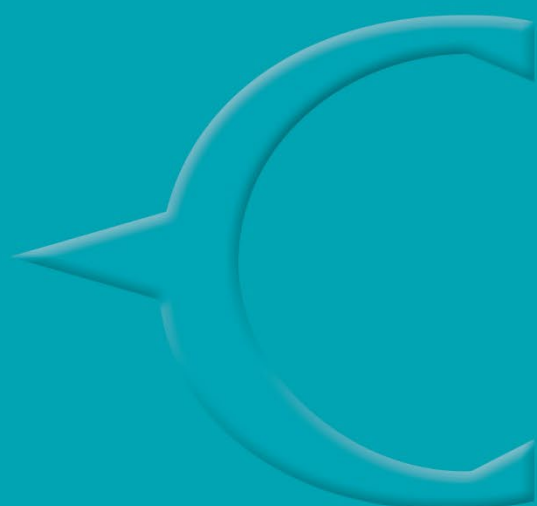




**Maine Public Employees
Retirement System State
Employee and Teacher
Retirement Program
Actuarial Valuation
Report
as of June 30, 2026**

Produced by Cheiron

October 2026

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LETTER OF TRANSMITTAL

October 8, 2026

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, 2026 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.

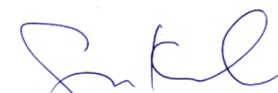
Sincerely,
Cheiron



Bonnie Rightnour, FSA, EA, MAAA
Principal Consulting Actuary



Greg Reardon, FSA, EA, MAAA
Principal Consulting Actuary



Gene Kalwarski, FSA, EA
Principal Consulting Actuary

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
RETIREMENT PROGRAM
ACTUARIAL VALUATION AS OF JUNE 30, 2026**

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, 2026. 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) 2026 were developed in the budgeting process in July 2024, based on a roll-forward of the June 30, 2023 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 measurements 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 an 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).

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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ACTUARIAL VALUATION AS OF JUNE 30, 2026**

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) 2026 and FY 2027 were developed through this ratemaking process in 2024. The assets used in developing these rates were the preliminary June 30, 2024 assets. These were then combined with estimated liability measures as of June 30, 2024, developed as an adjustment (i.e., roll-forward) of the liabilities of the June 30, 2023 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, 2023 valuation date and the June 30, 2024 measurement date. Similarly, the contributions for FY 2028 and FY 2029 were developed in July of 2026 based on estimated assets as of June 30, 2026 and estimated June 30, 2026 liabilities based on a roll-forward of the June 30, 2025 actuarial valuation liabilities using the same adjustment methodology described above.

The results of this June 30, 2026 valuation will be used primarily for accounting disclosures. Next year's June 30, 2027 valuation, adjusted to a June 30, 2028 measurement date and combined with preliminary assets as of June 30, 2028, will be used as the basis for the applicable FY 2030 and FY 2031 employer contributions.

In June 2026, the Board adopted changes in the funding policy to establish an initial target total employer contribution rate of 12% for FY 2029 and subsequent changes in the total employer contribution rate to be managed within 1% of payroll year-to-year, where possible. This will be accomplished by adjusting amortization layers, within statutory limits. For FY 2029, all outstanding UAL amortization loss layers will be accelerated by 3 years from their original 20-year schedule. Note that this change does not impact the results of the June 30, 2026 valuation or the informational contribution rates developed herein. The changes to the funding policy are reflected in the projections included in this report.

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Experience from July 1, 2025 through June 30, 2026 (FY 2026)

With respect to investment experience for the fiscal year ending June 30, 2026, measured on a Market Value of Assets (MVA) basis, MainePERS experienced an investment return of positive 11.43%. The June 30, 2026 MVA is more than the expected Actuarial Value of Assets (AVA) based on the assumed rate of return assumption of 6.50%, producing a gain. Given the asset smoothing method in place, only one-third of that gain is recognized in the AVA. As a result, the AVA investment return for MainePERS was 9.17%. For this Program, when compared to the expected AVA using Program-specific cashflows, this translates to a gain for the year of \$434 million. In addition, there was a \$0.3 million loss due to less UAL contributions made as a result of the biennium budget process, which will always produce a contribution timing gain or loss (i.e., actual UAL contributions as determined in advance by ratesetting was less than the valuation-calculated amount).

With respect to liability experience for the fiscal year ending June 30, 2026, the Program experienced a net liability loss of \$224 million above the expected growth of \$393 million (a 1.2% growth in total liabilities beyond expected growth). Of this increase, approximately \$40 million was attributable to the payment of cost-of-living adjustments (COLA) exceeding the assumed COLA and approximately \$105 million due to salaries being higher than expected. The remaining net loss was attributable to demographic changes (retirements, termination, disability, mortality, etc.) different than expected. This net loss is partially offset by a gain of \$198 million attributable to the net effect of assumption changes from the June 30, 2025 Experience Study approved by the Board on March 12, 2026. In addition, there was a plan change from L.D. 210 that resulted in a \$3 million increase in liabilities that was funded immediately. Finally, similar to the UAL contribution loss noted in the above paragraph, there was a \$7.0 million loss due to actual Normal Cost contributions made that were less than the valuation-calculated amount as a result of the biennium budget process.

For FY 2026, the resulting new Unfunded Actuarial Liability (UAL) amortization base is a net gain of \$401 million. This translates to an informational total employer contribution of 20.02% of payroll as of June 30, 2026. This is an increase of 0.04% compared to the June 30, 2025 valuation contribution rate of 19.98% of payroll. The increase is attributable to a higher-than-expected normal cost due to the experience study changes, partially offset by the net gain.

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As of the June 30, 2026 valuation, the Program has a UAL of \$1.653 billion based on the AVA. This represents a decrease of \$0.678 billion from the \$2.331 billion AVA UAL measured as of June 30, 2025. This compares to an expected decrease in the UAL of \$0.277 billion. 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 2026 as well as their combined effect on the UAL.

**Table I-1
(Amounts in Billions)**

	Liabilities	Assets	UAL
Value as of June 30, 2025	\$ 18.770	\$ 16.439	\$ 2.331
Expected Change	0.393	0.670	(0.277)
Impact of Program Changes	0.003	0.003	0.000
Impact of Assumption Changes	(0.198)	0.000	(0.198)
Impact of Contribution Timing	0.007	0.000	0.007
Recognized Investment Gain	0.000	0.434	(0.434)
Recognized Liability Loss	<u>0.224</u>	<u>0.000</u>	<u>0.224</u>
Value as of June 30, 2026	\$ 19.199	\$ 17.546	\$ 1.653

This table uses the Actuarial Value of Assets. Results would be different if the market value were used.

The impact of contribution timing on Assets is a \$0.3 million loss, however in this table the amount shown is \$0 due to rounding.

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, 2026 (FY 2026)

There were plan changes that were 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 2026. 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. These changes were reflected in the adjustments for the biennial contribution rates adopted in July 2026 and will be reflected in both the assets and the liabilities in the June 30, 2027 valuation.

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These plan changes include the following:

- Employees of the Office of the Medical Examiner moving from the State Regular Plan to the State 1998 Special Plan, effective July 29, 2026. This results in an increase in the Actuarial Liability of \$483,270 and will be funded in FY 2027.
- Employees of the Department of Health and Human Services designated as Community Response Workers moving from the State Regular Plan to the State 1998 Special Plan effective August 1, 2026. This results in an increase in the Actuarial Liability of \$1,876,610 and will be funded in FY 2027.
- Employees of the Department of Health and Human Services designated as Nurse I and III, Hospital Nurse II, III, and IV, and Licensed Practical Nurse moving from the State Regular Plan to the State 1998 Special Plan effective October 1, 2026. This results in an increase in the Actuarial Liability of \$4,310,037 and will be funded in FY 2027.
- Firefighters in the employ of the Department of Defense, Veterans and Emergency Management from the 1998 Special Plan to the 25 and Out Plan effective October 1, 2026. This results in an increase in the Actuarial Liability of \$522,078 and will be funded in FY 2027.

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 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.

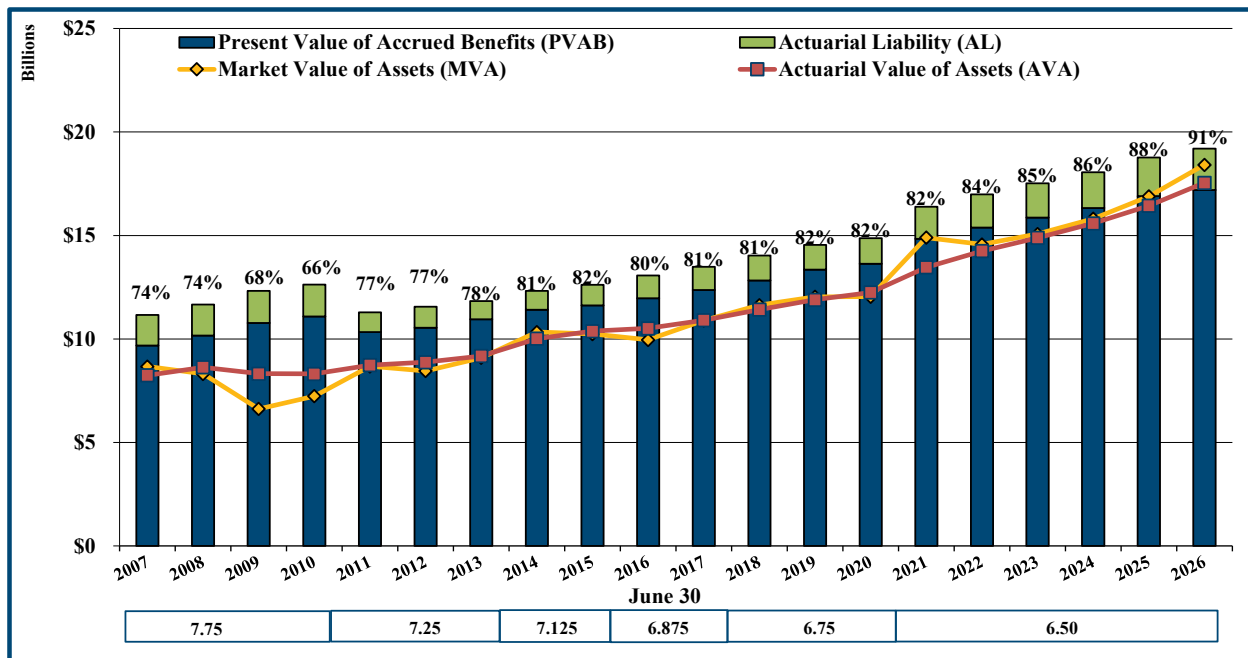
ASSETS AND LIABILITIES

The following graph illustrates the progress of assets and liabilities for the Program since June 30, 2007 as well as the Program's funded ratio on an Actuarial Value of Assets (AVA) basis.

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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 green 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 red line, while the Market Value of Assets (MVA) is shown as a gold 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., 7.75 represents a 7.75% discount rate.



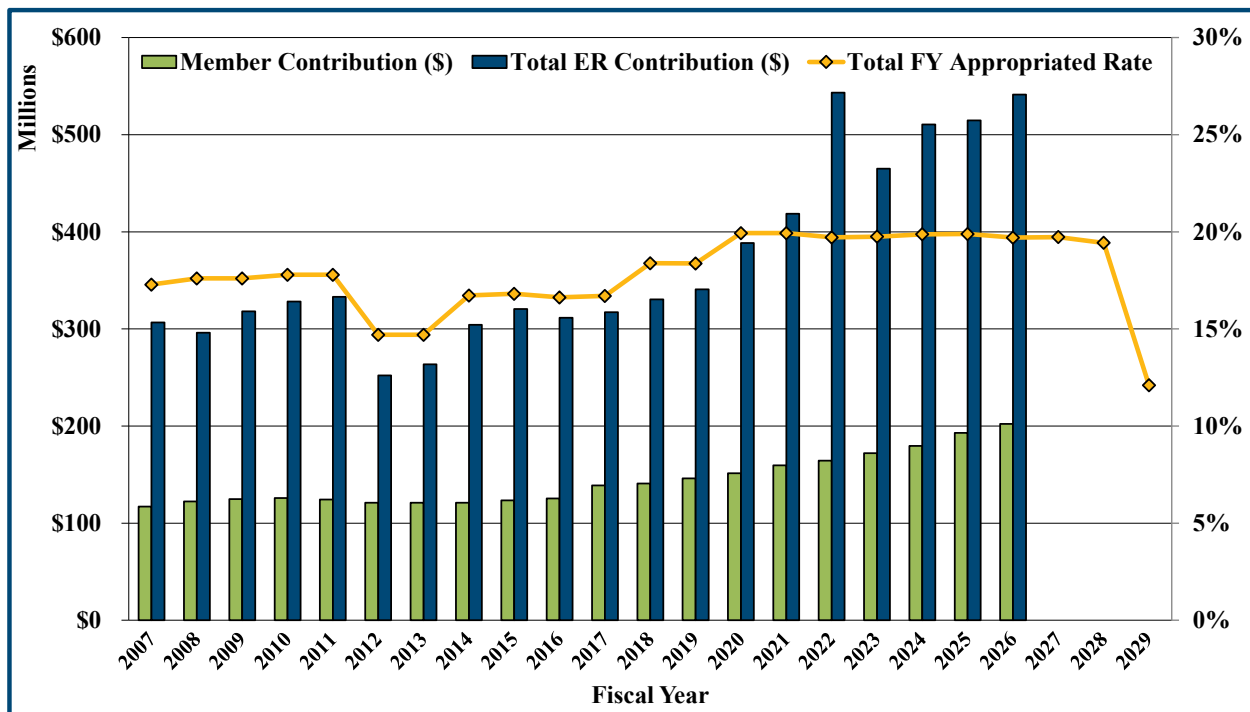
Plan changes that reduced liabilities were legislated during 2010 and first reflected in the 2011 valuation, resulting in the change in liability seen for that year. As of June 30, 2026, the Program's AVA-based funded ratio is 91.4%, which represents an increase from the 87.6% ratio reported in the prior valuation. Measured on an MVA basis, the funded ratio is 95.9% as of June 30, 2026, also an increase over last year's 90.0% MVA funded ratio.

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SECTION I — BOARD SUMMARY

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 2007. These bars are read using the left-hand axis. The gold 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 2027 through FY 2029 contribution rates have already been determined based on the ratemaking process, so three additional years of the contribution rate are shown versus dollars received. The total employer contribution for FY 2026 includes \$3.0 million for a plan change in FY 2026.



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 2026 was based on a roll-forward of the June 30, 2023 valuation to June 30, 2024, as previously described in this Board Summary.

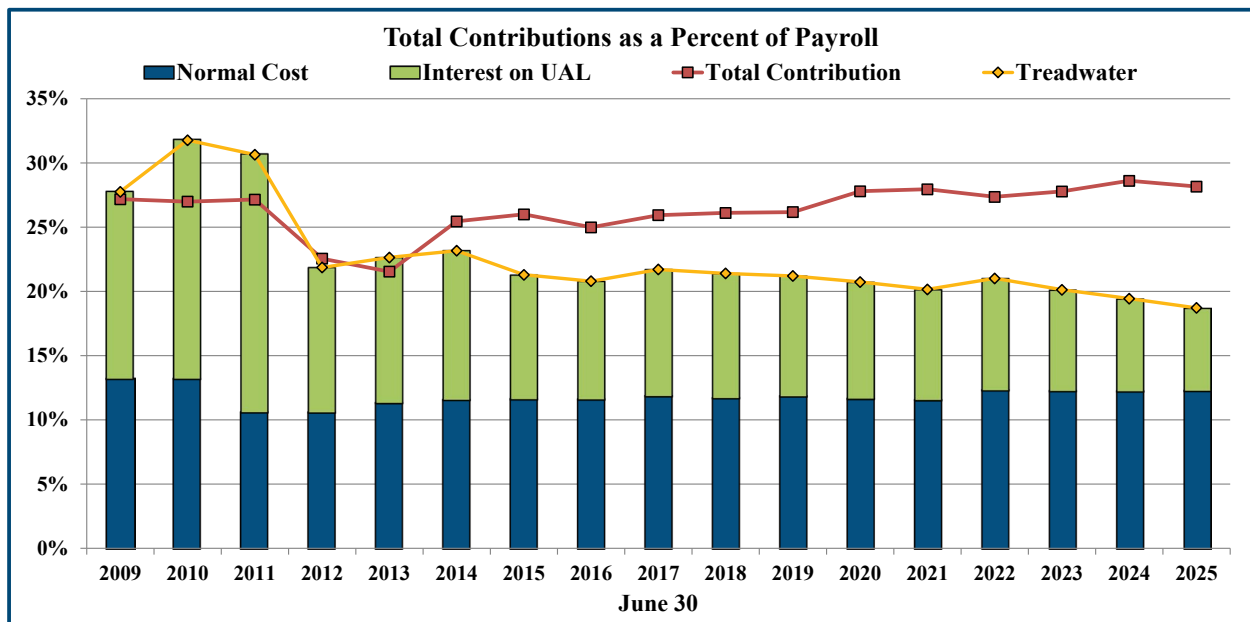
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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SECTION I — BOARD SUMMARY

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 20 years, while maintaining a remarkably stable State contribution rate between approximately 15% and 20%. The State contribution rate decreases in FY 2029 because the initial 1996 unfunded UAL is paid off in FY 2028.

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.

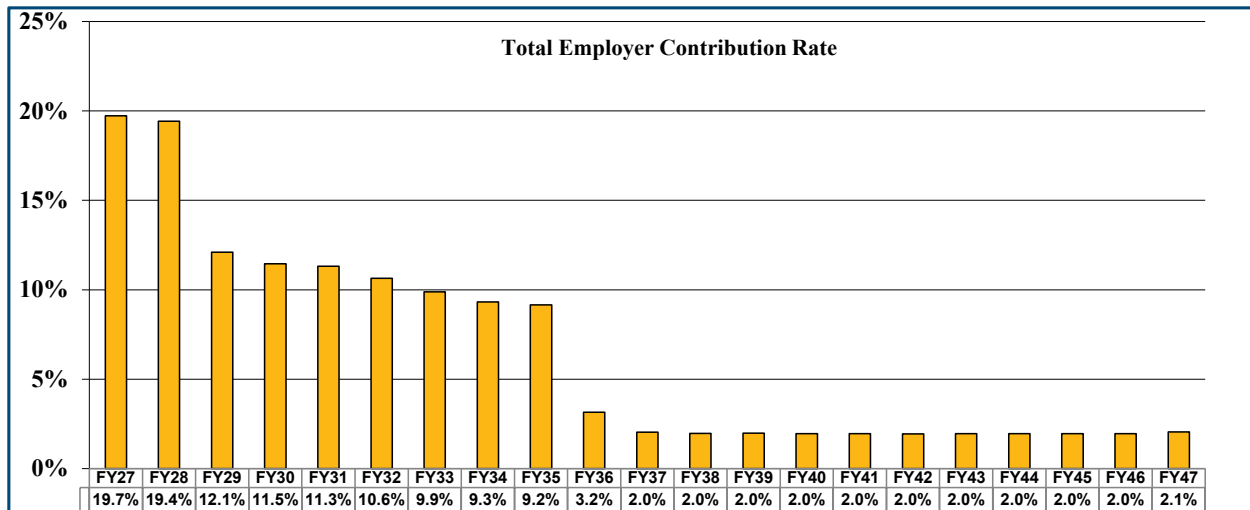


**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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ACTUARIAL VALUATION AS OF JUNE 30, 2026**

SECTION I — BOARD SUMMARY

Baseline Projections

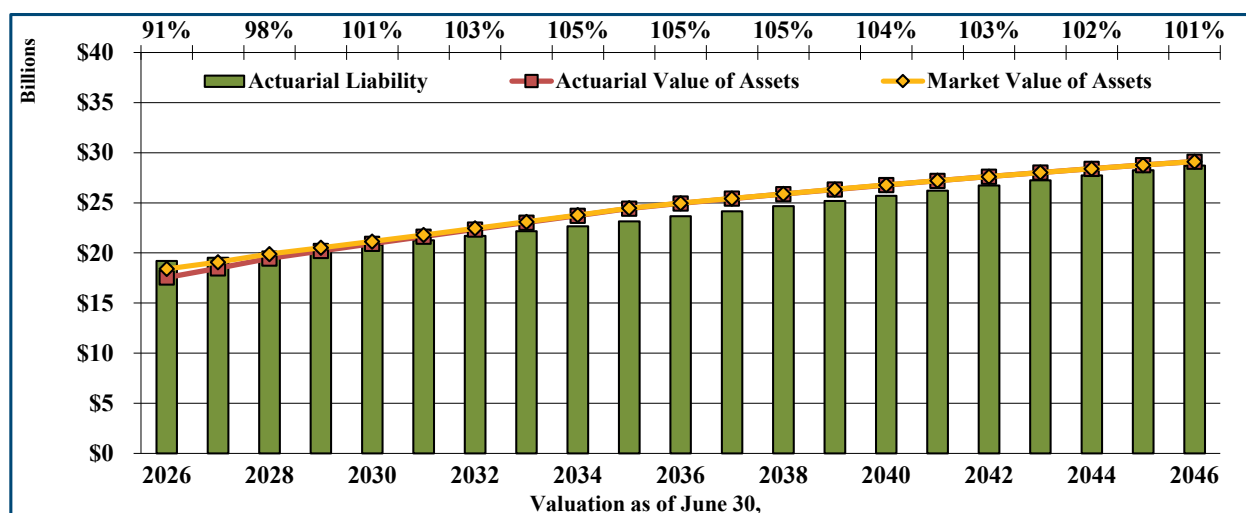
Our analysis of the projected financial trends for the Program is an important part of this valuation. In this section, we project future valuation results, focusing on the previously referenced AVA funded ratio (AVA over AL) and the expected employer contributions that will be developed through the 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 funding policy, including the changes adopted in June 2026.



**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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This baseline projection shows that the overall composite employer contribution rate for the Program 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 12.1%, with small decreases thereafter as additional loss bases become fully recognized, dropping to 2.0% by FY 2037 when all current loss bases are fully recognized. 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 91% as of June 30, 2026 to over 100% by June 30, 2030. 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.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
RETIREMENT PROGRAM
ACTUARIAL VALUATION AS OF JUNE 30, 2026**

SECTION I — BOARD SUMMARY

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

Valuation as of	June 30, 2025	June 30, 2026	% Change	
<u>Member Counts</u>				
Active Members	41,578	41,795	0.5%	
Retired Members	31,720	32,316	1.9%	
Beneficiaries of Retired Members	6,358	6,368	0.2%	
Survivors of Deceased Members	534	541	1.3%	
Disabled (Current and Former) Members	1,466	1,442	(1.6)%	
Terminated Vested Members	9,403	9,498	1.0%	
Inactives Due Refunds	<u>39,138</u>	<u>39,521</u>	1.0%	
Total Membership	130,197	131,481	1.0%	
Annual Payroll of Active Members	\$ 2,678,253,523	\$ 2,738,814,794	2.3%	
Annual Payments to Benefit Recipients	\$ 1,053,692,714	\$ 1,094,769,233	3.9%	
<u>Assets and Liabilities</u>				
Actuarial Liability (AL)	\$ 18,770,059,781	\$ 19,199,493,797	2.3%	
Actuarial Value of Assets (AVA)	<u>16,438,814,919</u>	<u>17,545,578,340</u>	6.7%	
Unfunded AL (UAL)	\$ 2,331,244,862	\$ 1,653,915,457	(29.1)%	
AVA Funded Ratio (AVA/AL)	87.6%	91.4%		
MVA Funded Ratio (MVA/AL)	90.0%	95.9%		
Accrued Benefit Liability (PVAB)	\$ 16,903,972,961	\$ 17,190,450,532	1.7%	
Market Value of Assets (MVA)	<u>16,888,911,440</u>	<u>18,412,340,261</u>	9.0%	
Unfunded PVAB	\$ 15,061,521	\$ (1,221,889,729)	N/A	
MVA Accrued Benefit Funded Ratio	99.9%	107.1%		
<u>Contributions as a Percentage of Payroll</u>				
Employer Normal Cost Rate	4.50%	5.52%		
UAL Amortization Rate	<u>15.48%</u>	<u>14.50%</u>		
Total Employer Calculated Rate	19.98%	20.02%		
	<u>2024 Ratemaking</u>		<u>2026 Ratemaking</u>	
Total Employer Budgeted Rates	FY 2026	19.70%	FY 2028	19.43%
Total Employer Budgeted Rates	FY 2027	19.73%	FY 2029	12.10%

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RETIREMENT PROGRAM
ACTUARIAL VALUATION AS OF JUNE 30, 2026**

SECTION I — BOARD SUMMARY

**Table I-3
Summary of Principal Results
Teacher Program**

Valuation as of	June 30, 2025		June 30, 2026		% Change
<u>Member Counts</u>					
Active Members	28,240		28,386		0.5%
Retired Members	19,914		20,329		2.1%
Beneficiaries of Retired Members	3,053		3,055		0.1%
Survivors of Deceased Members	270		275		1.9%
Disabled (Current and Former) Members	650		645		(0.8)%
Terminated Vested Members	6,090		6,145		0.9%
Inactives Due Refunds	<u>29,299</u>		<u>29,508</u>		0.7%
Total Membership	87,516		88,343		0.9%
Annual Payroll of Active Members	\$	1,672,884,522	\$	1,711,554,778	2.3%
Annual Payments to Benefit Recipients	\$	671,646,832	\$	697,529,861	3.9%
<u>Assets and Liabilities</u>					
Actuarial Liability (AL)	\$	12,272,087,528	\$	12,496,830,569	1.8%
Actuarial Value of Assets (AVA)		<u>10,874,210,751</u>		<u>11,580,392,556</u>	6.5%
Unfunded Actuarial Liability (UAL)	\$	1,397,876,777	\$	916,438,013	(34.4)%
AVA Funded Ratio (AVA/AL)		88.6%		92.7%	
MVA Funded Ratio (MVA/AL)		91.0%		97.2%	
Accrued Benefit Liability (PVAB)	\$	10,963,088,117	\$	11,115,013,791	1.4%
Market Value of Assets (MVA)		<u>11,171,947,811</u>		<u>12,152,470,780</u>	8.8%
Unfunded PVAB	\$	(208,859,694)	\$	(1,037,456,989)	N/A
MVA Accrued Benefit Funded Ratio		101.9%		109.3%	
<u>Contributions as a Percentage of Payroll</u>					
Employer Normal Cost Rate		4.31%		5.25%	
UAL Rate		<u>14.81%</u>		<u>13.56%</u>	
Total Employer Rate		19.12%		18.81%	
<u>2024 Ratemaking</u>			<u>2026 Ratemaking</u>		
Total Employer Budgeted Rates	FY 2026	18.80%	FY 2028	18.46%	
Total Employer Budgeted Rates	FY 2027	18.80%	FY 2029	9.64%	

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
RETIREMENT PROGRAM
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SECTION I — BOARD SUMMARY

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

Valuation as of	June 30, 2025	June 30, 2026	% Change	
<u>Member Counts</u>				
Active Members	13,338	13,409	0.5%	
Retired Members	11,806	11,987	1.5%	
Beneficiaries of Retired Members	3,305	3,313	0.2%	
Survivors of Deceased Members	264	266	0.8%	
Disabled (Current and Former) Members	816	797	(2.3)%	
Terminated Vested Members	3,313	3,353	1.2%	
Inactives Due Refunds	<u>9,839</u>	<u>10,013</u>	1.8%	
Total Membership	42,681	43,138	1.1%	
Annual Payroll of Active Members	\$ 1,005,369,001	\$ 1,027,260,016	2.2%	
Annual Payments to Benefit Recipients	\$ 382,045,882	\$ 397,239,372	4.0%	
<u>Assets and Liabilities</u>				
Actuarial Liability (AL)	\$ 6,497,972,253	\$ 6,702,663,228	3.2%	
Actuarial Value of Assets (AVA)	<u>5,564,604,168</u>	<u>5,965,185,784</u>	7.2%	
Unfunded Actuarial Liability (UAL)	\$ 933,368,085	\$ 737,477,444	(21.0)%	
AVA Funded Ratio (AVA/AL)	85.6%	89.0%		
MVA Funded Ratio (MVA/AL)	88.0%	93.4%		
Accrued Benefit Liability (PVAB)	\$ 5,940,884,844	\$ 6,075,436,741	2.3%	
Market Value of Assets (MVA)	<u>5,716,963,629</u>	<u>6,259,869,481</u>	9.5%	
Unfunded PVAB	\$ 223,921,215	\$ (184,432,740)	(182.4)%	
MVA Accrued Benefit Funded Ratio	96.2%	103.0%		
<u>Contributions as a Percentage of Payroll</u>				
Employer Normal Cost Rate	4.81%	5.96%		
UAL Rate	<u>16.58%</u>	<u>16.09%</u>		
Total Employer Rate	21.39%	22.05%		
	<u>2024 Ratemaking</u>		<u>2026 Ratemaking</u>	
Total Employer Budgeted Rates	FY 2026	21.27%	FY 2028	20.94%
Total Employer Budgeted Rates	FY 2027	21.36%	FY 2029	15.96%

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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SECTION I — BOARD SUMMARY

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

Valuation as of	June 30, 2025		June 30, 2026		% Change
<u>Member Counts</u>					
Active Members		11,586		11,471	(1.0)%
Retired Members		10,946		11,089	1.3%
Beneficiaries of Retired Members		3,091		3,085	(0.2)%
Survivors of Deceased Members		251		251	0.0%
Disabled (Current and Former) Members		733		711	(3.0)%
Terminated Vested Members		2,873		2,899	0.9%
Inactives Due Refunds		<u>8,499</u>		<u>8,643</u>	1.7%
Total Membership		37,979		38,149	0.4%
Annual Payroll of Active Members	\$	842,155,609	\$	841,099,659	(0.1)%
Annual Payments to Benefit Recipients	\$	346,382,421	\$	358,435,248	3.5%
<u>Assets and Liabilities</u>					
Actuarial Liability (AL)	\$	5,548,944,522	\$	5,668,260,745	2.2%
Actuarial Value of Assets (AVA)		<u>4,779,318,905</u>		<u>5,082,560,880</u>	6.3%
Unfunded Actuarial Liability (UAL)	\$	769,625,617	\$	585,699,865	(23.9)%
AVA Funded Ratio (AVA/AL)		86.1%		89.7%	
MVA Funded Ratio (MVA/AL)		88.5%		94.1%	
Accrued Benefit Liability (PVAB)	\$	5,100,717,260	\$	5,169,738,016	1.4%
Market Value of Assets (MVA)		<u>4,910,177,172</u>		<u>5,333,642,386</u>	8.6%
Unfunded PVAB	\$	190,540,088	\$	(163,904,370)	(186.0)%
MVA Accrued Benefit Funded Ratio		96.3%		103.2%	
<u>Contributions as a Percentage of Payroll</u>					
Employer Normal Cost Rate		4.78%		5.73%	
UAL Rate		<u>16.35%</u>		<u>15.59%</u>	
Total Employer Rate		21.13%		21.32%	
	<u>2024 Ratemaking</u>			<u>2026 Ratemaking</u>	
Total Employer Budgeted Rates	FY 2026	20.86%	FY 2028	20.65%	
Total Employer Budgeted Rates	FY 2027	20.95%	FY 2029	15.71%	

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SECTION I — BOARD SUMMARY

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

Valuation as of	June 30, 2025	June 30, 2026	% Change	
<u>Member Counts</u>				
Active Members	1,752	1,938	10.6%	
Retired Members	860	898	4.4%	
Beneficiaries of Retired Members	214	228	6.5%	
Survivors of Deceased Members	13	15	15.4%	
Disabled (Current and Former) Members	83	86	3.6%	
Terminated Vested Members	440	454	3.2%	
Inactives Due Refunds	<u>1,340</u>	<u>1,370</u>	2.2%	
Total Membership	4,702	4,989	6.1%	
Annual Payroll of Active Members	\$ 163,213,392	\$ 186,160,357	14.1%	
Annual Payments to Benefit Recipients	\$ 35,663,461	\$ 38,804,124	8.8%	
<u>Assets and Liabilities</u>				
Actuarial Liability (AL)	\$ 949,027,731	\$ 1,034,402,483	9.0%	
Actuarial Value of Assets (AVA)	<u>785,285,263</u>	<u>882,624,904</u>	12.4%	
Unfunded Actuarial Liability (UAL)	\$ 163,742,468	\$ 151,777,579	(7.3)%	
AVA Funded Ratio (AVA/AL)	82.7%	85.3%		
MVA Funded Ratio (MVA/AL)	85.0%	89.5%		
Accrued Benefit Liability (PVAB)	\$ 840,167,584	\$ 905,698,725	7.8%	
Market Value of Assets (MVA)	<u>806,786,457</u>	<u>926,227,095</u>	14.8%	
Unfunded PVAB	\$ 33,381,127	\$ (20,528,370)	(161.5)%	
MVA Accrued Benefit Funded Ratio	96.0%	102.3%		
<u>Contributions as a Percentage of Payroll</u>				
Employer Normal Cost Rate	4.99%	7.01%		
UAL Rate	<u>17.91%</u>	<u>18.27%</u>		
Total Employer Rate	22.90%	25.28%		
	<u>2024 Ratemaking</u>		<u>2026 Ratemaking</u>	
Total Employer Budgeted Rates	FY 2026	23.32%	FY 2028	22.33%
Total Employer Budgeted Rates	FY 2027	23.43%	FY 2029	17.11%

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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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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SECTION II — RISK ASSESSMENT AND DISCLOSURE

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 longevity and other demographic experience have had consistent losses in recent years, resulting in a large cumulative value over this period. The continued losses 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.

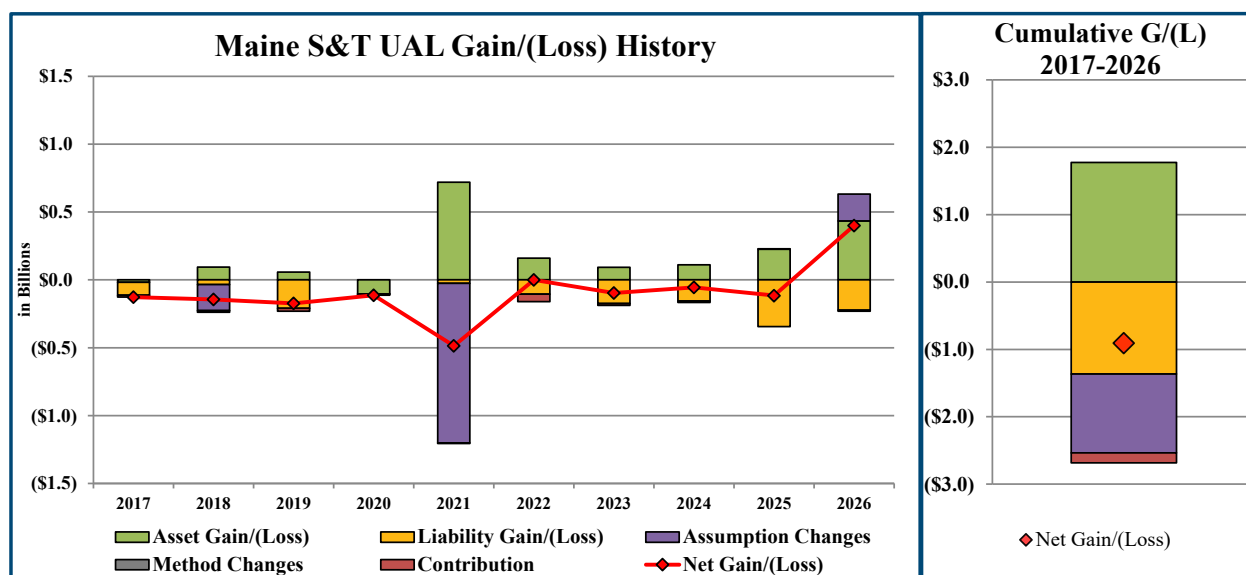
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Assumption change risk is the potential for the environment to change such that future valuation assumptions are adjusted to be different than the current assumptions. For example, changes in interest rates over time may result in a change in the assumed 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 changing the assumption to better anticipate future experience. The historical review section will show that assumption change risk has been a significant risk for this Program over the period.

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, and all plan changes were fully funded, resulting in no change in UAL.

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SECTION II — RISK ASSESSMENT AND DISCLOSURE

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.

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.

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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%

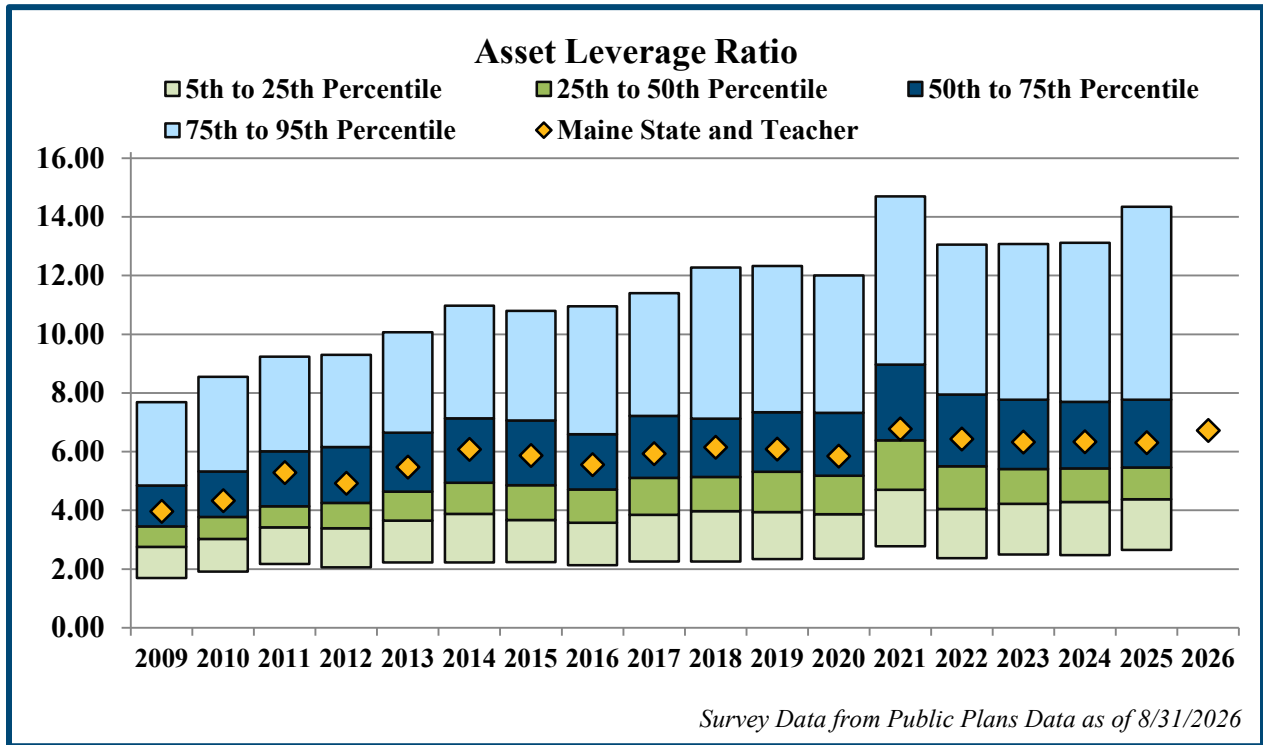
The Government Finance Officers Association (GFOA), MissionSquare Research Institute, the National Association of State Retirement Administrators (NASRA), and the Center for Retirement Research at Boston College maintain the Public Plans Data database that contains almost all state plans as well as many 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).

The chart that follows shows the asset leverage ratios for the Program and the large plans in this database since 2009. 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, similar to the universe of other large systems. It remained steady, between 550% and 615% of payroll, for the eight years prior to 2021, when it increased to 677%, or 6.77 times payroll. The rate was temporarily just over the previous top-end range in 2022 – 2025, but due to the larger market gain in FY 2026, the rate is now above that range again at 672%, or 6.72 times payroll.

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 2026 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 in this ratio when compared to MainePERS.

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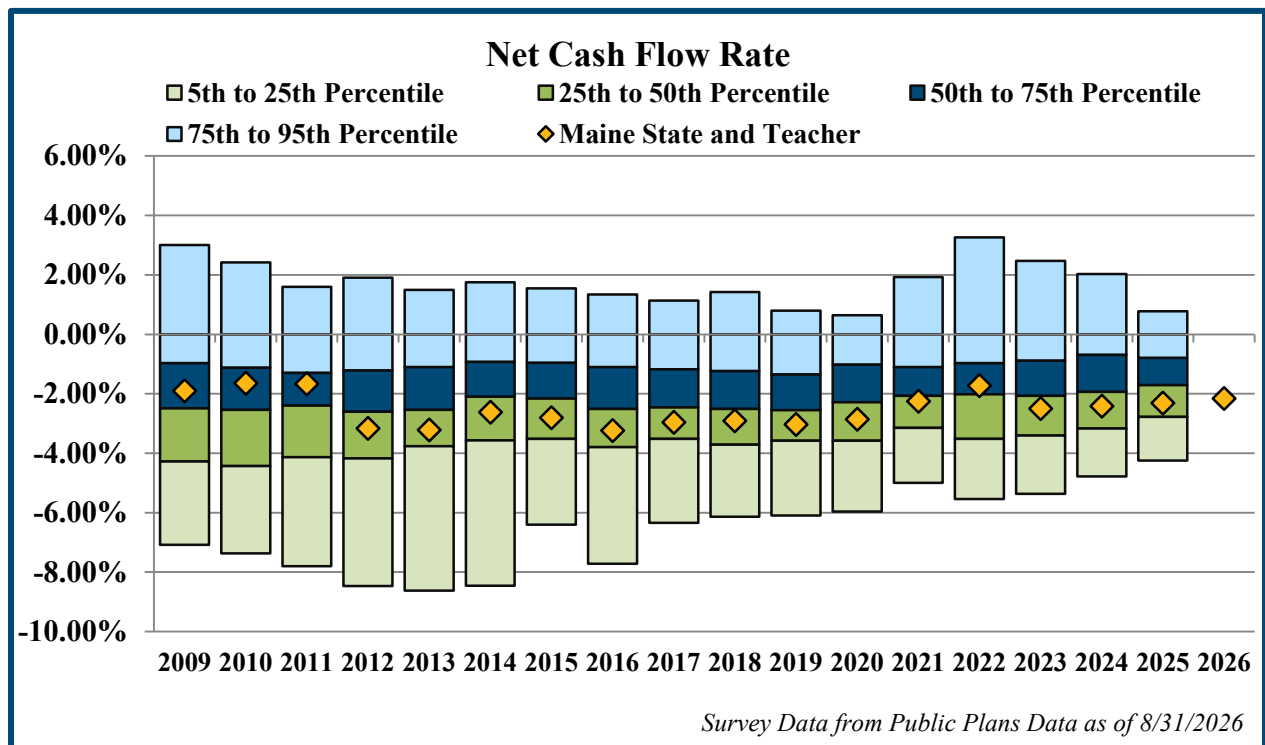
NET CASH FLOW RATIO

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.

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This chart shows that the Program's net cash flow ratio in 2009 was about negative 1.9%, improved slightly in 2010 and 2011, and trended towards a more negative value in 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 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 2026, the cash flow rate is negative 2.2%. 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 2026 are not yet available, we do not yet know how the change in the net cash flow ratio for this System in 2026 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 3.3%.



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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.

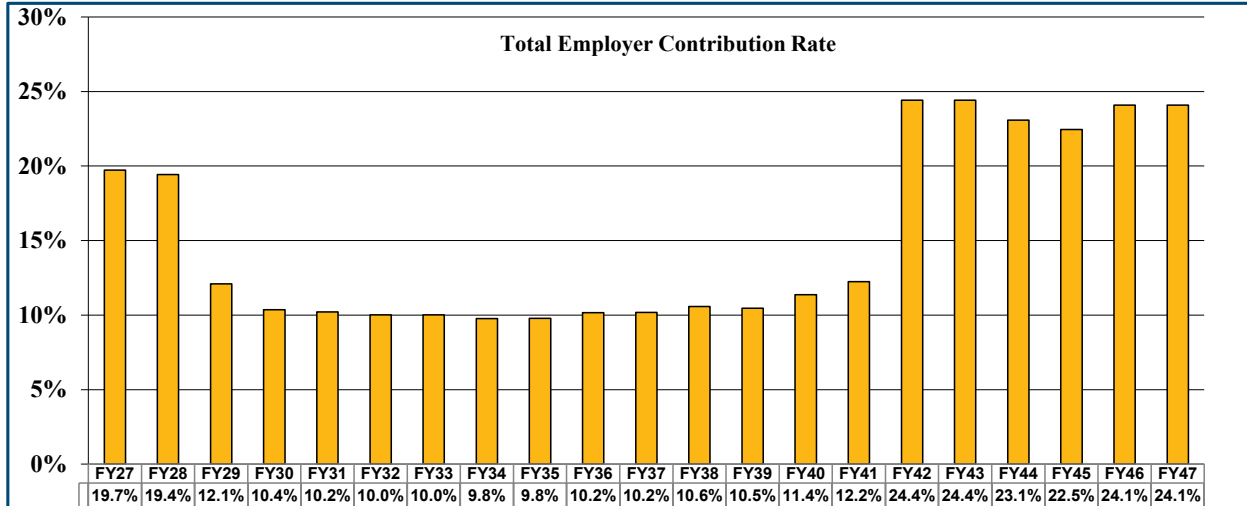
Pages 11-12 have additional detail on the baseline projection produced from this valuation. It is important to note that baseline projections, while informative, are not going to occur as experience never conforms exactly to assumptions every year. As discussed in the plan maturity section, as plans 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 cumulative annual 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	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Return	17.9%	6.6%	-8.3%	-11.3%	2.8%	14.4%	6.4%	6.3%	17.0%	-8.1%
FY	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Return	-18.1%	13.2%	24.0%	6.0%	15.3%	19.6%	6.0%	4.5%	13.3%	10.7%

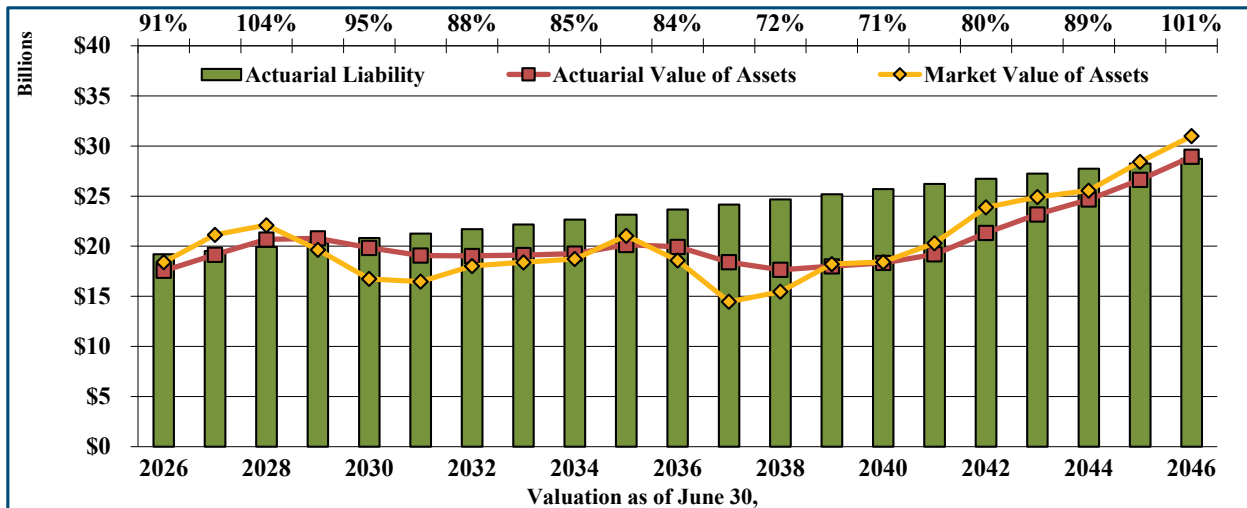
With varying annual earnings, one can see the significant volatility in the employer contributions in the first chart, where State contribution rates drop to 10% in FY 2031 and then escalate to over 24% in FY 42. Because of the new funding policy volatility corridor, the period from FY 30 to FY 41 has stable contribution rates – but the ability to manage the contributions after that period is diminished due to the market volatility in this scenario. We note that this chart reflects just one illustrative scenario and is not intended to reflect future expectations.

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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 2040 before recovering over this period.



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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, which 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, 2026,
- Statement of changes in total MainePERS DB market values during the year,
- Development of the total MainePERS DB AVA,
- 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 "snapshot" 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.

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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 2026.

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

Market Value of Total MainePERS DB Assets – June 30, 2025		\$ 21,408,715,435
<u>Additions</u>		
Contributions:		
Employer Contributions	\$ 661,182,226	
Member Contributions	288,944,816	
Transfers	<u>(306,005)</u>	
Total Contributions	\$ 949,821,037	
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 2,572,063,734	
Interest on Bank Balances	<u>3,190,606</u>	
Total Investment Income	\$ 2,575,254,340	
Investment Activity Expenses:		
Management Fees	\$ (126,310,487)	
Investment Related Expense	(6,445,905)	
Banking Fees	<u>(24,506)</u>	
Total Investment Activity Expenses	\$ (132,780,898)	
Net Income from Investing Activities	\$ 2,442,473,442	
Total Additions		\$ 3,392,294,479
<u>Deductions</u>		
Retirement Benefits	\$ (1,298,329,155)	
Disability Benefits	(26,691,717)	
Survivor Benefits	(29,574,581)	
Refunds	(32,712,154)	
Administrative Expenses	<u>(20,697,998)</u>	
Total Deductions		\$ (1,408,005,605)
<u>Total</u>		
Net Increase (Decrease)		\$ 1,984,288,874
Market Value of Total MainePERS DB Assets – June 30, 2026		\$ 23,393,004,309

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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, 2026 using the adopted actuarial valuation methodology.

**Table III-2
Development of Actuarial Value of Total MainePERS Defined Benefit (DB) Assets
as of June 30, 2026**

1. Actuarial Value of Total MainePERS DB Assets at June 30, 2025	\$ 20,838,164,256
2. Amount in (1) with Interest to June 30, 2026	22,192,644,933
3. Total Contributions for FY 2026	949,821,037
4. Interest on Contributions in (3), Assuming Received Uniformly throughout FY 2026	30,383,229
5. Total Disbursements without Administrative Expenses, for FY 2026	(1,387,307,607)
6. Interest on Disbursements in (5), Assuming Payments made Uniformly throughout FY 2026	<u>(44,377,712)</u>
7. Expected Actuarial Value of Total MainePERS DB Assets at June 30, 2026 = (2) + (3) + (4) + (5) + (6)	\$ 21,741,163,880
8. Actual Market Value of Total MainePERS DB Assets at June 30, 2026	23,393,004,309
9. Excess of (8) Over (7)	<u>1,651,840,429</u>
10. Actuarial Value of Total MainePERS DB Assets at June 30, 2026 = (7) + [33⅓% of (9)]	\$ 22,291,777,356

As discussed in the disclosure portion of this section, the Actuarial Value of Assets (AVA) 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 (MVA). Current actuarial methods employed in this Program use an allocated portion of the total AVA for the total MainePERS DB assets based on the Program’s MVA to develop the AVA for the Program. The methodology for the total MainePERS DB assets sets the AVA equal to the expected value of the AVA plus one-third of the difference between the actual MVA and the expected AVA. The expected value of the AVA takes the prior year’s AVA 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, 2026.

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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 total AVA allocated to the individual Programs on the basis of the MVA for each Program. An asset ratio (total MainePERS DB AVA divided by total MainePERS DB MVA) is applied to the MVA attributable to each of the Programs to determine its AVA as of the valuation date. The asset ratio derived in this June 30, 2026 valuation is 0.952925 (\$22,291,777,356 ÷ \$23,393,004,309). The allocation of the total MainePERS DB AVA 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, 2026**

Program	Market Value	Actuarial Value
Teacher	\$ 12,152,470,780	\$ 11,580,392,556
State (Regular & Special)	6,259,869,481	5,965,185,784
Judicial	99,834,087	95,134,392
Legislative	20,392,813	19,432,820
Participating Local Districts (Consolidated & Non-Consolidated)	<u>4,860,437,148</u>	<u>4,631,631,804</u>
Total	\$ 23,393,004,309	\$ 22,291,777,356

Investment Performance

The Market Value of Assets for the total MainePERS DB assets returned a positive 11.43% during FY 2026. This is greater than the assumed return of 6.50% for FY 2026. The equivalent market value returns for the total MainePERS DB assets for FY 2025 and FY 2024 were positive 9.31% and positive 7.43%, respectively.

On an Actuarial Value of Assets basis, the return for FY 2026 was a positive 9.17% 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 2026. Therefore, this return gave rise to an investment gain on the total MainePERS DB assets this year.

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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
2027	\$ 1,268,844,000	\$ 547,748,000	\$ 214,324,000	\$ 762,072,000
2028	1,198,532,000	554,253,000	220,218,000	774,471,000
2029	1,228,659,000	354,652,000	226,274,000	580,926,000
2030	1,259,515,000	344,928,000	232,496,000	577,424,000
2031	1,289,515,000	350,206,000	238,890,000	589,096,000
2032	1,320,305,000	338,345,000	245,460,000	583,805,000
2033	1,351,159,000	322,855,000	252,210,000	575,065,000
2034	1,381,173,000	312,998,000	259,146,000	572,144,000
2035	1,409,426,000	315,735,000	266,272,000	582,007,000
2036	1,436,106,000	111,942,000	273,594,000	385,536,000

In Table III-4 above, we provide a projection of expected cash flows 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 differ as the amount and timing of payments will vary based on individual member experience. 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 2027 through FY 2029. 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 11.

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SECTION III — ASSETS

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 7.72% for FY 2027.

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SECTION IV — LIABILITIES

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

- Disclosure of the Program’s liabilities as of June 30, 2025 and June 30, 2026,
- 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. We note that none of the liabilities presented in this report is an appropriate measure of a settlement liability.

- **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 by 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 7.72% 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.

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SECTION IV — LIABILITIES

**Table IV-1
Disclosure of Liabilities**

	June 30, 2025	June 30, 2026
Present Value of Benefits (PVB)		
Active Member Benefits	\$ 9,465,114,667	\$ 10,293,112,188
Retired, Disabled, Survivor, and Beneficiary Benefits	11,067,866,637	11,139,560,422
Terminated Vested Benefits	867,797,526	906,451,171
Terminated Nonvested Benefits	<u>95,156,542</u>	<u>101,117,577</u>
Total PVB	\$ 21,495,935,372	\$ 22,440,241,358
Market Value of Assets (MVA)	\$ 16,888,911,440	\$ 18,412,340,261
Future Member Contributions	1,814,447,103	1,998,419,038
Future Employer Contributions	3,391,275,712	3,084,785,286
Projected (Surplus)/Shortfall	<u>(598,698,883)</u>	<u>(1,055,303,227)</u>
Total Resources	\$ 21,495,935,372	\$ 22,440,241,358
Actuarial Liability (AL)		
Present Value of Benefits (PVB)	\$ 21,495,935,372	\$ 22,440,241,358
Present Value of Future Normal Costs (PVFNC)		
Employer Portion	911,428,488	1,242,328,523
Member Portion	<u>1,814,447,103</u>	<u>1,998,419,038</u>
Actuarial Liability (AL = PVB – PVFNC)	\$ 18,770,059,781	\$ 19,199,493,797
Actuarial Value of Assets (AVA)	<u>16,438,814,919</u>	<u>17,545,578,340</u>
Net (Surplus)/Unfunded (AL – AVA)	\$ 2,331,244,862	\$ 1,653,915,457
Present Value of Accrued Benefits (PVAB)		
Present Value of Future Benefits (PVB)	\$ 21,495,935,372	\$ 22,440,241,358
Present Value of Future Benefit Accruals (PVFBA)	<u>4,591,962,411</u>	<u>5,249,790,826</u>
Accrued Liability (PVAB = PVB – PVFBA)	\$ 16,903,972,961	\$ 17,190,450,532
Market Value of Assets (MVA)	<u>16,888,911,440</u>	<u>18,412,340,261</u>
Net (Surplus)/Unfunded (PVAB – MVA)	\$ 15,061,521	\$ (1,221,889,729)

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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, 2026, we estimate that a portfolio composed only of US Treasury securities would have an expected return of 4.85% compared to the System's discount rate of 6.50%, and the LDROM would be \$23.2 billion compared to the Actuarial Liability of \$19.2 billion. The \$4 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.

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

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SECTION IV — LIABILITIES

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, 2025	\$ 21,495,935,372	\$ 18,770,059,781	\$ 16,903,972,961
Liability Measurement – June 30, 2026	<u>22,440,241,358</u>	<u>19,199,493,797</u>	<u>17,190,450,532</u>
Liability Measurement Increase/ (Decrease) Due to:	\$ 944,305,986	\$ 429,434,016	\$ 286,477,571
Program Amendment	\$ 3,720,277	\$ 2,855,717	\$ 3,403,785
Assumption Change	172,509,271	(197,797,613)	(48,257,216)
Actuarial (Gain)/Loss	N/C	223,724,516	N/C
Benefits Accumulated and Other Sources	\$ 768,076,438	\$ 400,651,396	\$ 331,331,002

N/C = Not calculated

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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, 2026**

	Total Program	Teacher Program	State Regular Plans	State Special Plans
1. Actuarial Liabilities for:				
a. Active Members	\$ 7,052,364,627	\$ 4,764,822,644	\$ 1,798,445,919	\$ 489,096,064
b. Retired, Disabled, Survivor, and Beneficiary Members	11,139,560,422	7,040,806,662	3,589,858,578	508,895,182
c. Terminated (Vested & Nonvested) Members	<u>1,007,568,748</u>	<u>691,201,263</u>	<u>279,956,248</u>	<u>36,411,237</u>
2. Total Actuarial Liability [1(a) + 1(b) + 1(c)]	\$19,199,493,797	\$ 12,496,830,569	\$ 5,668,260,745	\$1,034,402,483
3. Actuarial Value of Assets	<u>17,545,578,340</u>	<u>11,580,392,556</u>	<u>5,082,560,880</u>	<u>882,624,904</u>
4. Unfunded Actuarial Liability (2 – 3)	\$ 1,653,915,457	\$ 916,438,013	\$ 585,699,865	\$ 151,777,579

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SECTION V — CONTRIBUTIONS

In this section, we present detailed information on informational employer contribution rates as developed in this June 30, 2026 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.

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SECTION V — CONTRIBUTIONS

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 two years of its amortization period remaining, the UAL amount for the period from 1997 through 2011 has two 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 two years as of June 30, 2026.

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, 2025	June 30, 2026
Composite Employer NC Rate	4.50%	5.52%
Composite UAL Amortization Rate	<u>15.48%</u>	<u>14.50%</u>
Composite Total Employer Rate	19.98%	20.02%

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.

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SECTION V — CONTRIBUTIONS

**Table V-2
Total Employer Contribution Rates by Plan**

Valuation Date June 30, 2026	Total NC Rate	Employee Contribution Rate	Employer NC Rate	UAL Contribution Rate	Total Employer Contribution Rate
Total Program	13.24%	7.72%	5.52%	14.50%	20.02%
Teacher Program	12.90%	7.65%	5.25%	13.56%	18.81%
State Program	13.79%	7.83%	5.96%	16.09%	22.05%
State Regular	13.38%	7.65%	5.73%	15.59%	21.32%
25 & Out Plan	14.08%	8.65%	5.43%	16.44%	21.87%
1998 Special Plan	16.57%	8.65%	7.92%	19.32%	27.24%
Fire Marshals	17.26%	8.65%	8.61%	20.13%	28.74%

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SECTION V — CONTRIBUTIONS

Table V-3 that follows provides the development of the 14.50% 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, 2026	Teacher Program	State Program (Regular and Special Plans)	Total Program
1. Actuarial Liability (AL)	\$ 12,496,830,569	\$ 6,702,663,228	\$ 19,199,493,797
2. Actuarial Value of Assets (AVA)	<u>11,580,392,556</u>	<u>5,965,185,784</u>	<u>17,545,578,340</u>
3. Unfunded Actuarial Liability (UAL)	\$ 916,438,013	\$ 737,477,444	\$ 1,653,915,457
4. Remaining Balances of Prior Amortization Bases			
a. 1996 UAL Amount	\$ 642,721,686	\$ 370,096,452	\$ 1,012,818,138
b. 1997-2011 UAL Base	(245,072,404)	(141,119,288)	(386,191,692)
c. 2012 (Gain)/Loss Base	17,985,815	16,023,627	34,009,442
d. 2013 (Gain)/Loss Base	(85,022,851)	95,565,289	10,542,438
e. 2014 (Gain)/Loss Base	(71,976,503)	(32,550,384)	(104,526,887)
f. 2015 (Gain)/Loss Base	2,854,041	(4,570,506)	(1,716,465)
g. 2016 (Gain)/Loss Base	139,825,722	156,670,117	296,495,839
h. 2017 (Gain)/Loss Base	87,794,359	15,963,745	103,758,104
i. 2018 (Gain)/Loss Base	96,959,790	25,385,073	122,344,863
j. 2019 (Gain)/Loss Base	130,521,514	21,789,941	152,311,455
k. 2020 (Gain)/Loss Base	24,614,034	77,967,240	102,581,274
l. 2021 (Gain)/Loss Base	379,665,092	72,691,884	452,356,976
m. 2022 (Gain)/Loss Base	14,901,692	(15,301,618)	(399,926)
n. 2023 (Gain)/Loss Base	57,966,796	34,832,163	92,798,959
o. 2024 (Gain)/Loss Base	13,426,735	40,179,401	53,606,136
p. 2025 (Gain)/Loss Base	25,880,482	88,392,380	114,272,862
q. 2026 (Gain)/Loss Base	<u>(316,607,987)</u>	<u>(84,538,072)</u>	<u>(401,146,059)</u>
r. Sum of the Bases	\$ 916,438,013	\$ 737,477,444	\$ 1,653,915,457

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

	Valuation Date June 30, 2026	Teacher Program	State Program (Regular and Special Plans)	Total Program
5. UAL Amortizations				
a. 1996 UAL Amount 2 Years		\$ 337,584,034	\$ 194,389,976	\$ 531,974,010
b. 1997-2011 UAL Base 2 Years		(128,722,171)	(74,121,691)	(202,843,862)
c. 2012 (Gain)/Loss Base 6 Years		3,377,222	3,008,779	6,386,001
d. 2013 (Gain)/Loss Base 7 Years		(13,921,956)	15,648,214	1,726,258
e. 2014 (Gain)/Loss Base 2 Years		(37,805,039)	(17,096,809)	(54,901,848)
f. 2015 (Gain)/Loss Base 9 Years		376,102	(602,295)	(226,193)
g. 2016 (Gain)/Loss Base 10 Years		16,866,207	18,898,029	35,764,236
h. 2017 (Gain)/Loss Base 11 Years		9,790,413	1,780,202	11,570,615
i. 2018 (Gain)/Loss Base 12 Years		10,078,320	2,638,608	12,716,928
j. 2019 (Gain)/Loss Base 13 Years		12,732,714	2,125,666	14,858,380
k. 2020 (Gain)/Loss Base 14 Years		2,266,708	7,180,007	9,446,715
l. 2021 (Gain)/Loss Base 15 Years		33,171,322	6,351,087	39,522,409
m. 2022 (Gain)/Loss Base 16 Years		1,240,611	(1,273,906)	(33,295)
n. 2023 (Gain)/Loss Base 17 Years		4,616,061	2,773,784	7,389,845
o. 2024 (Gain)/Loss Base 18 Years		1,026,158	3,070,771	4,096,929
p. 2025 (Gain)/Loss Base 19 Years		1,903,992	6,502,907	8,406,899
q. 2026 (Gain)/Loss Base 20 Years		<u>(22,481,360)</u>	<u>(6,002,789)</u>	<u>(28,484,149)</u>
r. Sum of Amortization Payments		\$ 232,099,338	\$ 165,270,540	\$ 397,369,878

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

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SECTION V — CONTRIBUTIONS

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

Valuation Date June 30, 2026		Teacher Program	State Program (Regular and Special Plans)	Total Program
6.	Covered Payroll	\$ 1,711,554,778	\$ 1,027,260,016	\$ 2,738,814,794
7.	UAL Amortization Rates			
a.	1996 UAL Amount 2 Years	19.72%	18.92%	19.43%
b.	1997-2011 UAL Base 2 Years	(7.52)%	(7.22)%	(7.41)%
c.	2012 (Gain)/Loss Base 6 Years	0.20%	0.29%	0.23%
d.	2013 (Gain)/Loss Base 7 Years	(0.81)%	1.52%	0.06%
e.	2014 (Gain)/Loss Base 2 Years	(2.21)%	(1.66)%	(2.00)%
f.	2015 (Gain)/Loss Base 9 Years	0.02%	(0.06)%	(0.01)%
g.	2016 (Gain)/Loss Base 10 Years	0.99%	1.84%	1.31%
h.	2017 (Gain)/Loss Base 11 Years	0.57%	0.17%	0.42%
i.	2018 (Gain)/Loss Base 12 Years	0.59%	0.26%	0.46%
j.	2019 (Gain)/Loss Base 13 Years	0.74%	0.21%	0.54%
k.	2020 (Gain)/Loss Base 14 Years	0.13%	0.70%	0.34%
l.	2021 (Gain)/Loss Base 15 Years	1.94%	0.62%	1.44%
m.	2022 (Gain)/Loss Base 16 Years	0.07%	(0.12)%	0.00%
n.	2023 (Gain)/Loss Base 17 Years	0.27%	0.27%	0.27%
o.	2024 (Gain)/Loss Base 18 Years	0.06%	0.30%	0.15%
p.	2025 (Gain)/Loss Base 19 Years	0.11%	0.63%	0.31%
q.	2026 (Gain)/Loss Base 20 Years	<u>(1.31)%</u>	<u>(0.58)%</u>	<u>(1.04)%</u>
r.	Sum of UAL Amortization Rates	13.56%	16.09%	14.50%

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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, 2026	Total State Program	State Regular Plan	25 & Out Plan	1998 Special Plan	Fire Marshals
1. Employer NC Rate	5.96%	5.73%	5.43%	7.92%	8.61%
2. Member Contribution Rate	<u>7.83%</u>	<u>7.65%</u>	<u>8.65%</u>	<u>8.65%</u>	<u>8.65%</u>
3. Total NC Rate	13.79%	13.38%	14.08%	16.57%	17.26%
4. UAL Amortization Rates*					
a. 1996 UAL Amount	18.92%	18.36%	19.32%	22.73%	23.68%
b. 1997-2011 UAL Base	(7.22)%	(7.01)%	(7.37)%	(8.68)%	(9.04)%
c. 2012 Loss Base	0.29%	0.28%	0.30%	0.35%	0.36%
d. 2013 Loss Base	1.52%	1.47%	1.55%	1.83%	1.90%
e. 2014 Gain Base	(1.66)%	(1.61)%	(1.69)%	(1.99)%	(2.08)%
f. 2015 Gain Base	(0.06)%	(0.06)%	(0.06)%	(0.07)%	(0.08)%
g. 2016 Loss Base	1.84%	1.79%	1.88%	2.21%	2.30%
h. 2017 Loss Base	0.17%	0.16%	0.17%	0.20%	0.21%
i. 2018 Loss Base	0.26%	0.25%	0.27%	0.31%	0.33%
j. 2019 Loss Base	0.21%	0.20%	0.21%	0.25%	0.26%
k. 2020 Loss Base	0.70%	0.68%	0.71%	0.84%	0.88%
l. 2021 Loss Base	0.62%	0.60%	0.63%	0.74%	0.78%
m. 2022 Gain Base	(0.12)%	(0.12)%	(0.12)%	(0.14)%	(0.15)%
n. 2023 Loss Base	0.27%	0.26%	0.28%	0.32%	0.34%
o. 2024 Loss Base	0.30%	0.29%	0.31%	0.36%	0.38%
p. 2025 Loss Base	0.63%	0.61%	0.64%	0.76%	0.79%
q. 2026 Loss Base	<u>(0.58)%</u>	<u>(0.56)%</u>	<u>(0.59)%</u>	<u>(0.70)%</u>	<u>(0.73)%</u>
r. Sum of Amortization Rates	16.09%	15.59%	16.44%	19.32%	20.13%

* 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 13.79% 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.

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SECTION V — CONTRIBUTIONS

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
2026	\$626,626,446	\$329,130,148
2027	327,698,679	338,181,226
2028	-	-

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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

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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, 2026 are discounted at the assumed valuation interest rate of 6.50% per annum in all of these disclosures.

Table VI-1 below includes the relevant amounts as of June 30, 2025 and June 30, 2026 as well as a reconciliation between the two dates under FASB ASC 960.

**Table VI-1
Accrued Benefits Information**

	June 30, 2025	June 30, 2026
FASB ASC 960 Basis		
1. Present Value of Benefits Accrued to Date (PVAB)		
a. Members Currently Receiving Payments	\$ 11,067,866,637	\$ 11,139,560,422
b. Terminated Vested Members	867,797,526	906,451,171
c. Terminated Nonvested Members	95,156,542	101,117,577
d. Active Members	<u>4,873,152,256</u>	<u>5,043,321,362</u>
e. Total PVAB	\$ 16,903,972,961	\$ 17,190,450,532
2. Market Value of Assets (MVA)	<u>16,888,911,440</u>	<u>18,412,340,261</u>
3. Unfunded Present Value of Accrued Benefits, but not less than Zero	\$ 15,061,521	\$ 0
4. Ratio of MVA to PVAB (2)/(1)(e)	99.9%	107.1%
Change in Present Value of Benefits Accrued to Date during FY 2026		
Increase/(Decrease) during Year Attributable to:		
Passage of Time		\$ 1,062,746,333
Benefits Paid		(1,125,781,237)
Assumption Changes		(48,257,216)
Program Changes		3,403,785
Benefits Accrued, Other Gains/Losses		<u>394,365,906</u>
Net Increase (Decrease)		\$ 286,477,571

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, 2026 as well as related ratios calculated under the provisions of GASB Statement No. 67 for the Program.

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As of the June 30, 2026 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 assumes 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.

**Table VI-2
Schedule of Changes in Net Pension Liability and Related Ratios FY 2026**

	Teacher Program	State Program	Total State and Teacher Program
<u>Total Pension Liability (TPL)</u>			
Service Cost (SC)	\$ 200,533,800	\$ 131,109,997	\$ 331,643,797
Interest (includes Interest on SC)	781,104,516	413,684,320	1,194,788,836
Changes of Benefit Terms	0	2,855,717	2,855,717
Differences Between Actual and Expected			
Experience	180,225,874	43,498,642	223,724,516
Changes of Assumptions	(218,237,341)	20,439,728	(197,797,613)
Benefit Payments, including Refunds of Member Contributions	(718,883,808)	(406,897,429)	(1,125,781,237)
Net Change in TPL	\$ 224,743,041	\$ 204,690,975	\$ 429,434,016
Beginning of Year (BOY) TPL	<u>12,272,087,528</u>	<u>6,497,972,253</u>	<u>18,770,059,781</u>
End of Year (EOY) TPL	<u>\$ 12,496,830,569</u>	<u>\$ 6,702,663,228</u>	<u>\$ 19,199,493,797</u>
<u>Program Fiduciary Net Position (FNP)</u>			
Employer Contributions	\$ 312,963,450	\$ 228,452,995	\$ 541,416,445
Member Contributions	127,188,536	74,930,004	202,118,540
Transfers	(400)	(1,709,217)	(1,709,617)
Net Investment Income	1,270,055,872	653,656,476	1,923,712,348
Benefit Payments, including Refunds of Member Contributions	(718,883,808)	(406,897,429)	(1,125,781,237)
Administrative Expense	(10,800,681)	(5,526,977)	(16,327,658)
Net Change in FNP	\$ 980,522,969	\$ 542,905,852	\$ 1,523,428,821
BOY FNP	<u>11,171,947,811</u>	<u>5,716,963,629</u>	<u>16,888,911,440</u>
EOY FNP	<u>\$ 12,152,470,780</u>	<u>\$ 6,259,869,481</u>	<u>\$ 18,412,340,261</u>
EOY Net Pension Liability (NPL)	<u>\$ 344,359,789</u>	<u>\$ 442,793,747</u>	<u>\$ 787,153,536</u>
FNP as a Percentage of TPL	97.2%	93.4%	95.9%
Covered Payroll (for FY 2026)	1,664,052,181	1,061,134,892	2,725,187,073
NPL as a Percentage of Covered Payroll	20.7%	41.7%	28.9%

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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 this schedule at that time. As of June 30, 2026, 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 2026**

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Teacher Program			
Total Pension Liability (TPL)	\$ 14,046,604,415	\$ 12,496,830,569	\$ 11,199,054,488
Program Fiduciary Net Position (FNP)	<u>12,152,470,780</u>	<u>12,152,470,780</u>	<u>12,152,470,780</u>
Net Pension Liability (NPL)	\$ 1,894,133,635	\$ 344,359,789	\$ (953,416,292)
FNP as a Percentage of TPL	86.5%	97.2%	108.5%
State Program			
Total Pension Liability (TPL)	\$ 7,489,101,860	\$ 6,702,663,228	\$ 6,042,214,883
Program Fiduciary Net Position (FNP)	<u>6,259,869,481</u>	<u>6,259,869,481</u>	<u>6,259,869,481</u>
Net Pension Liability (NPL)	\$ 1,229,232,379	\$ 442,793,747	\$ (217,654,598)
FNP as a Percentage of TPL	83.6%	93.4%	103.6%
Total State Employee and Teacher Program			
Total Pension Liability (TPL)	\$ 21,535,706,275	\$ 19,199,493,797	\$ 17,241,269,371
Program Fiduciary Net Position (FNP)	<u>18,412,340,261</u>	<u>18,412,340,261</u>	<u>18,412,340,261</u>
Net Pension Liability (NPL)	\$ 3,123,366,014	\$ 787,153,536	\$ (1,171,070,890)
FNP as a Percentage of TPL	85.5%	95.9%	106.8%

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A one percent decrease in the discount rate increases the TPL for the total Program by approximately 12% and increases the NPL by approximately 297%. A one percent increase in the discount rate decreases the TPL by approximately 10% and decreases the NPL by approximately 249%.

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, 2026, 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 2026**

	Teacher Program	State Program	Total State and Teacher Program
Actuarially Determined Contribution (ADC)	\$ 312,841,810	\$ 225,597,278	\$ 538,439,088
Contributions in Relation to the ADC	<u>312,841,810</u>	<u>225,597,278</u>	<u>538,439,088</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll (Payroll) (for FY 2026)	\$ 1,664,052,181	\$1,061,134,892	\$ 2,725,187,073
Contributions as a Percentage of Payroll	18.80%	21.26%	19.76%

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Notes to Schedule of Employer Contributions

Valuation Date: June 30, 2023

Timing: June 30, 2026 ADC rates are calculated based on 2024 liabilities developed as a roll-forward of the 2022 valuation liability, adjusted for expected experience and any assumption or methodology changes during FY 2024, using preliminary assets as of June 30, 2024.

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.

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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, 2026 can be found in the June 30, 2024 Actuarial Valuation Report.

Other Information

None.

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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, 2026, these values are thus developed as of June 30, 2025. 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.

**Table VI-5
Average Expected Remaining Service Lives
For Measurement Year Ending June 30, 2026**

<u>Teacher Program</u>			
Status	Total Expected Future Service	Count	Average Remaining Service Lives
Active Members	327,154	28,240	12
In-Pay Members	0	23,887	0
Terminated Vested Members	0	6,090	0
Inactives Due Refunds	<u>0</u>	<u>29,299</u>	<u>0</u>
Total Membership	327,154	87,516	4
<u>State Program</u>			
Status	Total Expected Future Service	Count	Average Remaining Service Life
Actives	128,806	13,338	10
In-Pay Members	0	16,191	0
Terminated Vested Members	0	3,313	0
Inactives Due Refunds	<u>0</u>	<u>9,839</u>	<u>0</u>
Total Membership	128,806	42,681	3

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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, 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	Gain (or Loss) For Fiscal Year Ended June 30, 2026
Investment Income	\$ 720,053,045	\$ 160,575,868	\$ 92,030,355	\$ 110,996,800	\$ 226,460,456	\$ 437,103,152
Combined Liability Experience	<u>(25,575,263)</u>	<u>(107,921,791)</u>	<u>(174,376,812)</u>	<u>(155,752,965)</u>	<u>(344,923,985)</u>	<u>(223,724,516)</u>
Gain (or Loss) during Year from Financial Experience	\$ 694,477,782	\$ 52,654,077	\$ (82,346,457)	\$ (44,756,165)	\$ (118,463,529)	\$ 213,378,636
Non-Recurring Items	<u>(1,175,893,728)</u>	<u>(104,916,162)</u>	<u>0</u>	<u>(5,946,000)</u>	<u>(1,969,365)</u>	<u>194,803,781</u>
Composite Gain (or Loss) During Year	\$ (481,415,946)	\$ (52,262,085)	\$ (82,346,457)	\$ (50,702,165)	\$ (120,432,894)	\$ 408,182,417

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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. The Reported Assets are measured at actuarial value. Results would be different if market value were used. 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, 2026, 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**

Valuation Date June 30,	Aggregate Actuarial Liabilities for:				Portion of Actuarial Liabilities Covered by Reported Assets		
	(1) Active Member Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	(1)	(2)	(3)
2026	\$2,913,371,624	\$ 12,147,129,170	\$ 4,138,993,003	\$ 17,545,578,340	100%	100%	60%
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

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APPENDIX A — MEMBERSHIP INFORMATION

Active Member Data as of June 30, 2026

<u>Teacher Plan</u>	
Count	28,386
Average Current Age	45.8
Average Benefit Service	11.7
Average Vesting Service	12.0
Average Valuation Pay	\$ 60,296
<u>State Employee Regular Plan</u>	
Count	11,471
Average Current Age	47.1
Average Benefit Service	10.0
Average Vesting Service	10.5
Average Valuation Pay	\$ 73,324
<u>State Employee Special 25 & Out Plan</u>	
Count	523
Average Current Age	39.6
Average Benefit Service	12.3
Average Vesting Service	13.0
Average Valuation Pay	\$ 131,124
<u>State Employee 1998 Special Plan</u>	
Count	1,399
Average Current Age	42.6
Average Benefit Service	9.3
Average Vesting Service	9.8
Average Valuation Pay	\$ 82,475
<u>Fire Marshal Special Plan</u>	
Count	16
Average Current Age	42.5
Average Benefit Service	9.0
Average Vesting Service	14.8
Average Valuation Pay	\$ 137,522
<u>State Employee Totals (Excludes Teachers)</u>	
Count	13,409
Average Current Age	46.3
Average Benefit Service	10.0
Average Vesting Service	10.6
Average Valuation Pay	\$ 76,610

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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ACTUARIAL VALUATION AS OF JUNE 30, 2026**

APPENDIX A — MEMBERSHIP INFORMATION

Non-Active Member Data as of June 30, 2026

Teachers

	Count	Average Age	Total Annual Benefit	Average Annual Benefit
Retired	20,329	75.4	\$ 628,034,972	\$ 30,894
Retired – Concurrent Beneficiary	1,153	76.1	7,666,095	6,649
Disability – Section 1122	0		0	0
Disability – Sections 3 and 3A	645	70.7	21,461,641	33,274
Beneficiary of Above	1,902	75.0	38,369,786	20,173
Pre-Retirement Death Beneficiary	275	60.5	1,997,367	7,263
Terminated Vested	6,145	52.4	65,951,438	10,733
Inactive Due Refund	29,508	NA	NA	NA

Non-Active Member Data as of June 30, 2026

State Regular

	Count	Average Age	Total Annual Benefit	Average Annual Benefit
Retired	11,089	74.8	\$ 291,781,969	\$ 26,313
Retired – Concurrent Beneficiary	872	74.5	5,400,286	6,193
Disability – Section 1122	0		0	N/A
Disability – Sections 3 and 3A	711	69.8	20,731,179	29,158
Beneficiary of Above	2,213	70.9	38,666,713	17,473
Pre-Retirement Death Beneficiary	251	68.3	1,855,101	7,391
Terminated Vested	2,899	52.6	28,406,114	9,799
Inactive Due Refund	8,643	NA	NA	NA

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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APPENDIX A — MEMBERSHIP INFORMATION

**Non-Active Member Data as of June 30, 2026
State Special**

	Count	Average Age	Total Annual Benefit	Average Annual Benefit
Retired	898	66.0	\$ 32,516,337	\$ 36,210
Retired – Concurrent Beneficiary	99	61.9	815,203	8,234
Disability – Section 1122	0		0	NA
Disability – Sections 3 and 3A	86	62.2	3,078,704	35,799
Beneficiary of Above	129	64.6	2,287,424	17,732
Pre-Retirement Death Beneficiary	15	45.3	106,456	7,097
Terminated Vested	454	46.4	4,052,986	8,927
Inactive Due Refund	1,370	NA	NA	NA

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.

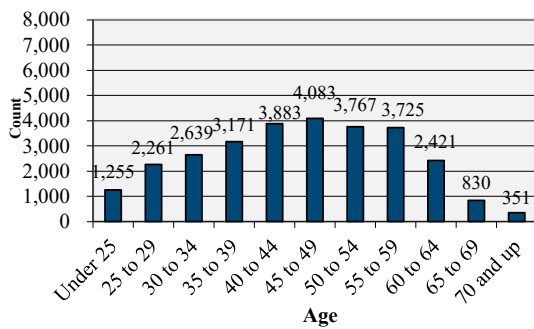
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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ACTUARIAL VALUATION AS OF JUNE 30, 2026**

APPENDIX A — MEMBERSHIP INFORMATION

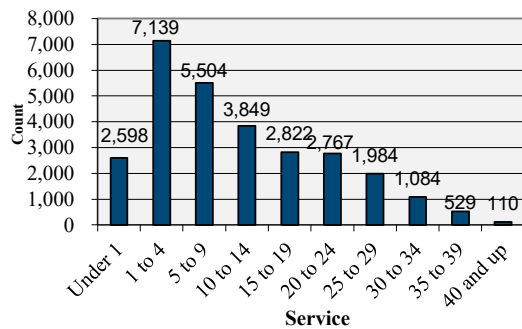
**Distribution of Active Members
As of June 30, 2026**

	Teachers										
	Years of Service										Totals
	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	
Under 25	705	546	4	0	0	0	0	0	0	0	1,255
25 to 29	332	1,466	463	0	0	0	0	0	0	0	2,261
30 to 34	304	926	1,061	348	0	0	0	0	0	0	2,639
35 to 39	296	930	804	880	261	0	0	0	0	0	3,171
40 to 44	248	933	912	665	785	340	0	0	0	0	3,883
45 to 49	211	805	731	611	542	877	306	0	0	0	4,083
50 to 54	165	546	602	516	444	537	738	219	0	0	3,767
55 to 59	137	433	428	439	430	539	515	619	184	1	3,725
60 to 64	86	333	312	263	254	351	294	185	290	53	2,421
65 to 69	63	144	135	96	83	103	91	45	37	33	830
70 and up	51	77	52	31	23	20	40	16	18	23	351
Total	2,598	7,139	5,504	3,849	2,822	2,767	1,984	1,084	529	110	28,386

Age Distribution



Service Distribution



**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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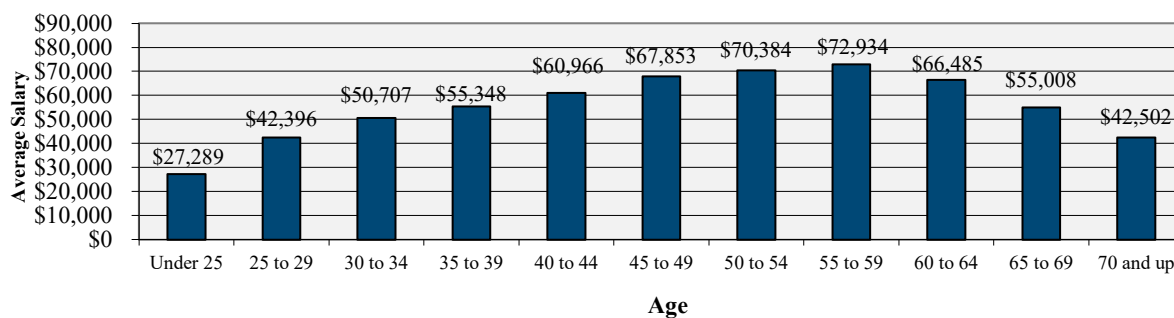
APPENDIX A — MEMBERSHIP INFORMATION

**Distribution of Active Members
As of June 30, 2026**

Teachers - Average Salary

	Years of Service										Average
	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	
Under 25	17,936	39,239	44,650	0	0	0	0	0	0	0	27,289
25 to 29	21,797	43,542	53,535	0	0	0	0	0	0	0	42,396
30 to 34	23,938	47,338	56,671	64,876	0	0	0	0	0	0	50,707
35 to 39	23,132	45,867	58,041	67,759	75,527	0	0	0	0	0	55,348
40 to 44	22,870	45,035	58,521	68,298	78,732	83,666	0	0	0	0	60,966
45 to 49	27,063	48,165	58,181	69,173	80,724	86,500	92,004	0	0	0	67,853
50 to 54	18,060	49,506	57,519	66,756	75,859	83,298	90,906	93,844	0	0	70,384
55 to 59	26,360	49,614	56,161	63,661	71,924	80,216	88,666	93,598	91,341	31,351	72,934
60 to 64	26,371	43,796	52,340	57,659	63,977	71,565	78,408	90,172	92,296	89,529	66,485
65 to 69	19,986	35,786	46,201	53,907	58,251	64,013	71,224	82,426	89,632	87,790	55,008
70 and up	16,182	25,222	38,170	40,951	52,624	50,554	59,748	60,741	78,521	82,598	42,502
Average	21,683	45,207	56,481	65,962	75,186	81,315	87,111	92,114	91,309	87,029	60,296

Average Salary Distribution



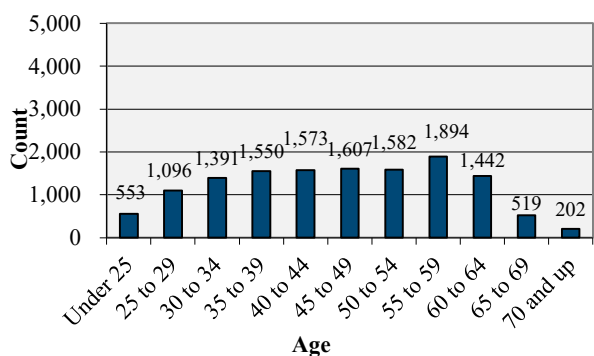
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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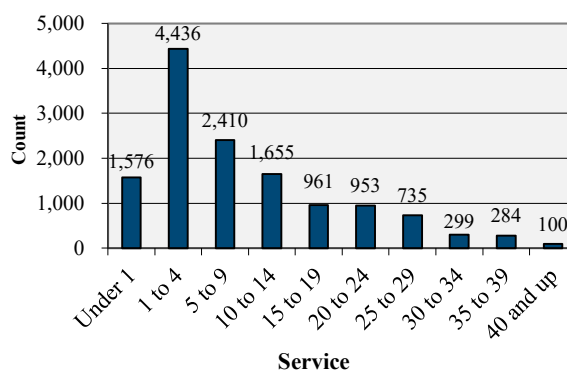
**Distribution of Active Members
As of June 30, 2026**

	State										Totals
	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	
Under 25	336	212	5	0	0	0	0	0	0	0	553
25 to 29	251	714	127	4	0	0	0	0	0	0	1,096
30 to 34	190	698	392	111	0	0	0	0	0	0	1,391
35 to 39	157	634	409	305	43	2	0	0	0	0	1,550
40 to 44	176	524	311	287	180	90	5	0	0	0	1,573
45 to 49	135	466	278	238	201	207	82	0	0	0	1,607
50 to 54	119	396	253	207	143	203	206	52	3	0	1,582
55 to 59	109	405	273	213	179	210	226	140	130	9	1,894
60 to 64	68	257	244	193	156	154	139	77	114	40	1,442
65 to 69	25	89	89	71	44	63	57	23	32	26	519
70 and up	10	41	29	26	15	24	20	7	5	25	202
Total	1,576	4,436	2,410	1,655	961	953	735	299	284	100	13,409

Age Distribution



Service Distribution



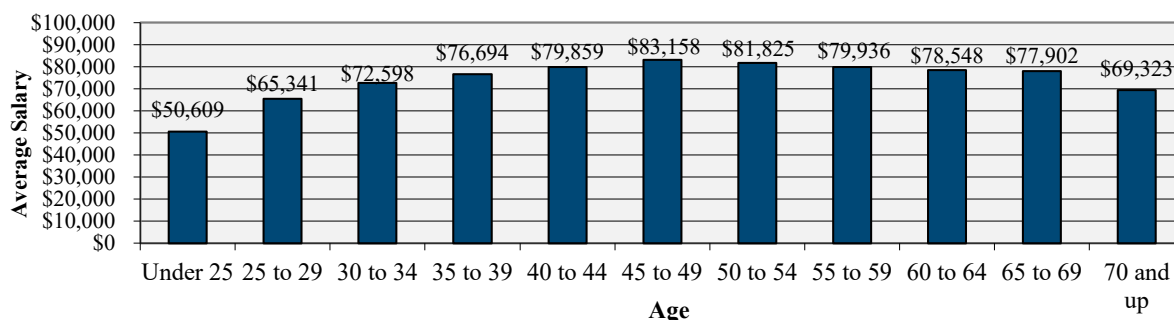
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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APPENDIX A — MEMBERSHIP INFORMATION

**Distribution of Active Members
As of June 30, 2026**

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	41,233	64,935	73,254	0	0	0	0	0	0	0	50,609
25 to 29	50,901	67,407	81,855	78,347	0	0	0	0	0	0	65,341
30 to 34	51,177	68,047	84,703	95,131	0	0	0	0	0	0	72,598
35 to 39	51,291	69,732	83,674	92,267	95,186	77,968	0	0	0	0	76,694
40 to 44	55,060	71,156	81,868	92,676	98,559	93,376	87,637	0	0	0	79,859
45 to 49	53,101	72,180	86,129	89,785	96,878	98,105	94,367	0	0	0	83,158
50 to 54	52,438	68,879	78,791	84,613	85,679	96,579	99,752	112,028	83,338	0	81,825
55 to 59	48,228	68,626	77,260	78,766	86,175	87,447	89,472	100,340	89,634	85,376	79,936
60 to 64	55,931	64,347	72,894	80,803	78,820	85,824	90,047	98,459	89,699	92,724	78,548
65 to 69	37,796	62,690	77,469	76,575	79,939	85,663	83,200	105,027	104,282	83,315	77,902
70 and up	20,600	50,723	61,160	78,186	80,718	76,298	80,892	87,967	83,197	88,785	69,323
Average	49,313	68,483	80,943	87,213	89,498	91,586	92,276	101,959	91,131	88,632	76,610

Average Salary Distribution



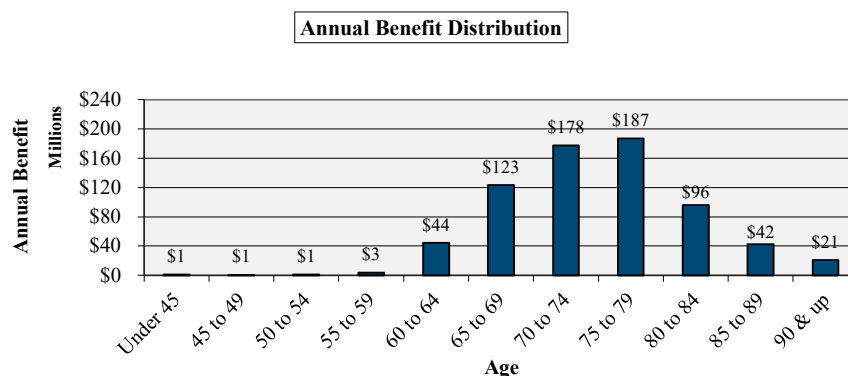
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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APPENDIX A — MEMBERSHIP INFORMATION

**Distribution of Retirees, Disabled
Members, Beneficiaries, and Survivors
As of June 30, 2026**

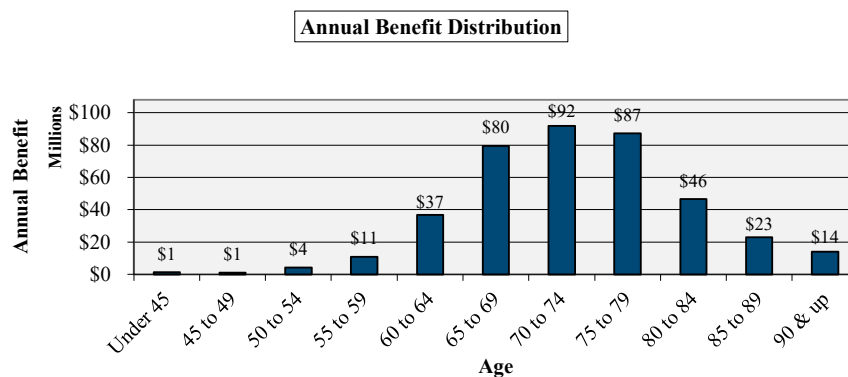
Teachers

Age	Count	Annual Benefit
Under 45	166	\$ 1,361,207
45 to 49	65	688,237
50 to 54	85	1,036,282
55 to 59	178	3,433,286
60 to 64	1,330	44,053,110
65 to 69	4,171	123,341,992
70 to 74	5,976	177,645,672
75 to 79	6,465	187,080,536
80 to 84	3,470	95,949,768
85 to 89	1,578	42,240,295
90 & up	820	20,699,476
Total	24,304	\$ 697,529,861



State

Age	Count	Annual Benefit
Under 45	139	\$ 1,387,006
45 to 49	73	1,230,823
50 to 54	191	4,376,676
55 to 59	442	11,032,495
60 to 64	1,308	36,937,323
65 to 69	3,200	79,576,037
70 to 74	3,819	91,947,199
75 to 79	3,603	87,247,420
80 to 84	1,931	46,480,627
85 to 89	1,015	23,073,852
90 & up	642	13,949,914
Total	16,363	\$ 397,239,372



**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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APPENDIX A — MEMBERSHIP INFORMATION

Status Reconciliation - Teachers

	Active Members	Retired Members	Beneficiaries of Retired Members	Survivors of Deceased Members	Disabled Members	Terminated Vested Members
As of June 30, 2025	28,240	19,914	3,053	270	650	6,090
New hires	2,074					
Rehires	656				0	(260)
Movement between plans	(1)					(7)
New retirees	(388)	881				(493)
New beneficiaries due to retirements			43			
New disabled retirees	(14)				22	(7)
New deferred vested members	(905)					989
Non-vested terminations	(986)					
Refunds	(262)					(145)
Deaths, no future benefits	(8)	(371)	(141)	(6)	(22)	(13)
Deaths with a survivor or beneficiary	(9)	(102)	100	19	(8)	(9)
Benefits expired			0	(8)		
Data correction	(11)	7	0	0	3	0
As of June 30, 2026	28,386	20,329	3,055	275	645	6,145

Status Reconciliation – State Regular and Special Groups

	Active Members	Retired Members	Beneficiaries of Retired Members	Survivors of Deceased Members	Disabled Members	Terminated Vested Members
As of June 30, 2025	13,338	11,806	3,305	264	816	3,313
New hires	1,389					
Rehires	150					(57)
Movement between plans	(4)					(9)
New retirees	(381)	539				(158)
New beneficiaries due to retirements			41			
New disabled retirees	(21)				27	(6)
New deferred vested members	(298)					379
Non-vested terminations	(565)					
Refunds	(175)					(94)
Deaths, no future benefits	(5)	(265)	(139)	(7)	(33)	(11)
Deaths with a survivor or beneficiary	(18)	(94)	109	11	(14)	0
Benefits expired				(2)		
Data correction	(1)	1	(3)	0	1	(4)
As of June 30, 2026	13,409	11,987	3,313	266	797	3,353

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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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, certain Mental Health Workers employed by the Department of Health and Human Services: 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.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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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.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE AND TEACHER
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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.

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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.

2024 Entrants: Corrections officers

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APPENDIX B — SUMMARY OF PROGRAM PROVISIONS

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.

2026 Entrants: Employees of the Office of the Medical Examiner, Employees of the Department of Health and Human Services designated as Community Response Workers, and Employees of the Department of Health and Human Services designated as Nurse I and III, Hospital Nurse II, III, and IV, and Licensed Practical Nurse.

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

2026 Entrants: Firefighters in the employ of the Department of Defense, Veterans and Emergency Management

Eligibility: 25 years of creditable service in named positions.

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APPENDIX B — SUMMARY OF PROGRAM PROVISIONS

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.

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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.

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.

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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.

- 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.

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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.

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):

Year	COLA Base	Year	Cola Base
2014	\$20,000.00	2021	\$22,947.11
2015	\$20,420.00	2022	\$24,186.25
2016	\$20,940.71	2023	\$24,911.84
2017	\$21,474.70	2024	\$25,659.20
2018	\$21,818.30	2025	\$26,428.98
2019	\$22,451.03	2026	\$27,142.56
2020	\$22,810.25		

In 2022, 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%.

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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.

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14. Program Changes Since Prior Valuation

Certain Department of Health and Human Services were moved from the Regular State Plan to the 1998 Special 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.

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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	4.85%
Teachers	4.85%

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	11.74%	14.31%
5	6.60	6.35
10	5.47	5.32
15	4.29	4.55
20	4.19	3.78
25	4.03	3.26
30	4.03	3.01
35	3.26	2.75

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

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5. SAMPLE RATES OF TERMINATION (% AT SELECTED YEARS OF SERVICE)

Service	Regular State Employees	Teachers	State Special Employees
0	20.00%	20.00%	26.50%
5	9.00	8.25	8.75
10	5.75	5.00	5.00
15	4.00	3.50	3.25
20	3.00	2.75	3.00
25	2.50	2.75	2.50

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 2026)				
Age	State Employees		Teachers	
	Male	Female	Male	Female
50	32	28	12	7
55	46	34	24	18
60	70	45	41	26
65	100	63	68	38
70	151	105	111	65
75	262	195	200	126
80	486	375	388	260
85	899	733	771	686
90	1,651	1,342	1,461	1,302
95	2,685	2,208	2,524	2,280

Rates for State Employees are based on 112.7% and 117.3% of the 2016 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and female.

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Rates for Teachers are based on the 2016 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 109.9% of the rates for males
- 98% of the rates for females prior to age 82, and 125% of the rates for females on and after age 82

The rates are projected generationally using the published IRS Adjusted MP-2021 scale.

7. SAMPLE RATES OF MORTALITY FOR ACTIVE LIVES AT SELECTED AGES (NUMBER OF DEATHS PER 10,000 MEMBERS)*

(Showing values in 2026)				
Age	State Employees		Teachers	
	Male	Female	Male	Female
20	4	1	2	1
25	5	1	3	1
30	7	2	3	2
35	8	3	5	2
40	11	5	6	4
45	14	6	8	5
50	18	9	11	7
55	26	13	17	10
60	41	21	27	16
65	59	31	42	26

* 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 119.9% and 101.0% of the 2016 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. Rates for Teachers are based on 102.2% and 101.5% of the 2016 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the MP-2021 scale as described for the healthy annuitant mortality.

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**8. SAMPLE RATES OF MORTALITY FOR DISABLED ANNUITANT LIVES AT SELECTED AGES
(NUMBER OF DEATHS PER 10,000 MEMBERS)**

(Showing values in 2026)				
State				
Age	Employees		Teachers	
	Male	Female	Male	Female
25	42	13	39	12
30	40	22	37	20
35	44	34	41	32
40	56	47	52	44
45	75	62	70	57
50	99	89	92	82
55	146	137	136	127
60	229	217	212	201
65	275	235	255	218
70	315	273	293	253

Rates for State Employees are based on 114.5% and 127.7% of the 2016 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. Rates for Teachers are based on 106.3% and 118.2% of the 2016 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 MP-2021 scale as described for the healthy annuitant mortality.

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**9. SAMPLE RATES OF MORTALITY FOR CONTINGENT SURVIVOR LIVES AT SELECTED AGES
(NUMBER OF DEATHS PER 10,000 MEMBERS)**

(Showing values in 2026)		
All Groups		
Age	Male	Female
45	57	27
50	75	30
55	84	43
60	103	64
65	130	91
70	180	135
75	293	216
80	520	377
85	915	691
90	1,601	1,251

Rates for Contingent Survivors are based on 98.8% and 110.6% of the 2016 Public Plan Contingent Survivor Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the MP-2021 scale as described for the healthy annuitant mortality.

10. SAMPLE RATES OF RETIREMENT AT SELECTED AGES

Teachers and State Regular Plans

Age	State Regular Employees			Teachers		
	NRA 60	NRA 62	NRA 65	NRA 60	NRA 62	NRA 65
57	4%	3.5%	N/A	4%	3%	N/A
59	26	4	N/A	20	5	N/A
60	21	4.5	4%	27.5	8.5	2%
61	21	35	2	21	28	2
62	21	29	5	23	26.8	2
63	20	19	8	25.5	21	2
64	22	20	20	30	24.5	5
65	22	23	26	37.5	30.5	30
70	23	25	25	31	25	29
75	100	100	100	35	20	29
80	100	100	100	100	100	100

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In the case of State Regular and Teacher employees, NRA 60 (Tier 1) refers to those who had accrued at least 10 years of service by July 1, 1993. NRA 62 (Tier 2) 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 (Tier 3) 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%	8%
55	21	27
57	13	27
60	21	36
62	22	36
65	21	32
67	38	55
70	50	50
75	100	100

Members of the 25 & Out Plan are assumed to retire at rates that vary by service with 100% retirement assumed by age 75. Sample rates are as follows:

25 & Out Plan	
Service	Assumption
<25	Same as State Regular
25	30%
30	17
32	33
35	33
38+	100

Members of the Fire Marshals Plan are assumed to retire at rates that vary by service with 100% retirement assumed by age 75. Sample rates are as follows:

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Fire Marshals Plan	
Service	Assumption
<20	Same as State Regular
20	30%
25	17
27	33
30	33
33+	100

11. SAMPLE RATES OF DISABILITY AT SELECTED AGES (NUMBER BECOMING DISABLED PER 10,000 MEMBERS)*

State Employees			
Age	Regular	Special	Teachers
25	1.3	5.3	1.0
30	1.5	6.3	1.1
35	6.1	10.2	1.1
40	9.9	16.1	1.5
45	12.2	25.0	3.0
50	16.1	40.0	6.4
55	25.0	45.8	21.3
60	38.4	47.5	21.4

* 10% assumed to receive Workers Compensation benefits offsetting disability benefit.

12. FAMILY COMPOSITION ASSUMPTIONS

80% of male active members are assumed to be married and have two children born when the member is 30 and 34; children are assumed dependent until age 18; a female spouse is assumed to be two years younger than a male member; member is assumed to have no dependent parents.

50% of female active members are assumed to be married and have two children born when the member is 28 and 32; children are assumed dependent until age 18; a male spouse is assumed to be one year older than a female member; member is assumed to have no dependent parents.

An unmarried member is assumed to have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

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13. 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.

14. 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.

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%.

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.

15. RATIONALE FOR ASSUMPTIONS

The demographic assumptions were adopted by the Board of Trustees at their March 12, 2026 meeting. The demographic assumptions adopted were based on an experience study covering the period from July 1, 2020 through June 30, 2025.

The economic assumptions were adopted by the Board of Trustees at their June 11, 2026 meeting. The economic assumptions adopted were based on an experience study of economic factors through May 2026 along with advice of the MainePERS investment consultants.

In our professional judgment, the combined effect of the assumptions has no significant bias.

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

16. ASSUMPTION CHANGES SINCE LAST VALUATION

The mortality, disability, termination, retirement, and salary increase rates as well as the family composition assumptions have been updated based on the most recent experience study.

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The LDROM discount rate was updated to 4.85% based on Treasury yields as of June 30, 2026.

17. RATIONALE FOR CHANGE IN ACTUARIAL ASSUMPTIONS

The demographic assumption changes are based on the experience study covering the period from July 1, 2020 through June 30, 2025. Please see the July 2026 experience study report for the rationale for the changes.

18. 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.

19. 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 model 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 for the first 10 years and then assumes a growth rate for future years of 3% per year. 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.

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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 two years of its prescribed amortization period remaining and all other gains and losses, including assumption changes, are initially 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. In June 2026, the Board adopted changes in the funding policy to establish an initial target total employer contribution rate of 12% for FY 2029 and subsequent changes in the total employer contribution rate to be managed within 1% of payroll year-to-year, where possible. This will be accomplished by adjusting amortization layers, within statutory limits. For FY 2029, all outstanding UAL amortization loss layers will be accelerated by 3 years from their original 20-year schedule.

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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.

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. METHOD CHANGES SINCE LAST VALUATION

None.

5. RATIONALE FOR CHANGE

N/A.

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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.

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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.

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. This liability is not an appropriate measurement of the settlement liability of the Program.