 2026 actuarial valuation, shown in the following table, indicates the statutory contribution rates are sufficient to meet the actuarial required contribution rate for 2026 and no additional State contribution is required. Further detail on the valuation results can be found in the following sections of this Board Summary.





SECTION 1 – BOARD SUMMARY

	Valuation Results	
	January 1, 2026	January 1, 2025
Unfunded Actuarial Accrued Liability/(Surplus)	(\$33,727,461)	(\$14,460,684)
Funded Ratio using Actuarial Assets	104.03%	101.81%
Actuarial Required Contribution Rate	10.30%	10.75%
Member Contribution Rate	(4.85%)	(4.91%)
Employer Contribution Rate	(7.10%)	(7.16%)
Total Contribution Rate	(11.95%)	(12.07%)
Contribution Shortfall/(Margin)	(1.65%)	(1.32%)
Additional State Contribution Amount	\$0	\$0

EXPERIENCE FOR THE LAST PLAN YEAR

Numerous factors contributed to the change in the Plan's assets, liabilities, and the actuarial required contribution rate between January 1, 2025 and January 1, 2026. The components of change are examined in the following discussion.

MEMBERSHIP

In total, the number of members (both active and inactive) increased about 2%, from 13,472 to 13,733. The number of active members increased from 7,203 in the 2025 valuation to 7,293 in the 2026 valuation. The number of members receiving benefit payments increased from 1,028 to 1,044. This increase of about 2% reflects 28 active members and 20 inactive vested members who retired during 2025 elected to receive at least part of their benefit as monthly income. In addition, there were 8 members in the Defined Contribution Plan who elected to receive part or all of their benefit as monthly income from the Cash Balance Plan.

The County Cash Balance Plan is relatively young, compared to most public retirement plans, having been implemented in 2003 for new hires and existing active members who elected to change coverage. While the number of active members participating in the Cash Balance Plan is 13,733, there are about 500 employees still participating in the Defined Contribution Plan. As the Defined Contribution Plan participants leave employment they will be replaced by new members of the Cash Balance Plan. As a result, the number of active members is still growing. The young life of the Plan means that the number of retirees relative to the number of active members is also low in comparison to most other retirement plans. Therefore, the number retirees is likely to continue to increase as a percentage of the total membership for the foreseeable future until it eventually stabilizes. The ability for active members who retire to elect to receive the full value of their benefit as a lump sum also creates variability in the number of new retirees in the Plan each year.





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ASSETS

As of December 31, 2025, the County Employees Retirement System Cash Balance Benefit Fund had net assets of \$936.9 million, when measured on a market value basis. This was an increase of \$112.4 million from the prior year. The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarial required contribution rate. An asset valuation method, which smoothes the effect of market fluctuations, is used to determine the value of assets used in the valuation. The resulting amount is called the actuarial value of assets. In this year's valuation, the actuarial value of assets is \$870.0 million, an increase of \$55.3 million from the prior year. The components of change in the asset values are shown in the following table:

	Market Value (\$M)		Actuarial Value (\$M)	
Net Assets, December 31, 2024	\$	824.46	\$	814.67
- Employer and Member Contributions	+	48.24	+	48.24
- Benefit Payments	-	64.10	-	64.10
- Administrative Expenses	-	1.00	-	1.00
- Transfers	+	1.54	+	1.54
- Net Investment Income	+	127.71	+	70.66
Net Assets, December 31, 2025	\$	936.85	\$	870.01
Estimated Rate of Return*		15.6%		8.8%

*Estimated rate of return on the market value of assets as reported by the Nebraska Investment Council.

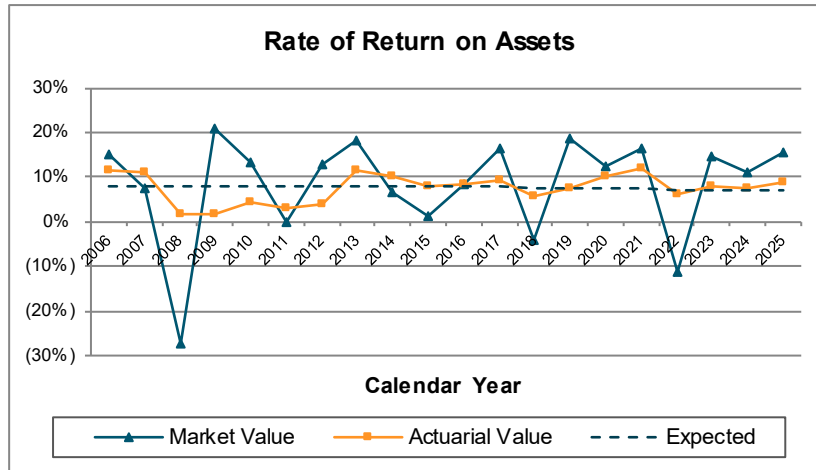
The rate of return on the actuarial value of assets was above 6.95%, the assumed rate of return for calendar year 2025. As a result, there was an experience gain on assets of \$14.6 million. Due to favorable investment experience in 2025, the net deferred (unrecognized) investment gain of \$9.8 million in last year's valuation (difference between the market and actuarial values of assets) increased to a net deferred gain of \$66.8 million in this year's valuation. Unless there is unfavorable experience to offset the deferred investment gain, the Plan's funded status is expected to improve as the investment experience is recognized over the next four years and the contribution margin is expected to increase as the actuarial required contribution rate decreases (see Table 3).

Please see Section 3 of this report for more detailed information on the market and actuarial value of assets.





SECTION 1 – BOARD SUMMARY



The rate of return of the actuarial value of assets has been less volatile than the market value return, illustrating the benefit of using an asset smoothing method.

LIABILITIES

The actuarial accrued liability (AAL) is that portion of the present value of future benefits that will not be paid by future normal costs. The difference between this liability and the actuarial value of assets as of the valuation date is called the unfunded actuarial accrued liability (UAAL). The dollar amount of the UAAL is reduced if the contributions to the County Cash Balance Benefit Fund exceed the normal cost for the year plus interest on the prior year's UAAL.

The unfunded actuarial accrued liability is shown as of January 1, 2026 in the following table:

	Actuarial Value of Assets	Market Value of Assets
Actuarial Accrued Liability	\$836,278,437	\$836,278,437
Value of Assets	<u>870,005,898</u>	<u>936,853,541</u>
Unfunded Actuarial Accrued Liability/(Surplus)	(\$33,727,461)	(\$100,575,104)
Funded Ratio	104.03%	112.03%

Note that the funded ratio does not indicate whether or not the Plan has sufficient funds to settle all current obligations, nor is it necessarily indicative of the need for future funding.

See Section 4 of the report for the detailed development of the unfunded actuarial accrued liability.





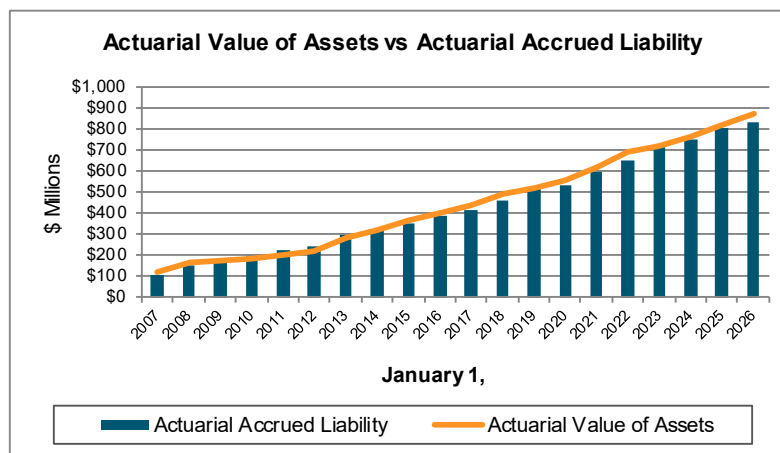
SECTION 1 – BOARD SUMMARY

The net increase in the actuarial surplus (actuarial assets over actuarial accrued liability) from January 1, 2025 to January 1, 2026 was \$19.3 million. The components of this net change are shown in the following table (in millions):

	(\$ Millions)
Unfunded Actuarial Accrued Liability, January 1, 2025	(\$14.5)
- Expected change from amortization method	0.2
- Actual versus actuarial required contributions	(5.7)
- Investment experience	(14.6)
- Liability experience	(7.5)
- Dividend granted in 2025	4.9
- Assumption changes	3.6
- Other experience	(0.1)
Unfunded Actuarial Accrued Liability, January 1, 2026	(\$33.7)

As shown above, various components impacted the UAAL. Actuarial losses (gains), which result from actual experience that is less (more) favorable than anticipated based on the actuarial assumptions, are reflected in the UAAL and are measured as the difference between the expected UAAL and the actual UAAL, taking into account any changes due to actuarial assumptions and methods or benefit changes, including dividends. As discussed earlier, the Plan experienced an actuarial gain on both assets and liabilities, for a total actuarial gain of \$22.1 million. The largest single source of liability gain was from more retirees electing a lump sum during the calendar year than assumed.

As shown in the following graph, the County Employees Retirement System Cash Balance Benefit Fund liabilities have increased significantly along with the assets as the Plan has continued to mature. The large increases observed in 2008 and 2013 reflect the transfer of members from the Defined Contribution Plan to the Cash Balance Plan due to new election periods provided by the legislature.



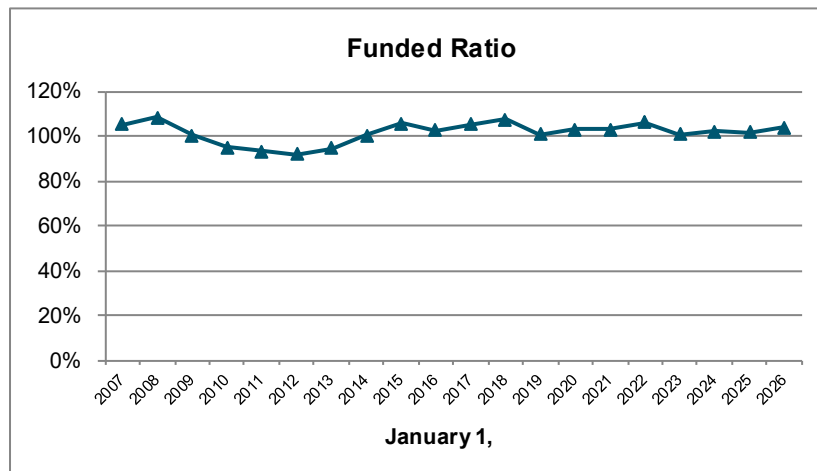


SECTION 1 – BOARD SUMMARY

An evaluation of the UAAL on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the UAAL and the progress made in its funding is to track the funded ratio, the ratio of the actuarial value of assets to the actuarial accrued liability. The funded status information is shown below (in millions).

	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026
Funded Ratio using Actuarial Assets	106.1%	100.9%	102.0%	101.8%	104.0%
Unfunded Actuarial Accrued Liability (\$M)	(\$39.3)	(\$6.1)	(\$14.6)	(\$14.5)	(\$33.7)

The funded ratio over a longer period of years is shown in the following graph:



As a result of being 100% funded at the creation of the Plan in 2003 and contributing more than the actuarial required contribution in subsequent years, the funded ratio of the Plan has remained very strong during the entire period despite investment returns in some years that were less than assumed. Actual interest credits below the assumed rate during much of this period resulted in lower liabilities, thereby improving the funded ratio.

ACTUARIAL REQUIRED CONTRIBUTION RATE

The County Employees Retirement System Cash Balance Benefit Fund is funded by statutory contribution rates for members (4.50% of pay for most members) and employers (150% of the member rate for most members). State statutes require the State to make an additional contribution if the regular, payroll-related contributions by employees and employers are insufficient to meet the actuarial required contribution rate for the plan year. The State contributions for the plan year, if any, are made on the July 1 following the plan year-end. **Based on the results of the January 1, 2026 actuarial valuation, no additional State contribution is required for the current plan year.**





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Under the Entry Age Normal cost method, the actuarial required contribution rate consists of:

- A “normal cost” for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date.
- An “administrative expense” load for the expenses expected to be paid from the trust for the year.
- An “unfunded actuarial accrued liability contribution” for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

The actuarial required contribution rate is equal to the normal cost rate plus administrative expenses and an amortization payment on the UAAL. The amortization payment is the sum of the payments for each amortization base with payments over a closed 25-year period beginning on the date the base was established. If the UAAL is below zero, as is the case on January 1, 2026, all prior bases are considered to be fully funded and, therefore, are eliminated. In our opinion, the amortization policy meets the requirements of Actuarial Standard of Practice Number 4. The approach is intended to promote stable contributions, balance cost among generations of taxpayers and members, and ensure adequate advance funding of benefits. The amortization schedule would fully fund the UAAL, if any, within 25 years, and the scheduled payments would always exceed the normal cost plus interest on the UAAL due to the combination of a closed amortization period and level-dollar amortization payments. See Section 5 of the report for the detailed development of the actuarial required contribution rate, which is summarized in the following table:

Contribution Rates	January 1, 2026	January 1, 2025
Normal Cost Rate	10.69%	10.76%
Administrative Expenses	0.29%	0.29%
UAAL Amortization Rate	<u>(0.68%)</u>	<u>(0.30%)</u>
Total Actuarial Required Contribution	10.30%	10.75%
Member Contribution Rate	(4.85%)	(4.91%)
Employer Contribution Rate	<u>(7.10%)</u>	<u>(7.16%)</u>
Total Contribution Rate	(11.95%)	(12.07%)
Contribution Shortfall/(Margin)	(1.65%)	(1.32%)

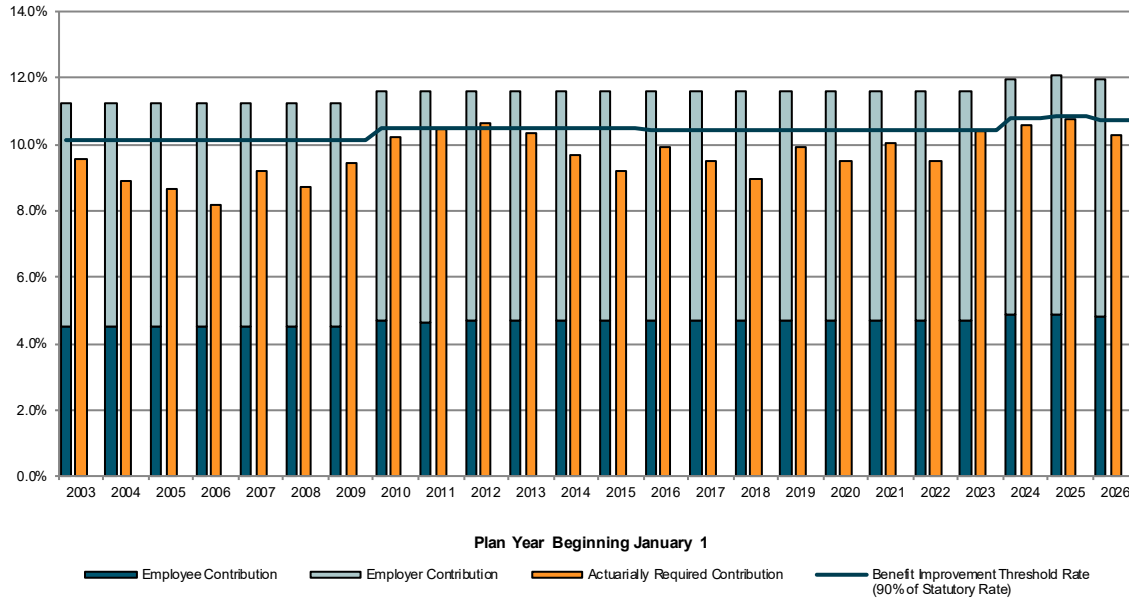
The actuarial required contribution rate for the current plan year is 10.30%. The effective member contribution rate of 4.85% and employer contribution rate of 7.10% result in a total statutory contribution rate of 11.95% of pay. As a result, a contribution margin of 1.65% exists for the 2026 plan year, up from 1.32% in last year’s valuation.





SECTION 1 – BOARD SUMMARY

As the following graph shows, the statutory fixed contribution rate has exceeded the actuarial required contribution rate every year since the Plan was created in 2003.



The actuarial required contribution rate, which is determined based on the snapshot of the Plan taken on the valuation date, will change each year as the deferred investment experience is recognized and other experience (both investment and demographic) impacts the Plan. While there is a contribution margin for the current plan year, this should not be viewed as an unnecessary or excess contribution. In order for the financing of the System on a fixed contribution rate basis to succeed, contributions above the current actuarial required contribution rate must be made to offset years where adverse experience would otherwise leave the fixed rate inadequate.

DIVIDEND DETERMINATION

State statutes provide that the Board may grant a dividend if the unfunded actuarial accrued liability is less than zero (actuarial assets exceed actuarial accrued liability) and the dividend granted would not increase the actuarial required contribution rate above 90% of the statutory contribution rate (dark teal line in the prior graph). The actuarial required contribution rate of 10.30% of pay is less than 90% of the statutory contribution rate of 11.95%, or 10.75%. This difference of 0.45% of pay is potentially available for benefit improvements under state statutes, if the Plan's funded ratio exceeds 100%.

In addition to the statutory contribution rate requirement, the PERB's dividend policy also requires the funded ratio to exceed 100% on both the Funded Basis (actuarial accrued liability less actuarial assets) and a Current Value Basis (total accumulated benefit obligation less market value of assets). The January 1, 2026 actuarial valuation indicates that the funded ratios are 104.0% and 114.8%, respectively. **Therefore, the Plan has met all of the requirements in the**





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current valuation and a dividend may be granted. The maximum dividend, based on the 2026 valuation results, is 3.36%.

Each year after the annual actuarial valuation results are received, the Board determines, based on the recommendation of the actuary, if a dividend can be paid. The amount of dividend, if any, is based on the criteria in the Board policy. Please see the graph on page 40, which illustrates the historical dividends granted by the Board. Alternatively, a table containing the historical dividend rates can be found in Appendix B.

One of the criteria for granting a dividend is based on the Accumulated Benefit Obligation, a liability measurement based on the current cash balance account balances for those not in pay status and the present value of future benefits as of the valuation date for those receiving benefits. This measure is intended to provide information regarding the Cash Balance Plan's funded status on a current or market-value basis and to provide comparability to individual account plans (defined contribution plans). This liability measure is not used in developing the funding numbers for the Plan, but it is used in determining the amount of the dividend as well as whether a dividend can be granted. The Current Value funded ratio for the current and prior year is shown in the following table.

Funded Status	January 1, 2026	January 1, 2025
1. Cash Balance Accounts		
(a) Actives	\$ 497,014,436	\$ 474,095,759
(b) Inactives	163,596,964	159,342,601
(c) Total	\$ 660,611,400	\$ 633,438,360
2. Present value of benefits for retirees and beneficiaries	155,561,537	148,260,619
3. Total accumulated benefit obligation	\$ 816,172,937	\$ 781,698,979
4. Market Value of Assets	936,853,541	824,463,415
5. Deficit/(Reserve) [3 - 4]	\$ (120,680,604)	\$ (42,764,436)
6. Funded percentage on Market Value of Assets [4 / 3]	114.8%	105.5%

The criteria used to determine the amount of any dividend that can be granted includes:

A. The plan must maintain the 90% Benefit Threshold Rate after granting any dividend.

1. Statutory Contribution Rate (Total)	11.95%
2. Required Threshold for Benefit Improvement (90% of (1))	10.75%
3. Actuarial Required Contribution Rate	10.30%
4. Rate Sufficiency/(Deficiency) [2 - 3]	0.45%





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- B. There must be a minimum 100% Funded Ratio on both the Funded Basis and the Current Value Basis, both before and after the dividend is granted.

	<u>Funded Basis</u>	<u>Current Value Basis</u>
January 1, 2026 Valuation Results Before Dividend:		
(a) Liability	\$836,278,437	\$816,172,937
(b) Assets	<u>870,005,898</u>	<u>936,853,541</u>
(c) (Deficit)/Reserve [(b) - (a)]	\$33,727,461	\$120,680,604
(d) Funded Ratio [(b) / (a)]	104.0%	114.8%
 Funded Ratio After Maximum Dividend:	 101.3%	 111.7%

- C. No dividend will be granted for a year where the annual interest credit rate exceeds the actuarial assumed return in the valuation.

- D. The dividend plus the annual interest credit during the year cannot exceed the assumed rate of return for the year (6.95% in 2025) unless a majority of the full Board agrees.

RISK ANALYSIS

A typical retirement plan faces many different risks. The term “risk” is most commonly associated with an outcome with undesirable results. However, in the actuarial world risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. Actuarial Standard of Practice Number 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions. Risk evaluation is an important part of managing a defined benefit plan. Please see Section 6 of this report for an in-depth discussion of the specific risks facing the County Employees Retirement System Cash Balance Benefit Fund.





SECTION 1 – BOARD SUMMARY

SUMMARY OF PRINCIPAL RESULTS

	1/1/2026 Valuation	1/1/2025 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	7,293	7,203	1.25%
Retired Members and Beneficiaries	1,044	1,028	1.56%
Inactive Vested Members	2,234	2,251	(0.76%)
Inactive Nonvested Members	3,162	2,990	5.75%
Total Members	13,733	13,472	1.94%
Projected Annual Salaries of Active Members	\$ 410,200,106	\$ 395,751,647	3.65%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 16,416,810	\$ 15,623,411	5.08%
2. ASSETS AND LIABILITIES			
a. Market Value of Assets	\$ 936,853,541	\$ 824,463,415	13.63%
b. Actuarial Value of Assets	870,005,898	814,670,737	6.79%
c. Total Actuarial Accrued Liability	836,278,437	800,210,053	4.51%
d. Unfunded Actuarial Accrued Liability/(Surplus) [c - b]	\$ (33,727,461)	\$ (14,460,684)	133.24%
e. Funded Ratio (Actuarial Value of Assets) [b / c]	104.03%	101.81%	2.18%
f. Funded Ratio (Market Value of Assets) [a / c]	112.03%	103.03%	8.74%
3. CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost	10.69%	10.76%	(0.65%)
Administrative Expenses	0.29%	0.29%	0.00%
Amortization of Unfunded Actuarial Accrued Liability	(0.68%)	(0.30%)	126.67%
Actuarial Required Contribution Rate	10.30%	10.75%	(4.19%)
Member Contribution Rate*	(4.85%)	(4.91%)	(1.22%)
Employer Contribution Rate**	(7.10%)	(7.16%)	(0.84%)
Contribution Shortfall/(Margin)	(1.65%)	(1.32%)	25.00%
Additional State Contribution Amount	\$ 0	\$ 0	N/A

* Includes additional member contribution rates for commissioned law-enforcement officers, which are 2% or 3% of pay.

** 150% of member contribution rate plus additional rates of pay for commissioned law-enforcement officers.





SECTION 2 – SCOPE OF REPORT

This report presents the actuarial valuation results of the County Employees Retirement System Cash Balance Benefit Fund as of January 1, 2026. This valuation was prepared at the request of the Public Employees Retirement Board of the Nebraska Public Employees Retirement System.

Please pay particular attention to our actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings which result from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the County Employees Retirement System Cash Balance Benefit Fund. Sections 4 and 5 describe how the obligations of the Plan are to be met under the actuarial cost method in use. Section 6 includes risk considerations related to the County Employees Retirement System Cash Balance Benefit Fund. Section 7 includes other information related to the historical funding of the System.

This report includes several appendices:

- Appendix A Schedules of valuation data classified by various categories of members.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on January 1, 2026.
- Appendix C A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D A glossary of actuarial terms.





SECTION 2 – SCOPE OF REPORT

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SECTION 3 – ASSETS

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is January 1, 2026. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the County Employees Retirement System Cash Balance Benefit Fund, which are generally in excess of assets. The actuarial process then leads to a method of determining the contributions needed by members and employers in the future to balance the Plan assets and liabilities.

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of the Plan assets as of the valuation date. In addition, the market value of assets provides a basis for measuring investment performance from time to time. Table 1 is a comparison of Plan assets at market value as of December 31, 2025 and December 31, 2024, in total and by investment category. Table 2 summarizes the change in the market value of assets from December 31, 2024 to December 31, 2025.

Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of County Employees Retirement System Cash Balance Benefit Fund assets, nor the book values of assets, representing the cost of investments, may be the best measure of the Plan's ongoing ability to meet its obligations.

To arrive at a suitable value of assets for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. Under the asset smoothing methodology, the difference between the actual and assumed investment return on the market value of assets is recognized evenly over a five-year period.

Table 3 shows the development of the actuarial value of assets (AVA) as of the valuation date.





SECTION 3 – ASSETS

TABLE 1

**MARKET VALUE OF ASSETS
by Investment Category**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
1. Cash and Equivalents	\$ 32,521	\$ 190,327
2. Investments	947,834,952	842,765,945
3. Receivables and Prepaids	54,756,100	41,867,176
4. Accounts Payable	<u>(65,770,032)</u>	<u>(60,360,033)</u>
5. Net Assets Available for Pension Benefits [1 + 2 + 3 + 4]	\$ 936,853,541	\$ 824,463,415





SECTION 3 – ASSETS

TABLE 2
CHANGE IN MARKET VALUE OF ASSETS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
1. Beginning Market Value of Assets	\$ 824,463,415	\$ 749,619,933
2. Contributions		
(a) Member (includes purchased service)	\$ 19,588,522	\$ 18,635,212
(b) Employer	28,655,250	27,308,848
(c) State appropriations	0	0
(d) Total	<u>\$ 48,243,772</u>	<u>\$ 45,944,060</u>
3. Transfers Between Plans		
(a) From Defined Contribution Plans	\$ 1,541,671	\$ 2,697,920
(b) Between Cash Balance Plans	0	0
(c) Net Transfers	<u>\$ 1,541,671</u>	<u>\$ 2,697,920</u>
4. Receivable Transfer from Defined Contribution Benefit Fund	\$ 0	\$ 0
5. Expenditures		
(a) Benefit payments and refunds	\$ 64,102,742	\$ 56,412,744
(b) Administrative Expenses	998,789	932,269
(c) Total	<u>\$ 65,101,531</u>	<u>\$ 57,345,013</u>
6. Net Investment Income	\$ 127,706,214	\$ 83,546,515
7. Ending Market Value of Assets [1 + 2(d) + 3(c) + 4 - 5(c) + 6]	\$ 936,853,541	\$ 824,463,415
8. Rate of Return on Market Value of Assets*	15.6%	11.2%

*Annual money-weighted rate of return, net of investment expense, as reported by the Nebraska Investment Council.



SECTION 3 – ASSETS



TABLE 3
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

	Year End			
	12/31/2022	12/31/2023	12/31/2024	12/31/2025
1. Actuarial Value of Assets, Beginning of Year	\$ 688,226,768	\$ 718,980,882	\$ 765,717,139	\$ 814,670,737
2. Unrecognized Return Beginning of Year	\$ 74,250,415	\$ (54,089,856)	\$ (16,097,206)	\$ 9,792,678
3. Contributions During Year				
(a) Member	\$ 15,238,007	\$ 16,432,364	\$ 18,635,212	\$ 19,588,522
(b) Employer	22,583,699	24,306,422	27,308,848	28,655,250
(c) State appropriations	0	0	0	0
(d) Total	\$ 37,821,706	\$ 40,738,786	\$ 45,944,060	\$ 48,243,772
4. Net Transfers	\$ 2,400,327	\$ 2,592,697	\$ 2,697,920	\$ 1,541,671
5. Receivable Transfer from Defined Contribution Benefit Fund	\$ 0	\$ 0	\$ 0	\$ 0
6. Benefit Payments and Admin Expenses During Year	\$ 52,541,790	\$ 53,520,455	\$ 57,345,013	\$ 65,101,531
7. Assumed Rate of Return	7.20%	7.10%	7.00%	6.95%
8. Expected Investment Income on (1), (2), (3), (4) and (6)	\$ 54,462,554	\$ 46,851,756	\$ 52,173,941	\$ 56,776,913
9. Actual Return on Market Value, Net of Investment Expenses	\$ (85,266,400)	\$ 94,917,879	\$ 83,546,515	\$ 127,706,214
10. Return to be Spread, End of Year [9 - 8]	\$ (139,728,954)	\$ 48,066,123	\$ 31,372,574	\$ 70,929,301





SECTION 3 – ASSETS

**TABLE 3
(continued)**

11. Return to be Spread

<u>Year</u>	<u>Return to be Spread</u>	<u>Unrecognized Percent</u>	<u>Unrecognized Return</u>
2025	70,929,301	80%	\$56,743,441
2024	31,372,574	60%	18,823,544
2023	48,066,123	40%	19,226,449
2022	(139,728,954)	20%	(27,945,791)
			<u>\$66,847,643</u>

12. Total Market Value of Assets as of January 1, 2026 \$936,853,541

13. Total Actuarial Value of Assets as of January 1, 2026 [12 - 11] \$870,005,898

14. Asset Ratios

(a) Actuarial Value to Market Value [13 / 12] 92.86%
 (b) Market Value to Actuarial Value [12 / 13] 107.68%

<u>Plan Year Ended</u>	<u>Gain/(Loss) Deferred to Future Years</u>	<u>Gain/(Loss) to be Recognized in Plan Year Ending</u>			
		<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
12/31/2022	(\$27,945,791)	(27,945,791)			
12/31/2023	19,226,449	9,613,225	9,613,224		
12/31/2024	18,823,544	6,274,515	6,274,515	6,274,514	
12/31/2025	56,743,441	14,185,860	14,185,860	14,185,860	14,185,861
Total	\$66,847,643	\$2,127,809	\$30,073,599	\$20,460,374	\$14,185,861





SECTION 3 – ASSETS

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SECTION 4 – SYSTEM LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the County Employees Retirement System Cash Balance Benefit Fund as of the valuation date, January 1, 2026. In this section, the discussion will focus on the commitments (future benefit payments) of the Plan, which are referred to as its liabilities.

Table 4 contains an analysis of the actuarial present value of all future benefits (PVFB) for contributing members, inactive members, retirees and their beneficiaries.

The liabilities summarized in Table 4 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes the measurement of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and for the lives of the surviving beneficiaries.

All liabilities reflect the benefit provisions in place as of January 1, 2026.

Actuarial Accrued Liability

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

- (1) that which is attributable to the past and
- (2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability." The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost." Table 5 contains the calculation of actuarial accrued liability for the County Employees Retirement System Cash Balance Benefit Fund. By statute, the Entry Age Normal actuarial cost method is used to develop the actuarial accrued liability.





SECTION 4 – SYSTEM LIABILITIES

TABLE 4

**PRESENT VALUE OF FUTURE BENEFITS
AS OF JANUARY 1, 2026**

1. Active Employees	
(a) Retirement	\$ 660,576,007
(b) Withdrawal	171,518,713
(c) Death	15,801,112
(d) Total	\$ <u>847,895,832</u>
2. Inactive Vested Members	156,934,883
3. Inactive Nonvested Members	6,662,081
4. Retirees	146,806,724
5. Beneficiaries	<u>8,754,813</u>
6. Total Present Value of Future Benefits [1(d) + 2 + 3 + 4 + 5]	\$ 1,167,054,333





SECTION 4 – SYSTEM LIABILITIES

TABLE 5

**ACTUARIAL ACCRUED LIABILITY
AS OF JANUARY 1, 2026**

1. Present Value of Future Benefits for Active Members	\$ 847,895,832
2. Present Value of Future Normal Costs for Active Members	\$ 330,775,896
3. Actuarial Accrued Liability for Active Members [1 - 2]	\$ 517,119,936
4. Actuarial Accrued Liability for Inactive Members	319,158,501
5. Total Actuarial Accrued Liability [3 + 4]	836,278,437
6. Actuarial Value of Assets	870,005,898
7. Unfunded Actuarial Accrued Liability/(Surplus) [5- 6]	\$ (33,727,461)





SECTION 4 – SYSTEM LIABILITIES

TABLE 6
ACTUARIAL BALANCE SHEET

<u>ASSETS</u>	
Actuarial Value of Assets	\$ 870,005,898
Unfunded Actuarial Accrued Liability/(Surplus)	(33,727,461)
Present Value of Future Normal Costs	\$ <u>330,775,896</u>
Total Assets	\$ 1,167,054,333

<u>LIABILITIES</u>	
Present Value of Future Benefits	
Active members	
Retirement	\$ 660,576,007
Withdrawal	171,518,713
Death	<u>15,801,112</u>
Total	\$ 847,895,832
Inactive members	163,596,964
Retirees and beneficiaries	<u>155,561,537</u>
Total Liabilities	\$ 1,167,054,333





SECTION 4 – SYSTEM LIABILITIES

TABLE 7
ACTUARIAL GAIN/(LOSS)

Liabilities

1. Actuarial Accrued Liability as of January 1, 2025	\$ 800,210,053
2. Normal Cost During 2025, Including New Hires	41,326,813
3. Benefit Payments During Plan Year Ending December 31, 2025	(64,102,742)
4. Transfers from Defined Contribution Plan	1,541,671
5. Interest on Items 1 - 4 at 6.95%	56,349,330
6. Dividend Granted in 2025	4,934,615
7. Assumption Changes	<u>3,567,616</u>
8. Expected Actuarial Accrued Liability as of January 1, 2026	\$ 843,827,356
9. Actuarial Accrued Liability as of January 1, 2026	\$ 836,278,437

Assets

10. Actuarial Value of Assets as of January 1, 2025	\$ 814,670,737
11. Contributions During Plan Year Ending December 31, 2025	48,243,772
12. Benefit Payments and Expenses During Plan Year Ending December 31, 2025	(65,101,531)
13. Transfers from Defined Contribution Plan	1,541,671
14. Interest on Items 10 - 13 at 6.95%	<u>56,096,322</u>
15. Expected Actuarial Value of Assets as of January 1, 2026	\$ 855,450,971
16. Actuarial Value of Assets as of January 1, 2026	\$ 870,005,898

Gain / (Loss)

17. Actuarial Gain / (Loss) on Liabilities [8 - 9]	\$ 7,548,919
18. Actuarial Gain / (Loss) on Assets [16 - 15]	\$ 14,554,927
19. Total Actuarial Gain / (Loss) for Plan Year Ending December 31, 2025 [17 + 18]	\$ 22,103,846





SECTION 4 – SYSTEM LIABILITIES

TABLE 8
GAIN/(LOSS) ANALYSIS BY SOURCE

Liability Sources	Gain/(Loss)
Retirement	\$ 2,575,000
Termination	1,002,000
Disability	0
Mortality	522,000
Salary	433,000
Interest Credit	2,214,000
DC Transfers Upon Retirement	(10,000)
Miscellaneous	813,000
Total Liability Gain/(Loss)	\$ 7,549,000
Asset Gain/(Loss)	\$ 14,555,000
Net Actuarial Gain/(Loss)	\$ 22,104,000





SECTION 4 – SYSTEM LIABILITIES

TABLE 9

PROJECTED BENEFIT PAYMENTS AS OF JANUARY 1, 2026

<u>Plan Year Ending December 31,</u>	<u>Active Employees</u>	<u>Retired Members and Beneficiaries</u>	<u>Total</u>
2026	\$ 38,962,000	\$ 16,454,000	\$ 55,416,000
2027	41,306,000	16,230,000	57,536,000
2028	43,835,000	15,861,000	59,696,000
2029	46,285,000	15,415,000	61,700,000
2030	47,210,000	15,077,000	62,287,000
2031	48,768,000	14,618,000	63,386,000
2032	50,874,000	14,211,000	65,085,000
2033	51,413,000	13,684,000	65,097,000
2034	52,830,000	13,143,000	65,973,000
2035	54,694,000	12,545,000	67,239,000
2036	56,045,000	11,942,000	67,987,000
2037	57,893,000	11,425,000	69,318,000
2038	59,006,000	10,727,000	69,733,000
2039	60,465,000	10,177,000	70,642,000
2040	62,469,000	9,578,000	72,047,000
2041	63,704,000	9,101,000	72,805,000
2042	65,415,000	8,632,000	74,047,000
2043	66,965,000	8,135,000	75,100,000
2044	68,709,000	7,547,000	76,256,000
2045	70,758,000	6,941,000	77,699,000
2046	72,218,000	6,446,000	78,664,000
2047	73,991,000	5,972,000	79,963,000
2048	75,439,000	5,497,000	80,936,000
2049	76,638,000	5,025,000	81,663,000
2050	78,126,000	4,561,000	82,687,000
2051	79,364,000	4,108,000	83,472,000
2052	80,396,000	3,670,000	84,066,000
2053	80,969,000	3,251,000	84,220,000
2054	81,837,000	2,855,000	84,692,000
2055	82,831,000	2,485,000	85,316,000

Note: Cash flows are the expected future non-discounted payments to current members. These amounts assume members terminating before reaching retirement eligibility will elect a lump sum distribution of their cash balance account. 50% of members eligible for retirement will elect a monthly annuity, payable for life with 5 years certain, and 50% will elect a lump sum distribution of their cash balance account. These payments exclude refund payouts to any current vested or nonvested inactives.





SECTION 4 – SYSTEM LIABILITIES

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SECTION 5 – EMPLOYER CONTRIBUTIONS

The previous two sections were devoted to a discussion of the assets and liabilities of the County Employees Retirement System Cash Balance Benefit Fund. A comparison of Tables 3 and 4 indicates that current assets fall short of meeting the present value of future benefits (total liability). This is expected in all but a completely closed fund, where no further contributions are anticipated. In an active system, there will almost always be a difference between the actuarial value of assets and total liabilities. This deficiency has to be made up by future contributions and investment returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost rate and (2) the unfunded actuarial accrued liability contribution rate.

The term "fully funded" is often applied to a system in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, systems are not fully funded, either because of past benefit improvements that have not been completely funded or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated by the actuarial assumptions. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Likewise, when the actuarial value of assets is greater than the actuarial accrued liability, a surplus exists.

Description of Contribution Rate Components

The Entry Age Normal (EAN) actuarial cost method is used for the valuation. Under that method, the normal cost for each year from entry age to assumed exit age is a constant percentage of the member's year by year projected compensation. The portion of the present value of future benefits not provided by the present value of future normal costs is the actuarial accrued liability. The unfunded actuarial accrued liability/(surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses.

In general, contributions are computed in accordance with a level percent-of-payroll funding objective. The contribution rate based on the January 1, 2026 actuarial valuation will be used to determine the actuarial required employer contribution rate to the County Employees Retirement System Cash Balance Benefit Fund for the plan year ending December 31, 2026. Any additional State contributions, if required, are expected to be deposited on July 1, 2027 (State fiscal year 2028). In this context, the term "contribution rate" means the percentage, which is applied to a particular active member payroll to determine the actual employer contribution amount (i.e., in dollars) for the group.





SECTION 5 – EMPLOYER CONTRIBUTIONS

Contribution Rate Summary

In Table 10 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of January 1, 2026, is developed. Table 11 develops the actuarial required contribution rate for the County Employees Retirement System Cash Balance Benefit Fund and the amount of any additional required State contributions.

The contribution rates shown in this report are based on the actuarial assumptions and cost methods described in Appendix C.





SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 10

SCHEDULE OF AMORTIZATION BASES

We believe that the use of the layered amortization policy, with new bases over 25 years and using level-dollar amortization, complies with Actuarial Standard of Practice Number 4. This policy would fully amortize the unfunded actuarial accrued liability, if any, within a reasonable timeframe and/or reduce the amount of the UAAL by a reasonable amount within a sufficiently short period.

Amortization Bases	Original Amount	January 1, 2026 Remaining Payments	Date of Last Payment	Outstanding Balance as of January 1, 2026	Annual Contribution*
2026 Unfunded Actuarial Accrued Liability Base	\$ (33,727,461)	25	1/1/2051	\$ (33,727,461)	\$ (2,774,039)
Total				\$ (33,727,461)	\$ (2,774,039)

* Contribution amount reflects mid-year timing.

1. Total UAAL Amortization Payments	\$ (2,774,039)
2. Projected Payroll for 2026 Plan Year	\$ 410,200,106
3. UAAL Amortization Payment Rate	(0.68%)

Per State Statute Sect. 84-1319 (4)(b), because the UAAL as of January 1, 2026 is zero or less than zero, all prior amortization bases are considered fully funded and the UAAL is reinitialized.





SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 11

ACTUARIAL REQUIRED CONTRIBUTION RATE and DEVELOPMENT OF ADDITIONAL STATE CONTRIBUTION

1. Normal Cost		
(a) Amount	\$	39,711,377
(b) Expected pay for current actives		371,633,350
(c) Normal Cost Rate as % of pay		10.69%
2. Administrative Expenses		0.29%
3. Amortization Cost		
(a) Amount		(2,774,039)
(b) Expected pay for all actives		410,200,106
(c) Amortization Rate as % of pay		(0.68%)
4. Total Actuarial Required Contribution Rate [1(c) + 2 + 3(c)]		10.30%
5. Statutory Contribution Rates		
(a) Member*		4.85%
(b) Employer**		7.10%
(c) Total		<u>11.95%</u>
6. Additional Required State Contribution [4 - 5(c), not less than 0.00%]		0.00%
7. Expected pay for all actives during 2026		410,200,106
8. Additional Required State Contribution payable July 1, 2027 [6 * 7 * 1.069 ^{0.5} , but not less than \$0]	\$	0

* Includes additional member contribution rates of 2% or 3% of pay for commissioned law-enforcement officers.

** 150% of employee contribution rate plus additional rates of 2% or 3% of pay for commissioned law-enforcement officers.



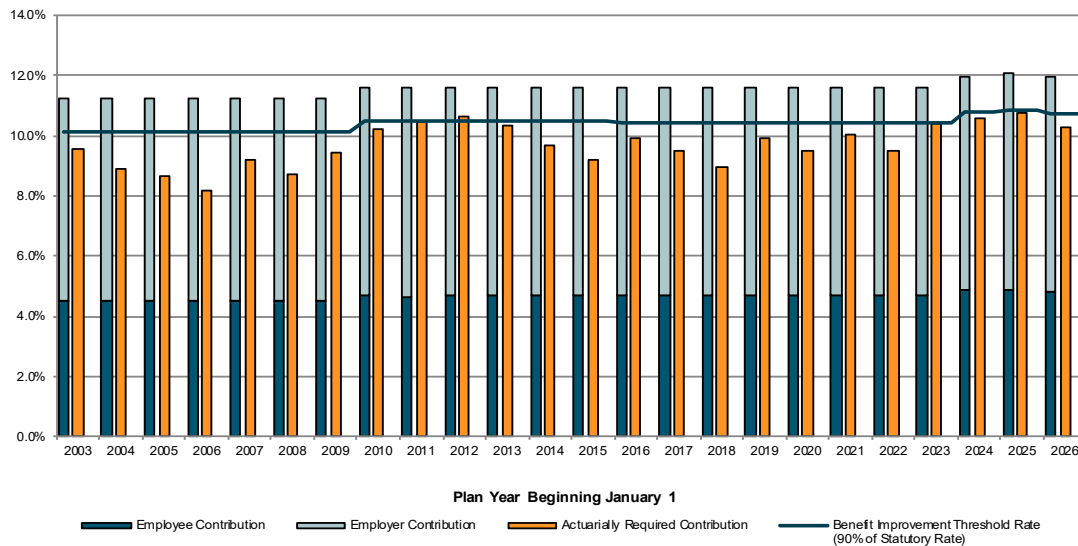


SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 12

HISTORICAL CONTRIBUTION RATES

Plan Year	Statutory Contribution Rate			Actuarial Rate	Margin/ (Shortfall)
	Employee	Employer	Total		
2007	4.50%	6.75%	11.25%	9.19%	2.06%
2008	4.50%	6.75%	11.25%	8.74%	2.51%
2009	4.50%	6.75%	11.25%	9.47%	1.78%
2010	4.68%	6.93%	11.61%	10.25%	1.36%
2011	4.67%	6.92%	11.59%	10.47%	1.12%
2012	4.68%	6.93%	11.61%	10.65%	0.96%
2013	4.69%	6.94%	11.63%	10.36%	1.27%
2014	4.69%	6.94%	11.63%	9.66%	1.97%
2015	4.69%	6.94%	11.63%	9.19%	2.44%
2016	4.69%	6.94%	11.63%	9.95%	1.68%
2017	4.69%	6.94%	11.63%	9.50%	2.13%
2018	4.69%	6.94%	11.63%	8.97%	2.66%
2019	4.69%	6.94%	11.63%	9.91%	1.72%
2020	4.69%	6.94%	11.63%	9.53%	2.10%
2021	4.69%	6.94%	11.63%	10.05%	1.58%
2022	4.69%	6.94%	11.63%	9.49%	2.14%
2023	4.69%	6.94%	11.63%	10.43%	1.20%
2024	4.86%	7.11%	11.97%	10.60%	1.37%
2025	4.91%	7.16%	12.07%	10.75%	1.32%
2026	4.85%	7.10%	11.95%	10.30%	1.65%





SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 13

FUNDING EXCESS AVAILABLE FOR BENEFIT IMPROVEMENT

1. Total Statutory Contribution Rate	11.95%
2. Benefit Improvement Threshold Rate (90% of (1))	10.75%
3. Actuarially Required Contribution Rate	10.30%
4. Unfunded Actuarial Accrued Liability	\$ (33,727,461)
5. Requirements for Using Excess for Benefit Improvement	
a. Rate Sufficiency: (3) < (2)	Yes
b. No UAAL: (4) < 0	Yes
6. Funding Excess Available for Benefit Improvement	
As a rate of pay: (2) - (3), not less than 0%	0.45%





SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 14

DIVIDEND DETERMINATION

Each year after the annual actuarial valuation results are received, the Board determines, based on the recommendation of the actuary, if a benefit improvement can be made. If it is determined that the benefit improvement should be a dividend payment to individual member Cash Balance accounts and that sufficient reserves exist, the dividend granted must meet the following criteria:

- A. The plan must maintain the 90% Benefit Threshold Rate after granting any dividend.
- B. There must be a minimum 100% Funded Ratio on both the Funded Basis and the Current Value Basis, both before and after the dividend is granted.
- C. No dividend will be granted for a year where the annual interest credit rate exceeds the actuarial valuation investment return assumption.
- D. The dividend plus the annual interest credit during the year cannot exceed the assumed rate of return for the year unless by a majority vote of the full Board.

1. January 1, 2026 Valuation Results Before Dividend:

	<u>Funded Basis</u>	<u>Current Value Basis</u>
(a) Liability	\$836,278,437	\$816,172,937
(b) Assets	870,005,898	936,853,541
(c) (Deficit)/Reserve [(b) - (a)]	\$33,727,461	\$120,680,604

- 2. Preliminary Amount Available for Dividend
(Lesser of 1(c) on Funded Basis or Current Value Basis) \$33,727,461
- 3. Amount Available for Dividend Based on Benefit Threshold Rate \$22,256,638
- 4. Account Balances as of December 31, 2025 \$660,611,400
- 5. Maximum Dividend [3 / 4] 3.36%
- 6. Annual Interest Credit for 2025 5.62%
- 7. 2025 Interest Credit Plus Maximum Dividend [5 + 6] 8.98%
- 8. January 1, 2026 Valuation Results After Maximum Dividend:
 - (a) Actuarial Required Contribution Rate After Maximum Dividend 10.75%
 - (b) Benefit Improvement Threshold Rate 10.75%
 - (c) Is (a) <= (b)? **[Criteria A]** **Yes**
 - (d) Funded Ratio on a Funded Basis After Maximum Dividend 101.3%
 - (e) Funded Ratio on a Current Value Basis 111.7%
 - (f) Are (d) and (e) both at least 100%? **[Criteria B]** **Yes**
- 9. Is (6) less than actuarial assumed interest rate (6.95%)? **[Criteria C]** **Yes**
- 10. Is (7) greater than actuarial assumed interest rate (6.95%)? **[Criteria D]** **Yes**
- Any dividend over 1.33% can only be granted subject to a majority vote of the full Board.





SECTION 5 – EMPLOYER CONTRIBUTIONS

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SECTION 6 – RISK CONSIDERATIONS

Actuarial Standards of Practice are issued by the Actuarial Standards Board and are binding on credentialed actuaries practicing in the United States. These standards generally identify what the actuary should consider, document and disclose when performing an actuarial assignment. In September, 2017, Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk in Measuring Pension Obligations*, (ASOP 51) was issued as final with application to measurement dates on or after November 1, 2018. This ASOP, which applies to funding valuations, actuarial projections, and actuarial cost studies of proposed plan changes, was first applicable for the January 1, 2019 actuarial valuation for the County Employees Retirement System Cash Balance Benefit Fund (System).

A typical retirement plan faces many different risks. The term “risk” is most commonly associated with an outcome with undesirable results. However, in the actuarial world, risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. ASOP 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions.

The various risk factors for a given plan can have a significant impact – positive or negative – on the actuarial projection of liability and contribution rates.

There are a number of risks inherent in the funding of a defined benefit plan. These include:

- economic risks, such as investment return and price inflation;
- demographic risks such as mortality, payroll growth, aging population including impact of baby boomers, and retirement ages;
- contribution risk, i.e., the potential for contribution rates to be too high for the plan sponsor/employer to pay and
- external risks such as the regulatory and political environment.

The County Employees Retirement System Cash Balance Benefit Fund (County Cash Balance Plan) is somewhat unique in the public pension arena as there are very few standalone Cash Balance Plans that are sponsored by governmental employers. Most public defined benefit plans are traditional final average pay plans. The County Cash Balance Plan was created in 2003. Participants in the County Defined Contribution Plan at that time were allowed to elect coverage in the Cash Balance Plan and all new members became participants in the Cash Balance Plan. If members of the Defined Contribution Plan elected coverage in the Cash Balance Plan, their account balance in the Defined Contribution Plan was transferred to the Cash Balance Plan. As a result, the Cash Balance Plan was fully funded at inception, i.e., no unfunded actuarial accrued liability existed. In addition, the fixed employee and employer contribution rates at that time were higher than the actuarial required contribution rate. As a result, the funded status of the Cash Balance Plan has remained very strong even with actual investment returns that have, at times, been lower than the actuarial assumption.



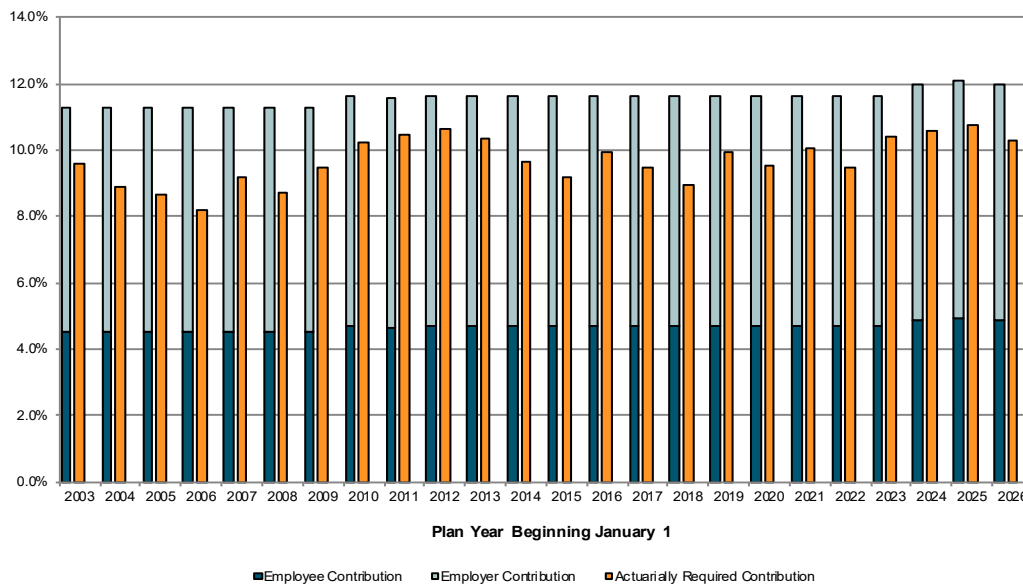


SECTION 6 – RISK CONSIDERATIONS

The following discussion addresses the qualitative analysis of key risks to funding the Plan.

Actual vs Actuarial Required Contributions

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions at least equal to the full actuarial required contribution rate each year. The employee and employer contribute a fixed contribution rate, set by statute. If those contribution rates are insufficient to fund the full actuarial required contribution rate, the State is required by statute to make an additional contribution. Since the Plan was created, no additional State contributions have been necessary, but the statutory requirement to fund the full actuarial required contribution rate is a very strong positive factor in evaluating the risk associated with the Plan's future funding. As the following graph shows, the Plan has consistently contributed more than the actuarial required contribution rate since inception in 2003.



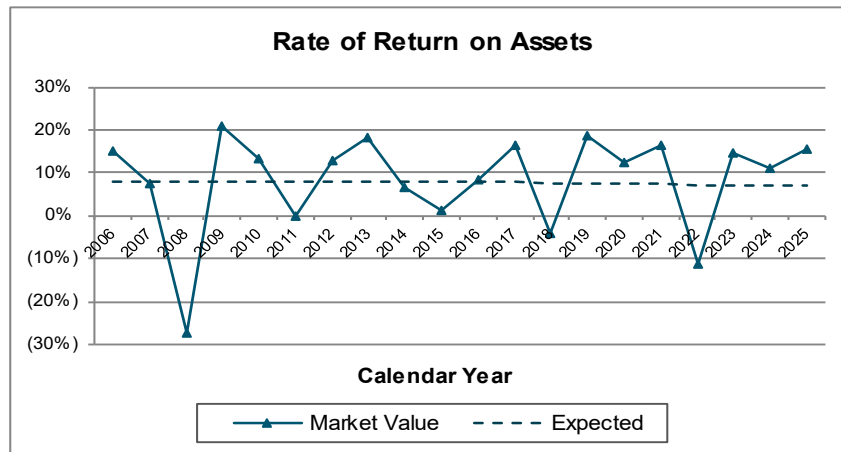
Investment Return Risk

The most significant risk factor for the County Employees Retirement System Cash Balance Benefit Fund is investment return because of the volatility of returns and the size of plan assets compared to payroll (see Table 15). A perusal of historical returns reveals that the actual return each year is rarely close to the average return for the same period and often varies significantly from the expected return.





SECTION 6 – RISK CONSIDERATIONS



This volatility is to be expected, given the underlying capital market assumptions and the Plan's asset allocation. However, that volatility in investment returns can lead to volatility in the actuarial required contribution rate. The Plan uses an asset smoothing method that recognizes the difference between the actual and expected return on the market value of assets equally over five years. As that experience is recognized, the resulting actuarial gain/loss is amortized over 25 years. These actuarial methodologies help to mitigate the impact of the investment volatility, but movement in the actuarial required contribution rate can still be significant if there is a large difference between the actual and expected return (such as occurred in 2008) or lower/higher than expected returns over a long, sustained period. However, one important consideration that has an offsetting impact on the investment volatility is the dividend policy for the County Cash Balance Plan. If returns are significantly below the expected return (in one year or over a period of years), the funded ratio of the Plan will decline. To the extent the funded ratio drops below 100%, no dividend will be granted by the Board (see discussion on the following page for more details). This will tend to reduce the liabilities and have a positive impact on the Plan's funding and the actuarial required contribution rate.

Under the revised Actuarial Standards of Practice (ASOP) No. 4, effective for valuations after February 15, 2023, we are required to include a low-default-risk obligation measure of the System's liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of December 31, 2025 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of approximately \$926 million. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan. However, this informational disclosure is required





SECTION 6 – RISK CONSIDERATIONS

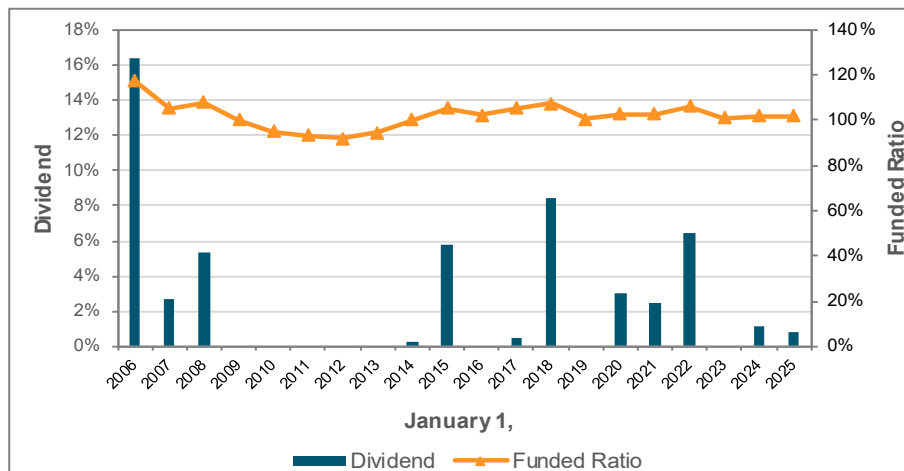
for all plans whether corporate or governmental and care should be taken to ensure the one size fits all metric is not misconstrued.

Interest Credits

As a cash balance plan design, the plan provisions include the basis for the interest crediting rate that is paid on members' account balances each year. The interest crediting rate for the County Cash Balance Plan is variable since it is defined as the greater of (1) federal mid-term rate plus 1.5% or (2) 5.0%. The interest crediting rate will impact each member's account balance and, therefore, the benefit actually paid from the system.

Sustained low interest rates will tend to depress investment returns. As a result, the actual interest credits made to participant account balances have been lower than the long-term assumption used in the actuarial valuation. When this occurs, an actuarial gain is generated which tends to partially offset the actuarial loss due to investment returns.

In addition to the statutory interest crediting rate, the law provides that additional interest credits (called "dividends") may be credited to participant accounts under certain circumstances. The County Cash Balance Plan has several guardrails in place to protect the funded status of the Plan while providing benefit improvements to participants when appropriate. First, statutorily no benefit improvement can be granted unless the Plan is more than 100% funded and any improvement cannot result in an actuarial required contribution rate that is more than 90% of the statutory contribution rate (employee plus employer). This requirement ensures that a contribution margin will still exist after the benefit improvement is granted. The Board's Dividend Policy sets additional criteria that must be met before a dividend may be granted, with the intent of protecting the Plan's funding. The key requirement is that the Plan must be at least 100% funded, after the dividend is granted, on both a funded basis (actuarial assets/actuarial liability) and on a current value basis (market value of assets/market value of liabilities). These policies have served the County Cash Balance Plan well as dividends have been granted in 12 of the last 20 years, but the Plan remains fully funded on an actuarial basis.





SECTION 6 – RISK CONSIDERATIONS

Demographic Risks

Mortality

A key demographic risk for all retirement systems, including the County Employees Retirement System, is improvements in mortality (longevity) greater than anticipated. While the actuarial assumptions reflect small, continuous improvements in mortality experience over time and these assumptions are refined every experience study, the risk arises because there is a possibility of some sudden shift, perhaps from a significant medical breakthrough that could quickly increase liabilities. Likewise, there is some possibility of a significant public health crisis that could result in a significant number of additional deaths in a short time period, as experienced with the COVID-19 pandemic. This type of event is also significant, although more easily absorbed. While either of these events could happen, they tend to be infrequent and thus represent much less risk than the volatility associated with investment returns. The fact that a portion of Plan liability is paid as a lump sum reduces the mortality risk for this Plan compared to more traditional plans with a final average pay plan design.

Retirement Age and Election of Form of Payment

For traditional final average pay defined benefit plans, the age at which members elect to retire can create significant actuarial gains/losses especially when there are subsidized early retirement benefits. For a cash balance plan, retirement at an earlier age automatically results in a lower benefit. The account value is smaller and the annuity factor is larger, so the resulting benefit amount (account value divided by the annuity factor) is smaller. Essentially, the value of the benefit is about the amount in the member's cash balance account. As a result, retirement age is not a significant risk for most cash balance plans.

The plan provisions of the County Cash Balance Plan provide that a member may elect to receive a full lump sum at retirement, an annuity (monthly benefit) based on the full account balance, or a combination of the two (partial lump sum and a reduced monthly benefit). If a member elects to receive a lump sum at retirement, the liability at that time is the lump sum payable and all future risk is removed from the Plan. However, if part/all of the member's benefit is paid as monthly income for life the amount of liability may be different than the account balance. In addition, there is both investment return and mortality risk associated with the member's election of an annuity option. To the extent members are given the option to select the form of payment, some degree of anti-selection against the Plan may exist as generally healthier members are expected to elect to receive benefits payable over their lifetime. If less healthy members elect to receive the lump sum and healthy members elect to receive benefits for life, it could result in higher liabilities.

Whether or not the Plan experiences anti-selection, the use of an assumption regarding the percentage of account balances at retirement that will be paid as lump sums versus monthly income introduces the potential for a difference in the actual versus expected behavior of members, i.e., it creates risk. Although actuarial gains or losses are to be expected, the magnitude





SECTION 6 – RISK CONSIDERATIONS

of these amounts are not expected to be significant when compared to other experience (investment return and interest credits). Nonetheless, these election assumptions are included in the experience studies that are performed every four years so the existing assumptions can be changed when appropriate.

Maturity Measures

The following exhibits summarize some historical information that helps indicate how certain key risk metrics have changed over time. This Plan is relatively “young”, having been created in 2003. Most public retirement systems have been in existence at least 50 years. The three windows that permitted members of the Defined Contribution Plan to elect coverage in the Cash Balance Plan did have an impact on the maturity measures as illustrated on the next few pages.





SECTION 6 – RISK CONSIDERATIONS

TABLE 15

HISTORICAL ASSET VOLATILITY RATIOS

As a retirement system matures, the size of the market value of assets increases relative to the covered payroll of active members, on which the System is funded. The size of the plan assets relative to covered payroll, sometimes referred to as the asset volatility ratio, is an important indicator of the contribution risk for the System. The higher this ratio, the more sensitive a plan's contribution rate is to investment return volatility. In other words, it will be harder to recover from investment losses with increased contributions.

Actuarial Valuation Date	Market Value of Assets	Covered Payroll	Asset Volatility Ratio	Increase in ARC with a Return 10% Lower than Assumed*
January 1, 2012	\$208,729,170	\$193,269,158	1.08	0.89%
January 1, 2013	287,665,289	202,786,048	1.42	1.17%
January 1, 2014	350,564,778	206,510,678	1.70	1.40%
January 1, 2015	382,346,078	219,401,973	1.74	1.43%
January 1, 2016	391,428,009	238,679,544	1.64	1.35%
January 1, 2017	431,768,012	254,560,438	1.70	1.40%
January 1, 2018	511,530,924	259,411,357	1.97	1.62%
January 1, 2019	490,374,327	265,934,234	1.84	1.51%
January 1, 2020	575,410,866	278,578,004	2.07	1.70%
January 1, 2021	655,408,728	298,718,046	2.19	1.80%
January 1, 2022	762,477,183	311,691,351	2.45	2.02%
January 1, 2023	664,891,026	329,373,090	2.02	1.66%
January 1, 2024	749,619,933	361,792,671	2.07	1.70%
January 1, 2025	824,463,415	395,751,647	2.08	1.71%
January 1, 2026	936,853,541	410,200,106	2.28	1.88%

Note: Information before Plan Year 2014 was produced by the prior actuary.

* The impact of asset smoothing is not reflected in the impact on the Actuarial Required Contribution (ARC) Rate. Current year assumptions are used for all years shown.

The assets at January 1, 2026 are 228% of payroll, so underperforming the investment return assumption by 10.00% (i.e., earn -3.10% for one year) creates an actuarial loss of \$94 million, or 22.8% of payroll. While the actual impact of the return would be mitigated in the first year by the asset smoothing method and amortization of the UAAL, the actuarial required contribution rate would ultimately increase by 1.88% after five years. This illustrates the significant risk associated with volatile investment returns.





SECTION 6 – RISK CONSIDERATIONS

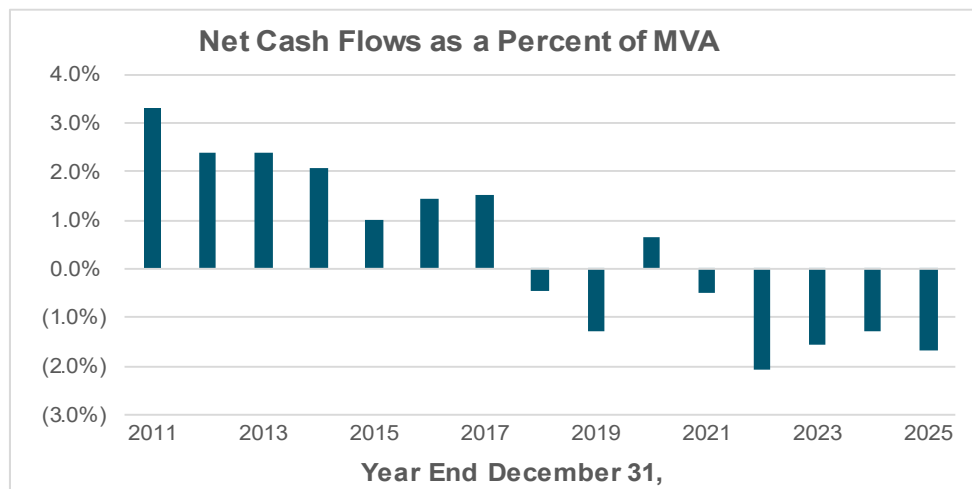
TABLE 16

HISTORICAL CASH FLOWS

Plans with negative cash flows will experience increased sensitivity to investment return volatility. Cash flows, for this purpose, are measured as contributions less benefit payments. If the System has negative cash flows and then experiences returns below the assumed rate, there are fewer assets to be reinvested to earn the higher returns that typically follow. This Plan is relatively “young” so negative cash flows are not a concern at this point in time.

Year End	Market Value of Assets (MVA)	Contributions	Benefit Payments	Net Cash Flow	Net Cash Flow as a Percent of MVA
December 31, 2011	\$208,729,170	\$19,954,228	\$13,057,416	\$6,896,812	3.30%
December 31, 2012	287,665,289	21,333,936	14,483,630	6,850,306	2.38%
December 31, 2013	350,564,778	24,056,413	15,695,676	8,360,737	2.38%
December 31, 2014	382,346,078	25,595,814	17,750,010	7,845,804	2.05%
December 31, 2015	391,428,009	27,035,073	23,080,849	3,954,224	1.01%
December 31, 2016	431,768,012	28,288,478	22,092,412	6,196,066	1.44%
December 31, 2017	511,530,924	29,752,449	21,934,437	7,818,012	1.53%
December 31, 2018	490,374,327	30,658,176	32,810,743	(2,152,567)	(0.44%)
December 31, 2019	575,410,866	32,048,355	39,518,999	(7,470,644)	(1.30%)
December 31, 2020	655,408,728	33,786,937	29,649,425	4,137,512	0.63%
December 31, 2021	762,477,183	35,285,969	39,083,554	(3,797,585)	(0.50%)
December 31, 2022	664,891,026	37,821,706	51,665,966	(13,844,260)	(2.08%)
December 31, 2023	749,619,933	40,738,786	52,413,533	(11,674,747)	(1.56%)
December 31, 2024	824,463,415	45,944,060	56,412,744	(10,468,684)	(1.27%)
December 31, 2025	936,853,541	48,243,772	64,102,742	(15,858,970)	(1.69%)

Note: Information before Plan Year 2014 was produced by the prior actuary.





SECTION 6 – RISK CONSIDERATIONS

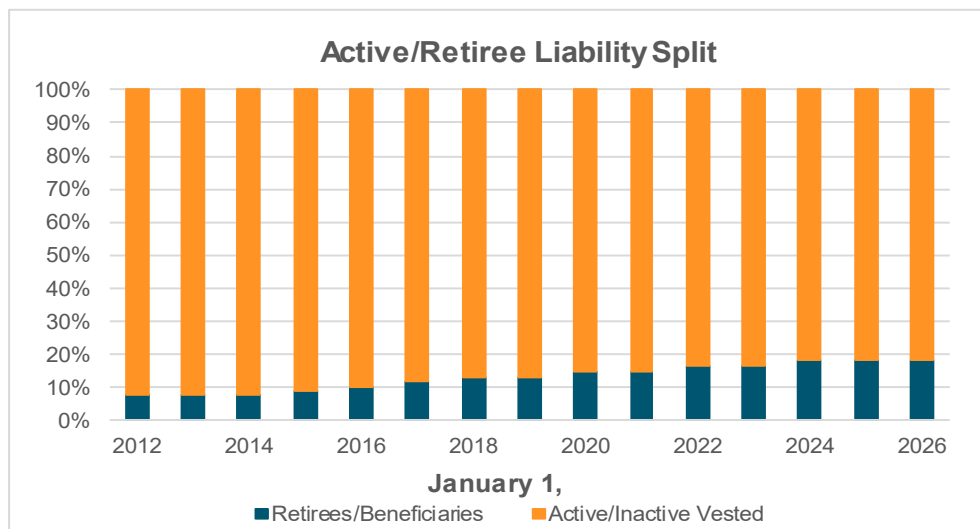
TABLE 17

LIABILITY MATURITY MEASURES

Most public sector retirement systems have been in operation for many years. As a result, they have aging plan populations, and in some cases declining active populations, resulting in an increasing ratio of retirees to active members and a growing percentage of retiree liability. As has been discussed earlier, the County Cash Balance Plan was created in 2003, so a much smaller portion of the total liability is due to retirees. In addition, the Plan offers members the option to elect payment of their retirement benefit as a lump sum which also reduces the amount of ongoing retiree liability.

Actuarial Valuation Date	Retiree Liability (a)	Total Actuarial Liability (b)	Retiree Percentage (a) / (b)	Covered Payroll (c)	Ratio (b) / (c)
January 1, 2012	\$19,552,811	\$240,195,114	8.1%	\$193,269,158	1.24
January 1, 2013	23,554,406	297,572,626	7.9%	202,786,048	1.47
January 1, 2014	25,927,337	322,994,373	8.0%	206,510,678	1.56
January 1, 2015	30,630,118	347,369,862	8.8%	219,401,973	1.58
January 1, 2016	40,429,619	390,785,123	10.3%	238,679,544	1.64
January 1, 2017	49,881,528	418,778,262	11.9%	254,560,438	1.65
January 1, 2018	59,209,021	457,424,951	12.9%	259,411,357	1.76
January 1, 2019	66,612,891	515,425,772	12.9%	265,934,234	1.94
January 1, 2020	78,315,777	536,159,018	14.6%	278,578,004	1.92
January 1, 2021	89,873,106	599,412,068	15.0%	298,718,046	2.01
January 1, 2022	107,333,340	648,930,846	16.5%	311,691,351	2.08
January 1, 2023	116,799,557	712,885,465	16.4%	329,373,090	2.16
January 1, 2024	135,711,444	751,070,125	18.1%	361,792,671	2.08
January 1, 2025	148,260,619	800,210,053	18.5%	395,751,647	2.02
January 1, 2026	155,561,537	836,278,437	18.6%	410,200,106	2.04

Note: Information before Plan Year 2014 was produced by the prior actuary.



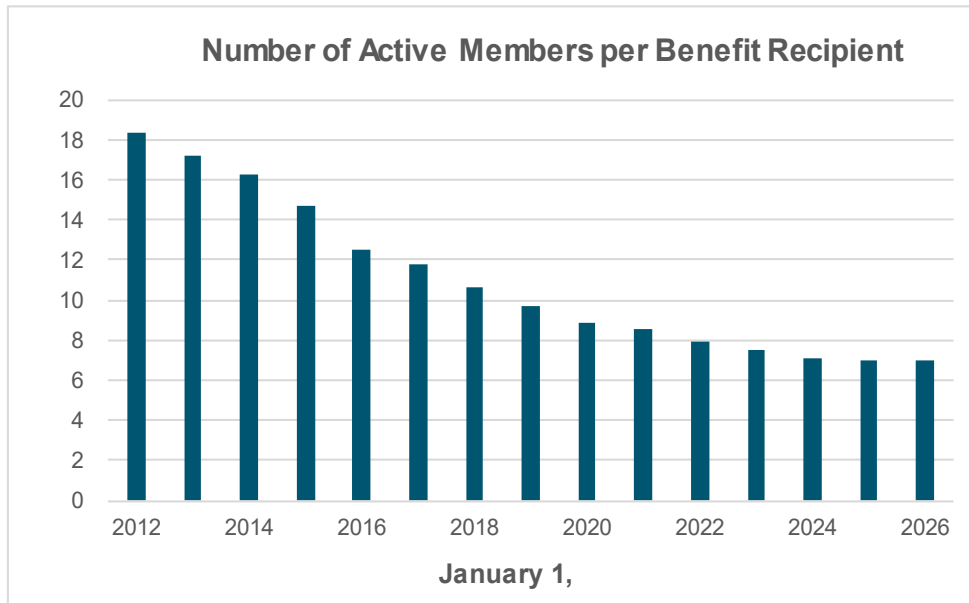


SECTION 6 – RISK CONSIDERATIONS

TABLE 18
HISTORICAL MEMBER COUNTS

Valuation Date January 1,	Number of Active Members	Number of Retired Members	Active/ Retired
2012	5,796	315	18.40
2013	6,034	350	17.24
2014	6,228	384	16.22
2015	6,272	426	14.72
2016	6,432	513	12.54
2017	6,683	569	11.75
2018	6,710	630	10.65
2019	6,646	682	9.74
2020	6,780	764	8.87
2021	6,861	804	8.53
2022	6,940	880	7.89
2023	6,931	925	7.49
2024	7,093	1,004	7.06
2025	7,203	1,028	7.01
2026	7,293	1,044	6.99

Note: Information before Plan Year 2014 was produced by the prior actuary.



SECTION 6 – RISK CONSIDERATIONS



TABLE 19

**COMPARISON OF VALUATION RESULTS UNDER ALTERNATE
INVESTMENT RETURN ASSUMPTIONS
(\$ in thousands)**

This exhibit compares the key January 1, 2026 valuation results under five (5) different investment return assumptions to illustrate the impact of different assumptions on the funding of the System. Note that only the investment return assumption is changed, as identified in the heading below. All other assumptions, including the assumed interest crediting rate, are unchanged for purposes of this analysis.

Investment Return Assumption	<u>6.50%</u>	<u>6.75%</u>	<u>6.90%</u>	<u>7.25%</u>	<u>7.50%</u>
Contributions					
Normal Cost Rate	11.16%	10.86%	10.69%	10.30%	10.05%
Administrative Expenses	0.29%	0.29%	0.29%	0.29%	0.29%
UAAL Amortization Rate	<u>(0.08%)</u>	<u>(0.45%)</u>	<u>(0.68%)</u>	<u>(1.20%)</u>	<u>(1.57%)</u>
Total Actuarial Required Contribution	11.37%	10.70%	10.30%	9.39%	8.77%
Member Contribution Rate	(4.85%)	(4.85%)	(4.85%)	(4.85%)	(4.85%)
Employer Contribution Rate	<u>(7.10%)</u>	<u>(7.10%)</u>	<u>(7.10%)</u>	<u>(7.10%)</u>	<u>(7.10%)</u>
Contribution Shortfall/(Margin)	(0.58%)	(1.25%)	(1.65%)	(2.56%)	(3.18%)
Actuarial Accrued Liability	\$866,002	\$847,175	\$836,278	\$811,959	\$795,488
Actuarial Value of Assets	<u>870,006</u>	<u>870,006</u>	<u>870,006</u>	<u>870,006</u>	<u>870,006</u>
Unfunded Actuarial Accrued Liability	(\$4,004)	(\$22,831)	(\$33,727)	(\$58,047)	(\$74,518)
Funded Ratio	100.46%	102.69%	104.03%	107.15%	109.37%

Note: Numbers may not add due to rounding.





SECTION 6 – RISK CONSIDERATIONS

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SECTION 7 – OTHER INFORMATION

The actuarial accrued liability is a measure intended to help the reader assess (i) a retirement system's funded status on a going concern basis and (ii) progress being made toward accumulating the assets needed to pay benefits as due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the Entry Age Normal actuarial cost method. Entry age was established by subtracting credited service from current age on the valuation date. The Entry Age Normal actuarial accrued liability was determined as part of an actuarial valuation of the plan as of January 1, 2026. The actuarial assumptions used in determining the actuarial accrued liability can be found in Appendix C.

The Schedule of Funding Progress provides information about whether the financial strength of the Plan is improving or deteriorating over time.

The Schedule of Contributions from Employers and Other Contributing Entities provides historical information about the actuarial required contribution and the percentage of the actuarial required contribution that was actually contributed.





SECTION 7 – OTHER INFORMATION

TABLE 20

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b - a) / c]
January 1, 2007	\$116,379,465	\$110,630,278	(\$5,749,187)	105.2%	\$113,468,303	(5.1%)
January 1, 2008	163,782,748	151,557,186	(12,225,562)	108.1%	141,110,390	(8.7%)
January 1, 2009	175,765,930	175,293,953	(471,977)	100.3%	165,275,589	(0.3%)
January 1, 2010	187,109,554	196,773,040	9,663,486	95.1%	177,732,220	5.4%
January 1, 2011	206,036,302	221,080,026	15,043,724	93.2%	183,967,790	8.2%
January 1, 2012	220,662,783	240,195,114	19,532,331	91.9%	193,269,158	10.1%
January 1, 2013	281,261,645	297,572,626	16,310,981	94.5%	202,786,048	8.0%
January 1, 2014	323,882,230	322,994,373	(887,857)	100.3%	206,510,678	(0.4%)
January 1, 2015	366,266,592	347,369,862	(18,896,730)	105.4%	219,401,973	(8.6%)
January 1, 2016	400,003,569	390,785,123	(9,218,446)	102.4%	238,679,544	(3.9%)
January 1, 2017	441,187,867	418,778,262	(22,409,605)	105.4%	254,560,438	(8.8%)
January 1, 2018	491,483,379	457,424,951	(34,058,428)	107.4%	259,411,357	(13.1%)
January 1, 2019	519,614,816	515,425,772	(4,189,044)	100.8%	265,934,234	(1.6%)
January 1, 2020	552,113,305	536,159,018	(15,954,287)	103.0%	278,578,004	(5.7%)
January 1, 2021	615,825,288	599,412,068	(16,413,220)	102.7%	298,718,046	(5.5%)
January 1, 2022	688,226,768	648,930,846	(39,295,922)	106.1%	311,691,351	(12.6%)
January 1, 2023	718,980,882	712,885,465	(6,095,417)	100.9%	329,373,090	(1.9%)
January 1, 2024	765,717,139	751,070,125	(14,647,014)	102.0%	361,792,671	(4.0%)
January 1, 2025	814,670,737	800,210,053	(14,460,684)	101.8%	395,751,647	(3.7%)
January 1, 2026	870,005,898	836,278,437	(33,727,461)	104.0%	410,200,106	(8.2%)

Note: Information before January 1, 2014 was produced by the prior actuary.





SECTION 7 – OTHER INFORMATION

TABLE 21

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

Plan Year Ending	Actuarial Required Contributions			Percent Contributed
	Counties	State Additional	Total	
December 31, 2006	\$6,251,727	\$0	\$6,251,727	100%
December 31, 2007	8,194,607	0	8,194,607	100%
December 31, 2008	9,839,409	0	9,839,409	100%
December 31, 2009	10,555,174	0	10,555,174	100%
December 31, 2010	11,370,059	0	11,370,059	100%
December 31, 2011	11,908,346	0	11,908,346	100%
December 31, 2012	12,696,338	0	12,696,338	100%
December 31, 2013	11,497,969	0	11,497,969	124%
December 31, 2014	10,263,581	0	10,263,581	149%
December 31, 2015	9,873,089	0	9,873,089	163%
December 31, 2016	12,554,544	0	12,554,544	135%
December 31, 2017	12,244,357	0	12,244,357	145%
December 31, 2018	11,102,806	0	11,102,806	165%
December 31, 2019	13,881,767	0	13,881,767	138%
December 31, 2020	13,483,175	0	13,483,175	150%
December 31, 2021	16,011,287	0	16,011,287	131%
December 31, 2022	14,961,185	0	14,961,185	151%
December 31, 2023	18,906,015	0	18,906,015	129%
December 31, 2024	20,766,899	0	20,766,899	132%
December 31, 2025	23,111,896	0	23,111,896	124%

Note: Information prior to December 31, 2013 was produced by the prior actuary.





SECTION 7 – OTHER INFORMATION

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APPENDIX A – MEMBERSHIP DATA

RECORD RECONCILIATION

	Active Members*	Inactive Members*	Retirees and Beneficiaries	Total
Total Number of Data Records Submitted by NPERS	25,865	20,231	4,010	50,106
Number of State records removed	(17,882)	(14,119)	(2,967)	(34,968)
a) DC Participant	(502)	(465)	0	(967)
b) Death	(1)	0	0	(1)
c) Assumed Inactive				
- Benefits due	(199)	199	0	0
- Cashed out	(5)	0	0	(5)
- Employer Disaffiliated	0	0	0	0
d) Null Balance	0	(391)	0	(391)
e) Left Active Employment after Valuation Date	17	(17)	0	0
f) Also Listed as Retired	0	(42)	0	(42)
g) Benefits Expired	0	0	(9)	(9)
h) QDRO spouse	0	0	0	0
i) Records Added	0	0	10	10
Net Change	(18,572)	(14,835)	(2,966)	(36,373)
Number of Members Included in the Valuation as of January 1, 2025	7,293	5,396	1,044	13,733

* Based on data file received from Ameritas.





APPENDIX A – MEMBERSHIP DATA

MEMBER DATA RECONCILIATION

	Active Members	Inactive Vested	Inactive Non-Vested	Retirees and Beneficiaries*	Total
As of January 1, 2025	7,203	2,251	2,990	1,028	13,472
Changes in status					
a) Retirement	(28)	(20)	0	48	0
b) Death	(1)	0	0	(35)	(36)
c) Non-vested terminations	(302)	0	302	0	0
d) Vested terminations	(363)	363	0	0	0
e) Employer Disaffiliated	0	0	0	0	0
f) Contribution refund	(334)	(365)	(318)	0	(1,017)
g) Beneficiaries in receipt	0	0	0	13	13
h) Return to active service	68	(40)	(28)	0	0
i) Expired benefits	0	0	0	(18)	(18)
j) Data adjustments	<u>(45)</u>	<u>(7)</u>	<u>1</u>	<u>0</u>	<u>(51)</u>
Total changes in status	(1,005)	(69)	(43)	8	(1,109)
Transferred from DC Plan	0	0	0	8	8
New entrants	1,095	52	215	0	1,362
Net Change	90	(17)	172	16	261
As of January 1, 2026	7,293	2,234	3,162	1,044	13,733

*Includes beneficiaries who were owed a single lump sum payment and were not paid prior to the valuation date.





APPENDIX A – MEMBERSHIP DATA

SUMMARY OF MEMBERSHIP DATA

A. ACTIVE MEMBERS	January 1, 2026	January 1, 2025	% Change
1. Number of Active Members	7,293	7,203	1.2%
2. Pensionable Pay	\$ 371,319,126	\$ 356,893,278	4.0%
3. Accumulated Contributions			
(a) Employee Cash Balance Account	\$ 200,495,578	\$ 190,996,782	5.0%
(b) Employer Cash Balance Account	296,518,858	283,098,977	4.7%
(c) Total Cash Balance Account	\$ 497,014,436	\$ 474,095,759	4.8%
4. Active Member Averages			
(a) Age	47.1	47.3	(0.4%)
(b) Service	8.1	8.0	1.3%
(c) Compensation	\$ 50,914	\$ 49,548	2.8%
(d) Cash Balance Account	\$ 68,150	\$ 65,819	3.5%
B. INACTIVE MEMBERS			
1. Number of Inactive Members			
(a) Vested	2,234	2,251	(0.8%)
(b) Nonvested (refund only)	3,162	2,990	5.8%
(c) Total	5,396	5,241	3.0%
2. Total Vested Cash Balance Account	\$ 156,934,883	\$ 153,205,277	2.4%
3. Inactive Members Averages			
(a) Age (vesteds only)	53.6	53.3	0.6%
(b) Vested Cash Balance Account	\$ 70,248	\$ 68,061	3.2%
C. RETIREES AND BENEFICIARIES			
1. Number of Members			
(a) Retirees	918	901	1.9%
(b) Beneficiaries	126	127	(0.8%)
(c) Total	1,044	1,028	1.6%
2. Total Annual Benefit Payments			
(a) Retirees	\$ 15,213,928	\$ 14,500,122	4.9%
(b) Beneficiaries	1,202,882	1,123,289	7.1%
(c) Total	\$ 16,416,810	\$ 15,623,411	5.1%

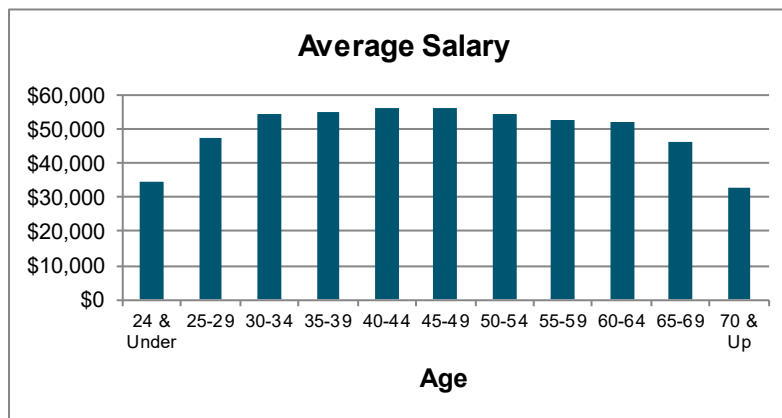
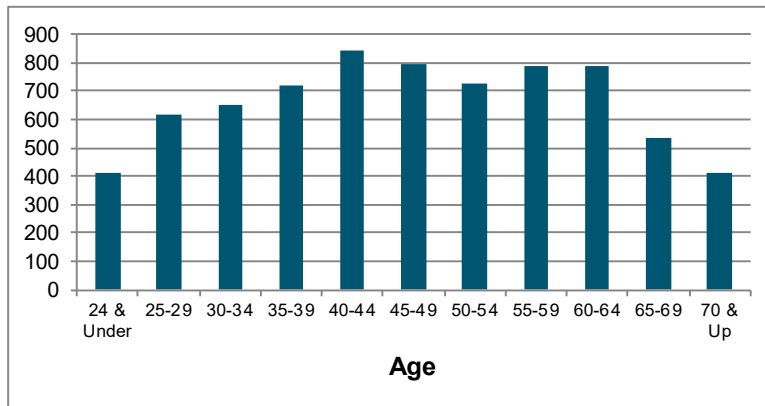




APPENDIX A – MEMBERSHIP DATA

ACTIVE MEMBERS AS OF JANUARY 1, 2026

Age	Count of Members			Prior Year Pensionable Pay		
	Male	Female	Total	Male	Female	Total
24 & Under	227	187	414	\$7,999,853	\$6,336,132	\$14,335,985
25-29	339	280	619	17,653,188	11,606,593	29,259,781
30-34	342	310	652	20,350,400	15,271,202	35,621,602
35-39	353	370	723	20,912,154	18,824,328	39,736,482
40-44	431	415	846	25,263,039	22,339,170	47,602,209
45-49	397	398	795	23,398,383	21,226,910	44,625,293
50-54	401	323	724	22,611,015	16,818,200	39,429,215
55-59	402	386	788	21,882,652	19,445,179	41,327,831
60-64	433	353	786	22,951,336	18,139,458	41,090,794
65-69	324	212	536	14,667,400	10,257,126	24,924,526
70 & Up	<u>280</u>	<u>130</u>	<u>410</u>	<u>8,824,675</u>	<u>4,540,733</u>	<u>13,365,408</u>
Total	3,929	3,364	7,293	\$206,514,095	\$164,805,031	\$371,319,126





APPENDIX A – MEMBERSHIP DATA

AGE AND SERVICE DISTRIBUTION AS OF JANUARY 1, 2026

Age		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
24 & Under	Number	414	0	0	0	0	0	0	0	414
	Pensionable Pay	\$ 14,335,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,335,985
	Average Pay	\$ 34,628	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,628
25-29	Number	525	94	0	0	0	0	0	0	619
	Pensionable Pay	\$ 23,471,174	\$ 5,788,607	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,259,781
	Average Pay	\$ 44,707	\$ 61,581	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,269
30-34	Number	391	202	59	0	0	0	0	0	652
	Pensionable Pay	\$ 18,622,786	\$ 13,028,306	\$ 3,970,510	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,621,602
	Average Pay	\$ 47,629	\$ 64,497	\$ 67,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,634
35-39	Number	362	187	144	30	0	0	0	0	723
	Pensionable Pay	\$ 16,457,979	\$ 11,250,122	\$ 9,795,537	\$ 2,232,844	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,736,482
	Average Pay	\$ 45,464	\$ 60,161	\$ 68,025	\$ 74,428	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,961
40-44	Number	368	218	157	89	14	0	0	0	846
	Pensionable Pay	\$ 15,935,585	\$ 12,863,555	\$ 10,926,365	\$ 6,848,756	\$ 1,027,948	\$ 0	\$ 0	\$ 0	\$ 47,602,209
	Average Pay	\$ 43,303	\$ 59,007	\$ 69,595	\$ 76,952	\$ 73,425	\$ 0	\$ 0	\$ 0	\$ 56,267
45-49	Number	332	168	125	105	61	4	0	0	795
	Pensionable Pay	\$ 14,851,032	\$ 9,125,339	\$ 7,541,552	\$ 8,035,019	\$ 4,825,556	\$ 246,795	\$ 0	\$ 0	\$ 44,625,293
	Average Pay	\$ 44,732	\$ 54,317	\$ 60,332	\$ 76,524	\$ 79,107	\$ 61,699	\$ 0	\$ 0	\$ 56,132
50-54	Number	273	172	109	90	58	18	4	0	724
	Pensionable Pay	\$ 11,490,501	\$ 9,481,666	\$ 6,031,311	\$ 6,508,981	\$ 4,122,548	\$ 1,447,819	\$ 346,389	\$ 0	\$ 39,429,215
	Average Pay	\$ 42,090	\$ 55,126	\$ 55,333	\$ 72,322	\$ 71,078	\$ 80,434	\$ 86,597	\$ 0	\$ 54,460
55-59	Number	303	164	128	97	52	26	13	5	788
	Pensionable Pay	\$ 12,396,916	\$ 8,779,186	\$ 7,280,200	\$ 6,252,824	\$ 3,327,589	\$ 2,019,326	\$ 938,709	\$ 333,081	\$ 41,327,831
	Average Pay	\$ 40,914	\$ 53,532	\$ 56,877	\$ 64,462	\$ 63,992	\$ 77,666	\$ 72,208	\$ 66,616	\$ 52,446
60-64	Number	238	176	122	106	60	21	29	34	786
	Pensionable Pay	\$ 9,608,118	\$ 9,015,016	\$ 6,405,902	\$ 5,878,194	\$ 3,883,557	\$ 1,634,433	\$ 2,024,984	\$ 2,640,590	\$ 41,090,794
	Average Pay	\$ 40,370	\$ 51,222	\$ 52,507	\$ 55,455	\$ 64,726	\$ 77,830	\$ 69,827	\$ 77,664	\$ 52,278
65 & Up	Number	164	99	88	67	37	21	20	40	536
	Pensionable Pay	\$ 5,824,200	\$ 4,244,919	\$ 4,099,941	\$ 3,739,163	\$ 1,864,595	\$ 1,183,422	\$ 1,235,245	\$ 2,733,041	\$ 24,924,526
	Average Pay	\$ 35,513	\$ 42,878	\$ 46,590	\$ 55,808	\$ 50,394	\$ 56,353	\$ 61,762	\$ 68,326	\$ 46,501
70 & Up	Number	108	90	72	55	31	11	14	29	410
	Pensionable Pay	\$ 2,321,006	\$ 2,540,067	\$ 2,235,638	\$ 2,018,726	\$ 1,459,427	\$ 350,714	\$ 724,389	\$ 1,715,441	\$ 13,365,408
	Average Pay	\$ 21,491	\$ 28,223	\$ 31,051	\$ 36,704	\$ 47,078	\$ 31,883	\$ 51,742	\$ 59,153	\$ 32,599
Total	Number	3,478	1,570	1,004	639	313	101	80	108	7,293
	Pensionable Pay	\$ 145,315,282	\$ 86,116,783	\$ 58,286,956	\$ 41,514,507	\$ 20,511,220	\$ 6,882,509	\$ 5,269,716	\$ 7,422,153	\$ 371,319,126
	Average Pay	\$ 41,781	\$ 54,851	\$ 58,055	\$ 64,968	\$ 65,531	\$ 68,144	\$ 65,871	\$ 68,724	\$ 50,914

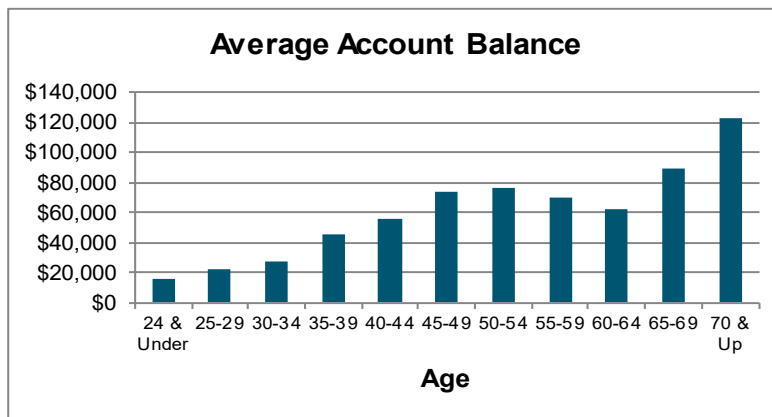
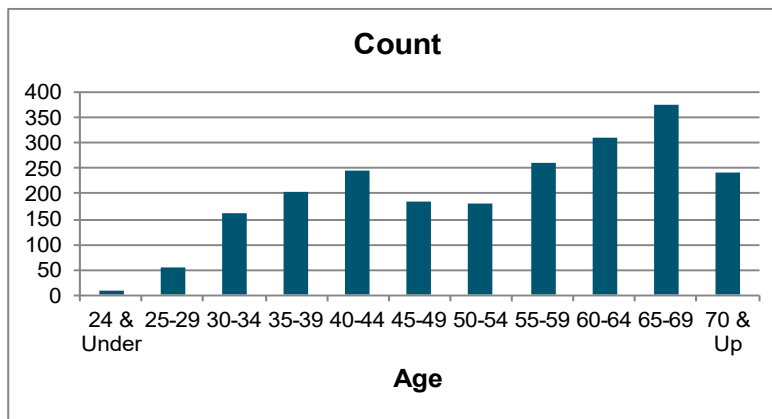




APPENDIX A – MEMBERSHIP DATA

INACTIVE VESTED MEMBERS AS OF JANUARY 1, 2026

Age	Count of Members			Account Balances		
	Male	Female	Total	Male	Female	Total
24 & Under	2	6	8	\$43,391	\$81,127	\$124,518
25-29	29	27	56	691,234	544,359	1,235,593
30-34	93	70	163	2,952,852	1,597,691	4,550,543
35-39	86	119	205	4,315,125	4,894,226	9,209,351
40-44	109	136	245	7,081,317	6,707,502	13,788,819
45-49	76	110	186	6,252,128	7,379,537	13,631,665
50-54	76	106	182	6,430,430	7,468,701	13,899,131
55-59	112	150	262	8,755,361	9,663,483	18,418,844
60-64	141	171	312	9,475,845	9,761,495	19,237,340
65-69	176	199	375	15,085,014	18,202,712	33,287,726
70 & Up	<u>130</u>	<u>110</u>	<u>240</u>	<u>13,638,100</u>	<u>15,913,253</u>	<u>29,551,353</u>
Total	1,030	1,204	2,234	\$74,720,797	\$82,214,086	\$156,934,883

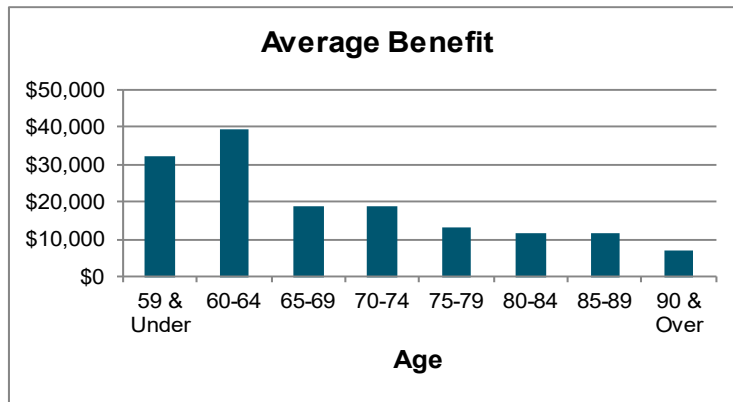
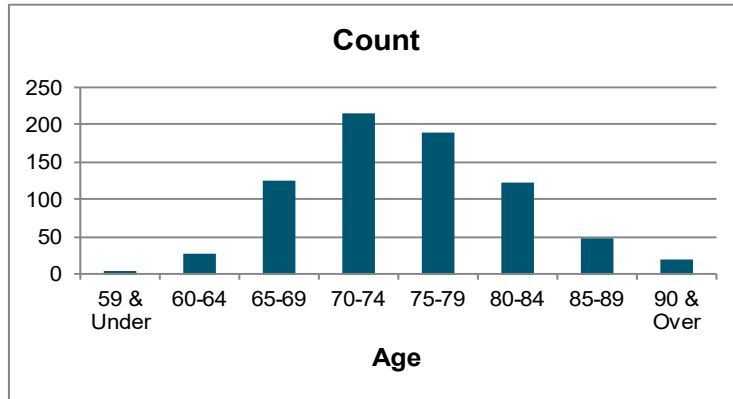




APPENDIX A – MEMBERSHIP DATA

RETIRED MEMBERS RECEIVING LIFETIME BENEFITS* AS OF JANUARY 1, 2026

Age	Count of Members			Annual Benefits		
	Male	Female	Total	Male	Female	Total
59 & Under	3	1	4	\$115,678	\$12,878	\$128,556
60-64	10	16	26	609,805	416,755	1,026,560
65-69	50	75	125	947,571	1,425,981	2,373,552
70-74	117	98	215	2,449,153	1,563,458	4,012,611
75-79	92	98	190	1,388,199	1,125,403	2,513,602
80-84	63	60	123	772,436	685,465	1,457,901
85-89	24	25	49	331,754	243,610	575,364
90 & Over	<u>10</u>	<u>9</u>	<u>19</u>	<u>74,835</u>	<u>55,325</u>	<u>130,160</u>
Total	369	382	751	\$6,689,431	\$5,528,875	\$12,218,306



*Options include Life Only, Modified Cash Refund, Certain and Life Annuity, and Joint and Survivor Annuity.

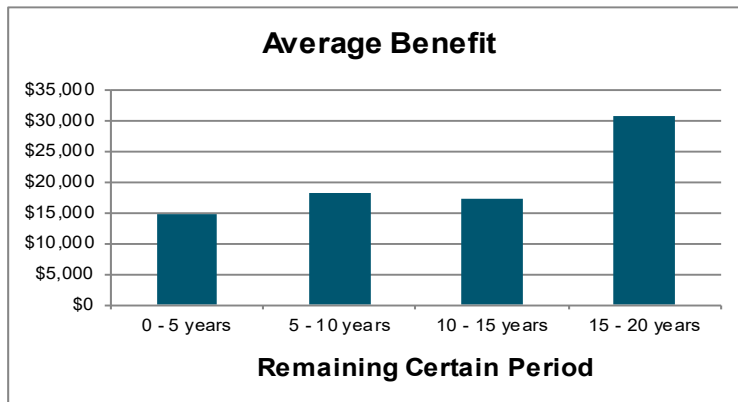
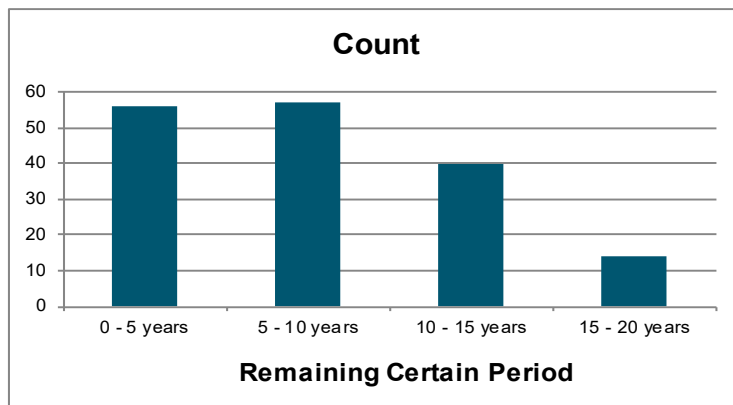




APPENDIX A – MEMBERSHIP DATA

RETIRED MEMBERS RECEIVING FIXED PERIOD BENEFITS AS OF JANUARY 1, 2026

<u>Remaining Certain Period</u>	<u>Count of Members</u>	<u>Annual Benefits</u>
0 - 5 years	56	\$832,225
5 - 10 years	57	1,035,098
10 - 15 years	40	696,906
15 - 20 years	<u>14</u>	<u>431,393</u>
Total	167	\$2,995,622

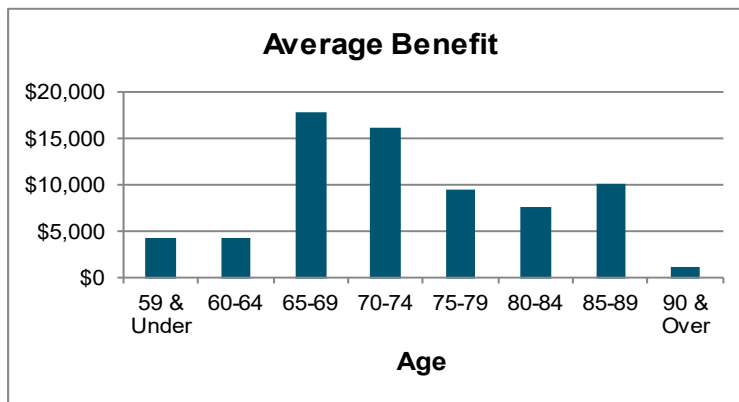
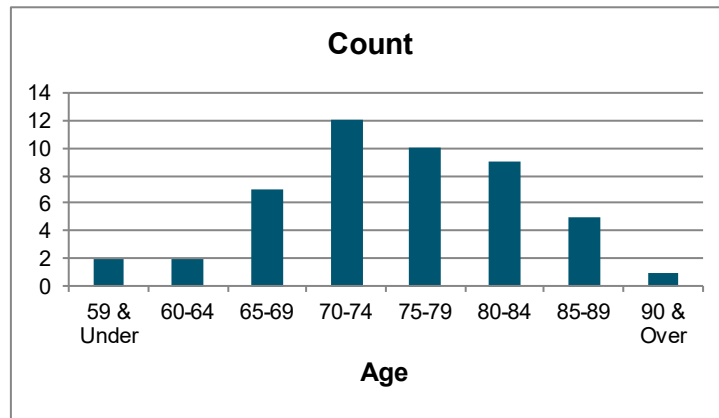




APPENDIX A – MEMBERSHIP DATA

BENEFICIARIES RECEIVING LIFETIME BENEFITS* AS OF JANUARY 1, 2026

Age	Count of Members			Annual Benefits		
	Male	Female	Total	Male	Female	Total
59 & Under	0	2	2	\$0	\$8,479	\$8,479
60-64	1	1	2	1,995	6,540	8,535
65-69	1	6	7	17,037	108,240	125,277
70-74	3	9	12	30,073	164,120	194,193
75-79	4	6	10	53,695	41,611	95,306
80-84	3	6	9	15,025	53,980	69,005
85-89	0	5	5	0	50,417	50,417
90 & Over	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1,133</u>	<u>1,133</u>
Total	12	36	48	\$117,825	\$434,520	\$552,345



*Options include Life Only, Modified Cash Refund, Certain and Life Annuity, and Joint and Survivor Annuity.



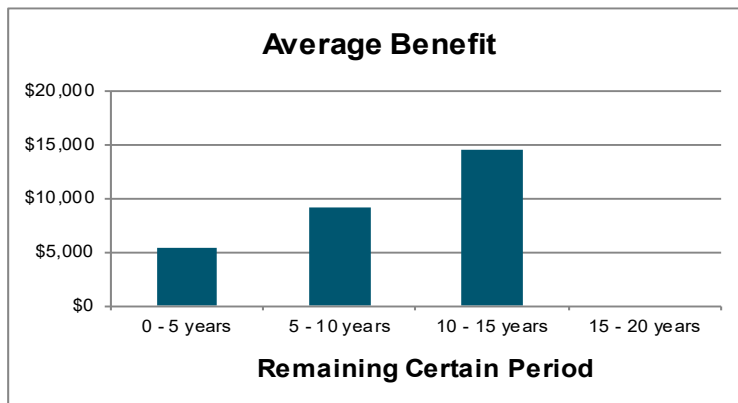
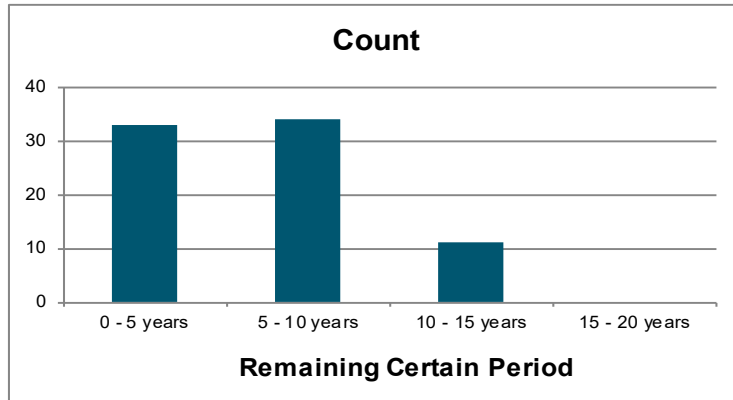


APPENDIX A – MEMBERSHIP DATA

BENEFICIARIES RECEIVING FIXED PERIOD BENEFITS* AS OF JANUARY 1, 2026

<u>Remaining Certain Period</u>	<u>Count of Members</u>	<u>Annual Benefits</u>
0 - 5 years	33	\$181,112
5 - 10 years	34	310,254
10 - 15 years	11	159,171
15 - 20 years	<u>0</u>	<u>0</u>
Total	78	\$650,537

*Includes 4 beneficiaries who were owed a single lump sum payment and were not paid prior to the valuation date.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Membership

All permanent full-time employees of a participating County who work one-half or more of the regularly scheduled hours during each pay period shall begin immediate participation in the County Employees Retirement System as of January 1, 2007 or date of hire, if later. Participation is voluntary for permanent, part-time employees who are age 18 or older and permanent part-time seasonal employees age 18 or older. Full-time elected officials shall begin participation upon taking office.

Existing members of the County Employees Retirement System could have elected, during the period beginning September 1, 2012 and ending October 31, 2012 to participate in the Cash Balance Benefit Fund. If no election was made by October 31, 2012, the member was treated as though he or she elected to continue participating in the Defined Contribution plan as provided in the County Employees Retirement Act.

Existing members of the County Employees Retirement System could have elected, during the period beginning November 1, 2007 and ending December 31, 2007 to participate in the Cash Balance Benefit Fund. If no election was made by December 31, 2007, the member was treated as though he or she elected to continue participating in the Defined Contribution plan as provided in the County Employees Retirement Act.

Existing members of the County Employees Retirement System could have elected, during the period beginning October 1, 2002, and ending December 31, 2002, to participate in the Cash Balance Benefit Fund. If no election was made by January 1, 2003, the member was treated as though he or she elected to continue participating in the Defined Contribution plan as provided in the County Employees Retirement Act. For a member who first participates in the retirement system on or after January 1, 2003, he or she shall automatically participate in the Cash Balance Benefit Fund subject to plan eligibility requirements.

Compensation Considered

Compensation means gross wages or salaries payable to the member for personal services performed during the plan year, overtime pay, member retirement contributions, and amounts contributed by the member to plans under sections 125, 403(b) and 457 of the Internal Revenue Code or any other section of the code which defers or excludes such amounts from income.

Member Contributions

Members of the County Employees Retirement System shall contribute an amount equal to four and one-half percent (4.5%) of annual compensation to the fund. The member contribution shall be credited to the employee cash balance account. In addition, commissioned law enforcement personnel shall contribute an extra amount equal to two percent (2%) of annual compensation if their county's population is less than 85,000 and an extra three percent (3%) of annual compensation if their county's population is more than 85,000.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Employer Contributions

The County shall contribute at a rate of 150% of the members' contributions to the fund. The County contribution shall be credited to the employer cash balance account. The participating counties will also match the additional contribution made by commissioned law enforcement personnel at a rate of 100%.

Interest Credit Rate

Interest credit rate means the greater of (a) five percent or (b) the applicable federal mid-term rate as published by the Internal Revenue Service as of the first day of the calendar quarter for which interest credits are credited, plus one and one-half percent, such rate to be compounded annually.

Interest Credits

Interest credits means the amount credited to the employee cash balance account and the employer cash balance account daily. Such interest credit for each account shall be determined by applying the daily portion of the interest credit rate to the account balance at the end of the previous day.

Retirement Age

A member is eligible for retirement after attaining age 55.

Service

Service is defined to mean the actual total length of employment with a participating County and is not interrupted by a) temporary or seasonal suspension of service that does not terminate the member's employment, b) leave of absence authorized by the County for no longer than twelve months, c) leave of absence due to disability or d) leave due to military service.

Retirement Allowance

Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the accumulated employee and employer cash balance accounts including interest credits, annuitized for payment in the normal form. Also available are additional forms of payment allowed under the plan which are actuarially equivalent to the normal form including the option of a full lump sum or partial lump sum.

Normal Form of Payment

The normal form of payment under the Plan is a single life annuity with five-year certain, payable monthly. Members will have the option to convert their cash balance account to a monthly annuity with built in cost-of-living adjustments of 2.5% annually. This monthly benefit and all other options allowed under the Plan will be of actuarial equivalence to the accumulated employee and employer cash balance accounts including interest credits.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Optional Form of Payment

Optional forms of payment include a lump sum and the following annuities (with or without a 2.5% COLA): life annuity, modified cash refund, certain and life annuity (5, 10 or 15 years), certain only annuity (5, 10, 15 or 20 years) and joint and survivor annuity (50%, 75% or 100%).

Deferred Vested Allowance

A member who terminates with at least 3 years of participation in the system, including eligibility and vesting credit, or after age 55 may choose to leave his employee and employer cash balance accounts in the Plan and be eligible to receive a vested monthly allowance at retirement age or request a distribution of his employee and employer cash balance accounts plus interest credits, with no future benefit payable from the Plan.

Severance Benefits

A member who terminates with less than 3 years of participation in the system, including eligibility and vesting credit, and before age 55 may elect to receive a distribution of his/her employee cash balance account including interest credits, with no future benefit payable from the plan.

Disability Allowance

If a member becomes disabled prior to retirement, the member shall receive the total amount of his/her accumulated employee and employer cash balance accounts including interest credits, as a lump sum or converted into a monthly annuity, as defined under the retirement allowance.

Pre-retirement Death Allowance

If a member dies prior to retirement, the surviving spouse, designated beneficiary (if different), or estate shall receive the total amount of his/her accumulated employee and employer cash balance accounts including interest credits, as a lump sum or converted into a monthly annuity, as defined under the retirement allowance.

Defined Contribution Transfers at Retirement

Upon retirement, members participating in the Defined Contribution Plan may elect to annuitize their accumulated account balance and receive a monthly benefit payment. This benefit is paid from the Cash Balance Benefit Fund, so the member's DC account balance amount is transferred to the Cash Balance Benefit Fund upon the retirement of a Defined Contribution member electing an annuity. The actuarial assumptions used to convert the accumulated account balance are (i) the 1994 Group Annuity Mortality Table with a 50% male / 50% female mix, and (ii) the interest rate in accordance with Nebraska State Statute 23-2317.

Benefit Improvements

In accordance with Section 23-2317 of the Nebraska State Statutes, the Public Employees Retirement Board may grant benefit improvements if the unfunded actuarial accrued liability is less than zero, but in no event will such improvement result in an actuarially required contribution rate in excess of 90% of the total statutory contribution rate.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Dividend Policy

Under Nebraska Statutes, the Board may grant a dividend in addition to the regular interest credit if the UAAL is less than \$0 (i.e. a surplus exists) and the actuarial required contribution rate after the extra dividend is no more than 90% of the scheduled contribution rate. Additionally, the Board has adopted a policy that also requires that the Accumulated Obligation be completely funded.

Year Issued	Dividend %	For Time Period
2025	0.840%	1/1/2024– 12/31/2024
2024	1.200%	1/1/2023– 12/31/2023
2023	0.000%	1/1/2022– 12/31/2022
2022	6.500%	1/1/2021– 12/31/2021
2021	2.500%	1/1/2020– 12/31/2020
2020	3.000%	1/1/2019 – 12/31/2019
2019	0.000%	1/1/2018 – 12/31/2018
2018	8.420%	1/1/2017 – 12/31/2017
2017	0.510%	1/1/2016 – 12/31/2016
2016	0.000%	1/1/2015 – 12/31/2015
2015	5.810%	1/1/2014 – 12/31/2014
2014	0.290%	1/1/2013 – 12/31/2013
2013	0.000%	1/1/2012 – 12/31/2012
2012	0.000%	1/1/2011 – 12/31/2011
2011	0.000%	1/1/2010 – 12/31/2010
2010	0.000%	1/1/2009 – 12/31/2009
2009	0.000%	1/1/2008 – 12/31/2008
2008	5.340%	1/1/2007 – 12/31/2007
2007	2.730%	1/1/2006 – 12/31/2006
2006	16.400%	1/1/2005 – 12/31/2005
2005	2.800%	1/1/2004 – 12/31/2004
2004	3.088%	1/1/2003 – 12/31/2003

Changes in Plan Provisions Since the Prior Year

There have been no changes in plan provisions since the prior actuarial valuation.





APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

A. ACTUARIAL METHODS

- 1. Calculation of Normal Cost and Actuarial Accrued Liability:** The method used to determine the normal cost and actuarial accrued liability was the Entry Age Actuarial Cost Method described below.

Entry Age Normal Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension benefits and expenses to time periods. The method used for the valuation is known as the Entry Age Normal actuarial cost method and has the following characteristics:

- (i) The annual normal costs for each individual active participant are sufficient to accumulate the value of the participant's pension at the time of retirement.
- (ii) Each annual normal cost is a constant percentage of the participant's year-by-year projected covered compensation.

The Entry Age Normal actuarial cost method allocates the actuarial present value of each participant's projected benefits on a level basis over the participant's expected pensionable compensation between the participant's entry age and their assumed exit age (currently age 80).

The portion of the actuarial present value allocated to the valuation each year is called the normal cost. The portion of the actuarial present value in excess of the actuarial present value of future normal costs is called actuarial accrued liability.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefit accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. The unfunded actuarial accrued liability is funded using level dollar payments over a closed 25-year period, and subsequent changes in the unfunded actuarial accrued liability are funded with a closed level dollar payment over 25 years from the date established. If the unfunded actuarial accrued liability becomes negative, prior changes to the unfunded liability are eliminated and the current unfunded actuarial accrued liability is amortized with a closed level dollar payment over 25 years.

Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.





APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

- 2. Calculation of the Actuarial Value of Assets:** Effective January 1, 2003, the actuarial value of assets was initiated at Market Value and was equal to the sum of the employee and employer cash balance accounts. In the following years, the actuarial value of assets is based on a five-year smoothing method with phase-in and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Market Value of assets at the valuation date is reduced by the sum of the following, each determined after January 1, 2003:
- (i) 80% of the return to be spread during the first year preceding the valuation date.
 - (ii) 60% of the return to be spread during the second year preceding the valuation date.
 - (iii) 40% of the return to be spread during the third year preceding the valuation date.
 - (iv) 20% of the return to be spread during the fourth year preceding the valuation date.

The return to be spread is the difference between (1) the actual investment return on Market Value and (2) the expected return on Actuarial Value. The expected return on Actuarial Value includes interest on the previous year's unrecognized return.

B. VALUATION PROCEDURES

No actuarial liability is included for participants who terminated without being vested prior to the valuation date, except those due a refund of the employee cash balance account.

The compensation amounts used in the projection of benefits and liabilities for active members were interpolated based on prior plan year contributions.

Active and eligible members who had no reported compensation or contributions for the prior plan year and whose hire date occurred at least one year prior to the valuation date are assumed to be inactive.

Beneficiaries who are missing a gender are assumed to be the opposite gender of the member.

Projected benefits were limited by the dollar limitation required by the Internal Revenue Code Section 415 as it applies to governmental plans and compensation limited by Section 401(a)(17).

Changes in Methods and Procedures Since the Prior Year

There have been no changes in the actuarial methods or procedures since the prior actuarial valuation.





APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

ECONOMIC ASSUMPTIONS

1. Investment Return 6.90% per annum, compounded annually, net of investment expenses.
Note: The assumption will decrease incrementally each year until reaching the ultimate rate of 6.75% in the 2028 valuation.
2. Administrative Expenses 0.29% of covered payroll.
3. Inflation 2.35% per annum, compounded annually.
4. General Wage Inflation 2.95% per annum.
5. Interest Crediting Rate on Cash Balance Accounts 6.00% per annum, compounded annually.
6. Annuitization Rate of Member & Employer Accumulated Balances 7.75% per annum, compounded annually, for members hired before January 1, 2018 (set statutorily).
6.90% per annum, compounded annually, for members hired after January 1, 2018.

7. Salary Scale

Service	Inflation	Productivity	Merit	Total
0	2.35%	0.60%	6.50%	9.45%
1	2.35	0.60	5.50	8.45
2	2.35	0.60	4.50	7.45
3	2.35	0.60	3.50	6.45
4	2.35	0.60	2.50	5.45
5	2.35	0.60	2.00	4.95
6	2.35	0.60	1.75	4.70
7	2.35	0.60	1.50	4.45
8	2.35	0.60	1.25	4.20
9-17	2.35	0.60	1.00	3.95
18	2.35	0.60	0.75	3.70
19-24	2.35	0.60	0.50	3.45
25-35	2.35	0.60	0.25	3.20
36+	2.35	0.60	0.00	2.95

DEMOGRAPHIC ASSUMPTIONS

1. Mortality

- a. Healthy lives - Active members

Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally with MP-2019 modified to 75% of the ultimate rates.





APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

- b. Healthy lives – Retired members Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally with MP-2019 modified to 75% of the ultimate rates.
- c. Healthy lives – Beneficiaries Pub-2010 General Members (Above Median) Contingent Survivor Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally with MP-2019 modified to 75% of the ultimate rates.
- d. Disabled lives Not applicable
- e. Healthy mortality rates and projection scale are shown below at sample ages:

Pre-retirement Mortality		
Sample Age	Mortality Rate (Base Rates)	
	Males	Females
20	0.04%	0.01%
30	0.04	0.01
40	0.07	0.03
50	0.11	0.06
60	0.27	0.16

Post-retirement Mortality		
Sample Age	Mortality Rate (Base Rates)	
	Males	Females
50	0.11%	0.06%
60	0.53	0.35
70	1.17	0.80
80	3.60	2.60
90	11.73	9.07

Projection Scale – Post-retirement Mortality						
Sample Age	Scale (2020)		Scale (2030)		Scale (2040)	
	Males	Females	Males	Females	Males	Females
50	0.0004	0.0030	0.0026	0.0036	0.0075	0.0075
60	0.0004	-0.0041	0.0063	0.0069	0.0075	0.0075
70	0.0017	0.0052	0.0069	0.0063	0.0075	0.0075
80	0.0067	0.0061	0.0066	0.0070	0.0075	0.0075
90	0.0048	0.0032	0.0067	0.0067	0.0069	0.0069





APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

f. Mortality for Annuitization of Employee and Employer Cash Balance Accounts

1994 Group Annuity Mortality Table, with 50% Male, 50% Female blending, for members hired before January 1, 2018 (set statutorily).

Sample Age	Mortality Rate	Life Expectancy (Years)
55	0.34%	28.0
60	0.62%	23.5
65	1.16%	19.4
70	1.87%	15.7
75	2.99%	12.2
80	5.07%	9.3

Retiree mortality table, projected to 2040, with 55% Male, 45% Female blending for members hired after January 1, 2018.

Sample Age	Mortality Rate	Life Expectancy (Years)
55	0.27%	32.3
60	0.40	27.7
65	0.58	23.3
70	0.89	19.1
75	1.51	15.1
80	2.71	11.4

2. Retirement

Graduated rates by retirement age.

Age	Annual Rates
55-59	4.5%
60-61	6.5%
62-64	10.0%
65-67	20.0%
68-69	22.0%
70-71	26.0%
72-79	20.0%
80	100.0%





APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

3. Termination

Graduated rates by service.

Service	Rate
<1	25.00%
1	22.00
5	12.00
10	7.50
15	5.50
20	4.25
25	3.00
26+	2.00

4. Disability

None.

OTHER ASSUMPTIONS

1. Payment Assumptions

As shown in the table below, 50% of all members eligible for retirement are assumed to be paid in the form of an annuity and the other 50% in the form of a lump sum, and 100% of members eligible for all other types of benefits are assumed to be paid in the form of a lump sum. Deferred vested and non-vested members are assumed to take a refund of their account balance as of the valuation date.

Benefit	Assumed Form of Payment
Retirement	50% Lump Sum / 50% Annuity*
Vested	Lump Sum
Non-vested	Lump Sum
Death	Lump Sum

*Five-year certain and life annuity.

2. Cost of Living Adjustment

None assumed, except 2.5% per year is used for retirees electing annuity payments with a COLA feature.





APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

Changes in Assumptions Since the Prior Year

At their March 17, 2025 meeting, the Public Employees Retirement Board adopted a new set of actuarial assumptions, based on the recommendations in the 2024 experience study. The change to the investment return assumption from 7.00% to 6.75% is being phased-in over four years, beginning with the January 1, 2025 valuation. In this valuation, the investment return assumption was lowered from 6.95% to 6.90%.





APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

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APPENDIX D – GLOSSARY OF TERMS

Actuarial Accrued Liability	The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as “accrued liability” or “actuarial liability”.
Actuarial Assumptions	Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate assumptions.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method”.
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Normal Cost	The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.





APPENDIX D – GLOSSARY OF TERMS

Unfunded Actuarial Accrued Liability

The difference between actuarial accrued liability and the valuation assets. Sometimes referred to as “unfunded actuarial liability” or “unfunded accrued liability”.

