Public Employees' Retirement System of Mississippi

GASB Statement No. 67 Report

Prepared for June 30, 2025 Financial Reporting

CavMac
Actuarial Consulting Services

November 3, 2025

Board of Trustees
Public Employees' Retirement System of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Ladies and Gentlemen:

Presented in this report is information to assist the Public Employees' Retirement System of Mississippi in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 67. The information is presented for the period ending June 30, 2025.

The annual actuarial valuation used as a basis for much of the information presented in this report was performed as of June 30, 2024. The valuation was based on data provided by the Retirement System staff for active, inactive, and retired members along with pertinent financial information. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different and our calculations may need to be revised. Please see the actuarial valuation for additional details on the funding requirements for the System.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

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.

The calculations are based on the current provisions of the System, and on actuarial assumptions that are, individually and in the aggregate, internally consistent and reasonably based on the actual experience of the System. In addition, the calculations were completed in compliance with the laws governing the System and, in our opinion, meet the requirements of GASB 67. Edward Koebel and Wendy Ludbrook are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The calculation of the liability associated with the benefits described in this report was performed for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB 67 for accounting valuation purposes and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 67 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

Respectfully submitted,

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

Wendy Ludbrook, FSA, EA, FCA, MAAA
Consulting Actuary

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SECTION I – INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 67 (GASB 67), "*Financial Reporting For Pension Plans*", in June 2012. This report, prepared as of June 30, 2025 (the Measurement Date), presents information to assist the Public Employees' Retirement System of Mississippi (System) in meeting the requirements of GASB 67. The material provided in this report is based on the data we received to prepare the annual actuarial valuation of the Public Employees' Retirement System of Mississippi as of June 30, 2024. The results of the June 30, 2024 valuation were detailed in a report dated November 17, 2024 and the results of the experience study were detailed in a report dated April 16, 2025.

GASB 67 requires a measurement of the Total Pension Liability (TPL) utilizing the Entry Age Normal actuarial funding method. If the valuation date at which the TPL is determined is before the Measurement Date, as is the case here, the TPL must be rolled forward to the Measurement Date. The Net Pension Liability (NPL) is then set equal to the rolled forward TPL minus the System's Fiduciary Net Position (FNP) (basically the market values of assets) as of the Measurement Date. The benefit provisions recognized in the calculation of the TPL are summarized in Schedule B. The development of the roll-forward of the TPL is shown in the table on page 6.

Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan's provision applicable to the membership and beneficiaries of the System on the Measurement Date. Future contributions were projected to be made in accordance with the Funding Policy adopted by the Board. The Funding Policy is shown in Schedule D of this report. If the FNP is not projected to be depleted at any point in the future, as the results currently indicate, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, at a future measurement date the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

We have determined that the FNP is projected to <u>not</u> be depleted during the projection period and a discount rate of 7.00 percent as of June 30, 2025 will meet the requirements of GASB 67. The SEIR cross-over test is shown in Schedule E of this report.

The FNP projections are based upon the System's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 67. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the System, or the System's ability to make benefit payments in future years.

The sections that follow provide the results of all the necessary calculations, presented in the order laid out in GASB 67 for note disclosure and Required Supplementary Information (RSI).

The actuarial related information presented herein will follow the order presented in GASB 67. There are other, non-actuarial items required which are not included in this report. Paragraph numbers are provided for ease of reference.

Paragraph 30(a) (4): The data required regarding the membership of the Public Employees' Retirement System of Mississippi were furnished by the System office. The following table summarizes the membership of the System as of the June 30, 2024, the Valuation Date.

Membership

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	118,321
Inactive Members Entitled to But Not Yet Receiving Benefits	100,966
Active Members	145,836
Total	365,123

Paragraphs 30(a) (5)-(6) and Paragraphs 30 (b)-(f): The information required is to be supplied by the System.

Paragraphs 31(a) (1)-(4): As stated above, the NPL is equal to the TPL minus the FNP. That result as of June 30, 2025 is presented in the following table ($ thousands).

	Fiscal Year Ending June 30, 2025
Total Pension Liability	$60,985,784
Fiduciary Net Position	35,602,887
Net Pension Liability	$25,382,897
Ratio of Fiduciary Net Position to Total Pension Liability	58.38%

Paragraph 31(b) (1)(a)-(f): This paragraph requires information regarding the actuarial assumptions used to measure the TPL. The actuarial assumptions utilized in developing the TPL comply with the Actuarial Standards Board and are outlined in Schedule C. The TPL as of June 30, 2025 was determined by an actuarial valuation prepared as of June 30, 2024 and by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2024 valuation based on the experience investigation for the four-year period ending June 30, 2024. The following actuarial assumptions are applied to all periods included in the measurement:

Price Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS-2010(B) Retiree Table with the following adjustments: For males, 107% of all rates. For females, 97% of female rates up to age 82, 100% for ages between 83 and 87, and 110% for ages above 87. Mortality rates for disability retirees were based on the PubG-2010 Disabled Table, set forward 1 year for males and 2 years for females, adjusted 134% for males and 125% for females. Mortality rates for Contingent Annuitants were based on the PubS-2010(B) Contingent Annuitant Table, set forward 3 years for males and set forward 2 years for females. Mortality rates will be projected generationally using the MP-2021 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2024. The experience report is dated April 16, 2025.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	27.00%	4.75%
International Equity	20.00	4.75
Global Equity	12.00	4.95
Fixed Income	20.00	2.25
Real Estate	10.00	3.75
Private Equity	10.00	6.00
Cash Equivalents	1.00	0.50
Total	100.00%	

* Net of inflation

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate of 9.00 percent and that employer contributions will be phased in to 19.90 percent over five fiscal years (17.90 percent for FYE 2025, 18.40 percent for FYE 2026, 18.90 percent for FYE 2027, 19.40 percent for FYE 2028, 19.90 percent for FYE 2029 and beyond). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Paragraph 31(b) (1) (g): This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the System, calculated using the discount rate of 7.00 percent, as well as what the System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate ($ thousands):

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
System's Net Pension Liability	$33,006,841	$25,382,897	$19,120,263

Paragraph 31(c): June 30, 2024 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2025 using standard roll forward techniques for the actual TPL both before and after the assumption changes due to the experience study. The difference between these two amounts is shown as a change in assumptions The roll-forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. In addition, we have determined an expected TPL as of June 30, 2025 based on the TPL roll-forward in the June 30, 2024 GASB 67 report. The difference between these two numbers is reflected as an experience gain or loss for the year.

Finally, the actual TPL as of June 30, 2024, was calculated reflecting the assumption changes and rolled forward to June 30, 2025. The difference between this amount and the amount determined in the prior step is reflected as an assumption change gain or loss for the year.

These procedures are shown in the following table.

	TPL Roll-forward ($ in thousands)	Expected (1)	Actual Before Assumption Changes (2)	Actual After Assumption Changes (3)
(a)	TPL as of June 30, 2024	$59,417,269	$60,033,721	$59,719,173
(b)	Interest Rate (SEIR) as of June 30, 2024	7.00%	7.00%	7.00%
(c)	Entry Age Normal Cost for the period July 1, 2024 - June 30, 2025	852,044	852,044	848,350
(d)	Actual Benefit Payments and Refunds for the period July 1, 2024 - June 30, 2025	3,634,861	3,634,861	3,634,861
(e)	TPL as of June 30, 2025 = [(a) x (1+(b))] + (c) - [(d) x (1+(0.5 x (b)))]	$60,666,441	$61,326,044	$60,985,784
(f)	Experience (Gain)/Loss = (e2) – (e1)		$659,603	
(g)	Assumption (Gain)/Loss = (e3) – (e2)			$(340,260)

There are several tables of Required Supplementary Information (RSI) that need to be included in the System's financial statements:

Paragraphs 32(a)-(c): The required tables are provided in Schedule A.

Paragraph 34: In addition, the following should be noted regarding the RSI:

Changes of assumptions.

- 2025
  - Mortality, withdrawal, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
  - The assumed load for administrative expenses was decreased from 0.26% to 0.25% of payroll.
- 2023
  - The investment rate of return assumption was changed from 7.55% to 7.00%.
  - The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
  - Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
  - The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
  - For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
  - The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
  - The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.
- 2021
  - The price inflation assumption was reduced from 2.75% to 2.40%.
  - The wage inflation assumption was reduced from 3.00% to 2.65%.
  - The investment rate of return assumption was changed from 7.75% to 7.55%.
  - The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
  - Withdrawal rates, mortality rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
  - The percentage of active member deaths assumed to be in in the line of duty was decrease from 6% to 4%.

- 2019
  - The price inflation assumption was reduced from 3.00% to 2.75%.
  - The wage inflation assumption was reduced from 3.25% to 3.00%.
  - Withdrawal rates, mortality rates, and service retirement rates were adjusted to reflect actual experience more closely.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- 2017
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.
  - The wage inflation assumption was reduced from 3.75% to 3.25%.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
  - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

Changes in benefit provisions

- 2016
  - The interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2023 valuation for the June 30, 2025 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
GASB 67 Paragraph 32(a)
($ in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability										
Service Cost	$734,545	$754,552	$702,559	$696,445	$712,354	$719,623	$758,601	$694,726	$834,060	$852,044
Interest	3,032,131	3,154,382	3,239,471	3,330,054	3,433,801	3,536,951	3,651,875	3,752,233	3,851,193	4,031,989
Benefit changes	0	0	0	0	0	0	0	0	0	0
Difference between expected and actual experience	413,494	(172,476)	21,361	0	224,426	181,270	222,910	672,606	1,471,228	659,603
Changes of assumptions	(66,606)	24,141	0	231,354	0	1,469,257	0	3,631,586	0	(340,260)
Benefit payments	(2,367,709)	(2,477,914)	(2,609,415)	(2,747,397)	(2,878,073)	(2,995,255)	(3,134,860)	(3,237,085)	(3,394,102)	(3,513,108)
Refunds of contributions	(112,926)	(113,707)	(124,306)	(108,042)	(104,851)	(101,044)	(120,806)	(115,517)	(118,413)	(121,753)
Net change in total pension liability	1,632,929	1,168,978	1,229,670	1,402,414	1,387,657	2,810,802	1,377,720	5,398,549	2,643,966	1,568,515
Total pension liability - beginning	40,364,584	41,997,513	43,166,491	44,396,161	45,798,575	47,186,232	49,997,034	51,374,754	56,773,303	59,417,269
Total pension liability - ending (a)	$41,997,513	$43,166,491	$44,396,161	$45,798,575	$47,186,232	$49,997,034	$51,374,754	$56,773,303	$59,417,269	$60,985,784
Plan net position										
Contributions - employer	$1,021,261	$1,019,084	$1,018,163	$1,038,108	$1,171,805	$1,169,679	$1,211,004	$1,303,563	$1,455,811	$1,427,901
Contributions - member	572,574	570,066	570,807	580,941	594,711	594,876	615,420	661,986	682,937	704,575
Net investment income	130,900	3,436,144	2,385,913	1,701,321	856,935	8,736,632	(2,980,324)	2,234,355	3,219,564	3,673,648
Benefit payments	(2,367,709)	(2,477,914)	(2,609,415)	(2,747,397)	(2,878,073)	(2,995,255)	(3,134,860)	(3,237,085)	(3,394,102)	(3,513,108)
Administrative expense	(15,166)	(17,056)	(16,264)	(16,905)	(19,757)	(15,691)	(15,926)	(16,446)	(18,251)	(18,605)
Refunds of contributions	(112,926)	(113,707)	(124,306)	(108,042)	(104,851)	(101,044)	(120,806)	(115,517)	(118,413)	(121,753)
Other	(474)	(8,536)	(4,805)	(4,614)	22	6	10	12	314	386
Net change in plan net position	(771,540)	2,408,081	1,220,093	443,412	(379,208)	7,389,203	(4,425,482)	830,868	1,827,860	2,153,044
Plan net position - beginning	24,906,556	24,135,016	26,543,097	27,763,190	28,206,602	27,827,394	35,216,597	30,791,115	31,621,983	33,449,843
Plan net position - ending (b)	$24,135,016	$26,543,097	$27,763,190	$28,206,602	$27,827,394	$35,216,597	$30,791,115	$31,621,983	$33,449,843	$35,602,887
Net pension liability - ending (a) - (b)	$17,862,497	$16,623,394	$16,632,971	$17,591,973	$19,358,838	$14,780,437	$20,583,639	$25,151,320	$25,967,426	$25,382,897

SCHEDULE OF THE NET PENSION LIABILITY
GASB 67 Paragraph 32(b)
($ in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability	$41,997,513	$43,166,491	$44,396,161	$45,798,575	$47,186,232	$49,997,034	$51,374,754	$56,773,303	$59,417,269	$60,985,784
Plan net position	24,135,016	26,543,097	27,763,190	28,206,602	27,827,394	35,216,597	30,791,115	31,621,983	33,449,843	35,602,887
Net pension liability	$17,862,497	$16,623,394	$16,632,971	$17,591,973	$19,358,838	$14,780,437	$20,583,639	$25,151,320	$25,967,426	$25,382,897
Ratio of plan net position to total pension liability	57.47%	61.49%	62.54%	61.59%	58.97%	70.44%	59.93%	55.70%	56.30%	58.38%
Covered payroll	$6,022,533	$6,038,229	$5,999,231	$6,144,916	$6,287,441	$6,246,077	$6,454,760	$7,065,419	$7,245,824	$7,442,321
Net pension liability as a percentage of covered payroll	296.59%	275.30%	277.25%	286.29%	307.90%	236.64%	318.89%	355.98%	358.38%	341.06%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB 67 Paragraph 32(c)
($ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Employer Contribution	$1,873,232	$1,573,793	$1,518,359	$1,258,033	$1,184,881	$1,107,847	$967,824	$944,879	$951,021	$948,549
Actual employer contributions	1,427,901	1,455,811	1,303,563	1,211,004	1,169,679	1,171,805	1,038,108	1,018,163	1,019,084	1,021,261
Annual contribution deficiency (excess)	$445,331	$117,982	$214,796	$47,029	$15,202	($63,958)	($70,284)	($73,284)	($68,063)	($72,712)
Covered payroll	$7,442,321	$7,245,824	$7,065,419	$6,454,760	$6,246,077	$6,287,441	$6,144,916	$5,999,231	$6,038,229	$6,022,533
Actual contributions as a percentage of covered payroll	19.19%	20.09%	18.45%	18.76%	18.73%	18.64%	16.89%	16.97%	16.88%	16.96%

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2025, as interpreted in preparing the actuarial valuation.

DEFINITIONS

Average Compensation — Average annual covered earnings of an employee during the four highest years of service. To determine the four highest years, PERS considers these scenarios:

- Four highest fiscal years of earned compensation;
- Four highest calendar years of earned compensation;
- Combination of four highest fiscal and calendar years of earned compensation that do not overlap; or
- Final 48 months of earned compensation prior to termination of employment.

Covered Earnings — Gross salary not in excess of the maximum amount on which contributions were required.

Fiscal Year — Year commencing on July 1 and ending June 30.

Credited Service — Service while a contributing member plus additional service as described below.

Unused Sick and Vacation Leave — Service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. A payment of up to 240 hours of leave may be used in the Average Compensation definition.

Additional Service — Additional service credit may be granted for service prior to February 1, 1953, active duty military service, out-of-state service, professional leave, and non-covered and retroactive service

The maximum covered earnings for employers and employees for the past ten years are as follows:

EMPLOYER AND EMPLOYEE RATES OF CONTRIBUTION AND MAXIMUM COVERED EARNINGS

Fiscal Date From	Fiscal Date To	Employer Rate	Maximum Covered Earnings	Employee Rate	Maximum Covered Earnings
7/1/14	6/30/15	15.75%	$260,000	9.00%	$260,000
7/1/15	6/30/17	15.75	265,000	9.00	265,000
7/1/17	6/30/18	15.75	270,000	9.00	270,000
7/1/18	6/30/19	15.75	275,000	9.00	275,000
7/1/19	6/30/20	17.40	280,000	9.00	280,000
7/1/20	6/30/21	17.40	285,000	9.00	285,000
7/1/21	6/30/22	17.40	290,000	9.00	290,000
7/1/22	6/30/23	17.40	305,000	9.00	305,000
7/1/23	6/30/24	17.40	330,000	9.00	330,000
7/1/24	6/30/25	17.90	345,000	9.00	345,000

BENEFITS

Superannuation Retirement

Condition for Retirement

A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years (4 years if hired prior to July 1, 2007) of membership service.

A retirement allowance may also be paid upon the completion of 25 years of creditable service for members hired prior to July 1, 2011 or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.

Amount of Allowance

The annual retirement allowance payable to a member who retires is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement, plus
2. For a member hired prior to July 1, 2011, an employer's annuity which, together with the member's annuity, is equal to 2% of his or her average compensation for each of the first 25 years of creditable service plus 2-1/2% for each year of creditable service over 25 years.
3. For a member hired on or after July 1, 2011, an employer's annuity which, together with the member's annuity, is equal to 2% of his or her average compensation for each of the first 30 years of creditable service plus 2-1/2% for each year of creditable service over 30 years. There will be an actuarial reduction for each year of creditable service below 30 or for each year of age below age 65, whichever is less.

For members hired prior to July 1, 2011, the minimum allowance is $120 for each year of creditable service.

Early Retirement

Condition for Retirement	For members hired on or after July 1, 2011, an actuarially reduced retirement allowance is paid upon the request of any member who retires with less than 30 years of creditable service.
Amount of Allowance	The annual actuarially reduced retirement allowance is equal to the benefit in the section above reduced for each year of creditable service below 30 or for each year in age below age 65, whichever is less.

Deferred Vested

Condition for Termination	Any member who withdraws from service prior to his or her attainment of age 60 and who has completed at least eight years (4 years if hired prior to July 1, 2007) of membership service is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance.
Amount of Allowance	The annual retirement allowance payable to a member who terminates as a deferred vested payable at age 60 is equal to: 1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement, plus 2. For a member hired prior to July 1, 2011, an employer's annuity which, together with the member's annuity, is equal to 2% of his or her average compensation for each of the first 25 years of creditable service plus 2-1/2% for each year of creditable service over 25 years

3. For a member hired on or after July 1, 2011, an employer's annuity which, together with the member's annuity, is equal to 2% of his or her average compensation for each of the first 30 years of creditable service plus 2-1/2% for each year of creditable service over 30 years. There will be an actuarial reduction for each year of creditable service below 30 or for each year of age below age 65, whichever is less.

For members hired prior to July 1, 2011, the minimum allowance is $120 for each year of creditable service.

Ordinary Disability Retirement

Condition for Retirement	A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees, and has accumulated eight or more years* of membership service. * four years for those who entered the system before July 1, 2007
Amount of Allowance	For those who were active members prior to July 1, 1992, and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance if the member has attained age 60, otherwise it is equal to a superannuation retirement allowance calculated as follows: 1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus 2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992, and for those who were active members prior to July 1, 1992, who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 40% of average compensation plus 10% for each dependent child up to a maximum of 2, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

Age at Disability	Duration
60 and earlier	to age 65
61	to age 66
62	to age 66
63	to age 67
64	to age 67
65	to age 68
66	to age 68
67	to age 69
68	to age 70
69 and later	one year

   The minimum allowance is $120 per year of creditable service.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 40% of average compensation, or (b) the member's accrued allowance.

The minimum allowance is $120 per year of creditable service.

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

Accidental Disability Retirement

Condition for Retirement	A retirement allowance is paid to a member who is totally and permanently disabled in the line of performance of duty.
Amount of Allowance	The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 50% of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit	A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the line of performance of duty.
Amount of Allowance	The annual retirement allowance is equal to 50% of average compensation payable to the spouse and 25% of average compensation payable to one dependent child or 50% to two or more children until age 19 (23 if a full time student). There is no minimum benefit.

Ordinary Death Benefit

Condition for Benefit	Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his or her spouse, if said spouse has been married to the member for not less than one year. *four years for those who entered the system before July 1, 2007.
Amount of Allowance	The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of (i) the allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced retirement benefits, or (ii) a lifetime benefit equal to 20% of the deceased member's average compensation, but not less than $50 per month. In addition, a benefit is payable to dependent children until age 19 (23 if a full time student). The benefit is equal to the greater of 10% of average compensation or $50 per month for each dependent child up to 3.
Return of Contributions	Upon the withdrawal of a member without a retirement benefit, his or her contributions are returned to him or her, together with accumulated regular interest thereon. Upon the death of a member before retirement, his or her contributions, together with the full accumulated regular interest thereon, are paid to his or her designated beneficiary, if any, otherwise, to his or her estate provided no other survivor benefits are payable.

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Normal Form of Benefit

The normal form of benefit (modified cash refund) is an allowance payable during the life of the member with the provision that upon his or her death the excess of his or her total contributions with interest at the time of retirement over the total retirement annuity paid to him or her will be paid to his or her designated beneficiary.

Optional Benefits

A member upon retirement may elect to receive his or her allowance in one of the following forms which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner or his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both PERS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the retired member divorces the designated beneficiary. A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married after retirement.

A member hired prior to July 1, 2011 and who has at least 28 years of creditable service* or a member hired on or after July 1, 2011 who has at least 33 years of creditable service can select a partial lump-sum option at retirement. Under this option, the retiree has the option of taking a partial lump-sum distribution equal to 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced.

A member selecting the partial lump-sum option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4-C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

* or at least age 63 with four years of membership service for those who entered the system before July 1, 2007.

Post-Retirement Adjustments In Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55*, plus (b) 3% compounded for each year thereafter beginning with the fiscal year in which the member turns age 55*.

* Age 60 for members hired on or after July 1, 2011

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

The combined effect of the assumptions is expected to have no significant bias.

INTEREST RATE: 7.00% per annum, compounded annually (net of investment expense only). The expected return on assets consists of 2.40% price inflation and 4.60% real rate of return.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

	Annual Rates of			
	Death*		Disability	
Age	Male	Female	Male	Female
20	0.0360%	0.0150%	0.020%	0.020%
25	0.0390	0.0210	0.020	0.020
30	0.0428	0.0285	0.020	0.020
35	0.0503	0.0390	0.020	0.020
40	0.0660	0.0533	0.060	0.050
45	0.0945	0.0720	0.110	0.070
50	0.1850	0.1310	0.180	0.145
55	0.2730	0.1947	0.280	0.200
60	0.5016	0.2651	0.220	0.180
65	0.8400	0.3894	0.200	0.180
70	1.5684	0.7744	0.200	0.180
75	2.9316	1.5411	0.200	0.180
79	7.8576	2.6730	0.200	0.180

** Adjusted Base Rates*

AGE	Annual Rates of Withdrawal* Years of Service											
	0		5		10		15		20		24	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
20	40.00%	45.50%	12.50%	13.50%								
25	33.00	35.00	12.50	13.50	6.50%	7.00%						
30	33.00	34.00	12.50	12.50	6.50	7.00	3.50%	4.00%				
35	33.00	29.50	12.00	12.00	6.00	6.00	3.50	4.00	4.00%	2.50%		
40	32.00	27.50	10.50	9.50	6.00	6.00	3.50	4.00	4.00	2.50	4.00%	2.50%
45	32.00	26.00	10.50	8.75	6.00	6.00	3.50	4.00	4.00	3.00	4.00	3.00
50	27.00	26.00	9.00	9.50	6.50	6.00	3.50	4.00	4.00	4.00	4.00	4.00
53+	23.00	23.00	8.50	9.50	6.00	6.00	3.50	4.00	4.00	4.50	4.00	4.50

**Rates stop at eligibility for retirement. For Tier 4, rates at 24 years of service are extended out to 29 years of service.*

Annual Rates of Service Retirements				
	Male		Female	
Age	Under 25 Years of Service*	25 Years of Service and Over*	Under 25 Years of Service*	25 Years of Service and Over*
45		28.00%		22.75%
50		20.50		16.50
55		20.00		22.25
60	11.75%	19.50	14.75%	22.00
62	18.50	29.00	18.50	27.75
65	26.00	30.00	30.00	39.50
70	21.00	22.00	24.50	26.50
75	18.00	15.00	25.00	21.00
80	100.00	100.00	100.00	100.00

**For Tier 4 members, 30 years of service.*

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are as follows:

	Annual Rates of		
Service	Merit & Seniority	Base (Economy)	Increase Next Year
0	15.25%	2.65%	17.90%
1	5.25	2.65	7.90
2	2.75	2.65	5.40
3	1.75	2.65	4.40
4	1.25	2.65	3.90
5-7	0.75	2.65	3.40
8-27	0.25	2.65	2.90
28 and Over	0.00	2.65	2.65

DEATH AFTER RETIREMENT:

Service Retirees*

Membership Table	Adjustment to Rates	Projection Scale
PubS-2010(B) Retiree	Male: 107% for all ages Female: 97% up to age 82, 100% for ages 83 to 87, and 110% for ages above 87	MP-2021

Contingent Annuitants*

Membership Table	Adjustment to Rates	Projection Scale
PubS-2010(B) Contingent Annuitant	Male: Set forward 3 years Female: Set forward 2 years	MP-2021

Disabled Retirees*

Membership Table	Adjustment to Rates	Projection Scale
PubG-2010 Disabled	Male: Set forward 1 year and 134% for all ages Female: Set forward 2 years and 121% for all ages	MP-2021

** Please note that none of the recommended tables have any setbacks or setforwards.*

Representative values of the assumed rates of death after retirement are as follows:

	Rates of Death After Retirement*					
	Service Retirees		Contingent Annuitants		Disabled Retirees	
AGE	Male	Female	Male	Female	Male	Female
45	0.2547%	0.0902%	0.8160%	0.4930%	1.4861%	1.4588%
50	0.3670%	0.1552%	0.9850%	0.5990%	2.2941%	1.9837%
55	0.5307%	0.2677%	1.1470%	0.7820%	2.9493%	2.2913%
60	0.7918%	0.4627%	1.4500%	1.0340%	3.4626%	2.5638%
65	1.2187%	0.7993%	2.0860%	1.4290%	4.2786%	3.0625%
70	2.0886%	1.3793%	3.2210%	2.0940%	5.5114%	4.0488%
75	3.6198%	2.3823%	4.9710%	3.2200%	7.4196%	5.8475%
80	6.2777%	4.1138%	7.8020%	5.1970%	10.6249%	8.9375%
85	10.7728%	7.3240%	12.4680%	8.8570%	15.6485%	13.7675%
90	17.8947%	13.9117%	19.9560%	14.5230%	23.6925%	19.5438%

**Adjusted Base Rates*

PAYROLL GROWTH: 2.65% per annum, compounded annually.

ADMINISTRATIVE EXPENSES: 0.25% of payroll.

TIMING OF DECREMENTS AND PAY INCREASES: Middle of Year.

ASSUMED INTEREST RATE ON EMPLOYEE CONTRIBUTIONS: 2.00%.

ACTIVE MEMBER DISABILITY ASSUMPTION: 12% of active member disabilities are assumed to be in the line of duty and 88% of active member disabilities are assumed to not be in the line of duty.

ACTIVE MEMBER DEATH ASSUMPTION: 4% of active deaths are assumed to be in the line of duty and 96% of active member deaths are assumed to not be in the line of duty.

ACTIVE MEMBER WITHDRAWAL ASSUMPTION: 65% of vested participants who terminate before retirement elect to receive a deferred benefit upon attaining the eligibility requirements for retirement. They are assumed to commence their benefit at age 60 for Tiers 1, 2 and 3 and age 62 for Tier 4. The remaining 35% elect to withdraw their contributions.

FINAL AVERAGE COMPENSATION: 0.25% load on the final average compensation produced by our valuation software.

MARRIAGE ASSUMPTION: 85% married with the husband two years older than his wife.

UNUSED SICK LEAVE: Assumed 0.55 years at retirement.

MILITARY SERVICE: Assumed that participants will have on average 0.20 years of military service at retirement.

MAXIMUM COVERED EARNINGS ASSUMPTION GROWTH: 2.65%

AGE-LIMITED DISABILITY DECREMENTS: Assumed to turn off at age 60.

DEFERRED VESTEDS: Deferred vested benefits are assumed to commence at age 60 for Tiers 1, 2 and 3 and at age 65 for Tier 4.

ASSET VALUATION METHOD: Market Value of Assets.

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 7.00%). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of PERS are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.

Under the entry age normal cost method, the actuarial present value of each member's projected benefits is allocated on a level basis over the member's compensation between the entry age of the member and the assumed exit ages. The portion of the actuarial present value allocated to the valuation year is called the normal cost. The actuarial present value of benefits allocated to prior years of service is called the actuarial liability. The unfunded actuarial liability represents the difference between the actuarial liability and the actuarial value of assets as of the valuation date. The unfunded actuarial liability is calculated each year and reflects experience gains/losses. The accrued liability contribution amortizes the balance of the unfunded actuarial accrued liability over a period of years from the valuation date.

The purpose of this funding policy is to state the overall funding goals and objectives for the Public Employees' Retirement System of Mississippi (PERS) and to document both the metrics that will be used to measure progress toward achieving those goals and the methods and assumptions employed to develop those metrics.

The employer contribution rate recommended by the Board for PERS will be based on the actuarially determined contribution (ADC) as reflected by the annual valuation report using the assumptions and methods outlined in this policy. In the calculation of the ADC, the actuary will consider, as appropriate, any state appropriations, cash infusions, or other funding streams that may be provided for the benefit of PERS. The Board may also request additional funding on an actuarial basis to meet certain funding objectives.

I. Funding Goals and Objectives

The objective in requiring employer and member contributions to PERS combined with investment earnings is to accumulate sufficient assets during a member's employment to fully finance the benefits the member will receive in retirement. In meeting this objective, PERS will strive to meet the following goals:

- Preserve the defined benefit structure for providing lifetime benefits to the PERS membership and eligible beneficiaries.
- Develop a pattern of contribution rates expressed as a percentage of employer payroll and measured by valuations prepared in accordance with applicable state laws and the principles of practice prescribed by the Actuarial Standards Board.
- Maintain an increasing trend in the funded ratio over the projection period with an ultimate goal of being 100 percent funded.
- Require clear reporting and risk analysis of the metrics by the actuary as outlined in Section II of this policy using a "Signal Light" approach to assist the Board in determining the status of the plan and whether recommendations are needed to be made to the Legislature concerning funding.
- Ensure benefit improvements are funded through increases in contribution requirements in accordance with Article 14, § 272A, of the Mississippi Constitution.

II. Metrics

To track progress in achieving the outlined funding goals and objectives and to assist the Board in making recommendations to the Legislature for funding, certain metrics will be measured annually in conjunction with information provided in the actuarial valuation and projection report. As part of the annual valuation and projection report, while also factoring in any additional revenue streams or funding provided by the Legislature, each metric will be calculated and assigned a "Signal Light" with the following definitions:

SCHEDULE D – FUNDING POLICY OF MISSISSIPPI PERS

Status	Definition
Green	Plan passes metric and PERS' funding goals and objectives are achieved
Yellow	Plan passes metric but a warning is issued that negative experience may lead to failing status
Red	Plan fails metric

For information and reporting, if any one of the metrics are in the Red Signal Light status in conjunction with the annual valuation report and the projection report, the actuary will determine and provide to the Board necessary funding and a methodology that is sufficient to get all three metrics into the Green Light status. Employer contribution rate increases recommended by the Board would be suggested to be effective for July 1, which occurs 18 months following the completion of the projection report (e.g., if the projection report in 2024 deems an increase to be considered then that increase would be effective for July 1, 2026).

The following metrics will be measured:

- **Funded Ratio** – Funded Ratio is defined as the actuarial value of assets divided by the actuarial accrued liability. One of the funding goals is to have an increasing funded ratio over the projection period with an ultimate goal of having a 100 percent funded ratio. The Board sets the Signal Light definition as follows:

Status	Definition
Green	Funded Ratio above 80% in 2047
Yellow	Funded Ratio between 65% and 80% in 2047
Red	Funded Ratio below 65% in 2047

- **Cash flow as a percentage of assets** – Cash flow as a percentage of assets is defined as the difference between total contributions coming into the trust and the benefit payments made to retirees and beneficiaries going out of the trust as a percentage of beginning-year market value of assets. This percentage will fluctuate from year to year, so the Signal Light testing of the net cash flow percentage will be tested over the entire projection period. The Board sets the Signal Light definition as follows:

Status	Definition
Green	Net Cash Flow Percentage above negative 5.25% (-5.25%) during the projection period
Yellow	Net Cash Flow Percentage between negative 5.25% (-5.25%) and negative 7.00% (-7.00%) during the projection period
Red	Net Cash Flow Percentage below negative 7.00% (-7.00%) during the projection period

- **Actuarially Determined Contribution (ADC)** – ADC is defined as the contribution requirement determined by the actuary using a contribution allocation procedure based on the principal elements disclosed in Section III of this funding policy:

  1. Actuarial Cost Method
  2. Asset Smoothing Method
  3. Amortization Method

  The calculation of the ADC will be determined during the actuarial valuation and not during the projection report. The ratio of the ADC to the statutory contribution rate (ADC/SCR) as set by this Funding Policy will be tested.

Status	Definition
Green	ADC ratio at or below 100% of fixed contribution rate at valuation date
Yellow	ADC ratio between 100% and 110% of fixed contribution rate at valuation date
Red	ADC ratio above 110% of fixed contribution rate at valuation date

Should the actual statutory rate provided meet or exceed the ADC, this metric may no longer be needed.

III. Assumptions and Methods

Each year, the actuary will perform an actuarial valuation and projection report for funding purposes, which will also reflect any additional funding provided by the Legislature. During the process, the actuary shall calculate all the metrics listed in Section II of this funding policy and the PERS' Signal Light status for each metric. The following three major components of a funding valuation will be used:

- **Actuarial Cost Method** – This component determines the attribution method upon which the cost/liability of the retirement benefits are allocated to a given period, defining the normal cost or annual accrual rate associated with projected benefits. The Entry Age Normal Cost Method (EAN) is to be used for determination of the normal cost rate and the actuarial accrued liability for purposes of calculating the Actuarial Determined Contribution (ADC).
- **Asset Valuation Method** – This component dictates the method by which the asset value, used in the determination of the Unfunded Actuarial Accrued Liability (UAAL) and Funded Ratio, is determined. The asset valuation method to be used shall be a five-year smoothed market value of assets. The difference between the actual market value investment returns and the expected market investment returns is recognized equally over a five-year period.
- **Amortization Method** – This component prescribes, in terms of duration and pattern, the systematic manner in which the difference between the accrued liability and the actuarial value of assets is reduced. For purposes of calculating the ADC, the following amortization method assumptions are used:

    I. Once established for any component of the UAAL, the amortization period for that component will be closed and will decrease by one year annually.
    II. The amortization payment will be determined on a level percentage of pay basis.
    III. The length of the amortization periods will be as follows:
        a. Existing UAAL on June 30, 2018 – 30 years.
        b. Annual future actuarial experience gains and losses, assumption changes or benefit enhancements or reductions – 25 years from the date of the valuation.
    IV. If any future annual actuarial valuation indicates that PERS has a negative UAAL, the ADC shall be set equal to the Normal Cost.

- **Actuarial Assumptions** – The actuarial assumptions are used to develop the annual and projected actuarial metrics, as well as the ADC rates. The actuarial assumptions are derived and proposed by the actuary and adopted by the PERS Board in conformity with the Actuarial Standards of Practice. The actuarial assumptions for this funding policy were developed using the most recent experience study as approved by the Board. The long-term investment return assumption adopted by the PERS Board in conjunction with the experience investigation is 7.00 percent.

IV. Governance Policy/Process

Below is a list of specific actuarial and funding related studies, the frequency at which they should be commissioned by the Board and additional responsibilities related to each:

- **Actuarial Valuation** (performed annually) – The Board is responsible for the review of PERS' annual actuarial valuation report, which provides the annual funded ratio and the calculation of the ADC.
- **Projection Report** (performed annually) – The Board is responsible for the review of PERS' 30-year projection report, which will include the actuarial metrics and Signal Light status for each metric over a 30-year period.
- **Experience Analysis** (performed every two years on a rolling four-year basis) – The Board is responsible for ensuring that an experience analysis is performed as prescribed, reviewing the results of the study, and approving the actuarial assumptions and methodologies to be used for all actuarial purposes relating to the defined benefit pension plan.
- **Actuarial Audit** (performed at least every five years) – The Board is responsible for the review of an audit report performed by an independent actuarial firm to provide a critique of the reasonableness of the actuarial methods and assumptions in use and the resulting actuarially computed liabilities and contribution rates.
- **Additional Independent Actuarial Assessments** – When the Board recommends an increase to the employer contribution rate, the recommendation will be accompanied by at least two independent actuarial assessments in accordance with state law. Future annual valuations and separate periodic actuarial audits may suffice for this purpose.
- **Funding Policy Review** – The Board is responsible for the review of this policy in conjunction with the annual valuation and projection report and biennially with the experience study. Other reviews during the year may be conducted as warranted.

V. Glossary of Funding Policy Terms

- **Actuarial Accrued Liability (AAL):** The AAL is the value at a particular point in time of all past normal costs. This is the amount of assets the plan would have today if the current plan provisions, actuarial assumptions, and participant data had always been in effect, contributions equal to the normal cost had been made, and all actuarial assumptions had been met.
- **Actuarial Cost Method:** The actuarial cost method allocates a portion of the total cost (present value of benefits) to each year of service, both past service and future service.
- **Actuarial Determined Contribution (ADC):** The potential payment to the plan as determined by the actuary using a contribution allocation procedure that, if contributed consistently and combined with investment earnings, would be sufficient to pay promised benefits in full over the long term. The ADC may or may not be the amount actually paid by the plan sponsor or other contributing entity.

- **Asset Values**:
  - **Actuarial Value of Assets (AVA):** The AVA is the market value of assets less the deferred investment gains or losses not yet recognized by the asset smoothing method.
  - **Market Value of Assets (MVA):** The MVA is the fair value of assets of the plan as reported in the plan's audited financial statements.
- **Entry Age Normal Actuarial Cost Method (EAN):** The EAN actuarial cost method is a funding method that calculates the normal cost as a level percentage of pay or level dollar amount over the working lifetime of the plan's members.
- **Funded Ratio:** The funded ratio is the ratio of the plan assets to the plan's actuarial accrued liabilities.
  - **Actuarial Value Funded Ratio:** The actuarial value funded ratio is the ratio of the AVA to the AAL.
- **Normal Cost**: The normal cost is the cost allocated under the actuarial cost method to each year of active member service.
- **Present Value of Benefits (PVB) or total cost:** The PVB is the value at a particular point in time of all projected future benefit payments for current plan members. The future benefit payments and the value of those payments are determined using actuarial assumptions regarding future events. Examples of these assumptions are estimates of retirement and termination patterns, salary increases, investment returns, etc.
- **Surplus:** A surplus refers to the positive difference, if any, between the AVA and the AAL.
- **Unfunded Actuarial Accrued Liability (UAAL):** The UAAL is the portion of the AAL that is not currently covered by the AVA. It is the positive difference between the AAL and the AVA.
- **Valuation Date:** The valuation date is the annual date upon which an actuarial valuation is performed; meaning that the trust assets and liabilities of the plan are valued as of that date. PERS' annual valuation date is June 30.

Projection of Contributions

Plan Year Beginning June 30	Projected Covered Employee Payroll: Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c)	Projected Contributions: Employee Contribution Rate (d)	Employer Normal Cost Contribution Rate (e)	Employer UAAL Contribution Rate (f)	Contributions from Current Employees (g) = (a) x (d)	Employer Contributions for Current Employees (h) = (a) x [(e) + (f)]	Contributions Related to Payroll of Future Employees (i) = (b) x (f)	Total Contributions (j) = (g) + (h) + (i)	Plan Year Ending June 30
2024	$7,611,848,275	$0	$7,611,848,275	9.00%	1.60%	16.30%	$685,066,345	$1,362,520,841	$0	$2,047,587,186	2025
2025	6,937,412,097	876,150,157	7,813,562,254	9.00	2.61	15.79	624,367,089	1,276,483,826	138,344,110	2,039,195,025	2026
2026	6,387,330,604	1,633,291,050	8,020,621,654	9.00	2.56	16.34	574,859,754	1,207,205,484	266,879,758	2,048,944,996	2027
2027	5,914,982,511	2,318,185,617	8,233,168,128	9.00	2.56	16.84	532,348,426	1,147,506,607	390,382,458	2,070,237,491	2028
2028	5,493,840,258	2,957,506,825	8,451,347,083	9.00	2.56	17.34	494,445,623	1,093,274,211	512,831,683	2,100,551,517	2029
2029	5,110,124,735	3,565,183,046	8,675,307,781	9.00	2.56	17.34	459,911,226	1,016,914,822	618,202,740	2,095,028,788	2030
2030	4,752,473,887	4,152,729,550	8,905,203,437	9.00	2.56	17.34	427,722,650	945,742,304	720,083,304	2,093,548,258	2031
2031	4,414,376,398	4,726,814,930	9,141,191,328	9.00	2.56	17.34	397,293,876	878,460,903	819,629,709	2,095,384,488	2032
2032	4,086,672,806	5,296,760,092	9,383,432,898	9.00	2.56	17.34	367,800,553	813,247,888	918,458,200	2,099,506,641	2033
2033	3,775,145,936	5,856,947,934	9,632,093,870	9.00	2.56	17.34	339,763,134	751,254,041	1,015,594,772	2,106,611,947	2034
2038	2,510,909,350	8,466,894,710	10,977,804,060	9.00	2.56	17.34	225,981,842	499,670,961	1,468,159,543	2,193,812,346	2039
2043	1,702,581,007	10,808,943,861	12,511,524,868	9.00	2.56	17.34	153,232,291	338,813,620	1,874,270,865	2,366,316,776	2044
2048	992,950,010	13,266,573,448	14,259,523,458	9.00	2.56	17.34	89,365,501	197,597,052	2,300,423,836	2,587,386,389	2049
2053	434,723,124	15,817,013,687	16,251,736,811	9.00	2.56	17.34	39,125,081	86,509,902	2,742,670,173	2,868,305,156	2054
2058	126,273,729	18,396,010,704	18,522,284,433	9.00	2.56	17.34	11,364,636	25,128,472	3,189,868,256	3,226,361,364	2059
2063	31,076,638	21,078,976,066	21,110,052,704	9.00	2.56	17.34	2,796,897	6,184,251	3,655,094,450	3,664,075,598	2064
2068	7,013,290	24,052,347,572	24,059,360,862	9.00	2.56	17.34	631,196	1,395,645	4,170,677,069	4,172,703,910	2069
2073	1,555,374	27,419,164,661	27,420,720,035	9.00	2.56	0.00	139,984	39,818	0	179,802	2074
2078	237,814	31,251,460,496	31,251,698,310	9.00	2.56	0.00	21,403	6,088	0	27,491	2079
2083	7,907	35,617,898,773	35,617,906,680	9.00	2.56	0.00	712	202	0	914	2084
2088	0	40,594,122,715	40,594,122,715	9.00	2.56	0.00	0	0	0	0	2089
2093	0	46,265,571,242	46,265,571,242	9.00	2.56	0.00	0	0	0	0	2094
2098	0	52,729,383,940	52,729,383,940	9.00	2.56	0.00	0	0	0	0	2099
2103	0	60,096,262,859	60,096,262,859	9.00	2.56	0.00	0	0	0	0	2104
2108	0	68,492,376,352	68,492,376,352	9.00	2.56	0.00	0	0	0	0	2109

Projection of Fiduciary Net Position (FNP)

Plan Year Beginning June 30	Projected Beginning FNP (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending FNP (f) = (a) + (b) – (c) – (d) + (e)	Plan Year Ending June 30
2024	$33,449,843,000	$2,157,587,186	$3,689,382,026	$19,790,806	$2,288,101,984	$34,186,359,338	2025
2025	34,186,359,338	2,039,195,025	3,823,794,015	17,343,530	2,331,043,837	34,715,460,655	2026
2026	34,715,460,655	2,048,944,996	3,940,024,503	15,968,327	2,364,464,461	35,172,877,282	2027
2027	35,172,877,282	2,070,237,491	4,055,881,237	14,787,456	2,393,270,486	35,565,716,566	2028
2028	35,565,716,566	2,100,551,517	4,170,118,997	13,734,601	2,417,917,811	35,900,332,296	2029
2029	35,900,332,296	2,095,028,788	4,283,116,598	12,775,312	2,437,295,867	36,136,765,041	2030
2030	36,136,765,041	2,093,548,258	4,392,076,406	11,881,185	2,450,076,889	36,276,432,597	2031
2031	36,276,432,597	2,095,384,488	4,500,198,072	11,035,941	2,456,225,627	36,316,808,699	2032
2032	36,316,808,699	2,099,506,641	4,612,895,371	10,216,682	2,455,344,285	36,248,547,572	2033
2033	36,248,547,572	2,106,611,947	4,722,831,179	9,437,865	2,447,054,607	36,069,945,082	2034
2038	34,384,083,887	2,193,812,346	5,102,838,601	6,277,273	2,306,575,982	33,775,356,341	2039
2043	30,933,135,422	2,366,316,776	5,213,957,552	4,256,453	2,067,191,276	30,148,429,469	2044
2048	26,842,827,021	2,587,386,389	5,206,677,993	2,482,375	1,788,787,779	26,009,840,821	2049
2053	22,903,450,555	2,868,305,156	5,064,087,366	1,086,808	1,527,651,575	22,234,233,112	2054
2058	20,785,246,356	3,226,361,364	4,627,928,864	315,684	1,406,731,188	20,790,094,360	2059
2063	23,003,141,999	3,664,075,598	4,025,695,044	77,692	1,597,774,649	24,239,219,510	2064
2068	32,818,119,963	4,172,703,910	3,281,564,067	17,533	2,327,930,172	36,037,172,445	2069
2073	33,917,153,824	179,802	2,491,952,744	3,888	2,288,463,603	33,713,840,597	2074
2078	34,456,821,031	27,491	1,736,539,466	595	2,352,227,473	35,072,535,934	2079
2083	39,503,170,901	914	1,085,460,338	20	2,727,873,428	41,145,584,885	2084
2088	50,132,318,146	0	586,268,739	0	3,489,089,910	53,035,139,317	2089
2093	67,632,723,632	0	257,946,073	0	4,725,415,235	72,100,192,794	2094
2098	93,768,101,108	0	85,979,100	0	6,560,808,705	100,242,930,713	2099
2103	131,184,037,758	0	20,142,796	0	9,182,189,569	140,346,084,531	2104
2108	183,921,552,265	0	3,514,227	0	12,874,387,741	196,792,425,779	2109