



# **Public Employees Retirement Association Actuarial Update**

## **Results of the July 1, 2025 Actuarial Valuation**

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# VALUATION RESULTS

# Summary of Results

## Actuarial Status as of July 1, 2025 – Actuarial Value of Assets

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	General Plan (GERP)	Police and Fire Plan (PEFP)	Correctional Plan (LGCSR)
<b>Contributions as % of Pay</b>			
Total Statutory Contributions	14.41%	32.51%	17.08%
Total Required Contribution	<u>12.20%</u>	<u>33.99%</u>	<u>13.72%</u>
<b>Contribution Sufficiency/(Deficiency)</b>	<b>2.21%</b>	<b>(1.48)%</b>	<b>3.36%</b>
 <b>Funding Ratio</b>	 <b>87.6%</b>	 <b>88.6%</b>	 <b>101.3%</b>
<b>Projected Full Funding Date</b>	<b>2031</b>	<b>2051</b>	<b>2025</b>
<b>Projected Full Funding Date From Prior Valuation</b>	<b>2034</b>	<b>2045</b>	<b>2036</b>

# Asset Performance

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- Investment return on market value of assets was approximately 11.0% for the fiscal year
  - Expected annual investment return is 7.0%
  - 20% of investment experience is recognized in 2025 actuarial value of assets; remainder over next 4 years
- Actuarial value of assets is about 3.6% lower than market value of assets as of July 1, 2025 due to collective deferred investment gains
- The return on actuarial value of assets for the fiscal year was approximately 10.0%

# Legislative Changes

## Amortization Method (All Plans)

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- Layered Amortization
  - Legacy Unfunded Accrued Liability is amortized through June 30, 2048
  - 20-year period for assumption changes
  - 15-year period for experience gain/loss
  - 15-year period for contribution gain/loss
  - 15-year period for active and long-term inactive/retiree benefit changes
  - Match period of benefit change for short-term retiree benefit changes
  - Exception: Police and Fire change in post-retirement benefit increase is amortized through June 30, 2048

# Legislative Changes

## Plan Provisions

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- General Plan:
  - Post-retirement benefit increase changes to 100% of the Social Security Cost-of-Living Adjustment (minimum of 1.00%; maximum of 1.75%) effective January 1, 2026
- Correctional Plan:
  - Duty disability benefit formula was modified slightly
  - Actuarial equivalent factors were updated
  - The Employee contribution rates increased from 5.83% of pay to 6.83% of pay\*
  - The Employer contribution rates increased from 8.75% of pay to 10.25% of pay\*

\* These contributions were changed in the 2024 legislative session, with a delayed effective date of July 1, 2025.

# Legislative Changes

## Plan Provisions

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- Police & Fire Plan:
  - January 1, 2026 post-retirement benefit increase changes to 3.00% (resumes at 1.00% after January 1, 2026)
  - The period of time needed to receive a post-retirement benefit increase was reduced by 12 months
  - The fund will receive an additional \$17.7 million annually from the State beginning October 1, 2025 and ending October 1, 2047
  - Actuarial equivalent factors were updated
  - The threshold that ceases the two \$9 million State contributions was changed:
    - First \$9 million stops when both PERA Police & Fire and MSRS State Patrol are 100% funded for three consecutive years.
    - Second \$9 million stops when 110% funded for three consecutive years.

# Assumption Changes

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- The assumed post-retirement benefit increase for the General Plan changed from 1.25% to 1.50% in conjunction with the plan provision change
- Results for the Correctional and Police & Fire Plans reflect experience study assumption changes effective with the 2025 valuation
- Changes to the Combined Service Annuity (CSA) loads for all plans, as recommended in a study completed by the LCPR's actuary:

<u>Plan</u>	<u>2024 Valuation</u>		<u>2025 Valuation</u>	
	<u>Vested</u>	<u>Non-Vested</u>	<u>Vested</u>	<u>Non-Vested</u>
General	15%	3%	19%	44%
Correctional	35%	1%	9%	119%
Police & Fire	33%	2%	13%	38%



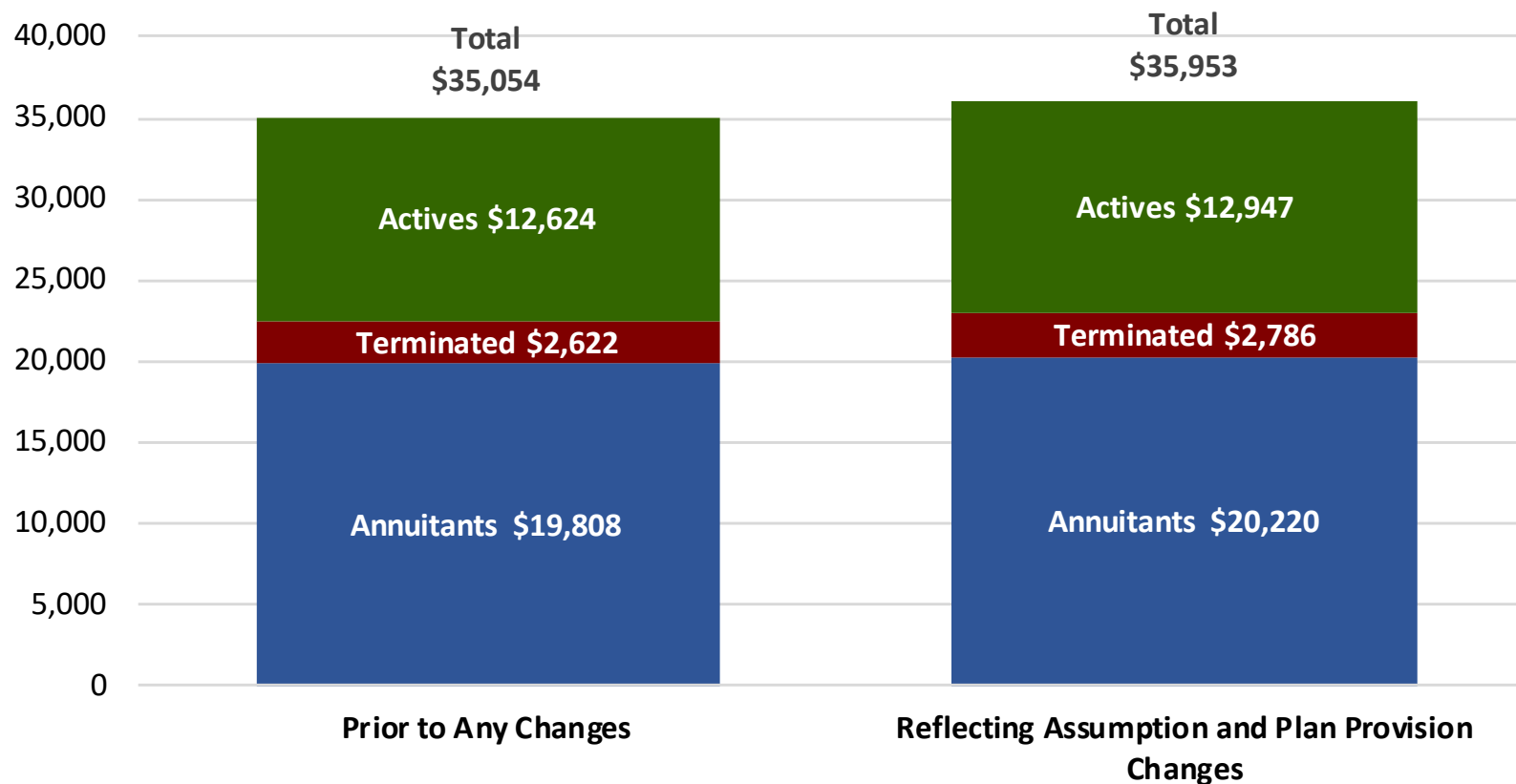


# General Employees Retirement Plan



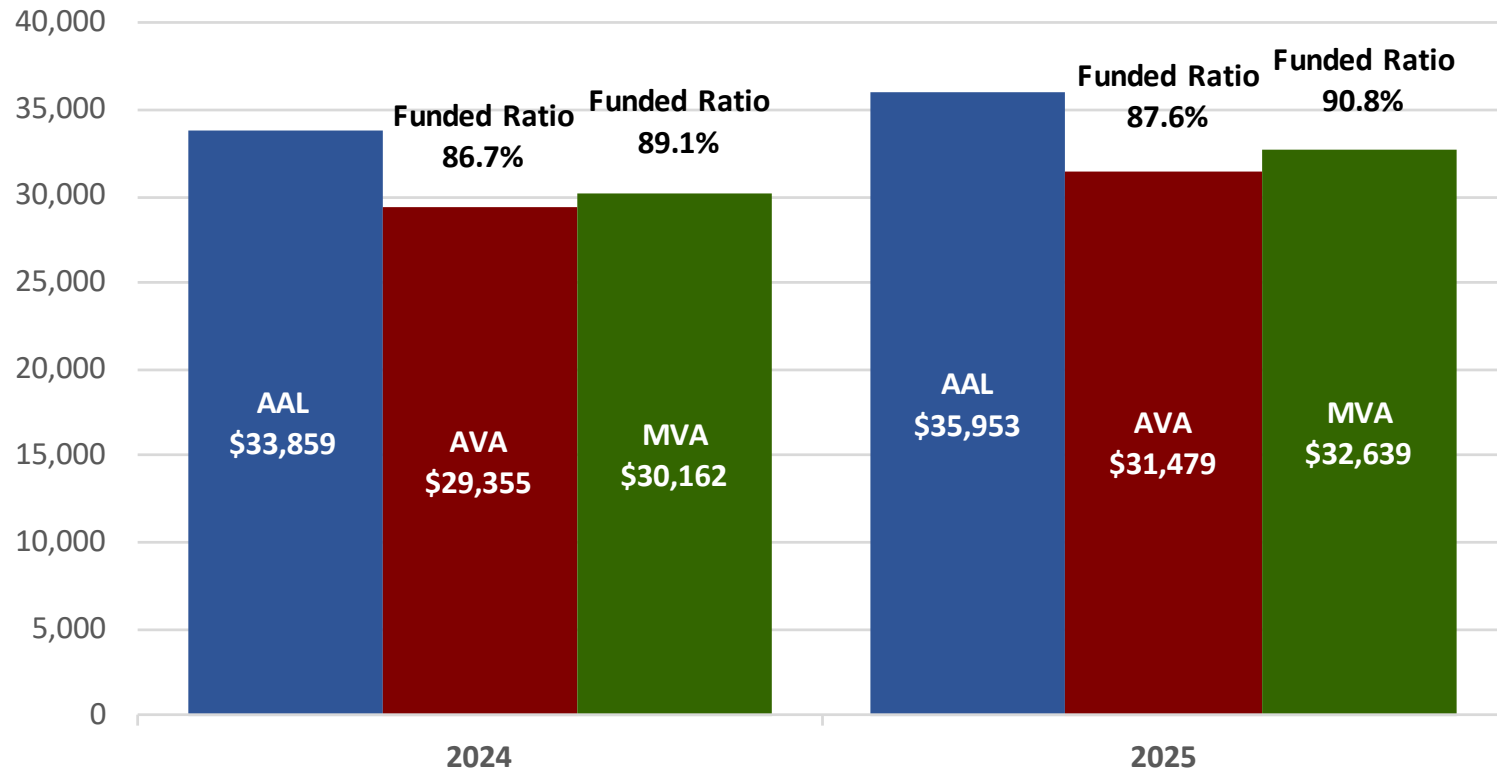
# General Employees Retirement Plan

Actuarial Accrued Liability as of July 1, 2025 (\$ in Millions)



# General Employees Retirement Plan

Funded Status as of July 1, 2024 and July 1, 2025 (\$ in Millions)



AAL = Actuarial Accrued Liability  
AVA = Actuarial Value of Assets  
MVA = Market Value of Assets

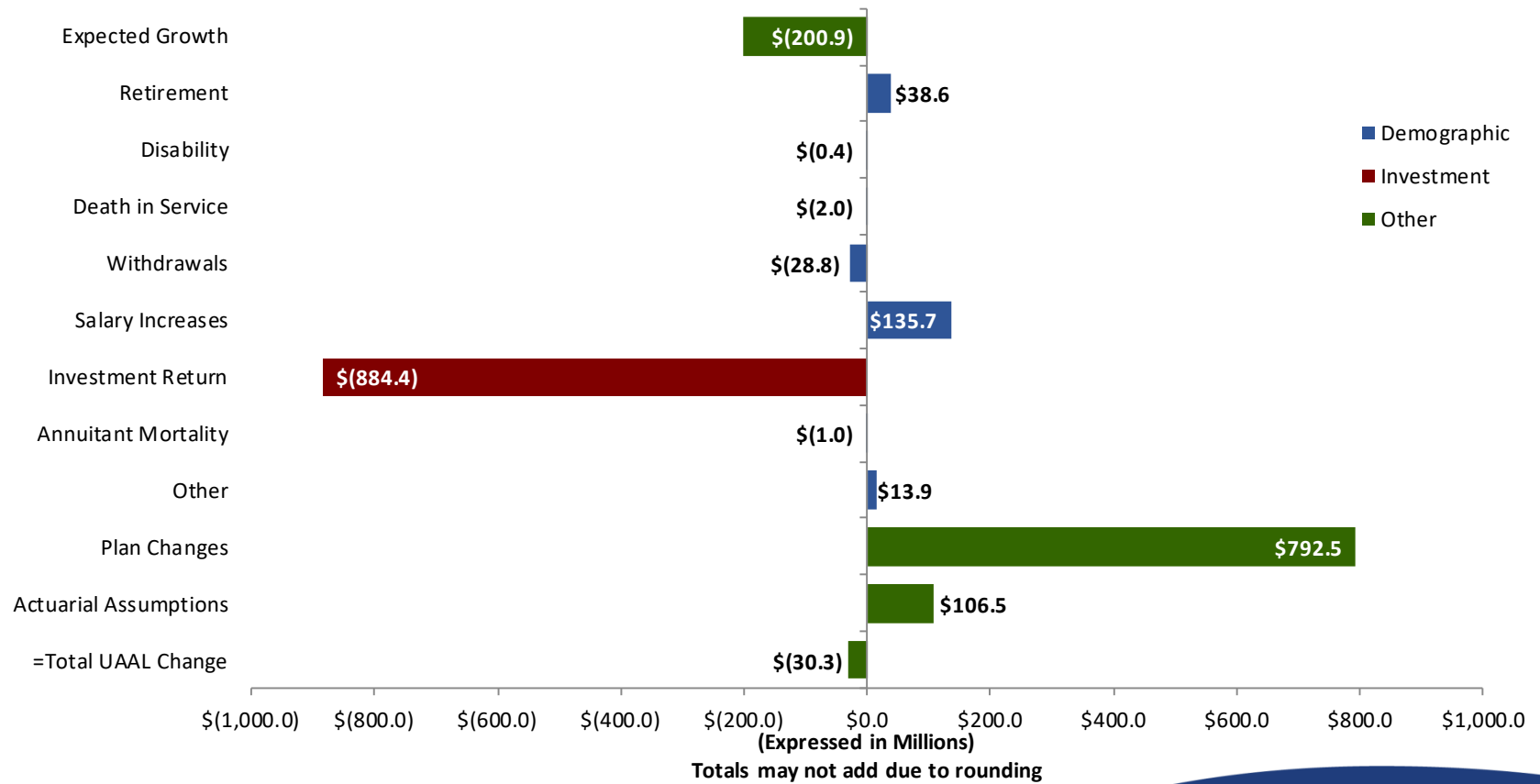
# General Employees Retirement Plan

## Changes in Unfunded Accrued Liability - (Gain) / Loss

Unfunded Liability July 1, 2024 = \$4,504.0 million

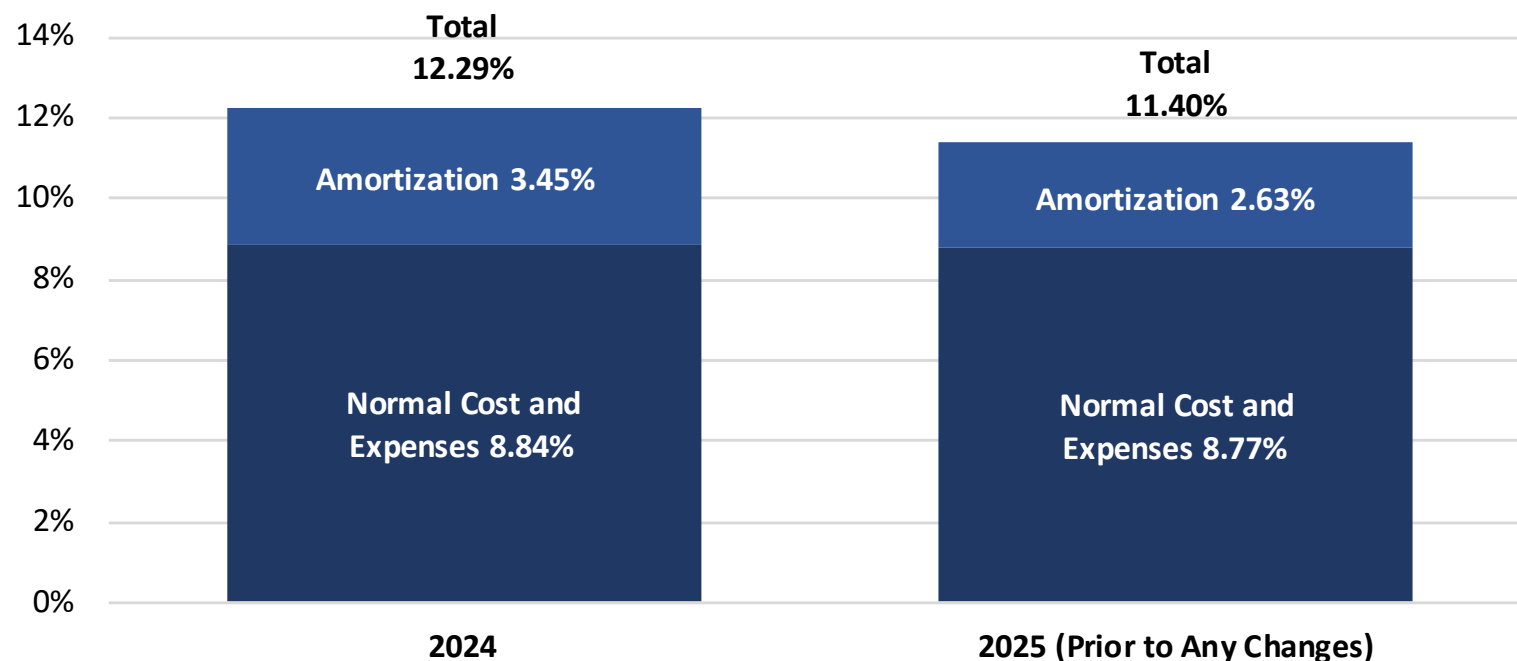
Unfunded Liability July 1, 2025 = \$4,473.6 million

Change = \$(30.3) million



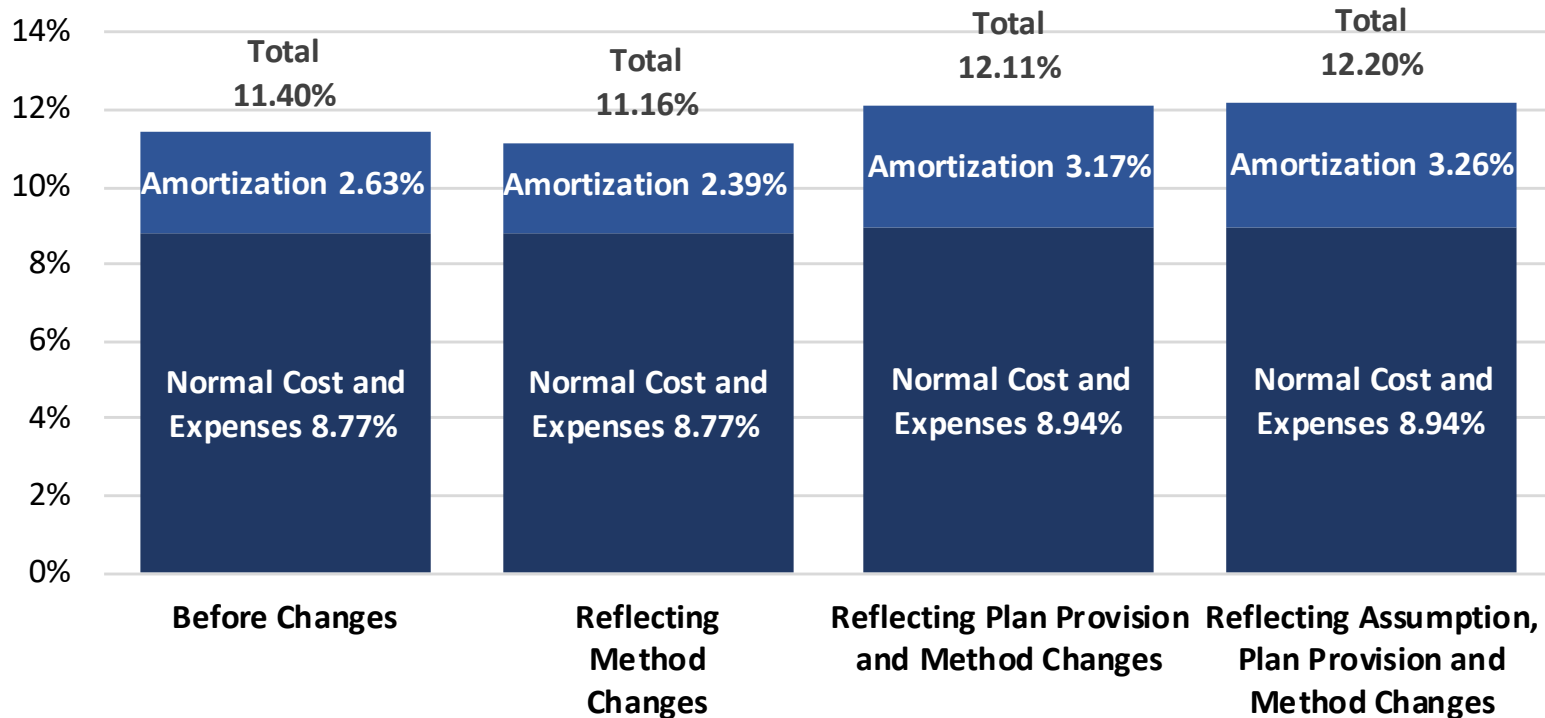
# General Employees Retirement Plan

Required Contribution (% of Payroll) - July 1, 2024 and 2025 (Prior to Any Changes)



# General Employees Retirement Plan

Required Contribution (% of Payroll) - July 1, 2025



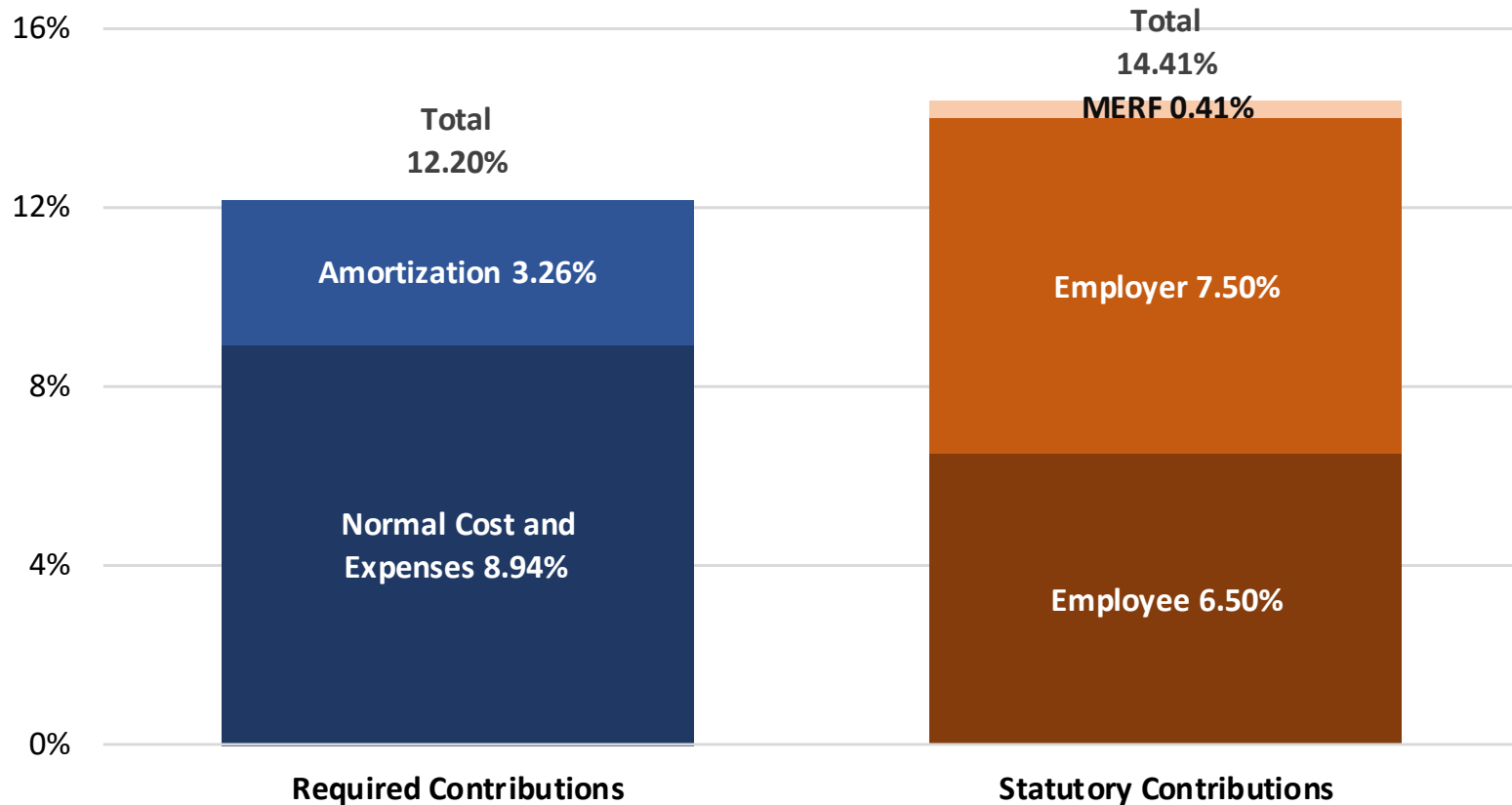
# General Employees Retirement Plan

## Supplemental Contribution (% of Payroll) - July 1, 2025

Unfunded Actuarial Accrued Liability					Remaining	Contribution
Source of Unfunded Liability	Date Established	Initial Amount	Initial Period	Current Amount	Period 6/30/2025	(% of Payroll)
Initial unfunded actuarial accrued liability	6/30/2024	\$ 4,503,957	24 yrs.	\$ 4,518,590	0 23 yrs.	3.32%
Experience (Gain)/Loss	6/30/2025	156,020	15 yrs.	156,020	0 15 yrs.	0.15%
Asset (Gain)/Loss	6/30/2025	(884,372)	15 yrs.	(884,372)	0 15 yrs.	(0.87)%
Assumption or Method Change	6/30/2025	106,461	20 yrs.	106,461	0 20 yrs.	0.09%
Benefit Changes - Active	6/30/2025	323,090	15 yrs.	323,090	0 15 yrs.	0.32%
Benefit Changes - Inactive, Long Term	6/30/2025	469,377	15 yrs.	469,377	0 15 yrs.	0.46%
Benefit Changes - Inactive, Short Term	6/30/2025	-	1 yr.	-	0 1 yr.	0.00%
Contribution (Sufficiency)/Deficiency	6/30/2025	(215,517)	15 yrs.	(215,517)	0 15 yrs.	(0.21)%
<b>Total</b>				<b>\$ 4,473,649</b>		<b>3.26%</b>

# General Employees Retirement Plan

Required vs. Statutory Contribution as of July 1, 2025 (% of Payroll)



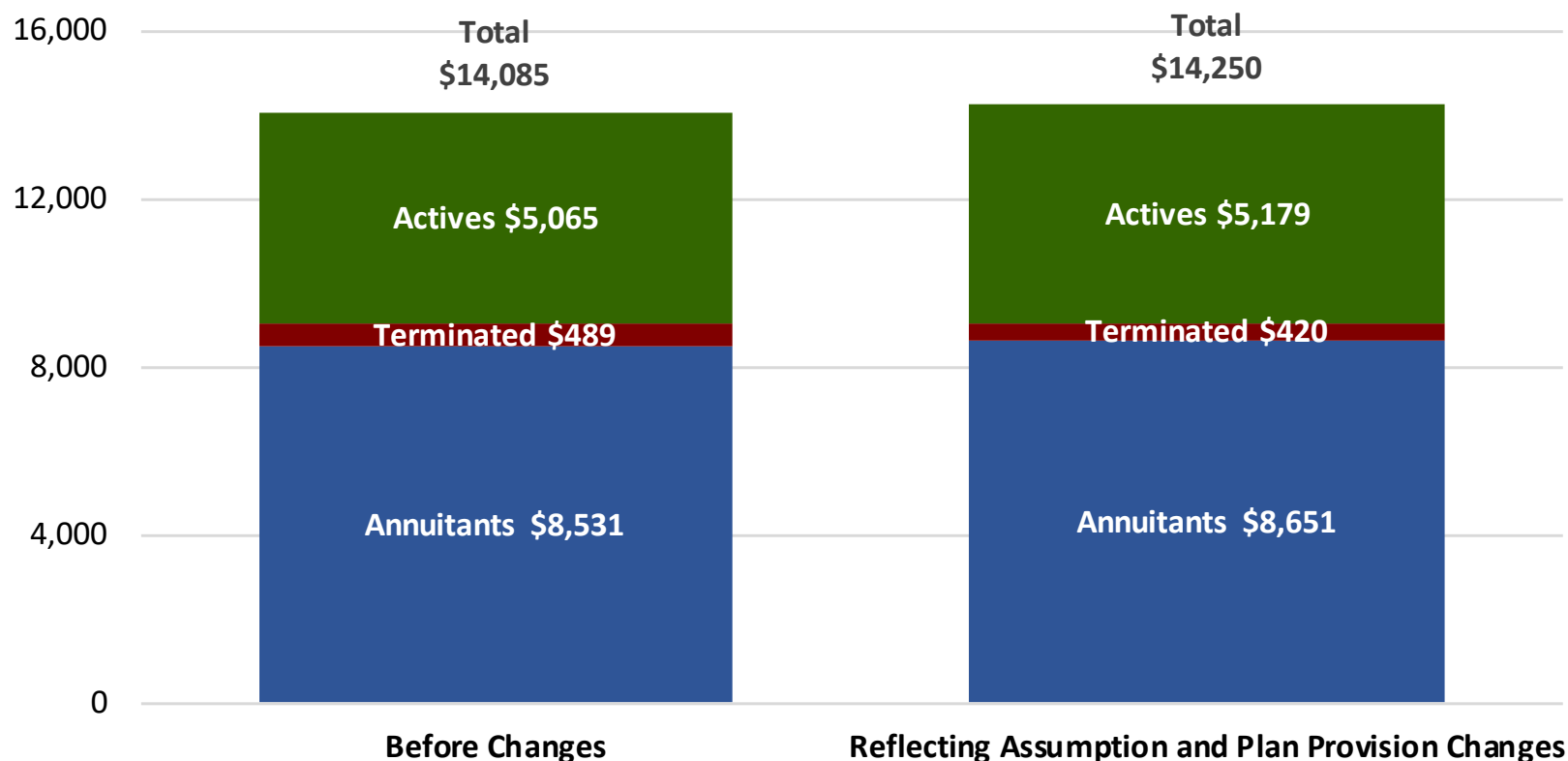




# Public Employees Police and Fire Plan

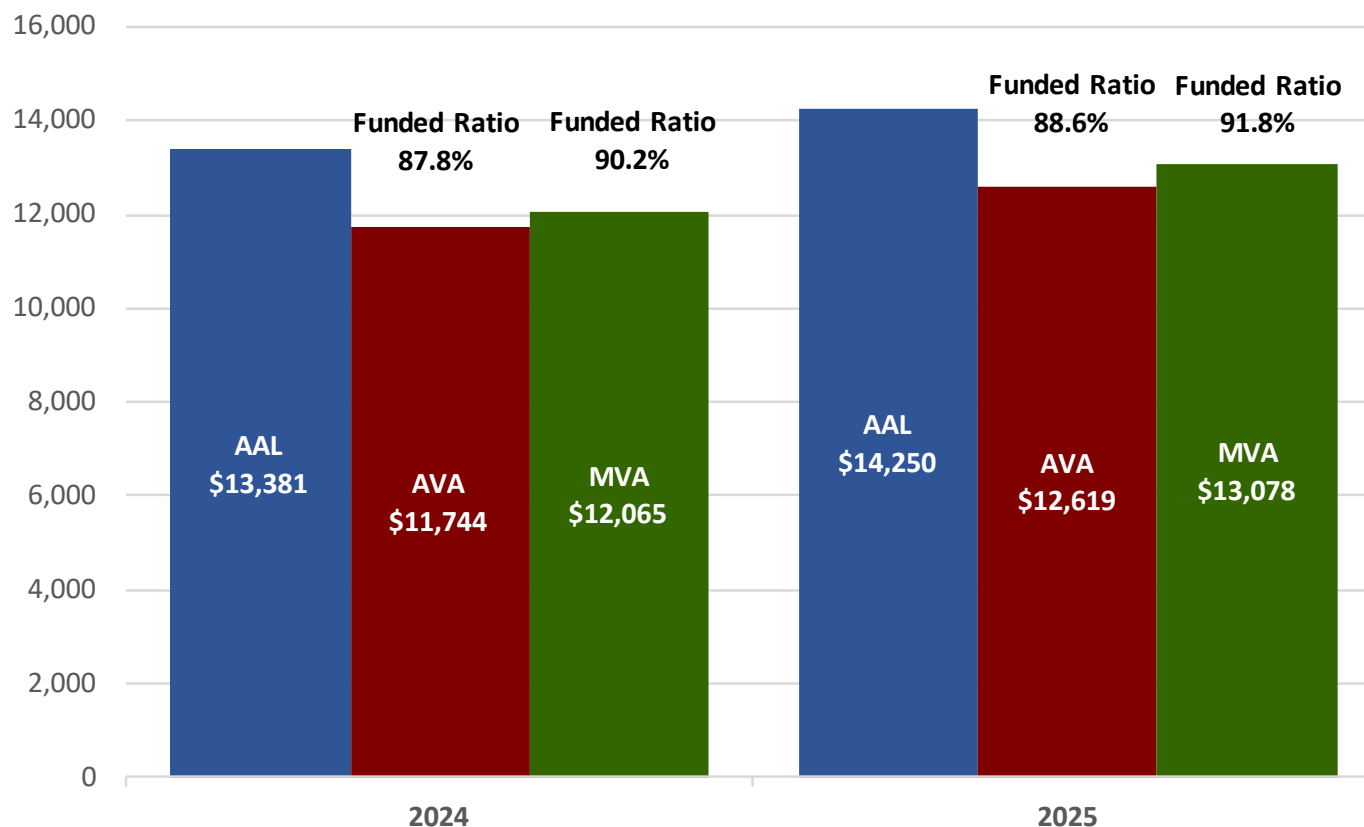
# Public Employees Police and Fire Plan

Actuarial Accrued Liability as of July 1, 2025 (\$ in Millions)



# Public Employees Police and Fire Plan

Funded Status as of July 1, 2024 and July 1, 2025 (\$ in Millions)



AAL = Actuarial Accrued Liability  
AVA = Actuarial Value of Assets  
MVA = Market Value of Assets



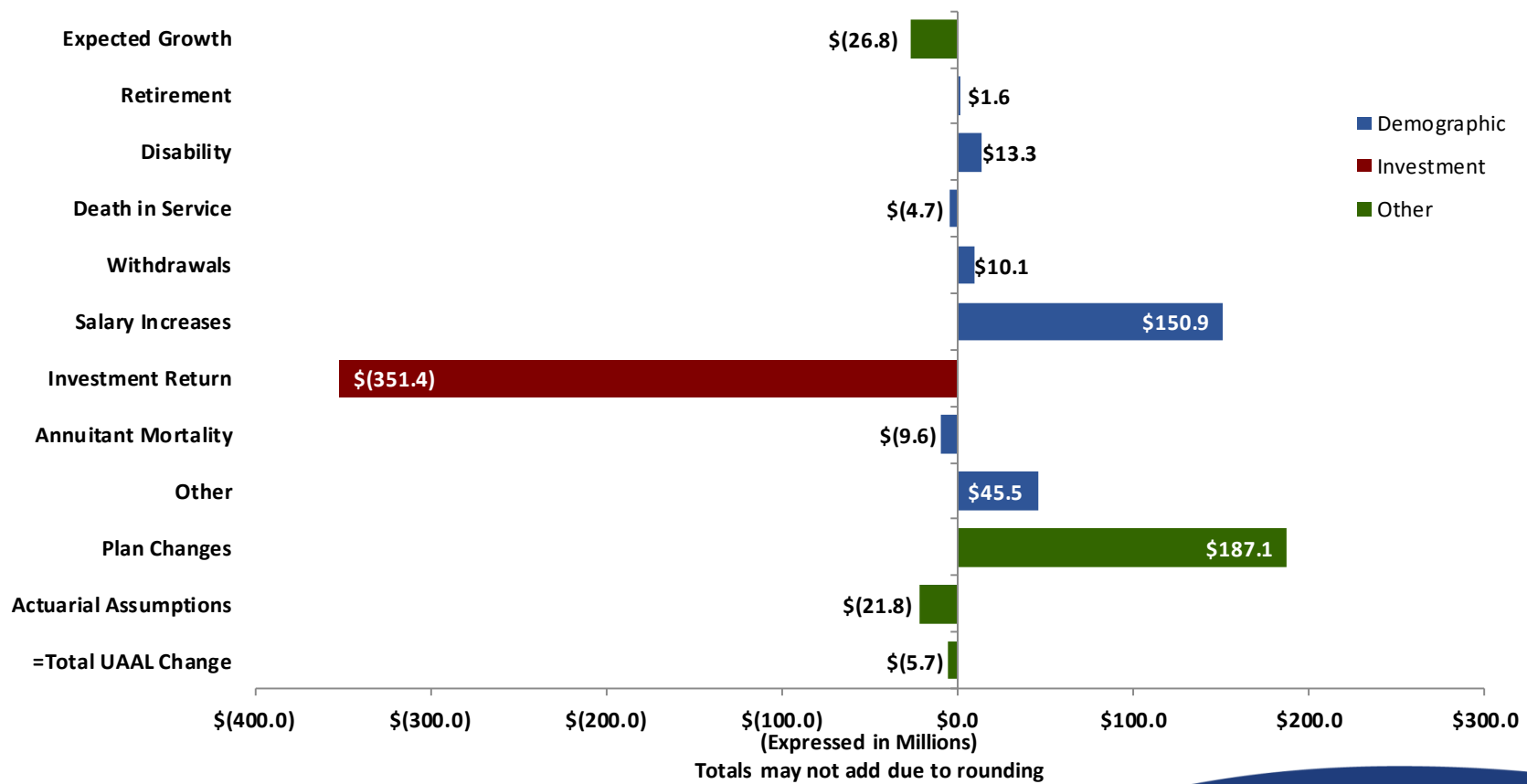
# Public Employees Police and Fire Plan

## Changes in Unfunded Accrued Liability - (Gain) / Loss

Unfunded Liability July 1, 2024 = \$1,636.7 million

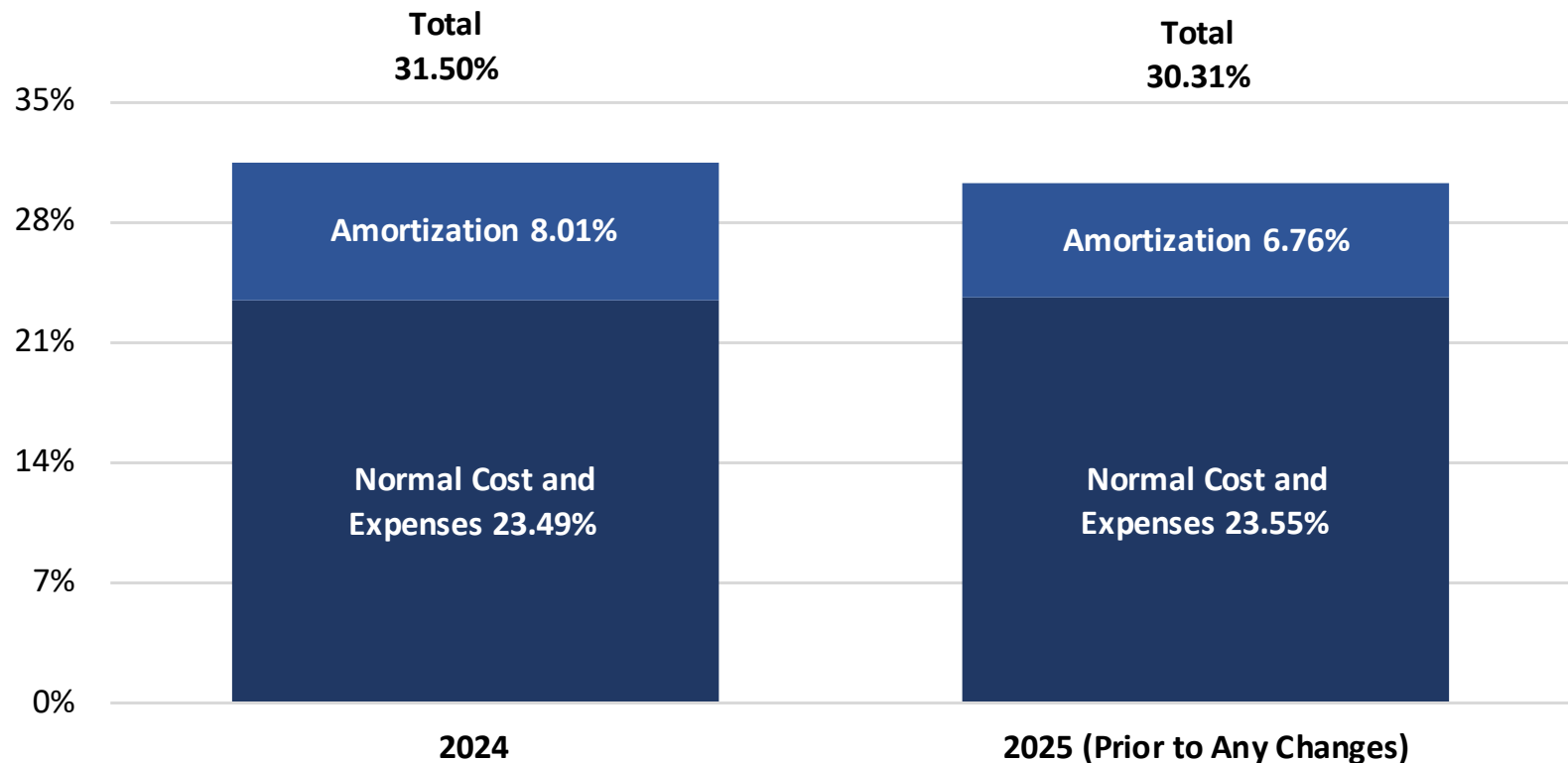
Unfunded Liability July 1, 2025 = \$1,631.0 million

Change = \$(5.7) million



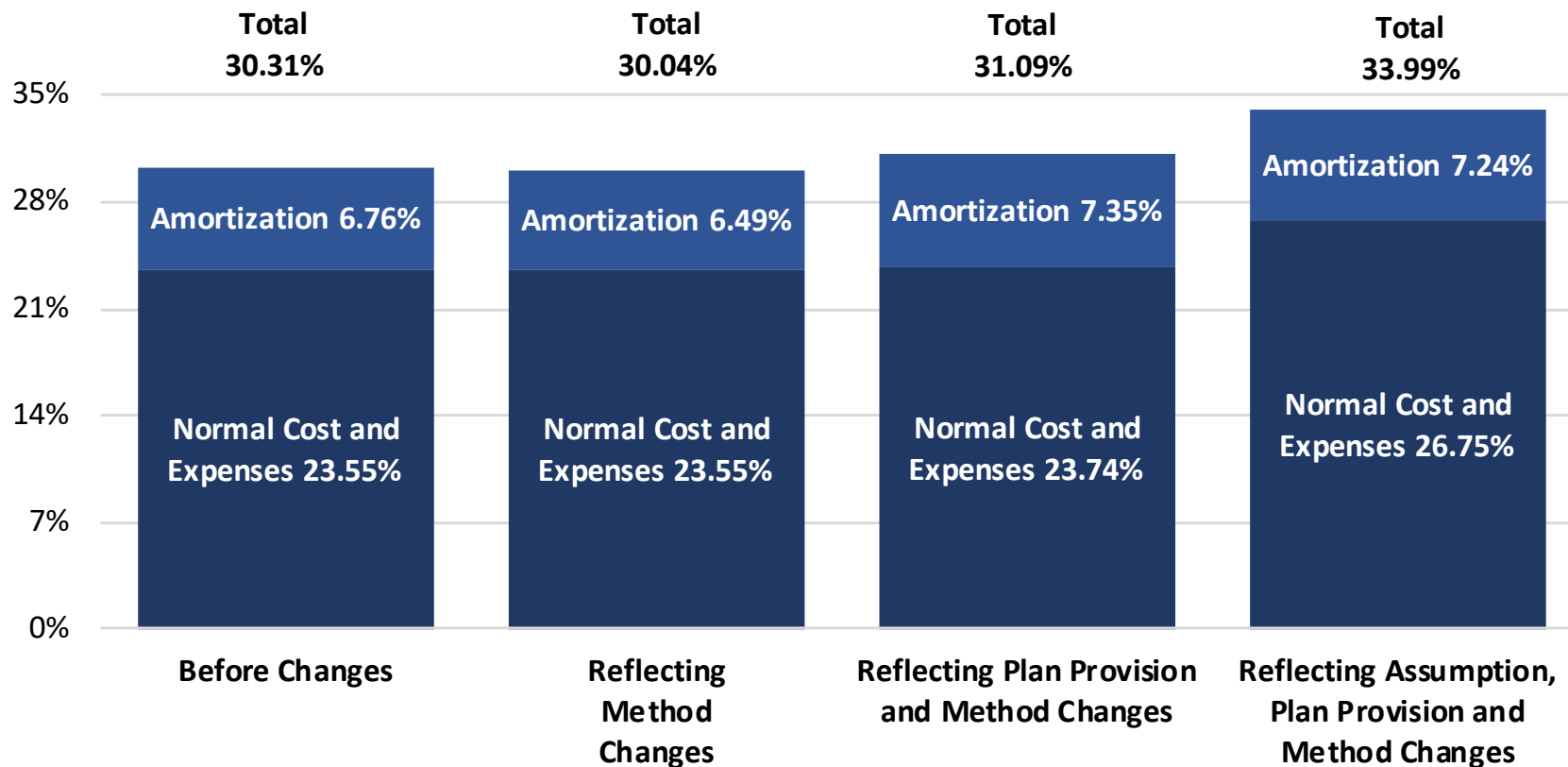
# Public Employees Police and Fire Plan

Required Contribution (% of Payroll) - July 1, 2024 and 2025 (Prior to Any Changes)



# Public Employees Police and Fire Plan

Required Contribution (% of Payroll) - July 1, 2025



# Public Employees Police and Fire Plan

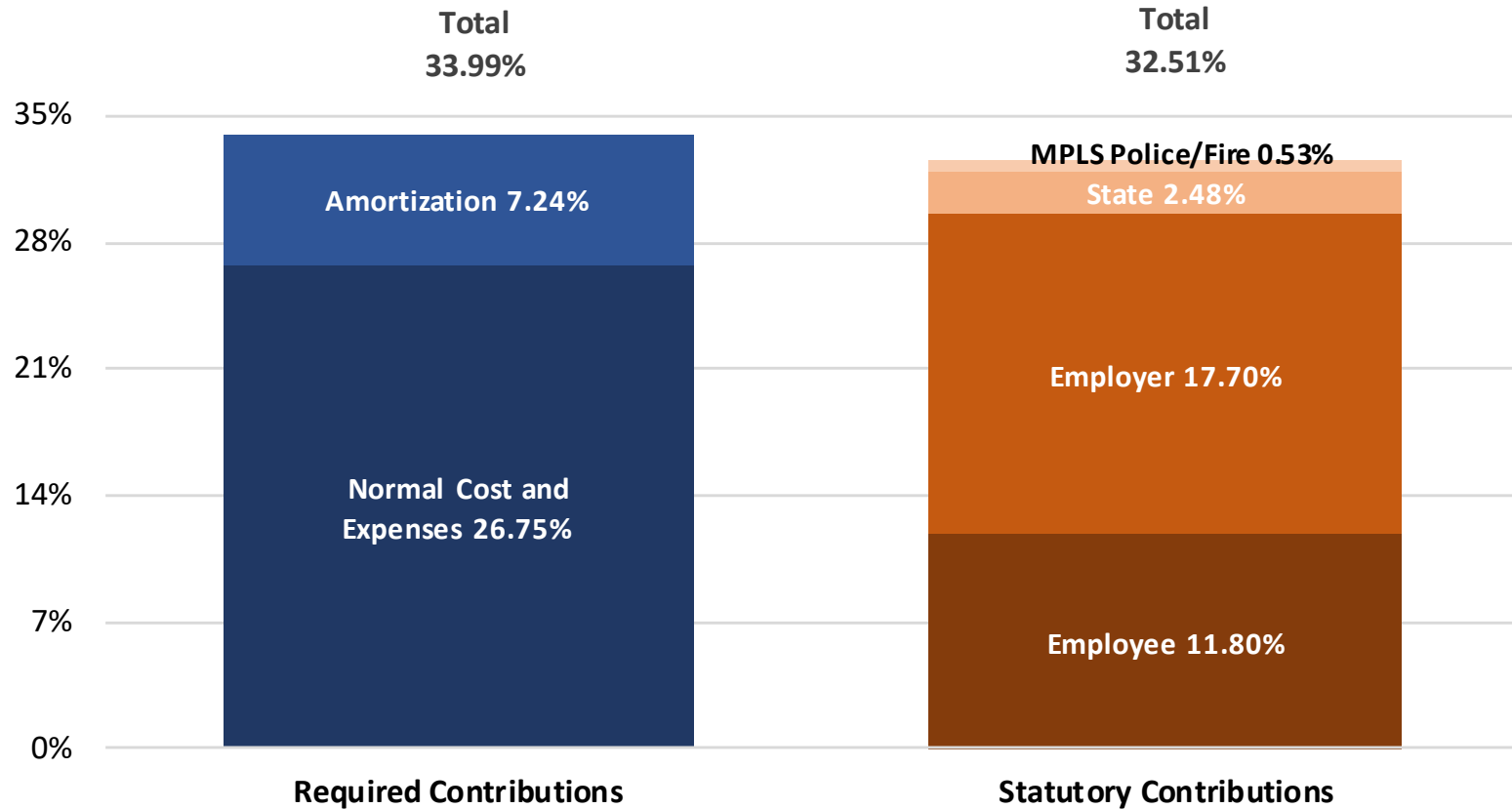
## Supplemental Contribution (% of Payroll) - July 1, 2025

Unfunded Actuarial Accrued Liability						Remaining	Contribution
Source of Unfunded Liability	Date Established	Initial Amount	Initial Period	Current Amount	Period 6/30/2025		(% of Payroll)
Initial unfunded actuarial accrued liability	6/30/2024	\$ 1,636,726	24 yrs.	\$ 1,642,044	0	23 yrs.	7.59%
Experience (Gain)/Loss	6/30/2025	207,133	15 yrs.	207,133	0	15 yrs.	1.28%
Asset (Gain)/Loss	6/30/2025	(351,350)	15 yrs.	(351,350)	0	15 yrs.	(2.18)%
Assumption or Method Change	6/30/2025	(21,831)	20 yrs.	(21,831)	0	20 yrs.	(0.11)%
Benefit Changes - Active	6/30/2025	43,903	23* yrs.	43,903	0	23 yrs.	0.20%
Benefit Changes - Inactive, Long Term	6/30/2025	143,229	23* yrs.	143,229	0	23 yrs.	0.66%
Benefit Changes - Inactive, Short Term	6/30/2025	-	1 yr.	-	0	1 yr.	0.00%
Contribution (Sufficiency)/Deficiency	6/30/2025	(32,134)	15 yrs.	(32,134)	0	15 yrs.	(0.20)%
Total				\$ 1,630,994			7.24%

*\*The increase in UAAL due to the changes in post-retirement benefit increase enacted in 2025 is amortized over the period ending June 30, 2048. Future benefit change layers will be amortized over a closed 15-year period.*

# Public Employees Police and Fire Plan

Required vs. Statutory Contribution as of July 1, 2025 (% of Payroll)







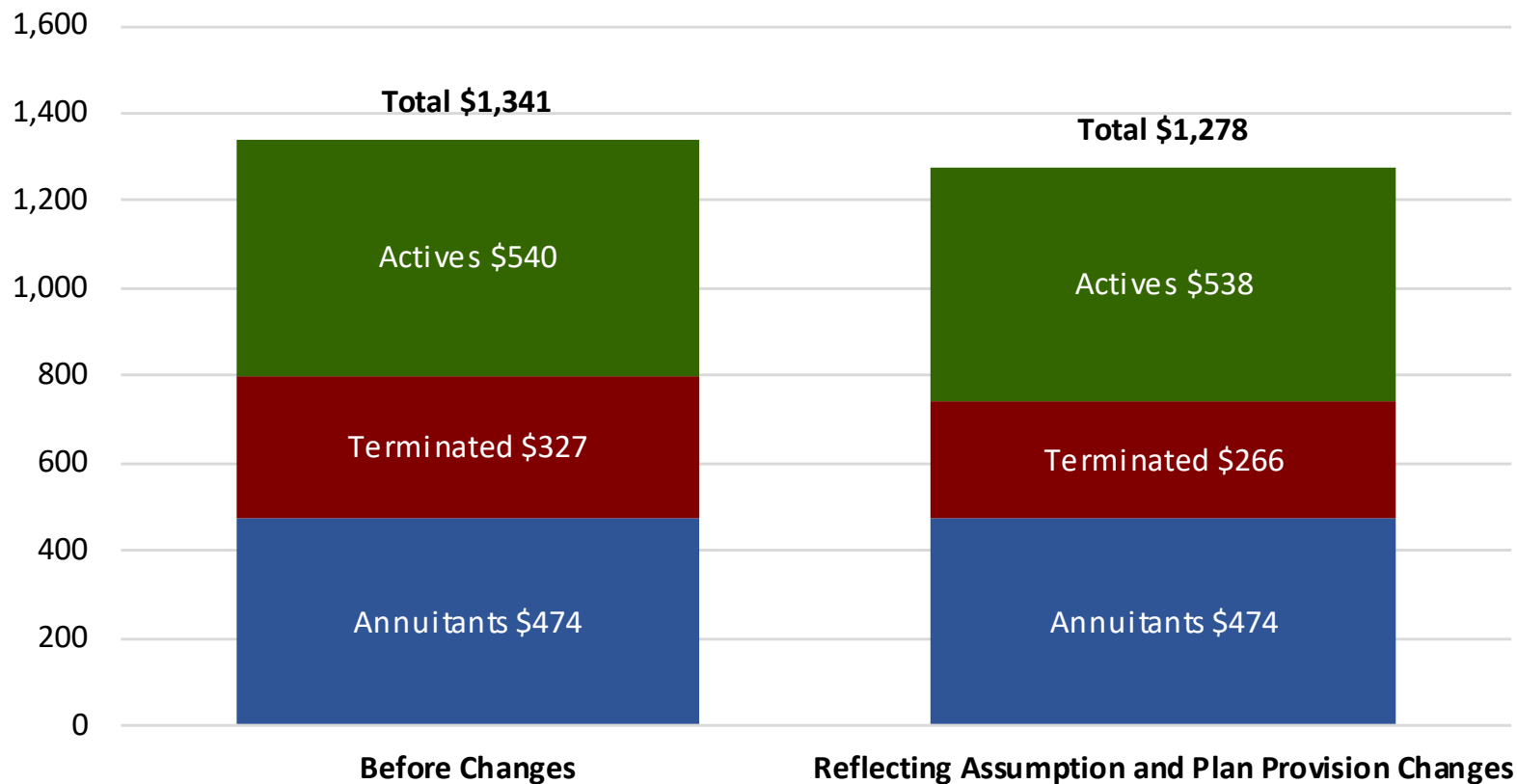
# Local Government Correctional State Retirement Plan



# Local Government Correctional State Retirement Plan

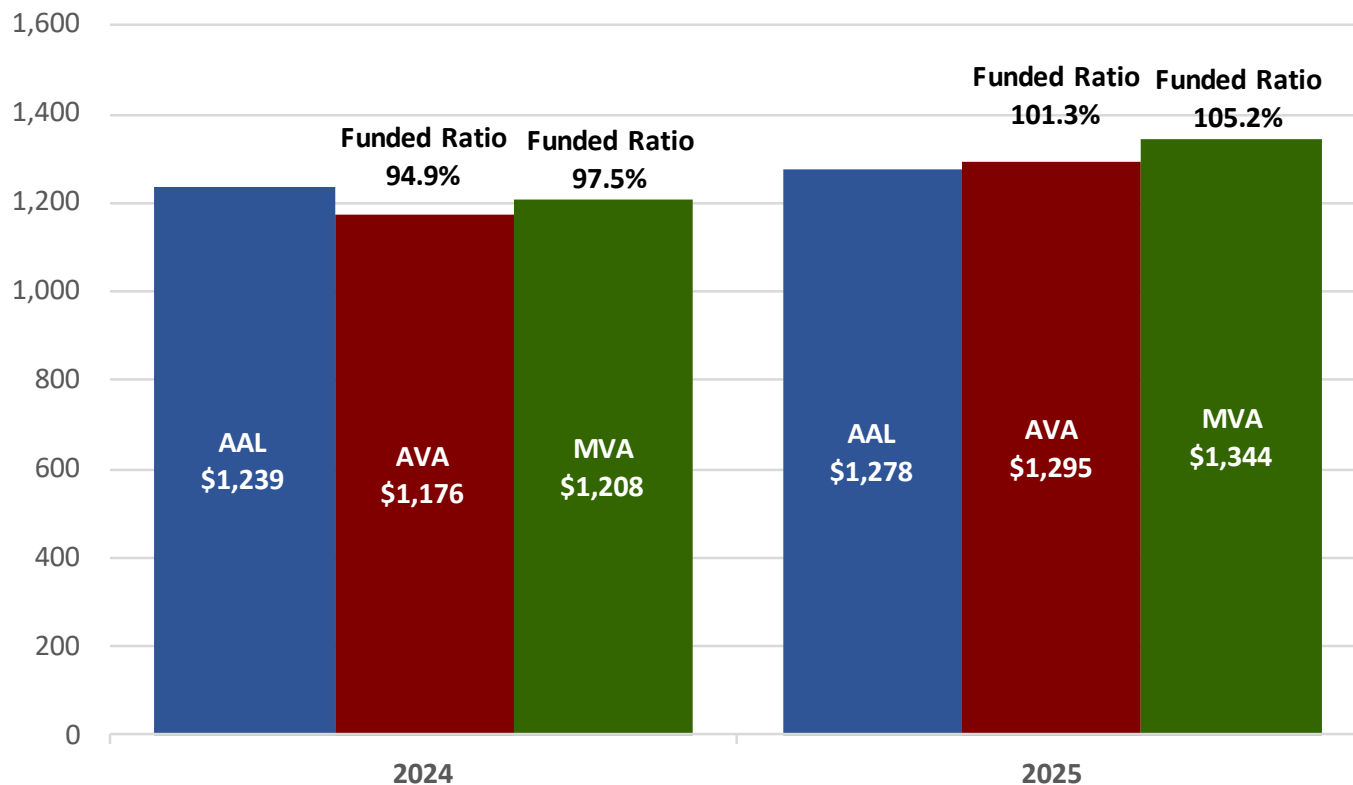
## Actuarial Accrued Liability as of July 1, 2025 (\$ in Millions)

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# Local Government Correctional State Retirement Plan

## Funded Status as of July 1, 2024 and July 1, 2025 (\$ in Millions)

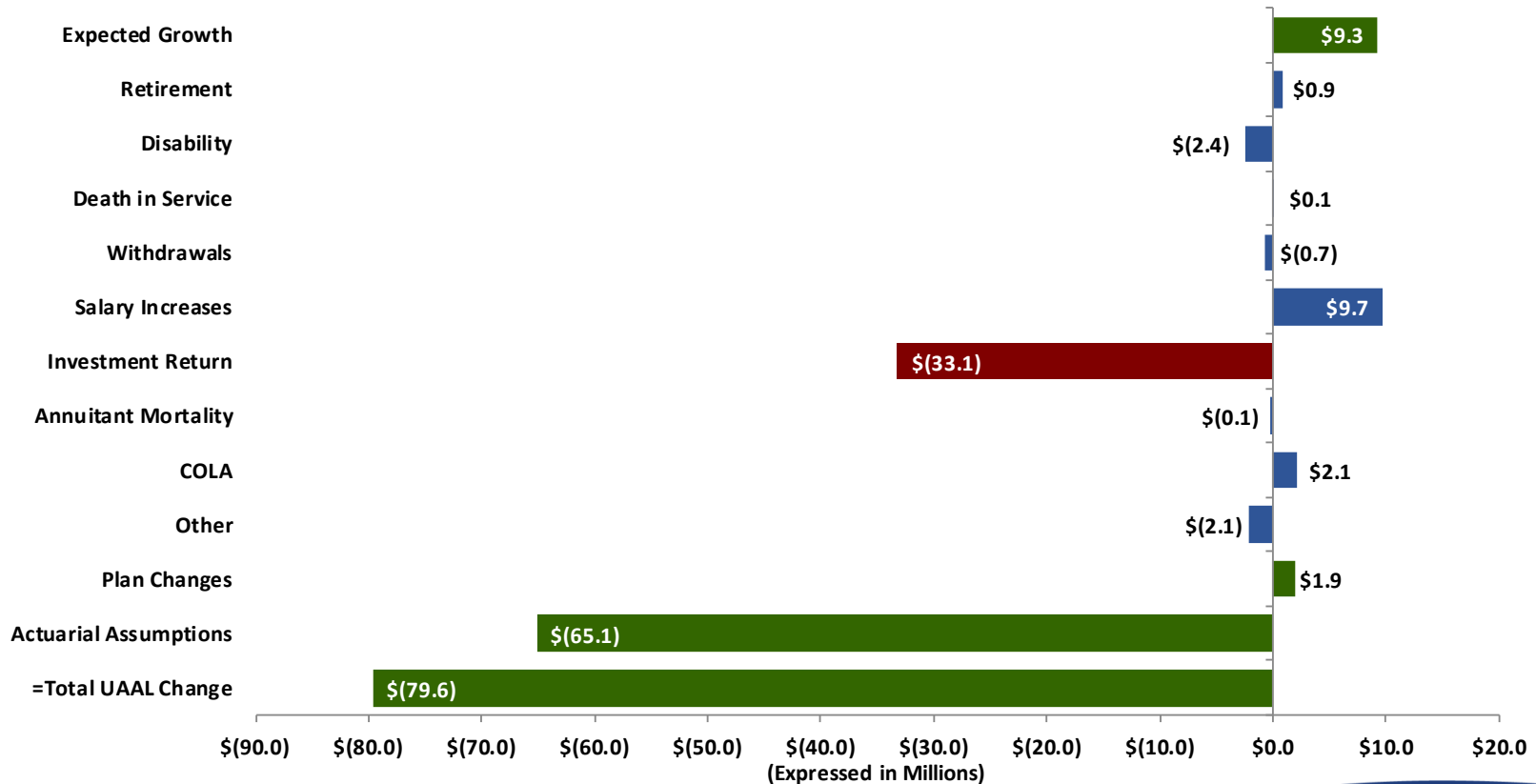


AAL = Actuarial Accrued Liability  
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MVA = Market Value of Assets

# Local Government Correctional State Retirement Plan

## Changes in Unfunded Accrued Liability - (Gain) / Loss

Unfunded Liability July 1, 2024 = \$62.8 million  
 Unfunded Liability July 1, 2025 = \$(16.8) million  
 Change = \$(79.6) million

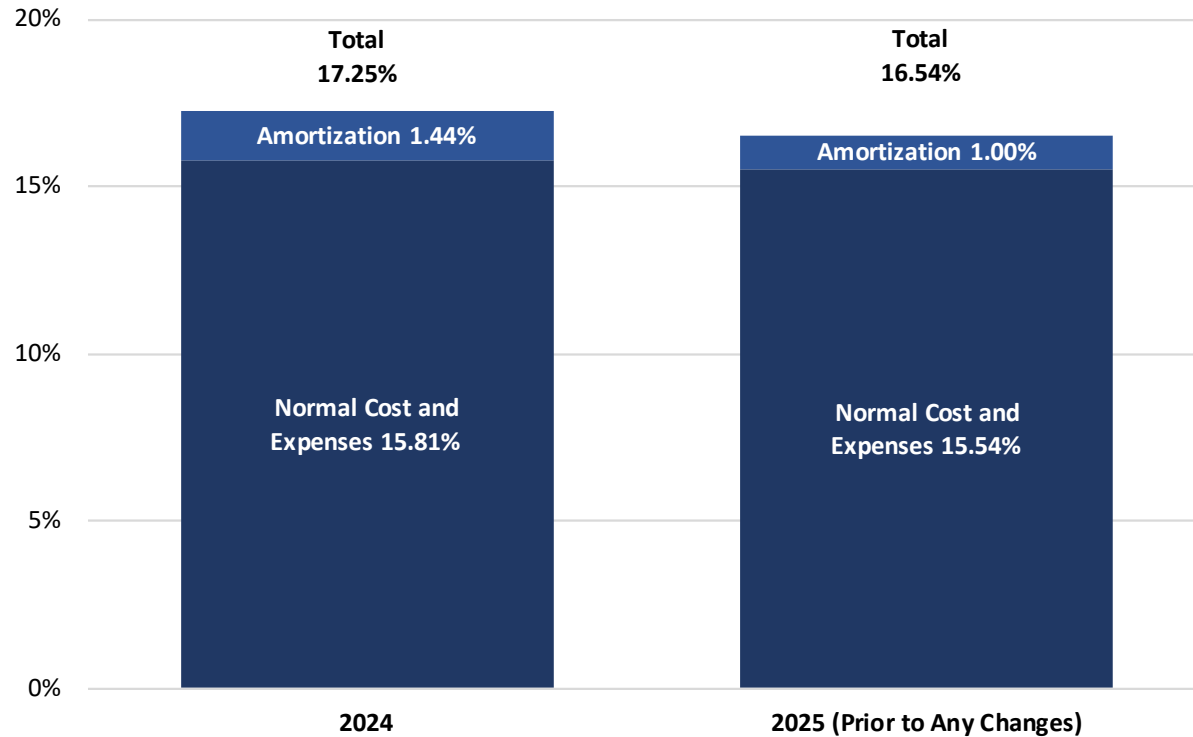


Totals may not add due to rounding



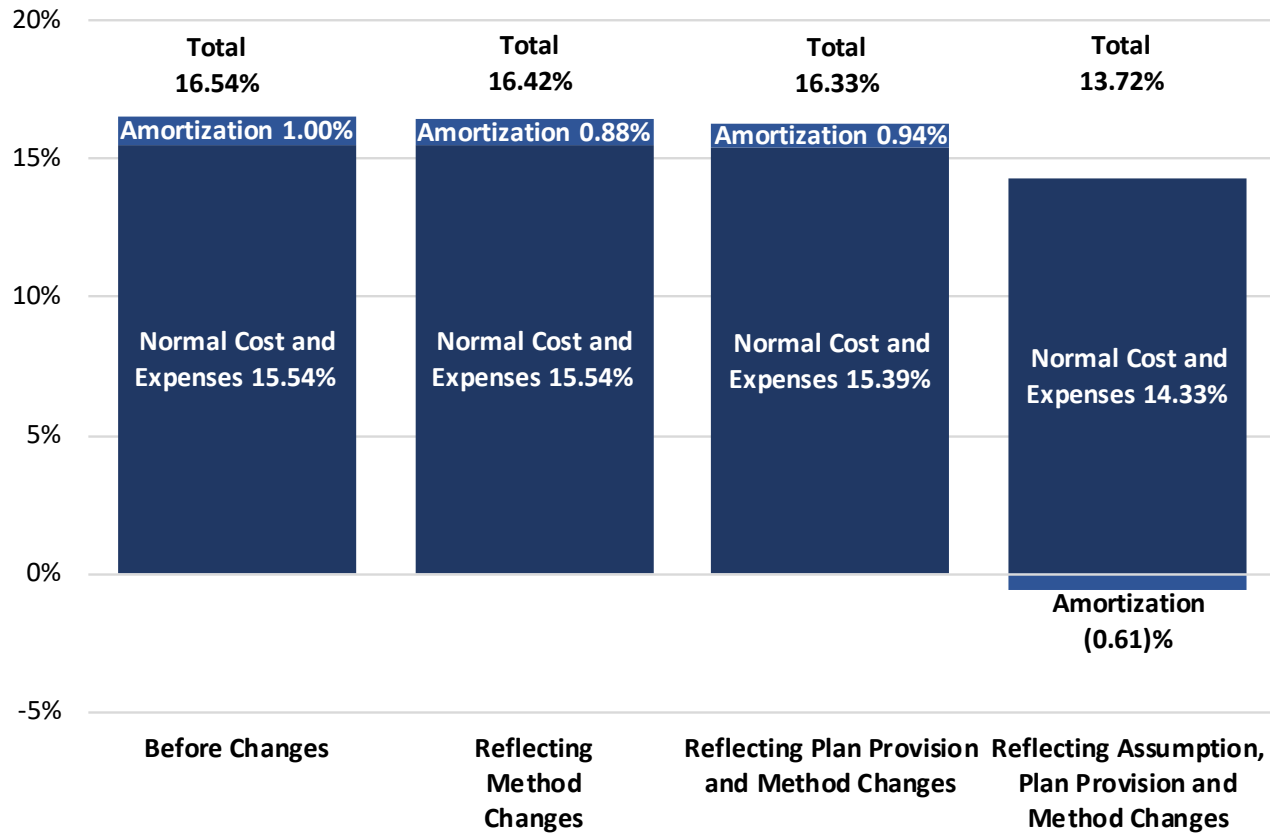
# Local Government Correctional State Retirement Plan

Required Contribution (% of Payroll) - July 1, 2024 and 2025 (Prior to Any Changes)



# Local Government Correctional State Retirement Plan

## Required Contribution (% of Payroll) - July 1, 2025



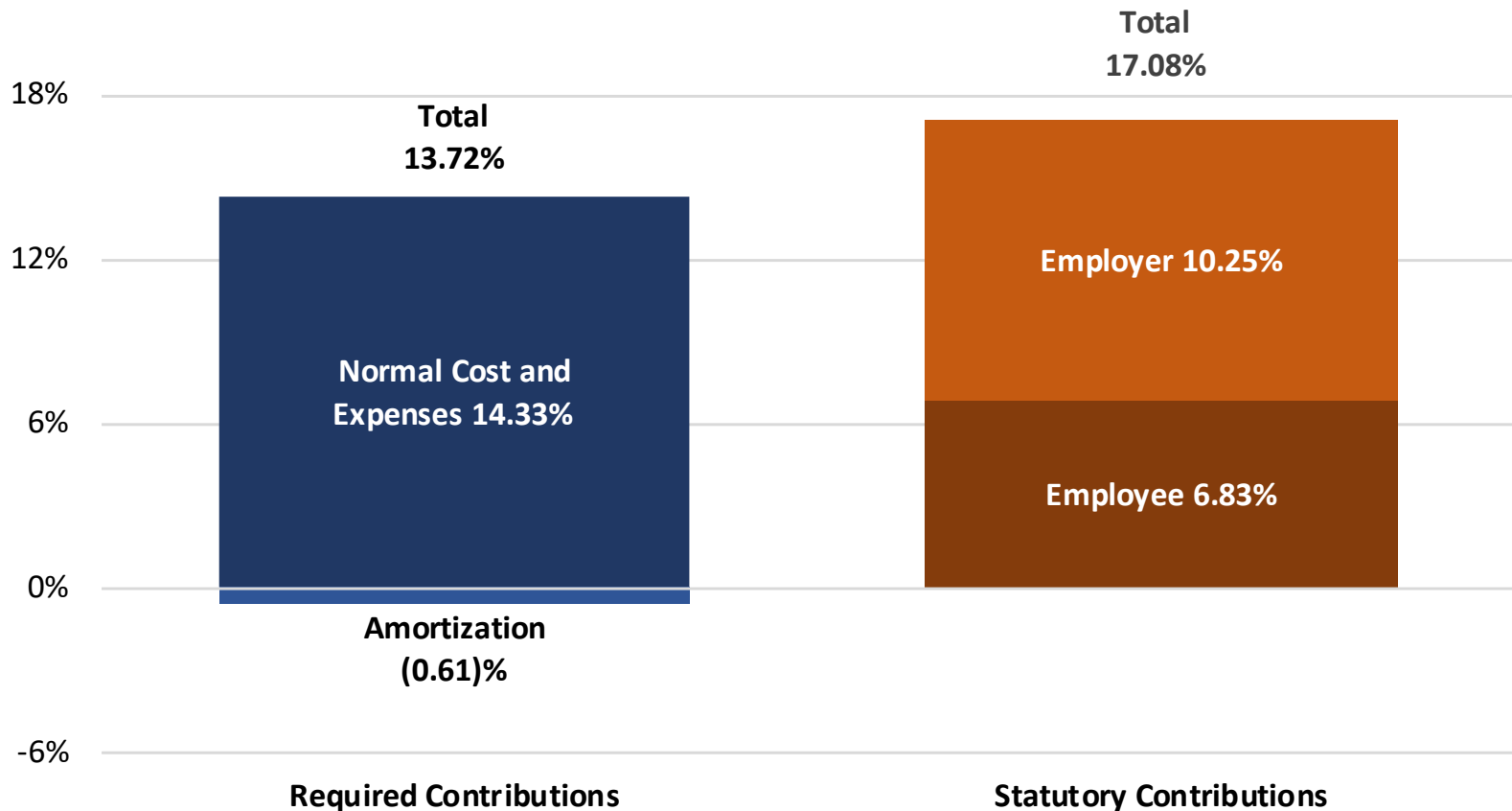
# Local Government Correctional State Retirement Plan

## Supplemental Contribution (% of Payroll) - July 1, 2025

Source of Unfunded Liability	Unfunded Actuarial Accrued Liability				Remaining		Contribution (% of Payroll)
	Date Established	Initial Amount	Initial Period	Current Amount	Period 6/30/2025		
Initial unfunded actuarial accrued liability	6/30/2024	\$ 62,778	24 yrs.	\$ 62,982	0	23 yrs.	1.37%
Experience (Gain)/Loss	6/30/2025	7,468	15 yrs.	7,468	0	15 yrs.	0.22%
Asset (Gain)/Loss	6/30/2025	(33,138)	15 yrs.	(33,138)	0	15 yrs.	(0.97)%
Assumption or Method Change	6/30/2025	(65,064)	20 yrs.	(65,064)	0	20 yrs.	(1.55)%
Benefit Changes - Active	6/30/2025	1,918	15 yrs.	1,918	0	15 yrs.	0.06%
Benefit Changes - Inactive, Long Term	6/30/2025	-	15 yrs.	-	0	15 yrs.	0.00%
Benefit Changes - Inactive, Short Term	6/30/2025	-	1 yr.	-	0	1 yr.	0.00%
Contribution (Sufficiency)/Deficiency	6/30/2025	9,050	15 yrs.	9,050	0	15 yrs.	0.26%
<b>Total</b>				<b>\$ (16,784)</b>			<b>(0.61)%</b>

# Local Government Correctional State Retirement Plan

## Required vs. Statutory Contribution as of July 1, 2025 (% of Payroll)





# Disclaimers

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- This presentation is not a substitute for reading the full actuarial valuation reports. The full reports are available on the PERA website.
- The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon the data, assumptions, methods and Plan provisions that are outlined in the General Employee Retirement Plan, Public Employees Police and Fire Plan, and the Local Government Correctional State Retirement Plan 2025 funding valuation reports and/or 2025 GASB reports, unless noted otherwise.
- If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.