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Maine Public Employees Retirement System

State Employee and Teacher Retirement Program

Actuarial Valuation Report as of June 30, 2025

Produced by Cheiron

October 2025

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October 9, 2025

Board of Trustees
Maine Public Employees Retirement System
PO Box 349
Augusta, Maine 04332-0349

Dear Members of the Board:

We are pleased to submit the June 30, 2025 Actuarial Valuation Report for the State Employee and Teacher Retirement Program (Program) of the Maine Public Employees Retirement System (MainePERS or System).

The purpose of this report is to present the annual actuarial valuation of the State Employee and Teacher Retirement Program (Program) of the Maine Public Employees Retirement System. This report contains information on assets, liabilities, and contributions of the Program, as well as required accounting statement disclosures under the Governmental Accounting Standards Board (GASB) Statement No. 67.

In preparing our report, we relied on information, some oral and some written, supplied by the System's staff. This information includes, but is not limited to, the Plan provisions, employee data, and financial information as of the valuation date. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23, *Data Quality*.

Future results may differ significantly from the current results presented in this report due to such factors as the following: Program experience differing from that anticipated by the assumptions, changes in assumptions, and changes in Plan provisions or applicable law.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial report was prepared exclusively for MainePERS for the purposes described herein and for the use by the Program auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Sincerely,
Cheiron

Gene Kalwarski, FSA, EA
Principal Consulting Actuary

Bonnie Rightnour, FSA, EA
Principal Consulting Actuary

cc: Fiona E. Liston, Cheiron
Greg Reardon, Cheiron
Kathleen Weaver, Cheiron

FOREWORD

Cheiron has completed the Actuarial Valuation Report for the Maine Public Employees Retirement System (MainePERS or System) State Employee and Teacher Program (Program) as of June 30, 2025. The purpose of this report is to:

1) Measure and disclose, as of the valuation date, the financial condition of the Program,
2) Examine trends, both historical and prospective, in the condition of the Program,
3) Assess and disclose actuarial risks of the Program,
4) Report on the contribution rates developed in this valuation for informational purposes (Note: the actual contributions paid by the employers for fiscal year (FY) 2025 were developed in the budgeting process in July 2022, based on a roll-forward of the June 30, 2021 valuation), and
5) Provide specific information required for MainePERS's financial disclosures.

An actuarial valuation establishes and analyzes assets and liabilities on a consistent basis and tracks the progress of both from one year to the next. It includes measurement of investment performance as well as an analysis of Actuarial Liability gains and losses.

Section I presents a summary containing our key findings, disclosing important Program trends in recent years, and providing analysis relating to the future status of the Program.

Section II assesses and discloses various actuarial risk measures of the Program.

Section III contains details on various asset measures, together with pertinent performance measurements.

Section IV shows similar information on liability measures for various purposes, including analysis of key changes in the measures.

Section V develops informational employer contribution rates to be compared to those established during the ratemaking process.

Section VI includes financial disclosure information.

Finally, we present appendices containing the following summaries:

- Program membership information at the valuation date (Appendix A),
- Major benefit provisions of the Program (Appendix B),
- Actuarial assumptions and methods used in the current valuation (Appendix C), and
- Terminology used in the Governmental Accounting Standards Board (GASB) disclosures (Appendix D).

SECTION I – BOARD SUMMARY

General Comments

The annual employer contributions to this Program are determined on a biennial basis in even years. The contributions for fiscal year (FY) 2024 and FY 2025 were developed through this ratemaking process in 2022. The assets used in developing these rates were the preliminary June 30, 2022 assets. These were then combined with estimated liability measures as of June 30, 2022, developed as an adjustment (i.e., roll-forward) of the liabilities of the June 30, 2021 actuarial valuation. This adjustment reflected anticipated growth in benefits, reductions due to benefit payouts, and any changes in assumptions or benefits between the June 30, 2021 valuation date and the June 30, 2022 measurement date. Similarly, the contributions for FY 2026 and FY 2027 were developed in July of 2024 based on estimated assets as of June 30, 2024 and estimated June 30, 2024 liabilities based on a roll-forward of the June 30, 2023 actuarial valuation liabilities.

The results of this June 30, 2025 valuation will be adjusted (i.e., roll-forward) to a June 30, 2026 measurement date after reflecting any changes in assumptions adopted by the Board in the spring of 2026, combined with preliminary assets as of June 30, 2026, and used as the basis for the applicable FY 2028 and FY 2029 employer contributions. Next year's June 30, 2026 valuation will be used primarily for accounting disclosures.

Experience from July 1, 2024 through June 30, 2025 (FY 2025)

With respect to investment experience for the fiscal year ending June 30, 2025, measured on a Market Value of Assets (MVA) basis, MainePERS experienced an investment return of positive 9.31%. This is more than the assumed rate of return assumption of 6.50%. Given the asset smoothing method in place, only one-third of that gain is recognized in Actuarial Value of Assets (AVA). As a result, the AVA investment return for MainePERS was 7.96%. For this Program, when compared to the expected AVA using Program-specific cashflows translates to a gain for the year of $227 million. In addition, there was a $3 million gain due to excess contributions made as a result of the biennium budget process which will always produce a contribution timing gain or loss.

With respect to liability experience for the fiscal year ending June 30, 2025, the Program experienced a liability loss of $345 million above the expected growth of $372 million (a 1.9% growth in total liabilities beyond expected growth). Of this increase, approximately $283 million was attributable to demographic experience, primarily higher salary increases than expected in addition to fewer terminations than expected. There was also a liability loss of $62 million attributable to the payment of cost-of-living adjustments (COLA) exceeding the assumed COLA. Finally, there were plan changes from L.D. 483 and L.D. 258 that resulted in a $2 million increase in liabilities that was funded immediately.

For FY 2025, the resulting new Unfunded Actuarial Liability (UAL) amortization base is a net loss of $115 million. This translates to an informational total employer contribution of 19.98% of payroll as of June 30, 2025. This is a decrease of 0.45% compared to the June 30, 2024 valuation contribution rate of 20.43% of payroll. The decrease is attributable to a higher than expected payroll because the dollar amount of the UAL amortization is expressed as a percentage of higher payroll, partially offset by the net loss.

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As of the June 30, 2025 valuation, the Program has a UAL of $2.331 billion based on the AVA. This represents a decrease of $133 million from the $2.464 billion AVA UAL measured as of June 30, 2024. This compares to an expected decrease in the UAL of $248 million. The specific factors contributing to this change are presented in Table I-1 that follows. This table has separate columns showing the components of the changes in liabilities and investments during FY 2025 as well as their combined effect on the UAL.

Table I-1
(Amounts in Billions)

	Liabilities	Assets*	UAL
Value as of June 30, 2024	$ 18.051	$ 15.587	$ 2.464
Expected Change	0.372	0.620	(0.248)
Impact of Program Changes	0.002	0.002	0.000
Impact of Assumption Changes	0.000	0.000	0.000
Impact of Contribution Timing	0.000	0.003	(0.003)
Recognized Investment Gain	0.000	0.227	(0.227)
Recognized Liability Loss	0.345	0.000	0.345
Value as of June 30, 2025	$ 18.770	$ 16.439	$ 2.331

* This table uses Actuarial Value of Assets. Results would be different if the Market Value was used.

The remainder of this Board Summary summarizes the Program's historical trends, provides baseline projections of the Program's future status, and summarizes the principal results of the valuation. These principal results compare key results between this and last year's valuations for member counts, assets and liabilities, and contribution rates.

Legislated Changes effective after June 30, 2025 (FY 2025)

There was a plan change that was signed into law prior to the completion of this valuation with effective dates after the valuation date. It is our understanding that the census information received for this valuation did not incorporate these changes. In addition, the funds appropriated to cover the increased liability for these changes were not received in FY 2025. Because the funds appropriated are in the amount of the expected increase in the Actuarial Liability that results from these plan changes, there will be no ultimate impact on the Unfunded Actuarial Liability or the Net Pension Liability (GASB 67) of the Program. This change will be reflected in the adjustments for the biennial contribution rate calculations done in 2026 and will be reflected in both the assets and the liabilities in the June 30, 2026 valuation.

The plan change was from Chapter 388 (L.D.210). This plan change moves employees of the Department of Health and Human Services designated as Mental Health Worker I, II, III, and IV to the 1998 Special Plan effective September 24, 2025. This results in an increase in the Actuarial Liability of $2,855,717 and will be funded in FY 2026.

Trends

It is important to take a step back from the latest results and view them in the context of the Program's history. On the next few pages, we present a series of graphs that display key historical trends relating to the Program's condition. In addition to considering the past, examining future possible trajectories of the Program is also vital to understanding the current

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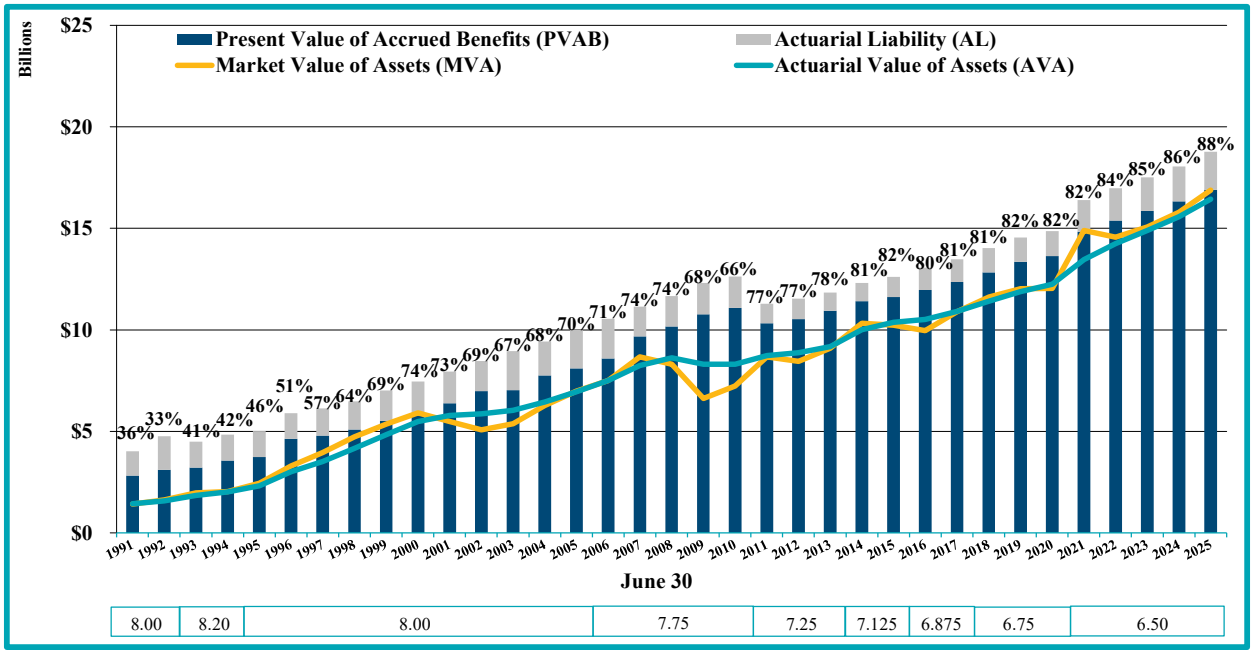
results. Baseline projections are provided in this Board Summary, and the potential variability of these results is explored further in the risk section of this report.

Assets and Liabilities

The following graph illustrates the progress of assets and liabilities for the Program since June 30, 1991 as well as the Program's funded ratio on an Actuarial Value of Assets (AVA) basis.

Liability measures are shown as bars as of June 30 of the indicated years. The Actuarial Liability (AL), the liability measure used for the Program's funding purposes, is represented by the top of the grey bars. The blue bars represent the Present Value of Accrued Benefits (PVAB). These liability measures are discussed further in Section IV. Measures of the assets are shown as lines. The AVA is shown with a teal line, while the Market Value of Assets (MVA) is shown as a yellow line. The AVA divided by the AL is the AVA funded ratio that is often used in evaluating the Program's funded status. The value of this metric at each valuation date is shown as the percentages in the graph labels. The values shown below the dates are the discount rates in effect for each year and should be read as percentages, i.e., 8.00 represents an 8.00% discount rate.



Plan changes were legislated during 2010 and first reflected in the 2011 valuation, resulting in the reduction in liability seen for that year. As of June 30, 2025, the Program's AVA based funded ratio is 87.6%, which represents a slight increase from the 86.3% ratio reported in the prior valuation. Measured on an MVA basis, the funded ratio is 90.0% as of June 30, 2025, also a slight increase over last year's 87.6% MVA funded ratio.

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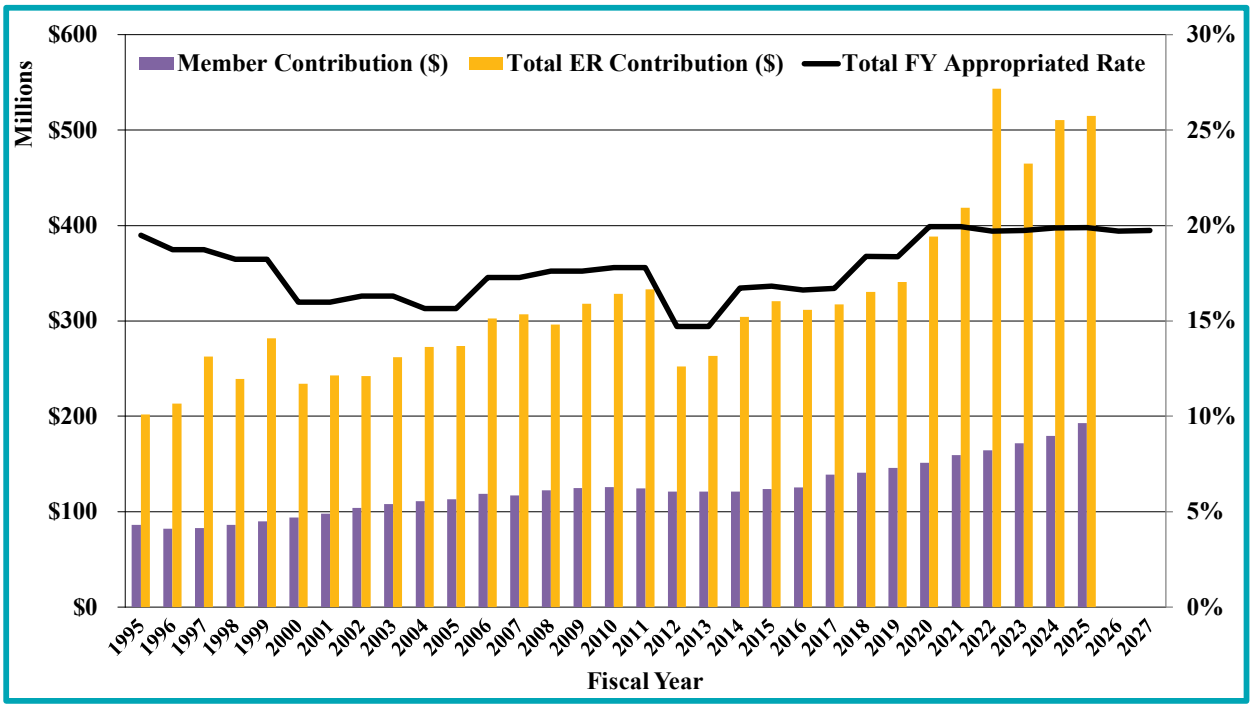
Contributions

The next graph shows the history of contributions to the Program, both as dollar amounts and as percentages of payroll. The bars in this graph show the contributions made by both the employers and the members in dollar terms for each fiscal year (FY) since 1995. These bars are read using the left-hand axis. The black line shows the total appropriated employer contribution rate for the applicable FY as a percentage of payroll and references the right-hand axis. These rates are those determined by the ratemaking process rather than the informational rates determined in the annual valuations. The FY 2026 and FY 2027 contribution rates have already been determined based on the ratemaking process, so two additional years of the contribution rate are shown versus dollars received. The total employer contribution for FY 2025 includes $2.0 million for plan changes in FY 2025.



The member contribution rates are set by statute, based on the Plan within the Program in which each member participates. The total employer contribution rate is set by the ratemaking process on a biennial basis. The contribution rate for FY 2025 was based on a roll-forward of the June 30, 2021 valuation to June 30, 2022, as previously described in this Board Summary.

The most important information to be gleaned from this chart is that the Program, as evidenced in the prior chart, has successfully and significantly improved its funded status over the past 35 years, while maintaining a remarkably stable State contribution rate between approximately 15% and 20%.

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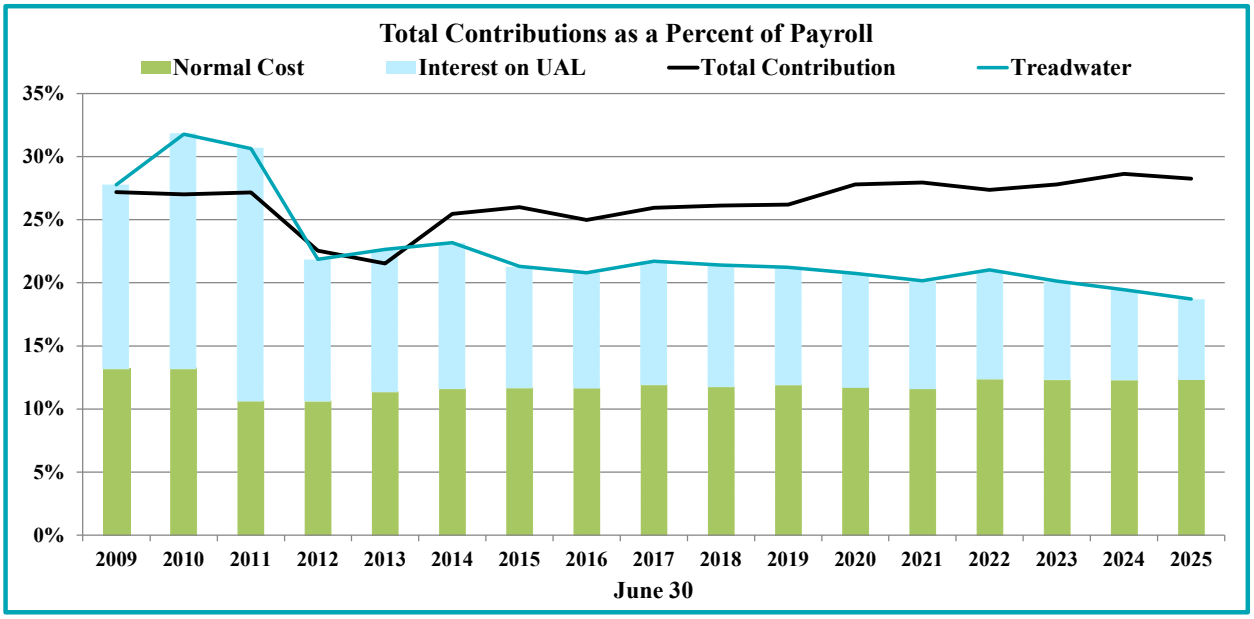
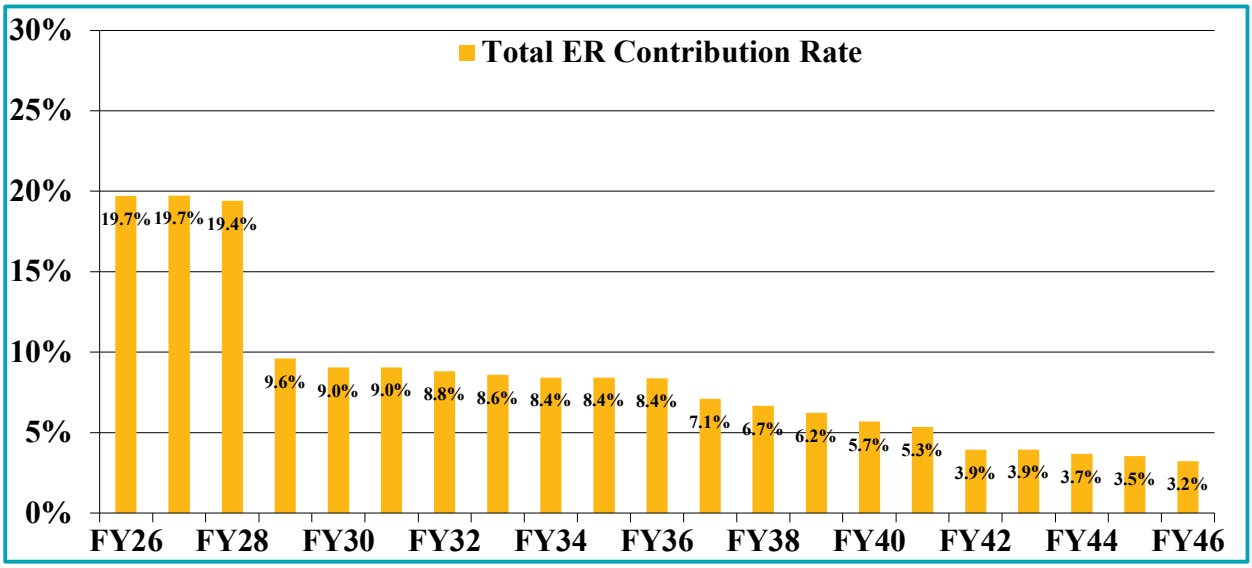
The next chart compares the total contribution rate to a rate we refer to as the "tread water rate." The tread water rate is the rate of payroll which, if contributed, would result in the UAL remaining the same in the following year if all experience exactly matched the assumptions. The tread water rate is the full normal cost plus interest on the UAL.

As can be seen in the following chart, the total contribution rate has exceeded the tread water rate every year since 2014.



Baseline Projections

Our analysis of the projected financial trends for the Program is an important part of this valuation. In this section, we project future valuation results, focusing on the previously referenced AVA funded ratio (AVA over AL) and the expected employer contributions that will be developed through the ratemaking process in future biennia. Here we present a baseline projection of these metrics based on all actuarial assumptions being exactly met during the projection period, including the assumed 6.50% investment return being achieved each year. In the risk section of the report, we demonstrate the sensitivity of future valuation results to deviations in actual returns from the assumed investment returns by presenting similar projections based on investment returns averaging similarly to the assumed returns but deviating from the assumed rate in the individual years of the 20-year projection period. Note that the projections in this report are based on the Board's current funding policy. This funding policy will be reviewed during FY 2026 to consider possible changes.



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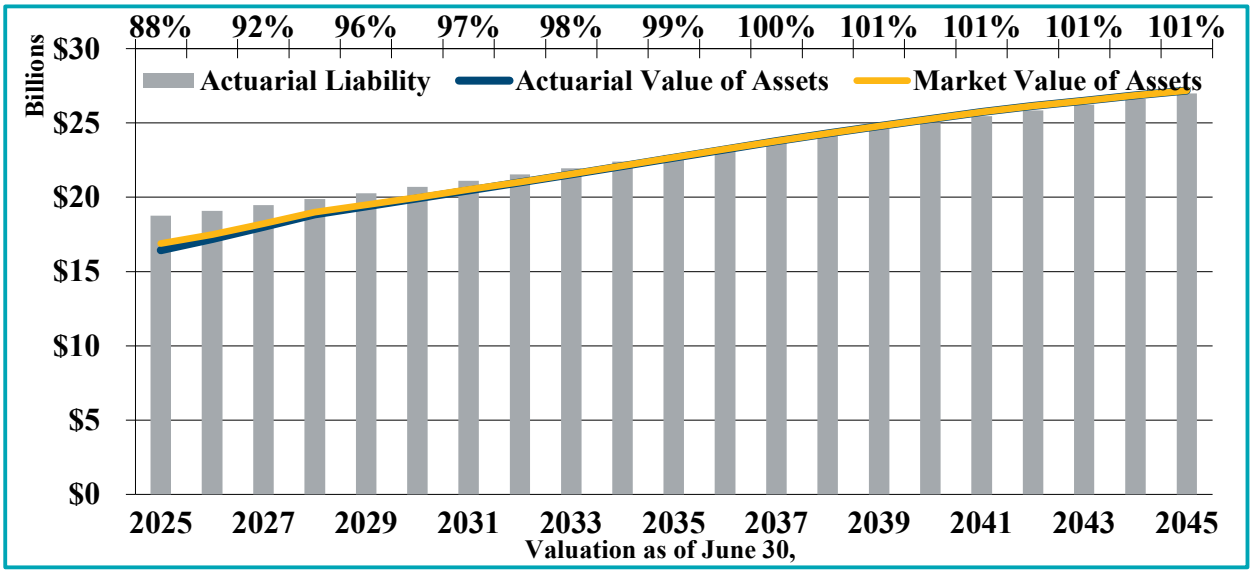
This baseline projection shows that the overall composite employer contribution rate for the Program is projected to remain within 0.5% of the current rate of 19.70% applicable for FY 2026 through FY 2028, then dramatically drops in FY 2029 once the 1996 UAL balance is fully paid off. At that point, the employer contribution rates under this baseline scenario drop, initially to 9.6%, with small decreases thereafter as additional bases are recognized, dropping to 3.2% by the end of the projection period. Note that this baseline projection is based on all assumptions being met each and every year where the reality is that there will be gains and losses each and every year, resulting in new amortization layers, negative or positive, occurring every year. This concept is explored further in the risk section of this report.



The graph above shows the projected AVA funded ratio (AVA divided by AL) over the next 20 years in the baseline scenario where all underlying assumptions are exactly met. It shows that the Program's AVA funded ratio is projected to improve from the current 88% as of June 30, 2025 to 100% by June 30, 2036. If the ratios used Market Value of Assets (MVA), the funded ratios would be slightly different.

Principal Results Summary

The last section of this Board Summary presents a summary of the principal results of the valuation, comparing key results between this and last year's valuations for member counts, assets and liabilities, and contribution rates. These summary results are shown for the total State Employee and Teacher Program, and then for each of these subgroups as well as the division of the State Employee Program into the Regular and Special Plans.

SECTION I – BOARD SUMMARY

Table I-2
Summary of Principal Results
Total State Employee and Teacher Program

	Valuation as of June 30, 2024	Valuation as of June 30, 2025	% Change
Member Counts			
Active Members	40,932	41,578	1.6%
Retired Members	31,203	31,720	1.7%
Beneficiaries of Retired Members	6,275	6,358	1.3%
Survivors of Deceased Members	558	534	(4.3)%
Disabled (Current and Former) Members	1,499	1,466	(2.2)%
Terminated Vested Members	9,410	9,403	(0.1)%
Inactives Due Refunds	38,789	39,138	0.9%
Total Membership	128,666	130,197	1.2%
Annual Payroll of Active Members	$ 2,497,375,613	$ 2,678,253,523	7.2%
Annual Payments to Benefit Recipients	$ 1,012,801,406	$ 1,053,692,714	4.0%
Assets and Liabilities			
Actuarial Liability (AL)	$ 18,050,569,851	$ 18,770,059,781	4.0%
Actuarial Value of Assets (AVA)	15,586,656,799	16,438,814,919	5.5%
Unfunded AL (UAL)	$ 2,463,913,052	$ 2,331,244,862	(5.4)%
AVA Funded Ratio (AVA/AL)	86.3%	87.6%	
MVA Funded Ratio (MVA/AL)	87.6%	90.0%	
Accrued Benefit Liability (PVAB)	$ 16,327,475,935	$ 16,903,972,961	3.5%
Market Value of Assets (MVA)	15,809,706,213	16,888,911,440	6.8%
Unfunded PVAB	$ 517,769,722	$ 15,061,521	N/A
MVA Accrued Benefit Funded Ratio	96.8%	99.9%	
Contributions as a Percentage of Payroll			
Employer Normal Cost Rate	4.60%	4.50%	
UAL Amortization Rate	15.83%	15.48%	
Total Employer Calculated Rate	20.43%	19.98%	

	2022 Ratemaking		2024 Ratemaking	
Total Employer Budgeted Rates	FY 2024	19.87%	FY 2026	19.70%
Total Employer Budgeted Rates	FY 2025	19.89%	FY 2027	19.73%

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Table I-3
Summary of Principal Results
Teacher Program

	Valuation as of June 30, 2024	Valuation as of June 30, 2025	% Change
Member Counts			
Active Members	28,028	28,240	0.8%
Retired Members	19,576	19,914	1.7%
Beneficiaries of Retired Members	3,026	3,053	0.9%
Survivors of Deceased Members	276	270	(2.2)%
Disabled (Current and Former) Members	658	650	(1.2)%
Terminated Vested Members	6,106	6,090	(0.3)%
Inactives Due Refunds	29,201	29,299	0.3%
Total Membership	86,871	87,516	0.7%
Annual Payroll of Active Members	$ 1,587,791,945	$ 1,672,884,522	5.4%
Annual Payments to Benefit Recipients	$ 646,128,045	$ 671,646,832	3.9%
Assets and Liabilities			
Actuarial Liability (AL)	$ 11,847,210,197	$ 12,272,087,528	3.6%
Actuarial Value of Assets (AVA)	10,327,239,734	10,874,210,751	5.3%
Unfunded Actuarial Liability (UAL)	$ 1,519,970,463	$ 1,397,876,777	(8.0)%
AVA Funded Ratio (AVA/AL)	87.2%	88.6%	
MVA Funded Ratio (MVA/AL)	88.4%	91.0%	
Accrued Benefit Liability (PVAB)	$ 10,626,393,209	$ 10,963,088,117	3.2%
Market Value of Assets (MVA)	10,475,025,420	11,171,947,811	6.7%
Unfunded PVAB	$ 151,367,789	$ (208,859,694)	N/A
MVA Accrued Benefit Funded Ratio	98.6%	101.9%	
Contributions as a Percentage of Payroll			
Employer Normal Cost Rate	4.40%	4.31%	
UAL Rate	15.07%	14.81%	
Total Employer Rate	19.47%	19.12%	
	2022 Ratemaking	2024 Ratemaking	
Total Employer Budgeted Rates	FY 2024 18.98%	FY 2026 18.80%	
Total Employer Budgeted Rates	FY 2025 18.98%	FY 2027 18.80%	

SECTION I – BOARD SUMMARY

Table I-4
Summary of Principal Results
State Program (Regular and Special Plans)

	Valuation as of June 30, 2024	Valuation as of June 30, 2025	% Change
Member Counts			
Active Members	12,904	13,338	3.4%
Retired Members	11,627	11,806	1.5%
Beneficiaries of Retired Members	3,249	3,305	1.7%
Survivors of Deceased Members	282	264	(6.4)%
Disabled (Current and Former) Members	841	816	(3.0)%
Terminated Vested Members	3,304	3,313	0.3%
Inactives Due Refunds	9,588	9,839	2.6%
Total Membership	41,795	42,681	2.1%
Annual Payroll of Active Members	$ 909,583,668	$ 1,005,369,001	10.5%
Annual Payments to Benefit Recipients	$ 366,673,361	$ 382,045,882	4.2%
Assets and Liabilities			
Actuarial Liability (AL)	$ 6,203,359,654	$ 6,497,972,253	4.7%
Actuarial Value of Assets (AVA)	5,259,417,065	5,564,604,168	5.8%
Unfunded Actuarial Liability (UAL)	$ 943,942,589	$ 933,368,085	(1.1)%
AVA Funded Ratio (AVA/AL)	84.8%	85.6%	
MVA Funded Ratio (MVA/AL)	86.0%	88.0%	
Accrued Benefit Liability (PVAB)	$ 5,701,082,726	$ 5,940,884,844	4.2%
Market Value of Assets (MVA)	5,334,680,793	5,716,963,629	7.2%
Unfunded PVAB	$ 366,401,933	$ 223,921,215	(38.9)%
MVA Accrued Benefit Funded Ratio	93.6%	96.2%	
Contributions as a Percentage of Payroll			
Employer Normal Cost Rate	4.94%	4.81%	
UAL Rate	17.16%	16.58%	
Total Employer Rate	22.10%	21.39%	

	2022 Ratemaking		2024 Ratemaking	
Total Employer Budgeted Rates	FY 2024	21.51%	FY 2026	21.27%
Total Employer Budgeted Rates	FY 2025	21.58%	FY 2027	21.36%

SECTION I – BOARD SUMMARY

Table I-5
Summary of Principal Results
State Program – Regular Plans Only

	Valuation as of June 30, 2024*	Valuation as of June 30, 2025	% Change
Member Counts			
Active Members	11,251	11,586	3.0%
Retired Members	10,727	10,946	2.0%
Beneficiaries of Retired Members	2,996	3,091	3.2%
Survivors of Deceased Members	265	251	(5.3)%
Disabled (Current and Former) Members	755	733	(2.9)%
Terminated Vested Members	2,879	2,873	(0.2)%
Inactives Due Refunds	8,290	8,499	2.5%
Total Membership	37,163	37,979	2.2%
Annual Payroll of Active Members	$ 767,098,298	$ 842,155,609	9.8%
Annual Payments to Benefit Recipients	$ 329,628,723	$ 346,382,421	5.1%
Assets and Liabilities			
Actuarial Liability (AL)	$ 5,315,204,870	$ 5,548,944,522	4.4%
Actuarial Value of Assets (AVA)	4,509,868,498	4,779,318,905	6.0%
Unfunded Actuarial Liability (UAL)	$ 805,336,372	$ 769,625,617	(4.4)%
AVA Funded Ratio (AVA/AL)	84.8%	86.1%	
MVA Funded Ratio (MVA/AL)	86.1%	88.5%	
Accrued Benefit Liability (PVAB)	$ 4,903,612,611	$ 5,100,717,260	4.0%
Market Value of Assets (MVA)	4,574,405,977	4,910,177,172	7.3%
Unfunded PVAB	$ 329,206,634	$ 190,540,088	(42.1)%
MVA Accrued Benefit Funded Ratio	93.3%	96.3%	
Contributions as a Percentage of Payroll			
Employer Normal Cost Rate	4.83%	4.78%	
UAL Rate	16.79%	16.35%	
Total Employer Rate	21.62%	21.13%	
	2022 Ratemaking	2024 Ratemaking	
Total Employer Budgeted Rates	FY 2024 21.07%	FY 2026 20.86%	
Total Employer Budgeted Rates	FY 2025 21.14%	FY 2027 20.95%	

*Some results restated due to Inactive Due Refunds corrected allocation between State Regular and State Special Plans.

SECTION I – BOARD SUMMARY

Table I-6
Summary of Principal Results
State Program – Special Plans Only

	Valuation as of June 30, 2024*	Valuation as of June 30, 2025	% Change
Member Counts			
Active Members	1,653	1,752	6.0%
Retired Members	900	860	(4.4)%
Beneficiaries of Retired Members	253	214	(15.4)%
Survivors of Deceased Members	17	13	(23.5)%
Disabled (Current and Former) Members	86	83	(3.5)%
Terminated Vested Members	425	440	3.5%
Inactives Due Refunds	1,298	1,340	3.2%
Total Membership	4,632	4,702	1.5%
Annual Payroll of Active Members	$ 142,485,370	$ 163,213,392	14.5%
Annual Payments to Benefit Recipients	$ 37,044,638	$ 35,663,461	(3.7)%
Assets and Liabilities			
Actuarial Liability (AL)	$ 888,154,784	$ 949,027,731	6.9%
Actuarial Value of Assets (AVA)	749,548,567	785,285,263	4.8%
Unfunded Actuarial Liability (UAL)	$ 138,606,217	$ 163,742,468	18.1%
AVA Funded Ratio (AVA/AL)	84.4%	82.7%	
MVA Funded Ratio (MVA/AL)	85.6%	85.0%	
Accrued Benefit Liability (PVAB)	$ 797,470,115	$ 840,167,584	5.4%
Market Value of Assets (MVA)	760,274,816	806,786,457	6.1%
Unfunded PVAB	$ 37,195,299	$ 33,381,127	(10.3)%
MVA Accrued Benefit Funded Ratio	95.3%	96.0%	
Contributions as a Percentage of Payroll			
Employer Normal Cost Rate	5.54%	4.99%	
UAL Rate	19.08%	17.91%	
Total Employer Rate	24.62%	22.90%	
	2022 Ratemaking	2024 Ratemaking	
Total Employer Budgeted Rates	FY 2024 23.83%	FY 2026 23.32%	
Total Employer Budgeted Rates	FY 2025 23.92%	FY 2027 23.43%	

*Some results restated due to Inactive Due Refunds corrected allocation between State Regular and State Special Plans.

SECTION II – RISK ASSESSMENT AND DISCLOSURE

Introduction

The Program's actuarial valuation results are dependent on assumptions about future economic and demographic experience. Based on Actuarial Standards of Practice, these assumptions represent a reasonable estimate for future experience. However, actual future experience will never conform exactly to these assumptions and may differ significantly from the assumptions. This deviation is a risk that pension plan sponsors bear in relying on a pension plan's actuarial valuation results.

This section of this report is intended to identify the primary drivers of these risks, provide background information and assessments about these identified risks, and communicate the significance of these risks to this Program.

Identification of Risks

For this Program, the three primary valuation results that can significantly differ from those expected are the assets, the liabilities, and the employer contributions. While there are several factors that could lead to these results being different, we believe the primary risks for this Program are:

- Investment risk,
- Longevity and other demographic risks,
- Plan change risk, and
- Assumption change risk

Other risks that we have not identified may also turn out to be significant.

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Investment Risk is the potential for investment returns to deviate from what is expected. When actual investment returns are lower than the investment assumption used in the actuarial valuation, the unfunded liability will increase from what was expected and will require higher contributions than otherwise anticipated. But when actual returns exceed those assumed, the resulting unfunded liability measurements and actuarially determined contributions will be lower than anticipated. As seen in the historical section that follows, this has been a significant driver of deviations in the actual measurements for this Program from those expected by the prior valuations.

Longevity and Other Demographic Risk is the potential for mortality or other demographic experience to be different than expected. Generally, longevity and other demographic risks emerge slowly over time as the actual experience deviates from expectations. In addition, the extensive number of assumptions related to longevity and other demographic experience often result in offsetting deviations contributing to the Program's overall liability experience. As such, these risks are often dwarfed by other risks, particularly those due to the investment returns. The historical section that follows shows that this has been true for this Program in most individual years, with the magnitude of the gains and losses from investment experience often significantly larger than the gains and losses from liability experience. During the past 10 years, the offsetting effects of the investment gains and losses has resulted in a lower total net value despite the annual volatility, whereas the longevity and other demographic risk gains and losses have had more losses in recent years resulting in a larger cumulative value. The continued losses seen since the last experience study can be attributed largely to pay increases being higher than expected.

Plan Change Risk is the potential for the provisions of the Program to be changed such that the funding or benefits are changed materially. In addition to the actual payments to and from the Program being changed, future valuation measurements can also be impacted, with Program changes leading to deviations between actual future measurements and those expected by prior valuations. For this Program, this risk is partially mitigated by the constitutional requirement that any Program changes creating new actuarial liabilities must be fully funded. Because of this, plan changes in the recent 10-year period have not resulted in changes in the Unfunded Actuarial Liability, as they have all been fully funded. It is worth noting that when plan changes reduce the liability, there will be a gain associated with such a change. The last time this occurred was in 2011.

Assumption Change Risk is the potential for the environment to change such that future valuation assumptions are adjusted to be different than the current assumptions. For example, declines in interest rates over time may result in a change in the assumed rates of return used in the valuation. A healthier workforce may result in changes in employee behavior such that retirement rates are adjusted to reflect employees working longer. Assumption change risk is an extension of the risks previously identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in the environment resulting in the current assumption no longer being reasonable. The historical review section will show that assumption change risk has been the most significant risk for this Program over the period.

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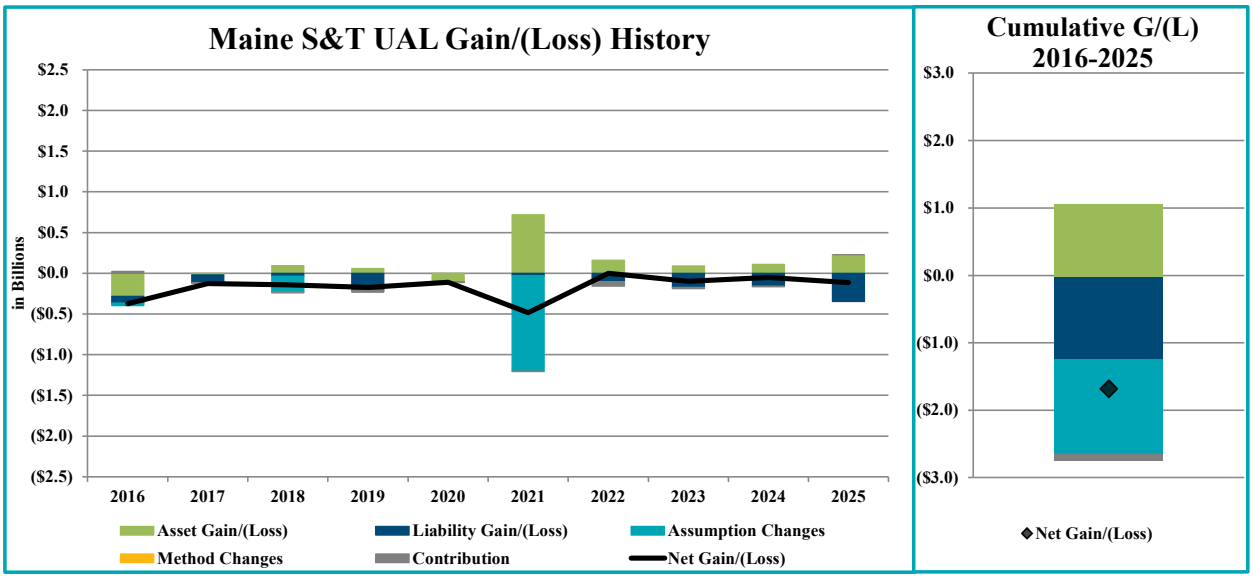
Historical Experience Deviations

In understanding the impact of some of these risks, it is useful to look at past experience deviations. These deviations are commonly referred to as actuarial gains and losses. The following chart shows the gains/(losses) at each valuation date between the actual and expected experience broken down by cause for the last 10 years.



As described previously and evident in this chart, assumption changes as well as liability and asset gains and losses have been the most significant risks for the Program over this 10-year period on a cumulative basis. Contribution timing was much less significant over this period. Over this period, there were no method changes.

Plan Maturity Measures

As pension plans become more mature, the primary risks of adverse investments, demographic deviations, plan changes, and assumption/method changes become of more significant concern as the resulting impacts on the Program's condition are more pronounced. As a result, it has become increasingly important to examine measures that indicate a pension plan's maturity level. With shrinking workforces, aging Baby Boomers, and retirees living longer, plans pay out more in benefits than they receive in contributions – leading to negative cash flows, excluding investment income, making it harder for a plan to recover from losses since contributions are generally made based on active payroll.

SECTION II – RISK ASSESSMENT AND DISCLOSURE

One of the main reasons risks are more amplified with a mature plan is that when plans with negative cash flows suffer investment losses, they need to liquidate enough assets to pay for benefits in excess of contributions. That means these plans will need to earn higher returns to rebuild their assets to the previous levels. Plans with negative cash flows exceeding five percent of assets are especially vulnerable to asset losses.

The balance of this section discloses and examines two maturity measures: the asset leverage ratio and the net cash flow ratio.

Asset Leverage Ratio

One important plan maturity measure is the asset leverage ratio, the Market Value of Assets divided by the plan's payroll. This measure represents the multiple of an asset loss as a percentage of payroll that would need to be contributed to make up a given change in the plan's assets. As a plan matures, its assets increase, and a greater proportion of the assets are paid out in benefit payments to members. The greater the plan's assets are relative to payroll, the more vulnerable the plan is to investment volatility in terms of the resulting contribution requirement changes.

As an example, here are two plans that both experience a 10% investment loss equaling $500 million on their existing assets of five billion dollars. Plan A's asset leverage ratio is 10 and Plan B's ratio is five. This means that Plan A has to spread, or amortize, that loss over a payroll that is half as large as Plan B's. As seen in the chart below, this results in the percentage of payroll that Plan A would need to contribute to make up the loss being double what would be required for Plan B.

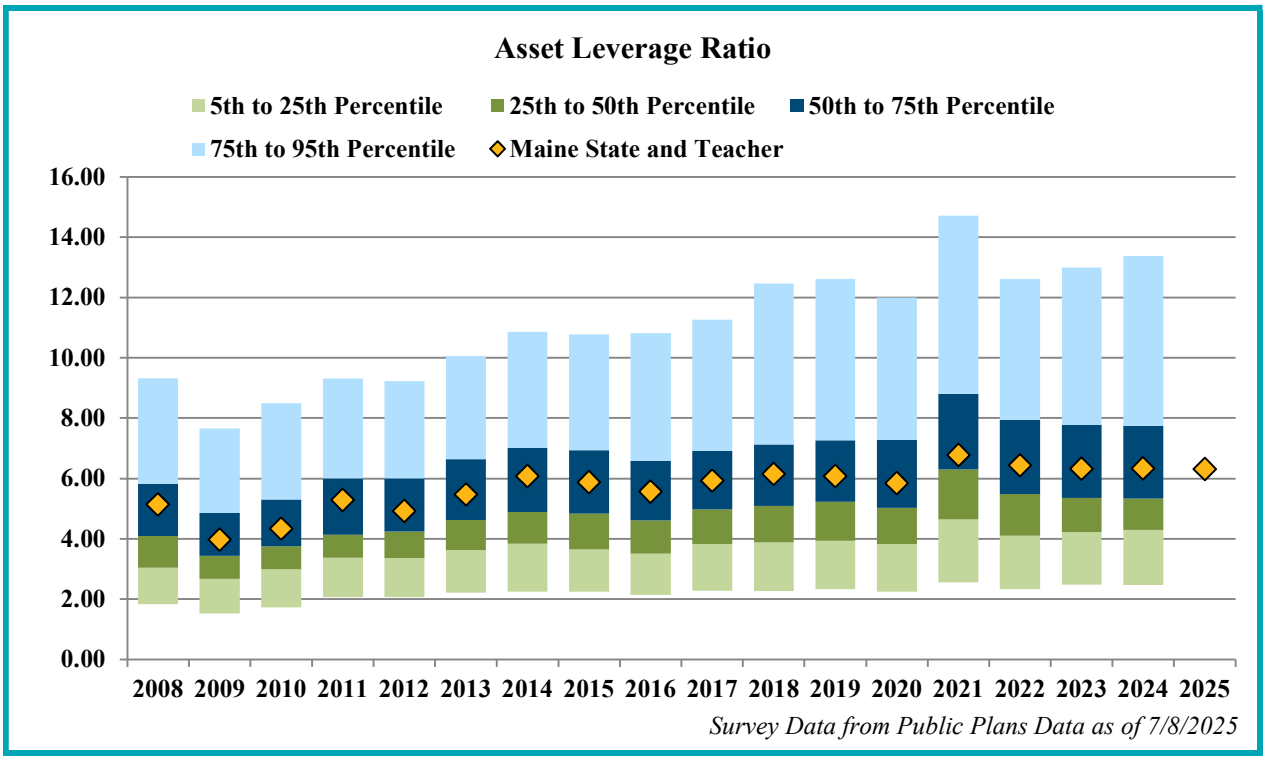
	($ in millions)	
	Plan A	Plan B
Plan Assets	$ 5,000	$ 5,000
Payroll	$ 500	$ 1,000
Asset Leverage Ratio	10.0	5.0
10% Loss	$ 500	$ 500
10% Loss as % of Payroll	100%	50%

The Government Finance Officers Association (GFOA), MissionSquare Research Institute, the National Association of State Retirement Administrators (NASRA), and the Center for Retirement Research at Boston College maintain the Public Plans Data database that contains almost all state plans as well as many large municipal plans, covering over 95% of the membership in public plans as well as over 95% of the assets held by public pension plans. For purposes of the charts included in this section that compare the Maine State Employee and Teacher Program to this Public Plans database, we have excluded small Plans (defined as those that have less than $1 billion in actuarial liability).

SECTION II – RISK ASSESSMENT AND DISCLOSURE

The chart that follows shows the asset leverage ratios for the Program and the large plans in this database since 2008. The colored bars represent the central 90% of the asset leverage ratios of the large plans in the database for each year. The Maine State Employee and Teacher Program is represented by the gold diamonds. This chart shows that the Program's asset leverage ratio has generally increased over this period, both in absolute terms and relative to the universe of other large systems, although it had remained steady, between 550% and 650% of salary, for the eight years prior to 2021, when it increased to 677%, or 6.77 times salary. Due to the market loss in FY 2022 and the slight gains in 2023 and 2024 and larger than expected increases in payroll, the rate is now back within the previous range at 631%, or 6.31 times salary.

Note that the charts showing the Program versus the universe of public plans in this section show one more year for the Program than the universe as the 2025 numbers are not yet available for the database. When these numbers are available, we anticipate that the universe of public plans will also show a similar trend experience in this ratio when compared to MainePERS.



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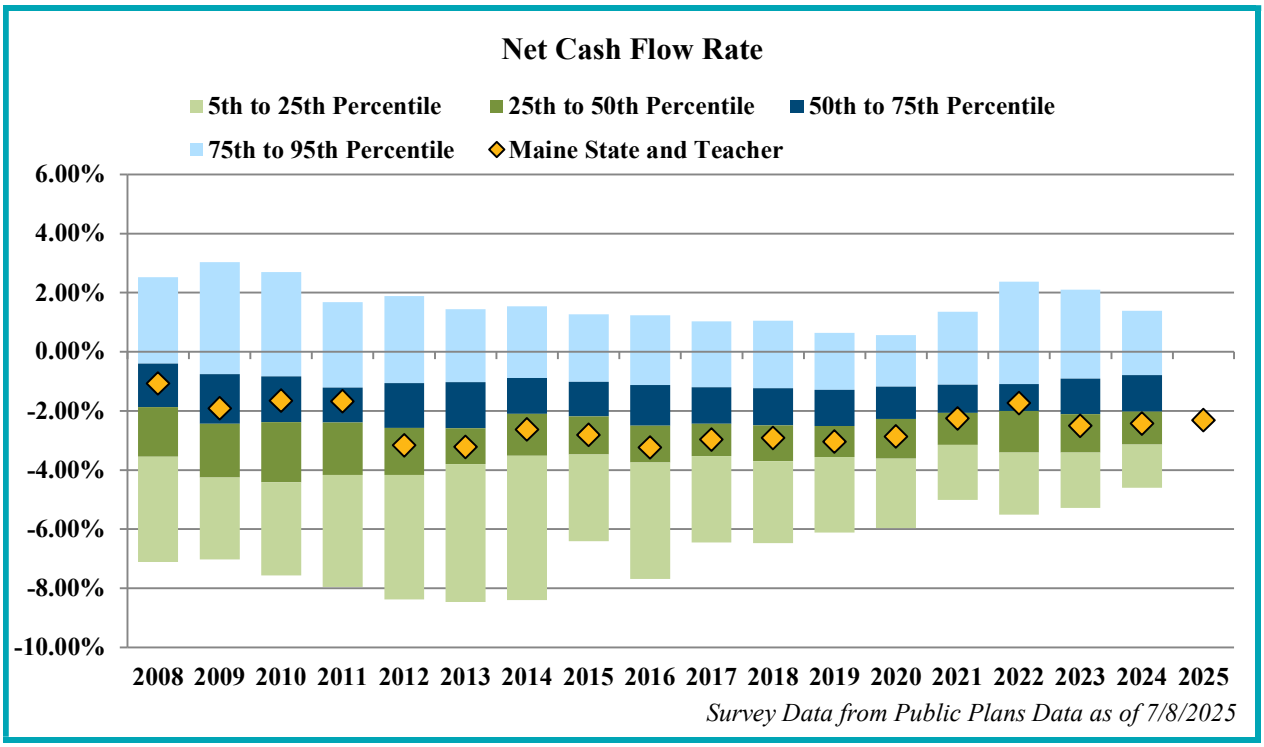
Net Cash Flow Ratio

Another measure of plan maturity is the ratio of the net cash flow (excluding investment returns) for a plan – contributions less benefits and expenses – divided by the market value of plan assets. When this ratio is significantly negative, a plan is very vulnerable to market declines. This vulnerability increases as this ratio becomes more negative.

This chart shows that the Program's net cash flow ratio in 2008 was about negative 1.1% and generally trended towards more negative values through 2012. Starting in 2013, it remained relatively stable within 0.35% of negative 2.95% in all years through 2020. In FY 2021, the Program's negative cash flow improved to negative 2.3%, largely due to the significant asset gains in FY 2021. In FY 2022, the Program's negative cash flow increased to negative 1.7%, due largely to the extra contributions made to the Trust to fund the COLA benefit change enacted in FY 2022. In FY 2025, the cash flow rate is negative 2.3%. Relative to the large public plans universe, the Program had smaller negative net cash flows than the median plan in the database at the beginning of this period. But since 2012, the negative net cash flows have been larger than the median plan in the universe other than FY 2022. Since the results for other large systems as of 2025 are not yet available, we do not yet know how the change in the net cash flow ratio for this System in 2025 will compare relative to that of other large systems. Note also that the Program's contribution rate is expected to decrease once the 1996 UAL is paid off, which will be in FY 2028. After that point, we anticipate seeing a significant increase in the negative net cash flow rate to about negative 4.0%.



SECTION II – RISK ASSESSMENT AND DISCLOSURE

Assessing Future Risk

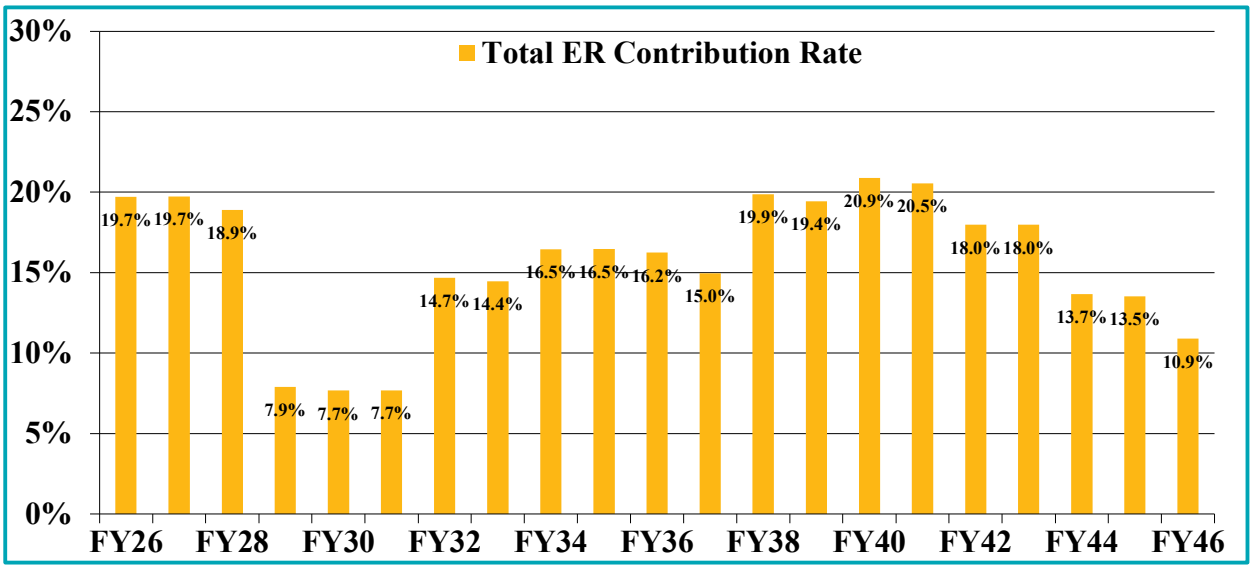
Assessing the future risk that the expected measurements produced by the actuarial valuations will deviate from the actual values over time is complex and can never be exactly known. However, to try to assist the Board in its review of this report, we have attempted to develop some basic assessments of this risk in the remainder of this section, focusing on risks related to investment returns.

Pages 6-7 have additional detail on the baseline projection produced from this valuation. It is important to note that baseline projections, while informative, **are not going to occur** as experience never conforms exactly to assumptions every year. As discussed in the plan maturity section, as plans become more mature, it typically becomes more difficult for them to recover from market declines even when the average investment return over an extended period is equal to the expected return. As a demonstration of this, on the following pages we show a scenario that is based on assuming varying returns in the future. We based this varying return scenario on assuming the returns for the next 20 years would equal what a portfolio invested 75% in the SP-500 index and 25% in the Bloomberg Aggregate bond index would have earned for the 20-year period July 1, 1999 through June 30, 2019. This period was selected because it contained several periods of volatile returns, both high and low, and produced an overall net return for the period of 6.32%, just below the current assumption of 6.5%. The 75%/25% equity/fixed income allocation is a rough proxy for the Program's asset allocation. The rates assumed for this scenario are shown below.

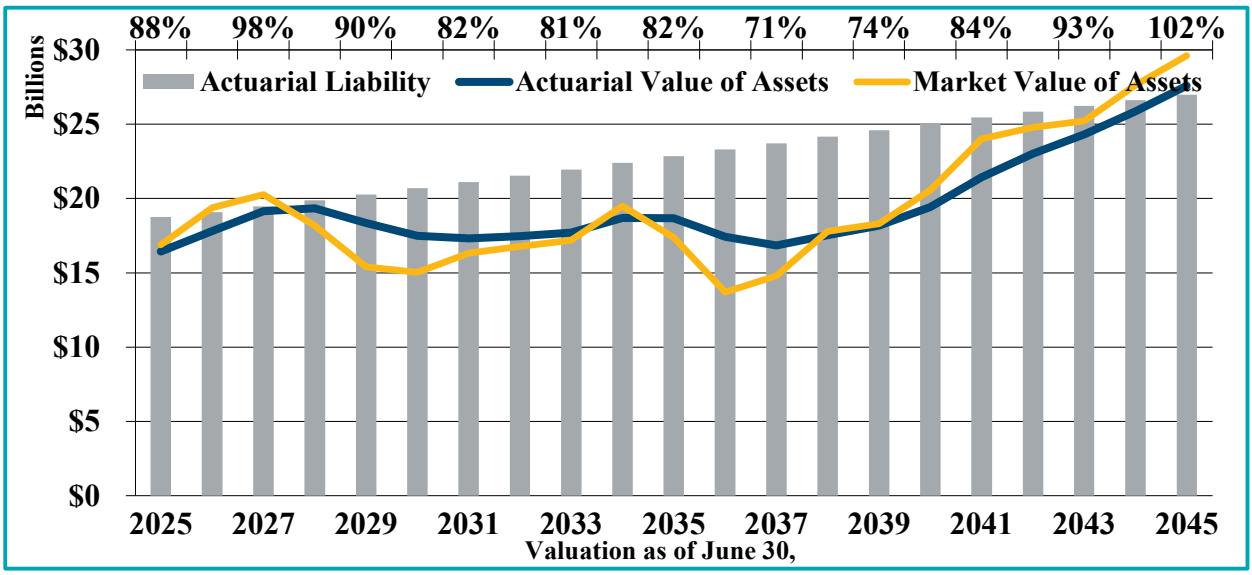
FY	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Return	17.9%	6.6%	-8.3%	-11.3%	2.8%	14.4%	6.4%	6.3%	17.0%	-8.1%
FY	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return	-18.1%	13.2%	24.0%	6.0%	15.3%	19.6%	6.0%	4.5%	13.3%	10.7%

With varying annual earnings, one can see the significant volatility in the employer contributions in the first chart where State contribution rates drop below 8% in FY 2029 and then escalate to over 21% in the following years. We note that this chart reflects just one illustrative scenario and is not intended to reflect future expectations. However, it does highlight the fact that once the State contribution rate drops following the payoff of the 1996 UAL, volatility in the State contribution rate is likely to be more significant than in prior years.

SECTION II – RISK ASSESSMENT AND DISCLOSURE



The AVA funded ratio of the Program is also more volatile with varied returns as seen in the following graph based on this illustrative varying returns scenario. Both the baseline projection and this scenario result in the Program being fully funded by the end of the projection period. However, in this illustrative varying returns scenario, the funded ratio is much more volatile. The AVA funded ratio even dips to a low of 71% in 2037 before recovering over this period.



SECTION III – ASSETS

Pension plan assets play a key role in the financial operation of plans and in the decisions that Trustees make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect benefit levels, employer contribution rates, and the ultimate security of members' benefits.

The assets for all Defined Benefit (DB) Programs administered by MainePERS are invested together. These Programs are the State Employee and Teacher Retirement Program that is valued in this report, the Judicial Retirement Program, the Legislative Retirement Program, and the Participating Local District (PLD) Retirement Program, including both the Consolidated Plan and the several Nonconsolidated PLDs. The assets of these Programs are entirely commingled for investment purposes, so the Actuarial Value of Assets (AVA) for each of these Programs is developed by first developing it for the entire asset pool and then subsequently allocating that total AVA to each of the specific Programs.

In this section, we present detailed information on the Program's assets including:

- Disclosure of total MainePERS DB assets at June 30, 2025,
- Statement of changes in total MainePERS DB market values during the year,
- Development of the total MainePERS DB Actuarial Value of Assets,
- Allocation of the total actuarial value to MainePERS DB Programs,
- Assessment of the total MainePERS DB investment performance, and
- Projection of expected cash flows for the Program for the next 10 years.

Disclosure

The Market Value of Assets (MVA) represents a "snap-shot" or "cash-out" value, which provides the principal basis for measuring financial performance from one year to the next. However, market values can fluctuate widely with corresponding swings in the marketplace, resulting in volatility in the resulting contributions if the unadjusted market value is used in the valuation process that develops the contributions. Therefore, a smoothed Actuarial Value of Assets is developed for use in the valuation process and for evaluating the Program's ongoing ability to meet its obligations. The actuarial value of the Program's assets is developed by allocating the actuarial value of the total MainePERS DB assets to each Program. This section discloses the market and actuarial values of the MainePERS DB assets both in total and for each Program.

SECTION III – ASSETS

Table III-1 that follows develops the change in the Market Value of Assets for the total MainePERS DB assets during FY 2025.

Table III-1
Changes in Market Value of Total MainePERS Defined Benefit (DB) Assets

Market Value of Total MainePERS DB Assets – June 30, 2024		**$ 20,001,232,425**
Additions		
Contributions:		
Employer Contributions	$ 623,350,284	
Member Contributions	271,600,794	
Transfers	(290,599)	
Total Contributions	$ 894,660,479	
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	$ 1,993,780,073	
Interest on Bank Balances	2,480,636	
Total Investment Income	$ 1,996,260,709	
Investment Activity Expenses:		
Management Fees	$ (129,340,210)	
Investment Related Expense	(5,843,331)	
Banking Fees	(23,013)	
Total Investment Activity Expenses	$ (135,206,554)	
Net Income from Investing Activities	$ 1,861,054,155	
Total Additions		$ 2,755,714,634
Deductions		
Retirement Benefits	$ (1,240,699,364)	
Disability Benefits	(24,470,473)	
Survivor Benefits	(28,524,407)	
Refunds	(34,979,611)	
Administrative Expenses	(19,557,769)	
Total Deductions		$ (1,348,231,624)
Total		
Net Increase (Decrease)		$ 1,407,483,010
Market Value of Total MainePERS DB Assets – June 30, 2025		**$ 21,408,715,435**

SECTION III – ASSETS

Actuarial Value of Total MainePERS DB Assets

Table III-2 that follows develops the Actuarial Value of Assets for the total MainePERS DB assets as of June 30, 2025 using the adopted actuarial valuation methodology.

Table III-2
Development of Actuarial Value of Total MainePERS Defined Benefit (DB) Assets as of June 30, 2025

1.	Actuarial Value of Total MainePERS DB Assets at June 30, 2024	$ 19,719,047,347
2.	Amount in (1) with Interest to June 30, 2025	21,000,785,425
3.	Total Contributions for FY 2025	894,660,479
4.	Interest on Contributions in (3), Assuming Received Uniformly throughout FY 2025	28,618,732
5.	Total Disbursements without Administrative Expenses, for FY 2025	(1,328,673,855)
6.	Interest on Disbursements in (5), Assuming Payments made Uniformly throughout FY 2025	(42,502,114)
7.	Expected Value of Total MainePERS DB Assets at June 30, 2025 = (2) + (3) + (4) + (5) + (6)	$ 20,552,888,667
8.	Actual Market Value of Total MainePERS DB Assets at June 30, 2025	21,408,715,435
9.	Excess of (8) Over (7)	855,826,768
10.	Actuarial Value of Total MainePERS DB Assets at June 30, 2025 = (7) + [33⅓% of (9)]	$ 20,838,164,256

As discussed in the disclosure portion of this section, the Actuarial Value of Assets for the Program represents a "smoothed" value developed by the actuary to reduce, or eliminate, volatility in valuation results, particularly contribution rates, that could develop from short-term fluctuations in the Market Value of Assets. Current actuarial methods employed in this Program use an allocated portion of the total Actuarial Value of Assets for the total MainePERS DB assets based on the Program's Market Value of Assets to develop the Actuarial Value of Assets for the Program. The methodology for the total MainePERS DB assets sets the Actuarial Value of Assets equal to the expected value of the Actuarial Value of Assets plus one-third of the difference between the actual Market Value of Assets and the expected Actuarial Value of Assets. The expected value of the Actuarial Value of Assets takes the prior year's Actuarial Value of Assets and adjusts it for contributions, disbursements, and expected interest earnings at the investment return assumption that was in effect for the previous year, 6.50% for this valuation. The previous table, Table III-2, illustrates the calculation of the Actuarial Value of Assets for the total MainePERS DB assets as of June 30, 2025.

SECTION III – ASSETS

Allocation of Actuarial Value of Assets to the Program

The assets for the defined benefit (DB) Programs administered by MainePERS are commingled for investment purposes with the Actuarial Value of Assets for the total assets allocated to the individual Programs on the basis of the market value of the assets for each Program. An asset ratio (total MainePERS DB Actuarial Value of Assets divided by total MainePERS DB Market Value of Assets) is applied to the Market Value of Assets attributable to each of the Programs to determine its Actuarial Value of Assets as of the valuation date. The asset ratio derived in this June 30, 2025 valuation is 0.973350 ($20,838,164,256 ÷ $21,408,715,435). The allocation of actuarial value of the total MainePERS DB assets to each of the MainePERS DB Programs based on this asset ratio is shown in the following table.

Table III-3
Allocation of Actuarial Value of Total MainePERS DB Assets as of June 30, 2025

Program	Market Value	Actuarial Value
Teacher	$ 11,171,947,811	$ 10,874,210,751
State (Regular & Special)	5,716,963,629	5,564,604,168
Judicial	92,775,619	90,303,110
Legislative	18,658,033	18,160,789
Participating Local Districts (Consolidated & Non-Consolidated)	4,408,370,343	4,290,885,438
Total	$ 21,408,715,435	$ 20,838,164,256

Investment Performance

The Market Value of Assets for the total MainePERS DB assets returned a positive 9.31% during FY 2025. This is greater than the assumed return of 6.50% for FY 2025. The equivalent market value returns for the total MainePERS DB assets for FY 2024 and FY 2023 were positive 7.43% and positive 6.05%, respectively.

On an Actuarial Value of Assets basis, the return for FY 2025 was a positive 7.96% for the total MainePERS DB assets. This return is less than the return on a market value basis but greater than the 6.50% assumption in effect for FY 2025. Therefore, this return gave rise to an investment gain on the total MainePERS DB assets this year.

SECTION III – ASSETS

Cash Flow Projections

Table III-4
Projection of State Employee and Teacher Program
Benefit Payments and Contributions

FY Ending June 30,	Expected Benefit Payments	Expected Employer Contributions	Expected Member Contributions	Total Expected Contributions
2026	$ 1,218,472,000	$ 534,821,000	$ 209,313,000	$ 744,134,000
2027	1,155,866,000	550,366,000	215,069,000	765,435,000
2028	1,186,745,000	556,207,000	220,984,000	777,191,000
2029	1,217,755,000	282,376,000	227,061,000	509,437,000
2030	1,249,441,000	273,370,000	233,305,000	506,675,000
2031	1,281,163,000	281,237,000	239,721,000	520,958,000
2032	1,313,745,000	281,186,000	246,313,000	527,499,000
2033	1,345,405,000	281,726,000	253,087,000	534,813,000
2034	1,376,305,000	283,604,000	260,047,000	543,651,000
2035	1,405,102,000	291,700,000	267,198,000	558,898,000

In Table III-4 above, we provide a projection of expected cash flows in and out of the Program for the next 10 years for informational purposes. The Board may share these projections with its investment advisor for consideration of the gap shown between the cash expected to come into the Program through employer and member contributions and the cash expected to be paid out of the Program to provide benefit payments.

The expected benefit payments in Table III-4 were developed using the data currently included in this valuation and on the assumption that the actuarial assumptions disclosed in Appendix C will be exactly met. Actual benefit payments will vary if members retire sooner or later than assumed, if salary increases and actual future post-retirement COLAs differ from those assumed, or if other assumptions differ from the actual experience seen. These benefit projections exclude any assumption about new Program participants, whose experience will eventually lead to increased benefit payments. However, we do not feel this exclusion will materially impact the projections for the period shown.

Expected employer contributions in this table use the budgeted contribution rates for FY 2026 and FY 2027. Future contributions beyond that point are developed based on the assumption that all actuarial assumptions will be exactly met in the projection period, including that the Market Value of Assets will earn 6.50% per year, that payroll grows at 2.75% per year, and that these rates are based on following the biennial budgeting process. These future employer contribution rates are shown graphically in the baseline projection on page 6.

The expected member contributions are similarly based on a 2.75% per year assumed increase in covered payroll multiplied by the current average aggregate member contribution rate of 7.71% for FY 2026.

SECTION IV – LIABILITIES

In this section, we present detailed information on Program liabilities including:

- Disclosure of the Program's liabilities as of June 30, 2024 and June 30, 2025,
- Statement of changes in these liabilities during the year, and
- An allocation of liabilities to the Teacher, State Regular, and State Special Plans.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the purpose for which the figures are ultimately used.

- Present Value of Future Benefits (PVB): Used for analyzing the overall financial obligations of the Program, this represents the amount of money needed today to fully fund all future benefits of the Program, assuming no new members, that active members continue to earn salary increases and accrue benefits under their current Program provisions, and that all actuarial assumptions are exactly met, including the 6.50% per year investment return.

- Actuarial Liability (AL): Used for funding calculations and GASB disclosures, this liability is calculated taking the PVB above and subtracting the value of accruals that are assigned to future years on a person-by-person basis. This offset is equal to the present value of future member contributions and future employer normal cost contributions under an acceptable actuarial cost method. For this Program and the other MainePERS DB Programs, the method used is referred to as the Entry Age Normal (EAN) Cost Method, which is the only permitted actuarial cost method for GASB disclosures.

- Present Value of Accrued Benefits (PVAB): Used for communicating the liabilities for benefits accrued as of the valuation date.

Table IV-1 that follows discloses each of these liabilities for the current and prior year's valuations. With respect to the Actuarial Liability and the Present Value of Accrued Benefits, a subtraction of the appropriate value of the Program's assets yields, for each respective type, a net surplus or an unfunded liability. For the PVB measure, it is compared to the Market Value of Assets plus the expected future value of contributions to the Program for current members. The future employer contributions are calculated as the current employer normal cost rate times the expected future payroll plus a payoff of the current UAL. The future member contributions are calculated assuming the current average rate of 7.71% will be continued for all future years and applied to the expected future payroll as of each date. The difference between the PVB and these anticipated resources indicates either an expected shortfall or an expected surplus representing either additional funding required or excess funding and indicates the size of the Program's stored gains or losses that remain outside of the valuation process currently. We note that none of the liabilities presented in this report are an appropriate measure of a settlement liability.

SECTION IV – LIABILITIES

Table IV-1
Disclosure of Liabilities

	June 30, 2024	June 30, 2025
Present Value of Benefits (PVB)		
Active Member Benefits	$ 8,918,907,944	$ 9,465,114,667
Retired, Disabled, Survivor, and Beneficiary Benefits	10,723,995,963	11,067,866,637
Terminated Vested Benefits	870,743,702	867,797,526
Terminated Nonvested Benefits	91,720,611	95,156,542
Total PVB	**$ 20,605,368,220**	**$ 21,495,935,372**
Market Value of Assets (MVA)	$ 15,809,706,213	$ 16,888,911,440
Future Member Contributions	1,686,569,266	1,814,447,103
Future Employer Contributions	3,471,563,019	3,391,275,712
Projected (Surplus)/Shortfall	(362,470,278)	(598,698,883)
Total Resources	**$ 20,605,368,220**	**$ 21,495,935,372**
Actuarial Liability (AL)		
Present Value of Benefits (PVB)	$ 20,605,368,220	$ 21,495,935,372
Present Value of Future Normal Costs (PVFNC)		
Employer Portion	868,229,103	911,428,488
Member Portion	1,686,569,266	1,814,447,103
Actuarial Liability (AL = PVB – PVFNC)	**$ 18,050,569,851**	**$ 18,770,059,781**
Actuarial Value of Assets (AVA)	15,586,656,799	16,438,814,919
Net (Surplus)/Unfunded (AL – AVA)	**$ 2,463,913,052**	**$ 2,331,244,862**
Present Value of Accrued Benefits (PVAB)		
Present Value of Future Benefits (PVB)	$ 20,605,368,220	$ 21,495,935,372
Present Value of Future Benefit Accruals (PVFBA)	4,277,892,285	4,591,962,411
Accrued Liability (PVAB = PVB – PVFBA)	**$ 16,327,475,935**	**$ 16,903,972,961**
Market Value of Assets (MVA)	15,809,706,213	16,888,911,440
Net (Surplus)/Unfunded (PVAB – MVA)	**$ 517,769,722**	**$ 15,061,521**

SECTION IV – LIABILITIES

Low-Default-Risk Obligation Measure (LDROM)

The System invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. A low risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the System. Such a portfolio, however, would have a lower expected rate of return than the diversified portfolio. The LDROM represents what the funding liability would be if the System invested its assets in such a portfolio. As of June 30, 2025, we estimate that a portfolio composed only of US Treasury securities would have an expected return of 4.77% compared to the System's discount rate of 6.50%, and the LDROM would be $23.0 billion compared to the Actuarial Liability of $18.8 billion. The $4.2 billion difference represents the expected taxpayer savings from bearing the risk of investing in the diversified portfolio. Alternatively, it also represents the cost of eliminating the investment risk.

If the System were to invest in the LDROM portfolio, the reported funded status would decrease, and contribution requirements would increase. Benefit security for members of the Program relies on a combination of the assets in the System, the investment returns generated on those assets, and the promise of future contributions. If the System were to invest in the LDROM portfolio, it would not change the amount of assets currently in the System, but it would reduce expected future investment returns and increase expected future contributions. However, the range of future investment returns and future contributions needed would narrow significantly.

SECTION IV – LIABILITIES

Changes in Liabilities

Each of the liabilities disclosed in Table IV-1 is expected to change at each subsequent valuation. The components of these changes, depending upon which liability is analyzed, can include:

- New Program members since the last valuation
- Benefits accrued since the last valuation
- Program amendments changing benefits since the last valuation
- Passage of time, which adds interest to the prior liability
- Benefits paid to members since the last valuation
- Members retiring, terminating, or dying at rates different than expected since the last valuation
- Salaries changing at rates different than expected since the last valuation
- A change in actuarial assumptions since the last valuation
- A change in the actuarial cost method since the last valuation

Unfunded liability measurements will change because of all of the above, as well as due to changes in the Program's asset measurements resulting from:

- Contributions being different than expected
- Investment earnings being different than expected
- A change in the method used to measure the Program's assets in developing the unfunded liability measure since the last valuation

In each valuation, we report on those elements of change in the Program's liability measures that are of particular significance, potentially affecting the long-term financial outlook of the Program. In Table IV-2 that follows, we present key changes in the Program's liability measures since the last valuation.

Table IV-2

	Present Value of Future Benefits	Actuarial Liability	Present Value of Accrued Benefits
Liability Measurement – June 30, 2024	$ 20,605,368,220	$ 18,050,569,851	$ 16,327,475,935
Liability Measurement – June 30, 2025	21,495,935,372	18,770,059,781	16,903,972,961
Liability Measurement Increase/ (Decrease) Due to:	$ 890,567,152	$ 719,489,930	$ 576,497,026
Program Amendment	$ 2,033,623	$ 1,969,365	$ 2,458,118
Assumption Change	0	0	0
Actuarial (Gain)/Loss	N/C	344,923,985	N/C
Benefits Accumulated and Other Sources	$ 888,533,529	$ 372,596,580	$ 574,038,908

N/C = Not calculated

SECTION IV – LIABILITIES

Table IV-3 below presents the Actuarial Liability information for the Program in total as well as divided into the Teacher Program, the State Regular Plans, and the State Special Plans.

Table IV-3
Allocation of Actuarial Liability as of June 30, 2025

	Total Program	Teacher Program	State Regular Plans	State Special Plans
1. Actuarial Liabilities for:				
a. Active Members	$ 6,739,239,076	$ 4,551,158,335	$ 1,752,855,609	$ 435,225,132
b. Retired, Disabled, Survivor, and Beneficiary Members	11,067,866,637	7,050,436,468	3,536,657,061	480,773,108
c. Terminated (Vested & Nonvested) Members	962,954,068	670,492,725	259,431,852	33,029,491
2. Total Actuarial Liability [1(a) + 1(b) + 1(c)]	$ 18,770,059,781	$ 12,272,087,528	$ 5,548,944,522	$ 949,027,731
3. Actuarial Value of Assets	16,438,814,919	10,874,210,751	4,779,318,905	785,285,263
4. Unfunded Actuarial Liability (2 – 3)	$ 2,331,244,862	$ 1,397,876,777	$ 769,625,617	$ 163,742,468

SECTION V – CONTRIBUTIONS

In this section, we present detailed information on informational employer contribution rates as developed in this June 30, 2025 valuation for the Program, including:

- Development of the composite total employer contribution rate, including the composite employer normal cost rate (NC rate) and the composite Unfunded Actuarial Liability (UAL) amortization rate (UAL amortization rate),
- Summary of the employer normal cost rate, the UAL rate, and the total employer rate by Plan,
- Derivation and division of the composite UAL rate into the two component Programs, Teacher and State, and
- Allocation of the UAL rate for the total State Program into each State Regular and Special Plan.

Note that these contribution rates are only informational, and the actual contribution rates are set by the budgeting process described in the Board Summary at the beginning of this report.

Description of Rate Components

For the Plans in this Program, the funding methodology employed to determine the employer contribution rates is the Entry Age Normal (EAN) Cost Method. Under this method, there are two components to the total employer contribution rate: the NC rate and the UAL amortization rate. Both of these rates are developed separately for each Plan within the Program, consisting of the Teacher Plan, the State Regular Plan, and several State Special Plans.

An individual EAN cost rate is determined for each active member. The normal cost is determined by the following steps. First, an individual normal cost rate for each member is determined by taking the value of their projected future benefits, as of entry age into the Program. Second, this value is then divided by the value, also at entry age, of the member's expected future salary. Finally, the resulting total normal cost rate is reduced by the member contribution rate to produce the employer's normal cost rate for the member. These rates are then multiplied by each member's salary as of the valuation date and added together to get the total employer normal cost dollars as of the valuation date for the Program, which is then divided by the total payroll at the valuation date for the Program to get the employer normal cost rate for the Program. This process results in specific total and employer normal cost rates for each of the Plans in the Program.

The Unfunded Actuarial Liability under the EAN Cost Method equals the present value at the time of valuation of the future benefit payments less the present value of future employer normal cost contributions, future member contributions, and current assets. The UAL amortization rate is the percentage that when applied to member payroll, which is assumed to increase 2.75% per year, is expected to amortize the UAL according to the Program's amortization policy. Specifically, the remaining original UAL from 1996 has three years of its amortization period remaining, the UAL amount for the period from 1997 through 2011 has three years of its amortization period remaining, and all other gains, losses, and changes since then are amortized over individual 20-year periods beginning on the date as of which they were first measured with the exception of the gain base related to FY 2014, for which the amortization was accelerated by

six years beginning with the 2022 ratemaking. As such, we have similarly accelerated the amortization of this base in developing the informational rates contained in this report with a remaining period of three years as of June 30, 2025.

Contribution Calculations

Table V-1 below presents and compares the composite total employer contribution rate, as well as its two components, for all Plans in the Program in aggregate as developed in this valuation and the prior one.

Table V-1
Composite Total Employer Rate

Valuation Date	June 30, 2024	June 30, 2025
Composite Employer NC Rate	4.60%	4.50%
Composite UAL Amortization Rate	15.83%	15.48%
Composite Total Employer Rate	20.43%	19.98%

The rates developed in this section are for informational purposes only. Actual budgeted rates are set based on the ratemaking process described in the Board Summary section.

Table V-2 that follows shows the employer NC rate, the UAL amortization rate, and the total employer rate for each Plan in the Program, as well as the Program in total, and divided into the Teacher and State Programs.

The liability and resulting necessary contributions associated with groups that no longer have any active participants as of the current valuation date are included with the State Regular Program. With this valuation, the Inland F&W Closed Plan no longer has any active participants and as such is no longer included within Table V-2.

Table V-2
Total Employer Contribution Rates by Plan

Valuation Date June 30, 2025	Total NC Rate	Employee Contribution Rate	Employer NC Rate	UAL Contribution Rate	Total Employer Contribution Rate
Total Program	12.21%	7.71%	4.50%	15.48%	19.98%
Teacher Program	11.96%	7.65%	4.31%	14.81%	19.12%
State Program	12.62%	7.81%	4.81%	16.58%	21.39%
State Regular	12.43%	7.65%	4.78%	16.35%	21.13%
25 & Out Plan	12.63%	8.65%	3.98%	16.58%	20.56%
1998 Special Plan	14.13%	8.65%	5.48%	18.56%	24.04%
Fire Marshals	20.84%	8.65%	12.19%	27.39%	39.58%

SECTION V – CONTRIBUTIONS

Table V-3 that follows provides the development of the 15.48% UAL amortization rate for the Program as a whole and divided between the Teacher and State Programs.

Table V-3
Derivation of Unfunded Actuarial Liability Rates

Valuation Date June 30, 2025	Teacher Program	State Program (Regular and Special Plans)	Total Program
1. Actuarial Liability (AL)	$ 12,272,087,528	$ 6,497,972,253	$ 18,770,059,781
2. Actuarial Value of Assets (AVA)	10,874,210,751	5,564,604,168	16,438,814,919
3. Unfunded Actuarial Liability (UAL)	$ 1,397,876,777	$ 933,368,085	$ 2,331,244,862
4. Remaining Balances of Prior Amortization Bases			
a. 1996 UAL Amount	$ 921,859,503	$ 530,831,522	$ 1,452,691,025
b. 1997-2011 UAL Base	(351,508,794)	(202,408,227)	(553,917,021)
c. 2012 (Gain)/Loss Base	20,073,042	17,883,145	37,956,187
d. 2013 (Gain)/Loss Base	(92,963,025)	104,490,008	11,526,983
e. 2014 (Gain)/Loss Base	(103,236,323)	(46,687,207)	(149,923,530)
f. 2015 (Gain)/Loss Base	3,034,540	(4,859,560)	(1,825,020)
g. 2016 (Gain)/Loss Base	147,197,751	164,930,233	312,127,984
h. 2017 (Gain)/Loss Base	91,669,051	16,668,284	108,337,335
i. 2018 (Gain)/Loss Base	100,546,605	26,324,138	126,870,743
j. 2019 (Gain)/Loss Base	134,563,237	22,464,687	157,027,924
k. 2020 (Gain)/Loss Base	25,249,430	79,979,917	105,229,347
l. 2021 (Gain)/Loss Base	387,775,882	74,244,802	462,020,684
m. 2022 (Gain)/Loss Base	15,162,181	(15,569,098)	(406,917)
n. 2023 (Gain)/Loss Base	58,782,179	35,322,126	94,104,305
o. 2024 (Gain)/Loss Base	13,575,001	40,623,086	54,198,087
p. 2025 (Gain)/Loss Base	26,096,517	89,130,229	115,226,746
q. Sum of the Bases	$ 1,397,876,777	$ 933,368,085	$ 2,331,244,862
5. UAL Amortizations			
a. 1996 UAL Amount 3 Years	$ 328,548,939	$ 189,187,325	$ 517,736,264
b. 1997-2011 UAL Base 3 Years	(125,277,052)	(72,137,899)	(197,414,951)
c. 2012 (Gain)/Loss Base 7 Years	3,286,834	2,928,252	6,215,086
d. 2013 (Gain)/Loss Base 8 Years	(13,549,349)	15,229,406	1,680,057
e. 2014 (Gain)/Loss Base 3 Years*	(36,793,225)	(16,639,230)	(53,432,455)
f. 2015 (Gain)/Loss Base 10 Years	366,036	(586,175)	(220,139)
g. 2016 (Gain)/Loss Base 11 Years	16,414,800	18,392,243	34,807,043
h. 2017 (Gain)/Loss Base 12 Years	9,528,383	1,732,556	11,260,939
i. 2018 (Gain)/Loss Base 13 Years	9,808,584	2,567,988	12,376,572
j. 2019 (Gain)/Loss Base 14 Years	12,391,936	2,068,774	14,460,710
k. 2020 (Gain)/Loss Base 15 Years	2,206,042	6,987,842	9,193,884
l. 2021 (Gain)/Loss Base 16 Years	32,283,525	6,181,106	38,464,631
m. 2022 (Gain)/Loss Base 17 Years	1,207,408	(1,239,812)	(32,404)
n. 2023 (Gain)/Loss Base 18 Years	4,492,517	2,699,547	7,192,064
o. 2024 (Gain)/Loss Base 19 Years	998,694	2,988,585	3,987,279
p. 2025 (Gain)/Loss Base 20 Years	1,853,033	6,328,864	8,181,897
q. Sum of Amortization Payments	$ 247,767,105	$ 166,689,372	$ 414,456,477

* The amortization of the FY 2014 base was accelerated by six years beginning with the 2022 ratemaking.

SECTION V – CONTRIBUTIONS

Table V-3 (continued)
Derivation of Unfunded Actuarial Liability Rates

Valuation Date June 30, 2025	Teacher Program	State Program (Regular and Special Plans)	Total Program
6. Covered Payroll	$ 1,672,884,522	$ 1,005,369,001	$ 2,678,253,523
7. UAL Amortization Rates			
a. 1996 UAL Amount 3 Years	19.64%	18.82%	19.34%
b. 1997-2011 UAL Base 3 Years	(7.49)%	(7.18)%	(7.37)%
c. 2012 (Gain)/Loss Base 7 Years	0.20%	0.29%	0.23%
d. 2013 (Gain)/Loss Base 8 Years	(0.81)%	1.51%	0.06%
e. 2014 (Gain)/Loss Base 3 Years	(2.20)%	(1.66)%	(2.00)%
f. 2015 (Gain)/Loss Base 10 Years	0.02%	(0.06)%	(0.01)%
g. 2016 (Gain)/Loss Base 11 Years	0.98%	1.83%	1.30%
h. 2017 (Gain)/Loss Base 12 Years	0.57%	0.17%	0.42%
i. 2018 (Gain)/Loss Base 13 Years	0.59%	0.26%	0.46%
j. 2019 (Gain)/Loss Base 14 Years	0.74%	0.21%	0.54%
k. 2020 (Gain)/Loss Base 15 Years	0.13%	0.70%	0.34%
l. 2021 (Gain)/Loss Base 16 Years	1.93%	0.61%	1.44%
m. 2022 (Gain)/Loss Base 17 Years	0.07%	(0.12)%	0.00%
n. 2023 (Gain)/Loss Base 18 Years	0.27%	0.27%	0.27%
o. 2024 (Gain)/Loss Base 19 Years	0.06%	0.30%	0.15%
p. 2025 (Gain)/Loss Base 20 Years	0.11%	0.63%	0.31%
q. Sum of UAL Amortization Rates	**14.81%**	**16.58%**	**15.48%**

SECTION V – CONTRIBUTIONS

Table V-4 below shows the development of the UAL amortization rate for each specific Plan within the State Program.

Table V-4
Allocation of Unfunded Actuarial Liability Amortization Rate within State Program
(Regular & Special Plans)

Valuation Date June 30, 2025	Total State Program	State Regular Plan	25 & Out Plan	1998 Special Plan	Fire Marshals
1. Employer NC Rate	4.81%	4.78%	3.98%	5.48%	12.19%
2. Member Contribution Rate	7.81%	7.65%	8.65%	8.65%	8.65%
3. Total NC Rate	12.62%	12.43%	12.63%	14.13%	20.84%
4. UAL Amortization Rates*					
a. 1996 UAL Amount	18.82%	18.54%	18.83%	21.07%	31.08%
b. 1997-2011 UAL Base	(7.18)%	(7.07)%	(7.19)%	(8.04)%	(11.86)%
c. 2012 Loss Base	0.29%	0.29%	0.29%	0.32%	0.48%
d. 2013 Loss Base	1.51%	1.49%	1.51%	1.69%	2.49%
e. 2014 Gain Base	(1.66)%	(1.64)%	(1.66)%	(1.86)%	(2.74)%
f. 2015 Gain Base	(0.06)%	(0.06)%	(0.06)%	(0.07)%	(0.10)%
g. 2016 Loss Base	1.83%	1.80%	1.83%	2.05%	3.02%
h. 2017 Loss Base	0.17%	0.17%	0.17%	0.19%	0.28%
i. 2018 Loss Base	0.26%	0.26%	0.26%	0.29%	0.43%
j. 2019 Loss Base	0.21%	0.21%	0.21%	0.24%	0.35%
k. 2020 Loss Base	0.70%	0.69%	0.70%	0.78%	1.16%
l. 2021 Loss Base	0.61%	0.60%	0.61%	0.68%	1.01%
m. 2022 Gain Base	(0.12)%	(0.12)%	(0.12)%	(0.13)%	(0.20)%
n. 2023 Loss Base	0.27%	0.27%	0.27%	0.30%	0.45%
o. 2024 Loss Base	0.30%	0.30%	0.30%	0.34%	0.50%
p. 2025 Loss Base	0.63%	0.62%	0.63%	0.71%	1.04%
q. Sum of Amortization Rates	**16.58%**	**16.35%**	**16.58%**	**18.56%**	**27.39%**

* The UAL amortization rate for the State Program in total is allocated to each of the Plans within the Program based on the ratio of that Plan's total NC rate to the 12.62% total NC rate for the State Program in total.

The rates developed in this section are for informational purposes only. Actual budgeted rates are set based on the ratemaking process described in the Board Summary section.

Table V-5 shows the anticipated future amortization through FY 2028 of the UAL attributable to periods before FY 2012. This chart assumes that the current discount rate of 6.50% and the aggregate, or across-the-board, payroll increase of 2.75% applies to each year in the future.

Table V-5
UAL Amortization for periods before FY 2012
Total Program

June 30,	UAL Balance	UAL Payment
2025	$898,774,004	$320,321,313
2026	626,626,444	329,130,147
2027	327,698,678	338,181,225
2028	-	-

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

This section contains financial disclosure information regarding the Program developed under a number of accounting standards and guidance.

First, for informational purposes, we show the Program's funded status under the Financial Accounting Standards Board (FASB) ASC 960, which discloses how the Market Value of Assets would compare to accrued liabilities if contributions were to stop and accrued benefit claims had to be satisfied as of the valuation date. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if all provisions of the Program were to terminate. We have prepared the following exhibit in this section based on FASB ASC 960:

- Table VI-1: Accrued Benefits Information

The Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 establish standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in financial statements, notes to financial statements, and supplementary information. We have prepared the following exhibits reflecting provisions of GASB Statement Nos. 67 and 68:

- Table VI-2: Schedule of Changes in Net Pension Liability and Related Ratios
- Table VI-3: Sensitivity of Net Pension Liability to Changes in Discount Rate
- Table VI-4: Schedule of Employer Contributions
- Table VI-5: Average Expected Remaining Service Lives

A summary of the terminology used in GASB Statement Nos. 67 and 68 is provided in Appendix D of this report. Note that while much of the information provided in this report under GASB No. 67 is also utilized in GASB No. 68, Table VI-5 included in this section is only applicable to GASB No. 68.

Finally, we have also developed disclosure information in this section based on additional guidance relating to the Annual Comprehensive Financial Reports (ACFR) of PERS provided by the Government Finance Officers Association (GFOA) in their publication, *Governmental Accounting, Auditing, and Financial Reporting* (GAAFR). We have prepared the following exhibits reflecting guidance in the GAAFR:

- Table VI-6: Analysis of Financial Experience
- Table VI-7: Schedule of Funded Liabilities by Type

The Present Value of Accrued Benefits, the Total Pension Liability (GASB 67/68), and the Actuarial Liability (GAAFR) disclosures in this section are all determined assuming that the Program is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities as of June 30, 2025 are discounted at the assumed valuation interest rate of 6.50% per annum in all of these disclosures.

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-1 below includes the relevant amounts as of June 30, 2024 and June 30, 2025 as well as a reconciliation between the two dates under FASB ASC 960.

Table VI-1
Accrued Benefits Information

	June 30, 2024	June 30, 2025
FASB ASC 960 Basis		
1. Present Value of Benefits Accrued to Date (PVAB)		
a. Members Currently Receiving Payments	$ 10,723,995,963	$ 11,067,866,637
b. Terminated Vested Members	870,743,702	867,797,526
c. Terminated Nonvested Members	91,720,611	95,156,542
d. Active Members	4,641,015,659	4,873,152,256
e. Total PVAB	$ 16,327,475,935	$ 16,903,972,961
2. Market Value of Assets (MVA)	15,809,706,213	16,888,911,440
3. Unfunded Present Value of Accrued Benefits, but not less than Zero	$ 517,769,722	$ 15,061,521
4. Ratio of MVA to PVAB (2)/(1)(e)	96.8%	99.9%
Change in Present Value of Benefits Accrued to Date during FY 2025		
Increase/(Decrease) during Year Attributable to:		
Passage of Time		$ 1,026,635,625
Benefits Paid		(1,083,215,811)
Assumption Changes		0
Program Changes		2,458,118
Benefits Accrued, Other Gains/Losses		630,619,094
Net Increase (Decrease)		$ 576,497,026

Table VI-2 that follows shows the changes in the Total Pension Liability (TPL), the Program's Fiduciary Net Position (FNP) (i.e., fair value of the Program's net assets), and the Net Pension Liability (NPL) during the measurement year ending June 30, 2025 as well as related ratios calculated under the provisions of GASB Statement No. 67 for the Program.

As of the June 30, 2025 valuation, the Fiduciary Net Position for this Program was projected to be available to make all projected future benefit payments for current Program members. As such, the long-term expected rate of return on the Program's investments was applied to all periods of projected benefit payments in determining the Total Pension Liability under GASB Nos. 67 and 68. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rates, and the employer contributions will be made according to the actuarial calculations developed in the biennial ratemaking process.

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-2
Schedule of Changes in Net Pension Liability and Related Ratios
FY 2025

	Teacher Program	State Program	Total State and Teacher Program
Total Pension Liability (TPL)			
Service Cost (SC)	$ 191,301,567	$ 115,918,612	$ 307,220,179
Interest (includes Interest on SC)	754,040,972	394,551,240	1,148,592,212
Changes of Benefit Terms	0	1,969,365	1,969,365
Differences Between Actual and Expected Experience	171,883,755	173,040,230	344,923,985
Changes of Assumptions	0	0	0
Benefit Payments, including Refunds of Member Contributions	(692,348,963)	(390,866,848)	(1,083,215,811)
Net Change in TPL	$ 424,877,331	$ 294,612,599	$ 719,489,930
Beginning of Year (BOY) TPL	**11,847,210,197**	**6,203,359,654**	**18,050,569,851**
End of Year (EOY) TPL	**$ 12,272,087,528**	**$ 6,497,972,253**	**$ 18,770,059,781**
Program Fiduciary Net Position (FNP)			
Employer Contributions	$ 302,596,886	$ 212,223,443	$ 514,820,329
Member Contributions	124,083,760	68,828,655	192,912,415
Transfers	(400)	(5,299)	(5,699)
Net Investment Income	972,828,582	497,322,014	1,470,150,596
Benefit Payments, including Refunds of Member Contributions	(692,348,963)	(390,866,848)	(1,083,215,811)
Administrative Expense	(10,237,474)	(5,219,129)	(15,456,603)
Net Change in FNP	$ 696,922,391	$ 382,282,836	$ 1,079,205,227
BOY FNP	**10,475,025,420**	**5,334,680,793**	**15,809,706,213**
EOY FNP	**$ 11,171,947,811**	**$ 5,716,963,629**	**$ 16,888,911,440**
EOY Net Pension Liability (NPL)	**$ 1,100,139,717**	**$ 781,008,624**	**$ 1,881,148,341**
FNP as a Percentage of TPL	91.0%	88.0%	90.0%
Covered Payroll*	1,593,796,770	977,242,329	2,571,039,099
NPL as a Percentage of Covered Payroll	69.0%	79.9%	73.2%

* For FY 2025

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

None

A 10-year schedule of changes in NPL and related ratios is to be included within the ACFR for PERS. We have shown only the current year of this *Schedule of Changes in Net Pension Liability and Related Ratios* above and believe that you can accumulate the individual years in the MainePERS ACFRs to show the full 10-year schedule. Notes to this schedule should be included for any factors significantly impacting the trends reported within the period shown in

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

this schedule at that time. As of June 30, 2025, we have not included suggested information for such a note in the *Notes to Schedule of Changes in Net Pension Liability and Related Ratios* above. However, it is our expectation that the System's staff will make the final determination regarding any notes needed for this schedule, and we are available to provide any information they may need for this purpose.

Table VI-3 below illustrates the sensitivity of the Net Pension Liability (NPL) to the discount rate. Changes in the discount rate affect the measurement of the Total Pension Liability (TPL) for the Program. Lower discount rates produce a higher TPL, and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Liability (NPL) can be very significant for relatively small changes in the discount rate.

Table VI-3
Sensitivity of Net Pension Liability to Changes in Discount Rate
FY 2025

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Teacher Program			
Total Pension Liability (TPL)	$ 13,824,800,520	$ 12,272,087,528	$ 10,976,359,476
Program Fiduciary Net Position (FNP)	11,171,947,811	11,171,947,811	11,171,947,811
Net Pension Liability (NPL)	$ 2,652,852,709	$ 1,100,139,717	$ (195,588,335)
FNP as a Percentage of TPL	80.8%	91.0%	101.8%
State Program			
Total Pension Liability (TPL)	$ 7,263,350,245	$ 6,497,972,253	$ 5,855,805,476
Program Fiduciary Net Position (FNP)	5,716,963,629	5,716,963,629	5,716,963,629
Net Pension Liability (NPL)	$ 1,546,386,616	$ 781,008,624	$ 138,841,847
FNP as a Percentage of TPL	78.7%	88.0%	97.6%
Total State Employee and Teacher Program			
Total Pension Liability (TPL)	$ 21,088,150,765	$ 18,770,059,781	$ 16,832,164,952
Program Fiduciary Net Position (FNP)	16,888,911,440	16,888,911,440	16,888,911,440
Net Pension Liability (NPL)	$ 4,199,239,325	$ 1,881,148,341	$ (56,746,488)
FNP as a Percentage of TPL	80.1%	90.0%	100.3%

A one percent decrease in the discount rate increases the TPL for the total Program by approximately 12% and increases the NPL by approximately 123%. A one percent increase in the discount rate decreases the TPL by approximately 10% and decreases the NPL by approximately 103%.

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-4 that follows provides information relating to the employer contributions for the Program. Under GASB Statement No. 67, if an actuarially determined contribution (ADC) or a contractually or statutorily required contribution (CRC) is developed for a single employer or cost-sharing plan, the following schedule is required. For purposes of this schedule, an ADC is a contribution amount determined in accordance with Actuarial Standards of Practice, and a CRC is based on statutory or contractual requirements. Both should exclude any amounts to finance specific liabilities of individual employers of the Program. If an ADC is available, the schedule of employer contributions should be developed on that basis. If there is no ADC, but there is a CRC, the schedule should be developed on that basis. Only if neither an ADC nor a CRC is developed can this schedule be omitted from the MainePERS's ACFR.

The Program's rates, set in the ratemaking process, meet the definition of a reasonable ADC, so for this Program, this schedule should be developed on that basis. Based on GASB guidance, a full 10 years of information should be shown in this schedule. We have shown only the current year of this *Schedule of Employer Contributions* below and believe that you can accumulate these in the MainePERS ACFR to show the full 10-year schedule.

Only the current year of the *Notes to Schedule of Employer Contributions* below needs to be included in the notes to this schedule. However, any factors that significantly affect trends in the *Schedule of Employer Contributions* at any point in the 10-year period should also be included in the notes to this schedule. As of June 30, 2025, we have not included such a note in the *Notes to Schedule of Employer Contributions* below. However, it is our expectation that the System's staff will make the final determination regarding any notes needed for this schedule, and we are available to provide any additional information that they may need for this purpose.

Table VI-4
Schedule of Employer Contributions
FY 2025

	Teacher Program	State Program	Total State and Teacher Program
Actuarially Determined Contribution (ADC)	$ 302,502,627	$ 210,204,825	$ 512,707,452
Contributions in Relation to the ADC	302,502,627	210,204,825	512,707,452
Contribution Deficiency/(Excess)	$ 0	$ 0	$ 0
Covered Payroll (Payroll)*	$ 1,593,796,770	$ 977,242,329	$ 2,571,039,099
Contributions as a Percentage of Payroll	18.98%	21.51%	19.94%

* For FY 2025

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Notes to Schedule of Employer Contributions

Valuation Date:	June 30, 2021
Timing:	June 30, 2025 ADC rates are calculated based on 2022 liabilities developed as a roll-forward of the 2021 valuation liability, adjusted for expected experience and any assumption or methodology changes during FY 2022 using preliminary assets as of June 30, 2022.

Key Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Three-year smoothed market
Amortization Method:	Level percentage of payroll, closed periods. Cumulative UAL from prior to 2012 amortized over a remaining seven years from July 1, 2021. Subsequent layers of UAL amortized over individual 20-year periods.
Discount Rate:	6.50%
Amortization Growth Rate:	2.75%
Price Inflation:	2.75%
Salary Increases:	2.75% plus merit component based on employee's years of service
Mortality:	State Employee Program Healthy Retirees: 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. Active Lives: 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. Disabled Annuitants: 107.3% and 103.2% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Tables, respectively, for males and females. All tables projected generationally from the 2010 base rates using the RPEC_2020 model with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027.

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Teacher Program

Healthy Retirees: 98.1% and 87.5%, respectively for male ages before 85 and females before age 80 (106.4% and 122.3% respectively for males on and after age 85 and females on and after age 80) of the 2010 Public Plan Teachers Benefits-Weighted Healthy Retiree Mortality Table.

Active Lives: 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females.

Disabled Annuitants: 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Tables, respectively, for males and females.

All tables projected generationally from the 2010 base rates using the RPEC_2020 model with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2025 can be found in the June 30, 2022 Actuarial Valuation Report.

Other Information

None

Table VI-5 that follows is provided in this report at the request of MainePERS staff, showing the development of the average remaining service life for the Program. GASB No. 68 requires some items be recognized by employers into pension expense over a period "equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period." For the current measurement year ending on June 30, 2025, these values are thus developed as of June 30, 2024. Note that the decision was made to apply GASB No. 68 separately to the Teacher Program and the State Program based upon paragraph 19 of that statement, so this value has been provided separately for these Programs. Also note that the decision was made to use these averages based on rounding to the nearest whole year, so the values are thus shown as such.

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-5
Average Expected Remaining Service Lives
For Measurement Year Ending June 30, 2025

Teacher Program

Status	Total Expected Future Service	Count	Average Remaining Service Lives
Active Members	324,197	28,028	12
In-Pay Members	0	23,536	0
Terminated Vested Members	0	6,106	0
Inactives Due Refunds	0	29,201	0
Total Membership	324,197	86,871	4

State Program

Status	Total Expected Future Service	Count	Average Remaining Service Life
Actives	123,293	12,904	10
In-Pay Members	0	15,999	0
Terminated Vested Members	0	3,304	0
Inactives Due Refunds	0	9,588	0
Total Membership	123,293	41,795	3

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-6 below is a gain/loss analysis of the changes in the Actuarial Liability over the past six years, reflecting variances between actual experience and assumed experience for different kinds of risk as specified in the GFOA GAAFR.

Table VI-6
Analysis of Financial Experience
Gain and Loss in Actuarial Liability During Fiscal Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	Gain (or Loss) For Fiscal Year Ended June 30, 2020	Gain (or Loss) For Fiscal Year Ended June 30, 2021	Gain (or Loss) For Fiscal Year Ended June 30, 2022	Gain (or Loss) For Fiscal Year Ended June 30, 2023	Gain (or Loss) For Fiscal Year Ended June 30, 2024	Gain (or Loss) For Fiscal Year Ended June 30, 2025
Investment Income	$ (102,951,302)	$ 720,053,045	$ 160,575,868	$ 92,030,355	$ 110,996,800	$ 226,460,456
Combined Liability Experience	(162,293)	(25,575,263)	(107,921,791)	(174,376,812)	(155,752,965)	(344,923,985)
Gain (or Loss) during Year from Financial Experience	$ (103,113,595)	$ 694,477,782	$ 52,654,077	$ (82,346,457)	$ (44,756,165)	$ (118,463,529)
Non-Recurring Items	(1,223,156)	(1,175,893,728)	(104,916,162)	0	(5,946,000)	(1,969,365)
Composite Gain (or Loss) During Year	**$ (104,336,751)**	**$ (481,415,946)**	**$ (52,262,085)**	**$ (82,346,457)**	**$ (50,702,165)**	**$ (120,432,894)**

SECTION VI – FINANCIAL DISCLOSURE INFORMATION

Table VI-7 below compares the Program's assets as of each valuation date shown to the Program's Actuarial Liability divided into three separate groups: liabilities for contributions on deposit for current active members, liabilities for future benefits for inactive members, and employer-financed liabilities for current active members. This Schedule of Funded Liabilities by Type is used to assess funding progress based on what percentage of the liabilities for each of these groups the Program's assets are sufficient to cover. Per GFOA guidance, this schedule is to include this assessment for the 10 most recent years, and notes to this schedule should be provided to explain any factors that affect the comparability of the data. We do not believe such a note is needed for the measurement year ending June 30, 2025, but it is our expectation that the System's staff will make the final determination regarding any notes needed for this schedule.

Table VI-7
Schedule of Funded Liabilities by Type

	Aggregate Actuarial Liabilities for:				Portion of Actuarial Liabilities Covered by Reported Assets		
Valuation Date June 30,	(1) Active Member Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets*	(1)	(2)	(3)
2025	$2,902,788,017	$ 12,030,820,705	$ 3,836,451,059	$ 16,438,814,919	100%	100%	39%
2024	2,838,026,952	11,686,460,276	3,526,082,623	15,586,656,799	100	100	30
2023	2,752,053,117	11,347,620,856	3,420,861,711	14,889,086,583	100	100	23
2022	2,659,590,270	10,910,951,750	3,411,250,062	14,248,105,921	100	100	20
2021	2,588,064,433	10,387,107,459	3,417,179,436	13,460,870,272	100	100	14
2020	2,600,834,192	9,668,292,329	2,596,333,609	12,249,961,306	100	100	0
2019	2,499,498,544	9,460,680,994	2,587,043,375	11,894,672,150	100	99	0
2018	2,453,797,249	9,030,789,541	2,546,601,055	11,419,986,652	100	99	0
2017	2,402,112,525	8,727,549,999	2,355,223,988	10,904,082,221	100	97	0
2016	2,359,818,665	8,399,121,582	2,311,014,701	10,512,524,178	100	97	0

* Reported assets are measured at actuarial value. Results would be different if the Market Value of Assets was used. Despite the name of this exhibit, the liabilities presented in this schedule are not an appropriate measurement of the settlement liability of the Program.

APPENDIX A – MEMBERSHIP INFORMATION

Active Member Data as of June 30, 2025	
Teacher Plan	
Count	28,240
Average Current Age	45.7
Average Benefit Service	11.7
Average Vesting Service	11.9
Average Valuation Pay	$ 59,238
State Employee Regular Plan	
Count	11,586
Average Current Age	47.3
Average Benefit Service	10.1
Average Vesting Service	10.7
Average Valuation Pay	$ 72,687
State Employee Special 25 & Out Plan	
Count	505
Average Current Age	39.8
Average Benefit Service	12.5
Average Vesting Service	13.2
Average Valuation Pay	$120,340
State Employee 1998 Special Plan	
Count	1,234
Average Current Age	42.8
Average Benefit Service	9.8
Average Vesting Service	10.4
Average Valuation Pay	$ 81,713
Fire Marshal Special Plan	
Count	13
Average Current Age	41.4
Average Benefit Service	8.4
Average Vesting Service	15.0
Average Valuation Pay	$123,682
State Employee Totals (Excludes Teachers)	
Count	13,338
Average Current Age	46.6
Average Benefit Service	10.1
Average Vesting Service	10.7
Average Valuation Pay	$ 75,376

APPENDIX A – MEMBERSHIP INFORMATION

Non-Active Member Data as of June 30, 2025
Teachers

	Count	Average Age	Total Annual Benefit	Average Annual Benefit
Retired	19,914	75.0	$ 603,705,967	$ 30,316
Retired – Concurrent Beneficiary	1,185	75.8	7,811,562	6,592
Disability – Section 1122	0		0	0
Disability – Sections 3 and 3A	650	70.4	21,166,946	32,565
Beneficiary of Above	1,868	74.8	37,045,070	19,831
Pre-Retirement Death Beneficiary	270	60.3	1,917,287	7,101
Terminated Vested	6,090	52.4	62,876,344	10,325
Inactive Due Refund	29,299	NA	NA	NA

Non-Active Member Data as of June 30, 2025
State Regular

	Count	Average Age	Total Annual Benefit	Average Annual Benefit
Retired	10,946	74.5	$ 280,809,428	$ 25,654
Retired – Concurrent Beneficiary	879	74.2	5,279,698	6,006
Disability – Section 1122	0		0	N/A
Disability – Sections 3 and 3A	733	69.5	20,740,791	28,296
Beneficiary of Above	2,212	71.0	37,749,627	17,066
Pre-Retirement Death Beneficiary	251	67.5	1,802,877	7,183
Terminated Vested	2,873	52.4	26,526,092	9,233
Inactive Due Refund	8,499	NA	NA	NA

Non-Active Member Data as of June 30, 2025
State Special

	Count	Average Age	Total Annual Benefit	Average Annual Benefit
Retired	860	65.4	$ 29,915,976	$ 34,786
Retired – Concurrent Beneficiary	94	61.3	731,080	7,777
Disability – Section 1122	0		0	NA
Disability – Sections 3 and 3A	83	61.6	2,863,768	34,503
Beneficiary of Above	120	63.5	2,064,552	17,205
Pre-Retirement Death Beneficiary	13	50.6	88,084	6,776
Terminated Vested	440	45.6	3,809,906	8,659
Inactive Due Refund	1,340	NA	NA	NA

APPENDIX A – MEMBERSHIP INFORMATION

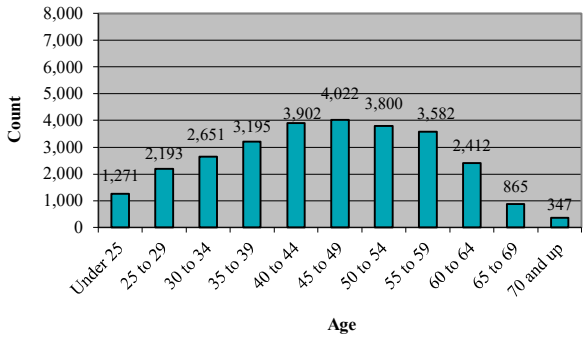
In preparing this report, we relied on data provided by MainePERS as modified following the procedures outlined in the State of Maine Data Processing Notebook. Adjustments to the data are made based on this Processing Notebook. Accuracy of the results is dependent on the completeness of the underlying information. The plan sponsor is responsible for the validity and completeness of the information provided. We believe the data provided as modified as documented in the Processing Notebook is sufficient for the actuarial analysis performed.

Distribution of Active Members
As of June 30, 2025

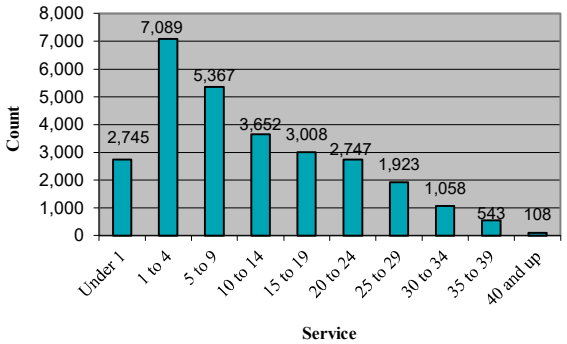
Teachers

	Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Totals
Under 25	670	601	0	0	0	0	0	0	0	0	1,271
25 to 29	401	1,387	405	0	0	0	0	0	0	0	2,193
30 to 34	299	939	1,075	338	0	0	0	0	0	0	2,651
35 to 39	317	948	803	876	251	0	0	0	0	0	3,195
40 to 44	294	922	870	621	875	320	0	0	0	0	3,902
45 to 49	216	806	719	563	578	842	298	0	0	0	4,022
50 to 54	196	523	591	495	484	557	741	212	1	0	3,800
55 to 59	134	440	421	395	431	523	476	581	180	1	3,582
60 to 64	105	307	295	254	274	365	269	193	306	44	2,412
65 to 69	71	145	135	75	93	117	101	53	39	36	865
70 and up	42	71	53	35	22	23	38	19	17	27	347
Total	2,745	7,089	5,367	3,652	3,008	2,747	1,923	1,058	543	108	28,240

Age Distribution



Service Distribution



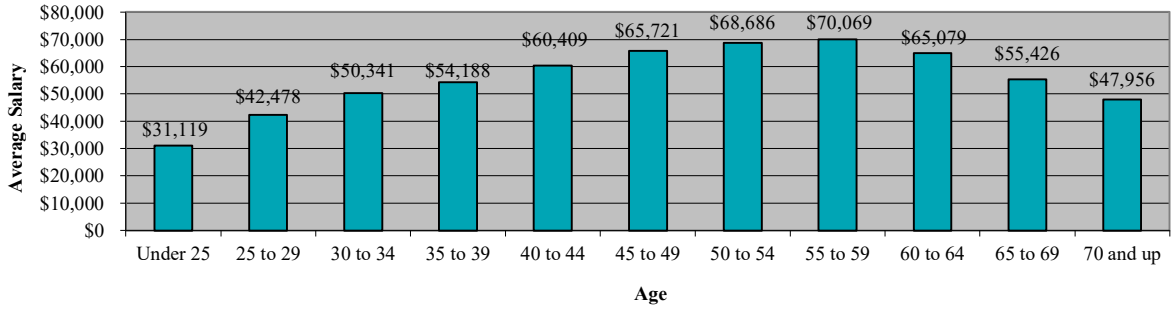
APPENDIX A – MEMBERSHIP INFORMATION

Distribution of Active Members
As of June 30, 2025

Teachers

	Average Salary Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Average
Under 25	24,614	38,371	0	0	0	0	0	0	0	0	31,119
25 to 29	28,588	43,750	51,873	0	0	0	0	0	0	0	42,478
30 to 34	30,151	46,695	55,107	63,175	0	0	0	0	0	0	50,341
35 to 39	29,757	45,684	55,900	65,708	71,476	0	0	0	0	0	54,188
40 to 44	32,603	46,650	56,938	66,678	75,828	80,703	0	0	0	0	60,409
45 to 49	33,878	47,231	56,245	66,626	78,650	81,952	89,030	0	0	0	65,721
50 to 54	35,312	48,980	55,666	64,981	71,863	81,716	86,556	88,880	125,740	0	68,686
55 to 59	32,819	48,542	54,130	61,761	68,991	76,771	85,529	88,877	87,401	77,977	70,069
60 to 64	35,395	44,567	50,402	58,970	58,762	70,151	78,129	84,055	88,143	86,553	65,079
65 to 69	29,186	40,272	43,622	52,617	61,829	64,017	67,488	76,428	79,602	82,926	55,426
70 and up	27,132	33,779	41,760	46,963	54,868	56,554	56,691	66,920	66,463	80,830	47,956
Average	29,710	45,263	54,737	64,338	72,249	78,228	83,915	86,980	86,674	83,834	59,238

Average Salary Distribution



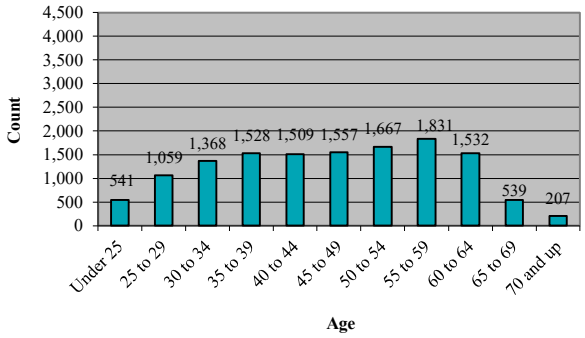
APPENDIX A – MEMBERSHIP INFORMATION

Distribution of Active Members
As of June 30, 2025

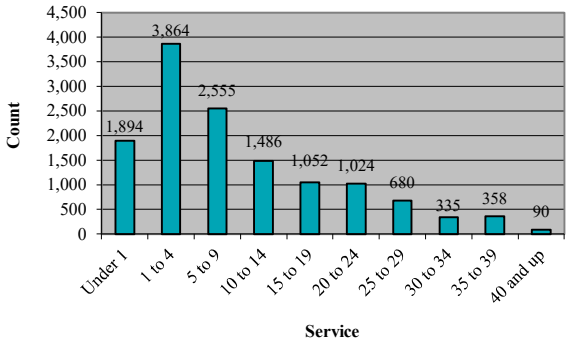
State

	Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Totals
Under 25	334	205	2	0	0	0	0	0	0	0	541
25 to 29	299	614	142	4	0	0	0	0	0	0	1,059
30 to 34	268	595	407	97	1	0	0	0	0	0	1,368
35 to 39	213	545	428	281	59	2	0	0	0	0	1,528
40 to 44	195	451	335	237	195	93	3	0	0	0	1,509
45 to 49	165	379	293	208	210	217	85	0	0	0	1,557
50 to 54	156	358	294	183	171	240	192	60	13	0	1,667
55 to 59	135	353	275	193	182	200	194	143	150	6	1,831
60 to 64	81	244	257	193	164	181	142	90	146	34	1,532
65 to 69	34	79	93	67	48	71	50	31	38	28	539
70 and up	14	41	29	23	22	20	14	11	11	22	207
Total	1,894	3,864	2,555	1,486	1,052	1,024	680	335	358	90	13,338

Age Distribution



Service Distribution



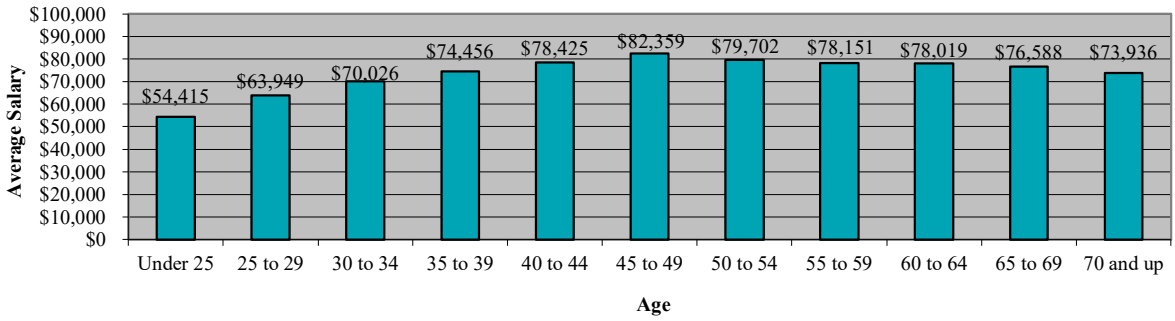
APPENDIX A – MEMBERSHIP INFORMATION

Distribution of Active Members
As of June 30, 2025

State

	Average Salary Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Average
Under 25	47,928	64,698	83,716	0	0	0	0	0	0	0	54,415
25 to 29	54,960	65,058	77,916	69,813	0	0	0	0	0	0	63,949
30 to 34	57,004	65,537	81,081	87,018	82,792	0	0	0	0	0	70,026
35 to 39	58,542	67,458	79,990	88,620	88,867	76,722	0	0	0	0	74,456
40 to 44	59,665	70,299	81,259	86,880	92,042	96,395	92,930	0	0	0	78,425
45 to 49	62,467	73,053	81,417	87,341	91,726	95,106	97,834	0	0	0	82,359
50 to 54	57,410	67,500	77,135	80,990	84,839	89,421	97,454	104,728	98,491	0	79,702
55 to 59	59,215	68,692	73,162	77,221	80,287	83,712	88,311	94,047	89,243	84,548	78,151
60 to 64	55,274	65,028	74,585	78,235	76,988	83,481	89,436	96,517	88,672	83,653	78,019
65 to 69	46,787	69,560	70,232	73,441	80,385	82,066	84,636	95,280	93,475	82,863	76,588
70 and up	63,542	63,782	73,883	71,413	73,302	74,997	73,490	80,888	112,916	79,171	73,936
Average	55,986	67,482	78,350	83,288	85,317	88,278	91,763	96,306	90,523	82,371	75,376

Average Salary Distribution

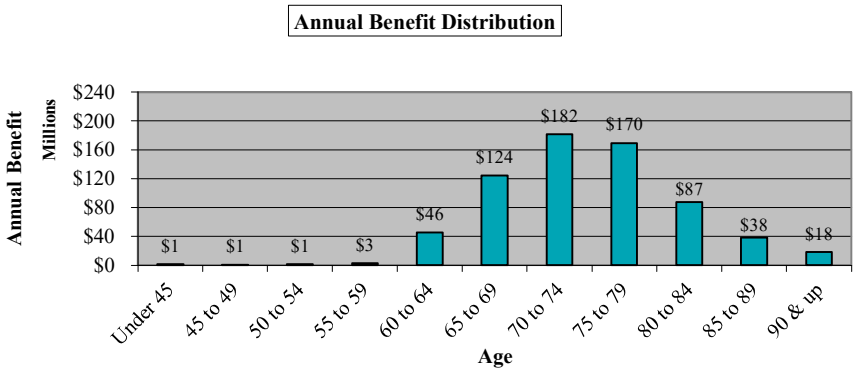


APPENDIX A – MEMBERSHIP INFORMATION

Distribution of Retirees, Disabled Members, Beneficiaries, and Survivors As of June 30, 2025

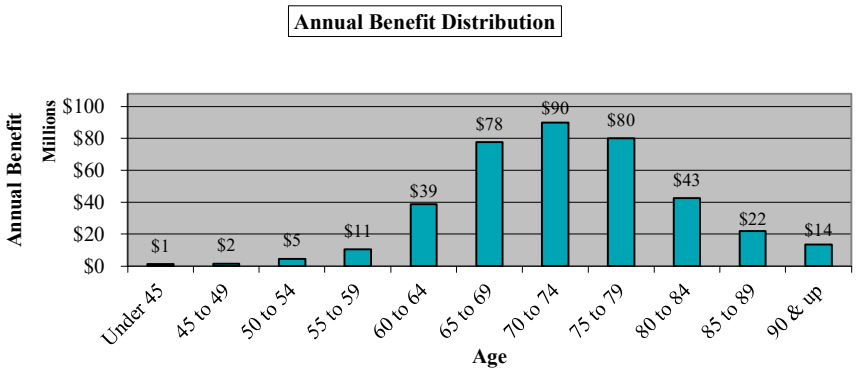
Teachers

Age	Count	Annual Benefit
Under 45	163	$ 1,305,979
45 to 49	61	593,838
50 to 54	90	1,183,195
55 to 59	165	3,051,900
60 to 64	1,450	45,597,786
65 to 69	4,241	124,083,966
70 to 74	6,219	181,817,517
75 to 79	6,032	169,671,877
80 to 84	3,233	87,481,435
85 to 89	1,461	38,428,646
90 & up	772	18,430,693
Total	23,887	$ 671,646,832



State

Age	Count	Annual Benefit
Under 45	131	$ 1,203,828
45 to 49	89	1,620,331
50 to 54	202	4,503,581
55 to 59	438	10,502,242
60 to 64	1,419	38,831,881
65 to 69	3,261	77,615,862
70 to 74	3,804	89,943,075
75 to 79	3,394	79,872,859
80 to 84	1,813	42,613,322
85 to 89	985	21,825,521
90 & up	655	13,513,380
Total	16,191	$ 382,045,882



APPENDIX A – MEMBERSHIP INFORMATION

Status Reconciliation - Teachers	Active Members	Retired Members	Beneficiaries of Retired Members	Survivors of Deceased Members	Disabled Members[1]	Terminated Vested Members[2]
As of June 30, 2024	**28,028**	**19,576**	**3,026**	**276**	**658**	**6,106**
New hires	2,097					
Rehires	677				-	(280)
Movement between plans	(8)					(6)
New retirees	(335)	911				(576)
New beneficiaries due to retirements			29			
New disabled retirees	(17)				22	(5)
New deferred vested members	(961)					1,034
Non-vested terminations	(960)					
Refunds	(266)					(161)
Deaths, no future benefits	(8)	(450)	(125)	(14)	(16)	(12)
Deaths with a survivor or beneficiary	(6)	(126)	120	25	(16)	(9)
Benefits expired			-	(14)		
Data correction	(1)	3	3	(3)	2	(1)
As of June 30, 2025	**28,240**	**19,914**	**3,053**	**270**	**650**	**6,090**

1. Former disabled retirees who have changed to service retirement as mandated by the Plan are still included as disabled members.
2. Terminated vested members includes those indicated to us in the data who have terminated and are eligible for a future annuity.

Status Reconciliation - State Regular and Special Groups	Active Members	Retired Members	Beneficiaries of Retired Members	Survivors of Deceased Members	Disabled Members[1]	Terminated Vested Members[2]
As of June 30, 2024	**12,904**	**11,627**	**3,249**	**282**	**841**	**3,304**
New hires	1,717					
Rehires	169					(65)
Movement between plans	(10)					(8)
New retirees	(383)	577				(193)
New beneficiaries due to retirements			47			
New disabled retirees	(15)				20	(5)
New deferred vested members	(275)					347
Non-vested terminations	(564)					
Refunds	(186)					(60)
Deaths, no future benefits	(8)	(280)	(130)	(16)	(26)	(12)
Deaths with a survivor or beneficiary	(11)	(119)	133	8	(21)	(2)
Benefits expired				(4)		
Data correction	-	1	6	(6)	2	7
As of June 30, 2025	**13,338**	**11,806**	**3,305**	**264**	**816**	**3,313**

1. Former disabled retirees who have changed to service retirement as mandated by the Plan are still included as disabled members.
2. Terminated vested members includes those indicated to us in the data who have terminated and are eligible for a future annuity.

APPENDIX B – SUMMARY OF PROGRAM PROVISIONS

1. Membership

Membership is a condition of employment for state employees and teachers, and optional for elected and appointed officials.

Membership ceases on the earlier of withdrawal of contributions, retirement, or death.

2. Member Contributions

Except as otherwise described below, members are required to contribute 7.65% of earnable compensation. Member contributions earn annual interest at the rate adopted by the Board of Trustees each February.

Contribution Requirements for Special State Employee Groups

Inland fisheries and wildlife officers employed before September 1, 1984: required to contribute 8.65% of earnable compensation for 20 years of service and 7.65% thereafter.

1998 Special Plan employees, which includes state prison employees, airplane pilots, forest rangers, defense, veterans and emergency management firefighters employed at Bangor International Airport, corrections employees, Baxter State Park Authority rangers, State Fire Marshal, assistant state fire marshal - inspections and state fire marshal inspectors, oil and hazardous materials emergency response workers, capitol security officers, attorney general detectives, emergency communications employees, motor vehicle detectives, crime laboratory and computer crimes unit employees: required to contribute 8.65% of earnable compensation for 25 years and 7.65% thereafter.

State police employed on or after September 16, 1984 and special agent investigators hired before June 21, 1982: required to contribute 8.65% of earnable compensation for 25 years and 7.65% thereafter.

Inland fisheries and wildlife officers and marine resources officers employed on or after September 1, 1984: required to contribute 8.65% of earnable compensation for 25 years and 7.65% thereafter.

Fire marshal investigators, fire marshal sergeants and assistant state fire marshal - investigations: required to contribute 8.65% of earnable compensation until eligible for retirement and 7.65% thereafter.

APPENDIX B – SUMMARY OF PROGRAM PROVISIONS

3. Average Final Compensation

For purposes of determining benefits payable, average final compensation is the average annual rate of earnable compensation for the three years of creditable service (not necessarily consecutive) that produce the highest such average.

With some exceptions as provided in law, for compensation paid on or after July 1, 1993, increases in earnable compensation of greater than 5% per year or greater than 10% over the highest three years are not included in calculating average final compensation unless the employer pays the cost of including such compensation. Earnable compensation does not include sick and vacation pay for those members who had less than 10 years of service on July 1, 1993. For members for whom sick and vacation pay is includable in earnable compensation, these payments are included in applying the caps described above.

4. Creditable Service

Creditable service includes service while a member, certain service prior to the establishment of the Program, purchased service credit of which there are several types, and service while receiving disability benefits under the Program.

5. Service Retirement Benefits

A. Regular Plan (State Employees and Teachers)

i. Provisions for Members with at Least 10 Years of Creditable Service on July 1, 1993

Normal Retirement Age: 60

Eligibility for Members in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement and not in Active Service on or after October 1, 1999: At least 10 years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or after October 1, 1999: At least five years of creditable service and at least normal retirement age.

APPENDIX B – SUMMARY OF PROGRAM PROVISIONS

Benefit: 1/50 of average final compensation multiplied by years of creditable service and up to 25 years of prior service, reduced by the following approximate percentages for each year retirement age is less than age 60.

Age	Reduction	Age	Reduction
45	29.3%	53	16.6%
46	28.0	54	14.6
47	26.6	55	12.5
48	25.2	56	10.3
49	23.6	57	7.9
50	22.0	58	5.4
51	20.3	59	2.8
52	18.5	60	0.0

Form of Payment: Life annuity.

ii. Provisions for Members with Less Than 10 Years of Creditable Service on July 1, 1993

Normal Retirement Age: 62

Eligibility for Members in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement age and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement and not in Active Service on or after October 1, 1999: At least 10 years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or after October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/50 of average final compensation multiplied by years of membership service and up to 25 years of prior service, reduced by 6% for each year retirement age is less than age 62.

Form of Payment: Life annuity.

APPENDIX B – SUMMARY OF PROGRAM PROVISIONS

iii. Provisions for Members with Less Than Five Years of Creditable Service on July 1, 2011

Normal Retirement Age: 65

Eligibility for Members in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement age and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement and not in Active Service on or after October 1, 1999: At least 10 years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or after October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/50 of average final compensation multiplied by years of membership service and up to 25 years of prior service, reduced by 6% for each year retirement age is less than age 65.

Form of Payment: Life annuity.

B. Special Plans (State Employees)

i. 1998 Special Plan

1998 Entrants: State prison employees, airline pilots, forest rangers, and liquor inspectors, employed after August 31, 1984; defense, veterans, and emergency management firefighters employed on and after July 1, 1998.

2000 Entrants: Baxter State Park Authority rangers, correctional employees, and State Fire Marshal and state fire marshal inspectors employed on or after January 1, 2000.

2002 Entrants: Capitol Police and oil and hazardous materials emergency response workers.

2020 Entrants: Emergency communications employees, motor vehicle detectives and attorney general detectives.

2021 Entrants: Crime laboratory (until 2024) and computer crimes unit employees.

APPENDIX B – SUMMARY OF PROGRAM PROVISIONS

2024 Entrants: Corrections officers

2025 Entrants: Persons in the employment of the Department of Health and Human Services on October 1, 2025 or hired thereafter who have the job classification of Mental Health Worker I, Mental Health Worker II, Mental Health Worker III, or Mental Health Worker IV.

Eligibility: 10 years of creditable service under the 1998 Special Plan in one or a combination of the covered capacities and the attainment of age 55 – OR – 25 years of creditable service in one or a combination of the covered capacities.

Benefit: For service prior to coverage in the 1998 Special Plan, 1/50 of average final compensation multiplied by years of service reduced for retirement before age 60, 62, or 65 (as determined by the applicable Regular Plan provisions described in 5.A.), except oil and hazardous materials emergency response workers, certain prison employees, Capitol Police, and certain Department of Corrections employees benefits are reduced for retirement before age 55.

-PLUS-

For service under the 1998 Special Plan, 1/50 of average final compensation multiplied by years of service reduced for retirement before age 55.

Form of Payment: Life annuity.

ii. 25 & Out Plan

1998 Entrants: State police employed on or after September 16, 1984 and special agent investigators hired before June 21, 1982.

2002 Entrants: Inland fisheries and wildlife officers and marine resources officers employed on and after August 31, 1984.

2024 Entrants: Crime laboratory employees

Eligibility: 25 years of creditable service in named positions.

Benefit: 1/50 of average final compensation multiplied by years of service.

Form of Payment: Life annuity.

Members in Special Plans who fail to qualify for Special Plan benefits can receive Regular Plan benefits when and as eligible and qualified.

iii. Fire Marshals

Eligibility: 20 years of creditable service in named positions.

Benefit: One-half of average final compensation plus 2% for each year of service in excess of 20.

Form of Payment: Life annuity.

Members in Special Plans who fail to qualify for Special Plan benefits can receive Regular Plan benefits when and as eligible and qualified.

C. Minimum Service Retirement Benefit

$100 per month.

6. Disability Retirement Benefits Other Than No-Age Benefits (See Item 7)

Eligibility: Disabled as defined in the MainePERS statutes prior to applicable normal retirement age, employed prior to October 16, 1992, and did not elect No-Age Disability Benefits, and either disabled in the line-of-duty or disabled with at least five years of creditable service.

Benefit: 66⅔% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Workers' Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins upon the termination of service and ceases on cessation of disability or after two years, unless the member is unable to engage in any substantially gainful activity, in which case payments cease on the earlier of 10 years following normal retirement age or the date that the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, service is credited and average final compensation is increased at the same rate as any cost-of-living adjustments for which the member is eligible (not subject to the COLA Cap) (see item 12). On the date when service benefits reach a level of 66⅔% of average final compensation or 10 years after the normal retirement date if earlier, the disability converts to a service retirement benefit based on service and average final compensation at that time.

APPENDIX B – SUMMARY OF PROGRAM PROVISIONS

7. No-Age Disability Retirement Benefits

Eligibility: Disabled as defined in the MainePERS statutes, employed on or after October 16, 1992 or employed prior to October 16, 1992 and elected the provisions of No-Age Disability, and either disabled in the line-of-duty or disabled with at least five years of creditable service.

Benefit: 59% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Workers' Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins upon the termination of service and ceases on cessation of disability or after two years, unless the member is unable to engage in any substantially gainful activity, in which case payments cease on the date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, service is credited and average final compensation is increased at the same rate as any cost-of-living adjustments for which the member is eligible (not subject to the COLA Cap) (see item 12). On the date when service benefits reach a level of 59% of average final compensation, the disability benefit converts to a service retirement benefit based on service and average final compensation at that time.

8. Pre-Retirement Ordinary Death Benefits

Eligibility: Death while active, inactive eligible to retire, or disabled not resulting from an injury received in the line-of-duty.

Benefit: Designated beneficiary, spouse, children, or parents entitled to benefit calculated as if the deceased member had retired under Option 2 (see item 13); however, the beneficiary may elect survivor benefits payable to a surviving spouse, dependent children, parent, or other designated beneficiaries in monthly amounts varying by the status of beneficiary and number of eligible survivors. Otherwise, accumulated contributions with interest are payable to the designated beneficiary, spouse, children, older parents, or estate.

9. Pre-Retirement Accidental Death Benefits

Eligibility: Death while active or disabled resulting from an injury received in the line-of-duty.

Benefit:

- If the member leaves no dependent children, two-thirds of the member's average final compensation to the surviving spouse until death.

APPENDIX B – SUMMARY OF PROGRAM PROVISIONS

- If the member is survived by a spouse who has the care of dependent children of the member, the surviving spouse shall receive an annual sum equal to the member's average final compensation while having the care of dependent children. When there are no longer any dependent children, the surviving spouse shall receive two-thirds of the member's average final compensation until death.

- If the member is survived by a spouse who does not have the care of the member's dependent children, the surviving spouse and dependent children shall share equally an annual sum equal to the member's average final compensation. When there are no longer any dependent children, the surviving spouse shall receive two-thirds of the member's average final compensation until death.

- If the member leaves no spouse, the dependent children shall share an annual amount equal to the member's average final compensation. Benefits will cease when the last dependent child no longer meets the definition of "dependent child."

10. Termination Benefit

Eligibility: Termination of service other than by retirement or death with at least five years of creditable service.

Benefit: The member's choice of a refund of the accumulated contributions with interest or a retirement benefit using creditable service and average final compensation as of the date of termination, deferred to normal retirement age.

11. Refund of Contributions

Eligibility: Termination of service other than by retirement or death with less than five years of creditable service.

Benefit: Refund of member's accumulated contributions with interest.

12. Cost-of-Living Adjustments (COLA)

All service and disability retirement and survivor benefits are adjusted each year that there is a percentage change in the Consumer Price Index (CPI), based on the Index. If the percentage change is negative, then no adjustment is made in that year. In subsequent years, the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full value of negative changes in the Index.

APPENDIX B – SUMMARY OF PROGRAM PROVISIONS

Cost-of-living adjustments (COLA) are effective September 1 of each year and are applied to that portion of the benefit that is not in excess of a COLA Base whose value grows annually with the same adjustment as the COLA (see values below) for all benefits that have been in payment for at least 12 months as of that date. The maximum annual increase, or COLA Cap, is three percent. Average final compensation used in determining disability benefits for disabled members is similarly adjusted for purposes of determining the recipient's service retirement benefit if and when the recipient moves to service retirement.

COLA Base History: (value as of September 1 of listed year when COLA effective):

2014	$20,000.00	2020	$22,810.25	
2015	$20,420.00	2021	$22,947.11	
2016	$20,940.71	2022	$24,186.25	*
2017	$21,474.70	2023	$24,911.84	
2018	$21,818.30	2024	$25,659.20	
2019	$22,451.03	2025	$26,428.98	

* Special legislation was passed to pay an additional one percent COLA above the maximum COLA Cap of three percent. In addition, the COLA Base was increased by the full CPI change of 5.4%.

Members who did not have 10 years of service on July 1, 1993, will begin receiving cost-of-living adjustments at the later of 12 months after their normal retirement age and the first September 1 following a minimum of 12 months of being in receipt of their benefit.

13. Methods of Payment of Service Retirement Benefits

At retirement, a member who retires with a benefit must choose from the following methods of payment:

Full Benefit: Unadjusted benefit paid for the life of the member only.

Option 1: Cash refund equal to the remaining member contribution balance, if any, at the date of death (where the member contribution balance has been reduced each month by the portion of the monthly benefit deemed to be provided by member contributions).

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Joint and survivor annuity at any percentage other than those available under Option 2 and Option 3.

Option 5: Designated percentage of the benefit (not less than 51%) payable to the member, with the remaining percentage (the two to equal 100%) payable to a beneficiary (may only be a sole beneficiary) while both are alive. At the death of either, the higher of the two

percentages is paid to the survivor for the survivor's life, and the lower-percentage benefit ceases to be paid.

Option 6: 100% joint and survivor annuity (Option 2) with pop-up*.

Option 7: 50% joint and survivor annuity (Option 3) with pop-up*.

Option 8: Option 4 with pop-up*.

* The "pop-up" feature attached to a given Option means that in the case of a beneficiary predeceasing the member, the member's benefit will be revised prospectively to the amount that the benefit would have been had the member selected Full Benefit payment upon retirement.

14. Program Changes Since Prior Valuation

Certain Department of Corrections employees were moved from the Regular State Plan to the 1998 Special Plan.

Specified crime lab and computer crimes unit employees from either the State Employees Regular Plan or the 1998 Special Plan to the 25 and Out Plan.

This Appendix B is intended to be a brief summary of provisions. In the event of a dispute, applicable statutes and administrative policy supersede this report description.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. Annual Rate of Investment Return

State Employees	6.50%
Teachers	6.50%

Rate is net of both administrative and investment expense.

2. LDROM Discount Rate

State Employees	4.77%
Teachers	4.77%

3. Cost-of-Living Adjustment (COLA) Assumed Rate

State Employees	2.20%
Teachers	2.20%

4. Annual Rate of Individual Salary Increase (% at Selected Years of Service)

Service	State Employees	Teachers
0	9.43%	13.03%
5	6.24	5.83
10	5.32	4.81
15	3.98	4.29
20	3.78	3.26
25 and over	3.26	2.80

The above rates include a 2.75% across-the-board increase at each year of service.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

5. Sample Rates of Termination (% at Selected Years of Service)

Service	Regular State Employees	Teachers	State Special Employees
0	32.5%	26.0%	30.0%
5	10.0	9.0	9.0
10	6.0	5.5	6.5
15	4.0	3.5	4.0
20	3.0	3.0	3.0
25	2.5	3.0	2.5

Non-vested members are assumed to take a refund of contributions with interest. Once vested, the member is assumed to elect the greater of the deferred vested benefit or a refund of member contributions with interest based on present value at the time of termination.

6. Sample Rates of Mortality for Healthy Annuitant Lives at Selected Ages (number of deaths per 10,000 members)

	(Showing values in 2025)			
	State Employees		Teachers	
Age	Male	Female	Male	Female
50	31	24	10	6
55	46	34	21	17
60	70	47	35	26
65	101	68	57	36
70	155	109	95	58
75	262	194	174	111
80	473	361	334	312
85	879	691	703	619
90	1,542	1,305	1,323	1,182
95	2,419	2,141	2,239	2,115

Rates for State Employees are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females.

Rates for Teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5%, respectively, of the rates for males before age 85 and females before age 80

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

- 106.4% and 122.3%, respectively, of the rates for males on and after age 85 and females on and after age 80

The rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

7. Sample Rates of Mortality for Active Lives at Selected Ages (number of deaths per 10,000 members)*

	(Showing values in 2025)			
	State Employees		Teachers	
Age	Male	Female	Male	Female
20	3	1	3	1
25	3	1	2	1
30	4	2	3	2
35	6	3	4	3
40	7	4	5	3
45	8	5	6	4
50	11	7	9	6
55	17	11	15	10
60	27	17	25	15
65	39	25	40	23

* For State Regular and Teachers, 5% of deaths are assumed to arise out of and in the course of employment; for State Special, 20% of deaths are assumed to arise out of and in the course of employment.

Rates for State Employees are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. Rates for Teachers are based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

8. Sample Rates of Mortality for Disabled Annuitant Lives at Selected Ages (number of deaths per 10,000 members)

	(Showing values in 2025)			
	State Employees		Teachers	
Age	Male	Female	Male	Female
25	36	21	31	25
30	54	37	47	45
35	74	57	64	69
40	90	76	79	91
45	112	98	98	117
50	158	140	139	168
55	214	179	188	215
60	272	208	239	249
65	322	218	283	261
70	380	255	333	306

Rates for State Employees are based on 107.3% and 103.2% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. Rates for Teachers are based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

9. Sample Rates of Retirement at Selected Ages (number retiring per 1,000 members)

Teachers and State Regular Plans

	State Regular Employees			Teachers		
Age	NRA 60	NRA 62	NRA 65	NRA 60	NRA 62	NRA 65
57	40	35	N/A	40	35	N/A
59	260	40	N/A	200	45	N/A
60	210	50	20	275	80	20
61	210	350	20	210	240	20
62	210	270	50	230	220	50
63	250	180	80	220	180	80
64	190	200	300	280	220	200
65	210	220	250	340	300	300
70	200	200	200	300	200	300
75	350	350	250	400	200	300
80	1,000	1,000	1,000	1,000	1,000	1,000

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

In the case of State Regular and Teacher employees, NRA 60 refers to those who had accrued at least 10 years of service by July 1, 1993. NRA 62 refers to those who had not accrued at least 10 years of service by July 1, 1993 or were hired after that date but had five years of service by July 1, 2011. NRA 65 refers to those who did not have five years of service by July 1, 2011. Rates are only applied for early retirement when the member is at least age 57. Earlier rates are applicable for normal retirement.

State Special Plans

Members of the 1998 Special Plan are assumed to retire at rates that vary by age and whether service is less than 25 years or not. Sample rates are as follows.

	1998 Special Plan Retirement	
Age	Service < 25	Service >= 25
50	0.0%	10.0%
52	0.0	10.0%
55	20.0	25.0
57	10.0	25.0
60	20.0	30.0
62	30.0	30.0
65	23.4	30.0
67	36.8	50.0
70	100.0	100.0

Members of the 25 & Out Plan are assumed to retire at rates that vary by service. Sample rates are as follows.

25 & Out Plan	
Service	Assumption
<25	Same as State Regular
25-31	25.0%
32-37	40.0
38+	100.0

Members of State Special Plans other than the 25 & Out Plan and the 1998 Special Plan are all currently assumed to retire at a rate of 50% per year, beginning when they reach eligibility for unreduced benefits. Fire Marshal members have a 100% assumed rate at age 70.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

10. Sample Rates of Disability at Selected Ages (number becoming disabled per 10,000 members)*

State Employees			
Age	Regular	Special	Teachers
25	2.5	5.4	1.1
30	3.1	6.5	1.2
35	9.3	9.9	1.2
40	14.0	15.8	1.6
45	16.0	24.4	3.1
50	18.0	36.4	6.6
55	25.0	42.6	22.1
60	43.4	46.4	22.2

* 10% assumed to receive Workers Compensation benefits offsetting disability benefit; also, current rates for State Special groups are higher by 7 per 10,000 at all ages.

11. Family Composition Assumptions

80% of active members are assumed to be married and have two children born when the member is 24 and 28; children are assumed dependent until age 18; a female spouse is assumed to be three years younger than a male spouse; member is assumed to have no dependent parents; unmarried members are assumed to have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

12. Vacation/Sick Leave Credits

Members can use up to 90 days of unused, unpaid vacation and sick leave at retirement to increase creditable service.

For members who had 10 years of service on July 1, 1993, payment for up to 30 days of unused vacation and sick leave may be used to increase final average compensation, subject to an earnings cap. To reflect this, projected retirement benefits are increased by 0.48% for state (regular) employees and 0.75% for teachers for impacted members.

13. Technical and Miscellaneous Assumptions

Decrement Timing: Middle of the valuation year.

Pay Increase Timing: Salary provided is treated as the rate of pay as of the valuation date. Annual increases are applied as of the beginning of each subsequent valuation.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

Member Contribution Interest Rate: Reflect actual historical member contribution interest rates from 1970 through the valuation; future contribution interest assumed to equal the inflation assumption of 2.75%.

COLA Timing: September 1.

Special Plan Member Contribution Rates: For members of Special Plans where the contribution rate drops from 8.65% to 7.65% after a given number of years, 8.65% is used for all years for valuation purposes as a simplifying assumption reflecting data limitations.

14. Rationale for Assumptions

The demographic assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting. The discount rate was adopted by the Board of Trustees at their August 12, 2021 meeting. The demographic assumptions adopted are based on an experience study covering the period from July 1, 2015 through June 30, 2020, and the economic assumptions are based on this experience study along with advice of the MainePERS investment consultants. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias.

The LDROM discount rate is the single equivalent rate determined by matching Plan cashflows to US Treasury Securities yields as of the measurement date as published by the Federal Reserve.

15. Changes Since Last Valuation

The LDROM discount rate was updated to 4.77% based on Treasury yields as of June 30, 2025.

16. Rationale for Change in Actuarial Assumptions

N/A

17. Disclosure for Actuarially Determined Contribution Method

The actuarial methods used to determine the actuarially determined contribution have been selected to balance benefit security, intergenerational equity, and stability of actuarially determined contributions. The selection of the actuarial methods has taken into account the demographics of plan members, the funding goals and objectives of the Board, and the need to accumulate assets to make benefit payments when due. The Actuarially Determined Contribution disclosed in this report represents a reasonable actuarially determined contribution in accordance with Actuarial Standard of Practice (ASOP) No. 4.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

18. Disclosure of Models Used

ProVal: Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

Projection Model: This report includes projections of future contributions, assets, liabilities, and funded status for the purpose of assisting the Board of Trustees with the management of the Fund. We have used Cheiron's P-Scan and R-Scan models to develop these projections. The model is also used to stress test the impact of volatile asset returns over the projection period.

The P-Scan projection uses projected benefit payments for current members but does not include projected benefit payments for new members. This limitation is not material for the next 20 years, but longer projection periods should be viewed with caution. The P-Scan projection uses standard roll-forward techniques that implicitly assume a stable active population. Changes in the demographic characteristics of the active population will lead to different results.

The stochastic projections of investment returns assume that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods of time. The standard deviation used in the stochastic projection of investment returns was provided by the investment consultant.

Mortality Improvement Model: Cheiron utilized the RPEC_2014_v2020 Model Implementation Tool for the purposes of developing the customized version of MP-2020 used in this report. This tool is updated and published annually by the Society of Actuaries and their Retirement Plans Experience Committee and allows actuaries to develop customized versions of mortality improvement scales based on the parameters and data underlying the published MP-2020 scale but allowing practitioners to vary parameters from those used in the published MP-2020 scale.

We have reviewed this model and believe it is appropriate to our intended use in developing a customized mortality improvement scale for the Programs. Further, we are aware of no material inconsistencies that would limit our ability to use this model for its intended purpose.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Funding and LDROM Cost Method

For the Plans in this Program, the funding methodology employed is the Entry Age Normal Cost Method. Under this method, there are two components to the total contribution: the normal cost rate (NC rate), and the Unfunded Actuarial Liability rate (UAL rate). Both of these rates are developed for each Plan within the Program, consisting of the Teacher Program, the State Regular Plan, and several State Special Plans.

For each Plan in the Program, an individual Entry Age Normal cost rate is determined for each active member. The normal cost is determined by the following steps. First, an individual normal cost rate is determined by taking the value, as of entry age into a Plan, of each active member's projected future benefit. Second, this value is then divided by the value, also at entry age, of the member's expected future salary. Finally, the rate is reduced by the member contribution rate to produce the employer normal contribution rate. These rates are then multiplied by each member's salary as of the valuation date to get the total normal cost dollars as of the valuation date for that Plan and then divided by the total payroll at the valuation for the Plan to get the normal cost rate for that Plan. This process results in specific normal cost rates for each of the Plans in the Program.

The Unfunded Actuarial Liability under the Entry Age Normal Cost Method equals the present value, at the time of valuation, of the future benefit payments less the present value of future employer normal cost contributions, future member contributions, future UAL payments, and current assets. The UAL rate determined is the percentage that when applied to member payroll is expected to amortize the UAL according to the Program's amortization policy. Specifically, the remaining original UAL has four years of its prescribed amortization period remaining and all other gains and losses, including assumption changes, are amortized over 20-year periods beginning on the date as of which they occur. The UAL amortization uses a level percentage of pay method with payroll assumed to increase at 2.75% annually. Amortization payments are assumed to occur at each pay period. Benefit changes are funded immediately and are therefore not included in the amortization of the UAL. With the 2022 ratemaking, the 2014 gain base was accelerated by six years from the standard 20-year schedule.

2. Asset Valuation Method

For purposes of determining the employer contributions to the Program and the Program's funded ratio, we use an Actuarial Value of Assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

In determining the Actuarial Value of Assets, we calculate an expected actuarial value based on the cash flows for the year and imputed returns at the actuarial assumption. This expected value is compared to the actual fair value at the valuation date and one-third of the difference is added to the preliminary actuarial value to arrive at the final actuarial value.

3. FASB ASC 960 Cost Method:

The cost method for valuation of liabilities for FASB ASC 960 purposes is the Unit Credit Cost Method. This is one of a family of valuation methods known as accrued benefits methods. The chief characteristic of accrued benefits methods is that the funding pattern follows the pattern of benefit accrual. The accrued liability, which is determined for each Participant as of each valuation date, represents the actuarial present value of each Participant's benefit earned prior to the valuation date.

4. Changes Since Last Valuation

None

5. Rationale for Change

N/A

APPENDIX D – GLOSSARY OF GASB TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB Nos. 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual, included in an actuarial valuation, is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

6. Measurement Date

The date as of which the Total Pension Liability and Program Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the Program.

APPENDIX D – GLOSSARY OF GASB TERMS

7. Net Pension Liability

The liability of employers and non-employer contributing entities for employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Program Fiduciary Net Position.

8. Program Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

The last day of the Program or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB Nos. 67 and 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Nos. 67 and 68. The Total Pension Liability is the Actuarial Liability calculated under the entry age actuarial cost method.