

Alameda County Employees' Retirement Association

**Governmental Accounting Standards Board
Statement No. 67 Actuarial Valuation
as of December 31, 2025**



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May 26, 2026

Board of Retirement
Alameda County Employees' Retirement Association
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Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 67 (GASB 67) Accounting Valuation as of December 31, 2025 for the Alameda County Employees' Retirement Association ("ACERA" or "the Plan"). It contains various information that will need to be disclosed in order to comply with GASB 67. Please refer to ACERA's Actuarial Valuation and Review as of December 31, 2024, dated May 23, 2025, for the data and ACERA's Actuarial Valuation and Review as of December 31, 2025, dated May 26, 2026, for the assumptions and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Retirement (the Board), based upon information provided by the staff of the Plan and the Plan's other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of ACERA and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

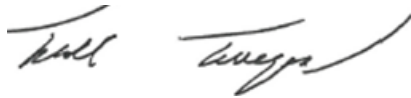
Board of Retirement
May 26, 2026

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

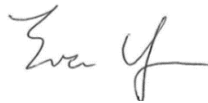
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



Eva Yum, FSA, MAAA, EA
Vice President and Actuary



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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GASB 67) as of December 31, 2025. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This report is based on:

- The benefit provisions of ACERA, as administered by the Board;
- The characteristics of covered active, inactive, and retired members and beneficiaries as of November 30, 2024,¹ provided by the staff of the ACERA;
- The assets of the Plan as of December 31, 2025, provided by ACERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2025 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the December 31, 2025 funding valuation.

General observations on a GASB 67 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as ACERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is generally determined on the same basis as ACERA's actuarial accrued liability (AAL) measure for funding. We note that the same is generally true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to an unfunded actuarial accrued liability (UAAL) on a market value basis.

¹ Data as of November 30 has been adjusted to December 31 by adding one month of age and, for active members, one month of service.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the Plan is December 31, 2025 and the NPL was measured as of the same date. The TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2024 while the Plan FNP was valued as of the measurement date. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.

Similar to last year, we have included in the TPL as of December 31, 2025 the unlimited non-OPEB AAL of \$224.4 million, which was calculated by rolling forward the total unlimited non-OPEB AAL as of December 31, 2024.

2. The County made voluntary County General contributions of \$400 million on June 27, 2025 to reduce their General UAAL and associated employer contribution rates. The County General actuarially determined contributions were determined to reflect the amortization of these voluntary contributions.
3. The NPL decreased from \$1.5 billion as of December 31, 2024 to \$0.5 billion as of December 31, 2025 primarily due to \$400 million in additional voluntary County General contributions to reduce their UAAL and associated employer contribution rates and favorable investment experience,² a return on the market value of assets of 13.2% during calendar year 2025 that was greater than the assumption of 7.00% used in the December 31, 2024 valuation (a gain of about \$688 million³). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3: Schedule of changes in Net Pension Liability* on page 21.
4. As we disclosed in our December 31, 2025 funding valuation report, the 7.00% investment return assumption that the Board approved on December 21, 2023 for determining the liabilities for funding purposes and used for establishing the employer and employee contribution rates has continued to be developed without considering the impact of any future 50/50 excess earnings allocation. This is based on our understanding that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the Supplemental Retiree Benefits Reserve (SRBR), does not allow for the use of a different investment return for funding than is used for interest crediting. This would appear in effect to preclude the prefunding of the SRBR through the use of an assumption lower than the market earnings assumption of 7.00%.

Actuarial Standard of Practice (ASOP) No. 4 (“Measuring Pension Obligations and Determining Pension Plan Costs or Contributions”) states that some plan provisions, including gain sharing provisions, “may create pension obligations that are difficult to appropriately measure using traditional valuation procedures.” ASOP No. 4 further states that “for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling...to reflect the impact of variations in experience from year to year.” Accordingly, we performed a stochastic model to estimate the impact of the

² The market value investment return for ACERA as a whole was 15.55% net of administrative expenses, or 15.74% gross of administrative expenses, during 2025. In allocating the end of year market value of assets between the Pension Plan and the SRBR, we have taken into consideration that for ACERA as a whole, the actuarial value of assets was lower than the market value of assets as of December 31, 2025 and there are deferred investment gains scheduled to be recognized in the next few years. One-half of the net deferred market gain is allocated proportionately to the Pension Plan and 401(h) reserve, and one-half of the net deferred market gain is allocated to the SRBR. As a result, the market value investment return for the Pension Plan is 12.9% compared to the 41.5% investment return for the SRBR (OPEB and non-OPEB SRBR combined).

³ This amount represents the investment income on the Plan FNP for the Pension Plan and non-OPEB SRBR that is above the assumed earnings (actual market return of 13.2% versus 7.00% assumed in the valuation) for the year ending December 31, 2025.

Section 1: Actuarial Valuation Summary

50% allocation of future excess earnings to the SRBR as part of our triennial experience study recommending assumptions for use starting with the December 31, 2023 valuation. The results of our model indicated that the 50/50 allocation of future excess earnings would have about the same impact as an “outflow” (i.e., assets not available to fund the benefits included in the determination of the TPL) that would average approximately 0.75% of assets over time. This approximated outflow was incorporated into our GASB crossover test⁴ in *Appendix A*, along with the additional future employer contributions that would result from those future allocations of excess earnings to the SRBR under ACERA’s funding policy. (The choice of this methodology by the Board in 2015 to reflect the impact of the SRBR was a result of several meetings with ACERA and its auditors, as well as with administrative staff, auditors, and consultants representing the County of Alameda, and after twice consulting with GASB staff.)

5. As of December 31, 2025, the deferred investment gain for the entire Plan was \$761.8 million. The proportionate share of one-half of the net deferred investment gain as of December 31, 2025 for the Pension Plan was equal to \$380.5 million and in calculating the Plan FNP we have adjusted the Pension Plan’s valuation value of assets of \$11,871.3 million in the funding valuation to reflect that amount plus the Contingency Reserve of \$143.8 million. We have also continued the practice of adjusting the Plan FNP as of December 31, 2025 to include the \$127.4 million set aside by the Retirement Board in the SRBR reserve to pay non-vested Supplemental COLA and retired member death benefits⁵ as of December 31, 2025. We have added to the Plan FNP the proportionate share of one-half of the net deferred investment gain that is commensurate with the size of the non-OPEB SRBR reserve, or \$38.4 million. The net effect of the adjustments to the Plan FNP as of December 31, 2025 for non-OPEB SRBR benefits was an addition of \$165.8 million.
6. The \$58.6 million difference between the \$224.4 million added to the TPL and the net \$165.8 million added to the Plan FNP as of December 31, 2025 represents the NPL attributable to non-OPEB SRBR benefits.
7. For the December 31, 2025 measurement date, the Plan FNP amount of \$12,561,432,155 includes the net fair value of assets of \$14,052,478,360, less OPEB-related SRBR assets of \$1,491,046,205. The OPEB-related SRBR assets include \$1,137,880,407 in the SRBR-OPEB reserve (after reducing the reserve by the \$9,390,686 SRBR implicit subsidy transfer), and \$10,309,803 in the 401(h) reserve, plus a proportionate share of one-half of the net deferred market gains commensurate with the size of the OPEB to total SRBR and 401(h) reserve to valuation and 401(h) reserves of \$342,855,996. For the December 31, 2024 measurement date, the Plan FNP amount of \$10,932,716,498 includes the net fair value of assets of \$12,034,355,047, less OPEB-related SRBR assets of \$1,101,638,549. The OPEB-related SRBR assets include \$1,094,286,987 in the SRBR-OPEB reserve (after reducing the reserve by the \$2,472,346 SRBR implicit subsidy transfer), and \$10,521,170 in the 401(h) reserve,

⁴ The purpose of the GASB crossover test is to determine if the full expected return (or 7.00% in this case) can be used as the discount rate to determine the TPL and the NPL. That is, if there is no crossover point where the projected benefit payments would exceed the Plan FNP, then the full expected return assumption can be used. As detailed later in this report, ACERA **does** pass the crossover test, which means that the full 7.00% investment rate of return assumption can be used as the discount rate to determine the TPL and the resulting NPL.

⁵ We have excluded the liability and the assets associated with the OPEB component of the SRBR reserve account because it is our understanding that those amounts are reportable under GASB 74/75.

Section 1: Actuarial Valuation Summary

minus a proportionate share of the deferred market losses commensurate with the size of the OPEB to total SRBR and 401(h) reserve to valuation and 401(h) reserves of \$3,169,608. Note that amounts may not total exactly due to rounding.

8. Employer contributions shown in this report are on a net basis after (a) considering the total cash contributions made by the employers, (b) reducing by the employer contributions made to the 401(h) account, and (c) increasing by the amount of transfer from the SRBR to the Employers Advance Reserve for employer contributions made to the 401(h) account in (b).
9. The discount rate used to measure the TPL and NPL as of December 31, 2025 was 7.00%, following the same assumptions used by ACERA in the actuarial funding valuation as of December 31, 2025. The detailed calculations used in the derivation of the 7.00% discount rate can be found in *Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current Year	Prior Year
Measurement Date	December 31, 2025	December 31, 2024
Disclosure elements		
Service cost ⁶	\$284,954,687	\$266,109,280
Total Pension Liability	13,036,367,058	12,397,160,409
Plan Fiduciary Net Position	12,561,432,155	10,932,716,498
Net Pension Liability	474,934,903	1,464,443,911
Schedule of contributions		
Actuarially determined contributions	\$317,385,583	\$311,106,275
Actual contributions	717,385,583	311,106,275
Contribution deficiency / (excess)	(400,000,000)	0
Demographic data⁷		
Number of retired members and beneficiaries	11,405	11,252
Number of inactive members ⁸	4,146	4,039
Number of active members	12,143	11,865
Key assumptions		
Investment rate of return	7.00%	7.00%
Inflation rate	2.50%	2.50%
“Across-the-board” salary increase	0.50%	0.50%
Projected salary increases ⁹	General: 8.00% to 3.45% Safety: 11.40% to 4.00%	General: 8.00% to 3.45% Safety: 11.40% to 4.00%
Cost-of-living adjustments (COLA)		
• Tiers with 3% COLA	2.75%	2.75%
• Tiers with 2% COLA	2.00%	2.00%

⁶ The service cost is based on the previous year's valuation, meaning the service costs as of the December 31, 2025 and December 31, 2024 measurement dates are based on the valuations as of December 31, 2024 and December 31, 2023, respectively. Both service costs have been calculated using the assumptions shown in the Prior Year column, as there had been no changes in the actuarial assumptions between the December 31, 2023 and the December 31, 2024 valuations.

⁷ Data shown as of the December 31, 2024 measurement date is used in the measurement of the TPL as of December 31, 2025.

⁸ Includes members who left their contributions on deposit even though they have less than five years of service.

⁹ Includes inflation at 2.50% plus real across-the-board salary increase of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by ACERA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial Information	The valuation is based on the fair value of assets as of the valuation date, as provided by ACERA.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. The discount rate used for calculating Total Pension Liability is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If ACERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by ACERA upon delivery and review. The Association should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 67 Information

General information about the pension plan

Plan administration

The Alameda County Employees' Retirement Association (ACERA) was established by the Alameda County Board of Supervisors in 1947. ACERA is administered by the Board of Retirement (the Board) and governed by the County Employees Retirement Law of 1937 (California Government Code Section 31450 et. seq.). ACERA is a cost-sharing, multiple employer, defined benefit, public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the General and Safety members employed by the County of Alameda (Alameda County). ACERA also provides retirement benefits to the employee members of:¹⁰

- First 5 Alameda County (First 5);
- Housing Authority of the County of Alameda (Housing Authority);
- Alameda Health System;
- Livermore Area Recreation and Park District (LARPD);
- Superior Court of California — County of Alameda (Alameda Superior Court); and
- Alameda County Office of Education (ACOE).

The management of ACERA is vested with the ACERA Board of Retirement. The Board consists of nine members and two alternates:

- The County Treasurer is a member of the Board of Retirement by law and is elected by the general public;
- Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor;
- Two active members are elected by the General members;
- One active member and one alternate are elected by the Safety members; and
- One retired member and one alternate are elected by the retired members.

All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with their term as County Treasurer.

¹⁰ The Alameda Local Agency Formation Commission (LAFCO) has become an independent participating employer of ACERA effective January 1, 2026. Prior to January 1, 2026, LAFCO contracted with the County for staff support, and those employees were County General members.

Section 2: GASB 67 Information

Plan membership

At December 31, 2025, pension plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	11,405
Inactive ¹¹ members	4,146
Active members	12,143
Total	27,694

Note: Data as of December 31, 2025 is **not** used in the measurement of the TPL as of December 31, 2025.

Benefits provided

ACERA provides service retirement, disability, death, and survivor benefits to eligible employees. The first date of ACERA membership varies by employer, as follows:

- Alameda County, Alameda Health System and Alameda Superior Court Employees
 - Membership for these employees is effective on the first day of the second pay period following the employee’s hire date in an ACERA covered position. This is the date of entry into ACERA membership.
 - As of the date of entry, payroll deductions for retirement contributions begin and service credit for each hour worked is earned.
 - During the short period between the beginning of employment and the ACERA plan date of entry, the employee does not pay contributions or earn service credit. A member may purchase this service credit (referred to as “days prior to entry”) any time before retirement without changing the membership, but date of entry does not change.
- Housing Authority and LARPD Employees
 - Membership for these employees is effective on the first day of employee’s hire in an ACERA covered position. The first date of employment is the date of entry into ACERA membership.
 - As of this date of entry, payroll deductions for retirement contributions begin and service credit for each hour work is earned.
- First 5 Employees
 - Membership for these employees is effective on the first day of the second pay period following the employee’s hire date.
- Office of Education Employees
 - This is a closed plan with no more active employees (i.e., there is no new ACERA membership). However, the employer does retain retired members and beneficiaries in ACERA as of the December 31, 2025 valuation date.

¹¹ Includes terminated members due a refund of member contributions.

Section 2: GASB 67 Information

There are separate retirement benefits for General and Safety members. Safety membership is extended to those involved in active law enforcement, deferred firefighters, or positions that have been designated as Safety by the Board of Retirement (e.g. Juvenile Hall Group Counselor, Probation Officer, etc.). All other employees are classified as General members.

Any new member who becomes a member on or after January 1, 2013 is placed into Tier 4 and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197.

General members enrolled in Tiers 1, 2, or 3 are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non-Tier 4 General member with 30 years of service is eligible to retire regardless of age. General members enrolled in Tier 4 are eligible to retire once they have attained the age of 52 and have acquired five years of retirement service credit, or at age 70 regardless of service.

Safety members enrolled in Tiers 1, 2, 2C, or 2D are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non-Tier 4 Safety member with 20 years of service is eligible to retire regardless of age. Safety members enrolled in Tier 4 are eligible to retire once they have attained the age of 50 and have acquired five years of retirement service credit, or at age 70 regardless of service.

The retirement benefit a member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

The tiers and their basic provisions are listed below:

Tier Name	Service Retirement Governing Code Section	Effective Date	Basic Provisions (Maximum COLA)	Final Average Salary Period	Plan Sponsors
General Tier 1	§31676.12	Various	2.0% at 57 (3% COLA)	Highest 1-year	All
General Tier 2	§31676.1	June 30, 1983 ¹²	2.0% at 61 (2% COLA)	Highest 3-years	All except LARPD
General Tier 3	§31676.18	October 1, 2008	2.5% at 55 (3% COLA)	Highest 1-year	LARPD
General Tier 4	§7522.20(a)	January 1, 2013	2.5% at 67 (2% COLA)	Highest 3-years	All
Safety Tier 1	§31664.1	Various	3.0% at 50 (3% COLA)	Highest 1-year	County
Safety Tier 2	§31664.1	June 30, 1983	3.0% at 50 (2% COLA)	Highest 3-years	County
Safety Tier 2C	§31664	October 17, 2010	2.6% at 55 (2% COLA)	Highest 3-years	County
Safety Tier 2D	§31664.2	October 17, 2010	3.0% at 55 (2% COLA)	Highest 3-years	County
Safety Tier 4	§7522.25(d)	January 1, 2013	2.7% at 57 (2% COLA)	Highest 3-years	County

¹² For Housing Authority members, the effective date is September 30, 2011.

Section 2: GASB 67 Information

For members enrolled in Tiers 1, 2, 2C, 2D, or 3, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members enrolled in Tier 4.

The member may elect an unmodified retirement allowance or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

ACERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the San Francisco-Oakland-Hayward Area (with 1982-84 as the base period), is capped at 3.0% for General Tiers 1 and 3 and Safety Tier 1, and at 2.0% for General Tiers 2 and 4 and Safety Tiers 2, 2C, 2D, and 4.

Contributions

The County of Alameda and the other participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from ACERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate for calendar year 2025 (based on the December 31, 2023 valuation for the second half of 2024/2025 and on the December 31, 2024 valuation for the first half of 2025/2026) was 21.53% of compensation.

Members are required to make contributions to ACERA regardless of the retirement plan or tier in which they are included. The average member contribution rate for calendar year 2025 (based on the December 31, 2023 valuation for the second half of 2024/2025 and on the December 31, 2024 valuation for the first half of 2025/2026) was 9.80% of compensation.

Section 2: GASB 67 Information

Exhibit 1: Net Pension Liability

Line Description	Current Year	Prior Year
Measurement date	December 31, 2025	December 31, 2024
Components of the Net Pension Liability		
Total Pension Liability	\$13,036,367,058	\$12,397,160,409
Plan Fiduciary Net Position	(12,561,432,155)	(10,932,716,498)
Net Pension Liability	\$474,934,903	\$1,464,443,911
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹³	96.36%	88.19%

The NPL for the Plan in this valuation was measured as of December 31, 2025. The Plan FNP was valued as of the measurement date and the TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2024.

Plan provisions

The plan provisions used in the measurement of the NPL as of December 31, 2025 are the same as those used in ACERA's actuarial funding valuation as of December 31, 2025.

Actuarial assumptions

The TPL as of December 31, 2025 uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2025. The actuarial assumptions used in that funding valuation were based on the results of an experience study for the period December 1, 2019 through November 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement of the TPL as of December 31, 2025:

¹³ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

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Assumption Type	Assumption
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Salary increases	General: 8.00% to 3.45% Safety: 11.40% to 4.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase
Cost-of-living adjustments	2.75% for General Tiers 1 and 3, and Safety Tier 1. For members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year. 2.00% for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4
Other assumptions	See analysis of actuarial experience during the period December 1, 2019 through November 30, 2022

Detailed information regarding all actuarial assumptions can be found in the December 31, 2025 Actuarial Valuation and Review.

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Exhibit 2: Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments¹⁴ was determined in 2023 using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses¹⁵ and a risk margin. This portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial funding valuation as of December 31, 2025. This information will be subject to change every three years based on the results of an actuarial experience study.

¹⁴ Note that the investment return assumption for funding purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes and is considered gross of administrative expenses for financial reporting purposes. (This resulted in an increase in the margin for adverse deviation when using that investment return assumption for financial reporting.)

¹⁵ Investment expenses include investment consulting fees, custodian fees and other miscellaneous investment expenses and fees, and exclude investment manager fees.

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Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹⁶
US large cap equity	21.60%	6.00%
US small cap equity	2.40%	6.65%
International developed equity	16.30%	7.01%
International small cap equity	2.90%	7.34%
Emerging markets equity	4.80%	8.80%
Core fixed income	10.50%	1.97%
High yield bonds	1.50%	4.63%
Global fixed income	2.00%	1.17%
Private equity	11.00%	9.84%
Core real estate	6.30%	3.86%
Value added real estate	1.80%	6.70%
Opportunistic real estate	0.90%	8.60%
Commodities	0.90%	4.21%
Private credit	4.00%	6.47%
Absolute return	8.00%	2.10%
Infrastructure	5.10%	7.30%
Total	100.00%	5.89%

Discount rate

The discount rate used to measure the TPL was 7.00% as of December 31, 2025. Our understanding is that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the SRBR, does not allow for the use of a different investment return assumption for funding than is used for interest crediting. In order to reflect the provisions of Article 5.5, we have treated future allocations to the SRBR as an additional outflow against the Plan FNP in the GASB crossover test, as mentioned earlier in *Section 1*. Again, we are estimating that the additional outflow would average approximately 0.75% of assets over time, based on the results of our stochastic modeling of the 50% allocation of future excess earnings to the SRBR.

¹⁶ Arithmetic real rates of return are net of inflation.

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The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates¹⁷ plus additional future contributions that would follow from the future allocation of excess earnings to the SRBR. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2025.

Discount rate sensitivity

The following presents the NPL of ACERA as of December 31, 2025 calculated using the current discount rate of 7.00%, as well as what ACERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Line Description	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net Pension Liability (Asset)	\$2,139,576,747	\$474,934,903	\$(890,297,293)

¹⁷ For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

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Exhibit 3: Schedule of changes in Net Pension Liability

Line Description	Current Year December 31, 2025	Prior Year December 31, 2024
Measurement date	December 31, 2025	December 31, 2024
Total Pension Liability		
Service cost	\$284,954,687	\$266,109,280
Interest	864,211,543	833,368,865
Change of benefit terms	0	0
Differences between expected and actual experience	162,512,232	(19,414,126)
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	(672,471,813)	(644,127,653)
Net change in Total Pension Liability	\$639,206,649	\$435,936,366
Total Pension Liability — beginning	12,397,160,409	11,961,224,043
Total Pension Liability — ending	\$13,036,367,058	\$12,397,160,409
Plan Fiduciary Net Position		
Contributions — employer ¹⁸	\$717,385,583	\$311,106,275
Contributions — member	144,466,720	134,489,875
Net investment income	1,459,106,072	931,187,277
Benefit payments, including refunds of member contributions	(672,471,813)	(644,127,653)
Administrative expense	(19,770,905)	(18,423,107)
Other	0	0
Net change in Plan Fiduciary Net Position	\$1,628,715,657	\$714,232,667
Plan Fiduciary Net Position — beginning	10,932,716,498	10,218,483,831
Plan Fiduciary Net Position — ending	\$12,561,432,155	\$10,932,716,498
Net Pension Liability		
Net Pension Liability — ending	\$474,934,903	\$1,464,443,911
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.36%	88.19%
Covered payroll ¹⁹	\$1,474,012,026	\$1,342,932,389
Plan Net Pension Liability as percentage of covered payroll	32.22%	109.05%

¹⁸ The County made voluntary County General contributions of \$400 million in 2025.

¹⁹ Covered payroll is defined as the payroll on which contributions to the pension plan are based.

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Exhibit 4: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ²⁰	Contributions as a Percentage of Covered Payroll
2016	\$241,728,451	\$241,728,451	\$0	\$947,567,631	25.51%
2017	247,063,550	247,063,550	0	995,178,209	24.83%
2018	269,684,809	269,684,809	0	1,046,033,851	25.78%
2019	298,526,950	298,526,950	0	1,081,586,887	27.60%
2020	309,758,947	309,752,998	5,949 ²¹	1,111,848,569	27.86%
2021	303,964,590	1,116,575,840	(812,611,250) ²²	1,153,918,121	96.76% ²³
2022	281,646,702	281,646,702	0	1,198,970,345	23.49%
2023	288,640,038	288,640,038	0	1,251,821,379	23.06%
2024	311,106,275	311,106,275	0	1,342,932,389	23.17%
2025	317,385,583	717,385,583	(400,000,000) ²⁴	1,474,012,026	48.67% ²⁵

See accompanying notes to this schedule on the next page.

²⁰ For years ended December 31, 2017 and later, covered payroll represents compensation earnable and pensionable compensation and is defined as the payroll on which contributions to the pension plan are based. For the year ended December 31, 2016, covered payroll was referred to as covered-employee payroll and only compensation earnable and pensionable compensation that would go into the determination of retirement benefits was included.

²¹ Actuarially Determined Contribution for the Office of Education of \$78,000 less actual contributions paid of \$72,051.

²² Voluntary County Safety contributions of \$800,000,000 and LARPD General contributions of \$12,611,250 to reduce their UAAL contribution rates.

²³ Contributions as a percentage of covered payroll is 26.34% if excluding the voluntary County Safety and LARPD General contributions.

²⁴ Voluntary County General contributions of \$400,000,000 to reduce their UAAL contribution rates.

²⁵ Contributions as a percentage of covered payroll are 21.53% if excluding the voluntary County General contributions.

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Methods and assumptions used to establish the actuarially determined contribution for the year ended December 31, 2025

Valuation date

Actuarially determined contribution rates for the first six months of calendar year 2025 (or the second half of fiscal year 2024/2025) are calculated based on the December 31, 2023 valuation. Actuarially determined contribution rates for the last six months of calendar year 2025 (or the first half of fiscal year 2025/2026) are calculated based on the December 31, 2024 valuation.

Actuarial cost method

Entry age actuarial cost method

Amortization method

Level percent of payroll (3.00% payroll growth assumed in the December 31, 2023 and December 31, 2024 valuations)

Remaining amortization period

December 31, 2023 valuation

Prior to January 1, 2012, the total UAAL was amortized on a 30-year decreasing period, with 21 years remaining as of December 31, 2011 (and 9 years remaining as of December 31, 2023). On or after January 1, 2012, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing five-year periods; assumption and method changes are amortized over separate decreasing 20-year periods; and experience gains/losses are also amortized over separate decreasing 20-year periods.

The voluntary County Safety UAAL contributions are amortized over a 13-year period effective July 1, 2021 (with 10.5 years remaining as of December 31, 2023). The voluntary LARPD General UAAL contributions are amortized over a 16-year period effective July 1, 2021 (with 13.5 years remaining as of December 31, 2023). Effective December 31, 2023, the existing LARPD General UAAL layers are amortized over 13.5 years.

December 31, 2024 valuation

Prior to January 1, 2012, the total UAAL was amortized on a 30-year decreasing period, with 21 years remaining as of December 31, 2011 (and 8 years remaining as of December 31, 2024). On or after January 1, 2012, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are

Section 2: GASB 67 Information

amortized over separate decreasing five-year periods; assumption and method changes are amortized over separate decreasing 20-year periods; and experience gains/losses are also amortized over separate decreasing 20-year periods.

The voluntary County Safety UAAL contributions are amortized over a 13-year period effective July 1, 2021 (with 9.5 years remaining as of December 31, 2024). The voluntary LARPD General UAAL contributions are amortized over a 16-year period effective July 1, 2021. All existing LARPD General UAAL layers as of December 31, 2024 (except the December 31, 2024 UAAL) are amortized over 12.5 years.²⁶ The UAAL as of December 31, 2024 is amortized over 20 years.

Asset valuation method

The actuarial value of assets is determined by recognizing any difference between the actual and the expected market return over 10 six-month interest crediting periods. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves.

Actuarial assumptions

Assumption Type	Assumption Used in the December 31, 2023 Actuarial Valuation	Assumption Used in the December 31, 2024 Actuarial Valuation
Investment rate of return	7.00%, net of pension plan administrative and investment expense, including inflation	7.00%, net of pension plan administrative and investment expense, including inflation
Inflation rate	2.50%	2.50%
Real across-the-board salary increase	0.50%	0.50%
Salary increases	General: 8.00% to 3.45% Safety: 11.40% to 4.00% The above increases vary by service, including inflation and “across-the-board” salary increase	General: 8.00% to 3.45% Safety: 11.40% to 4.00% The above increases vary by service, including inflation and “across-the-board” salary increase
Cost-of-living adjustments	2.75% for General Tiers 1 and 3, and Safety Tier 1; 2.00% for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4	2.75% for General Tiers 1 and 3, and Safety Tier 1; 2.00% for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4
Other assumptions	Same as those used in the funding actuarial valuation as of December 31, 2023	Same as those used in the funding actuarial valuation as of December 31, 2024

²⁶ The LARPD General cost sharing group had a surplus as of December 31, 2023 and had an unfunded liability as of December 31, 2024, both on a valuation value of assets basis. In order to calculate the proper offset available to LARPD from the LARPD General UAAL Advance Reserve, we amortized all LARPD UAAL layers as of December 31, 2024 (except the December 31, 2024 UAAL) over 12.5 years so that they would have the same amortization period as the LARPD General UAAL Advance Reserve (12.5 years remaining as of December 31, 2024). The December 31, 2024 UAAL is amortized over 20 years.

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate
as of December 31, 2025 (\$ in millions)

Year Beginning January 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2025	\$10,933	\$862	\$672	\$20	\$1,459	\$12,561
2026	12,561	389	818	23	858	12,969
2027	12,969	391	855	23	885	13,367
2028	13,367	380	892	24	911	13,741
2029	13,741	371	929	25	936	14,095
2030	14,095	367	966	25	959	14,429
2031	14,429	368	1,003	26	981	14,749
2032	14,749	373	1,040	27	1,002	15,057
2051	14,734	330	1,455	27	982	14,564
2052	14,564	326	1,464	26	969	14,369
2053	14,369	321	1,471	26	955	14,148
2054	14,148	316	1,476	25	939	13,902
2096	15,333	178	203	28	1,070	16,350
2097	16,350	184	197	29	1,142	17,450
2098	17,450	191	192	31	1,219	18,636
2099	18,636	199	190	34	1,302	19,913
2142	340,021	3,178	2,550	612	23,786	363,822
2143	363,822	3,400	2,729	655	25,451	389,290
2144	389,290	3,638	2,920	701	27,232	416,540
2145	416,540	3,893	3,124	750	29,139	445,698 ²⁷

²⁷ The Plan FNP of \$445,698 million has a value of \$133 million as of December 31, 2025 when discounted with interest at the rate of 7.00% per annum.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning January 1, 2025 row are actual amounts, based on the financial statements provided by ACERA.
3. Various years have been omitted from this table.
4. Except for the “discounted value” for year end 2145 shown in the footnote on the previous page, none of the projected Plan FNP amounts shown have been adjusted for the time value of money.
5. **Column (b):** Projected total contributions include employee and employer normal cost contributions based on closed group projections for covered active members as of November 30, 2024; plus employer contributions to the UAAL; plus employer contributions to fund each year’s annual administrative expenses as well as future allocations of excess earnings to the SRBR under ACERA’s Funding Policy, both reflecting a 20-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.
6. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive, retired members, and beneficiaries as of November 30, 2024. The projected benefit payments reflect the cost-of-living increase assumption of 2.75% per annum for Tier 1 and Tier 3, and 2.00% per annum for Tier 2 and Tier 4. In accordance with paragraph 31.b.(1)(e) of GASB Statement No. 67, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the discount rate. Benefit payments are assumed to occur about halfway through the year, on average.

The projected benefit payments include the non-OPEB SRBR benefits to the extent the current non-OPEB SRBR supports those benefits. In addition, the projected benefit payments in column (c) include an amount equal to 0.75% of the beginning Plan FNP to reflect the approximated outflow of future allocations to the SRBR. This outflow has an estimated present value of \$1.61 billion. This present value of outflow is expected to be sufficient to pay for the remaining present value of the non-OPEB SRBR benefits of \$0.08 billion as well as the remaining present value of the OPEB SRBR benefits of \$0.36 billion.
7. **Column (d):** Projected administrative expenses are calculated as approximately 0.18% of the beginning Plan FNP. The 0.18% was based on the actual fiscal year 2025 administrative expenses as a percentage of the beginning Plan FNP as of January 1, 2025. Administrative expenses are assumed to occur halfway through the year, on average.
8. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of cashflows, as noted above.
9. As illustrated in this appendix, the Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected “cross-over date” when projected benefits are **not** covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2025 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in GASB Statement No. 67. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to the Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit pension plan 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.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent multiple-employer defined benefit pension plan (agent pension plan)	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Appendix B: Definition of Terms

Term	Definition
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Contributions	Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered payroll	Payroll on which contributions to a pension plan are based.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of GASB Statement No. 67.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.

Appendix B: Definition of Terms

Term	Definition
Defined contribution pensions	<p>Pensions having terms that:</p> <ol style="list-style-type: none"> 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount rate	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which: <ol style="list-style-type: none"> a. The amount of the Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 67) to be greater than the benefit payments that are projected to be made in that period, and b. Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate.
Entry age actuarial cost method	<p>A method under which 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 or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.</p>
Inactive employees	<p>Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.</p>
Measurement period	<p>The period between the prior and the current measurement dates.</p>
Multiple-employer defined benefit pension plan	<p>A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.</p>
Net Pension Liability (NPL)	<p>The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.</p>
Non-employer contributing entities	<p>Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities.</p>

Appendix B: Definition of Terms

Term	Definition
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include: <ol style="list-style-type: none"> 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Appendix B: Definition of Terms

Term	Definition
Special funding situations	<p>Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:</p> <ol style="list-style-type: none">1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions.2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	<p>Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.</p>
Total Pension Liability (TPL)	<p>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 Statement No. 67.</p>

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