

A large, faint, light gray watermark graphic is centered on the page. It features the letters 'SRPS' in a large, serif font at the top. Below the letters is a stylized crest or shield. The crest is divided into four quadrants by a cross. Each quadrant contains a different symbol: a triangle, a circle, a square, and a circle. The entire graphic is semi-transparent, allowing the background to show through.

# SRPS

## *Financial Section*

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

The Board of Trustees of  
Maryland State Retirement and Pension System  
Baltimore, Maryland

***Opinion***

We have audited the financial statements of the Maryland State Retirement and Pension System (the System), a component unit of the State of Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the System, as of June 30, 2025, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Other Matter***

The financial statements of the System as of and for the year ended June 30, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on November 22, 2024.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the employers' net pension liability, schedule of employers' net pension liability and related ratios, schedule of employers' contributions, related ratios and schedule of investment returns and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic



financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedule of funding progress, schedule of administrative expenses, schedule of investment expenses, schedule of fund balances, schedule of fiduciary net position by system and schedule of changes in fiduciary net position by system (together, the accompanying supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, investment, actuarial, statistical and plan summary sections, but does not include the basic financial statements and our auditor's report. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland  
November 12, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

To help facilitate a better understanding of the Maryland State Retirement and Pension System's (the System) financial condition as of June 30, 2025 and 2024, the results of its operations for the fiscal years then ended, and the fiscal policies that govern its significant business operations, management has prepared this narrative analysis. This narrative is intended to supplement the System's audited financial statements and, as such should be read in conjunction with these statements, which are presented beginning on page 24.

### OVERVIEW OF THE FINANCIAL STATEMENTS

As required by accounting principles generally accepted in the United States of America, the System's basic financial statements are comprised of the comparative Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position, along with the related note disclosures. In addition, the System's financial statements include certain required supplementary information (e.g., schedule of changes in employers' net pension liability, schedule of employers' net pension liability and related ratios, schedule of employers' contributions, and schedule of investment returns) as well as other supplementary schedules considered relevant to the financial statement user (e.g., schedules of fund balance accounts, administrative and investment expenses, fiduciary net position by system, and related changes by system). To better understand the relevance of the information presented in the System's financial statements, related notes, and supplementary information, it is helpful to first consider what purpose each component is intended to serve.

The Statements of Fiduciary Net Position presents a comparative, summary-level snapshot, as of a specific point in time (i.e., June 30th – the last day of the System's fiscal year), of the fair value of the net position available to pay future pension benefits to retirees and beneficiaries. To assist the reader in understanding the composition of the System's accumulated net position the most significant components (e.g., cash and cash equivalent securities, investments) are separately disclosed. In this regard, cash and cash equivalents represent that portion of the System's assets that, as of the end of the fiscal year, reside in the form of actual cash or short-term, highly liquid, investment securities. This amount gives an indication of the System's liquidity at fiscal year-end. Conversely, the amounts shown as investments represent those funds invested in longer-term securities (e.g., stocks, bonds, private equity, and real estate) held for the purpose of generating investment income. The sum of these assets, reduced by any liabilities owed by the System as of fiscal year-end, represents the net position held in trust to pay pension benefits.

By contrast, the Statements of Changes in Fiduciary Net Position are intended to show, on a comparative basis, the major categories of income earned (additions to fiduciary Net position) and expenses incurred (deductions from fiduciary Net position) by the System during the previous fiscal year. As such, the System's net income or loss accounts for the entire change in the net position held in trust to pay pension benefits during the fiscal year as a result of System operations. As with the System's assets and liabilities, significant categories of income and expense, as reported on the Statements of Changes in Fiduciary Net Position, are separately disclosed to help clarify the major sources and uses of the System's resources.

Finally, the note disclosures are provided as an integral component of the basic financial statements to help explain in narrative form some of the more complex or less obvious elements of the statements. Further, the notes to the financial statements provide additional information (e.g., significant accounting policies, various types of investment risk) that is essential for a comprehensive understanding of the System's financial condition and the results of its operations.

The Schedule of Changes in Employers' Net Pension Liability, Schedule of Employers' Net Pension Liability and Related Ratios, Schedule of Employers' Contributions, and Schedule of Investment Returns share common characteristics with data disclosed in the basic financial statements. In this regard, both the Statements of Changes in Fiduciary Net Position and the Schedule of Contributions from Employers and Other Contributing Entity disclose the amount of contributions received from participating employers. However, the Schedule of Employer Contributions differs from the Statements of Changes in Fiduciary Net Position in that the Schedule's primary focus is to disclose the contributions required to be made in accordance with the System's funding policy and the percentage of the required contributions actually made during the fiscal years presented.

Finally, the other supplementary schedules, presented immediately after the required supplementary information, summarize the changes in fund balances, disclose major categories of operating and investment expenses, and provide combining, plan-level detail related to asset, liability, income, and expense amounts summarized in the basic financial statements.

## ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS.

The System's overall funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due. Accordingly, collecting employer and member contributions as well as earning an adequate long-term rate of return on its investments are essential components of the System's plan for accumulating the funds needed to finance future retirement benefits.

### Fiscal Year 2025 Compared to 2024

The following condensed comparative Statement of Fiduciary Net Position as of the fiscal years ended June 30, 2025 and 2024, reflects an increase of \$5,331.1 million (7.9%) in the System's net position. This increase is primarily due to positive performance returns in public equity and private equity asset classes.

A schedule of the System's investments and changes (by type) as of fiscal years June 30, 2025 and 2024, is presented below (expressed in millions):

	June 30,		Change	
	2025	2024	Variance	%
Cash & cash equivalents	\$ 2,634.1	\$ 2,265.6	\$ 368.5	16.3%
U.S. Government obligations	5,951.4	5,900.9	50.5	0.9%
Domestic corporate obligations	2,833.9	2,803.7	30.2	1.1%
International obligations	1,717.6	1,703.3	14.3	0.8%
Domestic stocks	11,967.7	10,820.0	1,147.7	10.6%
International stocks	11,697.8	9,955.5	1,742.3	17.5%
Mortgages & mortgage-related securities	2,167.9	1,952.8	215.1	11.0%
Alternative investments	33,881.4	32,626.5	1,254.9	3.8%
Collateral for loaned securities	5,074.0	4,848.0	226.0	4.7%
<b>Total Investments and Cash &amp; Cash Equivalents</b>	<b>77,925.8</b>	<b>72,876.3</b>	<b>5,049.5</b>	<b>6.9%</b>
Receivables	1,348.9	686.8	662.1	96.4%
<b>Total Assets</b>	<b>79,274.7</b>	<b>73,563.1</b>	<b>5,711.6</b>	<b>7.8%</b>
Liabilities	6,033.9	5,653.4	380.5	6.7%
<b>Fiduciary Net Position Restricted to Pensions</b>	<b>\$ 73,240.8</b>	<b>\$ 67,909.7</b>	<b>\$ 5,331.1</b>	<b>7.9%</b>

As depicted in the following comparative Statement of Changes in Fiduciary Net Position for fiscal years 2025 and 2024, contributions to the System during fiscal year 2025 increased by \$226.4 million from prior fiscal year due to an increase in covered payroll and the State's continued reinvestment contribution of savings. The System's investments experienced a positive return of 9.8% net of fees in fiscal year 2025 primarily attributable to the System's public equity portfolio rendering the strongest return of 16.3%.

The System continues to pay out more benefits than contributions collected. An increase of \$243.6 million in benefits paid to retirees is attributable to an increase of 1,714 retirees and beneficiaries in fiscal year 2025. However, the investment performance was a positive offset contributing to a \$5.4 billion increase in fiduciary net position.

A schedule of the System's additions to and deductions from fiduciary net position and related changes (by major category) for fiscal years ended June 30, 2025 and 2024, is as follows (expressed in millions):

	June 30,		Change	
	2025	2024	Variance	%
Employer contributions	\$ 1,986.7	\$ 1,834.1	\$ 152.6	8.3%
Member contributions	1,130.0	1,056.2	73.8	7.0%
State contributions on behalf of local governments	960.8	784.2	176.6	22.5%
Net investment income	6,588.3	4,416.7	2,171.6	49.2%
<b>Total additions</b>	<b>10,665.8</b>	<b>8,091.2</b>	<b>2,574.6</b>	<b>31.8%</b>
Benefit payments	5,160.0	4,916.4	243.6	5.0%
Refunds	116.4	107.3	9.1	8.5%
Administrative expenses	58.3	50.8	7.5	14.8%
<b>Total deductions</b>	<b>5,334.7</b>	<b>5,074.5</b>	<b>260.2</b>	<b>5.1%</b>
<b>Net increase in fiduciary net position</b>	<b>5,331.1</b>	<b>3,016.7</b>	<b>2,314.4</b>	<b>76.7%</b>
<b>Net position, beginning of year</b>	<b>67,909.7</b>	<b>64,893.0</b>	<b>3,016.7</b>	<b>4.6%</b>
<b>Net position, end of year</b>	<b>\$ 73,240.8</b>	<b>\$ 67,909.7</b>	<b>\$ 5,331.1</b>	<b>7.9%</b>

**Analysis of Net Pension Liability** (expressed in millions)

	June 30,		Change	
	2025	2024	Variance	%
Total Pension Liability (TPL)	\$ 98,946.6	\$ 94,214.1	\$ 4,732.5	5.0%
Plan Fiduciary Net Position	73,240.8	67,909.7	5,331.1	7.9%
Net Pension Liability	\$ 25,705.8	\$ 26,304.4	\$ (598.6)	-2.3%
Ratio - Fiduciary Net Position/TPL	74.0%	72.1%		

The TPL increased by \$4.7 billion from 2024 to 2025, due to an increase in service cost and an actuarial loss from experience during the measurement period. The Plan Fiduciary Net Position increased by \$5.3 billion from 2024 to 2025 primarily due to an investment return of 9.8%. These two events when netted decreased the Net Pension Liability by \$(0.6) billion from 2024 to 2025.

### Fiscal Year 2024 Compared to 2023

The following condensed comparative Statement of Fiduciary Net Position for the fiscal years ended June 30, 2024 and 2023, reflects an increase of \$3,016.7 million (4.6%) in the System's net position. This increase is primarily due to positive performance returns in public equity and private equity asset classes.

A schedule of the System's investments and changes (by type) as of fiscal years June 30, 2024 to 2023 is presented below (expressed in millions):

	June 30,		Change	
	2024	2023	Variance	%
Cash & cash equivalents	\$ 2,265.6	\$ 1,373.4	\$ 892.2	65.0%
U.S. Government obligations	5,900.9	6,238.7	(337.8)	-5.4%
Domestic corporate obligations	2,803.7	3,663.1	(859.4)	-23.5%
International obligations	1,703.3	1,585.7	117.6	7.4%
Domestic stocks	10,820.0	10,370.1	449.9	4.3%
International stocks	9,955.5	9,558.1	397.4	4.2%
Mortgages & mortgage-related securities	1,952.8	1,656.8	296.0	17.9%
Alternative investments	32,626.5	30,753.3	1,873.2	6.1%
Collateral for loaned securities	4,848.0	5,687.0	(839.0)	-14.8%
<b>Total Investments and Cash &amp; Cash Equivalents</b>	<b>72,876.3</b>	<b>70,886.2</b>	<b>1,990.1</b>	<b>2.8%</b>
Receivables	686.8	716.8	(30.0)	-4.2%
<b>Total Assets</b>	<b>73,563.1</b>	<b>71,603.0</b>	<b>1,960.1</b>	<b>2.7%</b>
Liabilities	5,653.4	6,710.0	(1,056.6)	-15.7%
<b>Fiduciary Net Position Restricted for Pensions</b>	<b>\$ 67,909.7</b>	<b>\$ 64,893.0</b>	<b>\$ 3,016.7</b>	<b>4.6%</b>

As depicted in the following comparative Statement of Changes in Fiduciary Net Position for fiscal years 2024 and 2023, contributions to the System during fiscal year 2024 increased by \$226.3 million from prior fiscal year due to an increase in covered payroll and the State's continued reinvestment contribution of savings. The System's investments experienced a positive return of 6.9% net of fees in fiscal year 2024 primarily attributable to the System's public equity portfolio rendering the strongest return of 17.9%.

The System continues to pay out more benefits than contributions collected. An increase of \$263.2 million in benefits paid to retirees reflects a continuance of increasing retirements of the baby boomer generation in fiscal year 2024. However, the investment performance was a positive offset contributing to a \$3.0 billion increase in fiduciary net position.



A schedule of the System's additions to and deductions from fiduciary net position and related changes (by major category) for fiscal years 2024 and 2023, is as follows (expressed in millions):

	June 30,		Change	
	2024	2023	Variance	%
Employer contributions	\$ 1,834.1	\$ 1,700.3	\$ 133.8	7.9%
Member contributions	1,056.2	963.7	92.5	9.6%
State contributions on behalf of local governments	784.2	738.6	45.6	6.2%
Net investment income	4,416.7	1,980.2	2,436.5	123.0%
<b>Total additions</b>	<b>8,091.2</b>	<b>5,382.8</b>	<b>2,708.4</b>	<b>50.3%</b>
Benefit payments	4,916.4	4,653.2	263.2	5.7%
Refunds	107.3	101.7	5.6	5.5%
Administrative expenses	50.8	46.0	4.8	10.4%
<b>Total deductions</b>	<b>5,074.5</b>	<b>4,800.9</b>	<b>273.6</b>	<b>5.7%</b>
<b>Net increase in fiduciary net position</b>	<b>3,016.7</b>	<b>581.9</b>	<b>2,434.8</b>	<b>418.4%</b>
<b>Net position, beginning of year</b>	<b>64,893.0</b>	<b>64,311.1</b>	<b>581.9</b>	<b>0.9%</b>
<b>Net position, end of year</b>	<b>\$ 67,909.7</b>	<b>\$ 64,893.0</b>	<b>\$ 3,016.7</b>	<b>4.6%</b>

**Analysis of Net Pension Liability** (expressed in millions)

	June 30,		Change	
	2024	2023	Variance	%
Total Pension Liability (TPL)	\$ 94,214.1	\$ 87,923.3	\$ 6,290.8	7.2%
Plan Fiduciary Net Position	67,909.7	64,893.0	3,016.7	4.6%
<b>Net Pension Liability</b>	<b>\$ 26,304.4</b>	<b>\$ 23,030.3</b>	<b>\$ 3,274.1</b>	<b>14.2%</b>
Ratio - Fiduciary Net Position/TPL	72.1%	73.8%		

The TPL increased by \$6.3 billion from 2023 to 2024, due to an increase in service cost and an actuarial loss from experience during the measurement period. The Plan Fiduciary Net Position increased by \$3.0 billion from 2023 to 2024 primarily due to an investment return of 6.9%. These two events when netted increased the Net Pension Liability by \$3.3 billion from 2023 to 2024.

**Requests for Information**

Members of the System's Board of Trustees and senior management are fiduciaries of the pension trust fund and, as such, are charged with the responsibility of ensuring that the System's assets are used exclusively for the benefit of plan participants and their beneficiaries. This financial report is designed to provide an overview of the System's finances and to demonstrate accountability for the resources entrusted to the System for the benefit of all of the System's stakeholders. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

State Retirement and Pension System of Maryland  
120 E. Baltimore Street, Suite 1660  
Baltimore, Maryland 21202-1600

# MARYLAND STATE RETIREMENT AND PENSION SYSTEM

## STATEMENTS OF FIDUCIARY NET POSITION

As of June 30, 2025 and 2024

(Expressed in Thousands)

	2025	2024
<b>ASSETS</b>		
<b>Cash &amp; Cash Equivalents</b>	<b>\$ 2,634,052</b>	<b>\$ 2,265,618</b>
<b>Receivables</b>		
Contributions:		
Employers	109,370	116,002
Members	17,095	14,634
Accrued investment income	348,529	260,758
Investment sales proceeds	873,994	295,384
<b>Total Receivables</b>	<b>1,348,988</b>	<b>686,778</b>
<b>Investments, at Fair Value (Notes 2 &amp; 3)</b>		
U.S. Government obligations	5,951,405	5,900,878
Domestic corporate obligations	2,833,899	2,803,689
International obligations	1,717,550	1,703,310
Domestic stocks	11,967,671	10,820,039
International stocks	11,697,783	9,955,515
Mortgages & mortgage-related securities	2,167,944	1,952,783
Alternative investments	33,881,371	32,626,455
Collateral for loaned securities	5,074,047	4,848,015
<b>Total Investments</b>	<b>75,291,670</b>	<b>70,610,684</b>
<b>Total Assets</b>	<b>79,274,710</b>	<b>73,563,080</b>
<b>LIABILITIES</b>		
Accounts payable & accrued expenses (Note 7)	69,816	71,376
Investment commitments payable	890,073	733,981
Obligation for collateral for loaned securities	5,074,047	4,848,015
<b>Total Liabilities</b>	<b>6,033,936</b>	<b>5,653,372</b>
<b>Fiduciary Net Position Restricted for Pensions</b>	<b>\$ 73,240,774</b>	<b>\$ 67,909,708</b>

The accompanying notes are an integral part of these financial statements.

# MARYLAND STATE RETIREMENT AND PENSION SYSTEM

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

for the Fiscal Years Ended June 30, 2025 and 2024

(Expressed in Thousands)

	2025	2024
<b>ADDITIONS</b>		
Contributions:		
Employers	\$ 1,986,677	\$ 1,834,051
Members	1,130,018	1,056,173
State contributions on behalf of local governments	960,777	784,265
<b>Total Contributions</b>	<b>4,077,472</b>	<b>3,674,489</b>
Investment Income:		
Net appreciation (depreciation) in fair value of investments	3,760,468	1,891,910
Interest	696,385	694,863
Dividends	2,605,020	2,242,095
<b>Investment Income Before Securities Lending Activity</b>	<b>7,061,873</b>	<b>4,828,868</b>
Gross income from securities lending activity	267,212	311,150
Securities lending borrower rebates	(244,312)	(287,921)
Securities lending agent fees	(1,081)	(1,161)
Net income from securities lending activity	21,819	22,068
Total investment income	7,083,692	4,850,936
Investment expenses	(495,359)	(434,161)
Net investment income	6,588,333	4,416,775
<b>TOTAL ADDITIONS</b>	<b>10,665,805</b>	<b>8,091,264</b>
<b>DEDUCTIONS</b>		
Benefit payments	5,160,040	4,916,425
Refunds (Note 6)	116,361	107,308
Administrative expenses (Note 2)	58,338	50,796
<b>TOTAL DEDUCTIONS</b>	<b>5,334,739</b>	<b>5,074,529</b>
<b>Net Increase in Fiduciary Net Position</b>	<b>5,331,066</b>	<b>3,016,735</b>
<b>Fiduciary Net Position Restricted for Pensions</b>		
Beginning of the fiscal year	67,909,708	64,892,973
<b>END OF THE FISCAL YEAR</b>	<b>\$ 73,240,774</b>	<b>\$ 67,909,708</b>

The accompanying notes are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL DESCRIPTION OF THE SYSTEM

#### A. Organization

The State Retirement Agency (the Agency) is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System is a cost-sharing multiple-employer defined benefit plan made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The "State Pool" consists of the State agencies, boards of education, community colleges, and libraries. The "Municipal Pool" consists of the participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elect to join the System (the "Municipal Pool") share in the liabilities of the Municipal Pool only. Although separate valuations are performed for each pool, all assets accumulated in the plan may legally be used to pay benefits to any member.

The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The State is obligated to annually pay into the accumulation fund of each State system at least an amount that, when combined with the System's accumulation funds, is sufficient to provide benefits payable under each plan during that fiscal year. The System is accounted for as a cost-sharing multiple-employer defined benefit plan as defined in accordance with accounting principles generally accepted in the United States of America. Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State's reporting entity as a fiduciary fund and disclosed in its financial statements as a pension trust fund.

The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System.

#### B. Covered Members

The Teachers' Retirement System was established on August 1, 1927, to provide retirement allowances and other benefits to teachers in the State. Effective January 1, 1980, the Teachers' Retirement System was closed to new members and the Teachers' Pension System was established. As a result, teachers hired after December 31, 1979 became members of the Teachers' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Teachers' Retirement System may not transfer membership to the Teachers' Pension System.

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials, and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established. As a result, State employees (other than correctional officers) and employees of participating governmental units hired after December 31, 1979 became members of the Employees' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System.

The State Police Retirement System was established on July 1, 1949 to provide retirement allowances and other benefits to any police employee or cadet of the Maryland State Police.

The Legislative Pension Plan was established on July 1, 1966 to provide retirement allowance and other benefits to members of the Maryland General Assembly.

The Judges' Retirement System was established on June 30, 1969 to provide retirement allowances and other benefits for State and local, appointed, or elected judges.

The Correctional Officers' Retirement System was established on July 1, 1974 to provide retirement allowances and other benefits for state correctional officers. In 2006, the plan was opened up to local governments.

The Law Enforcement Officers' Pension System (LEOPS) was established on July 2, 1990 to provide retirement allowances and other benefits for certain State and local law enforcement officers.

Currently, more than 150 governmental units participate in the various Systems.

The following tables present a summary of membership by system as of June 30, 2025 and 2024, with comparative prior year totals:

	Inactive & Deferred Vested	Retirees & Beneficiaries	Active Plan Participants		
			Vested	Non-vested	Total
Teachers' Retirement & Pension Systems	23,113	85,947	61,845	54,700	116,545
Employees' Retirement & Pension Systems*	21,566	86,072	38,215	49,165	87,380
Judges' Retirement System	9	475	223	92	315
State Police Retirement System	80	2,668	802	500	1,302
Law Enforcement Officers' Pension System	306	2,723	1,477	1,510	2,987
Totals as of June 30, 2025	45,074	177,885	102,562	105,967	208,529
Totals as of June 30, 2024	46,099	176,171	101,856	103,188	205,044

(\*) Employees' Retirement and Pension Systems includes the Correctional Officers' Retirement System and the Legislative Pension Plan.

	Inactive & Deferred Vested	Retirees & Beneficiaries	Active Plan Participants		
			Vested	Non-vested	Total
Teachers' Retirement & Pension Systems	23,494	84,975	61,192	54,124	115,316
Employees' Retirement & Pension Systems*	22,203	85,479	38,155	46,946	85,101
Judges' Retirement System	8	471	223	99	322
State Police Retirement System	85	2,638	817	495	1,312
Law Enforcement Officers' Pension System	309	2,608	1,469	1,524	2,993
Total as of June 30, 2024	46,099	176,171	101,856	103,188	205,044
Total as of June 30, 2023	47,087	174,609	100,835	97,812	198,647

(\*) Employees' Retirement and Pension Systems includes the Correctional Officers' Retirement System and the Legislative Pension Plan.

### C. Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors. Members of the Employees', Teachers', Correctional Officers', or State Police Retirement System that enrolled before June 30, 2011 receive a retirement allowance computed using the three highest years' Average Final Compensation (AFC) and the actual number of years of creditable service. Members of the State Police Retirement System or the Correctional Officers' Retirement System that enrolled on or after July 1, 2011 receive a retirement allowance computed using both the highest five years' AFC and the actual number of years of creditable service.

The Legislative Pension System provides retirement benefits to eligible members of the General Assembly. The plan's benefit provisions are established by the General Assembly Compensation Commission. Retirement allowances are calculated based on a member's creditable service and the legislative salary applicable to current members of the General Assembly.

Members of the pension systems of the State Retirement and Pension System that enrolled on or before June 30, 2011 receive a pension allowance computed using both the highest three consecutive years' AFC and the actual number of years of creditable service. Members of one of the pension systems that enrolled on or after July 1, 2011 receive a pension allowance computed using both the highest five consecutive years' AFC and the actual number of years of creditable service.

System	Contribution Rate
Teachers' Retirement System	5%
Employees' Retirement System	5%
Correctional Officers' Retirement System	5%
State Police Retirement System	8%
Judges Retirement System	8%
Teachers' Pension System	7%
Employees' Pension System	7%
Law Enforcement Officers' Pension System	7%
Legislative Pension System	7%

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems is subject to a different cost-of-living adjustment (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the fair value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2025 are as follows:

#### Service Retirement Allowances

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or earning 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of creditable service.

A member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or earning 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011 is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years, or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most members who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service earned prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service earned subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service earned prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service earned subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service earned as a member of the Teachers' or Employees' Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the members' AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage base for the past 35 calendar years ending with the year the retiree separated from service.

A member of the Correctional Officers' Retirement System who enrolled on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of earning 20 years of creditable service, regardless of age or attaining age 55 with at least 5 years of creditable service. A member that enrolls in the Correctional Officers' Retirement System on or after July 1, 2011 is eligible for full retirement benefits upon the earlier of earning 20 years of creditable service, regardless of age or attaining age 55 with at least 10 years of creditable service. The annual retirement allowance equals  $1/55$  (1.81%) of the members' AFC multiplied by the number of years of creditable service.

A member of the State Police Retirement System who enrolled on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 50 or earning 22 years of creditable service regardless of age. A member of the State Police Retirement System who enrolled on or after July 1, 2011 is eligible for full retirement benefits upon the earlier of attaining age 50 or earning 25 years of creditable service regardless of age. The annual retirement allowance equals 2.55% of the member's AFC multiplied by the number of years of creditable service and may not exceed 71.4% of the member's AFC.

A member of the Judges' Retirement System who enrolled on or before June 30, 2012, is eligible for full retirement benefits upon attaining age 60. A member of the Judges' Retirement System who enrolled on or after July 1, 2012 is eligible for full retirement benefits upon attaining age 60 and earning 5 years of creditable service. The annual retirement allowance for a member with at least 16 years of creditable service equals  $2/3$  (66.7%) of the salary of an active judge holding a comparable position. The annual retirement allowance is prorated if the member retires with fewer than 16 years of creditable service.

A member of the Law Enforcement Officers' Pension System who enrolled on or before June 30, 2001, is eligible for full retirement benefits upon the earlier of attaining age 50, with 5 years of eligibility service or earning 25 years of eligibility service regardless of age. A member of the Law Enforcement Officers' Pension System who enrolled on or after July 1, 2011 is eligible for full retirement benefits upon the earlier of attaining age 50, with 10 years of eligibility service, or earning 25 years of eligibility service regardless of age. The annual retirement allowance equals 2.3% of the members' AFC multiplied by the number of years of creditable service up to 30 years, plus (1.0% of the members' AFC multiplied by the number of years of creditable service in excess of 30 years and may not exceed 65% of the member's AFC.

A member of the Legislative Pension System qualifies for a retirement allowance with at least eight years of creditable service and either age 60 (if enrolled prior to January 14, 2015) or age 62 (if enrolled on or after that date). The allowance is calculated at 3.0% of the salary of an active legislator in a comparable position for each year of creditable service, up to a maximum of 66.66% of the salary.

#### **Vested Allowances**

A member of the State Retirement and Pension System who enrolled on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after earning five years of eligibility service is eligible for a vested retirement allowance. A member of the State Retirement and Pension System who enrolled on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age, but after earning 10 years of eligibility service, is eligible for a vested retirement allowance. An individual who is a member of the Judges' Retirement System on or before June 30, 2012, has no minimum service requirements prior to vesting. However, individuals who join the Judges' Retirement System on or after July 1, 2012, and terminate employment before attaining retirement age, will have to accrue five years of creditable service in order to receive a vested retirement allowance. Legislators become eligible for a vested retirement allowance upon earning eight years of eligibility service. A member who terminates employment before reaching retirement age and before vesting may be eligible to request a refund of all member contributions, plus applicable interest.

#### **Early Service Retirement**

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of creditable service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or earns 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

A member of either the Teachers' or Employees' Pension System who enrolled on or before June 30, 2011 may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. A member of either the Teachers' or Employees' Pension System who enrolled on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

A member of the Legislative Pension System who enrolled prior to January 14, 2015, may retire as early as age 50, with benefits reduced by 6.0% for each year under age 60 (maximum reduction of 60%). Members enrolled on or after that date may retire as early as age 55, with a 6% reduction per year under age 62 (maximum reduction of 42%).

Members of the Correctional Officers', State Police, Judges', Law Enforcement Officers' and Local Fire and Police Systems are not eligible for early service benefits.



**Disability and Death Benefits**

Generally, a member covered under retirement plan provisions who is permanently disabled after five years of creditable service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after earning five years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Disability claims are reviewed by the Agency's Medical Board who make recommendations to the Board of Trustees. Final approval for disability claims is the decision of the Board of Trustees. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

**Adjusted Retirement Allowances**

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to a prescribed formula. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems (TRS/ERS) the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two-part combination COLA depending upon the COLA election made by the member.

However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year fair value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the fair value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied, and the zero COLA is fully recovered.

Retirement allowances for legislators and judges are recalculated when the salary of an active member holding a comparable position is increased.

Members of the State Police Retirement System and Law Enforcement Officers' Pension System are eligible to participate in a Deferred Retirement Option Program (DROP). For members who enter the DROP on or after July 1, 2011, the member is deemed retired and the retirement allowance is placed in an account earning 4% interest per year, compounded annually. At the end of the DROP period, the lump sum held in the DROP account is paid to the retiree. Members of the program must end employment and fully retire at the end of the DROP period. The maximum period of participation is 7 years for the State Police Retirement System and 7 years for Law Enforcement Officers' Pension System. The amount of funds held in the DROP as of June 30, 2025 and 2024, was \$55,934,753 and \$40,932,782, respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Accounting**

The System's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, investment purchases and sales are recorded as of their respective trade dates. Employer and Member contributions are recognized in the period when due, pursuant to statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**B. Investment Limitations**

The State Personnel and Pensions Article of the Annotated Code of Maryland authorizes the System to invest plan assets in stocks, bonds, notes, certificates of indebtedness, mortgage notes, real estate, debentures or other obligations, subject to the terms, conditions, limitations and restrictions imposed by the Board of Trustees of the Maryland State Retirement and Pension System.

**C. Portfolio Valuation Method**

The System's investments are reported at fair value. Fair value is the amount that the System can reasonably expect to receive for an investment in a current sale. See Note 3.H for the description of investments at fair value.

Investment amounts presented in the accompanying Statements of Fiduciary Net Position represent the fair value of the respective portfolios as of the fiscal year-end. Similarly, investment income amounts reported in the accompanying Statements of Changes in Fiduciary Net Position represent the income or loss derived for the years then ended. Accordingly, significant market fluctuations could periodically occur subsequent to the financial statement valuation date, which are not reflected in either the fair value of investments or the related investment income presented in these financial statements.

**D. Derivatives**

As permitted by guidelines established by the Board of Trustees, the System may invest in derivatives. Compliance with these guidelines is monitored by Agency staff. Pursuant to such authority, the System invests in foreign currency forward contracts, options, futures, and swaps. The Agency does not purchase rights and warrants; however, it can accrue ownership through corporate actions. No derivatives were purchased with borrowed funds.

Derivatives are generally used to hedge against foreign currency risk and changes in interest rates, improve yield, and adjust the duration of the System's fixed income portfolio. These securities are subject to changes in value due to changes in currency valuations or interest rates. Credit risk for derivatives results from the same considerations as other counterparty risk assumed by the System, which is the risk that the counterparty might be unable to meet its obligations.

The System enters into forward foreign currency exchange contracts for hedging purposes to minimize the short-term impact of foreign currency fluctuations. Foreign currency exchange contracts are reported at fair value based on published market prices and quotations from major investment firms. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The System seeks to minimize risk from counterparties by establishing minimum credit quality standards.

**E. Administrative and Investment Expenses**

All of the System's administrative and investment expenses (e.g., salaries of Agency employees, investment advisory fees, etc.) are incurred centrally and charged to each individual retirement or pension system on the basis of its active membership and percentage ownership in the System's net position, respectively. The System's investment expenses are funded from investment income. The System's administrative expenses are funded from administrative fees assessed to each participating employer. See page 86 for detailed Schedules of Administrative and Investment Expenses.

**F. Federal Income Tax Status**

During the fiscal years ended June 30, 2025 and 2024, the System qualified under Section 401(a) of the Internal Revenue Code (the Code) and was exempt from federal income taxes under Section 501(a) of the Code.

### 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

#### A. Legal Provisions

The Board of Trustees is required by Section 21-116 (c), State Personnel and Pensions Article, Annotated Code of Maryland (SPP), to establish and maintain an Investment Policy Manual (IPM), which is available on the Agency's web site. The IPM authorizes investing in all major sectors of the capital market in order to diversify and minimize total investment program risk. Such sectors include, but are not limited to:

Type	Description	As of June 30, 2025	
		Strategic Target	Actual
<b>Public Equity</b>	Investments in securities, known as shares or stocks, that represent an ownership interest in corporations and are generally traded on a stock exchange.	34.0%	32.3%
<b>Private Equity</b>	Investments in companies that are not registered with the SEC and are not traded in the public markets. Private equity may also be referred to as venture capital or buy-outs.	16.0%	20.5%
<b>Rate Sensitive</b>	Investments in bonds, loans or associated derivatives with an average portfolio credit quality of investment grade. Permissible bonds or loans may be nominal or inflation protected and those bonds or loans may be issued by an entity in any country. Generally, these securities are not traded on an exchange, pay interest on a regular schedule and repay principal by maturity.	20.0%	16.2%
<b>Credit/Debt Related Strategies</b>	Debt issued by corporations and other non-government sectors of the fixed income market such as distressed debt, convertibles, corporate and mortgage related credit strategies, mezzanine debt, bank loans, high yield, emerging markets and preferred securities.	9.0%	9.1%
<b>Absolute Return</b>	Investments whose performance is expected to exceed the three month U.S. Treasury bill by 4-5% over a full market cycle and exhibit low correlation to public stocks. The System's program may include strategies such as hedge fund of funds, multi-strategy, global tactical asset allocation, equity hedged, event driven, relative value, macro, insurance, private markets, and opportunistic.	6.0%	5.5%
<b>Real Assets</b>	Investments whose performance is expected to exceed the rate of inflation over an economic cycle. The System's real assets program may include the following investment vehicles in both public and private investments: commodities, real estate, energy and energy related assets, agriculture, infrastructure, timber and other natural resources, and multi-asset class portfolios with a real return mandate.	15.0%	14.7%
<b>Cash/Cash Equivalents</b>	Investments that provide daily liquidity and either have very low risk or principal loss such as treasury bills or high quality commercial paper.	0.0%	1.3%
<b>Multi Assets</b>	Investments that act as a proxy for all overall Asset allocation through a combination of Exchange Traded Funds and fully funded Futures contracts.	0.0%	0.4%

System assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for benefits to be provided.

The System is authorized by its Board of Trustees to operate a securities lending program and has contracted with Deutsche Bank to lend securities and reinvest cash collateral received from the transfer of securities in investment instruments authorized by the investment policy. Currently, the initial required collateral for foreign securities is equal to 105 percent of the aggregate fair value of the transferred securities not denominated in the same currency as the collateral provided by the counterparty and 102 percent for domestic securities and foreign securities that are denominated in the same currency as the collateral provided by the counterparty. See section G of this note for additional information.

## **B. Cash and Cash Equivalents**

The Cash and Cash Equivalents category reported on the Statement of Fiduciary Net Position consists of short-term investments that are used to meet the liquidity requirements of the System.

Cash and Cash Equivalents held by the System can include cash on deposit, foreign currencies, cash posted as collateral to counterparties, repurchase agreements, certificate of deposit, U.S. Treasury Bills, short-term investment funds, and other U.S. or foreign liquid financial instruments with original maturities that are generally less than three months. Cash and Cash Equivalents are reported at fair value or cost, which approximates fair value.

For cash deposits and cash equivalents, custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned to it.

The System does not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the System's name and there are no legal or contractual provisions for deposits and investments. Nor does the System have any investments that are not registered in its name and are either held by the counterparty or the counterparty's trust department or agent, but not in the System's name.

The amount of the System's total Cash and Cash Equivalents as of June 30, 2025 and 2024, was \$2,634,052 and \$2,265,618 (in thousands), respectively.

## **C. Investments**

These investments are accounted for as the System and are allocated to Teachers' Retirement and Pension, Employees' Retirement and Pension, Judges' Retirement, State Police Retirement and Law Enforcement Officers' Pension.

All investments are governed by the Prudent Person Rule as described in SPP Section 21-203 which states: A fiduciary shall discharge the fiduciary's duties with respect to the several systems solely in the interest of the participants and as follows: (1) for the exclusive purposes of providing benefits to the participants and for reasonable expenses of administering the several systems; (2) with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; (3) by diversifying the investments of the several systems so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; (4) in accordance with the laws governing the several systems; and (5) in accordance with the documents and instruments governing the several systems to the extent that the documents and instruments are consistent with this subtitle.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2025 and 2024, the System had the following fixed income investments allocated by year of maturity except for the Commingled Funds, which are based on their average maturity:

Type:	Fair Value (in thousands)	As of June 30, 2025			
		Investment Maturities (in years)			
		Less than 1	1 thru 5	5+ thru 10	More than 10
Asset Backed Securities	\$ 123,045	\$ 222	\$ 23,419	\$ 35,266	\$ 64,138
Bank Loans	12,005	245	4,733	7,027	–
Collateralized Mortgage Obligations	390,991	106	13,173	21,346	356,366
Credit/Debt Commingled Funds	2,259,570	184,112	1,665,240	305,391	104,827
Domestic Corporate Obligations	2,624,694	41,173	1,247,667	860,225	475,629
International Obligations	377,191	4,140	142,983	123,602	106,466
Mortgage Pass-throughs	1,779,626	9	1,706	18,627	1,759,284
Municipals	44,065	89	4,238	8,649	31,089
Options	3,657	727	–	2,930	–
Short term	1,670,208	190,772	–	1,479,436	–
Swaps	17,038	74	965	2,211	13,788
U.S. Government Agency	21,609	–	1,289	10,470	9,850
U.S. Treasury Inflation Linked	2,411,304	–	1,213,223	749,823	448,258
U.S. Treasury Notes/Bonds	3,411,263	4,791	40,108	59,948	3,306,416
U.S. Treasury Strips	107,609	446	2,176	4,020	100,967
Yankee Bonds	1,304,227	25,270	435,807	459,501	383,649
<b>Total</b>	<b>\$ 16,558,102</b>	<b>\$ 452,176</b>	<b>\$ 4,796,727</b>	<b>\$ 4,148,472</b>	<b>\$ 7,160,727</b>

Type:	Fair Value (in thousands)	As of June 30, 2024			
		Investment Maturities (in years)			
		Less than 1	1 thru 5	5+ thru 10	More than 10
Asset Backed Securities	\$ 142,618	\$ 74	\$ 35,355	\$ 32,251	\$ 74,938
Bank Loans	13,611	–	11,280	2,331	–
Collateralized Mortgage Obligations	383,046	429	21,425	17,245	343,947
Credit/Debt Commingled Funds	1,781,121	123,678	1,202,523	379,226	75,694
Domestic Corporate Obligations	2,594,757	42,152	1,143,821	970,728	438,056
International Obligations	397,664	6,429	159,659	134,797	96,779
Mortgage Pass-throughs	1,572,872	179	1,713	24,746	1,546,234
Municipals	41,735	–	3,765	10,047	27,923
Options	(478)	(478)	–	–	–
Short term	1,793,806	138,408	–	1,638,364	17,034
Swaps	7,951	(283)	(8,448)	2,290	14,392
U.S. Government Agency	19,935	–	592	10,079	9,264
U.S. Treasury Inflation Linked	2,257,271	1,055	1,222,367	594,997	438,852
U.S. Treasury Notes/Bonds	3,532,443	528	35,242	75,336	3,421,337
U.S. Treasury Strips	91,764	–	–	1,504	90,260
Yankee Bonds	1,266,954	50,083	497,969	372,174	346,728
<b>Total</b>	<b>\$ 15,897,070</b>	<b>\$ 362,254</b>	<b>\$ 4,327,263</b>	<b>\$ 4,266,115</b>	<b>\$ 6,941,438</b>

Markets or interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. Derivative securities, variable rate investments with coupon multipliers greater than one, and securities with long terms to maturity are examples of investments whose fair values may be highly sensitive to interest rate changes. These securities are reported at fair value in the Statements of Fiduciary Net Position.

Securities that would qualify as “highly interest rate sensitive” include interest only, principal only and inverse floaters, of which the System had no significant holdings as of June 30, 2025 and 2024.

As of June 30, 2025 and 2024, the System had \$1,779,626 and \$1,572,872 (in thousands), respectively, invested in mortgage pass-through securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

Investment guidelines developed for each mandate determines the amount of interest rate risk allowable for each manager. Derivatives held as of June 30, 2025 and 2024, are identified in greater detail in Note 4.

## E. Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations. The ratings used to determine the quality of the individual securities in the table below are the ratings provided by Moody’s and Standard & Poor’s Global Inc. The listed ratings are based on the most conservative rating when multiple ratings were offered. Obligations issued or guaranteed by the U.S. government or government-sponsored agencies are eligible without limit. The System may invest in an unrated security if the security is comparable in quality to other rated securities that are eligible for purchase. The notation NR represents those securities that are not rated for which the rating disclosure requirements are not applicable, such as commingled short term and credit funds, mortgage securities, foreign sovereign bonds and bank loans which by nature do not have credit quality ratings. The current policy regarding credit risk is determined by each investment manager’s mandate.

As of June 30, 2025 and 2024, the credit ratings of fixed income securities are shown below as a percentage of total investments:

<b>Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments</b>				
<i>(Expressed in Thousands)</i>				
<b>Rating</b>	<b>2025 Fair Value</b>	<b>Percentage Total Investments</b>	<b>2024 Fair Value</b>	<b>Percentage Total Investments</b>
AAA	\$ 55,712	0.074%	\$ 90,249	0.128%
AA	135,490	0.180%	207,614	0.294%
A	695,169	0.923%	599,473	0.849%
BBB	1,293,800	1.718%	1,239,439	1.755%
BB	1,044,409	1.387%	1,106,499	1.567%
B	763,473	1.014%	747,691	1.059%
CCC	102,206	0.136%	94,962	0.134%
CC	2,168	0.003%	4,415	0.006%
D	5,284	0.007%	10,051	0.014%
NR*	6,530,216	8.673%	5,915,202	8.377%
Total Exposed to Credit Risk	10,627,927		10,015,595	
U.S. Government Guaranteed**	5,930,175		5,881,475	
<b>Total Fixed Income and Short-Term Investments</b>	<b>\$ 16,558,102</b>		<b>\$ 15,897,070</b>	

(\*)NR represents securities not rated.

(\*\*)Comprised of U.S. government obligations explicitly guaranteed by the U.S. Government.

The current policy regarding credit risk is determined by each investment manager’s mandate. The above listed ratings are based on the most conservative rating when multiple ratings were offered.

## F. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Systems investment exposure in foreign currency risk as of June 30, 2025 and 2024, is shown below:

International Investment Securities – At Fair Value as of June 30, 2025					
(U.S. Dollars in Thousands)					
Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Australian Dollar	\$ 278,901	\$ 1,458	\$ 9,350	\$ 127,970	\$ 417,679
Brazilian Real	30,718	(1,266)	46	–	29,498
Canadian Dollar	529,104	1,392	1,280	269,098	800,874
Chilean Peso	888	–	11	–	899
Danish Krone	120,602	–	238	–	120,840
Egyptian Pound	20,196	–	–	–	20,196
Euro Currency	2,173,744	118,580	52,106	1,816,455	4,160,885
Hong Kong Dollar	261,180	–	655	49,773	311,608
Hungarian Forint	1,220	–	51	–	1,271
Indonesian Rupiah	27,968	–	633	–	28,601
Japanese Yen	1,168,536	12,839	7,574	20,397	1,209,346
Malaysian Ringgit	1,627	–	18	–	1,645
Mexican Peso	40,730	–	241	–	40,971
New Israeli Sheqel	32,556	–	75	–	32,631
New Taiwan Dollar	64,878	–	4	–	64,882
New Zealand Dollar	6,925	11,757	911	9,587	29,180
Norwegian Krone	67,416	–	141	–	67,557
Philippine Peso	1,676	–	10	–	1,686
Polish Zloty	5,359	–	136	–	5,495
Pound Sterling	814,972	25,442	15,402	252,282	1,108,098
Singapore Dollar	73,570	–	445	–	74,015
Sol	–	7,519	585	–	8,104
South African Rand	74,320	4,901	(457)	–	78,764
South Korean Won	102,892	–	277	–	103,169
Swedish Krona	139,742	–	578	–	140,320
Swiss Franc	466,535	–	1,972	6,528	475,035
Thailand Baht	12,473	–	–	–	12,473
Turkish Lira	1,460	–	–	–	1,460
UAE Dirham	36,984	–	–	–	36,984
Yuan Renminbi	22,109	–	211	–	22,320
Total foreign currency risk	6,579,281	182,622	92,493	2,552,090	9,406,486
Other holdings with potential exposure to foreign currency risk	5,555,633	1,317,531	–	2,117,965	8,991,129
<b>Total investments subject to foreign currency risk *</b>	<b>\$ 12,134,914</b>	<b>\$ 1,500,153</b>	<b>\$ 92,493</b>	<b>\$ 4,670,055</b>	<b>\$ 18,397,615</b>

(\*) Includes Derivatives

**International Investment Securities – At Fair Value as of June 30, 2024***(U.S. Dollars in Thousands)*

<b>Currency</b>	<b>Equity</b>	<b>Fixed Income</b>	<b>Cash</b>	<b>Alternative Investments</b>	<b>Total</b>
Australian Dollar	\$ 247,244	\$ —	\$ 5,688	\$ 130,164	\$ 383,096
Brazilian Real	7,860	(712)	157	—	7,305
Canadian Dollar	402,880	(217)	293	210,504	613,460
Czech Koruna	—	—	5	—	5
Danish Krone	167,642	—	278	—	167,920
Egyptian Pound	19,136	—	—	—	19,136
Euro Currency	1,679,203	80,921	14,295	1,607,252	3,381,671
Hong Kong Dollar	172,923	—	592	48,059	221,574
Hungarian Forint	882	—	33	—	915
Indonesian Rupiah	20,085	—	—	—	20,085
Japanese Yen	1,020,037	106	5,567	16,349	1,042,059
Mexican Peso	32,476	11,559	2,126	—	46,161
New Israeli Sheqel	20,796	—	76	—	20,872
New Taiwan Dollar	56,623	—	22	—	56,645
New Zealand Dollar	7,556	11,612	777	7,388	27,333
Norwegian Krone	55,621	—	204	—	55,825
Polish Zloty	—	(1,465)	2,531	—	1,066
Pound Sterling	660,359	26,951	9,831	262,649	959,790
Singapore Dollar	56,084	—	379	—	56,463
Sol	—	9,903	542	—	10,445
South African Rand	64,086	1,861	523	—	66,470
South Korean Won	111,267	—	24	—	111,291
Swedish Krona	130,406	—	164	—	130,570
Swiss Franc	424,497	—	102	5,077	429,676
Thailand Baht	8,503	—	—	—	8,503
Turkish Lira	2,979	—	33	—	3,012
UAE Dirham	22,306	—	—	—	22,306
Yuan Renminbi	14,267	—	—	—	14,267
Total foreign currency risk	5,405,718	140,519	44,242	2,287,442	7,877,921
Other holdings with potential of exposure to foreign currency risk	5,060,338	1,308,668	—	2,351,934	8,720,940
<b>Total investments subject to foreign currency risk *</b>	<b>\$ 10,466,056</b>	<b>\$ 1,449,187</b>	<b>\$ 44,242</b>	<b>\$ 4,639,376</b>	<b>\$ 16,598,861</b>

(\*) Includes Derivatives

The majority of foreign currency-denominated investments are in non-U.S. stocks.

The Agency has an overlay program to help minimize its currency risk.

Note: These schedules do not agree with the total international obligations and international equities as listed on the Statement of Fiduciary Net Position due to private and public partnerships or funds and American Depositary Receipts which are valued in U.S. dollars but classified as International.



## G. Securities Lending Transactions

The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. Deutsche Bank, pursuant to a written agreement, is permitted to lend long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan as of June 30, 2025 included long-term U.S. government obligations, domestic and international equities, as well as domestic and international debt obligations. At the initiation of a loan, borrowers are required to provide collateral amounts of 102 percent (domestic securities and foreign securities that are denominated in the same currency as the collateral provided by the counterparty) and 105 percent (foreign securities that are not denominated in the same currency as the collateral provided by the counterparty). In the event the collateral fair value falls below 100 percent for domestic securities and foreign securities that are denominated in the same currency as the collateral or 103 percent on foreign securities not denominated in the same currency as the collateral provided by the counterparty, the borrower is required to provide additional collateral to the original levels by the end of the next business day. Deutsche Bank is obligated to indemnify the client if there are any losses of securities, collateral or investments of the client in the Bank's custody arising out of or related to the negligence or dishonesty of the Bank.

The following table details the net income from securities lending for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Interest income	\$ 267,212	\$ 311,150
Less:		
Interest expense	244,312	287,921
Program fees	1,081	1,161
Expenses from securities lending	245,393	289,082
Net income from securities lending	\$ 21,819	\$ 22,068

The System maintains the right to terminate the securities lending transactions upon notice. The lending agent reinvests the cash collateral received on each loan utilizing indemnified repurchase agreements (repos). As of June 30, 2025, such repos had average days to maturity of 49.33 days. The System cannot pledge or sell collateral securities received unless (and until) a borrower defaults. At year-end, the System had no credit risk exposure to borrowers because the amount the System owed the borrowers exceeded the amount the borrowers owed the System. In October 2024, the System began investing a portion of its securities lending cash collateral through its internal portfolio management team. For the year ended June 30, 2025, these investments generated \$1.28 million in net income. The fair value of securities on loan and the fair value collateral held for the System as of June 30, 2025 (in thousands) was \$4,966,088 and \$5,074,047, respectively. The fair value of securities on loan and the fair value collateral held for the System as of June 30, 2024 (in thousands) was \$4,736,708 and \$4,848,015, respectively.

The following tables present the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2025 and 2024 (in thousands):

	As of June 30, 2025		
	Fair Value Loaned Securities	Collateral Fair Value	Percent Collateralized
<b>Securities Lent</b>			
<b>Lent for cash collateral</b>			
U.S. government and agency	\$ 3,422,120	\$ 3,493,775	102.1%
Domestic bond & equity	1,523,764	1,559,220	102.3%
International fixed	7,727	7,895	102.2%
International equity	12,477	13,157	105.5%
<b>Total securities lent</b>	<b>\$ 4,966,088</b>	<b>\$ 5,074,047</b>	<b>102.2%</b>

Securities Lent	As of June 30, 2024		
	Fair Value Loaned Securities	Collateral Fair Value	Percent Collateralized
Lent for cash collateral			
U.S. government and agency	\$ 3,331,025	\$ 3,408,514	102.3%
Domestic bond & equity	1,371,211	1,403,473	102.4%
International fixed	9,614	9,829	102.2%
International equity	24,858	26,199	105.4%
<b>Total securities lent</b>	<u>\$ 4,736,708</u>	<u>\$ 4,848,015</u>	102.3%

## H. Investments at Fair Value

The System follows the fair value measurement and disclosure guidance under U.S. GAAP, which establishes a hierarchical disclosure framework. This framework prioritizes and ranks the level of market price observability used in measuring investments at fair value. U.S. GAAP also allows investments to be valued at cost or net asset value (NAV).

Assets and liabilities measured at fair value are classified into one of the following categories:

Level 1 – Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities accessible on the measurement date.

Level 2 – Fair value is determined using quoted prices in inactive markets or significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly. These inputs may be derived principally from, or corroborated by, observable market data through correlation or by other means.

Level 3 – Fair value is determined using unobservable inputs, including situations where there is little market activity, if any, for the asset or liability.

The System had the following recurring fair value measurements as of June 30, 2025 and 2024:

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a combination of prevailing market prices and interest payments that are discounted at prevailing interest rates for similar instruments.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

As of June 30, 2025 and 2024, the System had the following recurring fair value measurements:

As of June 30, 2025	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level (expressed in millions)</b>				
<b>Debt securities</b>				
U.S. Government obligations	\$ 5,951	\$ 5,951	\$ –	\$ –
Domestic corporate obligations	2,815	–	2,815	–
International obligations	907	–	907	–
Emerging markets debt	809	–	809	–
Mortgages & mortgage related securities	2,168	–	–	2,168
Total debt securities	12,650	5,951	4,531	2,168
<b>Equity securities</b>				
Domestic stocks (includes REITs)	8,076	8,076	–	–
International stocks (includes REITs)	8,390	8,390	–	–
Total equity securities	16,466	16,466	–	–
<b>Alternative investments</b>	406	406	–	–
<b>Total investment by fair value level</b>	29,522	\$ 22,823	\$ 4,531	\$ 2,168
<b>Investment measured at the net asset value (NAV)</b>				
Equity Open-End Fund	7,200			
Real Estate Open-End Fund	5,202			
Private Funds (includes equity, real estate, credit, energy, infrastructure, timber)	23,437			
Multi-asset	294			
<b>Hedge funds</b>				
Equity long/short	1,080			
Event-driven	360			
Global Macro	863			
Relative Value	2,091			
Opportunistic	147			
<b>Total investment measured at the NAV</b>	40,674			
<b>Investment derivative instruments (liabilities)</b>				
Forwards	(20)	\$ –	\$ (20)	\$ –
Options	4	–	4	–
Swaps	17	–	17	–
Total investment derivative instruments	1	\$ –	\$ 1	\$ –
<b>Total*</b>	\$ 70,197			

(\*)Total Investments on the Statement of Fiduciary Net Position agrees to the total sum of \$70,197 on this table, \$5,074 of collateral for loaned securities, and \$20 of forwards contracts.

As of June 30, 2024	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level (expressed in millions)</b>				
<b>Debt securities</b>				
U.S. Government obligations	\$ 5,901	\$ 5,901	\$ —	\$ —
Domestic corporate obligations	2,790	—	2,790	—
International obligations	976	—	976	—
Emerging markets debt	730	—	730	—
Mortgages & mortgage related securities	1,953	—	—	1,953
<b>Total debt securities</b>	<b>12,350</b>	<b>5,901</b>	<b>4,496</b>	<b>1,953</b>
<b>Equity securities</b>				
Domestic stocks (includes REITs)	7,107	7,107	—	—
International stocks (includes REITs)	6,848	6,848	—	—
<b>Total equity securities</b>	<b>13,955</b>	<b>13,955</b>	<b>—</b>	<b>—</b>
<b>Alternative investment</b>	<b>393</b>	<b>393</b>	<b>—</b>	<b>—</b>
<b>Total investment by fair value level</b>	<b>26,698</b>	<b>\$ 20,249</b>	<b>\$ 4,496</b>	<b>\$ 1,953</b>
<b>Investment measured at the net asset value (NAV)</b>				
Equity Open-End Fund	6,821			
Private funds (includes equity, real estate, credit, energy, infrastructure and timber)	22,309			
Real estate-open ended	4,814			
Multi-asset	258			
<b>Hedge funds</b>				
Equity long/short	1,150			
Event-driven	497			
Global macro	990			
Relative Value	2,064			
Opportunistic	153			
<b>Total investment measured at the NAV</b>	<b>39,056</b>			
<b>Investment derivative instruments (liabilities)</b>				
Forwards	18	\$ —	\$ 18	\$ —
Options	1	—	1	—
Swaps	8	—	8	—
<b>Total investment derivative instruments</b>	<b>27</b>	<b>\$ —</b>	<b>\$ 27</b>	<b>\$ —</b>
<b>*Total</b>	<b>\$ 65,781</b>			

(\*) Total Investments on the Statement of Fiduciary Net Position agrees to the total sum of \$65,781 on this table, \$4,848 of collateral for loaned securities, and -\$18 of forwards contracts.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table (in millions):

	As of June 30, 2025				As of June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>Private funds (includes equity, energy, credit, infrastructure, timber, commodity and real estate) (1)</b>	\$ 23,437	\$ 9,606	Illiquid	Illiquid	\$ 22,309	\$ 10,491	Illiquid	Illiquid
<b>Real estate open-end fund (3)</b>	5,202	–	Quarterly	45 - 90 days	4,814	–	Quarterly	45 - 90 days
<b>Equity open-end fund (2)</b>	3,654	–	Daily	1 day	3,662	–	Daily	1 day
	2,726	–	Monthly	5 - 30 days	2,491	–	Monthly	5 - 30 days
	820	–	Triennially	150 days	668	–	Triennially	150 days
<b>Multi-asset (9)</b>	294	–	Monthly	5 days	258	–	Monthly	5 days
<b>Hedge Funds</b>								
<b>Equity long/short (5)</b>	988	–	Monthly	30 - 45 days	914	–	Monthly	30 - 45 days
	92	–	Quarterly	60 days	236	–	Quarterly	60 days
<b>Event-driven (6)</b>	89	–	N/A	Liquidating	110	–	Quarterly	15 days
	203	–	N/A	Liquidating	246	–	Quarterly	60 - 65 days
	–	–	N/A	Liquidating	11	–	Quarterly	90 days
	51	–	N/A	Liquidating	105	–	Quarterly	120 days +
	17	–	N/A	Liquidating	25	–	N/A	Liquidating
<b>Global macro (4)</b>	417	–	Monthly	5 - 30 days	305	–	Monthly	5 - 30 days
	446	–	Monthly	60 - 90 days	585	–	Monthly	60 - 90 days
	–	–	Quarterly	60 - 90 days	100	–	Quarterly	60 - 90 days
<b>Relative value (7)</b>	151	–	Monthly	30 days	161	–	Monthly	30 days
	231	–	Monthly	90 days	209	–	Monthly	90 days
	582	–	Quarterly	30 days	542	–	Quarterly	30 days
	1,127	–	Quarterly	45 - 90 days	1,152	–	Quarterly	45 - 90 days
<b>Opportunistic (8)</b>	146	–	N/A	Liquidating	152	–	Quarterly	90 days
	1	–	N/A	Liquidating	1	–	Semi Annual	90 - 120 days
	<u>\$ 40,674</u>	<u>\$ 9,606</u>			<u>\$ 39,056</u>	<u>\$ 10,491</u>		

(1) *Private funds (includes equity, real estate, credit, energy, infrastructure, commodities, and timber): This type includes 427 Global private funds, which cannot be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. These funds are valued-based on individual audited financial statements and assumptions used by fund managers.*

(2) *Equity Open-End Fund: This type includes investments in institutional investment funds, which invest in 1 international developing equity, 6 emerging market equities, and 3 domestic equities. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. Nine funds have a 1 to 30 days liquidity structure and one fund is redeemable in five months with triennial redemption restrictions.*

(3) *Real estate-open ended: This type includes 10 domestic open-ended real estate funds, which can be liquidated. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets.*

- (4) *Global macro: This category includes 4 hedge funds that invest in over 100 financial markets. The funds are diversified and take long, short and spread positions. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. These assets have a liquidity structure which ranges from 5 to 60 days.*
- (5) *Equity long/short: This type includes investments in 2 hedge funds that invest both long and short primarily in U.S. common stocks. Management of each hedge fund has the ability to shift investment from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. One fund is in liquidation, while the other requires a 30-day notice for monthly redemption proceeds.*
- (6) *Event-driven: This type includes 4 investments of which 1 is a credit hedge fund. This fund invests in equities and bonds of companies and governments at risk of or in the process of reorganizing to profit from economic, political, corporate and government-driven events. The other 3 funds are focused on merger arbitrage and assets across the capital structure. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. The funds have a 15 to 120+ days liquidity structure. All funds are currently in liquidation.*
- (7) *Relative value: This category includes 9 hedge funds with a liquidity structure between 30 and 90 days. Additionally, the category includes one drawdown-style fund with a discrete fund life. These funds invest in a wide range of strategies. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. Two funds are currently in liquidation.*
- (8) *Opportunistic: Currently there are 3 hedge funds in this category, which invest in re-insurance for catastrophe risk (mostly hurricane and earthquake). The funds have a quarterly redemption with a 90-day notice. The fair value of these funds has been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. All funds are currently in liquidation.*
- (9) *Multi-asset: This category includes 1 diversified fund. The fair value of the fund within this type has been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets.*

#### 4. DERIVATIVES

In conjunction with the responsibility for implementing the Board's asset allocation strategy, the Chief Investment Officer hires external investment managers or assigns responsibility to managers employed by the Agency. These managers may use derivatives to manage the asset allocation, rebalance the portfolio, equitize cash balances, hedge or manage exposures, or to implement tactical positions. The System invested in swaps, futures, options, forwards, and rights and warrants that are either exchange-traded or over-the-counter instruments. Each investment manager's guidelines outline the permissible use of derivatives, which is monitored by internal staff to ensure compliance. The use of derivatives is permitted to the extent that it does not materially alter total portfolio volatility relative to its benchmark and with reference to variance permitted by guideline. The manager is responsible for collateral management and derivatives must be collateralized with cash, cash equivalents, or current portfolio security holdings.

In addition, the System has exposure to derivatives through the ownership interests in commingled funds. These funds may hold derivatives in the fund and the System does not have control over the investment policy or guidelines of such funds. However, the risk associated with derivative instruments is limited to the capital contributed to the fund.

##### List of Derivatives Aggregated by Investment Type – At Fair Value as of June 30, 2025

(in Thousands)

Derivative Instruments	Changes in Fair Value (4)		Fair Value at June 30, 2025		
	Classification	Amount (1)	Classification	Amount (2)	Notional (3)
Commodity Futures Long	Investment Revenue	\$ (7,186)	Futures	\$ –	\$ 554
Credit Default Swaps Written	Investment Revenue	983	Swaps	1,780	54,895
Fixed Income Futures Long	Investment Revenue	(47,196)	Futures	–	6,147,996
Fixed Income Futures Short	Investment Revenue	3,471	Futures	–	(503,597)
Fixed Income Options Bought	Investment Revenue	(1,422)	Options	3,524	377,600
Fixed Income Options Written	Investment Revenue	2,692	Options	(343)	(722,439)
Foreign Currency Futures Short	Investment Revenue	601	Futures	–	–
Foreign Currency Options Bought	Investment Revenue	(348)	Options	–	–
Foreign Currency Options Written	Investment Revenue	375	Options	–	–
Futures Options Bought	Investment Revenue	121	Options	547	1,360
Futures Options Written	Investment Revenue	870	Options	(42)	(142)
FX Forwards	Investment Revenue	(27,673)	Long Term Instruments	(20,530)	11,950,045
Index Futures Long	Investment Revenue	223,193	Futures	–	892
Index Futures Short	Investment Revenue	(52,603)	Futures	–	(646)
Pay Fixed Interest Rate Swaps	Investment Revenue	2,064	Swaps	16,800	317,168
Receive Fixed Interest Rate Swaps	Investment Revenue	3,515	Swaps	(1,403)	700,668
Rights	Investment Revenue	78	Common Stock	–	–
Total Return Swaps Equity	Investment Revenue	73	Swaps	–	–
Warrants	Investment Revenue	–	Common Stock	6	14
<b>Total</b>		<b>\$ 101,608</b>		<b>\$ 339</b>	

**List of Derivatives Aggregated by Investment Type – At Fair Value as of June 30, 2024***(in Thousands)*

Derivative Instruments	Changes in Fair Value (4)		Fair Value at June 30, 2024		
	Classification	Amount (1)	Classification	Amount (2)	Notional (3)
Commodity Futures Long	Investment Revenue	\$ 19,053	Futures	\$ –	\$ 8,892
Commodity Futures Short	Investment Revenue	(1,114)	Futures	–	–
Credit Default Swaps Written	Investment Revenue	686	Swaps	1,722	51,692
Fixed Income Futures Long	Investment Revenue	(282,990)	Futures	–	4,844,656
Fixed Income Futures Short	Investment Revenue	9,079	Futures	–	(250,843)
Fixed Income Options Bought	Investment Revenue	625	Options	107	150,581
Fixed Income Options Written	Investment Revenue	2,611	Options	(221)	(92,185)
Foreign Currency Futures Short	Investment Revenue	76	Futures	–	(18,000)
Foreign Currency Options Bought	Investment Revenue	319	Options	364	8,000
Foreign Currency Options Written	Investment Revenue	(332)	Options	(362)	(16,000)
Futures Options Bought	Investment Revenue	(939)	Options	8	50
Futures Options Written	Investment Revenue	4,282	Futures	(377)	(167)
FX Forwards	Investment Revenue	19,726	Long Term Instruments	17,811	5,736,248
Index Futures Long	Investment Revenue	271,607	Futures	–	890
Index Futures Short	Investment Revenue	(58,023)	Futures	–	(627)
Index Options Written	Investment Revenue	192	Options	–	–
Pay Fixed Interest Rate Swaps	Investment Revenue	9,303	Swaps	18,108	320,127
Receive Fixed Interest Rate Swaps	Investment Revenue	455	Swaps	(11,816)	453,320
Rights	Investment Revenue	(1,234)	Common Stock	64	67
Warrants	Investment Revenue	–	Common Stock	76	159
<b>Total</b>		<u><u>\$ (6,618)</u></u>		<u><u>\$ 25,484</u></u>	

Note: Includes assets invested on behalf of the Mass Transit Administration.

(1) Negative values (in brackets) refer to unrealized losses

(2) Negative values (in brackets) refer to liabilities included in accounts payable and accrued expenses on the Statement of Fiduciary Net Position

(3) Notional may be a dollar amount or size or underlying for futures and options, negative values (in brackets) refer to short positions

(4) Changes in fair value excludes futures margin payments

**A. Credit Risk**

The use of derivatives exposes the System to credit and counterparty risk due to the risk of counterparties failing to meet the terms of the derivative contracts. To minimize its exposure to losses related to credit and counterparty risk, the external investment managers use counterparty collateral in their non-exchange-traded derivative instruments and monitor the credit worthiness of the counterparties. Netting arrangements are also used when entering into more than one derivative instrument transaction with a counterparty.

The aggregate fair value of derivative instruments with credit exposure at June 30, 2025 and 2024, was \$297,601 and \$142,674 (in thousands), respectively. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform. The maximum loss would, however, be reduced by the counterparty collateral and the liabilities included in netting arrangements with counterparties.



### Counterparty Credit Ratings

The following table lists the counterparty credit ratings of non-exchange traded investment derivative instruments outstanding and may be subject to loss per the ratings issued by S&P Global (S&P), Moody's and Fitch. The aggregate fair value (in thousands) of investment derivative instruments subject to counterparty credit risk as of June 30, 2025 and 2024, is shown below:

As of June 30, 2025					
Fair Value	S&P Rating	Fair Value	Moody's Rating	Fair Value	Fitch Rating
\$ 103,580	AA-	\$ –	Aa1	\$ 8,111	AA
56,414	A+	36,069	Aa2	167,940	AA-
57,480	A	61,884	Aa3	121,171	A+
62,261	A-	124,072	A1	153	A
17,866	BBB+	13,824	A2	226	A-
–	NR	61,752	A3	–	BBB+
–		–	NR	–	NR
<u>\$ 297,601</u>	<u>(1)</u>	<u>\$ 297,601</u>	<u>(1)</u>	<u>\$ 297,601</u>	<u>(1)</u>

  

As of June 30, 2024					
Fair Value	S&P Rating	Fair Value	Moody's Rating	Fair Value	Fitch Rating
\$ 34,682	AA-	\$ 33	Aa1	\$ 570	AA
30,640	A+	27,370	Aa2	68,659	AA-
33,424	A	23,011	Aa3	73,399	A+
35,252	A-	56,967	A1	40	A
8,676	BBB+	42	A2	6	A-
–	NR	35,251	A3	–	BBB+
–		–	NR	–	NR
<u>\$ 142,674</u>	<u>(1)</u>	<u>\$ 142,674</u>	<u>(1)</u>	<u>\$ 142,674</u>	<u>(1)</u>

(1) Total Aggregate Fair Value

### Risk Concentrations

The following table lists the counterparty risk concentration and credit ratings per ratings of Standard & Poor's (S&P), Moody's and Fitch as of June 30, 2025:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
ROYAL BANK OF CANADA (UK)	23.9%	AA-	AA-	A1
HSBC BANK PLC	20.8%	A-	A+	A3
BNP PARIBAS	11.5%	A+	A+	A1
STATE STREET BANK LONDON	9.9%	A	AA-	Aa3
THE BANK OF NEW YORK MELLON	9.3%	A	AA-	Aa3
WESTPAC BANKING CORPORATION	8.5%	AA-	AA-	Aa2
TORONTO DOMINION BANK	4.6%	A+	AA-	A2
WELLS FARGO CME	3.6%	BBB+	A+	A1
JPMORGAN CHASE BANK NA LONDON	2.4%	AA-	AA	Aa2
WELLS FARGO LCH	1.9%	BBB+	A+	A1
CITIBANK N.A.	1.6%	A+	A+	Aa3
UBS AG	0.7%	A+	A+	Aa2

**Risk Concentrations (continued)**

<b>Counterparty Name</b>	<b>Percentage of Net Exposure</b>	<b>S&amp;P Rating</b>	<b>Fitch Rating</b>	<b>Moody's Rating</b>
WELLS FARGO ICE	0.5%	BBB+	A+	A1
BANK OF AMERICA N.A.	0.3%	A+	AA	Aa2
WELLS FARGO BANK NA	0.2%	A+	AA-	Aa2
MORGAN STANLEY CME	0.1%	A-	A+	A1
DEUTSCHE BANK AG	0.1%	A	A-	A1
BARCLAYS BANK PLC WHOLESALE	0.1%	A+	A+	A1
GOLDMAN SACHS BANK USA	0.1%	BBB+	A	A2

The following table lists the counterparty risk concentration and credit ratings per ratings of Standard & Poor's (S&P), Moody's and Fitch as of June 30, 2024:

<b>Counterparty Name</b>	<b>Percentage of Net Exposure</b>	<b>S&amp;P Rating</b>	<b>Fitch Rating</b>	<b>Moody's Rating</b>
HSBC BANKPLC	24.7%	A-	A+	A3
STATE STREET BANK LONDON	14.5%	A	AA-	A1
WESTPAC BANKING CORPORATION	13.9%	AA-	AA-	Aa2
BNP PARIBAS SA	11.4%	A+	A+	Aa3
THE BANK OF NEW YORK MELLON	8.9%	A	AA-	A1
ROYAL BANK OF CANADA (UK)	7.9%	AA-	AA-	A1
CITIBANK N.A.	4.7%	A+	A+	Aa3
UBS AG	4.5%	A+	A+	Aa2
WELLS FARGO LCH	4.1%	BBB+	A+	A1
TORONTO DOMINION BANK	2.5%	AA-	AA-	A1
WELLS FARGO CME	1.3%	BBB+	A+	A1
WELLS FARGO ICE	0.7%	BBB+	A+	A1
WELLS FARGO BANK NA	0.4%	A+	AA-	Aa2
JPMORGAN CHASE BANK, N.A.	0.3%	A+	AA	Aa2

**B. Interest Rate Risk**

During fiscal year 2025, the Agency was exposed to interest rate risk. For more details, refer to the Interest Rate Risk Note 3.D.

**C. Foreign Currency Risk**

The System's derivatives exposed it to foreign currency risk. For more details refer to the Foreign Currency Risk Note 3.F.

## 5. CONTRIBUTIONS

The State Personnel and Pensions Article requires both active members and their respective employers to make contributions to the System. Rates for required contributions by active members are established by law. Members of the Teachers' and Employees' Retirement Systems are required to contribute 7% or 5% of earnable compensation depending upon the retirement option selected. Members of the State Police and Judges' Retirement Systems are required to contribute 8% of earnable compensation. Members of the Law Enforcement Officers' Pension System are required to contribute 7% of earnable compensation. Members of the Teachers' and Employees' Pension System, Alternate Contributory Pension Selection (ACPS), are required to contribute 7% of earnable compensation.

However, members of the Employees' Pension System who are employed by a participating governmental unit that elected to remain in the Contributory Pension System are required to contribute 2% of earnable compensation. The members of the Employees' Pension System who are employed by participating governmental units who elected to remain in the Non-Contributory Pension System are only required to contribute 5% of earnable compensation in excess of the social security taxable wage base.

Contribution rates for employer and other "non-employer" contributing entities are established by annual actuarial valuations using the Individual Entry Age Normal Cost method with projection and other actuarial assumptions adopted by the Board of Trustees. These contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability.

The General Assembly passed legislation in 2023 that amended how the unfunded liabilities of the System are amortized. The existing unfunded liability as of June 30, 2023 for each State System will continue to be amortized over a single closed 25-year period ending June 30, 2039. Beginning July 1, 2023, any new unfunded liabilities or surpluses that accrued during the preceding fiscal year are amortized over 10-25 year layers.

Members of the State Police Retirement System (SPRS) and Law Enforcement Officers' Pension System (LEOPS) are eligible to participate in a Deferred Retirement Option Program (DROP). For members who enter the DROP on or after July 1, 2011, the member is deemed retired and the retirement allowance is placed in an account earning 4% interest per year, compounded annually. At the end of the DROP period, the lump sum held in the DROP account is paid to the retiree. The SPRS and LEOPS members must end employment and fully retire at the end of the DROP period. The maximum period of participation is 7 years for SPRS and 7 years for LEOPS. The amount of funds held in the DROP as of June 30, 2025 and 2024, was \$55,934,753 and \$40,932,782, respectively.

The State of Maryland (which is also a non-employer contributor to the Teachers' Retirement and Pension Systems and the Judges' Retirement System), the Maryland Automobile Insurance Fund, the Injured Workers' Insurance Fund, and more than 150 participating governmental units make all of the employer and other (non-employer) contributions to the System.

## 6. REFUNDS

Member contributions plus interest may be refunded to a member who withdraws from the System, or to the designated beneficiary following a member's death. Employer contributions may also be refunded with interest to any participating governmental unit electing to withdraw from the System. For the fiscal years ended June 30, 2025 and 2024, refunds to members and withdrawing employers were \$116,361 and \$107,308 (expressed in thousands), respectively.

## 7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2025 and 2024, accounts payable and accrued expenses consisted of the following components (expressed in thousands):

	2025	2024
Administrative expenses	\$ 5,558	\$ 10,890
Investment management fees	14,675	13,701
Tax and other withholdings	49,583	46,785
<b>Total</b>	<b>\$ 69,816</b>	<b>\$ 71,376</b>

## 8. NET PENSION LIABILITY

The components of the net pension liability of the participating employers as of June 30, 2025 and 2024, were as follows:

(expressed in thousands)

	2025	2024
Total Pension Liability (TPL)	\$ 98,946,595	\$ 94,214,144
Plan Fiduciary Net Position	73,240,774	67,909,708
Net Pension Liability	\$ 25,705,821	\$ 26,304,436
Ratio - Fiduciary Net Position/TPL	74.02%	72.08%

### A. Actuarial Assumptions

Inflation	2.5% general, 3% wage.
Salary Increases	3% to 22.5%.
Investment Rate of Return	6.80%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 experience study for the period July 1, 2018 to June 30, 2023.
Mortality	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 fully generational mortality Improvements scale for males and females.

### B. Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and 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. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary.

For each major asset class that is included in the System's target asset allocation as of June 30, 2025 and 2024, these best estimates are summarized in the following table:

2025			2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.0%	5.9%	Public Equity	34.0%	6.0%
Private Equity	16.0%	8.5%	Private Equity	16.0%	8.5%
Rate Sensitive	20.0%	3.0%	Rate Sensitive	20.0%	2.4%
Credit Opportunity	9.0%	5.4%	Credit Opportunity	9.0%	5.4%
Real Assets	15.0%	5.9%	Real Assets	15.0%	5.5%
Absolute Return	6.0%	3.8%	Absolute Return	6.0%	3.9%
<b>Total</b>	<b>100.0%</b>		<b>Total</b>	<b>100.0%</b>	

The above was the Board of Trustees' adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2025 and 2024.

For the years ended June 30, 2025 and 2024, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 9.83% and 6.89%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### C. Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of June 30, 2025 and 2024. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% as of June 30, 2025 and 2024. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

### D. Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the system's net pension liability, calculated using a single discount rate of 6.80%, as well as what the system's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher as of June 30, 2025:

(Expressed in thousands)

System	1% Decrease to 5.80%	Discount Rate 6.80%	1% Increase to 7.80%
Teachers	\$ 20,891,592	\$ 13,402,908	\$ 7,174,422
Employees	14,501,974	10,328,801	6,824,511
State Police	1,504,454	1,074,951	726,196
Judges	219,507	137,541	67,602
LEOPS	1,102,349	761,620	482,564
<b>Total System Net Pension Liability</b>	<b>\$ 38,219,876</b>	<b>\$ 25,705,821</b>	<b>\$ 15,275,295</b>

The following presents the system's net pension liability, calculated using a single discount rate of 6.80%, as well as what the system's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher as of June 30, 2024:

(Expressed in thousands)

System	1% Decrease to 5.80%	Discount Rate 6.80%	1% Increase to 7.80%
Teachers	\$ 20,804,414	\$ 13,669,635	\$ 7,735,653
Employees	14,624,477	10,640,348	7,294,195
State Police	1,493,487	1,083,794	750,718
Judges	214,536	137,158	71,138
LEOPS	1,092,504	773,501	512,419
<b>Total System Net Pension Liability</b>	<b>\$ 38,229,418</b>	<b>\$ 26,304,436</b>	<b>\$ 16,364,123</b>

## REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT  
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	\$ 1,153,053	\$ 734,330	\$ 58,825
Interest	3,664,242	2,225,839	202,874
Changes of benefit terms	—	—	—
Difference between expected and actual experience	954,645	584,762	62,061
Changes in assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(2,991,732)	(1,968,567)	(160,108)
Net change in total pension liability	2,780,208	1,576,364	163,652
Total pension liability, beginning of year	54,790,125	33,339,895	3,033,248
Total pension liability, end of year (a)	<u>\$ 57,570,333</u>	<u>\$ 34,916,259</u>	<u>\$ 3,196,900</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,429,515	\$ 1,241,195	\$ 130,757
Contributions - members	671,715	422,424	11,914
Net investment income	3,975,544	2,212,907	190,101
Benefit payments, including refunds and administrative expenses	(3,024,938)	(1,992,363)	(160,501)
Net transfer	(4,901)	3,748	224
Net change in plan fiduciary net position	3,046,935	1,887,911	172,495
Plan fiduciary net position - beginning of year	41,120,490	22,699,547	1,949,454
Plan fiduciary net position - end of year (b)	<u>\$ 44,167,425</u>	<u>\$ 24,587,458</u>	<u>\$ 2,121,949</u>
Employer net pension liability (a) - (b)	<u>\$ 13,402,908</u>	<u>\$ 10,328,801</u>	<u>\$ 1,074,951</u>

# **AND PENSION SYSTEM** **EMPLOYERS' NET PENSION LIABILITY**

June 30, 2025

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 25,130	\$ 72,159	\$ 2,043,497
49,919	155,577	6,298,451
—	—	—
18,631	46,805	1,666,904
—	—	—
(49,376)	(106,618)	(5,276,401)
44,304	167,923	4,732,451
746,026	2,304,850	94,214,144
<u>\$ 790,330</u>	<u>\$ 2,472,773</u>	<u>\$ 98,946,595</u>
\$ 29,998	\$ 115,989	\$ 2,947,454
4,389	19,576	1,130,018
59,008	150,773	6,588,333
(49,472)	(107,465)	(5,334,739)
(2)	931	—
43,921	179,804	5,331,066
608,868	1,531,349	67,909,708
<u>\$ 652,789</u>	<u>\$ 1,711,153</u>	<u>\$ 73,240,774</u>
<u>\$ 137,541</u>	<u>\$ 761,620</u>	<u>\$ 25,705,821</u>

## REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT  
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	\$ 1,088,641	\$ 647,073	\$ 50,556
Interest	3,430,054	2,072,222	182,813
Changes of benefit terms	—	—	—
Difference between expected and actual experience	1,217,979	1,062,320	175,422
Changes in assumptions	594,822	353,113	39,446
Benefit payments, including refunds of employee contributions	(2,849,095)	(1,870,214)	(154,569)
Net change in total pension liability	3,482,401	2,264,514	293,668
Total pension liability, beginning of year	51,307,724	31,075,381	2,739,580
Total pension liability, end of year (a)	<u>\$ 54,790,125</u>	<u>\$ 33,339,895</u>	<u>\$ 3,033,248</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,272,405	\$ 1,099,639	\$ 115,333
Contributions - members	636,103	385,842	11,393
Net investment income	2,675,562	1,477,788	126,485
Benefit payments, including refunds and administrative expenses	(2,878,851)	(1,890,393)	(154,879)
Net transfer	(5,962)	4,317	75
Net change in plan fiduciary net position	1,699,257	1,077,193	98,407
Plan fiduciary net position - beginning of year	39,421,233	21,622,354	1,851,047
Plan fiduciary net position - end of year (b)	<u>\$ 41,120,490</u>	<u>\$ 22,699,547</u>	<u>\$ 1,949,454</u>
Employer net pension liability (a) - (b)	<u>\$ 13,669,635</u>	<u>\$ 10,640,348</u>	<u>\$ 1,083,794</u>



## AND PENSION SYSTEM

### EMPLOYERS' NET PENSION LIABILITY

June 30, 2024

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 24,099	\$ 66,836	\$ 1,877,205
46,210	142,261	5,873,560
68	—	68
25,935	77,362	2,559,018
5,429	11,932	1,004,742
(46,086)	(103,769)	(5,023,733)
55,655	194,622	6,290,860
690,371	2,110,228	87,923,284
<u>\$ 746,026</u>	<u>\$ 2,304,850</u>	<u>\$ 94,214,144</u>
\$ 26,085	\$ 104,854	\$ 2,618,316
4,255	18,580	1,056,173
39,813	97,127	4,416,775
(46,162)	(104,244)	(5,074,529)
(31)	1,601	—
23,960	117,918	3,016,735
584,908	1,413,431	64,892,973
<u>\$ 608,868</u>	<u>\$ 1,531,349</u>	<u>\$ 67,909,708</u>
<u>\$ 137,158</u>	<u>\$ 773,501</u>	<u>\$ 26,304,436</u>

## REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT  
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
Total pension liability			
Service cost	\$ 1,019,621	\$ 586,870	\$ 48,894
Interest	3,291,757	1,991,421	173,872
Changes of benefit terms	—	—	(2,475)
Difference between expected and actual experience	462,643	399,337	59,413
Changes in assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(2,701,693)	(1,769,402)	(143,691)
Net change in total pension liability	2,072,328	1,208,226	136,013
Total pension liability, beginning of year	49,235,396	29,867,155	2,603,567
Total pension liability, end of year (a)	<u>\$ 51,307,724</u>	<u>\$ 31,075,381</u>	<u>\$ 2,739,580</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,228,568	\$ 985,126	\$ 106,966
Contributions - members	588,395	343,720	10,776
Net investment income	1,204,663	658,279	56,353
Benefit payments, including refunds and administrative expenses	(2,727,551)	(1,788,454)	(144,017)
Net transfer	978	(5,051)	206
Net change in plan fiduciary net position	295,053	193,620	30,284
Plan fiduciary net position - beginning of year	39,126,180	21,428,734	1,820,763
Plan fiduciary net position - end of year (b)	<u>\$ 39,421,233</u>	<u>\$ 21,622,354</u>	<u>\$ 1,851,047</u>
Employer net pension liability (a) - (b)	<u>\$ 11,886,491</u>	<u>\$ 9,453,027</u>	<u>\$ 888,533</u>

# **AND PENSION SYSTEM** **EMPLOYERS' NET PENSION LIABILITY**

June 30, 2023

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 23,026	\$ 60,798	\$ 1,739,209
43,224	132,606	5,632,880
—	(2,634)	(5,109)
21,695	48,593	991,681
—	—	—
(43,076)	(97,038)	(4,754,900)
44,869	142,325	3,603,761
645,502	1,967,903	84,319,523
<u>\$ 690,371</u>	<u>\$ 2,110,228</u>	<u>\$ 87,923,284</u>
\$ 23,675	\$ 94,582	\$ 2,438,917
3,947	16,864	963,702
17,901	43,081	1,980,277
(43,152)	(97,740)	(4,800,914)
(5)	3,871	(1)
2,366	60,658	581,981
582,542	1,352,773	64,310,992
<u>\$ 584,908</u>	<u>\$ 1,413,431</u>	<u>\$ 64,892,973</u>
<u>\$ 105,463</u>	<u>\$ 696,797</u>	<u>\$ 23,030,311</u>

## REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT  
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
Total pension liability			
Service cost	\$ 964,482	\$ 521,702	\$ 43,951
Interest	3,221,143	1,961,621	169,184
Changes of benefit terms	—	—	—
Difference between expected and actual experience	(549,388)	(357,873)	(6,649)
Changes in assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(2,550,604)	(1,670,739)	(136,375)
Net change in total pension liability	1,085,633	454,711	70,111
Total pension liability, beginning of year	48,149,763	29,412,444	2,533,456
Total pension liability, end of year (a)	<u>\$ 49,235,396</u>	<u>\$ 29,867,155</u>	<u>\$ 2,603,567</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,202,102	\$ 880,672	\$ 95,453
Contributions - members	554,537	311,851	9,843
Net investment income	(1,179,567)	(648,324)	(55,120)
Benefit payments, including refunds and administrative expenses	(2,574,104)	(1,688,310)	(136,676)
Net transfer	2,431	(4,643)	36
Net change in plan fiduciary net position	(1,994,601)	(1,148,754)	(86,464)
Plan fiduciary net position - beginning of year	41,120,781	22,577,488	1,907,227
Plan fiduciary net position - end of year (b)	<u>\$ 39,126,180</u>	<u>\$ 21,428,734</u>	<u>\$ 1,820,763</u>
Employer net pension liability (a) - (b)	<u>\$ 10,109,216</u>	<u>\$ 8,438,421</u>	<u>\$ 782,804</u>

# **AND PENSION SYSTEM** **EMPLOYERS' NET PENSION LIABILITY**

June 30, 2022

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 21,094	\$ 53,741	\$ 1,604,970
42,059	126,915	5,520,922
—	—	—
(5,498)	(7,880)	(927,288)
—	—	—
(39,934)	(88,234)	(4,485,886)
17,721	84,542	1,712,718
627,781	1,883,361	82,606,805
<u>\$ 645,502</u>	<u>\$ 1,967,903</u>	<u>\$ 84,319,523</u>
\$ 22,816	\$ 81,260	\$ 2,282,303
3,643	14,393	894,267
(17,502)	(41,620)	(1,942,133)
(40,004)	(88,852)	(4,527,946)
(71)	2,247	—
(31,118)	(32,572)	(3,293,509)
613,660	1,385,345	67,604,501
<u>\$ 582,542</u>	<u>\$ 1,352,773</u>	<u>\$ 64,310,992</u>
<u>\$ 62,960</u>	<u>\$ 615,130</u>	<u>\$ 20,008,531</u>

## REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT  
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
Total pension liability			
Service cost	\$ 858,844	\$ 467,800	\$ 38,774
Interest	3,270,336	1,996,318	172,521
Changes of benefit terms	—	—	—
Difference between expected and actual experience	(563,443)	(183,991)	(17,273)
Changes in assumptions	2,065,188	1,199,460	96,021
Benefit payments, including refunds of employee contributions	(2,462,312)	(1,600,822)	(135,414)
Net change in total pension liability	3,168,613	1,878,765	154,629
Total pension liability, beginning of year	44,981,150	27,533,679	2,378,827
Total pension liability, end of year (a)	<u>\$ 48,149,763</u>	<u>\$ 29,412,444</u>	<u>\$ 2,533,456</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,153,208	\$ 856,219	\$ 93,651
Contributions - members	531,931	307,068	9,432
Net investment income	8,699,680	4,795,405	403,734
Benefit payments, including refunds and administrative expenses	(2,485,957)	(1,624,910)	(135,711)
Net transfer	6,907	(7,126)	—
Net change in plan fiduciary net position	7,905,769	4,326,656	371,106
Plan fiduciary net position - beginning of year	33,215,012	18,250,832	1,536,121
Plan fiduciary net position - end of year (b)	<u>\$ 41,120,781</u>	<u>\$ 22,577,488</u>	<u>\$ 1,907,227</u>
Employer net pension liability (a) - (b)	<u>\$ 7,028,982</u>	<u>\$ 6,834,956</u>	<u>\$ 626,229</u>

**AND PENSION SYSTEM****EMPLOYERS' NET PENSION LIABILITY**

June 30, 2021

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 19,538	\$ 46,320	\$ 1,431,276
42,566	125,229	5,606,970
—	—	—
5,450	(10,113)	(769,370)
13,876	93,808	3,468,353
(37,874)	(81,399)	(4,317,821)
43,556	173,845	5,419,408
584,225	1,709,516	77,187,397
<u>\$ 627,781</u>	<u>\$ 1,883,361</u>	<u>\$ 82,606,805</u>
\$ 21,277	\$ 79,168	\$ 2,203,523
3,595	13,714	865,740
129,884	287,059	14,315,762
(37,944)	(82,039)	(4,366,561)
—	219	—
116,812	298,121	13,018,464
496,848	1,087,224	54,586,037
<u>\$ 613,660</u>	<u>\$ 1,385,345</u>	<u>\$ 67,604,501</u>
<u>\$ 14,121</u>	<u>\$ 498,016</u>	<u>\$ 15,002,304</u>

## REQUIRED SUPPLEMENTARY INFORMATION

## MARYLAND STATE RETIREMENT

## SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
Total pension liability			
Service cost	\$ 848,894	\$ 469,984	\$ 38,359
Interest	3,162,069	1,930,920	165,786
Changes of benefit terms	—	—	(50)
Difference between expected and actual experience	(125,435)	54,646	18,073
Changes in assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(2,393,609)	(1,541,672)	(127,446)
Net change in total pension liability	1,491,919	913,878	94,722
Total pension liability, beginning of year	43,489,231	26,619,801	2,284,105
Total pension liability, end of year (a)	<u>\$ 44,981,150</u>	<u>\$ 27,533,679</u>	<u>\$ 2,378,827</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,170,248	\$ 788,853	\$ 91,390
Contributions - members	499,884	324,162	9,277
Net investment income	1,133,679	627,106	52,800
Benefit payments, including refunds and administrative expenses	(2,416,468)	(1,559,154)	(127,736)
Net transfer	24,744	(25,535)	62
Net change in plan fiduciary net position	412,087	155,432	25,793
Plan fiduciary net position - beginning of year	32,802,925	18,095,400	1,510,328
Plan fiduciary net position - end of year (b)	<u>\$ 33,215,012</u>	<u>\$ 18,250,832</u>	<u>\$ 1,536,121</u>
Employer net pension liability (a) - (b)	<u>\$ 11,766,138</u>	<u>\$ 9,282,847</u>	<u>\$ 842,706</u>



# **AND PENSION SYSTEM** **EMPLOYERS' NET PENSION LIABILITY**

June 30, 2020

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 19,399	\$ 45,684	\$ 1,422,320
41,066	118,154	5,417,995
—	(45)	(95)
(3,166)	11,274	(44,608)
—	—	—
(36,332)	(78,186)	(4,177,245)
20,967	96,881	2,618,367
563,258	1,612,635	74,569,030
<u>\$ 584,225</u>	<u>\$ 1,709,516</u>	<u>\$ 77,187,397</u>
\$ 22,708	\$ 71,070	\$ 2,144,269
3,453	13,522	850,298
17,071	35,985	1,866,641
(36,401)	(78,830)	(4,218,589)
—	728	(1)
6,831	42,475	642,618
490,017	1,044,749	53,943,419
<u>\$ 496,848</u>	<u>\$ 1,087,224</u>	<u>\$ 54,586,037</u>
<u>\$ 87,377</u>	<u>\$ 622,292</u>	<u>\$ 22,601,360</u>

## REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT  
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
Total pension liability			
Service cost	\$ 814,019	\$ 451,990	\$ 34,276
Interest	3,143,018	1,864,909	165,837
Changes of benefit terms	—	—	—
Difference between expected and actual experience	(189,803)	(44,635)	(19,980)
Changes in assumptions	(897,464)	283,109	(42,874)
Benefit payments, including refunds of employee contributions	(2,296,744)	(1,465,626)	(122,447)
Net change in total pension liability	573,026	1,089,747	14,812
Total pension liability, beginning of year	42,916,205	25,530,054	2,269,293
Total pension liability, end of year (a)	<u>\$ 43,489,231</u>	<u>\$ 26,619,801</u>	<u>\$ 2,284,105</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,143,586	\$ 737,284	\$ 86,172
Contributions - members	494,697	288,350	8,579
Net investment income	1,999,259	1,103,927	91,778
Benefit payments, including refunds and administrative expenses	(2,318,939)	(1,482,270)	(122,721)
Net transfer	3,870	(4,830)	(28)
Net change in plan fiduciary net position	1,322,473	642,461	63,780
Plan fiduciary net position - beginning of year	31,480,452	17,452,939	1,446,548
Plan fiduciary net position - end of year (b)	<u>\$ 32,802,925</u>	<u>\$ 18,095,400</u>	<u>\$ 1,510,328</u>
Employer net pension liability (a) - (b)	<u>\$ 10,686,306</u>	<u>\$ 8,524,401</u>	<u>\$ 773,777</u>

# **AND PENSION SYSTEM** **EMPLOYERS' NET PENSION LIABILITY**

June 30, 2019

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 19,173	\$ 39,302	\$ 1,358,760
41,302	112,806	5,327,872
—	—	—
(5,570)	8,400	(251,588)
(19,037)	(4,959)	(681,225)
(34,540)	(74,265)	(3,993,622)
1,328	81,284	1,760,197
561,930	1,531,351	72,808,833
<u>\$ 563,258</u>	<u>\$ 1,612,635</u>	<u>\$ 74,569,030</u>
\$ 21,737	\$ 65,314	\$ 2,054,093
3,176	12,488	807,290
29,689	63,554	3,288,207
(34,604)	(74,870)	(4,033,404)
—	988	—
19,998	67,474	2,116,186
470,019	977,275	51,827,233
<u>\$ 490,017</u>	<u>\$ 1,044,749</u>	<u>\$ 53,943,419</u>
<u>\$ 73,241</u>	<u>\$ 567,886</u>	<u>\$ 20,625,611</u>

## REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT  
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
Total pension liability			
Service cost	\$ 791,979	\$ 441,284	\$ 32,285
Interest	3,070,454	1,824,968	161,440
Changes of benefit terms	—	—	(2,167)
Difference between expected and actual experience	(466,863)	(204,581)	1,513
Changes in assumptions	92,669	55,131	2,013
Benefit payments, including refunds of employee contributions	(2,205,310)	(1,381,043)	(122,720)
Net change in total pension liability	1,282,929	735,759	72,364
Total pension liability, beginning of year	41,633,276	24,794,295	2,196,929
Total pension liability, end of year (a)	<u>\$ 42,916,205</u>	<u>\$ 25,530,054</u>	<u>\$ 2,269,293</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,122,986	\$ 707,194	\$ 80,241
Contributions - members	484,923	283,670	8,063
Net investment income	2,364,521	1,318,438	109,405
Benefit payments, including refunds and administrative expenses	(2,223,399)	(1,395,375)	(122,963)
Net transfer	229	(1,653)	21
Net change in plan fiduciary net position	1,749,260	912,274	74,767
Plan fiduciary net position - beginning of year	29,731,192	16,540,665	1,371,781
Plan fiduciary net position - end of year (b)	<u>\$ 31,480,452</u>	<u>\$ 17,452,939</u>	<u>\$ 1,446,548</u>
Employer net pension liability (a) - (b)	<u>\$ 11,435,753</u>	<u>\$ 8,077,115</u>	<u>\$ 822,745</u>

# **AND PENSION SYSTEM** **EMPLOYERS' NET PENSION LIABILITY**

June 30, 2018

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 18,482	\$ 36,988	\$ 1,321,018
40,740	106,465	5,204,067
—	4,566	2,399
(14,982)	13,780	(671,133)
(139)	4,655	154,329
(32,009)	(71,650)	(3,812,732)
12,092	94,804	2,197,948
549,838	1,436,547	70,610,885
<u>\$ 561,930</u>	<u>\$ 1,531,351</u>	<u>\$ 72,808,833</u>
\$ 22,465	\$ 62,131	\$ 1,995,017
3,071	11,855	791,582
35,195	71,834	3,899,393
(32,063)	(72,143)	(3,845,943)
—	1,403	—
28,668	75,080	2,840,049
441,351	902,195	48,987,184
<u>\$ 470,019</u>	<u>\$ 977,275</u>	<u>\$ 51,827,233</u>
<u>\$ 91,911</u>	<u>\$ 554,076</u>	<u>\$ 20,981,600</u>

## REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT  
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
Total pension liability			
Service cost	\$ 777,084	\$ 444,566	\$ 32,324
Interest	3,010,496	1,806,261	160,396
Changes of benefit terms	—	—	—
Difference between expected and actual experience	(644,543)	(545,442)	(45,314)
Changes in assumptions	76,937	47,996	1,438
Benefit payments, including refunds of employee contributions	(2,120,119)	(1,305,891)	(118,833)
Net change in total pension liability	1,099,855	447,490	30,011
Total pension liability, beginning of year	40,533,421	24,346,805	2,166,918
Total pension liability, end of year (a)	<u>\$ 41,633,276</u>	<u>\$ 24,794,295</u>	<u>\$ 2,196,929</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,137,472	\$ 730,506	\$ 83,000
Contributions - members	477,194	282,742	7,996
Net investment income	2,710,602	1,516,095	125,128
Benefit payments, including refunds and administrative expenses	(2,136,132)	(1,319,014)	(118,531)
Net transfer	(157)	(1,117)	56
Net change in plan fiduciary net position	2,188,979	1,209,212	97,649
Plan fiduciary net position - beginning of year	27,542,213	15,331,453	1,274,132
Plan fiduciary net position - end of year (b)	<u>\$ 29,731,192</u>	<u>\$ 16,540,665</u>	<u>\$ 1,371,781</u>
Employer net pension liability (a) - (b)	<u>\$ 11,902,084</u>	<u>\$ 8,253,630</u>	<u>\$ 825,148</u>

# **AND PENSION SYSTEM** **EMPLOYERS' NET PENSION LIABILITY**

June 30, 2017

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 18,225	\$ 36,059	\$ 1,308,258
40,009	102,873	5,120,035
—	—	—
(13,325)	(18,348)	(1,266,972)
(136)	3,940	130,175
(31,253)	(64,468)	(3,640,564)
13,520	60,056	1,650,932
536,318	1,376,491	68,959,953
<u>\$ 549,838</u>	<u>\$ 1,436,547</u>	<u>\$ 70,610,885</u>
\$ 21,861	\$ 60,473	\$ 2,033,312
3,004	11,753	782,689
40,128	81,490	4,473,443
(31,302)	(63,207)	(3,668,186)
(2)	1,220	—
33,689	91,729	3,621,258
407,662	810,466	45,365,926
<u>\$ 441,351</u>	<u>\$ 902,195</u>	<u>\$ 48,987,184</u>
<u>\$ 108,487</u>	<u>\$ 534,352</u>	<u>\$ 21,623,701</u>

## REQUIRED SUPPLEMENTARY INFORMATION

**MARYLAND STATE RETIREMENT**  
**SCHEDULE OF CHANGES IN**  
for the Fiscal Year Ended  
*(Expressed in Thousands)*

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
Total pension liability			
Service cost	\$ 763,578	\$ 439,705	\$ 30,309
Interest	2,914,637	1,737,109	155,993
Changes of benefit terms	—	—	—
Difference between expected and actual experience	(327,577)	16,870	(8,573)
Changes in assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(2,056,256)	(1,255,358)	(121,917)
Net change in total pension liability	1,294,382	938,326	55,812
Total pension liability, beginning of year	39,239,039	23,408,479	2,111,106
Total pension liability, end of year (a)	<u>\$ 40,533,421</u>	<u>\$ 24,346,805</u>	<u>\$ 2,166,918</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,084,049	\$ 640,943	\$ 72,320
Contributions - members	464,470	278,944	7,251
Net investment income	301,774	168,775	13,806
Benefit payments, including refunds and administrative expenses	(2,071,845)	(1,267,809)	(122,123)
Net transfer	(163)	(191)	41
Net change in plan fiduciary net position	(221,715)	(179,338)	(28,705)
Plan fiduciary net position - beginning of year	27,763,928	15,510,791	1,302,837
Plan fiduciary net position - end of year (b)	<u>\$ 27,542,213</u>	<u>\$ 15,331,453</u>	<u>\$ 1,274,132</u>
Employer net pension liability (a) - (b)	<u>\$ 12,991,208</u>	<u>\$ 9,015,352</u>	<u>\$ 892,786</u>



# **AND PENSION SYSTEM** **EMPLOYERS' NET PENSION LIABILITY**

June 30, 2016

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 17,295	\$ 34,001	\$ 1,284,888
37,910	97,371	4,943,020
—	—	—
2,999	4,629	(311,652)
—	—	—
(30,487)	(63,837)	(3,527,855)
27,717	72,164	2,388,401
508,601	1,304,327	66,571,552
<u>\$ 536,318</u>	<u>\$ 1,376,491</u>	<u>\$ 68,959,953</u>
\$ 18,384	\$ 54,959	\$ 1,870,655
2,863	10,886	764,414
4,415	8,761	497,531
(30,532)	(64,205)	(3,556,514)
—	313	—
(4,870)	10,714	(423,914)
412,532	799,752	45,789,840
<u>\$ 407,662</u>	<u>\$ 810,466</u>	<u>\$ 45,365,926</u>
<u>\$ 128,656</u>	<u>\$ 566,025</u>	<u>\$ 23,594,027</u>

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 57,570,333	\$ 34,916,259	\$ 3,196,900	\$ 790,330	\$ 2,472,773	\$ 98,946,595
Plan fiduciary net position	(44,167,425)	(24,587,458)	(2,121,949)	(652,789)	(1,711,153)	(73,240,774)
Employer net pension liability	<u>\$ 13,402,908</u>	<u>\$ 10,328,801</u>	<u>\$ 1,074,951</u>	<u>\$ 137,541</u>	<u>\$ 761,620</u>	<u>\$ 25,705,821</u>
Plan fiduciary net position as a percentage of the total pension liability	76.72%	70.42%	66.38%	82.60%	69.20%	74.02%
Covered payroll	\$ 9,537,248	\$ 6,629,746	\$ 151,105	\$ 63,061	\$ 279,542	\$ 16,660,702
Employer net pension liability as a percent of covered payroll	140.53%	155.79%	711.39%	218.11%	272.45%	154.29%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2024

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 54,790,125	\$ 33,339,895	\$ 3,033,248	\$ 746,026	\$ 2,304,850	\$ 94,214,144
Plan fiduciary net position	(41,120,490)	(22,699,547)	(1,949,454)	(608,868)	(1,531,349)	(67,909,708)
Employer net pension liability	<u>\$ 13,669,635</u>	<u>\$ 10,640,348</u>	<u>\$ 1,083,794</u>	<u>\$ 137,158</u>	<u>\$ 773,501</u>	<u>\$ 26,304,436</u>
Plan fiduciary net position as a percentage of the total pension liability	75.05%	68.09%	64.27%	81.61%	66.44%	72.08%
Covered payroll	\$ 9,102,349	\$ 6,074,382	\$ 145,026	\$ 61,181	\$ 267,415	\$ 15,650,353
Employer net pension liability as a percent of covered payroll	150.18%	175.17%	747.31%	224.18%	289.25%	168.08%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2023

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 51,307,724	\$ 31,075,381	\$ 2,739,580	\$ 690,371	\$ 2,110,228	\$ 87,923,284
Plan fiduciary net position	(39,421,233)	(21,622,354)	(1,851,047)	(584,908)	(1,413,431)	(64,892,973)
Employer net pension liability	<u>\$ 11,886,491</u>	<u>\$ 9,453,027</u>	<u>\$ 888,533</u>	<u>\$ 105,463</u>	<u>\$ 696,797</u>	<u>\$ 23,030,311</u>
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.58%	67.57%	84.72%	66.98%	73.81%
Covered payroll	\$ 8,468,612	\$ 5,475,886	\$ 139,458	\$ 58,696	\$ 241,937	\$ 14,384,589
Employer net pension liability as a percent of covered payroll	140.36%	172.63%	637.13%	179.68%	288.01%	160.10%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 49,235,396	\$ 29,867,155	\$ 2,603,567	\$ 645,502	\$ 1,967,903	\$ 84,319,523
Plan fiduciary net position	(39,126,180)	(21,428,734)	(1,820,763)	(582,542)	(1,352,773)	(64,310,992)
Employer net pension liability	<u>\$ 10,109,216</u>	<u>\$ 8,438,421</u>	<u>\$ 782,804</u>	<u>\$ 62,960</u>	<u>\$ 615,130</u>	<u>\$ 20,008,531</u>
Plan fiduciary net position as a percentage of the total pension liability	79.47%	71.75%	69.93%	90.25%	68.74%	76.27%
Covered payroll	\$ 7,957,775	\$ 4,852,737	\$ 124,367	\$ 53,934	\$ 213,003	\$ 13,201,816
Employer net pension liability as a percent of covered payroll	127.04%	173.89%	629.43%	116.74%	288.79%	151.56%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2021

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 48,149,763	\$ 29,412,444	\$ 2,533,456	\$ 627,781	\$ 1,883,361	\$ 82,606,805
Plan fiduciary net position	(41,120,781)	(22,577,488)	(1,907,227)	(613,660)	(1,385,345)	(67,604,501)
Employer net pension liability	<u>\$ 7,028,982</u>	<u>\$ 6,834,956</u>	<u>\$ 626,229</u>	<u>\$ 14,121</u>	<u>\$ 498,016</u>	<u>\$ 15,002,304</u>
Plan fiduciary net position as a percentage of the total pension liability	85.40%	76.76%	75.28%	97.75%	73.56%	81.84%
Covered payroll	\$ 7,688,846	\$ 4,689,819	\$ 119,048	\$ 52,073	\$ 199,460	\$ 12,749,246
Employer net pension liability as a percent of covered payroll	91.42%	145.74%	526.03%	27.12%	249.68%	117.67%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 44,981,150	\$ 27,533,679	\$ 2,378,827	\$ 584,225	\$ 1,709,516	\$ 77,187,397
Plan fiduciary net position	(33,215,012)	(18,250,832)	(1,536,121)	(496,848)	(1,087,224)	(54,586,037)
Employer net pension liability	<u>\$ 11,766,138</u>	<u>\$ 9,282,847</u>	<u>\$ 842,706</u>	<u>\$ 87,377</u>	<u>\$ 622,292</u>	<u>\$ 22,601,360</u>
Plan fiduciary net position as a percentage of the total pension liability	73.84%	66.29%	64.57%	85.04%	63.60%	70.72%
Covered payroll	\$ 7,492,465	\$ 4,646,134	\$ 116,274	\$ 51,882	\$ 194,667	\$ 12,501,422
Employer net pension liability as a percent of covered payroll	157.04%	199.80%	724.76%	168.41%	319.67%	180.79%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 43,489,231	\$ 26,619,801	\$ 2,284,105	\$ 563,258	\$ 1,612,635	\$ 74,569,030
Plan fiduciary net position	(32,802,925)	(18,095,400)	(1,510,328)	(490,017)	(1,044,749)	(53,943,419)
Employer net pension liability	<u>\$ 10,686,306</u>	<u>\$ 8,524,401</u>	<u>\$ 773,777</u>	<u>\$ 73,241</u>	<u>\$ 567,886</u>	<u>\$ 20,625,611</u>
Plan fiduciary net position as a percentage of the total pension liability	75.43%	67.98%	66.12%	87.00%	64.79%	72.34%
Covered payroll	\$ 7,153,063	\$ 4,415,523	\$ 106,978	\$ 48,935	\$ 180,964	\$ 11,905,463
Employer net pension liability as a percent of covered payroll	149.39%	193.06%	723.30%	149.67%	313.81%	173.24%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2018

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 42,916,205	\$ 25,530,054	\$ 2,269,293	\$ 561,930	\$ 1,531,351	\$ 72,808,833
Plan fiduciary net position	(31,480,452)	(17,452,939)	(1,446,548)	(470,019)	(977,275)	(51,827,233)
Employer net pension liability	<u>\$ 11,435,753</u>	<u>\$ 8,077,115</u>	<u>\$ 822,745</u>	<u>\$ 91,911</u>	<u>\$ 554,076</u>	<u>\$ 20,981,600</u>
Plan fiduciary net position as a percentage of the total pension liability	73.35%	68.36%	63.74%	83.64%	63.82%	71.18%
Covered payroll	\$ 6,941,097	\$ 4,306,746	\$ 100,325	\$ 47,498	\$ 170,556	\$ 11,566,222
Employer net pension liability as a percent of covered payroll	164.75%	187.55%	820.08%	193.50%	324.86%	181.40%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2017

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 41,633,276	\$ 24,794,295	\$ 2,196,929	\$ 549,838	\$ 1,436,547	\$ 70,610,885
Plan fiduciary net position	(29,731,192)	(16,540,665)	(1,371,781)	(441,351)	(902,195)	(48,987,184)
Employer net pension liability	<u>\$ 11,902,084</u>	<u>\$ 8,253,630</u>	<u>\$ 825,148</u>	<u>\$ 108,487</u>	<u>\$ 534,352</u>	<u>\$ 21,623,701</u>
Plan fiduciary net position as a percentage of the total pension liability	71.41%	66.71%	62.44%	80.27%	62.80%	69.38%
Covered payroll	\$ 6,780,838	\$ 4,324,315	\$ 100,384	\$ 46,876	\$ 166,561	\$ 11,418,974
Employer net pension liability as a percent of covered payroll	175.53%	190.87%	821.99%	231.43%	320.81%	189.37%

## SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2016

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Total pension liability	\$ 40,533,421	\$ 24,346,805	\$ 2,166,918	\$ 536,318	\$ 1,376,491	\$ 68,959,953
Plan fiduciary net position	(27,542,213)	(15,331,453)	(1,274,132)	(407,662)	(810,466)	(45,365,926)
Employer net pension liability	<u>\$ 12,991,208</u>	<u>\$ 9,015,352</u>	<u>\$ 892,786</u>	<u>\$ 128,656</u>	<u>\$ 566,025</u>	<u>\$ 23,594,027</u>
Plan fiduciary net position as a percentage of the total pension liability	67.95%	62.97%	58.80%	76.01%	58.88%	65.79%
Covered payroll	\$ 6,611,038	\$ 4,250,288	\$ 93,491	\$ 44,711	\$ 156,396	\$ 11,155,924
Employer net pension liability as a percent of covered payroll	196.51%	212.11%	954.94%	287.75%	361.92%	211.49%

## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,429,515	\$ 1,241,195	\$ 130,757	\$ 29,998	\$ 115,989	\$ 2,947,454
Actual contribution	(1,429,515)	(1,241,195)	(130,757)	(29,998)	(115,989)	(2,947,454)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 9,537,248	\$ 6,629,746	\$ 151,105	\$ 63,061	\$ 279,542	\$ 16,660,702
Actual contribution as a percent of covered payroll	14.99%	18.72%	86.53%	47.57%	41.49%	17.69%

## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2024

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,272,405	\$ 1,099,639	\$ 115,333	\$ 26,085	\$ 104,854	\$ 2,618,316
Actual contribution	(1,272,405)	(1,099,639)	(115,333)	(26,085)	(104,854)	(2,618,316)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 9,102,349	\$ 6,074,382	\$ 145,026	\$ 61,181	\$ 267,415	\$ 15,650,353
Actual contribution as a percent of covered payroll	13.98%	18.10%	79.53%	42.64%	39.21%	16.73%

## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2023

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,228,568	\$ 985,126	\$ 106,966	\$ 23,675	\$ 94,582	\$ 2,438,917
Actual contribution	(1,228,568)	(985,126)	(106,966)	(23,675)	(94,582)	(2,438,917)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 8,468,612	\$ 5,475,886	\$ 139,458	\$ 58,696	\$ 241,937	\$ 14,384,589
Actual contribution as a percent of covered payroll	14.51%	17.99%	76.70%	40.33%	39.09%	16.96%

## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,202,102	\$ 880,672	\$ 95,453	\$ 22,816	\$ 81,260	\$ 2,282,303
Actual contribution	(1,202,102)	(880,672)	(95,453)	(22,816)	(81,260)	(2,282,303)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 7,957,775	\$ 4,852,737	\$ 124,367	\$ 53,934	\$ 213,003	\$ 13,201,816
Actual contribution as a percent of covered payroll	15.11%	18.15%	76.75%	42.30%	38.15%	17.29%

## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2021

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,153,208	\$ 856,219	\$ 93,651	\$ 21,277	\$ 79,168	\$ 2,203,523
Actual contribution	(1,153,208)	(856,219)	(93,651)	(21,277)	(79,168)	(2,203,523)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 7,688,846	\$ 4,689,819	\$ 119,048	\$ 52,073	\$ 199,460	\$ 12,749,246
Actual contribution as a percent of covered payroll	15.00%	18.26%	78.67%	40.86%	39.69%	17.28%

## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,170,248	\$ 788,853	\$ 91,390	\$ 22,708	\$ 71,070	\$ 2,144,269
Actual contribution	(1,170,248)	(788,853)	(91,390)	(22,708)	(71,070)	(2,144,269)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 7,492,465	\$ 4,646,134	\$ 116,274	\$ 51,882	\$ 194,667	\$ 12,501,422
Actual contribution as a percent of covered payroll	15.62%	16.98%	78.60%	43.77%	36.51%	17.15%



## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,143,586	\$ 737,284	\$ 86,172	\$ 21,737	\$ 65,314	\$ 2,054,093
Actual contribution	(1,143,586)	(737,284)	(86,172)	(21,737)	(65,314)	(2,054,093)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 7,153,063	\$ 4,415,523	\$ 106,978	\$ 48,935	\$ 180,964	\$ 11,905,463
Actual contribution as a percent of covered payroll	15.99%	16.70%	80.55%	44.42%	36.09%	17.25%

## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2018

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,122,986	\$ 707,194	\$ 80,241	\$ 22,465	\$ 62,131	\$ 1,995,017
Actual contribution	(1,122,986)	(707,194)	(80,241)	(22,465)	(62,131)	(1,995,017)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 6,941,097	\$ 4,306,746	\$ 100,325	\$ 47,498	\$ 170,556	\$ 11,566,222
Actual contribution as a percent of covered payroll	16.18%	16.42%	79.98%	47.30%	36.43%	17.25%

## SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2017

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer's Pension System	Total
Actuarially determined contribution	\$ 1,137,472	\$ 730,506	\$ 83,000	\$ 21,861	\$ 60,473	\$ 2,033,312
Actual contribution	(1,137,472)	(730,506)	(83,000)	(21,861)	(60,473)	(2,033,312)
Contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 6,780,838	\$ 4,324,315	\$ 100,384	\$ 46,876	\$ 166,561	\$ 11,418,974
Actual contribution as a percent of covered payroll	16.77%	16.89%	82.68%	46.64%	36.31%	17.81%

**SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS**  
for the Fiscal Year Ended June 30, 2016  
(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>	<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
Actuarially determined contribution	\$ 1,112,989	\$ 689,431	\$ 72,320	\$ 18,384	\$ 54,959	\$ 1,948,083
Actual contribution	(1,084,049)	(640,943)	(72,320)	(18,384)	(54,959)	(1,870,655)
Contribution deficiency (excess)	<u>\$ 28,940</u>	<u>\$ 48,488</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 77,428</u>
Covered payroll	\$ 6,611,038	\$ 4,250,288	\$ 93,491	\$ 44,711	\$ 156,396	\$ 11,155,924
Actual contribution as a percent of covered payroll	16.40%	15.08%	77.36%	41.12%	35.14%	16.77%

**SCHEDULE OF INVESTMENT RETURNS**

<b>Fiscal Year Ended</b>	<b>Annual Money-Weighted Rate of Return, Net of Investment Expenses</b>
2016	1.16%
2017	10.02%
2018	8.08%
2019	6.44%
2020	3.50%
2021	26.69%
2022	-2.97%
2023	3.11%
2024	6.89%
2025	9.83%

(\*) This disclosure is intended to capture performance net of pension plan investment expense, which has been adjusted for changing amounts actually invested, taking into consideration benefit payments and contributions. Currently, the Agency is experiencing net outflows resulting in contributions being used to pay benefits rather than flowing through invested funds; therefore, there is minimal variation between this schedule and the time-weighted rates of return presented in the Investment Section of this report.

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## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### 1 ACTUARIAL METHODS AND ASSUMPTIONS

#### A. Funding Method

All six Systems use the individual entry age normal method to determine costs. Under this funding method, a total contribution rate is determined which consists of two elements, the normal cost rate and the Unfunded Actuarial Accrued Liability (UAAL) rate.

The individual Entry Age Normal cost rate is determined as the value, as of age at entry into the plan, of the member's projected future benefits, and divided by the value, also as of the member's entry age, of the member's expected future salary. For purposes of calculating the normal cost rate, the same benefit accrual rates used to calculate the present value of future benefits are used to calculate the normal cost. The benefit provisions applicable to each member are used in developing his/her individual normal cost rate.

In addition to contributions required to meet the System's normal cost, contributions will be required to fund the System's unfunded actuarial accrued liability. Actuarial liability is defined as the present value of future benefits less the present value of future normal costs. The unfunded actuarial accrued liability for all members is the actuarial liability less the actuarial value of the System's assets.

The System's unfunded actuarial accrued liability is funded over a 25-year closed amortization period ending June 30, 2039 (13 years remaining as of the June 30, 2025 valuation date) as a level percentage of payroll.

There is an additional component in the Unfunded Actuarial Accrued Liability amortization contribution rate that accounts for the effects of the lag between the valuation date and when the contribution is made. This calculation assumes the contributions that would be received in fiscal year 2025 are equal to the budgeted contributions developed in the valuation as of June 30, 2023, plus the proportionate share of reinvested savings allocated to each System for fiscal year 2025 under the pension reforms.

A portion of the savings from the 2011 pension reforms passed by the General Assembly are to be reinvested as additional contributions into the Systems. Subsequent legislation ultimately eliminated the reinvested savings effective July 1, 2025.

#### B. Asset Valuation Method

All six Systems use a method based on the principle that the difference between actual and expected investment returns should be subject to partial recognition to smooth out fluctuations in the total return achieved by the fund from year to year. Under this method, the actuarial value of assets reflects annually one-fifth of the market value gains or losses for the five prior years. The resulting value is restricted to be not less than 80% of market value nor greater than 120% of market value.

C. Actuarial Assumptions

The assumptions used for the actuarial valuation were recommended by the System’s independent actuary, based upon periodic analyses of the System’s experience, and adopted by the Board of Trustees. The most recent analysis of the System’s experience was performed in 2024 and latest assumptions were adopted for the June 30, 2024 valuation. Differences between assumed and actual experience (i.e., actuarial gains and losses) are part of the unfunded actuarial liability. These changes first affected the 2024 actuarial valuation which computes the employer contribution for fiscal year 2026. There were no assumption or benefit changes since the previous measurement date. The actuarial assumptions used to determine contribution rates for the fiscal year ending June 30, 2025 were as follows:

Valuation Date:	June 30, 2023
Inflation:	2.25% general, 2.75% wage
Salary Increases:	2.75% to 11.25% including inflation
Investment Rate of Return:	6.80%
Mortality:	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale.

## OTHER SUPPLEMENTARY INFORMATION

## SCHEDULE OF FUNDING PROGRESS

(Expressed in Thousands)

Actuarial Valuation Date June 30,	Actuarial Value of Assets a	Actuarial Accrued Liability (AAL) b	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll [(b - a) / c]
2016	\$ 47,803,679	\$ 67,781,924	\$ 19,978,245	70.53%	\$ 11,155,924	179%
2017	50,250,465	69,986,576	19,736,111	71.80%	11,418,974	173%
2018	52,586,528	72,574,689	19,988,161	72.46%	11,566,222	173%
2019	54,361,969	74,526,000	20,164,031	72.94%	11,905,463	169%
2020	56,246,776	76,471,035	20,224,259	73.55%	12,501,422	162%
2021	62,817,938	81,738,557	18,920,619	76.85%	12,749,246	148%
2022	65,798,923	85,248,064	19,449,141	77.19%	13,201,816	147%
2023	67,985,366	90,319,369	22,334,003	75.27%	14,384,589	155%
2024	70,325,764	95,774,916	25,449,152	73.43%	15,650,353	163%
2025	73,837,490	99,884,084	26,046,594	73.92%	16,660,702	156%

## DESCRIPTION OF SCHEDULE OF FUNDING PROGRESS

The Schedule of Funding Progress summarizes the actuarial value of the System's assets and actuarial accrued liability as of the June 30, 2025 actuarial valuation date and each of the 10 preceding years. The data presented in the schedule was obtained from the System's independent actuary's annual valuation report for each year presented.

The schedule is presented to provide a consistent basis for measuring the System's annual progress toward funding its actuarial accrued liability in accordance with its actuarial funding method. The primary measure of funding progress is the System's funded ratio (i.e., actuarial value of assets expressed as a percentage of the actuarial accrued liability). An increase in the funded ratio indicates improvement in the System's ability to pay all projected benefits as they become due. The System is fully funded if the funded ratio is greater than or equal to 100 percent. During the year ended June 30, 2025, the System's funded ratio increased from 73.43% to 73.92%.

The Schedule of Funding Progress also discloses the relationship between the System's covered payroll (i.e., all elements included in compensation paid to active members on which contributions are based) and the unfunded actuarial accrued liability. This relationship, expressed as a ratio, is a measure of the significance of the unfunded actuarial accrued liability relative to the capacity to contribute based on the active participants covered payroll. During the year ended June 30, 2025, the System's ratio of the unfunded actuarial accrued liability to its covered payroll decreased from 163% to 156%.

**Fund Balance Accounts**

As provided by law, all System assets must be credited, according to the purpose for which they are held, to either the Annuity Savings Fund, the Accumulation Fund, or the Expense Fund. These funds are classified as accounts for financial reporting purposes and are further explained as follows:

**Annuity Savings Fund**

Members' contributions together with interest thereon, at statutory interest rates, are credited to the Annuity Savings Fund. Upon retirement, members' accumulated contributions and interest are transferred from the Annuity Savings Fund to the Accumulation Fund.

**Accumulation Fund**

Contributions made by employers, other contributions and investment income are credited to the Accumulation Fund. All retirement, disability, and death benefits are paid from this Fund.

**Expense Fund**

All of the System's administrative and investment management expenses are recorded in the Expense Fund. During the year, the System's investment expenses are covered by funds transferred from the Accumulation Fund, and the System's administrative expenses are covered by administrative fees assessed and collected from each participating employer into the Accumulation Fund and transferred to the Expense Fund to cover annual operating and administrative expenses of the System.

## MARYLAND STATE RETIREMENT AND PENSION SYSTEM

### SCHEDULE OF ADMINISTRATIVE EXPENSES

for the Fiscal Years Ended June 30, 2025 and 2024

(Expressed in Thousands)

	2025	2024
<b>Personnel services</b>		
Staff salaries	\$ 26,712	\$ 22,624
Fringe benefits	11,400	10,283
Total personnel services	<u>38,112</u>	<u>32,907</u>
<b>Professional and contractual services</b>		
Actuarial services	498	143
Legal and financial services	8,117	5,981
Consulting services	8	—
Data processing services	4,004	3,661
Other contractual services	1,109	3,362
Total professional and contractual services	<u>13,736</u>	<u>13,147</u>
<b>Miscellaneous</b>		
Communications	993	697
Rent	2,097	2,049
Equipment and supplies	960	320
Other	2,440	1,676
Total miscellaneous	<u>6,490</u>	<u>4,742</u>
<b>Total Administrative Expenses</b>	<u>\$ 58,338</u>	<u>\$ 50,796</u>

### SCHEDULE OF INVESTMENT EXPENSES

for the Fiscal Years Ended June 30, 2025 and 2024

(Expressed in Thousands)

	Management Fees for 2025	Incentive Fees for 2025	Total	Management Fees for 2024	Incentive Fees for 2024	Total
<b>Investment advisors</b>						
Public equity	\$ 73,584	\$ 42,096	\$ 115,680	\$ 68,056	\$ 11,494	\$ 79,550
Rate sensitive	17,499	7,640	25,139	17,085	15,294	32,379
Credit opportunity	35,801	21	35,822	28,873	419	29,292
Real return	22,270	—	22,270	23,282	—	23,282
Absolute return	45,637	53,948	99,585	46,347	25,708	72,055
Commodity	—	—	—	—	622	622
Multi asset	1,207	—	1,207	1,110	—	1,110
Private equity	137,385	—	137,385	133,621	—	133,621
Real estate	47,273	2,019	49,292	50,016	3,068	53,084
Total investment advisory fees	<u>380,656</u>	<u>105,724</u>	<u>486,380</u>	<u>368,390</u>	<u>56,605</u>	<u>424,995</u>
<b>Other investment service fees</b>						
Currency overlay	4,625	—	4,625	3,699	—	3,699
Other investment expenses	4,354	—	4,354	5,467	—	5,467
Total other investment service fees	<u>8,979</u>	<u>—</u>	<u>8,979</u>	<u>9,166</u>	<u>—</u>	<u>9,166</u>
<b>Total Investment Expenses</b>	<u>\$ 389,635</u>	<u>\$ 105,724</u>	<u>\$ 495,359</u>	<u>\$ 377,556</u>	<u>\$ 56,605</u>	<u>\$ 434,161</u>

# MARYLAND STATE RETIREMENT AND PENSION SYSTEM

## SCHEDULE OF FUND BALANCES

for the Fiscal Year Ended June 30, 2025 (with Comparative 2024 Totals)

(Expressed in Thousands)

	Annuity Savings Fund	Accumulation Fund	Expense Fund	Totals	
				2025	2024
<b>Fund Balances, Beginning of Year</b>	<b>\$ 13,212,946</b>	<b>\$ 54,695,135</b>	<b>\$ 1,627</b>	<b>\$ 67,909,708</b>	<b>\$ 64,892,973</b>
<b>Additions</b>					
Net investment income (loss)	—	7,083,692	(495,359)	6,588,333	4,416,775
Contributions (Note 5):				—	
Employers	—	1,958,783	27,894	1,986,677	1,834,051
Members	1,130,018	—	—	1,130,018	1,056,173
State contributions on behalf of local governments	—	960,777	—	960,777	784,265
<b>Deductions</b>					
Benefit payments	—	(5,160,040)	—	(5,160,040)	(4,916,425)
Refunds (Note 6)	(116,361)	—	—	(116,361)	(107,308)
Administrative expenses (Note 2)	—	(21,217)	(37,121)	(58,338)	(50,796)
<b>Transfers</b>					
From the Accumulation Fund to the Annuity Savings Fund for interest credited to members' accounts	644,757	(644,757)	—	—	—
To the Accumulation Fund from the Annuity Savings Fund for contributions of retiring members	(666,887)	666,887	—	—	—
From the Accumulation Fund to the Expense Fund for administrative and investment expenses	—	(495,359)	495,359	—	—
Net changes in fund balances	991,527	4,348,766	(9,227)	5,331,066	3,016,735
<b>Fund Balances, End of Year</b>	<b>\$ 14,204,473</b>	<b>\$ 59,043,901</b>	<b>\$ (7,600)</b>	<b>\$ 73,240,774</b>	<b>\$ 67,909,708</b>





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# MARYLAND STATE RETIREMENT SCHEDULE OF FIDUCIARY NET

as of June 30, 2025

*(Expressed in Thousands)*

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
<b>ASSETS</b>			
Cash & cash equivalents (note 3)	\$ 1,552,892	\$ 914,462	\$ 77,559
<b>Receivables:</b>			
Contributions:			
Employers	47,425	52,686	6,696
Members	1,684	14,448	463
Accrued investment income	210,129	117,137	10,083
Investment sales proceeds	526,934	293,740	25,285
Due from other systems	82,571	70,209	644
Total receivables	868,743	548,220	43,171
<b>Investments, at fair value (Notes 2 &amp; 3)</b>			
U.S. Government obligations	3,591,862	1,996,971	171,923
Domestic corporate obligations	1,710,348	950,904	81,865
International obligations	1,036,596	576,317	49,617
Domestic stocks	7,222,869	4,015,706	345,720
International stocks	7,059,982	3,925,146	337,924
Mortgages & mortgage-related securities	1,308,423	727,445	62,628
Alternative investments	20,448,481	11,368,764	978,759
Collateral for loaned securities	3,059,162	1,705,330	146,795
Total investments	45,437,723	25,266,583	2,175,231
<b>Total assets</b>	47,859,358	26,729,265	2,295,961
<b>LIABILITIES</b>			
Accounts payable & accrued expenses (Note 7)	40,972	25,589	1,494
Investment commitments payable	536,629	299,144	25,749
Obligation for collateral for loaned securities	3,059,162	1,705,330	146,795
Due to other systems	55,170	111,744	(26)
<b>Total liabilities</b>	3,691,933	2,141,807	174,012
Net position restricted for pensions	\$ 44,167,425	\$ 24,587,458	\$ 2,121,949

(\*) Intersystem due from/to have been eliminated in the financial statements

# AND PENSION SYSTEM

## POSITION BY SYSTEM

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Subtotal</b>	<b>Eliminations*</b>	<b>Combined Total</b>
\$ 26,737	\$ 62,402	\$ 2,634,052	\$ —	\$ 2,634,052
37	2,526	109,370	—	109,370
5	495	17,095	—	17,095
3,102	8,078	348,529	—	348,529
7,778	20,257	873,994	—	873,994
—	13,573	166,997	(166,997)	—
10,922	44,929	1,515,985	(166,997)	1,348,988
52,882	137,767	5,951,405	—	5,951,405
25,181	65,601	2,833,899	—	2,833,899
15,261	39,759	1,717,550	—	1,717,550
106,340	277,036	11,967,671	—	11,967,671
103,942	270,789	11,697,783	—	11,697,783
19,263	50,185	2,167,944	—	2,167,944
301,057	784,310	33,881,371	—	33,881,371
45,158	117,602	5,074,047	—	5,074,047
669,084	1,743,049	75,291,670	—	75,291,670
706,743	1,850,380	79,441,707	(166,997)	79,274,710
765	996	69,816	—	69,816
7,922	20,629	890,073	—	890,073
45,158	117,602	5,074,047	—	5,074,047
109	—	166,997	(166,997)	—
53,954	139,227	6,200,933	(166,997)	6,033,936
<u>\$ 652,789</u>	<u>\$ 1,711,153</u>	<u>\$ 73,240,774</u>	<u>\$ —</u>	<u>\$ 73,240,774</u>

# **MARYLAND STATE RETIREMENT** **SCHEDULE OF CHANGES IN**

for the Fiscal Year Ended

(Expressed in Thousands)

	<b>Teachers' Retirement and Pension Systems</b>	<b>Employees' Retirement and Pension Systems</b>	<b>State Police Retirement System</b>
<b>ADDITIONS</b>			
Contributions			
Employers	\$ 468,738	\$ 1,241,195	\$ 130,757
Members	671,715	422,424	11,914
State contributions on behalf of local governments	960,777	—	—
Total Contributions	2,101,230	1,663,619	142,671
Investment Income			
Net appreciation (depreciation) in fair value of	2,271,158	1,260,974	108,427
Interest	418,116	235,935	20,105
Dividends	1,571,643	875,294	75,283
Investment Income Before Securities Lending	4,260,917	2,372,203	203,815
Gross income from securities lending activity	161,278	89,740	7,717
Securities lending borrower rebates	(147,458)	(82,049)	(7,056)
Securities lending agent fees	(652)	(363)	(31)
Net income from securities lending activity	13,168	7,328	630
Total Investment Income	4,274,085	2,379,531	204,445
Less investment expenses:			
Investment expenses	(298,541)	(166,624)	(14,344)
Net investment income	3,975,544	2,212,907	190,101
Transfers from other systems	—	—	—
Total Additions	6,076,774	3,876,526	332,772
<b>DEDUCTIONS</b>			
Benefit payments	2,931,431	1,914,034	159,799
Refunds (Note 6)	60,302	54,533	309
Administrative expenses (Note 2)	33,205	23,796	393
Transfers to other systems	4,901	(3,748)	(224)
Total Deductions	3,029,839	1,988,615	160,277
Net (decrease) increase in plan assets	3,046,935	1,887,911	172,495
Beginning of the fiscal year	41,120,490	22,699,547	1,949,454
END OF THE FISCAL YEAR	\$ 44,167,425	\$ 24,587,458	\$ 2,121,949

(\*) Intersystem due from/due to have been eliminated in the financial statements

**AND PENSION SYSTEM****FIDUCIARY NET POSITION BY SYSTEM**

June 30, 2025

<b>Judges' Retirement System</b>	<b>Law Enforcement Officer's Pension System</b>	<b>Total</b>
\$ 29,998	\$ 115,989	\$ 1,986,677
4,389	19,576	1,130,018
—	—	960,777
34,387	135,565	4,077,472
33,529	86,380	3,760,468
6,424	15,805	696,385
23,290	59,510	2,605,020
63,243	161,695	7,061,873
2,389	6,088	267,212
(2,185)	(5,564)	(244,312)
(10)	(25)	(1,081)
194	499	21,819
63,437	162,194	7,083,692
(4,429)	(11,421)	(495,359)
59,008	150,773	6,588,333
—	—	—
93,395	286,338	10,665,805
49,321	105,455	5,160,040
55	1,162	116,361
96	848	58,338
2	(931)	—
49,474	106,534	5,334,739
43,921	179,804	5,331,066
608,868	1,531,349	67,909,708
\$ 652,789	\$ 1,711,153	\$ 73,240,774



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