

Annual Comprehensive Financial Report

For the Year Ended
December 31, 2025



A Component Unit
of the County of Alameda
Oakland, CA

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Annual Comprehensive Financial Report

for the Year Ended: **DECEMBER 31, 2025**

Issued By:

David Nelsen

CHIEF EXECUTIVE OFFICER

Lisa Johnson

ASSISTANT CHIEF EXECUTIVE OFFICER



475 14TH STREET, SUITE 1000, OAKLAND, CA 94612

A Component Unit of the County of Alameda
(State of California)

Table of Contents

Introduction

Letter of Transmittal.....	2
Award.....	7
Members of the Board of Retirement	8
Administrative Organizational Chart	9
Professional Consultants.....	9

Financial

Independent Auditor's Report.....	12
Management's Discussion and Analysis	15

Basic Financial Statements

Statement of Fiduciary Net Position.....	23
Statement of Changes in Fiduciary Net Position.....	24

Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies	26
2. Plan Description.....	29
3. Contributions	33
4. Reserves	35
5. Net Pension Liability.....	38
6. Actuarial Valuation.....	41
7. Postemployment Medical Benefits and Net OPEB Liability	44
8. Deposits and Investments	47
9. Capital Assets	60
10. Leases	61
11. Administration Expense.....	61
12. Related Party Transactions	62
13. Compensated Absences and Long-term Lease Liabilities.....	62
14. Subsequent Events	63

Required Supplementary Information (RSI)

Pension Plan and Non-OPEB.....	64
Schedule of Changes in Net Pension Liability and Related Ratios	64
Schedule of Employer Contributions.....	65
Schedule of Investment Returns.....	65
Postemployment Medical Benefits	66
Schedule of Changes in Net OPEB Liability and Related Ratios	66
Schedule of Employer Contributions	67
Notes to Required Supplementary Information	68

Supplemental Schedules

Administration Expense	71
Investment Expenses	71
Payments to Other Consultants.....	71

Investments

Chief Investment Officer's Report	74
Investment Consultant's Report	87
Asset Allocation	89
Investment Professionals	90
Investment Summary	91
Brokerage Commissions	91
Investment Manager Fees	92
Investment Assets Under Management	92
Largest Stock Holdings	93
Largest Bond Holdings.....	93
Disclaimers & Disclosures.....	94

Table of Contents *(continued)*

Actuarial

Actuary's Certification Letter – Pension Plan	98
Actuary's Certification Letter – SRBR	105
Summary of Actuarial Assumptions and Methods	111
Assumptions for Pension Plan	111
Active Member Valuation Data – Pension Plan	118
Retirees and Beneficiaries Added To and Removed From Retiree Payroll	119
Actuarial Analysis of Financial Experience	119
Schedule of Funded Liabilities by Type – Pension Plan	120
Schedule of Funding Progress – Pension Plan	121
Assumptions for Other Postemployment Benefits (OPEB) Plan	122
Active Member Valuation Data – OPEB	126
Retirees Added To and Removed From OPEB Payroll	127
Member Benefit Coverage Information – OPEB	128
Schedule of Funded Liabilities by Type – Non-OPEB	129
Summary of Plan Provisions	130

Statistical

Statistical	136
Additions to Fiduciary Net Position by Source	137
Deductions from Fiduciary Net Position by Type	138
Changes in Pension Plan and Non-OPEB Net Position	139
Changes in Postemployment Medical Benefits Net Position	140

Benefit and Refund Deductions Combined from Pension Plan, Non-OPEB, and Postemployment Medical Benefits Net Position by Type	141
Benefit and Refund Deductions from Pension Plan and Non-OPEB Net Position by Type	142
Benefit and Refund Deductions from Postemployment Medical Benefits Net Position by Type	143
Benefit Expenses by Type	143
Retired Members by Type of Benefit and Option Selected	144
Retired Members by Type of Benefit – Pension Plan	145
Retired Members by Type of Benefit – Postemployment Medical Benefits	145
Retired Members by Type of Benefit – Non-OPEB	146
Average Pension Benefit Payments	147
Average Monthly Other Postemployment Benefits (OPEB)	148
Participating Employers and Active Members	149
Principal Participating Employers for Pension Plan, Postemployment Medical Benefits and Non-OPEB – Current Year and Nine Years Ago	150
Employee Contribution Rates	150
Employer Contribution Rates	151

Compliance

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	154
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Introduction



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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510/628-3000

fax: 510/268-9574

www.acera.org

Letter of Transmittal

Dear Board of Trustees and Members of the Alameda County Employees' Retirement Association:

I am pleased to submit this *Annual Comprehensive Financial Report of the Alameda County Employees' Retirement Association for the Year Ended December 31, 2025*.

This report presents the financial condition of the Pension Plan, the Other Postemployment Medical Benefits (OPEB), and Non-OPEB, as well as investment results for the year ended December 31, 2025.

It also includes information from the current actuarial valuations as of December 31, 2024. The information presented is accurate and reliable. It conforms to generally accepted accounting principles and is free of material misstatements.

ACERA 2025 – Overview

Mission

ACERA provides members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services. Under the supervision and direction of the Board of Retirement (the Board), ACERA deploys competent, professional, impartial, and open procedures designed to treat all members fairly and with courtesy and respect.

ACERA manages investments by balancing the need for financial security of its members with superior performance.

ACERA and its Services

ACERA was established by the Alameda County Board of Supervisors in 1947, under the County Employees Retirement Law of 1937 (CERL or 1937 Act), to provide retirement allowances and other benefits for County employees. ACERA's membership is composed of the following participating employers:

- Alameda County
- Alameda Health System
- First 5 Alameda County
- Housing Authority of the County of Alameda
- Livermore Area Recreation and Park District
- The Superior Court of California for the County of Alameda

In accordance with the CERL and ACERA's investment policies, ACERA collects employer and member contributions and invests these monies to fund member benefits (including lifetime retirement, disability, and death benefits), pay administration expenses, and offer non-vested benefit programs for select medical and supplemental COLA benefits (subject to annual Board approval under CERL Article 5.5).

Investment Performance

In 2025, the S&P 500 achieved a total return of 17.9%, marking its third consecutive year of double-digit gains. This resilient performance was sustained despite a cooling labor market and persistent inflation, which prompted the Federal Reserve to pivot toward easing with three consecutive interest rate cuts in the latter half of the year. Technology and communication services continued to lead domestic markets through the expansion of artificial intelligence, while international equities notably outpaced U.S. returns for the first time in several years.

The total fund had a 16.2% gross rate of return, and the fund ranked in the 9th percentile of comparable pension funds for the year ended December 31, 2025. The fair value of ACERA's net position increased by \$2.0 billion, to \$14.1 billion. ACERA's annualized gross rates of return over the last five and ten year spans were 8.1% and 9.3%, ranking ACERA's fund in the 24th and 14th

percentiles, respectively. ACERA's investment goal is to operate at a level of performance in the upper quartile of comparable pension funds on a risk adjusted basis.

Financial Reporting

ACERA management is responsible for the accuracy, completeness, and fair presentation of the information in this report. Williams, Adley & Company-CA, LLP provides external audit services to determine whether the financial statements are presented in conformity with generally accepted accounting principles. The Management's Discussion and Analysis (MD&A) Section starting on [page 15](#) provides a thorough analysis of ACERA's operations and financial status.

Internal Controls

Management employs an annual risk assessment to design, implement, and maintain effective internal controls. Recognizing that even sound internal controls have inherent limitations, management is developing a risk profile by applying an Enterprise Risk Management (ERM) framework. The ERM framework will be applied in strategy-setting to identify potential events that may affect the organization to better assess risk potential and provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Common risk considerations include safeguarding pension assets, maintaining accurate and reliable accounting records, protecting member privacy, preventing fraud, and ensuring compliance with laws and regulations. The Board of Retirement oversees management's performance and is ultimately responsible for confirming that management fulfills its duty in this regard. In addition, ACERA's Office of Internal Audit independently assesses whether the organization's risk management, control, and governance processes are adequate.

Actuarial Funding Status

ACERA engages an independent actuarial firm to conduct an annual actuarial valuation. The pension plan's actuarial accrued liability increased from \$11.75 billion in 2023 to \$12.34 billion as of December 31, 2024.

The plan's valuation value of assets increased from \$10.34 billion in 2023 to \$10.86 billion as of December

31, 2024. The Unfunded Actuarial Accrued Liability (UAAL) increased from \$1.40 billion in 2023 to \$1.48 billion as of December 31, 2024, while the funded ratio remained unchanged at 88.0%.

The Actuarial Section of this report starting on [page 97](#) contains a more detailed discussion of the funding requirements.

Supplemental Retiree Benefits Reserve

ACERA administers a Supplemental Retiree Benefits Reserve (SRBR) funded by regular earnings and a 50/50 share of gains above the assumed actuarial investment rate of 7.00%. As of December 31, 2024, the SRBR held \$1.22 billion in actuarial value of assets, of which, \$1.10 billion will fund the current benefit structure until the year 2045 for postemployment medical benefits and \$117.56 million will fund the current non-OPEB benefit structure until the year 2048, even if no new earnings above the assumed investment rate of return are allocated to the SRBR.

Membership

In 2025, ACERA's active membership increased from 11,839 to 12,163. The number of retired members and beneficiaries receiving pension benefits increased from 11,225 to 11,390. Deferred membership increased from 3,920 to 4,110. Total membership increased from 26,984 to 27,663.

2025 Accomplishments

Organization-Wide Accomplishments

Following the 2024 transition to its new pension administration system, ACERA focused on post-implementation optimization and digital service modernization in 2025. Key accomplishments include:

- **Secure Messaging Transition:** Transitioned member email communications to the MemberDirect portal, enhancing privacy protections and providing members with a centralized channel for account information.
- **COLA Automation:** Automated service retirement COLA adjustments within retirement payroll processing to improve operational efficiency.

- **Employer Pay Item Tracking:** Developed real-time salary pay item reporting to optimize monitoring of employer compensation updates, ensuring the salary pay item inventory consistently aligns with Board-approved pensionable compensation.
- **Reconciliation Tools:** Implemented reporting enhancements to streamline the reconciliation of check statuses.
- **Plan Transfer Optimization:** Refined process of changing a member's plan to support full and partial transfers with integrated history tracking.
- **Refund Precision:** Optimized the refund process with flexible setup options to ensure account balance accuracy before and after distribution.
- **LAFCo Addition:** Facilitated actuarial analysis and Board of Retirement review of a request for addition of the Alameda County Local Agency Formation Commission (LAFCo) as an ACERA participating employer. Following LAFCo's Board approval, ACERA began employer onboarding activities.
- **\$400 Million Extraordinary Contribution:** Completed the \$400 million extraordinary contribution transfer from the County of Alameda toward the County General Member Unfunded Actuarial Accrued Liability (UAAL), strengthening ACERA's funded status and supporting long-term benefit security for members.
- **External Audit:** Earned an unmodified audit opinion from our external auditor, affirming ACERA's robust financial controls and procedures.

Administration Accomplishments

ACERA achieved significant administrative milestones including:

- **Business Plan:** Developed a 2026 Business Plan, advancing key initiatives including CEM benchmarking, HR workflow optimization, a cloud-based accounting system migration, ICM visibility enhancements, workforce resilience and career development enhancement, digital content accessibility, internal information risk management development, and member experience improvement.
- **Microsoft Dynamics Great Plains Replacement:** Adopted a plan to replace Microsoft Dynamics Great Plains with Microsoft Business Central in anticipation of the discontinuation of Great Plains support in 2029. The transition to Business Central will provide advanced reporting capabilities, integrated artificial intelligence, and a modern, scalable platform to support ACERA's evolving financial needs.
- **Board Election:** Conducted election for the Board of Retirement for five seats. Trustee Ross Clippinger and Trustee Elizabeth Rogers ran unopposed and were re-elected. Kathy Foster ran unopposed and was elected. Trustee Scott Ford was elected after a competitive race.
- **Internal Audit:** Performed a Benefit Certification Audit resulting in stronger fraud prevention controls to protect ACERA members.
- **Intranet:** Continued customizing ACERA's SharePoint intranet site.
- **Implemented new GASB pronouncements:** Integrated GASB Statement No. 102, *Certain Risk Disclosures*, GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, into ACERA's accounting practices, ensuring compliance and enhancing financial reporting accuracy.
- **ACFR and PAFR Award:** Received Certificate of Achievement for Excellence in Financial Reporting for 2024 Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR) from Government Financial Officers Association (GFOA).

Investments Accomplishments

ACERA's key investment achievements include:

- **Emerging Markets Equity Manager Search:** Conducted a comprehensive Emerging Markets Equity Manager Search and selected ARG

- Investment Management, LP, as ACERA's Emerging Markets Manager.
- **Adopted an updated Real Estate Policy and related Real Estate Investment Plan** for 2025–2026, refining portfolio objectives and strategies to align with market conditions and long-term investment goals.
 - **Adopted an updated Real Assets Policy and related 2025 Real Assets Investment Plan**, positioning the asset class to transition over time to a fully private structure and incorporating delegated authority provisions to support efficient implementation and reporting.
 - **Adopted an updated Absolute Return Policy and related 2025 Absolute Return Investment Rebalancing Plan**, ensuring disciplined portfolio management and adherence to ACERA's strategic asset allocation.
 - **Public Equity Structure Changes:** Conducted a three-part review of the Public Equity portfolio and adopted a new framework that integrates global mandates to enhance diversification and return potential. This restructured approach simplifies manager allocations, lowers average fees, and strengthens risk management through improved performance clarity.
 - **Public Equity Manager Terminations:** Terminated TCW, Aristotle, and Capital Group as ACERA Public Equity managers per the newly adopted Public Equity structure, streamlining the portfolio to align with updated risk management and diversification objectives. Terminated Kennedy Capital Management and Franklin Templeton as Public Equity Managers, aligning the portfolio with investment strategies and performance objectives.
 - **ESG Education Sessions:** Provided Board education sessions on Environmental, Social, and Governance (ESG) principles and Emerging Investment Managers (EIM), prior to adoption of updated ESG and EIM Investment Policies, including enhancements to reporting, questionnaires, and oversight processes.
 - **Discontinued ACERA's Directed Brokerage Program:** The Board approved discontinuance of the DB Program, streamlining operations and enhancing investment efficiency.
 - **Custody Contract Extension:** Extended the State Street Bank and Trust Company custody contract for up to three years. A Request for Information (RFI) process will take place during this extension period.
 - **Clearwater onboarding:** Completed the onboarding of ACERA's financial and accounting data to the Clearwater platform, improving record keeping, financial tracking, accounting reconciliations, and automated processes for the investment team.
 - **Private Equity Investment Plan review:** Reviewed the progress of our 2025 Private Equity investments, including pacing across the various Private Equity sub-asset classes.
 - **Private Credit Investment Plan review:** Reviewed the 2025 Private Credit Investment Plan by comparing projected and actual investment activity, including the shortfall in Direct Lending commitments relative to plan, and assessed the related portfolio positioning and potential Total Fund impact.
 - **Portfolio Expansion:** Board and Staff expanded the Total Fund's investments, adding 10 privately placed funds with commitments valued at \$380 million plus €37 million, thus continuing to approach target asset allocations in Private Equity, Real Assets, and Real Estate. Broken down by asset class, this expansion represents:
 - 3 new commitments to Private Credit totaling \$105 million plus €37 million.
 - 4 new commitments to Real Assets totaling \$155 million.
 - 1 new commitment to Private Equity totaling \$50 million.
 - 1 new commitment to Private Equity totaling \$35 million.
 - 1 new commitment to Real Estate totaling \$35 million.

- As of December 31, 2025, ACERA's Total Fund value was \$14.0 billion, returning 15.9% (net) for 2025.

Benefits Accomplishments

ACERA's key benefits achievements include:

- **Dental and Vision RFP:** Conducted a competitive RFP process for retiree dental and vision coverage and approved new contracts with incumbent providers Delta Dental and VSP for Plan Year 2026.
- **Educational Videos:** Completed a project to develop 10 short member educational videos covering the questions members most frequently contact ACERA about.
- **Health Fair:** Organized and executed ACERA's second hybrid health fair, featuring a live conference center event and seamless streaming of wellness presentations via Zoom.
- **KPSA Riders Survey:** Conducted a retiree survey on potential enhancements to the Kaiser Permanente Senior Advantage Plan, including over-the-counter benefits, post-discharge meal delivery, and medical transportation.
- **SmileWay Webpage:** Launched a new SmileWay webpage to promote enhanced dental benefits for retirees with chronic conditions, helping members access extra cleanings and gum disease treatment through Delta Dental's PPO plan.
- **One Pass:** Promoted Kaiser Permanente's One Pass free-gym membership program to Medicare participants.
- **Wellness Email Campaign:** Conducted a refreshed annual email wellness campaign for retirees, delivering newly curated wellness messages from ACERA's insurance carriers.

- **MMA Increase:** Increased the Monthly Medical Allowance (MMA) by 3.75% for the 2025 plan year.
- **DocuSign:** Continued launching member forms in DocuSign.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ACERA for its Annual Comprehensive Financial Report for the year ended December 31, 2024 (See [page 7](#)). This has been the 28th year ACERA has received this prestigious award.

Acknowledgments

The compilation of this report reflects the combined efforts of ACERA's management and staff under the leadership of the Board of Retirement. This report and the corresponding Popular Annual Financial Report are available to members and the general public on ACERA's website at www.acera.org.

The dedication of ACERA staff forms the nucleus of our service mission, and I wish to express deep gratitude to them for the success of our operation.

Respectfully submitted,



David Nelsen
Chief Executive Officer
June 26, 2026



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Alameda County Employees' Retirement Association
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

Also awarded each year from 1996 through 2010 and 2012 through 2024

Members of the Board of Retirement

As of January 1, 2026



Tarrell V. Gamble
Chair
*Appointed by the Board
of Supervisors*



Elizabeth Rogers
First Vice-Chair
*Elected by Retired
Members*



Ross Clippinger
Second Vice-Chair
*Elected by Safety
Members*



Ophelia B. Basgal
*Appointed by the Board
of Supervisors*



Keith Carson
*Appointed by the Board
of Supervisors*



Scott Ford
*Elected by General
Members*



Kathy Foster
*Alternate Elected by
Retired Members*



Henry C. Levy
*Ex-Officio Member
Treasurer-Tax Collector*



Kellie Simon
*Elected by General
Members*



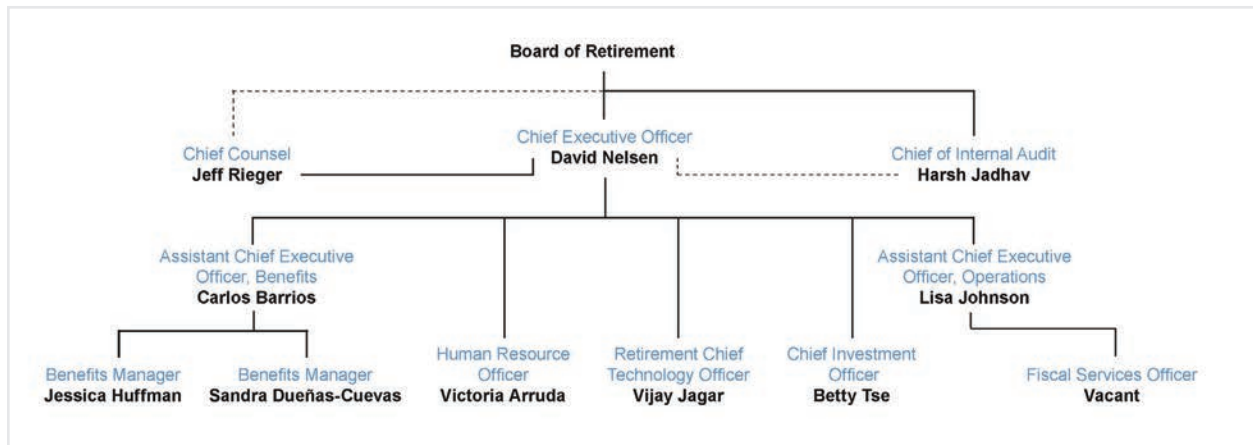
Steven Wilkinson
*Appointed by the
Board of Supervisors*

2025 Board of Retirement

Kellie Simon (**Chair**), Tarrell V. Gamble (**First Vice-Chair**), Elizabeth Rogers (**Second Vice-Chair**), Ophelia B. Basgal, Keith Carson, Ross Clippinger, Henry C. Levy, George Wood, Cynthia Baron (**Alternate Retiree**), Kevin Bryant (**Alternate Safety**)

Administrative Organizational Chart

As of December 31, 2025



Professional Consultants¹

Actuary

Segal²

Benefits

Segal²

Fiscal Services

Armanino LLP

Human Resources

Lakeside Group³

Independent Auditors

Williams, Adley & Company-CA, LLP

Information Technology

Digital Deployment

Levi, Ray & Shoup Consulting

Naviant

Legal

Berman Tabacco

Bernstein Litowitz Berger & Grossmann LLP

Hanson Bridgett LLP

K&L Gates

Kaplan Fox & Kilsheimer LLP

Kessler Topaz Meltzer Check LLP

Meyers Nave Professional Law Corporation

Morgan, Lewis & Bockius LLP

Nossaman, LLP

Reed Smith, LLP

Other Specialized Services

American Arbitration Association

Manager Medical Review Org, Inc.

Willis Towers Watson

¹ The listing of Investment Professionals found at [page 90](#) provided services to the total fund which includes the pension plan and postemployment medical benefits. Also, the schedule of Brokerage Commissions and schedule of Investment Managers' Fees are reported on [page 91](#) and [page 92](#), respectively. Not all of the professional consultants listed above are required to file a Statement of Economic Interests (Form 700) under ACERA's Conflict of Interest Policy.

² Segal provides actuarial and benefit consulting.

³ The Lakeside Group is a division of the Alameda County Human Resource Services Department.

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Financial



Independent Auditor's Report

Board of Retirement
Alameda County Employees' Retirement Association
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Alameda County Employees' Retirement Association (ACERA), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise ACERA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of ACERA as of December 31, 2025, and the change in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACERA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Net Pension Liability of Employers

As described in note 5, based on the most recent actuarial valuation as of December 31, 2025, ACERA's independent actuaries determined that, at December 31, 2025, the total pension liability exceeded the pension plan's fiduciary net position by \$474.9 million.

Net OPEB Liability of Employers

As described in note 7, based on the most recent actuarial valuation as of December 31, 2025, ACERA's independent actuaries determined that, at December 31, 2025, the OPEB plan's fiduciary net position exceeded the total OPEB liability by \$22.6 million.

Investment Valuation

As described in Note 8, the financial statements include investments valued at \$3,707,687,000 (which represents 26.4 percent of total fiduciary net position) at December 31, 2025, whose fair values have been estimated by management in the absence of readily determinable market values. Given that publicly listed prices are not available, management uses alternative sources of information, including audited financial statements, unaudited capital statements, independent appraisals, and other similar sources of information, to determine the fair value of investments.

Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

WILLIAMS, ADLEY & COMPANY-CA, LLP

Certified Public Accountants / Management Consultants

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<https://waclp.com>



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited ACERA's 2024 financial statements, and our report dated June 26, 2025, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of employer contributions for the pension plan and non-OPEB, schedule of investment returns, schedule of changes in the net OPEB liability and related ratios, schedule of employer contributions for OPEB, and the related notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental



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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ACERA's basic financial statements. The schedules of administration expense, investment expenses, and payments to other consultants are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction, investments, actuarial, and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of ACERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACERA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACERA's internal control over financial reporting and compliance.

Williams, Adley & Company CA, LLP

Oakland, California

June 26, 2026

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) presents the financial activities of the Alameda County Employees' Retirement Association (ACERA) for the year ended December 31, 2025. It provides an overview of the financial position and the combined results of operations for the pension plan and non-OPEB and Other Postemployment Benefits (OPEB). The narrative, in conjunction with the financial statements starting on [page 23](#), presents ACERA's overall financial position, and the results of its operations. ACERA's funding is a combination of participating employer and member contributions and earnings on invested assets. The Chief Executive Officer's Letter of Transmittal starting on [page 2](#) of this Annual Comprehensive Financial Report (ACFR) should be read along with the MD&A narrative.

(Note: Amounts in this section are rounded and may not agree to other sections of this ACFR.)

Overview of the Financial Statements

This discussion and analysis serve as an introduction to ACERA's Basic Financial Statements, which comprise the following five components.

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Basic Financial Statements
- Required Supplementary Information (RSI) and Notes to RSI
- Supplemental Schedules

The basic financial statements report the components of the fiduciary net position restricted for benefits, the components of the changes in the fiduciary net position (additions and deductions), along with explanatory notes to the basic financial statements.

ACERA's basic financial statements have two reporting columns. The first column reports the pension plan and

non-OPEB, and the second column reports the postemployment medical benefits. ACERA's pension benefits and the non-OPEB are valued together for the purpose of determining and reporting the NPL. In addition to the basic financial statements, this report contains required supplementary information and supplemental schedules intended to assess the historical context of ACERA's progress in meeting benefit obligation through funding of contributions and investment income.

The Statement of Fiduciary Net Position on [page 23](#) provides a snapshot of account balances at year's end. It includes the assets available for future benefit payments as well as liabilities outstanding at year's end.

ACERA did not have any transactions that met the criteria for deferred outflows of resources or deferred inflows of resources as defined in GASB Statement No. 63 and GASB Statement No. 65. As a result, those line items are not displayed on the Statement of Fiduciary Net Position.

The Statement of Changes in Fiduciary Net Position starting on [page 24](#) provides a view of the additions to and deductions from the fiduciary net position that occurred over the course of the 2025 financial year.

The Basic Financial Statements include all assets and liabilities, using the accrual basis of accounting, in compliance with generally accepted accounting principles, similar to the accounting method used by most private-sector companies. Additions and deductions are included regardless of when the corresponding cash is received or paid. All investment purchases and sales are reported as of the trade date. Investments are reported at current fair value and in accordance with GASB Statement No. 31. Both realized and unrealized investment gains and losses are recognized. Each depreciable component of capital assets is depreciated over its useful life.

Notes to the Basic Financial Statements starting on [page 26](#) provide additional information essential for a complete understanding of the basic financial statements.

Required Supplementary Information and Notes to Required Supplementary Information starting on [page 64](#) illustrate the GASB Statement No. 67 financial reporting requirements in the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Investment Returns, and Notes to Required Supplementary Information for the Pension Plan and Non-OPEB.

Also reported are the requirements of GASB Statement No. 74 in the Schedules of Changes in Net OPEB Liability and Related Ratios and Schedule of Employer Contributions, along with the Notes to the Required Supplementary Information for Postemployment Medical Benefits.

Supplemental Schedules of administrative expenses, investment expenses and payments to other consultants are presented on [page 71](#). These schedules provide details of the expense categories reported at an aggregate level on the basic financial statements.

Financial Summary

Tables 1 and 2, starting below, present condensed information about ACERA's financial position and results of operations for the current year in comparison to the preceding year, and form the basis for this financial discussion.

Table 1: Fiduciary Net Position (Condensed)

As of December 31, 2025 and 2024 (Dollars in Millions)

	2025	2024	Increase (Decrease) Amount	Percent Change
ASSETS				
Current Assets	\$ 355.6	\$ 209.1	\$ 146.5	70%
Investments at Fair Value	14,015.7	12,010.9	2,004.8	17%
Capital Assets, net	11.7	12.4	(0.7)	-6%
Total Assets	14,383.0	12,232.4	2,150.6	18%
LIABILITIES				
Current Liabilities	330.4	197.9	132.5	67%
Long-term Lease and Subscription Liabilities	0.1	0.1	-	0%
Total Liabilities	330.5	198.0	132.5	67%
NET POSITION				
Restricted for Benefits	\$14,052.5	\$12,034.4	\$ 2,018.1	17%

Table 2: Changes In Fiduciary Net Position (Condensed)

For the Years Ended December 31, 2025 and 2024 (Dollars in Millions)

	2025	2024	Increase (Decrease) Amount	Percent Change
ADDITIONS				
Member Contributions	\$ 144.5	\$ 134.5	\$ 10.0	7%
Employer Contributions	717.4	311.1	406.3	131%
Net Investment Income (Loss)	1,902.6	1,025.2	877.4	86%
Miscellaneous Income	0.8	0.4	0.4	100%
Transfer to Employers' Advance Reserve from SRBR for Employer Contributions to 401(h) Account	54.0	51.9	2.1	4%
Transfer to Employers' Advance Reserve from SRBR for Implicit Subsidy	2.4	4.0	(1.6)	-40%
Transfer from Employers' Advance Reserve to SRBR for OPEB Related Administrative Expenses	2.2	2.0	0.2	10%
Total Additions	2,823.9	1,529.1	1,294.8	85%
DEDUCTIONS				
Retirement Benefit Payments	663.9	634.0	29.9	5%
Postemployment Medical Benefits	52.8	50.2	2.6	5%
Member Refunds	8.6	10.1	(1.5)	-15%
Administration	21.9	20.4	1.5	7%
Transfer from SRBR to Employers' Advance Reserve for Employer Contributions to 401(h) Account	54.0	51.9	2.1	4%
Transfer from SRBR to Employers' Advance Reserve for Implicit Subsidy	2.4	4.0	(1.6)	-40%
Transfer to SRBR from Employers' Advance Reserve for OPEB Related Administrative Expenses	2.2	2.0	0.2	10%
Total Deductions	805.8	772.6	33.2	4%
CHANGE IN NET POSITION	2,018.1	756.5	1,261.6	167%
NET POSITION RESTRICTED FOR BENEFITS				
BEGINNING OF YEAR	12,034.4	11,278.8	755.6	7%
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	-	(0.9)	0.9	100%
BEGINNING NET POSITION AS RESTATED	12,034.4	11,277.9	756.5	7%
END OF YEAR	\$ 14,052.5	\$ 12,034.4	\$ 2,018.1	17%

Analysis of Financial Position and Results of Operations

Fiduciary Net Position

Fiduciary net position is restricted for benefits, equals assets net of liabilities. Table 1, on [page 16](#), displays the condensed information of the fiduciary net position, which as of December 31, 2025, totaled approximately \$14.1 billion. This is \$2.0 billion or a 17% increase from the prior year, primarily a result of an increase in the fair value of ACERA's invested assets and additional voluntary advance UAAL contributions of \$400 million received from the County of Alameda. The Investment Section, starting on [page 73](#), provides further details about ACERA's investment performance.

Current Assets

The components of current assets are detailed on the Statement of Fiduciary Net Position on [page 23](#). Total current assets increased by \$146.5 million from \$209.1 million in 2024 to \$355.6 million in 2025. This 70% increase was primarily due to increases in securities lending cash collateral of \$135.1 million, investment receivables of \$7.2 million and cash of \$3.9 million.

Investments at Fair Value

ACERA's investments at fair value increased 17% from \$12.0 billion in 2024 to \$14.0 billion in 2025. The \$2.0 billion increase was partially due to the additional \$400 million in advance UAAL contribution received from the County and is net of ACERA's \$294.0 million cash draw in 2025 on the portfolio to pay retirement benefits and administrative costs.

Capital Assets, Net

Capital assets include equipment, furniture, information systems, leasehold improvements, right-to-use leased assets and subscription-based software. The value of capital assets decreased from \$12.4 million in 2024 to \$11.7 million in 2025. The net decrease of \$0.7 million or 6% was mainly due to the decrease in capital expenditure for the pension administration system upgrade.

Total Assets

In all, total assets experienced a net increase of \$2.2 billion, from \$12.2 billion in 2024 to \$14.4 billion in 2025. The increase in total investments at fair value accounted for almost all the increase in total assets.

Liabilities

The components of ACERA's current liabilities are detailed in the Statement of Fiduciary Net Position on [page 23](#). Current liabilities increased by \$132.5 million or 67% from \$197.9 million in 2024 to \$330.4 million in 2025. The net increase is mainly attributed to the \$135.1 million increase in securities lending liability partially offset by the decreases in foreign exchange contracts of \$2.9 million. As of December 31, 2025, the long-term lease and subscription-based liabilities totaled \$0.1 million, with a slight decrease from prior year due to all subscription-based software contracts had remaining contract terms of 12 month or under at year end.

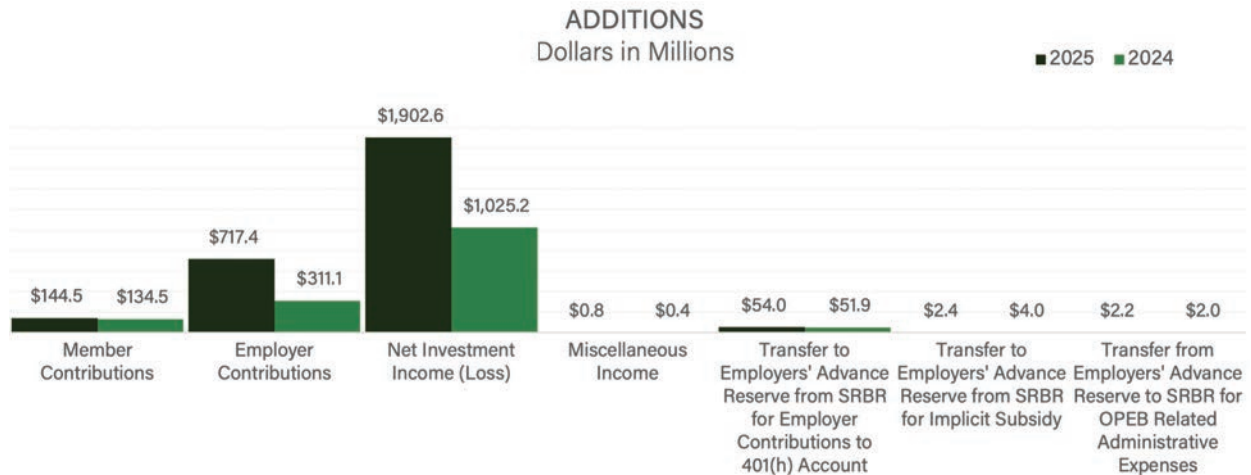
Changes in Fiduciary Net Position

The change in fiduciary net position equals total additions, less total deductions. Table 2, on [page 17](#), displays condensed information about ACERA's 2025 financial activity.

Additions to Fiduciary Net Position

The primary funding sources for ACERA's member benefits are member contributions, employer contributions, and net investment income. Additions to and deductions from the fiduciary net position include transfers to and from the employers' advance reserve and the supplemental retiree benefits reserve.

Total additions to ACERA's fiduciary net position for the years ended December 31, 2025, and 2024, were \$2.8 billion and \$1.5 billion, respectively. The increase in total investments income accounted for most of the increase in net position.



Member Contributions

Total member contributions for 2025 were \$144.5 million, up \$10.0 million or 7% over 2024 total member contributions of \$134.5 million. The increase is mainly due to a slight increase in active member payroll or pensionable wages.

The actuarial valuation report as of December 31, 2024, recommended a slight decrease in the member contribution rate. The Board of Retirement approved the decrease to be in effect by September 2025. The aggregate member contribution rate decreased from 9.87% to 9.84% of payroll. The rate decrease was mainly due to changes in active member demographics.

Employer Contributions

Total employer contributions collected for 2025 were \$717.4 million, an increase of 131% or \$406.3 million over the \$311.1 million in total contributions collected in 2024. The \$406.3 million increase was mainly due to the \$400 million additional contribution made by the County to pay down a portion of the UAAL for the general membership group. The remaining increase of \$6.3 million was due to a slight increase in the average employer contribution rate and pensionable wages.

The aggregate employer contribution rate increased from 23.51% to 23.67% of payroll. This change was primarily due to greater than expected salary increases and slightly less than expected investment returns.

Net Investment Income (Loss)

Net investment income (loss) for 2025 was \$1.9 billion. The \$0.9 billion increase in net investment income over 2024 was primarily due to appreciation in the fair value of invested assets. The 2025 net appreciation of investments was \$1.8 billion compared to a 2024 net appreciation of \$0.8 billion.

Miscellaneous Income

Miscellaneous income for 2025 totaled \$0.8 million, up by \$0.4 million from 2024. This increase is mainly due to increase in class action securities litigation settlements.

Transfers between Employers' Advance Reserve and SRBR

Postemployment medical benefits are paid from employers' 401(h) accounts. Participating employers identify a portion of their contributions as 401(h) contributions. Employers funded \$54.0 million and \$51.9 million to their 401(h) accounts for 2025 and 2024, respectively. See 401(h) Postemployment Medical Benefits Account on [page 36](#).

In July 2011, ACERA applied the provisions of the 1937 Act (Section 31596.1) and allocated a portion of the 401(h) contributions towards administrative costs. As a result, \$2.2 million and \$2.0 million was transferred from the employers' advance reserve to SRBR for 2025 and 2024, respectively.

There was a \$2.4 million transfer from the SRBR to

the employers' advance reserve in 2025 to compensate Alameda County for the 2024 blended rate health care implicit subsidy. The implicit subsidy transfer decreased by \$1.6 million or 40% from the \$4.0 million implicit subsidy transfer in 2024. This decrease was primarily due to lower differences between the County's blended and unblended medical insurance rates for 2024 versus 2023.

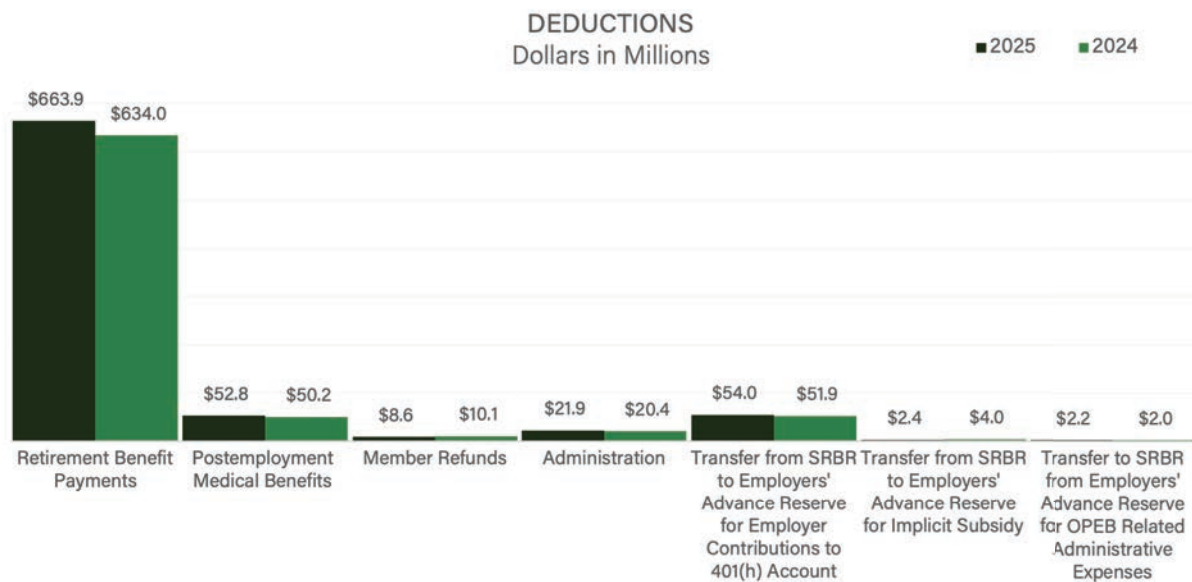
Deductions from Fiduciary Net Position

Total deductions are composed of four main categories, i.e., retirement benefits (including service retirement and

disability payments, death benefits, non-OPEB burial benefits and supplemental COLA), postemployment medical benefits, member refunds, and administration expenses of the retirement system.

Total deductions from the fiduciary net position for 2025 were \$805.8 million. This is \$33.2 million or a 4% increase over the \$772.6 million in total deductions for 2024.

The increase in total deductions was mainly due to 5% increases in service retirement and disability benefit payments and postemployment medical benefits over 2024.



Retirement Benefit Payments

Retirement benefit payments in 2025 totaled \$663.9 million, a \$29.9 million or 5% increase over \$634.0 million in 2024. The increase in benefit payments is primarily due to higher average benefits of retirees added to the retirement payroll compared to the lower average retirement allowance of those retirees removed from the retirement payroll.

Postemployment Medical Benefits

Postemployment medical benefits paid from the 401(h) account in 2025 were \$52.8 million, an increase of \$2.6 million over the \$50.2 million paid from the 401(h) account in 2024. This increase was due to increases in medical premiums. ACERA's maximum monthly medical benefit for 2025 was \$662.37 per member. For retirees 65 years and older, enrolled in the Medicare Exchange individual plans, ACERA utilized Health Reimbursement Accounts (HRAs). Retirees 65 years

and older, who were on the Medicare Exchange, received a maximum of \$507.43 Monthly Medical Allowance (MMA).

Member Refunds

Member refunds originate from either a member separation from service (termination) or an active member death. Member refunds decreased by \$1.5 million or 15% from \$10.1 million in 2024 to \$8.6 million in 2025. The decrease was primarily due to decreases in termination refunds.

Administration Expense

Total administration expenses for 2025 increased to \$21.9 million, from \$20.4 million in 2024. Administration expenses cover the basic cost of operating the retirement system. Some expenses are subject to the statutory limit, as defined in the following paragraph, and others are excluded from the statutory limit.

In accordance with legal spending restrictions outlined in the County Employee Retirement Law of 1937 (1937 Act), ACERA's Board of Retirement adopts an operating expense and administrative budget, effective for the following year. The annual amount of administrative budget is subject to legal and budgetary restrictions.

Note 11 to the Basic Financial Statements, [page 61](#), further describes the legal limitations. Consequently, the administrative budget for 2025 was kept in compliance with the "1937 Act" legal spending restrictions of 0.21% of the actuarial accrued liability of the retirement system.

Administrative expenses subject to the statutory limit increased by 5% or \$0.9 million, from \$16.4 million in 2024 to \$17.3 million in 2025. The major categories of operating expenses subject to the statutory limit include personnel services, professional services, communications, and utilities, and other (i.e., depreciation, board of retirement operating expenses, insurance, miscellaneous, training, maintenance-equipment, and supplies).

Administrative expenses excluded from the statutory limit increased from \$4.0 million in 2024 to \$4.6 million in 2025. The categories of operating expenses not subject to the statutory limit include legal, technology, actuarial, investment and business continuity expenses.

Actuarial Information

As of December 31, 2025, the Net Pension Liability (NPL) was \$474.9 million, compared to \$1,464.4 million as of December 31, 2024. The \$989.5 million decrease was primarily as a result of \$400 million in additional voluntary County General contributions to reduce their UAAL and associated contribution rates and favorable investment return during calendar year 2025.

As of December 31, 2025, the Net OPEB Liability (Asset) NOL/(NOA) was \$(22.6) million, compared to \$229.0 million as of December 31, 2024. The \$251.6 million decrease from a liability to a surplus was primarily due to the result of favorable investments and demographic experience gains during calendar year 2025. The investment result allocations to the Supplemental Retiree Benefits Reserve (SRBR), are credited by semi-annual transfers to the reserve as defined by Article 5.5 of the County Employees' Retirement Law of 1937 (1937 Act).

As of December 31, 2024, the date of the pension plan actuarial funding and the SRBR sufficiency actuarial valuations used for the 2025 ACFR, the actuarial investment rate of return assumption used was 7.00%. The inflation rate assumption was 2.50% with assumed payroll growth increase of 3.00%.

As of December 31, 2024, ACERA had \$82.6 million in net deferred investment loss based on the actuarial value of assets. These deferred losses represent 0.7% of the fair value of assets, as of December 31, 2024, actuarial valuation date. Unless offset by future investment gains or other favorable experience, the recognition of the \$82.6 million deferred market losses is expected to have an unfavorable impact on the Association's future funded percentage and contribution rate requirements.

Capital Asset Activity

ACERA has a capital asset project in development to replace its accounting system. The project started in fourth quarter of 2025 and is scheduled to be completed in the third quarter of 2026. As of December 31, 2025, the development-in-progress balance of this project was \$60 thousand.

In the third quarter of 2025, a right-to-use asset of leased office equipment with a value of \$7 thousand was retired at the end of the lease term. It was replaced with new lease with a 5-year term and value of \$20 thousand.

Currently Known Facts, Decisions, or Conditions

New Participating Employer: Alameda Local Agency Formation Commission (LAFCO), separated from the County of Alameda and transitioned to a full administrative and fiscal independence and became an independent public employer effective January 1, 2026. The Alameda LAFCO has voted to continue its employees' membership with ACERA and will join ACERA as a new participating employer in 2026.

Requests for Information

This report is designed to provide the Board of Retirement, the membership, participating employers, taxpayers, investment managers, vendors, and other

stakeholders or interested parties with a general overview of ACERA's financial condition, financial activities, and funding status. Questions regarding any of the information provided in this report or requests for additional information should be addressed to:

ACERA
Fiscal Services Department
475 14th Street, Suite 1000
Oakland, California 94612-1900

You can also contact us by e-mail at info@acera.org or by phone at (510) 628-3000 during normal business hours. Our website www.acera.org contains a wealth of information and is always accessible.

Respectfully submitted,



Lisa Johnson,
Assistant Chief Executive Officer
May 13, 2026

Basic Financial Statements

Statement of Fiduciary Net Position

As of December 31, 2025, with Comparative Totals as of December 31, 2024 (Dollars in Thousands)

	Pension Plan & Non-OPEB	Postemployment Medical Benefits	Total 2025	Total 2024
ASSETS				
Cash	\$ 5,839	\$ -	\$ 5,839	\$ 1,898
Securities Lending Cash Collateral	284,406	-	284,406	149,260
Receivables				
Contributions	30,475	-	30,475	30,653
Investment Receivables	32,382	-	32,382	25,203
Unsettled Trades - Investments Sold	1,062	-	1,062	1,221
Futures Contracts	314	-	314	59
Foreign Exchange Contracts	5	-	5	20
Other Receivables	376	-	376	230
Total Receivables	64,614	-	64,614	57,386
Prepaid Expenses	721	-	721	571
Total Current Assets	355,580	-	355,580	209,115
Investments at Fair Value				
Short-Term Investments	776,516	-	776,516	255,540
Domestic Equity	768,805	-	768,805	737,932
Domestic Equity Commingled Funds	3,132,357	-	3,132,357	2,669,271
International Equity	1,034,844	-	1,034,844	794,383
International Equity Commingled Funds	1,977,856	-	1,977,856	1,907,232
Domestic Fixed Income	1,823,072	-	1,823,072	1,473,966
International Fixed Income	219,846	-	219,846	147,748
International Fixed Income Commingled Funds	42,890	-	42,890	26,866
Real Estate - Separate Properties	25,052	-	25,052	34,056
Real Estate - Commingled Funds	790,123	-	790,123	780,273
Real Assets	884,056	-	884,056	732,743
Absolute Return	968,672	-	968,672	1,000,261
Private Equity	1,008,180	-	1,008,180	1,145,602
Private Credit	563,449	-	563,449	305,035
Total Investments	14,015,718	-	14,015,718	12,010,908
Due to Non-OPEB	127,420	-	127,420	117,558
Due (from) Pension Plan & to OPEB	(1,285,001)	1,157,581	(127,420)	(117,558)
Capital Assets at Cost (Net of Accumulated Depreciation and Amortization)	11,701	-	11,701	12,339
Total Assets	13,225,418	1,157,581	14,382,999	12,232,362
LIABILITIES				
Securities Lending Liability	284,406	-	284,406	149,260
Unsettled Trades - Investments Purchased	17,906	-	17,906	18,268
Futures Contracts	2,399	-	2,399	1,310
Foreign Exchange Contracts	2,109	-	2,109	5,035
Investment-Related Payables	12,178	-	12,178	13,557
Accrued Administration Expenses	4,011	-	4,011	3,823
Members Benefits & Refunds Payable	6,945	-	6,945	6,117
Retirement Payroll Deductions Payable	404	-	404	391
Current Lease Liability	76	-	76	107
Long-term Lease and Subscription Liability	87	-	87	139
Total Liabilities	330,521	-	330,521	198,007
NET POSITION - Restricted for Benefits	\$ 12,894,897	\$ 1,157,581	\$ 14,052,478	\$ 12,034,355

The accompanying Notes to the Basic Financial Statements are an integral part of these Basic Financial Statements.

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2025, with Comparative Totals for the Year Ended December 31, 2024 (Dollars in Thousands)

	Pension Plan & Non-OPEB	Postemployment Medical Benefits	Total 2025	Total 2024
ADDITIONS				
Contributions				
Member	\$ 144,467	\$ -	\$ 144,467	\$ 134,490
Employer	663,400	53,985	717,385	311,106
Total Contributions	807,867	53,985	861,852	445,596
Investment Income				
From Investment Activities:				
Net Appreciation (Depreciation) in Fair Value of Investments	1,775,418	-	1,775,418	822,032
Dividends, Interest, & Other Investment Income	269,193	-	269,193	274,742
Total Income (Loss) from Investment Activities	2,044,611	-	2,044,611	1,096,774
Total Investment Expenses	(142,632)	-	(142,632)	(72,254)
Net Income (Loss) from Investment Activities	1,901,979	-	1,901,979	1,024,520
From Securities Lending Activities:				
Securities Lending Income	7,785	-	7,785	10,366
Securities Lending Expenses				
Borrower Rebates	(6,945)	-	(6,945)	(9,481)
Management Fees	(165)	-	(165)	(177)
Total Securities Lending Activity Expenses	(7,110)	-	(7,110)	(9,658)
Net Income from Securities Lending Activities	675	-	675	708
Earnings Allocated to Non-OPEB	11,355	-	11,355	7,900
Earnings Allocated (from) Pension Plan & to OPEB	(116,894)	105,539	(11,355)	(7,900)
Total Net Investment Income (Loss)	1,797,115	105,539	1,902,654	1,025,228
Miscellaneous Income	807	-	807	390
Transfer to Employers' Advance Reserve from SRBR for Employer Contributions to 401(h) Account	53,985	-	53,985	51,852
Transfer to Employers' Advance Reserve from SRBR for Implicit Subsidy	2,454	-	2,454	4,038
Transfer from Employers' Advance Reserve to SRBR for OPEB Related Administrative Expense	-	2,163	2,163	1,957
Total Additions	\$ 2,662,228	\$ 161,687	\$ 2,823,915	\$ 1,529,061

The accompanying Notes to the Basic Financial Statements are an integral part of these Basic Financial Statements.

Statement of Changes in Fiduciary Net Position (Continued)

For the Year Ended December 31, 2025, with Comparative Totals for the Year Ended December 31, 2024 (Dollars in Thousands)

	Pension Plan & Non-OPEB	Postemployment Medical Benefits	Total 2025	Total 2024
DEDUCTIONS				
Benefits				
Service Retirement and Disability Benefits	\$ 658,832	\$ -	\$ 658,832	\$ 628,985
Death Benefits	3,554	-	3,554	3,439
Burial Benefits - Non-OPEB	193	-	193	379
Supplemental Cost of Living Allowance - Non-OPEB	1,300	-	1,300	1,243
Post Employment Medical Benefits	-	52,784	52,784	50,187
Total Benefit Payments	663,879	52,784	716,663	684,233
Member Refunds	8,593	-	8,593	10,081
Administration				
Administrative Expenses	15,121	2,163	17,284	16,395
Legal Expenses	922	-	922	891
Technology Expenses	2,583	-	2,583	2,016
Actuarial Expenses	432	-	432	400
Business Continuity Expenses	713	-	713	678
Total Administration	19,771	2,163	21,934	20,380
Transfer from SRBR to Employers' Advance Reserve for Employer Contributions to 401(h) Account	-	53,985	53,985	51,852
Transfer from SRBR to Employers' Advance Reserve for Implicit Subsidy	-	2,454	2,454	4,038
Transfer to SRBR from Employers' Advance Reserve for OPEB Related Administrative Expense	2,163	-	2,163	1,957
Total Deductions	694,406	111,386	805,792	772,541
CHANGE IN NET POSITION	1,967,822	50,301	2,018,123	756,520
NET POSITION RESTRICTED FOR BENEFITS				
BEGINNING OF YEAR	10,927,075	1,107,280	12,034,355	11,278,821
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	-	-	-	(986)
BEGINNING NET POSITION AS RESTATED	10,927,075	1,107,280	12,034,355	11,277,835
END OF YEAR	\$ 12,894,897	\$ 1,157,581	\$ 14,052,478	\$ 12,034,355

The accompanying Notes to the Basic Financial Statements are an integral part of these Basic Financial Statements.

Notes to the Basic Financial Statements

(an integral part of the Basic Financial Statements)

1. Summary of Significant Accounting Policies

Reporting Entity

ACERA is an independent, public employees' retirement system with its own governing board. ACERA is a fiduciary component unit of the County of Alameda (the County). The majority of ACERA's nine-member governing board is appointed by the County's Board of Supervisors. The County Treasurer serves as ex-officio board member, and four other board members are directly appointed by the County Board of Supervisors. The County is also the primary participating employer of ACERA with more than 50 percent of the annual contribution to the plan. ACERA's financial statements are included in the County's financial statements as a fiduciary component unit, within the pension and other employee benefit trust funds.

Basis of Accounting

ACERA follows generally accepted accounting principles in the United States and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB).

ACERA's (fiduciary trust fund) financial statements are prepared on the accrual basis of accounting. Employer and employee contributions are recognized when due,

pursuant to formal commitments, as well as statutory or contractual requirements. Security purchases and sales are recognized in the financial statements as of the trade date. Retirement benefits and member refunds are recognized as liabilities when due and payable in accordance with the terms of the plan. Other expenses are recognized when the corresponding liabilities are incurred.

Investments

Investments are reported at fair value. Fair value for investments of publicly traded stocks and bonds and issues of the U.S. Government and its agencies is based on the last reported sale price as of the fiscal year-end. Fair value of securities denominated in a foreign currency reflects exchange rates in effect at fiscal year-end. The fair value of ACERA's short-term investments held in external investment pools managed by the master custodian and securities lending agent is provided by the pool manager and is reported at net asset per share value for the pool. Fair value of investments in commingled funds of debt securities, equity securities, and real estate is based on the fund share price provided by the fund manager, which is based on net asset value. Fair value of investments in real estate separate properties is based on prices in a competitive market as determined by the investment manager relying on periodic appraisals and

is reported net of the outstanding balance of associated mortgages. The fair value of private equity, private credit, absolute return, and real assets is based on ACERA's pro rata share and determined by the fund's general partner based on a variety of valuation methods including current market multiples for comparable companies, recent sales of comparable companies, net present value of expected cash flows, appraisals and adjustments to prevailing public market prices based on control and/or liquidity, as appropriate. All funds are audited annually by the funds' independent auditors.

Investment Income

Interest income is recognized as it accrues. Dividend income is recognized when the dividends are declared. Realized and unrealized gains and losses on investments are combined and reported together as the net appreciation (depreciation) in the fair value of investments.

Securities Lending Activity

Securities lending transactions are short-term collateralized loans of ACERA's securities for the purpose of generating additional investment income. For each lending transaction, ACERA receives either cash collateral or non-cash collateral.

The underlying securities out on loan are reported on the Statement of Fiduciary Net Position as if the lending transaction had not occurred.

Cash collateral held (or any security that can be sold or pledged without a default by the borrower) is separately reported on the Statement of Fiduciary Net Position in current assets. A corresponding liability of an equal amount (the obligation to return the cash collateral) is reported as a liability.

Non-cash collateral held is not reported on the Statement of Fiduciary Net Position nor is there a corresponding liability reported on this statement.

Derivative Instruments

ACERA's investments include the following types of investment derivative instruments: futures, forwards, spot contracts, rights, and swaps. ACERA enters into derivative instrument contracts for investment purposes and to

manage risks associated with its investment portfolio.

The fair value of exchange traded derivative instruments such as futures, swaps, rights, and spot contracts is based on quoted market prices. The fair value of non-exchange traded derivative instruments such as forward contracts and certain futures contracts is determined by an external pricing service using various proprietary methods.

The fair value of derivative instrument contracts is reported in investments as assets or liabilities on the Statement of Fiduciary Net Position.

Collateral and Margin Account

For the equity index futures, there is an initial margin requirement to open a contract position as well as a collateral maintenance requirement that must be kept until the position is closed out.

ACERA reports the collateral for the equity index futures in short-term investments.

Capital Assets

Capital assets are carried at cost, net of accumulated depreciation or amortization. ACERA's capitalization threshold is an initial unit cost of \$10,000 and two years or more of useful life. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the depreciable assets or over the term of the lease.

For each asset, ACERA recognizes one-half year of expense in the year the asset is placed in service and one-half year of expense in the year of retirement.

The estimated useful lives for the assets in each category are as follows:

	Years
Leasehold Improvements	27.5
Information System - Retirement	7.0
Office Furniture	7.0
Business Continuity Assets	5.0
Computer Hardware	5.0
Offsite Office Equipment	5.0
Electronic Document Management System	5.0
Information System - Accounting	3.0
Computer Software	3.0

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Naturally, actual results may differ from estimates.

Income Taxes

ACERA operates as a Defined Benefit Pension Plan, qualified under section 401(a) of the Internal Revenue Code and is not subject to tax under current income tax laws. All assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions to any of the plan members or beneficiaries, as defined by the terms of the plan.

New Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023. The objective of this Statement is to provide the financial statement users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Statement requires that a government should disclose in notes to the financial statements the information related to risks associated with concentrations or constraints, if the risk meets all of the following criteria: (a) a concentration or constraint is known to the government prior to the issuance of the financial statements; (b) the concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact; and (c) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This Statement is expected to improve financial reporting by providing users with information that will help them to understand and anticipate the impact of certain risks on a government's financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. ACERA implemented the provisions of this Statement for the year ended December 31, 2025. The implementation of GASB 102 did not impact ACERA's financial statements.

ACERA implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements*, for the year ended December 31, 2025. As a result of the implementation of this Statement, changes were made to the presentation of the Management's Discussion and Analysis (MD&A). The MD&A is now structured according to the five sections prescribed under Statement No. 103.

ACERA implemented the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets*, for the year ended December 31, 2025. The Capital Assets table in Note 9 has been modified to separately disclose lease assets reported in accordance with Statement No. 87, *Leases*, and subscription-based assets recognized in accordance with Statement No. 96, *Subscription Based Information Technology Arrangements*.

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025. The requirements of this Statement will improve financial reporting related to subsequent events by clarifying the subsequent events time frame and events that constitute recognized and non-recognized events and specifying the information items that are required to be disclosed about the subsequent events. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. The Statement also requires that date through which subsequent events have been evaluated to be disclosed. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. ACERA will implement the provisions of this Statement for the year ending December 31, 2027.

Accounting and Reporting Changes

The presentation of ACERA's financial statement changed because of implementations of GASB 103 and GASB 104. The changes affected the structure of MD&A, and the Capital Assets note disclosure.

The applicable provisions of GASB 103 were those related to the MD&A, which changed ACERA's presentation of the information into five sections to conform with the format prescribed by the Statement. The detailed

analysis section of the MD&A was also tailored to explain the main reasons for the changes in balances and activities.

The capital assets table in Note 9 was modified to meet the reporting format prescribed by GASB 104. Before the implementation of GASB 104, ACERA's capital assets were already disclosed by major class of underlying assets. To comply with GASB 104, the capital assets table has been modified to follow the recommended table structure and order. The requirements for additional disclosures of capital assets held for sale were not applicable to ACERA.

2. Plan Description

ACERA is an independent public employees' retirement system which operates a cost-sharing, multiple-employer defined benefit pension plan serving participating employers. In addition, ACERA administers a cost-sharing multiple-employer defined benefit Other Postemployment Medical Benefits (OPEB) and Non-OPEB even though there is no direct contribution made to fund these nonvested benefits. ACERA began operations in its present form on January 1, 1948.

ACERA is governed by the California constitution, and state and federal laws, including but not limited to the 1937 Act, beginning at California Government Code Section 31450 et. seq., PEPRA and the bylaws and policies adopted by the Board of Retirement.

These laws and policies govern ACERA's plan structure and operation. The provisions of state and federal laws govern requirements concerning membership, governance, contributions, benefits, service, retirement eligibility, disability, cost-of-living adjustment, financial provisions, optional allowances, reciprocal benefits, administration expenses, etc.

ACERA is not affiliated with the California Public Employees' Retirement System (CalPERS).

ACERA meets member and beneficiary obligations through member contributions, participating employer contributions, and investment income. Contributions are prudently invested in accordance with the 1937 Act.

ACERA provides basic lifetime retirement, disability, and death benefits to members who meet the minimum age and length-of-service requirements. In addition, ACERA administers supplemental retiree postemployment medical, dental care, vision care, and cost-of-living adjustments programs. In this report, "basic" benefits refers to vested benefits provided for in accordance with the 1937 Act, whereas "supplemental" benefits refers to additional non-vested benefits paid at the discretion of the Board of Retirement and subject to available funds.

Board of Retirement

The Board of Retirement has sole and exclusive responsibility over plan assets and the administration of the retirement system to ensure prompt delivery of benefits and related services as provided in Article XVI of the California Constitution.

The Board of Retirement has nine members and two alternates. The Alameda County Board of Supervisors appoints four members, and four are elected by ACERA's membership. The County Treasurer serves as an ex-officio board member. One alternate member is elected by retired members and one alternate member is elected by safety members. The alternate seat for safety members is vacant as of January 1, 2026 and will remain vacant for the remainder of the current three-year term, which ends in December 2028. The Board of Retirement is currently composed of the following members:

Board of Retirement

Type of Member	Elected / Appointed By	# Of Members
County Treasurer	Ex-Officio Member	1
County Resident	Appointed by Board of Supervisors	4
General Member	Elected by General Members	2
Safety Member	Elected by Safety Members	1
Retired Member	Elected by Retired Members	1
Alternate Retired Member	Elected by Retired Members	1

Board members, with the exception of the County Treasurer, serve a three-year term in office, with no term limits.

The Board of Retirement oversees the Chief Executive Officer in the performance of his duties in accordance with the law and ACERA's board policies.

Authority for Establishing and Amending Benefit Provisions

State and federal laws, as well as the California constitution, provide the authority for establishing ACERA's benefit provisions. In most cases, where the 1937 Act provides options concerning the allowance of credit for service, the offering of benefits, or the modification of benefit levels, the law generally requires approval of the employers' governing boards for the option to take effect.

Separately, in 1984, the Alameda County Board of Supervisors and the Board of Retirement approved the adoption of Article 5.5 of the 1937 Act. This adoption permitted the establishment of a Supplemental Retiree Benefits Reserve (SRBR) for ACERA.

Article 5.5 provides for the systematic funding of the SRBR and stipulates that its assets be used only for the benefit of retired members and their beneficiaries. The 1937 Act grants exclusive authority over the use of SRBR funds to the Board of Retirement. The SRBR provides funding for non-vested and non-pension benefits including supplemental COLA and retired member death benefit. Other non-vested retiree health benefits are provided in agreement with ACERA's participating employers through the use of Internal Revenue Code 401(h) accounts. These retiree health benefits include dental and vision care, Medicare Part B reimbursement, and the Monthly Medical Allowance (MMA). Employer contributions fund the 401(h) benefits. ACERA treats an equal amount of SRBR assets as employer contributions for pensions. The provision of all supplemental benefits is subject to annual review and authorization by the Board of Retirement.

Participating Employers

ACERA operates as a cost-sharing, multiple-employer, defined benefit plan for Alameda County (the "County"), and five other participating employers (which

are special districts) located in the County, but not under the control of the County Board of Supervisors. In this report, the County and special districts are referred to as "participating employers". All risks and costs, including benefit costs, are shared by the participating employers.

The five other participating employers are:

- Superior Court of California for the County of Alameda
- Alameda Health System
- First 5 Alameda County
- Housing Authority of the County of Alameda
- Livermore Area Recreation and Park District

Alameda County Office of Education is no longer an active participating employer as the last active member under this employer retired on December 30, 2016.

However, this employer still owes an unfunded actuarial accrued liability to ACERA as ACERA still pays retirement benefits to several of its retired members.

Plan Membership

With the exception of Alameda Health System, all full-time employees of participating employers who are appointed to permanent positions are statutorily required to become members of ACERA. With the passage of AB1008 in 2013, employees of newly acquired hospitals by Alameda Health System are not eligible for membership unless they are subject to an existing memorandum of understanding. Effective October 31, 2013, all newly hired unrepresented employees of any Alameda Health System facility are prohibited from membership.

Safety and General Members

ACERA has two membership types, Safety and General, which are based on job classifications:

- Safety members are employees working in active law enforcement, deferred firefighters, or positions that have been designated Safety positions by the Board of Retirement (e.g., Juvenile Hall Group Counselors and Probation Officers).
- General members are all other members.

Defined Benefit Pension Plan

ACERA's Membership

As of December 31, 2025

Members, Survivors, and Beneficiaries Now Receiving Benefits	
Service Retirement	8,965
Disability Retirement	1,033
Beneficiaries and Survivors	1,392
Subtotal	11,390
Active Members	
Active Vested Members	7,755
Active Non-vested Members	4,408
Subtotal	12,163
Deferred Members	
	4,110
Total Membership	27,663

Membership Status and Vesting

Members are considered to be active, as long as they remain employed full-time by a participating employer (or subsequently change to part-time employment).

Members become vested in retirement benefits upon completion of five years of credited service.

Service Retirement

ACERA's regular (service) retirement benefits are based on service credit, final average salary, and age at retirement, according to the applicable statutory formula.

Members who qualify for service retirement are entitled to receive monthly service retirement benefits for life.

Non-Tier 4 vested General members may retire at age 50, with 5 years of service credit and a total of 10 years of qualifying membership, or at any age with 30 years of service, or at age 70, regardless of service credit.

Non-Tier 4 vested Safety members may retire at age 50, with 5 years of service credit and a total of 10 years of qualifying membership, or at any age, with 20 years of service, or at age 70, regardless of service credit.

Tier 4 General members may retire at age 52, with 5 years of service credit or at age 70, regardless of service credit.

Tier 4 Safety members may retire at age 50, with 5 years of service credit or at age 70, regardless of service credit.

Active Member Death Benefits

ACERA provides specified active member death benefits to beneficiaries and members' survivors.

The basic active member death benefit consists of a member's retirement contributions plus interest plus one month's pay for each full year of service (up to the maximum of six-month's pay). Other death benefits may be available based on years of service, marital status, and whether the member has minor children.

Tier 1, Tier 2, Tier 3, and Tier 4 Benefit Levels

The structure of the plan provides for four benefit levels or tiers within General membership and three tiers within Safety membership. The tiers differ mainly in the magnitude of contributions required and benefits received.

Generally, members with an entry date prior to July 1, 1983, belong to Tier 1, while those with an entry date on or after July 1, 1983, and before January 1, 2013, belong to Tier 2, and members with an entry date on or after January 1, 2013, belong to Tier 4.

Most active ACERA members belong to Tier 2. Alameda County Housing Authority members are mostly in Tier 1, but those hired between September 30, 2011, and January 1, 2013, belong to Tier 2. Relative to the Tier 1 members, active members in Tier 2 contribute somewhat less to the pension plan as a percent of compensation and will receive somewhat lower retirement benefits.

Effective October 1, 2008, Livermore Area Recreation and Park District (LARPD) implemented a General Tier 3 plan for current and new employees. Those LARPD members hired before October 1, 2008, who elect General Tier 3 membership, and those hired after October 1, 2008, but before January 1, 2013, will receive an enhanced benefit of 2.5% at 55, which is higher than the Tier 1 benefit (at most retirement ages) as a result of higher employer and employee contribution rates.

Effective October 17, 2010, and before January 1, 2013, there are three benefit formula options for Safety membership within Tier 2. Two benefit formulas of 2% at 50 and 3% at 55 were implemented for new Safety members with different contribution rates. The Safety

members hired before October 17, 2010, are still under the benefit formula of 3% at 50.

In accordance with PEPR, General and Safety members hired on or after January 1, 2013, belong to Tier 4. Tier 4 members are required to contribute at least 50% of the normal cost rate. Under the Tier 4 formulas, General members will receive a benefit of 2.5% at age 67 and Safety members will receive a benefit of 2.7% at age 57. Note 3, Contributions, starting on [page 33](#) explains retirement plan contribution rates.

Integration with Social Security

The contributions and benefits associated with the federal Social Security program are completely separate from ACERA members' contributions and benefits. Most General members of ACERA are covered by Social Security, and most Safety members are not.

ACERA contributions and benefits are integrated with Social Security for non-Tier 4 members who are covered by Social Security. The purpose of integration is to reduce the degree in which ACERA's plan coverage overlaps Social Security coverage.

Basic Cost of Living Adjustment

Retirement allowances are indexed for inflation. Retirees receive automatic basic Cost-of-Living Adjustments (COLAs) based upon the Consumer Price Index (CPI) for the San Francisco Bay Area. The adjustments go into effect on April 1 each year. Under the 1937 Act, annual COLA increases are capped at 3% for Tier 1 and Tier 3, and 2% for Tier 2 and Tier 4 members. The expected impact of future basic COLA is a factor in setting contribution rates for members and employers. In any year that the basic COLA adjustment for a retiree falls short of the CPI increase for that year due to the statutory cap, the shortfall is carried over and applied in a future year to the extent that the CPI falls short of the statutory cap in the future year.

The CPI calculation for 2025 was 2.38% and was rounded to 2.50%, the nearest one-half percent, in accordance with California Government Code Section 31870 and 31870.1. There was a maximum of 3.0% COLA increase granted for Tier 1 and Tier 3 members,

who retired on or before April 1, 2023, due to carry over banked COLA from prior years. Tier 1 and Tier 3 members who retired after April 1, 2023, received a COLA increase of 2.50%. A maximum COLA increase of 2.0% was granted to all Tier 2 and Tier 4 members. Tier 1 and Tier 3 members will bank 0.00%, as the 2025 COLA does not exceed the 3% maximum and Tiers 2 and 4 members will bank 0.50% in 2025, as the 2025 CPI exceeds the 2% maximum for Tiers 2 and 4.

Postemployment Medical Benefits

ACERA administers a medical benefits program for eligible retired members. Benefits include monthly medical allowances and Medicare Part B premium reimbursements. Dental and vision coverages are also available for eligible retired members. These benefits are paid through a 401(h) account, in accordance with federal tax laws. The maximum levels of the monthly medical allowances are reviewed annually by the Board of Retirement.

Program Membership

Retired members with a minimum of ten years of service credit or those who retired due to a service connected disability are eligible to receive a monthly medical allowance benefit if they enroll in one of the ACERA sponsored medical plans or Medicare exchange. Retired members eligible for the monthly medical allowance benefit may also be reimbursed for the lowest standard Medicare Part B premium with proof of enrollment in Medicare Part B.

Members receiving a service retirement or a non-service connected disability, with ten or more years of ACERA service credit will be eligible to receive dental and vision allowances. The following are exemptions of the years-of-service eligibility requirements: (a) non-service connected disability recipients with less than ten years of ACERA service credit and with a retirement date effective prior to February 1, 2014; and, (b) all service connected disability recipients, regardless of years of service.

Non-OPEB

ACERA also provides non-health, postemployment benefits, such as supplemental COLA and a lump sum retired member death benefit.

Separate from the basic COLA, the Board of Retirement implemented an ad-hoc supplemental Cost-of-Living Adjustment (supplemental COLA) program effective January 1, 1998. The supplemental COLA is structured to maintain each retiree's purchasing power at no less than 85% of the purchasing power of the original benefit. Under this program, each retiree's current allowance is adjusted, as necessary, so that the adjusted allowance becomes at least 85% of the original benefit amount indexed with the CPI.

A lump sum retired member death benefit of \$1,000 is provided to beneficiaries.

Program Membership

All retired members are eligible to receive supplemental COLA and retired member death benefit.

Actuarial Valuation

An annual actuarial funding valuation is performed for the pension plan. In addition, there is a separate annual actuarial valuation performed for Postemployment Medical Benefits and Non-OPEB. Note 6, Actuarial Valuation, starting on [page 41](#) provides additional information about this topic.

3. Contributions

Pension Plan

Authority for Establishing and Amending Obligations to Make Contributions

The California constitution, as well as state and federal laws, establishes the basic obligations for participating employers and active members to make contribution payments to the pension plan. Member and employer contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. These rates are based on membership type (General and Safety) and tier (Tiers 1, 2, 3, and 4).

Funding Objective

One of the funding objectives of the pension plan is to establish member and participating employer contribution rates that will remain as level as possible over time

as a percentage of payroll, unless plan benefit provisions are changed. The funding for retirement benefits arises from three sources: member contributions, employer contributions, and the earnings on invested assets.

Member Contributions and Refunds

Active members are required by statute to contribute toward pension plan benefits. The non-Tier 4 member contribution rates are formulated on the basis of age-at-date-of-entry and actuarially calculated benefits. The 1937 Act authorizes participating employers to pay all or a portion of an employee's retirement contribution obligation on the employee's behalf. These employer payments are called contribution offsets. Member contributions and credited interest are refundable upon termination of membership. Note 4, Reserves, starting on [page 35](#) explains semi-annual interest crediting. The employer-paid contribution offsets may or may not be refundable.

Pursuant to PEPRA Section 7522.30, Tier 4 members are required to contribute 50% of the normal cost rate. The code also prohibits participating employers from paying any portion of the 50% share of member contributions on the employee's behalf.

Employer Contributions

The pension plan provides lifetime retirement and disability benefits to its members. Participating employers are required by statute to contribute the necessary amounts to fund these estimated benefits not otherwise funded by member contributions or expected investment earnings.

Employer contribution rates vary from year to year and depend on the established level of benefits, the rate of return on investments, and the cost of administering benefits.

Member Rates Based on Age-at-Date-of-Entry

The ranges of current non-Tier 4 member contribution rates based on age-at-date-of-entry are shown as follows (effective September 2024). Generally, each pair of percentages ranges from youngest to oldest within each category. In November 2012, the Board of Retirement approved the use of a single, flat contribution rate, regardless of the age-at-date-of-entry for Tier 4 members.

Current Member Contribution Rates

Effective September 2025

Tier 1: (entry date prior to July 1, 1983)	
General	7.36% - 16.11%
Tier 2: (entry date July 1, 1983, and before January 1, 2013)	
General	5.49% - 12.15%
Safety 3% @ 50	14.02% - 20.93%
Tier 2: (entry date October 17, 2010, and before January 1, 2013)	
Safety 2% @ 50	10.82% - 17.62%
Safety 3% @ 55 (with less than 5 years of vesting service)	16.14% - 23.14%
Safety 3% @ 55 (with 5 or more years of vesting service)	14.14% - 21.14%
Tier 3: (LARPD only - entry date prior to January 1, 2013)	
General	9.24% - 18.20%
Tier 4: (entry date January 1, 2013 or later)	
General	9.00%
Safety	17.86%

For non-Tier 4 members covered by Social Security, the contribution rates shown apply to biweekly salary over \$161 (a one-third reduction in the rates applies to the first \$161 of biweekly salary). The one-third reduction in the rates for the first \$161 of biweekly salary does not apply to Tier 4 member contributions.

Postemployment Medical Benefits and Contributions

In accordance with federal tax law, postemployment medical benefits and related administrative expenses are paid through a 401(h) account with contributions from the participating employers. There is no requirement and no guarantee that the employers will continue to contribute to the 401(h) account. If authorized by the Board of Retirement, ACERA treats an equal amount of SRBR assets as employer contributions available for paying pension benefits. ACERA's Board of Retirement has no authority to demand future payments from employers to fund the 401(h) account. Consequently, these benefits can only be paid as long as assets are available. When assets are fully depleted, no postemployment medical benefits will be paid by ACERA. In compliance with 1937 Act Section 31618.5, employers allocate a

portion of their contribution to the 401(h) account for administrative costs related to providing benefits in addition to contributions for the postemployment medical benefits.

Pension Obligation Bonds

In 1995 and 1996, the County issued pension obligation bonds and contributed the net bond proceeds to the ACERA pension plan. ACERA received aggregate net proceeds of \$591 million from these bonds. Alameda Health System, First 5 Alameda County, and the Superior Court of California for the County of Alameda were part of the County when the pension obligation bonds were issued. They subsequently separated and became discretely presented component units or special districts of the County. The net bond proceeds contributions allow ACERA to provide "pension obligation bond credits" to these employers (thus reducing contributions otherwise payable) over the period of time used by ACERA to amortize its Unfunded Actuarial Accrued Liability (UAAL). These employers received pension obligation bond credits of approximately \$67.8 million in the year ended December 31, 2025.

Advance UAAL Contributions

On June 29, 2021, the County and LARPD made voluntary contributions. The County made an \$800 million advance contribution to reduce a portion of the UAAL for its safety membership group. LARPD issued pension obligation bonds on June 22, 2021 and contributed \$12.6 million to reduce a portion of its UAAL. As a result of these advance UAAL payments, the County and LARPD received contribution rate credits effective September 1, 2021, when the contribution rates based on the December 31, 2020 actuarial valuation went into effect. On June 27, 2025, the County made a \$400 million voluntary contribution to reduce a portion of the UAAL for its general membership group. This advance UAAL payment received from the County resulted in contribution rate credit for the general membership group effective September 1, 2025. These advance UAAL contribution payments are accounted for in a separate reserve account and amortized by applying the contribution rate credits

for the respective participating employers at each semi-annual interest crediting period. The amortized amounts are transferred from the advance UAAL contribution reserve account to the employers' advance reserve and COLA reserve accounts in proportion to the applicable Basic and COLA contribution rate credit percentages. For the year ended December 31, 2025, the amortized balances were \$86.2 million, \$1.1 million, and \$18.2 million for County Safety, LARPD, and County General respectively.

4. Reserves

Reserves represent components of the fiduciary net position. The annual change in ACERA's reserves equals the annual change in the fiduciary net position.

While a member is active, member and employer contributions associated with that member are accumulated in two separate components of reserves—the member reserve and employers' advance reserve. When a member retires, ACERA makes a one-time transfer of the associated contributions plus credited interest from these two reserve components into the retired member reserve, of an amount equal to the estimated lifetime benefits.

Actuarial Asset Smoothing

Net investment income reported on the Statement of Changes in Fiduciary Net Position affects the reserves indirectly through an actuarial asset "smoothing" process approved by the Board of Retirement. This process is intended to minimize the impact of short-term investment gains or losses. Smoothing of asset gains or losses is conducted semi-annually in conjunction with interest crediting, with calculation periods ending June 30 and December 31. It involves spreading the difference between actual and expected market returns over ten successive semi-annual periods to determine the actuarial value of assets.

Semi-annual Interest Crediting

ACERA updates reserve balances on a semi-annual basis as of June 30 and December 31 each year. At these times, ACERA carries out a multi-step process to calculate new reserve balances as specified in Article 5.5 of

the 1937 Act. The amount of "net earnings" to be credited for the semi-annual period is calculated based on the actuarial smoothing process described earlier. To the extent that net earnings are available, interest is credited to all components of the reserves, with the exception of the market stabilization reserve and the contingency reserve. Interest credited is based upon the actuarial assumed interest rate (or the actual rate if lower). This is defined as "Regular Earnings."

In June 2014, the Board of Retirement approved the use of the contingency reserve to fund the interest shortfall, whenever the Regular Earnings during the 6-month interest crediting period are less than the assumed rate of return, but not negative.

If there are investment earnings above the target investment return rate, 50% is credited to the SRBR and the remaining 50% is credited proportionally to all other reserves (except for the contingency reserve and the market stabilization reserve).

Components of Reserves

The Member Reserve represents the total accumulated member contributions of current active and inactive (deferred) members. Additions include member contributions and credited interest; and deductions include refunds of member contributions along with credited interest and transfers to the retired member reserve made when a member retires.

The Employers' Advance Reserve represents the total net accumulated employer contributions for future retirement payments to active and deferred members. Additions include contributions from the employers and credited interest; and deductions include transfers to the retired member reserve made when each member retires or payment of benefits upon the death of an active member. Employer contribution rates are actuarially determined, taking into account other events such as a member electing a refund of contributions. Therefore, a refund of member contributions should not have an adverse impact on the accumulation of funds in the employers' advance reserve.

According to Section 31618.5 of the 1937 Act, to

the extent that an employer contributes to the 401(h) account to pay the cost of administering postemployment medical benefits, there is an annual transfer from the employers' advance reserve to the supplemental retiree benefits reserve for an amount equal to the administrative expenses related to postemployment medical benefit. For the year ended December 31, 2025, the transferred amount was \$2.2 million.

The Retired Member Reserve represents funds accumulated to pay retirement benefits to retired members. This reserve represents the total net accumulated transfers from the member reserve and the employers' advance reserve (both made at the time a member retires), and credited interest, reduced by payments to retired members, beneficiaries, and survivors.

The Supplemental Retiree Benefits Reserve (SRBR) was established on January 1, 1985, under Article 5.5 of the 1937 Act. The SRBR represents funds required by statute to be set aside from regular earnings and investment earnings above the assumed rate of return to provide supplemental benefits to retirees. The reserves table on [page 38](#) shows the amounts of the SRBR currently available to pay for non-vested benefits. The Board of Retirement decides on an annual basis what member benefits to pay from the SRBR.

When there are funds available in the SRBR, the Board of Retirement can approve a transfer of an amount equal to the participating employers' 401(h) contributions and 401(h) administrative cost contributions from the SRBR to the employers' advance reserve. The Board of Retirement may also approve a transfer from the SRBR to the employers' advance reserve to reimburse the employers' payment of implicit subsidy to pay the full cost of postemployment medical benefits. Non-vested benefits currently funded by the SRBR are described in the following two paragraphs.

The 401(h) Postemployment Medical Benefits Account is used to pay the medical allowances, Medicare Part B reimbursement, dental and vision, and the associated administrative cost. The account is set up under the provisions of Internal Revenue Code section 401(h), which

provides for payment of benefits on a tax-free basis. Each year participating employers decide whether to contribute the funds needed and to identify them as 401(h) account contributions. For the year ended December 31, 2025, the employers funded \$54.0 million of 401(h) contributions, including \$51.8 million for estimated cost of postemployment medical benefits and \$2.2 million for administrative cost of the 401(h) account.

The Non-OPEB Reserve is used to pay for the Supplemental COLA and the retired member death benefit. For the year ended December 31, 2025, \$1.3 million of Supplemental COLA and \$0.2 million of retired member death benefits were paid. The reserve is increased through interest crediting of regular earnings and investment earnings above the assumed rate of return.

The Advance UAAL Contribution Reserve represents reserves of voluntary contributions received from the County to reduce a portion of the UAAL balance for its safety membership group and LARPD to reduce a portion of its UAAL for its general membership. The advance UAAL payments of \$800 million from the County and \$12.6 million from LARPD were received on June 29, 2021. As a result, the balances were not eligible to share interest crediting from the net deferred gains accumulated in the Market Stabilization Reserve for the five-year interest crediting cycle through June 30, 2021. These balances in the advance UAAL contribution reserve were eligible for interest crediting of regular and excess earnings beginning with the December 31, 2021, semi-annual interest crediting cycle.

The County of Alameda made additional voluntary contributions of \$400 million on June 27, 2025, to reduce the UAAL balances for its general membership group. The \$400 million is not eligible to share interest crediting from the net deferred gains accumulated in the Market Stabilization Reserve for the five-year interest crediting cycle through June 30, 2025. The balance was eligible to receive interest credits effective with the December 31, 2025, semi-annual interest crediting cycle.

The advance UAAL payments are amortized over time by multiplying the pensionable wages during a particular

interest crediting period by the respective contribution rate credits received by the affected membership groups. The amortized balances are transferred to the employers' advance reserve and the COLA reserve accounts in proportion to the rate credit allocation or breakdown between the Basic and COLA contributions. From September 2024 through August 2025, the UAAL rate credit applied to the County safety membership was 39.10% and the rate credit for LARPD's general membership was 30.23%. Effective September 2025, the UAAL rate credit applied to the County safety membership is 37.31%, the rate credit for LARPD's general membership is 33.21%, and the County general membership is 6.30%.

The Contingency Reserve represents reserves accumulated to satisfy the statutory requirement of establishing a reserve against deficiencies in future interest crediting. The size of the reserve is determined semi-annually by the Board of Retirement. The 1937 Act stipulates that the contingency reserve cannot exceed 3.0% of total assets and that, if the reserve falls below 1.0% of total assets, earnings from subsequent periods shall fund the reserve until the reserve level is at least 1.0% of total assets. Effective with the June 30, 2014, interest crediting cycle, the Board of Retirement set the contingency reserve to be a minimum of 1.0% of total assets and authorized the use of funds in the contingency reserve to cover interest shortfalls whenever earnings during the 6-month interest crediting period are less than the assumed rate of return, but not negative.

The Market Stabilization Reserve Account represents the deferred balance of investment gains or losses not yet realized in the interest crediting process. This balance arises from the five-year actuarial smoothing process for investment earnings. The market stabilization reserve account balance thus represents the difference between (1) the aggregate amounts initially deferred (smoothed) from the ten most recent semi-annual periods, and (2) the amounts subsequently recognized for semi-annual interest crediting from these same ten periods.

Allocation of Earnings to Reserves for 2025

ACERA had \$1.9 billion gains from investment activities net of administrative expenses for the year ended December 31, 2025. The Contingency Reserve was increased by \$112.6 million to adjusted its balance to 1% of total assets or \$143.8 million at December 31, 2025. There was no subsequent withdrawal of funds from the Contingency Reserve.

The Market Stabilization Reserve account increased by \$844.3 million during 2025 as a result of applying the actuarial five-year smoothing process and the actuarial value corridor limits. The advance UAAL contribution reserve accounts received interest crediting of approximately \$55.2 million and all other reserve accounts (excluding the contingency and market stabilization reserves) received interest crediting of approximately \$869.4 million.

Reserves

As of December 31, 2025 (Dollars in Thousands)

	Pension and Non-OPEB	Postemployment Medical Benefits	Total
Member Reserve	\$ 2,134,809	\$ -	\$ 2,134,809
Employers' Advance Reserve	2,301,423	-	2,301,423
Retired Member Reserve	6,419,472	-	6,419,472
SRBR	127,420	1,147,271	1,274,691
401(h) Account	-	10,310	10,310
Subtotal of All Other Reserves	10,983,124	1,157,581	12,140,705
County General Membership - Adv. UAAL Reserve	396,744	-	396,744
County Safety Membership - Adv. UAAL Reserve	598,719	-	598,719
LARPD General Membership - Adv. UAAL Reserve	10,726	-	10,726
Subtotal of Advance UAAL Contribution Reserve	1,006,189	-	1,006,189
Contingency Reserve	143,830	-	143,830
Market Stabilization Reserve Account	761,754	-	761,754
Total Reserves	\$ 12,894,897	\$ 1,157,581	\$ 14,052,478

5. Net Pension Liability

The components of the Net Pension Liability were as follows:

Net Pension Liability

(Dollars in Thousands)

	December 31, 2025	December 31, 2024
Total Pension Liability	\$ 13,036,367	\$ 12,397,161
Plan's Fiduciary Net Position ¹	12,561,432	10,932,717
Net Pension Liability	\$ 474,935	\$ 1,464,444
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	96.36%	88.19%

¹ For 2025, the Plan's Fiduciary Net Position amount shown (\$12,561,432) includes the net fair value of assets (\$14,052,478) less OPEB-related SRBR assets (\$1,491,046). The OPEB-related SRBR assets include \$1,137,880 in the SRBR-OPEB reserve (after reducing the reserve by the \$9,391 SRBR implicit subsidy transfer), and \$10,310 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 \$342,856. For 2024, the Plan's Fiduciary Net Position amount shown (\$10,932,717) includes the net fair value of assets (\$12,034,355) less OPEB-related SRBR assets (\$1,101,638). The OPEB-related SRBR assets include \$1,094,287 in the SRBR-OPEB reserve (after reducing the reserve by the \$2,472 SRBR implicit subsidy transfer), and \$10,521 in the 401(h) reserve, 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 (\$3,170).

The Net Pension Liability (NPL) for the plan was measured as of December 31, 2025 and 2024. The Plan's Fiduciary Net Position was valued as of the measurement dates and the Total Pension Liability was determined based upon rolling forward the Total Pension Liability (TPL) from actuarial valuations as of December 31, 2024 and 2023, respectively.

The Total Pension Liability and the Plan's Fiduciary Net Position include liabilities and assets for non-OPEB. The assets for non-OPEB are held in the SRBR to pay non-vested Supplemental COLA and the retired member death benefit.

Actuarial Assumptions

The actuarial assumptions used to develop the December 31, 2025 and 2024 TPLs were based on the results of an experience study for the period December 1, 2019 through November 30, 2022, applied to all periods included in the measurement. They are the same assumptions used in the December 31, 2025 and December 31, 2024 funding valuations for ACERA, respectively.

Key Assumptions Used in the Measurement

Valuation Date	December 31, 2025	December 31, 2024
Inflation	2.50%	2.50%
Salary Increases	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation
Other Assumptions Based on Actuarial Experience Study of	December 1, 2019 through November 30, 2022	December 1, 2019 through November 30, 2022

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments¹ 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 expenses² and a

risk margin. The 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.

¹ 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 it was 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.)

² Investment expenses include investment consulting fees, custodian fees and other miscellaneous investment expenses and fees, and exclude investment manager fees.

Target Asset Allocation and Projected Arithmetic Real Rate of Return

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return*
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%

* Arithmetic real rates of return are net of inflation.

Discount Rate

The discount rate used to measure the Total Pension Liability (TPL) was 7.00% as of December 31, 2025 and December 31, 2024. 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, future allocations to the SRBR have been treated as an additional outflow against the Plan's Fiduciary Net Position in the GASB crossover test¹. It is estimated that the additional outflow would average approximately 0.75% of assets over time, based on the results of the actuarial stochastic modeling of the 50% allocation of future excess earnings to the SRBR.

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 rates² 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 the future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's Fiduciary Net Position 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 Total Pension Liability as of both December 31, 2025 and December 31, 2024.

¹ 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's Fiduciary Net Position, then the full expected return assumption can be used. 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.

² For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability as of December 31, 2025, calculated using the current

discount rate of 7.00%, as well as what the Net Pension Liability 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:

As of December 31, 2025 (Dollars in Thousands)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability (Asset)	\$ 2,139,577	\$ 474,935	\$ (890,297)

Money-Weighted Rate of Return

The annual money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For the year ended December 31, 2025, the annual money-weighted rate of return on the total investments (pension plan and OPEB) was 15.74%. For trend information, refer to the Schedule of Investment Returns under the RSI section on [page 65](#).

6. Actuarial Valuation

ACERA retains an independent actuarial firm to conduct actuarial valuations of the pension plan, postemployment medical benefits, and non-OPEB to monitor ACERA's funding status and to establish the contribution rate requirements for the pension plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Pension Plan

The purpose of the valuation is to reassess the magnitude of ACERA's benefit commitments in comparison with the assets currently available to support those commitments. As a result, employer and member contribution rates are adjusted accordingly. For the pension plan, actuarial assumptions have been selected to estimate, as closely as possible, what the actual cost of the plan will be so as to permit an orderly method for setting aside contributions in the present to provide benefits in the future, and to maintain equity among generations of participants and taxpayers.

Contribution requirements are determined under the entry age cost method. This method is designed to collect contributions as a level percentage of pay. Any actuarial gains or losses that occur under this method are amortized as a level percentage of pay. To minimize the impact of short-term investment gains or losses, the Board of Retirement adopted an asset smoothing process described starting on [page 35](#) under Actuarial Asset Smoothing.

There are no legal or contractual maximum contribution rates under the 1937 Act that would affect the projection of benefits for financial reporting purposes.

ACTUARIAL METHODS AND ASSUMPTIONS - Pension Plan

The status and funding progress for the pension plan is calculated based on the following actuarial methods and assumptions.

Valuation Date	12/31/2024
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of compensation
Amortization of UAAL (Prior to January 1, 2012)	Closed 30 years decreasing period
Remaining Amortization Period (Prior to January 1, 2012)	8 years
Amortization of New UAAL (On or after January 1, 2012)	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 (with 12.5 years remaining as of December 31, 2024). Effective December 31, 2024, the existing LARPD General UAAL layers except the December 31, 2024 UAAL are amortized over 12.5 years and the December 31, 2024 UAAL is amortized over 20 years. Plan amendments are amortized over separate decreasing 15-year periods. Early retirement incentive programs (ERIPs) are amortized over separate decreasing 5-year periods. Assumption and method changes are amortized over separate decreasing 20-year periods. Experience gains/losses are amortized over separate decreasing 20-year periods.
Asset Valuation Method	Actuarial Value of Assets is determined by phasing in any difference between actual and expected market return semi-annually over a five-year period.
Valuation Value of Assets	The Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Actuarial Assumptions	Interest Rate: 7.00% Inflation Rate: 2.50% Across-the-Board Salary Increases: 0.50% Salary Increases: General 8.00% - 3.45% and Safety 11.40% - 4.00% Demographic: refer to page 112
Postemployment Benefit Increases	2.75% of Tier 1 and Tier 3 retirement income 2.00% of Tier 2 and Tier 4 retirement income

Postemployment Medical Benefits

If participating employers continue to make contributions to the 401(h) account, and the Board of Retirement continues to treat equal amounts of SRBR assets as contributions for pensions, then the postemployment medical benefits are 82.0% funded as of December 31, 2024, assuming that the current benefit continues in perpetuity.

Actuarial calculations reflect a long-term perspective and

employ methods and assumptions that are designed to reduce short-term volatility.

Under the actuarial assumed rate of 7.00% per year for future investment earnings, it is anticipated that available assets will be sufficient to fund postemployment medical benefits through the year 2045.

ACTUARIAL METHODS AND ASSUMPTIONS - Postemployment Medical Benefits

The status and funding progress for the postemployment medical benefits is calculated based on the following actuarial methods and assumptions.

Valuation Date	12/31/2024
Actuarial Cost Method	Entry Age
Asset Valuation Method	Same as Pension Plan
Actuarial Assumptions	Same as Pension Plan
Health Care Cost Trend Rates: ¹	
Non-Medicare Plan	Starting at 7.75% in 2025, then grading down by 0.25% each year for 13 years until reaching an ultimate rate of 4.50%.
Medicare Advantage Plan	Starting at 7.50% in 2025, then grading down by 0.25% each year for 12 years until reaches an ultimate rate of 4.50%.
Dental	6.00% in 2025, 5.00% in 2026, 4.50% in 2027, and 4.00% each year thereafter.
Vision	3.00% in 2025, and each year thereafter.
Medicare Part B	Trend assumptions will be increased to 6.20% for calendar years 2025 through 2033, 5.75% for calendar year 2034, then grading down by 0.25% per year until an ultimate rate of 4.50%.
Postemployment Benefit Increases:	
Dental, Vision, and Medicare Part B	Subsidies are assumed to increase at 100% of the health care cost trend rates for these benefits.
Monthly Medical Allowance (MMA)	Subsidies for 2026 will increase to \$687.21 per month (\$526.46 for individual Medicare plans), then increase with 50% trends for medical plans, or 3.625%, graded down to the ultimate rate of 2.25% over 11 years.

¹ First year trends for non-Medicare, Medicare advantage, dental and vision were replaced by actual 2026 premium increases.

Non-OPEB

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility.

Under the actuarial assumed rate of 7.00% per year for future investment earnings, it is anticipated that available assets will be sufficient to fund the Supplemental COLA and retired member death benefit program through year 2048.

ACTUARIAL METHODS AND ASSUMPTIONS - Non-OPEB

The status and funding progress for the non-OPEB is calculated based on the following actuarial methods and assumptions.

Valuation Date	12/31/2024
Actuarial Cost Method	Entry Age
Asset Valuation Method	Same as Pension Plan
Actuarial Assumptions	Same as Pension Plan
Postemployment Benefit Increases:	
Supplemental COLA Benefits	Payable when the current allowance from the pension plan drops below 85% of the original pension plan benefit indexed with CPI. Benefits are assumed to increase by the difference between inflation and the cost-of-living benefit guaranteed in the pension plan (3.00% for Tier 1 and Tier 3; and 2.00% for Tier 2, Tier 2C, Tier 2D, and Tier 4), subject to other limitations.

7. Postemployment Medical Benefits and Net OPEB Liability

Plan Description

ACERA administers a cost-sharing multiple-employer defined benefit non-vested medical benefits program for eligible retired members even though there is no direct contribution made to fund these non-vested benefits. Retirees can also purchase medical benefits for eligible dependents on an out-of-pocket basis. The postemployment medical, dental and vision benefits and the related administrative costs are paid through a 401(h) account funded by the participating employers' 401(h) account contributions.

The plan provides the following postemployment benefits:

- Health care subsidy in the form of monthly medical allowance,
- Medicare Part B reimbursement, and
- Dental and vision subsidies.

These benefits are paid in the form of a monthly medical allowance. The allowance is subject to annual reauthorization by the Board of Retirement.

Plan Membership

Demographic Data as of December 31, 2025	
Retired members receiving medical benefits	6,888
Retired members receiving dental and vision benefits	8,620
Vested terminated members entitled to, but not receiving benefits	547
Active members	12,143

Benefits Provided

The County negotiates medical contracts with the providers covering both active and retired members. This arrangement results in "blended" medical premium rates that allow early retirees under 65 years of age, not yet Medicare-eligible, to purchase medical insurance from one of these providers at rates lower than otherwise available (an "implicit subsidy"). ACERA and the County collectively determined that the total amount of implicit subsidy for the blended medical premium rate for the year

2024 was \$2.4 million. SRBR assets in this amount were treated as a pension contribution in 2025 upon the Board of Retirement's approval to compensate the County for the implicit subsidy. The estimated implicit subsidy amount for 2025 is \$9.4 million. Outside of the County negotiated group plans, retirees over the age of 65 have the option to purchase individual Medicare insurance through a Medicare exchange. ACERA utilizes Health Reimbursement Accounts (HRAs) to facilitate the monthly medical allowance for these members.

Benefit Eligibility

Only ACERA's retirees are eligible to receive the medical, dental and vision subsidies; dependents are ineligible to receive these benefits. Retirees eligible for monthly medical allowance are also eligible for reimbursement of Medicare Part B premiums. The 2025 maximum monthly allowance for group plans and under age-65 members enrolled in individual insurance exchange was \$662.37 and \$507.43 for members enrolled in the individual plans through the Medicare exchange. The maximum monthly combined dental and vision subsidy was \$55.68 in 2025.

The actual amount of the monthly medical allowance for each retiree depends on the retiree's number of years of service. A minimum of 10 years of service is required for service retirement and non-duty disability retirement. There is no minimum service requirement for duty disability retirees. The subsidies are 50% for retirees with 10-14 years of service, 75% for retirees with 15-19 years of service, and 100% for retirees with 20+ years of service.

Covered Retirees

Retirees currently enrolled in the medical, dental, and vision plans through the program are as follows:

As of December 31, 2025	
Number of Subsidized Retirees	
Medical	5,427
Medicare Exchange	1,939
Medicare Part B	6,267
Dental and Vision	9,652

Contributions and Reserves

There are no legal or contractual contribution requirements for the OPEB plan. Please refer to Note 3 starting on [page 33](#) for details.

Reserve requirements of the SRBR are disclosed under Note 4 starting on [page 35](#).

Investments

ACERA's OPEB plan is unique in that there are no direct contributions to invest for this plan. Funding for the OPEB plan relies entirely on semi-annual earnings

allocations from the total fund to the Supplemental Retiree Benefits Reserve (SRBR) as mandated by Article 5.5 of the 1937 Act. ACERA's total fund includes assets of the pension plan and SRBR. The OPEB assets are accumulated in the 401(h) account and the SRBR OPEB reserve account. Therefore, references to investment target allocations, long-term expected rate of return, and discount rate all apply to the total fund.

The total fund's annual money-weighted rate of return on investments, net of investment expenses is reported on [page 65](#) of the RSI.

Net OPEB Liability

The components of the Net OPEB Liability were as follows:

(Dollars in Thousands)

	December 31, 2025	December 31, 2024
Total OPEB Liability	\$ 1,468,484	\$ 1,330,606
Plan's Fiduciary Net Position ¹	1,491,046	1,101,638
Net OPEB Liability (Asset)	\$ (22,562)	\$ 228,968
Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability	101.54%	82.79%

¹ For 2025, the Plan's Fiduciary Net Position amount shown (\$1,491,046) includes the OPEB-related SRBR reserve of \$1,137,880 (after reducing the reserve by the SRBR implicit subsidy transfer of \$9,391) and the 401(h) reserve of \$10,310, plus the proportionate share of one-half of the net deferred investment gains that is commensurate with the size of the OPEB SRBR reserve of \$342,856. For 2024, the Plan's Fiduciary Net Position amount shown (\$1,101,638) includes the OPEB-related SRBR reserve of \$1,094,287 (after reducing the reserve by the SRBR implicit subsidy transfer of \$2,472) and the 401(h) reserve of \$10,521, less the proportionate share of the net deferred investment loss that is commensurate with the size of the OPEB SRBR reserve of (\$3,170).

The Net OPEB Liability (Asset) was measured as of December 31, 2025 and 2024. The Plan's Fiduciary Net Position was valued as of the measurement date, while the Total OPEB Liability was determined by rolling forward the Total OPEB Liability as of December 31, 2024 and 2023, respectively.

Plan Provisions

The plan provisions used in the measurement of the Net OPEB Liability (Asset) as of December 31, 2025 and 2024 are the same as those used for the SRBR sufficiency valuation as of December 31, 2024 and 2023, respectively.

Actuarial Assumptions

The actuarial assumptions used for the December 31, 2025 and 2024 valuations were based on the results of the experience study for the period from December 1, 2019 through November 30, 2022 that were approved by the Board effective with the December 31, 2023 valuation and the health care trend assumptions recommended for the sufficiency studies for the SRBR as of December 31, 2025 and 2024, respectively. The assumptions used in the December 31, 2025 and December 31, 2024 SRBR OPEB actuarial valuations for ACERA were applied to all periods included in the measurement.

Key Assumptions Used in the Measurement

Valuation Date	December 31, 2025	December 31, 2024
Investment Rate of Return	7.00%, net of OPEB investment expense, including inflation	7.00%, net of OPEB investment expense, including inflation
Inflation	2.50%	2.50%
Health Care Premium Trend Rates	Used to project health care cost after calendar year 2026:	Used to project health care cost after calendar year 2025:
Non-Medicare medical plan	8.00% graded to ultimate 4.50% over 14 years.	7.75% graded to ultimate 4.50% over 13 years.
Medicare medical plan	7.50% graded to ultimate 4.50% over 12 years.	7.50% graded to ultimate 4.50% over 12 years.
Dental	5.00% graded to ultimate 4.00% over 2 years.	6.00% in 2025, then 5.00% graded to ultimate 4.00% over 3 years.
Vision	3.00%	3.00%
Medicare Part-B¹	6.75% until 2033, then 6.25% graded to ultimate 4.50% over 4 years.	6.20% until 2033, then 5.75% graded to ultimate 4.50% over 6 years.
Other Assumption Based on Actuarial Experience Study	December 1, 2019 through November 30, 2022	December 1, 2019 through November 30, 2022

¹ The actual 2025 premium increase of 9.68% reflecting the standard 2026 premium of \$202.90 per month was reflected in the current year GASB 74 valuation with December 31, 2025 measurement date. The proposed 6.75% initial trend assumption represents the average trend shown for years 2026 through 2033 of the Medicare Trustees report.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments¹ 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 expenses (including investment consulting fees, custodian fees and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. The 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 target asset allocation and projected arithmetic real rate of return table. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of December 31, 2025 and December 31, 2024. This information will be subject to change every three years based on the results of an actuarial experience study. The target asset allocation and projected arithmetic real rate of return table is shown on [page 40](#) Note 05.

¹ Note that the investment return assumption for SRBR sufficiency and pension funding purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes, and it was 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.).

Discount Rate

The discount rate used to measure the Total OPEB Liability was 7.00% as of December 31, 2025 and December 31, 2024. The projection of cash flows used to determine the discount rate assumed benefits are paid out of the current OPEB SRBR assets. Based on those assumptions, the SRBR OPEB Plan's Fiduciary Net

Position 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 the OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of December 31, 2025 and December 31, 2024.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability (Asset) as of December 31, 2025, calculated using the current discount rate of 7.00%, as well as what the Net OPEB Liability (Asset) 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.

As of December 31, 2025 (Dollars in Thousands)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$ 177,434	\$ (22,562)	\$ (187,813)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the Net OPEB Liability (Asset) as of December 31, 2025, calculated using health care cost trend rates as well as what the Net OPEB Liability (Asset) would be if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates.

As of December 31, 2025 (Dollars in Thousands)

	1% Decrease Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$ (203,498)	\$ (22,562)	\$ 200,941

8. Deposits and Investments

The 1937 Act gives the Board of Retirement exclusive control over ACERA's investment portfolio. Except as otherwise restricted by the California constitution or other laws, the 1937 Act allows the Board of Retirement to prudently invest, or delegate the authority to invest the investment portfolio through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction.

The Board of Retirement investment authority granted under the 1937 Act was also incorporated into the state constitution as the California Pension Protection

Act of 1992 (Article 16, Section 17 of the California Constitution), which requires the Board, its officers, and employees to discharge their duties with respect to ACERA and the investment portfolio under the following rules:

- "The members of the retirement board shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

- The members of the retirement board shall discharge their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- The members of the retirement board shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.”

Deposits

Operational cash accounts held with a financial institution are swept daily into a pooled money market fund, which invests in repurchase agreements and U.S. treasury bills and notes.

Investments

ACERA's asset classes include domestic equity, international equity, domestic fixed income, international fixed income, real estate, private equity, absolute return, private credit and real assets. Investments in any asset class may be held in direct form, commingled/pooled form, or both.

As of December 31, 2025, twelve investment managers managed the stock and fixed income securities portfolios, fourteen investment managers were used for real estate investments, twenty-five investment managers were used for private equity, five investment managers were used for absolute return, seventeen investment managers were used for private credit and fourteen investment managers were used for real assets investments.

Available cash held by investment managers is swept daily into a pooled short-term investment fund managed by the custodial bank. This short-term investment fund holds short-term obligations and deposits, including U.S. treasury and agency obligations, corporate bonds, commercial paper, repurchase agreements, certificates of deposit, bankers' acceptances, time deposits, and floating-rate notes.

Likewise, cash collateral received in connection with the securities lending program in which ACERA participates is held in a separate short-term investment pool managed by State Street Global Advisors.

These two investment pools are each held in a trust fund sponsored by State Street Bank and Trust Company, the investment custodian, and the securities lending agent.

The value of the underlying instruments in these investments pools is adjusted to fair value. The fair value of ACERA's position in these investment pools is not materially different from the value of the pool shares.

Governmental Accounting Standards Board, Statement No. 72 (GASB 72), Fair Value Measurement and Application, generally requires investments to be measured at fair value, using the appropriate valuation techniques under the circumstances and for which sufficient data are available to measure the fair value. The three approaches to measuring fair value are:

1. Market Approach (actual market transactions for identical or similar items);
2. Cost Approach (the current cost to replace the service capacity of an asset); and
3. Income Approach (discounting the current value of the future cash flows).

The quality of the data (inputs) used to determine fair value can vary. Some inputs are directly or indirectly observable (independently verifiable). Other inputs are unobservable. GASB 72 establishes a three-tier hierarchy of inputs used to measure fair value consisting of:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. Level 1 investments include public equity securities and other publicly traded securities such as widely held domestic and international stocks, certain derivative instruments and U.S. Treasury securities.

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs. Fair values may be based on market multiples techniques and/or matrix pricing techniques. Level 2 investments include fixed or variable-income securities, commingled funds, certain derivative instruments and other assets that are valued using market information.
3. Level 3 inputs are unobservable inputs for an asset or liability. Included in this level are corporate bonds that are restricted and do not trade readily. The fair value of investments in real estate separate properties which is based on prices in a competitive market as determined by the investment manager relying on periodic appraisals is also included in Level 3 investments.

GASB 72 allows a government entity to use Net Asset Value (NAV) per share (or its equivalent) for an investment in a nongovernmental entity that does not have a readily determined fair value. Investments measured at NAV without determinable fair value are excluded from the level of fair value hierarchy. Selected additional disclosures are required for investments measured at

NAV such as fair value measurement, government's unfunded commitments related to the investment type, general description of the terms and conditions upon which a government may redeem investments, and an estimate of when the redemption restriction might lapse for investments restricted from redemption. For investments in private vehicles (i.e. limited partnerships), such as those found in the real assets, private equity, private credit, absolute return, and real estate asset classes, ACERA relies on the audited financial statements, unaudited capital account statements from the partnerships, cash flows into the partnerships (i.e. capital calls), distributions from the partnerships (i.e. distributions), and appraisals. The inputs used by the general partner include some or all of the following: the original transaction price, recent private transactions in the same or similar instruments, completed or pending third-party transactions in comparable businesses, recapitalizations and other transactions across the capital structure, public market valuation multiples for similar offerings in the equity or debt capital markets, discounted cash-flow ("DCF") valuations based on projected cash flows, as well as changes in the investment's earnings before interest, taxes, depreciation and amortization, cash flows, implied yields and leverage ratios.

Investments and Derivative Instruments Measured at Fair Value - Pension Plan

As of December 31, 2025 (Dollars in Thousands)

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in	Significant Other	Significant
		Active Markets for Identical Assets Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
Cash Equivalents				
Government Issues	\$ 31,260	\$ -	\$ 31,260	\$ -
STIF-Type Instruments	740,137	740,137	-	-
Total Cash Equivalents	771,397	740,137	31,260	-
Fixed Income Securities				
Auto Loan Receivable	7,902	-	7,902	-
Bank Loan	30,427	-	30,427	-
CMO	126,452	-	126,452	-
Convertible Bonds	13,027	-	13,027	-
Corporate Bonds	777,014	-	777,014	-
FHLMC	65,763	-	65,763	-
FNMA	184,033	-	184,033	-
GNMA I	460	-	460	-
GNMA II	39,665	-	39,665	-
Government Issues	735,644	58,153	677,491	-
Municipals	6,480	-	6,480	-
Other Asset Backed	56,051	-	56,051	-
Mutual Funds	42,890	-	42,890	-
Total Fixed Income Securities	2,085,808	58,153	2,027,655	-
Equity Securities				
Non-U.S. Equity	1,034,844	1,035,584	(740)	-
Pooled Investments	5,110,213	3,132,357	1,607,124	370,732
U.S. Equity	768,805	768,805	-	-
Total Equity Securities	6,913,862	4,936,746	1,606,384	370,732
Real Assets				
Mutual Funds	506,793	-	506,793	-
Total Real Assets	506,793	-	506,793	-
Real Estate				
Properties	25,052	-	-	25,052
Total Real Estate	25,052	-	-	25,052
Collateral from Securities Lending	284,406	284,406	-	-
Total Investments by Fair Value Level	10,587,318	\$ 6,019,442	\$ 4,172,092	\$ 395,784
Investments Measured at Net Asset Value (NAV)				
Real Assets	377,263			
Private Equity	1,008,180			
Private Credit	563,449			
Absolute Return	968,672			
Real Estate	790,123			
Total Investments Measured at NAV	3,707,687			
Total Investments	\$ 14,295,005			
Derivatives				
Futures	\$ (2,085)	\$ (2,085)	\$ -	\$ -
Forwards and Spot Contracts	(2,104)	(2,104)	-	-
Total Derivative Instruments	\$ (4,189)	\$ (4,189)	\$ -	\$ -

Investments Measured at the NAV

As of December 31, 2025 (Dollars in Thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real Assets ¹	\$ 377,263	\$ 103,427	Not Eligible, Daily, & Quarterly	N/A, a few days, & 90 days
Private Equity ²	1,008,180	416,949	Not Eligible	N/A
Absolute Return ³	968,672	9,678	Not Eligible, Daily, & Quarterly	N/A, a few days, & 90 Days
Real Estate ⁴	790,123	141,402	Not Eligible or Quarterly	N/A or up to 90 Days
Private Credit ⁵	563,449	288,626	Not Eligible	N/A
Total Investments Measured at NAV	\$ 3,707,687	\$ 960,082		

- 1 Real Assets – The Real Assets portfolio consists of 19 funds which include 18 limited partnerships and 1 separately managed account. The 18 limited partnerships are commingled vehicles that invest in private infrastructure and natural resources. These limited partnerships are valued at net asset value on a quarterly basis and, due to contractual limitations, 17 out of the 18 limited partnerships are not eligible for redemption but rather distribute capital proceeds over the funds' lifespans, which are up to 12 years. One of the 18 limited partnerships is a perpetual limited partnership that offers quarterly liquidity with 90 days' notice. The one separately managed account holds shares in two commingled vehicles. These commingled vehicles invest in publicly traded infrastructure and natural resources equities and are valued at net asset value on a daily basis. The separately managed account offers daily liquidity with several days' notice.
- 2 Private Equity – The Private Equity portfolio consists of 57 funds, which invest primarily in buyout, growth equity, and venture capital opportunities. The fair value of these funds is determined using net asset value represented in the audited financial statements plus/minus the latest quarterly cash flows. These funds are not eligible for redemption but rather distribute capital proceeds over the funds' lifespans in either cash or "in-kind" shares of the funds' portfolio companies. Distributions to the funds' investors occur over the span of approximately 8 to 15 years.
- 3 Absolute Return – The Absolute Return portfolio consists of 5 funds. Two of the funds are custom fund of hedge fund accounts. One of these custom accounts is a limited partnership while the other is a limited liability company. These accounts are valued at net asset value on a monthly basis and provide quarterly liquidity with 90-days' notice. Outside of the custom fund of hedge fund accounts, there are three commingled, idiosyncratic funds. Of the three idiosyncratic funds, one is a perpetual limited partnership that is valued at net asset value on a monthly basis and provides quarterly liquidity with 90-days' notice. One is an illiquid limited partnership, valued at net asset value on a quarterly basis, that does not have a formal term or liquidity schedule but is seeking to wind down its portfolio and return capital to limited partners. Finally, one fund is a perpetual, liquid, limited liability company which is valued at net asset value on a daily basis and offers daily liquidity with several days' notice.
- 4 Real Estate – The Real Estate portfolio consists of 21 funds and a separate building (1), which also serves as ACERA's headquarters. The Real Estate funds in the portfolio invest primarily in U.S. commercial real estate (office, industrial, retail, multi-family, and other). These funds are designed as open-end commingled funds or as limited partnerships (private equity structure). The investments that are structured as limited partnerships are not eligible for redemption but rather distribute proceeds over the funds' lifespan as distributions or return of capital. The primary objectives of the real estate portfolio are income and appreciation; distribution income is typically made on a quarterly basis throughout the lives of the funds. The fair value of these funds is determined using third-party appraisals every three years or an internal appraisal. Net asset values are typically reported one quarter in arrears, plus/minus the latest quarter's cash flows (capital calls, management fees, and distributions). The open-end commingled funds are eligible for redemption, typically, with up to 90 days' notice. These open-end commingled funds may also be subject to a withdrawal queue.
- 5 Private Credit – The Private Credit portfolio is comprised of 26 funds. The funds are illiquid limited partnerships and are valued at net asset value on a quarterly basis. Due to contractual limitations, the funds are not eligible for redemption but rather distribute capital proceeds over the funds' lifespans, which are up to ten years. Private Credit investments include performing senior secured and unsecured loans, preferred equity, and a range of opportunistic, structured, and stressed and distressed debt securities.

Derivative Instruments

ACERA has the following types of derivative instruments: futures contracts, currency forward contracts, spot contracts, rights, and swap contracts. A futures contract represents an agreement to purchase or sell a particular asset for a given price at a specified future date. Currency forward contracts generally serve to hedge or offset, the impact of foreign currency exchange rate fluctuations on the reported U.S. dollar fair value of investments denominated in foreign currencies. A swap is a derivative contract through which two parties exchange the

cash flows or liabilities from two different financial instruments. Rights allow the holder the right, but not the obligation, to buy or sell a security for a given price within a specified time period.

The following Investment Derivative Instruments schedule reports the fair value balances, changes in fair value, and notional amounts of derivative instruments outstanding as of and for the year ended December 31, 2025, classified by type. For financial reporting purposes, all ACERA derivative instruments are classified as investment derivative instruments.

Investment Derivative Instruments

For Year Ended December 31, 2025 (Dollars in Thousands)

Derivative Instruments Type	Classification	Notional Value/Shares	Fair Value	Changes in Fair Value ¹
Fixed Income Futures Long	Futures	\$ 441,800	\$ -	\$ 4,748
Fixed Income Futures Short	Futures	(133,000)	-	(2,898)
Foreign Currency Futures Long	Futures	18,700	-	117
Currency Forward Contracts	Receivable/Liability ²	453,019	(2,106)	1,568
Index Futures Long	Futures	147	-	64,882
Rights	Common Stock	-	-	(7)
Total			\$ (2,106)	\$ 68,410

1 Changes in fair value includes realized and unrealized gains and losses on derivative instruments and are reported as Net Appreciation (Depreciation) in Fair Value of Investments on the Statements of Changes in ACERA's Fiduciary Net Position.

2 Currency forward contracts are reported in Foreign Exchange Contracts, which includes spot contracts which are not derivative instruments.

Securities Lending Activity

The Board of Retirement policies authorize ACERA to participate in a securities lending program. Securities lending transactions are short-term collateralized loans of ACERA's securities for the purpose of generating additional investment income. ACERA has a securities lending agreement in place that authorizes the securities lending agent to lend ACERA's securities to broker-dealers and banks pursuant to a loan agreement. For securities on loan, ACERA receives either cash or non-cash collateral. ACERA invests the cash collateral in a pooled short-term investment fund maintained by the securities lending agent and receives earnings on it in exchange for paying a loan rebate fee to the borrower. In the case of non-cash collateral, the borrower pays ACERA a loan premium.

For the year ended December 31, 2025, on behalf of ACERA, the securities lending agent lent ACERA's securities (government bonds, corporate stocks, corporate bonds, international equities, and international fixed income) to borrowers under the securities lending agreement and ACERA received cash (U.S. and foreign currency), securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters-of-credit as collateral.

ACERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default (therefore, such non-cash collateral is not reported on

the Statement of Fiduciary Net Position).

Borrowers were required to deliver collateral for each loan equal to:

- Loaned securities denominated in U.S. dollars or sovereign debt issued by foreign governments, with a margin of at least 102% of the fair value of the loaned securities; or
- Loaned securities not denominated in U.S. dollars, or whose primary trading market was not located in the United States, with a margin of at least 105% of the fair value of the loaned securities.

Moreover, borrowers were required to maintain the designated margin percentage of collateral on a daily basis.

ACERA did not impose any restrictions for the year ended December 31, 2025, on the amount of the loans that the securities lending agent made on its behalf. In the event the borrower failed to return the loaned securities, the securities lending agent indemnified ACERA by agreeing to purchase replacement securities. If the collateral was inadequate to replace the securities lent, the securities lending agent supplemented the amount of cash collateral. If the borrower failed to pay ACERA for any income distributions on loaned securities, the securities lending agent will also supplement the income amount due to ACERA. There were no losses during the year ended December 31, 2025, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2025, ACERA and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment fund comprised of a liquidity pool. As of December 31, 2025, the Compass Fund had an average duration of 13.58 days and an average weighted final maturity of 97.70 days for U.S. dollars collateral. For the year ended December 31, 2025, ACERA had no credit risk exposure to borrowers because, for each borrower, the value of borrower collateral held exceeded the value of the securities on loan to the borrower.

As of December 31, 2025, ACERA had securities on loan with a total fair value of \$359.04 million; however, the fair value of collateral held against the loaned securities was \$369.37 million which is more than the total fair value of loaned securities by \$10.33 million.

Deposit, Investment, and Derivative Instrument Risks

GASB Statements No. 40 (GASB 40) and No. 53 (GASB 53) require the disclosure of specific risks that apply to ACERA's deposits, investments, and derivative instruments. They identify the following risks:

- Custodial Credit Risk—Deposits and Investments;
- Concentration of Credit Risk;
- Credit Risk—Investments and Derivative Instruments;
- Interest Rate Risk;
- Fair Value Highly Sensitive to Changes in Interest Rates; and,
- Foreign Currency Risk

Investment Policies

GASB 40 requires the disclosure of deposit or investment policies (or the lack thereof) that relate to investment and custodial risks.

ACERA has chosen to manage the investment risks described by GASB 40 and GASB 53 by contractually requiring each portfolio investment manager to abide

by restrictive investment guidelines specifically tailored to that individual manager rather than adopting across-the-board investment policies with respect to these investment risks. The guidelines stipulate the investment style, performance objective, performance benchmarks, and portfolio characteristics.

For example, in the case of foreign currency risk, the policy guidelines for the U.S. dollars equity portfolios differ from those for the non-U.S. dollars equity portfolios. Likewise, in the case of credit risk, the guidelines for one fixed income manager stipulate a minimum acceptable credit rating for each debt instrument while the guidelines for a different fixed income portfolio merely require that the average credit ratings for a certain fair value percentage of the portfolio meet a minimum requirement.

Each separate account manager is likewise subject to a “manager standard of care” that establishes a fiduciary relationship requiring the manager to act prudently and solely in the best interest of ACERA.

Separately, ACERA's guidelines also require each manager's investment return performance to compare favorably with the performance of the relevant passive market index such as the Barclays Capital Aggregate Bond Index.

ACERA's investment staff continually monitors all investment managers for compliance with the respective guidelines.

Custodial Credit Risk—Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, ACERA will not be able to recover deposits nor be able to recover collateral securities that are in the possession of an outside party. ACERA has no general policy on custodial credit risk for deposits.

By necessity, ACERA maintains operational cash deposits to support day-to-day cash management requirements. As of December 31, 2025, cash held with a financial institution in a pooled money market fund amounted to \$7.05 million, of which \$0.25 million was insured and \$6.80 million was uninsured and uncollateralized subject to custodial credit risk.

Custodial Credit Risk—Investments

The custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, ACERA will not be able to recover the value of investment securities that are in the possession of an outside party. The individual investment guidelines for each investment manager require that managed investments be held and maintained with the master custodian in the name of ACERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments, investments in commingled pools, private equity, absolute return, private credit and real assets. As of December 31, 2025, ACERA had no investments that were exposed to custodial credit risk.

Custodial Credit Risk—Derivative Instruments

ACERA's investments include collateral associated with derivative instruments. As of December 31, 2025, net collateral for derivative instruments was \$1.5 million. Each account was uninsured and uncollateralized, and subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of ACERA's investment in a single issuer of securities. The individual investment guidelines for each fixed income manager restrict concentrations

greater than 5% in the securities of any one issuer (excluding direct obligations of the U.S. and/or eligible foreign governments, and those explicitly guaranteed by the U.S. and/or eligible foreign governments). As of December 31, 2025, ACERA had no investments in a single issuer that equaled or exceeded 5% of the fiduciary net position.

Credit Risk—Investments

Credit risk is the risk that the issuer of a debt security or other counterparty to an investment will not fulfill its obligations. The individual investment guidelines for each fixed income investment manager describe applicable restrictions on credit risk. The credit risk restrictions by investment portfolio are as follows:

The credit quality ratings of a security, (e.g., from Moody's or S&P) give an indication of the degree of credit risk for that security.

The Credit Risk Analysis schedule on [page 55](#) discloses credit ratings of ACERA's debt investments by type and for each external investment pool as of December 31, 2025.

Credit Risk Analysis

As of December 31, 2025 (Dollars in Thousands)

Debt Investments By Type	Adjusted Moody's Credit Rating ¹									
	Total	Aaa	Aa	A	Baa	Ba	B	Caa	Ca and Below	Not Rated
Auto Loan Receivable	\$ 7,902	\$ 6,778	\$ 205	\$ 613	\$ 306	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Loans	30,427	-	-	-	-	-	-	-	-	30,427
Collateralized Mortgage Obligations	126,452	105,961	2,311	1,042	1,028	322	992	519	-	14,277
Convertible Bonds	13,027	-	-	-	1,064	-	-	3,241	-	8,722
Corporate Bonds	777,014	-	8,264	125,956	483,561	110,428	24,619	21,042	1,343	1,801
Federal Home Loan Mortgage Corp. ²	65,763	-	-	-	-	-	-	-	-	65,763
Federal National Mortgage Assn. ²	184,033	-	-	-	-	-	-	-	-	184,033
Government National Mortgage Assn. I, II ²	40,125	-	-	-	-	-	-	-	-	40,125
Government Issues ³	735,644	-	552,434	5,434	30,998	11,380	1,355	2,542	-	131,501
Municipal	6,480	5,103	70	1,307	-	-	-	-	-	-
Other Asset Backed Securities	56,051	48,001	52	594	3,496	-	50	-	2,024	1,834
Subtotal Debt Investments	2,042,918	165,843	563,336	134,946	520,453	122,130	27,016	27,344	3,367	478,483
Securities Lending Cash Collateral Fund										
Liquidity Pool ⁴	284,451	-	-	-	-	-	-	-	-	284,451
Master Custodian Short-Term Investment Fund ⁴	740,137	-	-	-	-	-	-	-	-	740,137
Subtotal External Investment Pools	1,024,588	-	-	-	-	-	-	-	-	1,024,588
Total	\$3,067,506	\$165,843	\$563,336	\$134,946	\$520,453	\$122,130	\$ 27,016	\$27,344	\$ 3,367	\$1,503,071

1 Adjusted Moody's Credit Rating: This schedule displays the fair value of investments by credit rating in increasing magnitude of risk. Investments are classified by Moody's credit rating, or by the Moody's rating that corresponds to the Standard & Poor's (S&P) credit rating if the investment has a S&P rating but not a Moody's rating. Also whenever both ratings for an investment exist and the S&P rating for the investment indicates a greater degree of risk than the Moody's rating, then the investment's Moody's credit rating is adjusted, solely for the purpose of this disclosure, to the Moody's rating corresponding to the greater degree of risk.

2 The investments in the following debt instruments —i.e., Federal Home Loan Mortgage Corp., Federal National Mortgage Assn., and Government National Mortgage Assn., that are Not Rated are implicitly guaranteed by the U.S. Government.

3 In Government Issues, the domestic investments that are Not Rated are guaranteed by the U.S. Government and the foreign investments that are Not Rated are guaranteed by the foreign governments issuing the debt.

4 The external investment pools are not rated.

Credit Risk—Derivative Instruments

ACERA is exposed to credit risk on investment derivative instruments that are traded over the counter and are reported in asset positions. Derivative instruments exposed to credit risk include currency forward contracts, and synthetic futures (which are included in futures

contracts). To minimize credit risk exposure, ACERA's investment managers continually monitor credit ratings of counterparties. Should there be a counterparty failure, ACERA would be exposed to the loss of the fair value of derivative instruments that are in asset positions and

any collateral provided to the counterparty, net of the effect of applicable netting arrangements. ACERA has no general investment policy with respect to netting arrangements or collateral requirements. Netting arrangements legally provide ACERA with a right of set-off in the events of bankruptcy or default by the counterparty. ACERA's investment managers may have collateral posting provisions associated with currency forward contracts. In the event of counterparty failure, ACERA would be exposed to loss of collateral provided to the counterparty. Collateral provided by the counterparty to ACERA reduces its credit risk exposure. The collateral associated with investment derivative instruments is disclosed on [page 54](#) under Custodial Credit Risk—Derivative Instruments.

The following Credit Risk—Derivative Instruments schedule discloses the counterparty credit ratings of ACERA's investment derivative instruments in asset positions by type, as of December 31, 2025. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security, or netting arrangement.

Credit Risk Analysis – Investment Derivative Instruments Subject to Credit Risk

As of December 31, 2025 (Dollars in Thousands)

Adjusted Moody's Credit Rating ¹	Fair Value	%
AA	\$ 512	10%
A	4,256	86%
BBB	181	4%
Subtotal Derivative in Asset Position	4,949	100%
Derivative in Liability Position	(7,055)	
Total Derivative Instruments in Asset/(Liability) Position	\$ (2,106)	

¹ See footnote 1 on [page 55](#).

As of December 31, 2025, the \$4.95 million maximum exposure of derivative instruments credit risk was reduced by (\$7.06) million of liabilities included in netting arrangements, resulting in a net exposure to credit risk of (\$2.11) million (rounded).

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. For example, interest rates are inversely correlated with the prices of fixed-rate bonds – when interest rates rise, the prices of fixed-rate bonds decline. Interest rates also affect the discount rates used for valuing investments under the discounted-cash-flow valuation methodology – as interest rates rise, discount rates used to discount the value of an investment's future cash flows rise too, making the future cash flows of an investment less valuable in the present and negatively impacting investment valuations.

ACERA has investments in three fixed income portfolios containing individual debt securities as well as investments in external investment pools containing debt securities, which contain floating-rate debt in addition to fixed-rate debt. All of the fixed-rate debt are subject to interest rate risk. ACERA has no general policy on interest rate risk for the fixed income portfolios or for the investments in external pools. ACERA manages interest rate risk for the three fixed-income portfolios by setting limits on portfolio duration for each portfolio. The duration restrictions by investment portfolio are as follows:

- Baird Advisors: match the Bloomberg US Aggregate Bond Index (fka Lehman Brothers Aggregate Bond Index) duration.
- Loomis Sayles & Company: Bloomberg US Credit BAA Bond Index (fka Barclays Baa Credit Index) duration +/- 4 years.
- Brandywine Global Investment Management: 1 – 10 years.

The following Interest Rate Risk Analysis—Duration schedule discloses the duration of ACERA's debt investments by type and the duration of each of the external investment pools of debt securities. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present values of cash flows, weighted for those cash flows as a percentage of the investment's full price. The Master Custodian Short-Term Investment Fund had an average weighted maturity of 38 days as of December 31, 2025.

Interest Rate Risk Analysis – Duration

As of December 31, 2025 (Dollars in Thousands)

Debt Investments by Type	Fair Value	Duration in Years
Auto Loan Receivable	\$ 7,902	2.0
Bank Loan	30,427	0.1
Collateralized Mortgage Obligations	126,452	2.7
Convertible Bonds	13,027	0.0 ¹
Corporate Bonds	777,014	5.1
Federal Home Loan Mortgage Corp.	65,763	5.3
Federal National Mortgage Assn.	184,033	5.6
Government National Mortgage Assn. I, II	40,125	4.6
Government Issues	735,644	7.4
Municipal Bonds	6,480	7.3
Other Asset Backed Securities	56,051	2.2
Total of Debt Investments	\$ 2,042,918	
External Investment Pools of Debt Securities	Fair Value	Duration
Securities Lending Cash Collateral Fund		
Liquidity Pool	\$ 284,451	14 days
Master Custodian Short-Term Investment Fund	740,137	-
Total External Investment Pools	\$ 1,024,588	

¹ Duration reported as 0.0 due to rounding. The actual duration in years is 0.001.

Fair Value Highly Sensitive to Changes in Interest Rates

The Interest Rate Risk Analysis table below discloses the degree to which ACERA's investments are sensitive to interest rate changes due simply to the remaining term to maturity. In contrast, ACERA's investments with

fair values that are highly sensitive to interest rates due to other factors are disclosed on the Interest Rate Risk Analysis - Highly Sensitive schedule below. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

Interest Rate Risk Analysis – Highly Sensitive Investment with Fair Values Highly Sensitive to Changes in Interest Rates

As of December 31, 2025 (Dollars in Thousands)

Investment Type	Investment Description	Interest Rates	Fair Value
Collateralized Mortgage Obligations	Various debt related Securities	5.88% to 7.47%	\$ 1,435
Government Issues	Various debt related Securities	1.25% to 4.75%	\$ 32,661

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit. ACERA has no general investment policy with respect to foreign currency risk.

Foreign Currency Risk—Investments

The Foreign Currency Risk Analysis schedule on [page 59](#) shows the fair value of investments that

are exposed to this risk by currency denomination and investment type. This provides an indication of the magnitude of foreign currency risk for each currency.

Foreign Currency Risk—Swap and Futures Contracts

Swap and futures contracts are derivative instruments. A swap is a derivative contract through which two parties exchange the cash flows or liabilities from two

different financial instruments. A futures contract represents an agreement to purchase or sell a particular asset for a given price at a specified future date.

For those swap and futures contracts which are dollar-denominated securities issued by foreign countries, there is an exposure to a foreign currency risk.

Foreign Currency Risk—Foreign Exchange Contracts

Foreign exchange contracts are subject to foreign currency risk. Foreign exchange contracts include currency forward contracts and spot contracts. Currency forward contracts are derivative instruments and are described in the derivative instruments section of this note. Spot contracts are generally used when ACERA is required

to make or receive payments in a foreign currency. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the current market rate, for settlement in two business days.

The dollar impact that foreign exchange contracts have on foreign currency risk is equal to the foreign currency settlement amounts translated in the same manner as the investments (i.e. spot exchange rate at the end of the year). The impact appears in the column labeled Foreign Currency on the schedule on [page 59](#). The Net Exposure column of the schedule indicates the net foreign currency risk, i.e., the gross risk associated with the investments less the risk hedged by the outstanding foreign exchange contracts.

Foreign Currency Risk Analysis

Fair Value of Investments Exposed to Foreign Currency Risk by Currency

As of December 31, 2025 (Dollars in Thousands)

Trade Currency Name	Investment Type							
	Common Stock	Corporate Bonds	Foreign Currency	Government Issues	Lmt'd Partnership Units	Preferred Stock	Currency Swap	Net Exposure
Australian Dollar	\$16,347	\$ -	\$ 37	\$ -	\$ -	\$ -	\$ 14	\$ 16,398
Brazilian Real	252	-	37	6,306	-	-	(16)	6,579
Canadian Dollar	45,485	-	3,600	-	-	-	339	49,424
Chilean Peso	-	-	-	-	-	-	510	510
Colombian Peso	-	-	-	7,638	-	-	(124)	7,514
Czech Koruna	182	-	-	-	-	-	-	182
Danish Krone	39,251	-	22	-	-	-	-	39,273
Egyptian Pound	-	-	-	-	-	-	1,521	1,521
Euro Currency	385,351	1,452	751	1,642	32,043	1,943	480	423,662
Hong Kong Dollar	43,103	-	35	-	-	-	-	43,138
Hungarian Forint	173	-	-	4,761	-	-	(6)	4,928
Indonesian Rupiah	228	-	17	-	-	-	-	245
Japanese Yen	196,319	-	76	-	-	-	(4,639)	191,756
Mexican Peso	217	-	8	23,435	-	-	(229)	23,431
New Israeli Sheqel	5,375	-	46	-	-	-	-	5,421
New Taiwan Dollar	336	-	8	-	-	-	-	344
New Zealand Dollar	-	-	-	-	-	-	(45)	(45)
Norwegian Krone	12,659	-	-	-	-	-	(20)	12,639
Philippine Peso	-	-	1	-	-	-	-	1
Polish Zloty	-	-	1	-	-	-	-	1
Pound Sterling	146,049	-	13	54,183	-	-	507	200,752
Singapore Dollar	17,540	-	541	-	-	-	-	18,081
South African Rand	-	-	2	5,342	-	-	-	5,344
South Korean Won	485	-	-	-	-	-	(397)	88
Swedish Krona	23,658	-	161	-	-	-	1	23,820
Swiss Franc	63,343	-	-	-	-	-	-	63,343
Turkish Lira	-	-	-	3,616	-	-	-	3,616
UAE Dirham	468	-	-	-	-	-	-	468
Uruguayan Peso	-	-	-	2,312	-	-	-	2,312
Yuan Renminbi	257	-	-	-	-	-	-	257
Grand Total	\$997,078	\$ 1,452	\$ 5,356	\$109,235	\$32,043	\$ 1,943	\$ (2,104)	\$1,145,003

Real Estate

**Real Estate Investment Income –
Separate Properties**

For the Year Ended December 31, 2025
(Dollars in Thousands)

Real Estate Investment Income	\$	4,592
Less Operating Expenses		(3,102)
Real Estate Net Income	\$	1,490

There is no outstanding real estate related debt associated with the separate properties as of December 31, 2025.

9. Capital Assets

ACERA's capital assets include equipment and furniture, right-to-use leased office equipment, right-to-use subscription-based software, electronic document management system, information systems, leasehold improvements, and development-in-progress. See the following table for details.

Capital Assets and Accumulated Depreciation/Amortization

For the Year Ended December 31, 2025 (Dollars in Thousands)

	January 1, 2025	Additions	Deletions / Transfers	December 31, 2025
CAPITAL ASSETS - NON DEPRECIABLE				
Development-in-Progress - Software	\$ -	\$ 1,374	\$ (1,314)	\$ 60
Total Capital Assets (Cost)	-	1,374	(1,314)	60
CAPITAL ASSETS - DEPRECIABLE				
Leasehold Improvements	2,585	-	-	2,585
Equipment and Furniture	3,114	-	-	3,114
Electronic Document Management System	4,181	-	-	4,181
Information Systems	22,561	1,314	-	23,875
Right-to-Use Leased Office Equipment	157	20	(7)	170
Right-to-Use Subscription-Based Software	234	-	-	234
Total Capital Assets Being Depreciated	32,832	1,334	(7)	34,159
ACCUMULATED DEPRECIATION AND AMORTIZATION				
Leasehold Improvements	(1,704)	(95)	-	(1,799)
Equipment and Furniture	(3,100)	(7)	-	(3,107)
Electronic Document Management System	(4,180)	(1)	-	(4,181)
Information Systems	(11,353)	(1,819)	-	(13,172)
Right-to-Use Leased Office Equipment	(39)	(32)	7	(64)
Right-to-Use Subscription-Based Software	(117)	(78)	-	(195)
Total Accumulated Depreciation and Amortization	(20,493)	(2,032)	7	(22,518)
CAPITAL ASSETS - NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION	\$ 12,339	\$ 676	\$ (1,314)	\$ 11,701

Separate disclosures have been provided for leases that meet the requirements of GASB 87 and those that do not fall under the provisions of GASB 87.

ACERA has two leases that fall under GASB 87 and the details of these leases are as follows:

ACERA entered into a five-year lease for photocopiers

and printers on December 1, 2023. The payments are due monthly in arrears. The monthly payment of \$4,258 included a lease portion of \$3,246 and a non-lease/ service portion of \$1,012 at the beginning of a lease. The lessor will increase the rental amount by 3.00% after year one of the lease term. ACERA estimated the same percentage increase over the lease term in the lease liability calculation.

ACERA renewed a five-year lease for a postage machine on August 1, 2025. The payments are due quarterly in advance. The quarterly payment of \$1,594 included a lease portion of \$1,141 and a non-lease/ service portion of \$453 at the beginning of a lease. As per the lease agreement, there will not be any increase in lease payments except for taxes. ACERA used a risk-free benchmark rate of 4.33% to calculate the lease liability.

No variable and other payments were recognized during the year which were not previously included in lease liability. There are no outstanding lease commitments and no impairment losses were recognized.

Future Lease Payment Maturity Schedule under GASB 87

As of December 31, 2025 (Dollars in Thousands)

Year	Principal	Interest	Total Payment
2026	\$ 34	\$ 13	\$ 47
2027	39	8	47
2028	42	3	45
2029	4	-	4
2030	2	-	2
Total	\$ 121	\$ 24	\$ 145

There are two software license subscriptions that fall under GASB 96 and the details of these subscription-based softwares are lease as follows:

ACERA entered into a three-year license subscription with SoftwareOne for Microsoft software on January 1, 2023. The payments are due annually in advance. The annual payment of \$51,208 included a lease portion of \$47,474 and a non-lease/ service portion of \$3,734 at the beginning of subscription. There is no annual increase in payment during the subscription term, ending December 2025. ACERA used the risk-free borrowing rate of 4.47% to calculate the subscription

liability. ACERA does plan to renew after the completion of the lease term on December 31, 2025.

ACERA entered into a three-year license subscription for a budget software on February 28, 2024. Payments are due annually in advance. The initial annual payment of \$35,857, which included a lease portion of \$35,857 at the start of the subscription. The lessor will increase the subscription amount by 3.5% in the second and third year of the lease, which ends on February 27, 2027. ACERA used a benchmark rate of 5.32% to calculate the subscription liability.

Future Subscription Payment Maturity Schedule under GASB 96

As of December 31, 2025 (Dollars in Thousands)

Year	Principal	Interest	Total Payment
2026	\$ 42	\$ 3	\$ 45
2027	-	-	-
Total	\$ 42	\$ 3	\$ 45

10. Leases

ACERA leases office space from Oakland 14th St. Office, a title holding corporation formed by ACERA. The lease term expires on December 31, 2028. Under the terms of the lease agreement, ACERA's base rent is abated. However, ACERA is required to pay its proportionate share of building operating expenses, taxes and insurance costs as defined in the lease.

ACERA's share of these operating expenses was approximately \$65,566 for the year ended December 31, 2025.

11. Administration Expense

ACERA's Board of Retirement annually adopts an operating expense budget covering expenses to be incurred in the following fiscal year. The operating budget includes the administration expense budget which is subject to the statutory limit based on exclusions specified in the 1937 Act.

ACERA has adopted the provisions of the 1937 Act which allows ACERA to exclude actuarial, investment, legal, business continuity and technology direct costs from administration expenses. Since investment related expenses were offset against investment income, the remaining exclusions totaled \$4.6 million for 2025.

ACERA also conforms to the provision of the 1937 Act that limits the administration cap to 0.21 percent of the Actuarial Accrued Liability (AAL). ACERA uses the AAL as of December 31 of the year in which

the budget is adopted for this purpose.

A schedule of Administration Expense is included in the Supplemental Schedules on [page 71](#).

Application of Statutory Limit on Administration Expense

For the Year Ended December 31, 2025 (Dollars in Thousands)

Total Actuarial Accrued Liability as of December 31, 2024	\$	13,895,595
Limit: Maximum Allowable Fraction of Total Actuarial Accrued Liability (0.21%) times Total Actuarial Accrued Liability	\$	29,181
Portion of Administrative Expenses for the Fiscal Year Subject to the Statutory Limit		17,284
Excess of Limit over Portion of Administration Expense Subject to Limit	\$	11,897
Portion of Administration Expense Subject to Limit as a Percentage of Actuarial Accrued Liability		0.12%

12. Related Party Transactions

By necessity, ACERA is involved in various business transactions with the County, the primary plan sponsor. These include reimbursement to the County for the salary and benefits of ACERA staff members paid through the County and reimbursement to the Alameda County Human Resources Department for personnel consulting services and for administering ACERA's retired members' health benefits. Also, under the Board of Retirement policy, ACERA reimburses the County for a portion of the salary and benefits of each County employee elected to the Board of Retirement. Lastly, ACERA reimburses the County for the cost of services provided in the following areas: insurance/risk management, information technology, and telecommunications.

Also, ACERA leases office space from Oakland 14th St. Office, a title holding company controlled by ACERA. Note 10—Leases describes this arrangement.

Related Party Transactions

For the Year Ended December 31, 2025
(Dollars in Thousands)

Reimbursed Cost of ACERA	
Staff Members	\$ 18,576
Reimbursed Costs of County Services	691
State Mandated Benefit Replacement Program IRC 415(m)	693
County Personnel Services	148
Partial Salary/Benefits Reimbursement for Elected Board Members	378
Total	\$ 20,486

13. Compensated Absences and Long-term Lease Liabilities

Compensated absences for vacation are recorded as a liability when the benefits are earned; and compensated absences liability for sick leave are recognized based on accumulated leave balances that more likely than not could be used for time off but not available to be paid in cash. The measurement of sick leave liability is based on average usage of the past five-year. The changes in the compensated absences liabilities are included in accrued administration expenses in the statement of changes in net position. The Changes in the accrued leave balances for the year ended December 31, 2025 are summarized in the table below.

Compensated Absences Liability

(Dollars in Thousands)

	January 1, 2025	Net Change	December 31, 2025	Amounts Due within One Year
Vacation	\$ 1,304	\$ (27)	\$ 1,277	\$ 1,277
Sick Leave	1,042	253	1,295	1,295
Total Accrued Leave	\$ 2,346	\$ 226	\$ 2,572	\$ 2,572

ACERA enters into long-term lease contracts for office equipment and subscription-based software licenses. Detailed disclosure of these leases is included in the Capital Assets note. The following table presents the lease liability activities for the year ended December 31, 2025.

Long-term Lease Liabilities

(Dollars in Thousands)

	January 1, 2025	Additions	Reductions	December 31, 2025	Amounts Due within One Year
Leased Office Equipment	\$ 127	\$ 20	\$ (26)	\$ 121	\$ 34
Subscription-based Software	119	-	(77)	42	42
Total Lease Liability	\$ 246	\$ 20	\$ (103)	\$ 163	\$ 76

14. Subsequent Events

Management has evaluated subsequent events through June 26, 2026, the date the financial statements were issued, and has determined that no events have occurred that would require adjustment to, or disclosure in, the financial statements.

Required Supplementary Information (RSI)

Pension Plan and Non-OPEB

Schedule of Changes in Net Pension Liability and Related Ratios

For the Years Ended December 31 (Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability (TPL)										
Service Cost ¹	\$ 284,955	\$ 266,109	\$ 257,507	\$ 245,467	\$ 235,099	\$ 221,824	\$ 215,625	\$ 209,890	\$ 187,409	\$ 175,642
Interest	864,211	833,369	800,570	767,151	741,739	718,927	688,655	659,592	636,556	603,168
Changes of benefit terms	-	-	13,985	-	-	-	-	-	-	-
Differences between expected and actual experience	162,512	(19,414)	123,460	58,261	(50,360)	33,007	24,548	13,710	17,516	(68,176)
Changes of assumptions	-	-	(103,670)	-	-	236,513	-	-	316,728	150,677
Benefit payments, including refunds of member contributions	(672,472)	(644,127)	(619,679)	(591,337)	(556,269)	(530,763)	(504,185)	(471,943)	(445,288)	(422,223)
Net Change in Total Pension Liability	639,206	435,937	472,173	479,542	370,209	679,508	424,643	411,249	712,921	439,088
Total Pension Liability - Beginning	12,397,161	11,961,224	11,489,051	11,009,509	10,639,300	9,959,792	9,535,149	9,123,900	8,410,979	7,971,891
Total Pension Liability - Ending (a)	\$ 13,036,367	\$ 12,397,161	\$ 11,961,224	\$ 11,489,051	\$ 11,009,509	\$ 10,639,300	\$ 9,959,792	\$ 9,535,149	\$ 9,123,900	\$ 8,410,979
Plan's Fiduciary Net Position (FNP)										
Contributions - employer ²	\$ 717,385	\$ 311,106	\$ 288,640	\$ 281,647	\$ 1,116,576	\$ 309,753	\$ 298,527	\$ 269,684	\$ 247,064	\$ 241,729
Contributions - member	144,467	134,490	126,472	120,673	111,091	106,104	103,117	94,736	89,326	85,736
Net investment income	1,459,106	931,187	1,126,919	(755,045)	1,115,980	755,501	1,165,767	(216,308)	1,065,908	423,718
Benefit payments, including refunds of member contributions	(672,472)	(644,127)	(619,679)	(591,337)	(556,269)	(530,763)	(504,185)	(471,943)	(445,288)	(422,223)
Administrative expense	(19,771)	(18,423)	(15,865)	(15,369)	(15,040)	(14,810)	(15,274)	(15,246)	(14,571)	(14,618)
Other ³	-	-	54,206	-	-	-	-	-	-	-
Net Change in Plan's Fiduciary Net Position	1,628,715	714,233	960,693	(959,431)	1,772,338	625,785	1,047,952	(339,077)	942,439	314,342
Plan's Fiduciary Net Position⁴ - Beginning	10,932,717	10,218,484	9,257,791	10,217,222	8,444,884	7,819,099	6,771,147	7,110,224	6,167,785	5,853,443
Plan's Fiduciary Net Position⁴ - Ending (b)	\$ 12,561,432	\$ 10,932,717	\$ 10,218,484	\$ 9,257,791	\$ 10,217,222	\$ 8,444,884	\$ 7,819,099	\$ 6,771,147	\$ 7,110,224	\$ 6,167,785
Net Pension Liability (NPL) - Ending (a) - (b)	\$ 474,935	\$ 1,464,444	\$ 1,742,740	\$ 2,231,260	\$ 792,287	\$ 2,194,416	\$ 2,140,693	\$ 2,764,002	\$ 2,013,676	\$ 2,243,194
FNP as a Percentage of the TPL	96.36%	88.19%	85.43%	80.58%	92.80%	79.37%	78.51%	71.01%	77.93%	73.33%
Covered Payroll⁵	\$ 1,474,012	\$ 1,342,932	\$ 1,251,821	\$ 1,198,970	\$ 1,153,918	\$ 1,111,849	\$ 1,081,587	\$ 1,046,034	\$ 995,178	\$ 947,568
NPL as a Percentage of Covered Payroll	32.22%	109.05%	139.22%	186.10%	68.66%	197.37%	197.92%	264.24%	202.34%	236.73%

1 The service cost is based on the previous year's valuation, meaning the December 31, 2025 measurement date values are based on the valuation as of December 31, 2024..

2 Employer contributions are on a net basis after (i) considering the total cash contributions made by the employers, (ii) reducing by the employer contributions made to the 401(h) account, and (iii) increasing by the amount of transfer from the SRBR to the Employer Advance Reserve for employer contribution made to the 401(h) account in (ii). Also, the County and LARPD made voluntary contributions of \$800 million (County Safety and \$12.61 million (LARPD General), respectively in 2021. The County made additional voluntary contributions of \$400 million in 2025 to pay down a portion of the UAAL for its General membership.

3 A \$54.2 million transfer from the OPEB SRBR to the non-OPEB SRBR was made by the Board of Retirement in 2023 to equalize the sufficiency periods of the OPEB and non-OPEB SRBR benefits.

4 For 2025, the Plan's Fiduciary Net Position amount shown of \$12,561,432 includes the net fair value of assets of \$14,052,478 less OPEB-related SRBR assets of \$1,491,046. The OPEB-related SRBR assets include \$1,137,880 in the SRBR-OPEB reserve (after reducing the reserve by the \$9,391 SRBR implicit subsidy transfer), and \$10,310 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 \$342,856. For 2024, the Plan's Fiduciary Net Position amount shown of \$10,932,717 includes the net fair value of assets of \$12,034,355 less OPEB-related SRBR assets of \$1,101,638. The OPEB-related SRBR assets include \$1,094,287 in the SRBR-OPEB reserve (after reducing the reserve by the \$2,472 SRBR implicit subsidy transfer), and \$10,521 in the 401(h) reserve, 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 \$3,170.

5 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 years ended before December 31, 2017, covered payroll represents compensation earnable and pensionable compensation that would go into the determination of retirement benefits.

Schedule of Employer Contributions

Last Ten Fiscal Years (Dollars in Thousands)

Year Ended December 31	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
2016	\$ 241,728	\$ 241,728	\$ -	\$ 947,568	25.51%
2017	247,064	247,064	-	995,178	24.83%
2018	269,684	269,684	-	1,046,034	25.78%
2019	298,527	298,527	-	1,081,587	27.60%
2020	309,759	309,753	6 ²	1,111,849	27.86%
2021	303,965	1,116,576	(812,611) ³	1,153,918	96.76% ⁴
2022	281,647	281,647	-	1,198,970	23.49%
2023	288,640	288,640	-	1,251,821	23.06%
2024	311,106	311,106	-	1,342,932	23.17%
2025	317,385	717,385	(400,000) ⁵	1,474,012	48.67% ⁶

1 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 years ended before December 31, 2017, covered payroll represents compensation earnable and pensionable compensation that would go into the determination of retirement benefits.

2 Actuarially Determined Contribution for the Alameda County Office of Education of \$78 less actual contribution paid of \$72.

3 Voluntary County Safety contributions of \$800.0 million and LARPD General contributions of \$12.6 million to reduce their UAAL contribution rates.

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

5 Voluntary County General contributions of \$400.0 million to reduce their UAAL contribution rates.

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

Schedule of Investment Returns

Last Ten Fiscal Years (As of December 31)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, net of Investment Expense	15.74%	9.20%	12.30%	-11.01%	16.12%	11.70%	18.10%	-4.44%	19.02%	7.16%

Postemployment Medical Benefits

Schedule of Changes in Net OPEB Liability and Related Ratios

For the Years Ended December 31 (Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability¹									
Service Cost ²	\$ 39,641	\$ 37,369	\$ 36,611	\$ 33,756	\$ 33,440	\$ 31,511	\$ 27,678	\$ 31,577	\$ 26,991
Interest	94,101	89,705	87,185	84,971	84,144	79,142	73,843	73,427	69,879
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(24,479)	(27,445)	(23,139)	(27,434)	(24,112)	(13,871)	(41,706)	(27,712)	(21,627)
Changes of assumptions	81,399	12,356	(16,794)	(15,643)	(36,048)	57,696	12,524	(11,430)	58,973
Benefit payments	(52,784)	(50,187)	(47,072)	(46,711)	(45,917)	(46,021)	(43,562)	(40,879)	(37,904)
Net Change in Total OPEB Liability	137,878	61,798	36,791	28,939	11,507	108,457	28,777	24,983	96,312
Total OPEB Liability - Beginning	1,330,606	1,268,808	1,232,017	1,203,078	1,191,571	1,083,114	1,054,337	1,029,354	933,042
Total OPEB Liability - Ending (a)	\$1,468,484	\$1,330,606	\$1,268,808	\$1,232,017	\$1,203,078	\$1,191,571	\$1,083,114	\$1,054,337	\$1,029,354
Plan's Fiduciary Net Position (FNP)									
Contributions - employer ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	\$ 444,355	\$ 93,445	\$ 122,605	\$ (534,552)	\$ 486,212	\$ 262,140	\$ 193,656	\$ (138,333)	\$ 243,189
Benefit payments	(52,784)	(50,187)	(47,072)	(46,711)	(45,917)	(46,021)	(43,562)	(40,879)	(37,904)
Administrative expense	(2,163)	(1,957)	(1,711)	(1,657)	(1,537)	(1,416)	(1,354)	(1,224)	(1,204)
Other	-	-	(54,206)	-	-	-	-	-	-
Net Change in Plan's Fiduciary Net Position	389,408	41,301	19,616	(582,920)	438,758	214,703	148,740	(180,436)	204,081
Plan's Fiduciary Net Position⁴ - Beginning	1,101,638	1,060,337	1,040,721	1,623,641	1,184,883	970,180	821,440	1,001,876	797,795
Plan's Fiduciary Net Position⁴ - Ending (b)	\$1,491,046	\$1,101,638	\$1,060,337	\$1,040,721	\$1,623,641	\$1,184,883	\$ 970,180	\$ 821,440	\$1,001,876
Net OPEB Liability (Asset) NOL/ (NOA) - Ending (a) - (b)	\$ (22,562)	\$ 228,968	\$ 208,471	\$ 191,296	\$ (420,563)	\$ 6,688	\$ 112,934	\$ 232,897	\$ 27,478
FNP as a Percentage of the Total OPEB Liability	101.54%	82.79%	83.57%	84.47%	134.96%	99.44%	89.57%	77.91%	97.33%
Covered-Employee Payroll⁵	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ Total OPEB liability is not available for years prior to December 31, 2017. Information will be presented in future years as it becomes available.

² The service cost is based on the previous year's valuation, meaning the December 31, 2025 measurement date values are based on the valuation as of December 31, 2024.

³ Employer contributions are on a net basis. Benefits are funded by employer contributions to the 401(h) account and similar amounts are transferred from the SRBR to the Employer Advance Reserve to backfill the employer contributions that would have otherwise been made to the Retirement Plan.

⁴ For 2025, the Plan's Fiduciary Net Position amount shown of \$1,491,046 includes the OPEB-related SRBR reserve of \$1,137,880 (after reducing the reserve by the SRBR implicit subsidy transfer of \$9,391) and the 401(h) reserve of \$10,310, plus the proportionate share of one-half of the net deferred investment gains that is commensurate with the size of the OPEB SRBR reserve of \$342,856. For 2024, the Plan's Fiduciary Net Position amount shown of \$1,101,638 includes the OPEB-related SRBR reserve of \$1,094,287 (after reducing the reserve by the SRBR implicit subsidy transfer of \$2,472) and the 401(h) reserve of \$10,521, less the proportionate share of the net deferred investment loss that is commensurate with the size of the OPEB SRBR reserve of \$3,170.

⁵ Covered-employee payroll is not shown as contributions to the OPEB plan are not based on a measure of pay.

Schedule of Employer Contributions - OPEB

Last Ten Fiscal Years (Dollars in Thousands)

Year Ended December 31	Actuarially Determined Contributions (ADC) ¹	Contributions in Relation to ADC ¹	Contribution Deficiency (Excess)	Covered- Employee Payroll ²	Contributions as a Percentage of Covered- Employee Payroll
2016	N/A	N/A	-	N/A	N/A
2017	N/A	N/A	-	N/A	N/A
2018	N/A	N/A	-	N/A	N/A
2019	N/A	N/A	-	N/A	N/A
2020	N/A	N/A	-	N/A	N/A
2021	N/A	N/A	-	N/A	N/A
2022	N/A	N/A	-	N/A	N/A
2023	N/A	N/A	-	N/A	N/A
2024	N/A	N/A	-	N/A	N/A
2025	N/A	N/A	-	N/A	N/A

¹ Benefits are funded by employer contributions to the 401(h) account and similar amounts are transferred from the SRBR to the Employers Advance Reserve to backfill the employer contributions that would have otherwise been made to the Pension Plan.

² Covered-employee payroll is not shown as contributions to the OPEB plan are not based on a measure of pay.

The Schedule of Investment Returns for the total fund is reported on [page 65](#) of the RSI.

Notes to Required Supplementary Information

PENSION PLAN AND NON-OPEB

Actuarial Assumptions

The Total Pension Liabilities (TPLs) as of the measurement dates were calculated by rolling forward the liabilities from prior years' actuarial valuations. The actuarial assumptions used to develop the TPLs are the same assumptions used for the respective funding valuations as of the measurement date of the TPL. The TPL as of December 31, 2025 was determined by rolling forward the TPL from the actuarial funding valuation as of December 31, 2024. The key assumptions used for calculating the TPL as of December 31, 2025, are as follows:

Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Inflation	2.50%
Salary Increases	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation and across-the-board salary increase

Methods and Assumptions Used to Establish Actuarially Determined Contribution (ADC) Rates

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.

Valuation Date	December 31, 2024	December 31, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percentage of payroll (3.00% payroll growth assumed)	Level percentage of payroll (3.00% payroll growth assumed)
Remaining Amortization Period	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 amortized over separate decreasing 5-year periods. Assumption and method changes are amortized over separate decreasing 20-year periods. 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. The UAAL as of December 31, 2024 is amortized over 20 years.	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 5-year periods. Assumption and method changes are amortized over separate decreasing 20-year periods. 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.
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:	December 31, 2024	December 31, 2023
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 increases	0.50%	0.50%
Projected salary increases	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation and across-the-board salary increase	General: 8.00% to 3.45% and Safety: 11.40% to 4.00%, vary by service, including inflation and across-the-board salary increase.
Cost of living adjustments	2.75% of retirement income for General Tiers 1 and 3, and Safety Tier 1. 2.00% of retirement income for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4.	2.75% of retirement income for General Tiers 1 and 3, and Safety Tier 1. 2.00% of retirement income for General Tiers 2 and 4, and Safety Tiers 2, 2C, 2D, and 4.
Other assumptions	Based on analysis of actuarial experience during the period December 1, 2019 through November 30, 2022.	Based on analysis of actuarial experience during the period December 1, 2019 through November 30, 2022.

Postemployment Medical Benefits

The actuarial assumptions used for the postemployment medical benefits valuation were consistent with those applied to the pension plan with the exception of Health Care Cost Trend Rate assumptions which are specific to the postemployment medical benefits.

The Total OPEB Liabilities as of the measurement dates

were calculated by rolling forward the liabilities from the prior years' sufficiency valuation, with adjustments for preliminary assumptions adopted for the sufficiency valuation as of the measurement date. The key assumptions used for calculating the total OPEB liability as of December 31, 2025, are as follows:

Investment Rate of Return	7.00% net of OPEB plan investment expense, including inflation
Inflation	2.50%
Health Care Premium Trend Rates	
Non-Medicare medical plan	8.00% graded to ultimate 4.50% over 14 years.
Medicare medical plan	7.50% graded to ultimate 4.50% over 12 years.
Dental	5.00% graded to ultimate 4.00% over 2 years.
Vision	3.00%
Medicare Part B reimbursement ¹	6.75% until 2033, then 6.25% graded to ultimate 4.50% over 4 years.
Other Assumptions	Based on analysis of actuarial experience during the period December 1, 2019 through November 30, 2022.

¹ The actual 2025 premium increase of 9.68% reflecting the standard 2026 premium of \$202.90 per month was reflected in the current year GASB 74 valuation with December 31, 2025 measurement date. The proposed 6.75% initial trend assumption represents the average trend shown for years 2026 through 2033 of the Medicare Trustees report.

Supplemental Schedules

Administration Expense

For the Year Ended December 31, 2025
(Dollars in Thousands)

Personnel Services	
Staff Wages	\$ 9,913
Fringe Benefits	4,377
Temporary Services	359
Total Personnel Services	14,649
Professional Services	
Consultant Fees	472
Audit	106
Total Professional Services	578
Communications	
Printing & Postage	194
Communication	44
Total Communications	238
Office Space and Utilities	
Office Space and Utilities	50
Total Office Space and Utilities	50
Lease Expenses	
Interest on Lease Liabilities	12
Amortization of Right-to-use Assets	25
Total Lease Expenses	37
Other	
Depreciation and Amortization	76
Board Operating Expenses	416
Insurance	514
Miscellaneous	551
Training	101
Equipment Leases ¹	2
Equipment Maintenance	59
Supplies	13
Total Other	1,732
Subtotal: Administrative Expense Subject to Statutory Limit	17,284
Actuarial Expenses	432
Business Continuity	713
Legal Expenses	922
Technology Expenses	2,583
Subtotal: Administration Expense Excluded from Statutory Limit²	4,650
TOTAL ADMINISTRATION EXPENSE	\$ 21,934

¹ Lease expenses that do not fall under GASB 87.

² Legal expenses, business continuity, and technology include an allocation of administration overhead expenses.

Investment Expenses

For the Year Ended December 31, 2025
(Dollars in Thousands)

Investment Manager Fees ¹	\$ 135,098
Brokerage Commissions	1,083
Investment Allocated Costs	3,867
Investment Consultants	1,395
Other Investment Expenses/(Income)	612
Investment Custodians	577
Total Investment Expenses	\$ 142,632

¹ The Investment Section of this report provides details of Investment Manager Fees by type of investment manager.

Payments to Other Consultants¹

For the Year Ended December 31, 2025
(Dollars in Thousands)

Actuarial & Audit Services	\$ 618
Human Resources Consulting	148
Legal Services	109
Other Specialized Services	1,485
Total Payments to Consultants	\$ 2,360

¹ These are payments to outside consultants other than related to investments.

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Investments

Chief Investment Officer's Report

2025 CALENDAR YEAR PERFORMANCE HIGHLIGHTS OF ACERA'S INVESTMENT FUND (TOTAL FUND)

By the end of the 4th quarter of 2025, ACERA's Total Fund increased to \$14.0 billion¹. ACERA's portfolio returned 15.9% net of fees 2025, as shown in the table below, which includes Asset Class detail. Over the 2021 – 2025 period, the Total Fund's annualized net return was 7.9%².

Fund Composition (as of 12/31/25)	1-Year Return (%) ⁱ	Fair Value (\$B) ⁱⁱ	Actual Allocation (%) ⁱⁱⁱ	Target Allocation (%)
Total Fund	15.9%	\$ 14.0	100.0%	100.0%
Policy Index	15.6%	N/A	N/A	N/A
Median Fund	13.4%	N/A	N/A	N/A
Public Equity	21.9%	\$ 6.9	49.5%	48.0%
Fixed Income	8.6%	\$ 2.2	15.4%	14.0%
Real Estate	3.6%	\$ 0.8	5.8%	8.2%
Private Equity	13.5%	\$ 1.0	7.2%	11.0%
Absolute Return	8.0%	\$ 1.0	6.9%	6.0%
Real Assets	19.0%	\$ 0.9	6.3%	6.0%
Private Credit	5.8%	\$ 0.6	4.0%	6.8%
Cash	4.4%	\$ 0.5	3.6%	0.0%
Overlay	74.1%	\$ 0.2	1.3%	0.0%
Year-End Total Fund (as of 12/31/25)	-	\$ 14.0	-	-
Beginning Total Fund (as of 01/01/25)	-	\$ 12.0	-	-
Total Change in Fund Value	-	\$ 2.0	-	-

Source: NEPC^{iv} (Net of Fees)

i All returns are net. Total Fund Return (gross of fees) for 2025 was 16.2%.

ii Total Fund Fair Value reflects the sum of Physical and Overlay Exposure. Individual asset class values reflect Physical Exposure only.

iii Actual Allocation and Target Allocation are based on net \$ total exposure (sum of Physical and Overlay Exposure).

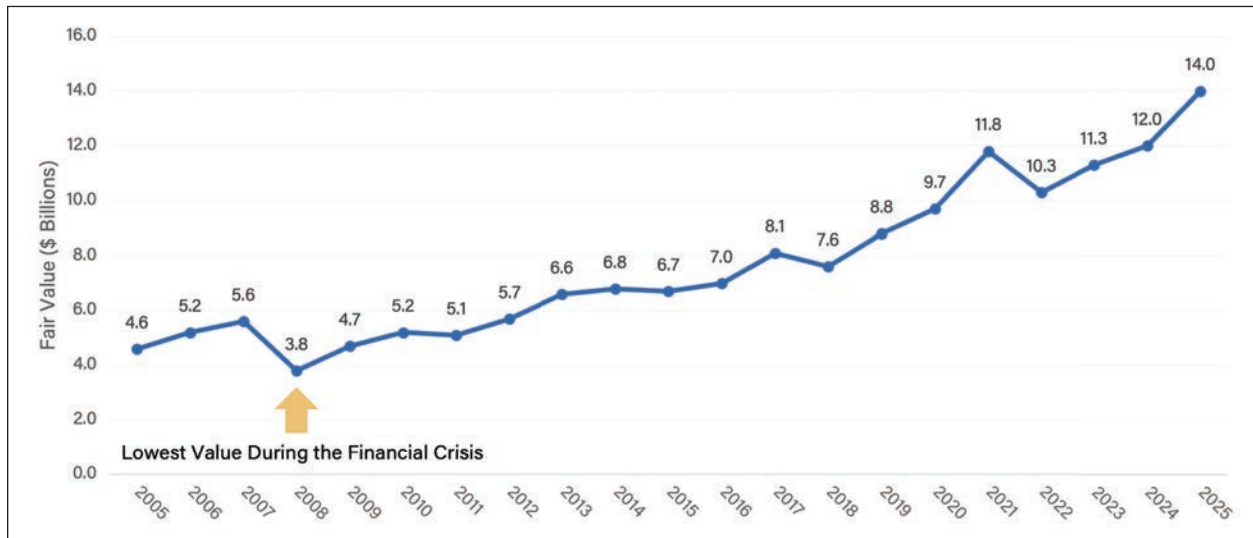
iv NEPC is ACERA's General Investment Consultant.

NOTE: Returns for periods greater than one year are annualized. Monthly return calculations are time-weighted, and fair value based. Results of all publicly traded investments are presented in a format consistent with the CFAI Global Investment Performance Standards[®].

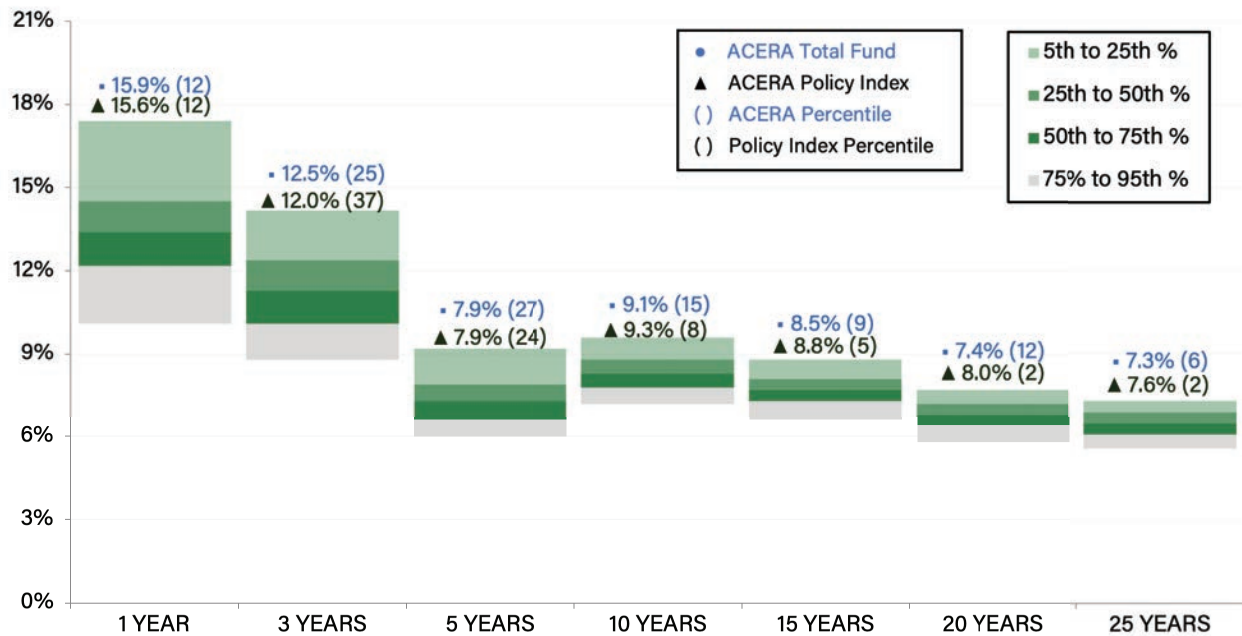
1 For 2025, ACERA made net disbursements of approximately \$294.0M to pay supplemental retiree benefits, salaries, and administrative costs. For reference, the average net disbursements from the Total Fund over the past five years has been \$266.0M.

2 The fund generated the following annual net returns: 2020 +12.5%; 2021 +16.1%; 2022 -11.6%; 2023 +12.6%; 2024 +9.2%; 2025 +15.9%.

ACERA Year-End Fair Values 2005-2025



ACERA TOTAL FUND RETURNS VS. TOTAL PUBLIC FUNDS ANNUALIZED RETURNS



ACERA TOTAL FUND ANNUALIZED RETURNS VS. TOTAL PUBLIC FUNDS ANNUALIZED RETURNS¹

	1 Year		3 Years		5 Years		10 Years		15 Years		20 Years		25 Years	
Fund (Gross)	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank
ACERA	16.2%	9	12.8%	22	8.1%	24	9.3%	14	8.7%	11	7.7%	15	7.6%	2
Policy Index	16.0%	9	12.2%	33	8.1%	25	9.3%	12	8.9%	6	8.0%	3	7.7%	2
Median	13.5%	50	11.4%	50	7.3%	50	8.5%	50	7.8%	50	7.0%	50	6.6%	50

Source: NEPC

	1 Year		3 Years		5 Years		10 Years		15 Years		20 Years		25 Years	
Fund (Net)	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank	Return %	Rank
ACERA	15.9%	12	12.5%	25	7.9%	27	9.1%	15	8.5%	9	7.4%	12	7.3%	6
Policy Index	15.6%	12	12.0%	37	7.9%	24	9.3%	8	8.8%	5	8.0%	2	7.6%	2
Median	13.4%	50	11.3%	50	7.3%	50	8.3%	50	7.7%	50	6.8%	50	6.5%	50

Source: NEPC

The Board's primary goals in managing the Fund are:

1. Diversify the Fund's assets as its main defense against large market drawdowns, while maintaining reasonable risk exposure to meet return requirements;
2. Prevent deterioration in the funded status, and preserve long-term sustainability, of the Fund; and
3. Achieve returns at or above ACERA's actuarial rate of return over complete market cycles measured over rolling five-year periods².

ACERA believes that prudent management of risk is a central element of the investment function and that effective diversification among asset classes will reduce risk and enhance returns of the overall investment portfolio over the long-term. ACERA has strong controls in place to monitor and manage portfolio risks and to ensure compliance with all relevant fiduciary standards. It is important to remember that pension plan investments should be viewed over the long-term and that past performance is not indicative of future results.

PERFORMANCE HIGHLIGHTS FOR 2025

Total Fund gained 15.9% (net) for 2025, outperforming the Policy Index, 15.6% (net) and the Median Fund, 13.4% (net). Relative to the Peer Group of Public Funds larger than \$1 billion, the Total Fund's percentile ranking was 12th, while the Policy Index was also 12th.

In the first half of 2025, ACERA's Total Fund returned 7.4% net, which ranked in the 10th percentile of the named Peer Group above. During this time period, the Total Fund outperformed the Median Fund, 6.2% and the Policy Index, 7.2%, 13th percentile.

In the second half of 2025, ACERA's Total Fund returned 7.8% net, which ranked in the 12th percentile of the named Peer Group above. During this time period, the Total Fund outperformed the Median Fund, 6.7% and slightly underperformed the Policy Index, 7.9%, 12th percentile.

With the performance results noted above, the Total Fund's annualized net returns through 2025 over a 3-year,

¹ Total Fund and asset class composites are ranked against the InvMetrics universe. A ranking of 1 is a top percentile ranking and a ranking of 100 is a bottom percentile ranking. The InvMetrics Public DB Funds > \$1B Gross universe consists of 110 members and \$1.6 Trillion. The InvMetrics Public DB Funds > \$1B Net universe consists of 106 members and \$1.4 Trillion. Effective 1/1/2017, only traditional asset classes (public equity, public fixed income, public real estate) investment management fees will be excluded in the gross of fee return calculation.

² ACERA General Guidelines, Policies, and Procedures, amended May 19, 2022, P.8.

5-year, and 10-year period are 12.5%, 7.9%, and 9.1%, respectively. All time periods described are above the Board-approved actuarial return assumption of 7.0%.

FACTORS AFFECTING ACERA'S PORTFOLIO IN 2025

The Board's Actions - Highlights

In 2025, the Board took the following investment-related actions:

- February 2025: the Board approved the updated Private Equity Policy.
- March 2025: the Board approved ARGAs as ACERA's new Emerging Markets Manager.
- April 2025: (1) the Board approved an updated Real Assets Policy and related Real Assets Investment Plan; and (2) the Board terminated Kennedy Capital Management – a Public Equities manager.
- June 2025: the Board discontinued the ACERA Directed Brokerage Program.
- August 2025: (1) the Board approved the updated Real Estate Policy and its related Real Estate Investment Plan; (2) the Board approved the Updated Absolute Return Policy and its related Absolute Return/Rebalancing Investment Plan; (3) the Board terminated Franklin Templeton – a Public Equities manager.
- October 2025: (1) the Board approved an updated Environmental, Social, and Governance (ESG) Investment Policy; and (2) the Board approved an updated Emerging Investment Manager Policy.
- December 2025: the Board adopted a New Public Equity Structure.

The Board is comprised of eleven appointed or elected members, including two alternates. All Board members are members of the Investment Committee. Both the Board and the Investment Committee meet monthly. An experienced group of fiduciaries, they work closely with

Staff and ACERA's consultants to carry out their fiduciary responsibilities. Committee meeting agendas and minutes can be found on ACERA's website, www.acera.org.

NEW INVESTMENTS FOR 2025

During 2025 ACERA's Board and Staff expanded the Total Fund's investments, adding 10 privately placed funds with commitments valued at \$380 million plus €37 million, thus continuing to approach target asset allocations in Private Equity, Real Assets, and Real Estate. Broken down by asset class, this expansion represents:

- 3 new commitments to Private Credit totaling \$105 million plus €37 million.
- 4 new commitments to Real Assets totaling \$155 million.
- 1 new commitment to Private Equity totaling \$50 million.
- 1 new commitment to Private Equity totaling \$35 million¹.
- 1 new commitment to Real Estate totaling \$35 million.

ACERA'S PORTFOLIO - DETAIL

ACERA's portfolio is diversified among seven major asset classes and strategies: Public Equities, Fixed Income (U.S. and Global), Real Estate, Private Equity, Absolute Return, Real Assets, and Private Credit. The purpose of diversification is to reduce risk while maximizing potential long-term return. Statistically speaking, effective asset allocation policy and implementation drive 90% of total fund return and risk experience. The portfolio is constructed such that its volatility (defined as a measure of risk, i.e. standard deviation) is less than that of a traditional long-only, equity-only portfolio. ACERA's Total Fund is positioned to weather various market conditions and provide steady growth and income (net return) over the long term.

¹ One investment of \$35m which was split into 3 investment vehicles.

Asset Class Review - 2025

Public Equity	
Asset Class Allocation - Target	48.0%
Asset Class Allocation - Actual	49.5%
Return (Net)	21.9%
MSCI AC World IMI (Net) - Benchmark	22.1%
Over (Under)- Performance - relative to Benchmark	(0.2%)
InvMetrics ¹ Public DB Global Equity (Net) - Median	21.0%

Source: NEPC

¹ As of 12/31/25, InvMetrics Public DB Funds >\$1B Net universe consists of 106 members and \$1.4 Trillion.

Numbers may not add up due to rounding

Global equity markets posted their third consecutive year of strong performance in 2025 with the MSCI ACWI IMI index returning 22.1% on the heels of a 16.4% gain in 2024 and 21.6% in 2023. The US comprises approximately 60% of the global market and the top 10 constituents account for approximately 20% of the index. The biggest sectors are Information Technology, Financials, and Industrials.

Following strong gains of 26.0% in 2023 and 23.8% in 2024, US equity markets posted another positive year in 2025, with the Russell 3000, a broad domestic equity index and benchmark for the US Equity asset class, returning approximately 17.2%. While returns moderated compared to the prior two years, the index again finished the year near all-time highs. Market conditions were volatile early in the year, but equities recovered meaningfully in the second half.

The US economy remained resilient in 2025, supported by solid consumer spending, easing inflation, and accommodative monetary policy. After a spring market drawdown related to trade and geopolitical concerns, economic growth and corporate earnings improved as the year progressed. Continued investment in artificial intelligence supported earnings growth expectations and helped sustain equity valuations despite periods of uncertainty. Equity leadership remained concentrated in large-cap growth stocks, though market participation broadened modestly compared to prior years. Political developments and trade policy announcements contributed to short-term volatility but did not derail overall market performance.

Large-cap U.S. stocks continued to outperform small-cap stocks, with the large cap Russell 1000 index returning approximately 17.4% in 2025, compared to a gain of roughly 12.8% for the Russell 2000. Small-cap equities lagged early in the year amid tighter financial conditions but participated more fully in the market recovery later in the year. Growth stocks also continued to outperform value stocks across market capitalizations. The Russell 1000 Growth Index rose approximately 16.3%, modestly exceeding the Russell 1000 Value Index, which gained around 15.1%. A similar pattern was observed in small-cap equities, as investors favored companies with stronger earnings growth prospects and exposure to secular growth themes.

Following a 5.2% return in 2024, international equity markets strengthened in 2025, supported by improving global growth, easing financial conditions, and a weaker US dollar (down about 9% in 2025). The MSCI ACWI ex US IMI, a broad, international equity index and the benchmark for the International Equity asset class, returned 32.0% for the year. Returns were driven by both developed and emerging markets, with performance broadening across regions and sectors. Despite increased volatility, particularly in the first half of the year due to trade policy developments, geopolitical tensions, and shifting monetary policy expectations, resilient economic activity and improving earnings trends supported equity markets as the year progressed. Central banks, particularly in developed markets, cut interest rates as inflation continued to moderate.

Emerging markets equities, as represented by the MSCI Emerging Markets Index, also recorded a strong year with a 33.6% return, aided by a weaker US dollar, improving earnings growth, and capital flows into higher-growth regions. For the broad MSCI ACWI ex US IMI index, large-cap stocks outperformed small-cap stocks reflecting investor preference for higher-quality companies with stronger balance sheets amid ongoing macro uncertainty, and value stocks outperformed growth stocks supported by higher exposure to financials, energy, and industrials, as well as more attractive relative valuations.

In 2025, ACERA's Public Equity portfolio underperformed its MSCI ACWI IMI benchmark, with the portfolio generating a 21.9% return compared to 22.1% for the benchmark. Approximately 60% of the Public Equity portfolio was passively invested by BlackRock in global developed large cap stock indices and the rest was managed actively. Kennedy Capital (US Small Cap Value) and Franklin Templeton (International Small) were terminated, and ARGA Investment Management (Emerging Markets Value) was funded while the six other managers all underperformed.

Fixed Income	
Asset Class Allocation - Target	14.0%
Asset Class Allocation - Actual	15.4%
Return (Net)	8.6%
Fixed Income Blend (75% Bloomberg US Aggregate, 10% Bloomberg US High Yield, and 15% FTSE WGBI ex US) - Benchmark	7.6%
Over/(Under) Performance - relative to Benchmark	0.9%
InvMetrics ¹ Public DB Fixed Income (Net) - Median	7.4%

Source: NEPC

¹ As of 12/31/25, InvMetrics Public DB Funds >\$1B Net universe consists of 106 members and \$1.4 Trillion.

Numbers may not add up due to rounding

The price index for Personal Consumption Expenditures ("PCE") remained elevated throughout 2025 but showed signs of gradual moderation during the first half of the year, entering the year near 2.9% and declining modestly by mid-year. While inflation remained above the Federal Reserve's long-term target of 2%, improving inflation trends and slowing economic momentum contributed to a decline in short-term interest rates. As inflation pressures moderated, the Fed began easing monetary policy in the second half of the year, implementing multiple rate cuts that reduced the effective federal funds rate by approximately 75 basis points by year-end.

Despite easing monetary policy at the short end of the yield curve, longer-dated Treasury yields remained volatile and finished the year modestly lower. The yield on the 10-year U.S. Treasury declined over the course of the year, ending 2025 near 4.2%, as concerns around fiscal deficits, Treasury

supply, and persistent inflation uncertainty limited the magnitude of the decline. As a result, short-term yields fell more sharply than intermediate- and long-term yields, leading to a steepening of the yield curve during the year.

Credit markets performed well in 2025, supported by resilient corporate fundamentals, elevated starting yields, and strong investor demand for income-producing assets. Credit spreads tightened across most sectors and remained near historically low levels, with high yield spreads declining further as default expectations remained contained. The combination of high carry and spread tightening supported strong performance across credit-oriented sectors.

Given the elevated level of income available across fixed income markets and the relative stability of credit conditions, lower-duration and higher-risk fixed income sectors outperformed longer-duration, higher-quality sectors. The Bloomberg U.S. Corporate High Yield Index generated a return of approximately 8.6% for the year, while the longer-duration, investment-grade Bloomberg U.S. Aggregate Bond Index produced a return of approximately 7.3%. Income was a meaningful contributor to returns across all major fixed income sectors.

On a global basis, economic growth outside the United States remained uneven, while U.S. growth moderated from prior years. The U.S. dollar weakened meaningfully during 2025, declining about 9% on a trade-weighted basis as interest rate differentials narrowed and global investors reduced U.S. dollar exposure. As a result, international fixed income markets generated stronger returns in U.S. dollar terms than in prior years, with currency appreciation contributing meaningfully to returns for unhedged investors.

In 2025, ACERA's Fixed Income portfolio outperformed its blended benchmark, with the portfolio generating an 8.6% return compared to 7.6% for the benchmark. The Policy target for Safe Haven Fixed Income is 10% (71.4% of Fixed Income) and the portfolio outperformed, returning 7.5% compared to 7.0% for the blended benchmark. Baird Advisors is the only Safe Haven manager and outperformed, returning 7.5% compared to 7.3% for the Bloomberg US Aggregate benchmark. The Policy target

for Risk Seeking Fixed Income is 4% (28.6% of Fixed Income) and the portfolio outperformed, returning 11.2% compared to 10.1% for the blended benchmark. Both Risk Seeking managers outperformed with Loomis Sayles returning 9.7% compared to 8.2% for the Bloomberg US Credit Baa Bond index and Brandywine returning 13.9% compared to 7.6% for the custom benchmark.

Real Estate	
Asset Class Allocation – Target	8.2%
Asset Class Allocation – Actual	5.8%
Return (Net)	3.6%
NCREIF ODCE Property Index - Benchmark	3.8%
Over/(Under) Performance – relative to Benchmark	(0.2%)
InvMetrics ¹ Public DB Real Estate Public & Private (Net) - Median	3.2%

Source: NEPC

1 As of 12/31/25, InvMetrics Public DB Funds >\$1B Net universe consists of 106 members and \$1.4 Trillion.

Numbers may not add up due to rounding.

Per ACERA's Real Estate (RE) policy, the strategic objectives of the RE portfolio are to: 1) generate returns superior to those available in the public equity market to compensate the Fund for the longer term illiquid commitments associated with RE investments; 2) Enhance ACERA's long-term risk adjusted return, provide additional diversification to ACERA's overall investment Fund, and serve as a hedge against inflation; 3) Produce a stable income stream to assist in meeting cash flow needs and; 4) generate total RE Portfolio performance in excess of the NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE) over longer time periods. 2025 marked a turning point for core real estate after having back-to-back years of negative returns in 2022, 2023 and 2024. ACERA's Real Estate (RE) portfolio returned a net-of-fee return of 3.6% for the calendar year of 2025, slightly trailing the NCREIF ODCE benchmark return of 3.8% by 20 basis points. The portfolio outperformed the benchmark over shorter time periods, returning 1.0% in Q4 versus 0.9% for the benchmark and 2.1% over six months versus 1.7% for the benchmark and ranked in the strong 16th percentile of the InvMetrics peer universe over 15 years at 7.4% annualized. The Real Estate portfolio contains 20 active institutional funds and the ACERA

headquarters building located in downtown Oakland. The sub-asset classes within the Real Estate portfolio include Core, Core-Plus, Value-Added, and Opportunistic, and the Real Estate portfolio contains both debt and equity investments. Across strategy sectors, Value-Add led with a 7.6% trailing one-year net total return driven by strong appreciation. Core Plus had a 5.5% trailing one-year net total return driven by strong industrial exposure. The Opportunistic sleeve returned 3.1% driven by solid appreciation and the Core sleeve delivered 0.6%, although this figure was heavily distorted by the negative returns of the ACERA's building. The Oakland building posted a trailing one-year return of -32.21% (appreciation: -34.97%), consistent with peak-to-trough declines of ~70% for comparable Oakland Commercial Business District (CBD) assets. Without the Oakland building the core asset class returned 4.7%.

Within the NFI-ODCE benchmark, 2025 performance was shaped by sharp sector divergence. Senior housing was the top-performing property type in the broader unlevered NCREIF Property Index (NPI), posting a full-year 2025 total return of 10.6% (5.6% income + 4.8% appreciation), driven by record-low inventory growth, demographic-driven demand, and occupancy gains to ~88%. Note that senior housing is reported within the NPI but is aggregated within ODCE's "Other" sleeve rather than as a standalone ODCE sector. Storage also outperformed, returning 6.3% unlevered (NPI). Among ODCE's core sectors (Industrial, Office, Residential, Retail) retail led with an NPI total return of 6.8%, supported by NOI growth of 3.3% and occupancy of 92.7%. Office remained the dominant detractor as the NPI office returned 3.4% on a full-year basis (5.8% income partially offsetting -2.3% appreciation), with the fourth-quarter NOI growth of -5.4% and institutional occupancy of 85.6%. The broader national office market registered Q4 2025 vacancy of 20.5% (Cushman & Wakefield), though the annualized vacancy increase was the smallest since 2020 and net absorption turned positive in 2H 2025, suggesting the sector may be approaching a cyclical inflection.

Real Estate continues to be an important, diversifying asset class for the Total Fund, as it has low correlation with other asset classes, generates stable income alongside asset price

appreciation, and serves as a hedge against inflation. As of December 31, 2025, ACERA's Real Estate portfolio was valued at \$815.2 million representing 5.8% of the total fund, meaningfully below the policy target of 8.2%. The under allocation is largely driven by the pullback in market valuations within the real estate market over the last few years but is expected to recover in the upcoming years.

Private Equity	
Asset Class Allocation – Target	11.0%
Asset Class Allocation – Actual	7.2%
Return (Net)	13.5%
C/A Global PE & VC (Qtr Lag) - Benchmark	10.1%
Over/(Under) Performance – relative to Benchmark	3.4%

Source: NEPC, No Private Equity Median

Numbers may not add up due to rounding

Per ACERA's Private Equity (PE) policy, the strategic objectives of the PE portfolio are to: 1) generate returns superior to those available in the public equity market to compensate the Fund for the longer term illiquid commitments associated with PE investments; 2) enhance ACERA's long-term risk adjusted return and provide additional diversification to the overall investment Fund; and 3) generate total PE portfolio performance in excess of the Cambridge Associates Global Private Equity and Venture Capital Index. ACERA's PE portfolio returned 13.5% net-of-fees for the year ended December 31, 2025, outperforming its benchmark, the Cambridge Associates Global PE & VC Index (Quarter Lag) by 338 basis points, as the benchmark returned 10.1% over the same period. In 2025, the Private Equity portfolio contained 56 active funds segregated into three sub-asset classes: buyouts, growth equity, and venture capital. At the sub-asset class level, growth equity returned 4.9% net in the first half of 2025¹, outpacing buyouts during the same period. Buyout funds posted a more modest 3.6% net return in H1 2025. Venture capital made the most notable turnaround, returning 6.4% net in H1 2025 after seven consecutive quarters of negative returns in 2022–2023, driven largely by an AI investment surge that accounted for over 50% of VC deal volume (Source: Cambridge Associates, US PE/VC Benchmark Commentary: First Half 2025).

The primary tailwinds for PE in the year were the resurgence in exit activity. Global PE exit values climbed roughly 50% year-over-year to \$1.35 trillion and the structural advantages of growth equity and venture capital portfolios with heavy technology and AI exposure, as information technology allocations reached 48% of venture capital invested capital. Conversely, the most significant detractors were the persistent distribution drought, with five-year DPI hitting its lowest recorded level as a share of private equity AUM, and the fundraising downturn, which saw global private equity capital formation decline approximately 22% year-over-year to its weakest level since 2020. Finally, trade policy volatility, including sharp swings in effective tariff rates and a VIX spike above 60 in Q2, further complicated the valuation and exit environment for portfolio companies with global supply chain exposure.

Despite these headwinds, ACERA's portfolio outperformed its benchmark across the one (13.5% vs. 10.1%), three (10.6% vs 7.2%) and five-year (14.9% vs 12.3%) periods, with only a slight lag over the ten-year period (13.7% vs. 14.1%). The portfolio's 7.2% allocation remains 3.8% below the 11.0% policy target, the largest underweight in the fund, partially due to the reconstitution of the PE sub-asset classes as a result of the Board's Asset Allocation decision in mid-2024. This underweight represents both a challenge and an opportunity to deploy capital selectively as the market normalizes.

Absolute Return	
Asset Class Allocation – Target	6.0%
Asset Class Allocation – Actual	6.9%
Return (Net)	8.0%
Absolute Return Blend (effective 9/1/2025 was HFRI Fund of Funds Conservative Index and prior to that was HFRI Fund of Funds Composite Index) - Benchmark	8.9%
Over/(Under) Performance – relative to Benchmark	(0.9%)
InvMetrics ¹ Public DB Hedge Funds (Net) - Median	11.7%

Source: NEPC

¹ As of 12/31/25, InvMetrics Public DB Funds >\$1B Net universe consists of 106 members and \$1.4 Trillion.

Numbers may not add up due to rounding

¹ The C/A benchmark is reported on a one-quarter lag, full year 2025 data is not yet published. The most recent available data is the first half 2025 commentary which was published on January 2026.

Per ACERA's Absolute Return (AR) Policy, the strategic objectives of the AR portfolio are to: 1) generate superior returns commensurate with risk taken using strategies that have a low correlation to the equity markets; 2) enhance ACERA's long-term, risk-adjusted return and provide additional diversification to ACERA's overall investment Fund; and 3) generate total AR portfolio returns at or above the asset class benchmark. In 2025 the benchmark for the asset class was changed as of 9/1/25 from the HFRI Fund of Funds Composite (0.3 beta and 0.8 correlation to global equities) to the HFRI Fund of Funds Conservative Index (0.2 beta and 0.6 correlation to global equities). The change was made to better match the benchmark with the asset class's performance, which has had 0.1 beta to and 0.3 correlation with global equities. In addition, late in 2025, the asset class's weighting was lowered to reflect its reduced target weighting in the Total Fund's asset allocation from 8% to 6% per the Board approved Asset Allocation. As a result, redemptions were sought in the asset class's liquid and semi-liquid managers, thereby reducing the AR asset class's weighting to 6.9% by year end 2025.

The asset class underperformed its blended benchmark (i.e., HFRI Fund of Funds Composite Index 1/1/25 - 8/31/25, HFRI Fund of Funds Conservative Index 9/1/25 - 12/31/25) last year. The AR asset class produced an 8.0% net return compared to an 8.9% return of the blended benchmark. Only one of the two custom fund of hedge funds, Lighthouse (40% target weighting) outperformed the benchmark while the other with Morgan Stanley (40% target weighting) slightly underperformed. Combined, these two-custom fund of hedge funds represent approximately 80% of the AR asset class and the entirety of the 80% weighting to fund of hedge funds within the asset class structure. The remaining 20% of the asset class structure, called Other Alternatives/Opportunistic, contains three investments, one representing roughly 10% of the AR asset class (a Blackstone multi-strategy, opportunistic strategy) with this fund slightly underperforming the benchmark as well. The remaining 10% of the AR asset class underperformed the benchmark P/E Investments (a currency manager) and Blue Owl GP Strategic Capital (focused on minority equity interests in alternative managers)—each

represent about 5% of the portfolio and underperformed the benchmark last year.

While the AR asset class underperformed in 2025, it has held its own against benchmarks with higher betas and correlations to global equities over the last three years with the asset class outperforming on a 3-year annualized basis 8.6% versus 8.0%. With global equities (i.e., MSCI ACWI IMI) up 20.0% annually over this three-year time period, the AR asset class has met its purpose, maintaining its diversifying characteristics while largely keeping up with higher beta and correlation (to global equities) benchmarks.

Real Assets	
Asset Class Allocation - Target	6.0%
Asset Class Allocation - Actual	6.3%
Return (Net)	19.0%
Real Asset Blend (67% S&P Global Infrastructure and 33% S&P Global LargeMidCap Commodity & Resources + 100 bps) - Benchmark	28.0%
Over/(Under) Performance - relative to Benchmark	(9.0%)

Source: NEPC, No Real Assets Median

Numbers may not add up due to rounding

The Real Assets (RA) asset class is designed to produce positive expected returns and to mitigate the impact of domestic inflation. It is also intended to exceed the RA Policy benchmark net of fees and expenses, mitigate the impact of trending inflation, especially during periods of unexpected inflation, and to add alpha and diversification to the Total Fund. In 2025, the structure of the RA asset class was updated in the RA Policy to reflect the structure approved by the ACERA Board in July 2024. The new structure is 100% private investments with a 67% target weighting to private infrastructure and a 33% target weighting to private natural resources. By comparison, the previous structure was 75% private and 25% public/liquid investments. Due to the structural change, the benchmark for the RA asset class was also updated in the RA Policy last year. The new benchmark is 67% S&P Global Infrastructure Index/33% S&P Global LargeMidCap Commodity and Resources Index plus 100 basis points. The previous benchmark was 60% S&P Global Infrastructure Index, 35% S&P LargeMidCap Commodity

and Resources Index, and 5% Bloomberg Commodity Index. While the new structure is being implemented by making new investments in private infrastructure and natural resources funds, thereby increasing the weighting of the private investments towards their targets, the RA asset class will continue to have public infrastructure and natural resources investments held in an account (known as the "Liquid Pool") that invests in two passive indexes in weightings that mirror the new RA asset class benchmark - 67% S&P Global Infrastructure Index/33% S&P Global LargeMidCap Commodity and Resources Index. As of the end of 2025, the Liquid Pool account represented roughly 56% of the RA asset class while private infrastructure and private natural resources represented 36% and 8%, respectively.

In 2025, the RA portfolio's 19% net return could not keep pace with the 28.0% return of the RA asset class benchmark. While inflation was tame throughout 2025, largely remaining between 3% and slightly above the Fed's 2% target, the spike in the benchmark's return was due to a strong stock market environment (MSCI ACWI IMI returned 22.1% net in 2025), higher valuations for public infrastructure companies, particularly related to electricity power generation, and a strong performance of natural resources stocks. These factors drove a 21.5% return for the S&P Global Infrastructure Index (67% of the RA asset class benchmark) and a 37.1% return for the S&P Global LargeMidCap Commodity and Resources Index (33% of the RA asset class benchmark). The RA portfolio's private infrastructure and private natural resources investments are designed to produce a more stable high single digit return that is inflation sensitive and less driven by stock market performance. Given these factors, the RA portfolio's private investments could not keep up with the performance of the public infrastructure and natural resource benchmarks that comprise the RA asset class blended benchmark. Going forward, and per the current Board approved asset allocation, ACERA will continue to build out the RA asset class's exposure to private infrastructure and natural resources investments as commitments to existing private funds are called into them to be invested and new commitments to new funds are made.

Private Credit	
Asset Class Allocation - Target	6.8%
Asset Class Allocation - Actual	4.0%
Return (Net)	5.8%
Private Credit Benchmark (Morningstar LSTA U.S. Leveraged Loan + 200 bps)	8.0%
Over/(Under) Performance - relative to Benchmark	(2.2%)

Source: NEPC, No Private Credit Median

Numbers may not add up due to rounding

The strategic objectives of ACERA's Private Credit ("PC") portfolio are to: 1) generate returns superior to those available in the public debt markets to compensate the Fund for the longer term and illiquid commitments associated with private credit investments; 2) enhance ACERA's long term risk adjusted return and provide additional diversification to ACERA's overall investment Fund; and 3) generate total Private Credit Portfolio returns in excess of the asset class benchmark, the Morningstar LSTA U.S. Leveraged Loan Index +200 basis points. 2025 was the first full year in which the PC asset class included its legacy direct lending investments, as well as other PC investment types (i.e., opportunistic, junior and distressed credit) previously held in the debt-related/special situations sub-class of the Private Equity asset class. Despite the creation of a more diversified PC asset class portfolio, the PC asset class's 5.8% return in 2025 underperformed the 8.0% return of its benchmark. The underperformance was driven by the underperformance of two direct-lending funds that combined represented approximately 25% of the PC asset class at the start of 2025. These two funds, the first two that the Board approved following the inception of the PC asset class in 2019, suffered from sub-par credit selections and in one case putting good money after bad into a single investment that increasingly made up a higher percentage of the portfolio it was in as the portfolio shrunk in size following the Fund's investment period. Because these two funds were the most mature direct lending funds that were sized larger than the other private credit investment types (opportunistic, junior, and distressed credit) due to significantly higher diversification, these two funds had a meaningful drag on the PC asset class

performance last year. Going forward, these two funds will be wound down in the next 1-3 years, thereby lowering the drag they have had on the PC asset class performance. While the asset class has underperformed its benchmark over the last two years (largely because of these two direct-lending investments), it has produced returns above public debt markets and has provided diversification to the Total Fund. Indeed, for the five-years ended 12/31/25, the PC asset class produced an annualized 8.1% net return while ACERA's Total Fixed Income Asset Class produced an annualized 0.1% net return. ACERA will continue to make new PC investments so as to increase its exposure to these investments towards the asset class's 6.8% target weight.

The Private Credit markets were often in the news last year. The headlines focused primarily the direct lending vehicles of private credit managers called business development companies ("BDCs") that cater to retail and high net worth investors. Because of rising investor concerns related to the rapid expansion of the direct lending market, deterioration of credit quality in direct lending portfolios, and risks for software borrowers (approximately 20% of the direct lending market) whom might be negatively impacted by AI, retail/high-net-worth investors decided to run for the exit in these vehicles all at the same time. However, because the non-traded versions of these vehicles are only designed to provide quarterly liquidity at roughly 5% of these vehicles' net asset values, private credit managers have been unable to meet the totality of rising redemption requests, thus causing more concerns among investors. While ACERA has had sub-par performance in two of its direct-lending investments mentioned above, ACERA's PC asset class does not invest in the same vehicles that these retail/high-net-worth investors do.

In 2025, to avoid the risks in the direct lending market, ACERA's new PC investments focused primarily on opportunistic and distressed credit investments that can capitalize on stress and distress in the private credit markets. Going forward, Staff and Consultant will continue to be diligent and prudent about making PC investments that will help us to achieve the goals of our investment policies.

GENERAL ECONOMY IN 2025

In 2025, the sustainability of the resiliency in the U.S. economy had been challenged repeatedly by, amongst other things, the impositions of various policy changes such as tariffs on foreign imports. This market volatility, despite the upbeat projections of the Administrations' goals ranging from tariffs revenue to workforce reductions in the public sectors, had kept investors on alert throughout the year. At year end, the US GDP growth was at 2.1%, slowing from a 2.8% in 2024, amid a sharp deceleration in the 4th quarter (0.7% annualized rate) caused by a prolong government shutdown and cooling consumer spending. In addition, economic performance was negatively impacted continuously by new tariffs imposed on major trade partners of the US, by increased interest rate and by reduced federal activities.

In spite of a volatile market, especially towards the end of 2025, the S&P scored a strong performance of 17.9% for the year with a backdrop of a modest inflation rate of 2.7% and a similarly modest unemployment rate of about 4.4% as of December 2025. When compared to other nations such as China and India, however, the US economy showed relatively slower growth with a GDP growth of 2.1% while China's and India's growth was 4.5% and 7.4%, respectively. The double digit returns of the S&P 500 in 2025, was characterized by high volatility, including a 5.09% gain in May and a 5.23% rise in June. Although the index experienced a rocky month with a -5.97% return in March but it recovered, driven by robust earnings in the technology and financial sectors.

For the year ended 12/31/2025 during which staff diligently worked to continue to implement the Board approved Strategic Asset Allocation (aka Mix C). ACERA's Total Fund had a strong performance of producing 16.2% (gross) and 15.9% (net), outperforming their respective policy index of 16.0% (gross) and 15.6% (net), ending the year with a fair value of \$14,026,975,450, which included a \$400 M pre-funding from the County of Alameda. This was the very first time that the Total Fund's fair value had surpassed the threshold of over \$14B. We are proud of this strong Investment performance of about 16% (net of fees) which

is significantly well above ACERA's actuarial assumed rate of return of 7%, it also represents an increase of over \$1.6 billion, excluding the named \$400 million County pre-funding, in the Total Fund's fair value from the beginning of the year, after paying out all members' benefits and paying for ACERA's Administrative expenses.

ECONOMIC OUTLOOK

Geopolitical risks and foreign policies risks have been dominating the macroeconomic narrative since the beginning of the Middle East conflicts started on February 28th, 2026. Oil is the key commodity that has been in the center of attentions in the global financial markets for the last five weeks (as of 4/3/26) since the beginning of the named conflicts because oil prices have significantly increased to over \$112 per barrel, the highest price in over 4 years. As oil prices continue to rise, prices of many other day-to-day essentials ranging from gasoline prices to grocery prices have correspondingly increase due to interdependency to oil. This domino effect of oil prices hike will likely increase the current inflation of 2.7% to a level that has not been seen since the pandemic. At the same time, the labor market is showing signs of softening, partially as a result of the AI disruptions to not only the tech industries but also to many other industries such as services and manufacturing.

With this rocky start in the first quarter of 2026, all three major indexes briefly entered technical correction territory, dropping over 10%, respectively, from its previous record high as of late March, 2026, driven by intense volatility from the intensifying Middle East conflicts including the safety of the Strait of Hormuz. As expected, surging oil prices well above \$100 a barrel have fueled fears of rising inflation for the rest of the year and potentially beyond. To put things into context and before the Middle East conflicts, the Fed was expected to cut rate twice in 2026 by 50bps to 3-3.25%. Now, with the conflicts entering its second month, the fear of an upward inflation trend is continuing to reflect the unprecedented hike of gasoline price, many investors are unsure about the timing of the Fed's next rate cut. The named conflicts, if not ended soon, will continue to act as a major headwind to the global and

US economies, at least in the near future.

At our 2/4/26 ICM and before the Middle East conflicts have erupted, ACERA reviewed its current Asset Allocation (Mix C) to assure the Board that Mix C would continue to weather the then prevailing capital market environment, albeit at a lower projected 10-year risk-adjusted return of 6% versus the previously projected 6.8%, and increasing its forecasted risk to 14.4% from the previously forecasted 14.0%. While we acknowledge the current extreme volatility in the capital market will likely continue to impact the performance of our Total Fund in the remaining months of 2026, we strongly believe that ACERA's well diversified Asset Allocation and portfolio, and our well thought out manager structure will continue to help us to weather the storms ahead and to achieve our long term investment goals as prescribed in our General Investment Policy. Therefore, we plan to hold our course steady and continue to implement our "Mix C" in the year of 2026 and beyond. As always, ACERA stands agile and ready to adjust our Asset Allocation, as appropriate and per approval of the Board, if warranted.

GENERAL INFORMATION

Institutional investment management firms manage ACERA's assets. Professional investment consultants, along with ACERA's investment staff, closely monitor the activities of these managers and assist the Board with the implementation of investment policies and long-term strategies. ACERA's goal remains to achieve a level of performance that will rank the Fund in the upper quartile of comparable pension funds on a risk-adjusted basis. ACERA also seeks to be as fully funded as possible so that its benefit costs do not become a burden upon future generations of members and taxpayers.

Summary of ACERA's General Investment Guidelines, Policies and Procedures (General Policy)

The General Policy was last amended and approved in 2022. This Policy can be found at <https://www.acera.org/download/general-investment-guidelines-policies-and-procedures>.

SUMMARY OF ACERA'S OTHER INVESTMENT - RELATED POLICIES

Environmental, Social, and Governance (ESG) Investment Policy

In 2025, the ACERA Board approved the Environmental, Social, and Governance (ESG) Policy. There have been no amendments to this Policy since then. The ESG Policy can be found at <https://www.acera.org/download/environmental-social-and-governance-esg-investment-policy>.

Private Equity Policy

The Private Equity (PE) Policy was last amended and approved in 2025. The PE Policy can be found at <https://www.acera.org/download/private-equity-investment-policy>.

Absolute Return Policy

The Absolute Return (AR) Policy was last amended and approved in 2025. The AR Policy can be found at <https://www.acera.org/download/absolute-return-policy>

Real Estate Investment Guidelines, Policies, and Procedures (Real Estate Policy)

The Real Estate Policy was last amended and approved in 2025. This Policy can be found at <https://www.acera.org/download/real-estate-policy>.

Emerging Investment Manager Policy

In 2025, the ACERA Board approved amendments to the Emerging Investment Manager (EIM) Policy. This Policy can be found at <https://www.acera.org/post/emerging-investment-manager-policy>.

Real Assets Policy

The Real Assets Policy was last amended and approved in 2025. This Policy can be found at <https://www.acera.org/investment-update/real-assets-policy>.

Placement Agent Disclosure Policy

The Placement Agent Disclosure Policy was last amended and approved in 2012. There have been no amendments to

this Policy since then. This Policy can be found at <https://www.acera.org/download/placement-agent-disclosure-policy>.

Private Credit Policy

The Private Credit Policy was last amended and approved in 2024. This Policy can be found at <https://www.acera.org/download/private-credit-investment-policy>.

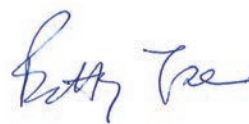
Proxy Voting Guidelines and Procedures (Proxy Guidelines)

The Proxy Voting Guidelines Policy was last amended and approved in 2025. This policy can be found at <https://www.acera.org/download/public-fund-proxy-voting-guidelines-international> and <https://www.acera.org/download/public-fund-proxy-voting-guidelines-united-states>.

SPECIFIC INVESTMENT RESULTS FOR 2025

In summary, ACERA successfully achieved the portfolio's three primary objectives for 2025. The Fund further diversified its assets through continued allocations to private markets. ACERA also maintained the Fund's long-term sustainability of 88.0% funded status for 2024¹. In addition, the Fund generated a strong net return of 15.9%, exceeding the actuarial assumed rate of return of 7.0%. As a result, the Fund ended the year with a fair value of \$14.0 billion, an increase of more than \$2 billion from the beginning of the year, even after covering all administrative expenses and benefit payments to members.

Respectfully Submitted,



Betty Tse, CPA, CGMA, MBA
Chief Investment Officer,
ACERA
May 27, 2026

¹ Funded status recorded prior to Segal's Actuarial Evaluations and Review as of December 31, 2025. Funded status recorded and approved by the Board in Segal's Actuarial Evaluation and Review as of December 31, 2025 was 95.6%.

Investment Consultant's Report



Samuel M. Austin, III
Partner

March 9, 2026

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

Dear Board of Retirement Members:

The overall objective of the Alameda County Employees' Retirement Association (ACERA) is to provide benefits through prudent investment management to its member and their beneficiaries. To ensure a solid foundation for the future of the Fund, ACERA carefully plans and implements an investment program designed to produce superior long-term investment returns, while prudently managing the risk in the portfolio. Investment policy and asset allocation are reviewed and revised by the Board of Retirement, at least annually, to reflect the Fund's actuarial assumptions, accrued liabilities, and economic and investment outlook. The following is a report on the performance of the Fund for the year ended December 31, 2025, with background on the underlying capital market environment.

Market Review for the Year Ended December 31, 2025

Calendar year 2025 was characterized by strong, broad-based gains across asset classes, with global equity markets in particular finishing the year near record or multi-year highs. International equity markets, as measured by the MSCI ACWI-ex U.S. Index, returned 32.4% for the year, significantly outperforming U.S. stocks, which returned 17.9%, as measured by the S&P 500 Index. International equity markets were driven by a weaker U.S. dollar and favorable valuations. Within the U.S., the breadth of performance expanded beyond mega-cap growth companies, with value stocks and smaller company stocks also seeing strong performance for the year. Interest sensitive fixed income delivered positive returns in 2025, with the Bloomberg U.S. Aggregate Bond Index returning 7.3%, its largest gain since 2020, while high yield bonds, as represented by the Bloomberg U.S. High Yield Index, returned 8.6%. Inflation-sensitive assets such as TIPS, commodities, and real estate (private) were also positive for the year. The Federal Reserve reduced interest rates by a cumulative 75 basis points in 2025, bringing the target range for the federal funds rate to 3.50%-3.75%. Key economic data showed a growing and resilient U.S. economy despite recession fears early in the year. The U.S. real GDP grew by 2.2% in 2025, supported by strong consumer spending and private investments. The year ended with inflation levels moderating with the CPI posting a year-over-year increase of 2.7%.

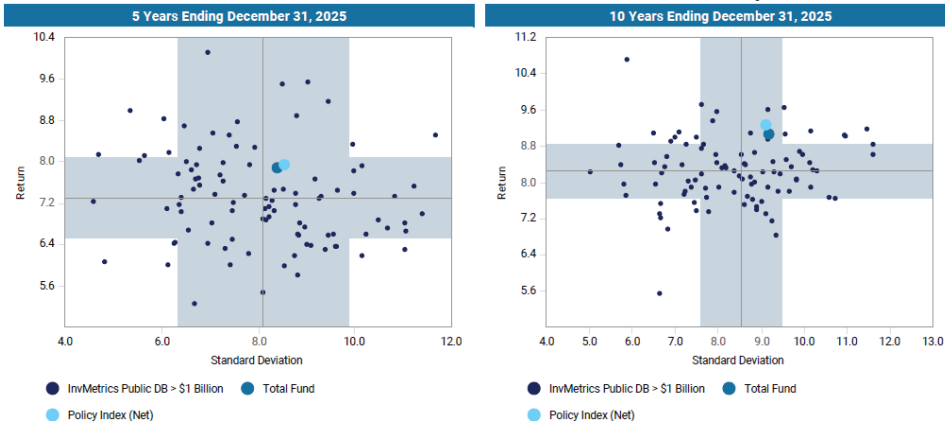
The ACERA Investment Portfolio

The ACERA total investment portfolio return for the one-year period ended December 31, 2025 was 15.9%, net of fees, outperforming its benchmark return by 0.2%. The median fund in its peer group (Investment Metrics Public DB > \$1 Billion) returned 13.4% in the same period. The total investment portfolio's five-year return, net of fees, was 7.9%, underperforming its policy benchmark by 0.1%, while ranking in the 27th percentile in its peer group (meaning that ACERA outperformed 73% of its

large public pension plan peer group). Over the past 10 years, the portfolio return of 9.1%, net of fees, outperformed the actuarial rate of return of 7.0% and ranked in the 15th percentile of its peer group. Since inception, the portfolio returned 9.3%, net of fees.

Assessing ACERA's risk profile, the 5-year and 10-year standard deviations ranked in the 59th and 70th percentiles, respectively, of its peer group, resulting in risk-adjusted returns (as measured by the Sharpe Ratio) that ranked in the 41st and 44th percentiles, respectively.

InvMetrics Public DB Plans Greater than \$1 Billion Universe Risk-Return Comparison (Net of Fees)



ACERA implemented the new policy mix that was adopted in 2024, as of January 1, 2025. NEPC presented its 2025 capital market assumptions to ACERA in February. The Emerging Markets Equity Manager Search was conducted in March. The Public Equity structure was reviewed during the year in consideration of a restructure to implement the updated Public Equity Policy. An education session on active versus passive management in Public Equity was provided in October. Throughout the year, updates were made to the Private Equity Policy, Real Assets Policy, Real Estate Policy, and Absolute Return Policy. NEPC also provided an education session on Environmental, Social, and Governance (ESG) and Emerging Investment Manager (EIM) in September.

NEPC, LLC serves as ACERA's independent investment consultant and provides ACERA with asset allocation guidance, quarterly economic and investment market updates and performance reviews, together with investment manager monitoring and selection advice. ACERA's custodian, State Street Bank and Trust Company, independently prepared the underlying performance data used in this report. Rates of return are represented using a time-weighted rate of return methodology based upon reported market values as of December 31, 2025 for public markets asset classes and lagged market values for private markets asset classes.

Sincerely,

Samuel M. Austin, III, Partner

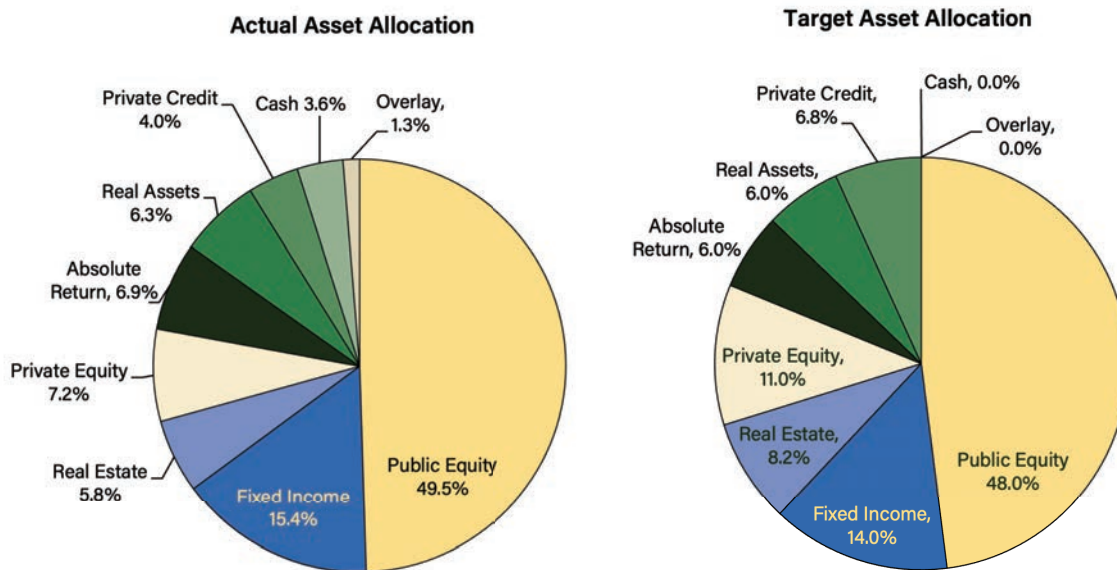
Asset Allocation

As of December 31, 2025

Investment Asset Class	Actual Asset Allocation ¹	Target Asset Allocation	Actual Allocation Over/ Under Target Allocation
Public Equity ²	49.5%	48.0%	1.5%
Fixed Income	15.4%	14.0%	1.4%
Real Estate	5.8%	8.2%	-2.4%
Private Equity	7.2%	11.0%	-3.8%
Absolute Return	6.9%	6.0%	0.9%
Real Assets	6.3%	6.0%	0.3%
Private Credit	4.0%	6.8%	-2.8%
Cash	3.6%	0.0%	3.6%
Overlay	1.3%	0.0%	1.3%
Total	100.0%	100.0%	0%

¹ Based on total investment assets under management including receivable and payable balances as reported on the Statement of Fiduciary Net Position.

² Public Equity include domestic equity and international equity.



Investment Professionals

For the Year Ended December 31, 2025

INVESTMENT MANAGERS

Domestic Equities

- Aristotle Capital Management
- BlackRock Institutional Trust Company, N.A.
- TCW Asset Management Company
- William Blair Investment Management, LLC

International Equities

- Arga Investment Management L.P.
- Bivium Capital Partners, LLC
- BlackRock Institutional Trust Company, N.A.
- Capital Group Institutional Investment Services
- William Blair Investment Management, LLC

Fixed Income

- Baird Advisors
- Brandywine Global Investment Management, LLC
- Loomis, Sayles & Company, L.P.

Cash Overlay

- Parametric Portfolio Associates LLC

REAL ESTATE (SEPARATE & COMMINGLED FUNDS)

- AEW Capital Management
- Angelo, Gordon & Co.
- Artemis Real Estate Partners
- CBRE Investment Management
- CIM Group
- Heitman Capital Management
- J.P. Morgan Asset Management
- Jamestown Premier Property
- Clarion Partners, LLC
- MetLife Investment Management
- PGIM Real Estate
- RREEF America, LLC
- Starwood Capital Group
- UBS Realty Investors LLC

PRIVATE EQUITY

- ABBY Partners, LLC
- Altas Partners
- Angeles Equity Partners
- Angelo, Gordon, & Co.
- Audax Group, L.P.
- Bernhard Capital Partners Management, LP
- Canvas Ventures
- CapVest Equity Partners
- Clayton, Dubilier & Rice, LLC
- Eclipse Fund LP.
- General Catalyst Partners
- Genstar Capital
- Great Hill Partners
- Gridiron Capital
- Insight Equity
- JLL Partners
- Khosla Ventures
- KPS Capital Partners, L.P.
- New Enterprise Associates
- Partners Group
- Summit Partners
- Sycamore Partners
- Third Rock Ventures
- Vista Equity Partners
- Warburg Pincus, LLC

REAL ASSETS

- Ares Management Corporation
- Blackstone
- Brookfield
- CIM Group
- EQT Partners
- I Squared Capital Advisors, LLC
- LS Power Equity Advisors, LLC
- Quantum Energy Partners
- Rockland Power Partners
- State Street Global Advisors
- Taurus Fund Management Pty Limited
- Tiger Infrastructure Partners
- Vision Ridge Partners, LLC
- Warburg Pincus Energy, LLC

ABSOLUTE RETURN

- Blackstone Alternative Solutions, LLC
- Global Strategy LLC (P/E Investments)
- Lighthouse Strategic Alpha
- Morgan Stanley - Riverview Strategic Alpha
- Blue Owl Capital

PRIVATE CREDIT

- Angelo, Gordon, & Co
- Ares Management Corporation
- BlackRock
- Blue Owl Capital
- Bridgepoint Partners, LLC
- Catalyst Fund Limited Partnerships
- Centerbridge Partners, LP
- Crestline Partners
- Davidson Kempner
- EganTree
- HPS Investment Partners, LLC
- ICG
- Insight Equity
- Monroe Capital Management Advisors LLC
- OHA Strategic
- Peak Rock Capital
- Strategic Value Partners

INVESTMENT CONSULTANTS

- Abel Noser Solutions – (Trading Cost)
- Callan LLC – (Real Estate Investment)
- Institutional Shareholder Services – (Proxy Voting)
- NEPC, LLC (General Investment and Private Equity and Alternatives)

CUSTODIAL AND SECURITIES

LENDING BANK

- State Street Bank and Trust Company

Investment Summary

As of December 31, 2025 (Dollars in Thousands)

Investment Asset Class	Fair Value	Percentage of Total Fair Value
Short-Term Investments	\$ 776,516	5.50%
Domestic Securities	768,805	5.50%
International Securities	1,034,844	7.40%
Domestic & Int'l Equity Commingled Funds	5,153,103	36.80%
Fixed Income Securities	2,042,918	14.60%
Real Estate - Separate Properties	25,052	0.20%
Real Estate - Commingled Funds	790,123	5.60%
Private Equity	1,008,180	7.20%
Private Credit	563,449	4.00%
Absolute Return	968,672	6.90%
Real Assets	884,056	6.30%
Total Investments at Fair Value	\$ 14,015,718	100.00%

This schedule excludes Investment receivable and payable balances as of December 31, 2025.

Brokerage Commissions

For the Year Ended December 31, 2025

Brokerage Firm	Rank	Commissions (in Thousands)	Shares/Par Value Traded (in Thousands)	Commission Per Share
Goldman Sachs + Co LLC	1	\$ 313	14,518	\$ 0.022
JP Morgan Securities Inc	2	108	5,371	0.020
Citigroup Global Markets Inc.	3	93	9,356	0.010
National Financial Services LLC	4	83	3,822	0.022
Instinet LLC	5	59	8,937	0.007
Virtu Americas LLC.	6	43	2,224	0.019
Jefferies International LTD	7	40	3,026	0.013
Caceis Bank	8	27	2,274	0.012
UBS Securities LLC	9	25	1,615	0.015
Morgan Stanley Co Incorporated	10	25	1,347	0.019
BOFA Securities, Inc.	11	24	1,476	0.016
CLSA Securities LTD.	12	20	1,230	0.016
Barclays Capital	13	17	1,150	0.015
Cowen and Company, LLC	14	14	1,127	0.012
Citibank N.A.	15	13	2,051	0.006
Robert W. Baird Co. Incorporated	16	13	691	0.019
Merrill Lynch International	17	12	1,937	0.006
BMO Capital Markets	18	12	702	0.017
Liquidnet Inc	19	12	1,079	0.011
BNP Paribas Securities Services	20	11	1,760	0.006
Top 20 Firms by Commission Dollars		964	65,693	0.015
All Other Brokerage Firms		119	9,663	0.012
Total Brokerage Commissions		1,083	75,356	0.014
Brokerage Commission Recapture		(8)	-	-
Net Brokerage Commission		\$ 1,075	73,356	\$ 0.014

Investment Manager Fees

For the Year Ended December 31, 2025 (Dollars in Thousands)

Investment Asset Class	2025
Domestic Equity	\$ 5,537
International Equity	7,839
Fixed Income	2,673
Real Estate	12,027
Private Equity	51,122
Absolute Return	19,311
Real Assets	16,542
Private Credit	19,813
Overlay	234
Total Investment Manager Fees	\$ 135,098

Investment Assets Under Management (Fair Value)

As of December 31, 2025 (Dollars in Thousands)

Investment Asset Class	2025
Domestic Equity	\$ 3,895,236
International Equity	3,049,494
Fixed Income	2,165,100
Real Estate	815,175
Private Equity	1,008,180
Absolute Return	968,672
Real Assets	884,056
Private Credit	563,449
Cash	499,398
Overlay	178,215
Total Investment Assets Under Management	\$ 14,026,975

This schedule includes investment receivable and payable balances as of December 31, 2025.

Largest Stock Holdings¹

As of December 31, 2025 (Dollars in Thousands)

Rank	Shares	Issuer	Fair Value	Percentage of Holdings
1	204,037	NVIDIA CORP	\$ 38,053	2.110%
2	67,213	MICROSOFT CORP	32,506	1.802%
3	24,570	ASML HOLDING NV	26,588	1.474%
4	84,035	ALPHABET INC CL C	26,370	1.462%
5	241,056	UNICREDIT SPA	20,078	1.113%
6	99,163	ASTRAZENECA PLC	18,393	1.020%
7	352,065	NOVO NORDISK A/S B	18,006	0.998%
8	76,628	TOKYO ELECTRON LTD	16,778	0.930%
9	20,852	LVMH MOET HENNESSY LOUIS VUI	15,796	0.876%
10	1,534,074	AIA GROUP LTD	15,748	0.873%
Total of Largest Stock Holdings			228,316	12.66%
Total Stock Holdings			\$ 1,803,649	100.00%

¹ The Holdings Schedules pertain to holdings of individual securities; they do not reflect ACERA's investments in commingled funds. A complete list of portfolio holdings is available upon request.

Largest Bond Holdings¹

As of December 31, 2025 (Dollars in Thousands)

Rank	Shares	Issuer	Maturity Date	Interest Rate	Fair Value	Percentage of Holdings
1	68,452,000	US TREASURY N/B	11/30/2030	3.500%	\$ 67,762	3.317%
2	40,400,000	US TREASURY N/B	6/30/2032	4.000%	40,632	1.989%
3	33,875,000	US TREASURY N/B	1/15/2028	4.250%	34,374	1.683%
4	28,375,000	US TREASURY N/B	5/15/2043	3.875%	25,454	1.246%
5	25,750,000	US TREASURY N/B	5/15/2032	2.875%	24,279	1.188%
6	23,875,000	US TREASURY N/B	4/15/2028	3.750%	23,999	1.175%
7	22,320,000	US TREASURY N/B	4/30/2029	4.625%	23,020	1.127%
8	22,300,000	US TREASURY FRN	10/31/2027	3.792%	22,336	1.093%
9	22,320,000	US TREASURY N/B	5/15/2043	2.875%	21,251	1.040%
10	21,010,000	US TREASURY FRN	7/31/2027	3.761%	21,022	1.029%
Total of Largest Bond Holdings					304,129	14.89%
Total Bond Holdings					\$ 2,042,918	100.00%

¹ A complete list of portfolio holdings is available upon request.

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Actuarial

Actuary's Certification Letter – Pension Plan



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San Francisco, CA 94105-6147
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May 27, 2026

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, California 94612-1900

**Re: Alameda County Employees' Retirement Association
December 31, 2024 actuarial valuation of the statutory Retirement Plan benefits
for funding purposes**

Dear Members of the Board:

Segal prepared the December 31, 2024 actuarial valuation of the statutory Retirement Plan benefits of the Alameda County Employees' Retirement Association (ACERA) for funding purposes. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and ACERA's funding policy that was adopted by the Board on September 18, 2014 (and revised by the Board on October 17, 2024).¹ In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs). (A discussion of the assumptions and methods used in the separate December 31, 2025 actuarial valuation for financial reporting purposes under Governmental Accounting Standards Board (GASB) Statement No. 67 is presented at the end of this letter.)

December 31, 2024 actuarial valuation for funding purposes

Actuarial valuations are performed on an annual basis with the last valuation completed as of December 31, 2024. The actuarial calculations presented in the valuation report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for statutory retirement benefits.

The December 31, 2024 actuarial valuation is based on the plan of benefits verified by ACERA and on participant and financial data provided by ACERA. Segal conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report.

We did not audit the Association's financial statements. For actuarial valuation purposes, Retirement Plan assets are valued at actuarial value. Under this method, the assets used to determine employer contribution rates take into account fair (or market) value by recognizing the

¹ The October 2024 changes did not impact anything in the December 31, 2024 actuarial valuation.

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Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 2

differences between the total return at fair value and the expected investment return over 10 six-month periods.

One funding objective of the Plan is to establish rates, which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). With the exception of the UAAL for the Alameda County Office of Education (ACOE), the UAAL is amortized as a level percentage of payroll using a layered approach. 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 amortized over separate decreasing 5-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. For ACOE, their UAAL is amortized as a level dollar amount under the declining employer payroll policy. The Voluntary County Safety UAAL Contributions are amortized over a 13-year period effective July 1, 2021. The Voluntary Livermore Area Recreation and Park District (LARPDP) General UAAL Contributions are amortized over a 16-year period effective July 1, 2021. All existing LARPDP General UAAL layers as of December 31, 2024 (except the December 31, 2024 UAAL) are amortized over 12.5 years.² The UAAL as of December 31, 2024 is amortized over 20 years. The progress being made towards meeting the funding objective through December 31, 2024 is illustrated in the Schedule of Funding Progress.

Segal prepared all of the supporting schedules in the Actuarial Section of the Association's Annual Comprehensive Financial Report ("Annual Report" or ACFR) based on the results of the December 31, 2024 actuarial valuation for funding purposes. A listing of the supporting schedules related to the statutory retirement plan benefits that Segal prepared for inclusion in the Actuarial and Statistical Sections of the Association's Annual Report is provided below. ACERA's staff prepared the remaining trend data schedules in the Statistical Section.

Actuarial Section (for funding purposes)

- Exhibit 1: Schedule of Active Member Valuation Data;³
- Exhibit 2: Retirees and Beneficiaries Added to and Removed from Retiree Payroll;³
- Exhibit 3: Schedule of Funded Liabilities by Type;
- Exhibit 4: Actuarial Analysis of Financial Experience by Plan Year;
- Exhibit 5: Schedule of Funding Progress;

² The LARPDP General cost sharing group had a surplus as of December 31, 2023 and has an unfunded liability as of December 31, 2024, both on a valuation value of assets (VVA) basis. In order to calculate the proper offset available to LARPDP from the LARPDP General UAAL Advance Reserve, we amortized all LARPDP 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 LARPDP General UAAL Advance Reserve (12.5 years remaining as of December 31, 2024). The December 31, 2024 UAAL is amortized over 20 years.

³ As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), Segal has utilized participant data provided by ACERA as of November 30, 2024 with age and years of service adjusted to December 31, 2024 in calculating the liabilities for the December 31, 2024 valuation.

Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 3

Statistical Section (for funding purposes)

- Exhibit 6: Schedule of Average Benefit Payments for Retirees and Beneficiaries;⁴
- Exhibit 7: Schedule of Participating Employers and Active Members Statistics;⁴
- Exhibit 8: Schedule of Benefit Expenses by Type;⁴
- Exhibit 9: Schedule of Retired Members by Type of Benefit and Option Selected;⁴ and
- Exhibit 10: Employer Contribution Rates.

Actuarial assumptions for funding valuation

The non-economic valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the November 30, 2022 Experience Analysis. The Board adopted a 7.00% investment return assumption for the December 31, 2024 valuation. The other changes in economic assumptions were documented in our November 30, 2022 Actuarial Experience Study report.

As we disclosed in our December 31, 2024 funding valuation report, the 7.00% investment return assumption that the Board approved for determining the liabilities for funding purposes and used for establishing the employer and employee contribution rates was 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 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%.

As required by the Actuarial Standard of Practice (ASOP) No. 4 ("Measuring Pension Obligations and Determining Pension Plan Costs or Contributions"), we performed a stochastic model, as detailed in our November 30, 2022 Experience Study report, to estimate the impact of the 50% allocation of future excess earnings to the SRBR. 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 funding valuation) that would average approximately 0.75%⁵ of assets over time. For informational purposes only, when we applied the results of our stochastic model to this valuation, we estimated that such an annual outflow would increase the actuarial accrued liability (AAL) measured in this valuation using a 7.00% investment return assumption from \$12.34 billion to \$13.48 billion (for a difference of \$1.14 billion) and would increase the employer's contribution rate by about 5.5%–6.0% of payroll.⁶

⁴ As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), Segal has utilized participant data provided by ACERA as of November 30, 2024 with age and years of service adjusted to December 31, 2024 in calculating the liabilities for the December 31, 2024 valuation.

⁵ In estimating the impact of any future 50/50 excess earnings allocation, we have not included the deferred investment gains/losses available as of the date of the valuation. We believe that the determination of the 0.75% average outflow should provide the stakeholders with information about the long-term effect of the 50/50 excess earnings allocation and therefore should not be unduly affected by the short-term fluctuation in the 50/50 excess earnings allocation due to the actual deferred investment gains/losses available as of the valuation date.

⁶ For employers with active member payroll.

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Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 4

It is our opinion that the assumptions used in the December 31, 2024 valuation produce results, which, in aggregate, reflect the future experience of the statutory Retirement Plan. An experience analysis is performed every three years, and the actuarial assumptions adopted by the Board resulting from the experience analysis performed as of November 30, 2022 first became effective in the valuation as of December 31, 2023. The next experience analysis is due to be performed in late 2026, and the assumptions adopted from that study would first become effective in the valuation as of December 31, 2026.

Valuation results

In the December 31, 2024 valuation, the ratio of the valuation assets to actuarial accrued liabilities (funded percentage) remained at 88.0% (after rounding). The average employer rate⁷ increased from 23.51% of payroll to 23.67% of payroll, while the average member rate decreased from 9.87% of payroll to 9.84% of payroll. The various factors that resulted in the funded status remaining unchanged include individual salary increases greater than expected, an investment return on the valuation value of assets (i.e., after smoothing) of 6.98% which is slightly less than the assumed rate of 7.00% used in the December 31, 2023 valuation, and other experience losses, offset by less than expected COLA increases and more than expected deaths for continuing retirees. The increase in the average employer contribution rate was primarily due to individual salary increases greater than expected, an investment return on the valuation value (i.e., after asset smoothing) of 6.98% which is slightly less than the assumed rate of 7.00% used in the December 31, 2023 valuation, and other experience losses. That increase was offset to some degree by amortizing the prior year's UAAL over a larger than expected total projected payroll, less than expected COLA increases and more than expected deaths for continuing retirees.

Under the actuarial value of assets method, the total unrecognized net investment loss as of December 31, 2024 is \$82.6 million. This net investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years and will offset any investment gains that may occur after December 31, 2024. This implies that if the Association earns the assumed net rate of investment return of 7.00% per year on a fair value basis, it will result in investment losses on the actuarial value of assets in the next few years. So, if the actual market return is equal to the assumed 7.00% rate and all other actuarial assumptions are met, the contribution requirements would generally increase in the next few years.

The net deferred loss of \$82.6 million represents 0.7% of the fair value of assets as of December 31, 2024. Unless offset by future investment gains or other favorable experience, the recognition of the \$82.6 million deferred market loss is expected to have an impact on the Association's future funded percentage and contribution rate requirements. Under an approach which takes into account the size of the valuation and the SRBR reserves, this potential impact may be illustrated as follows:

- If a proportion of the net deferred loss that is commensurate with the size of the valuation reserves were recognized immediately in the valuation value of assets, the funded percentage would decrease from 88.0% to 87.6%.

⁷ For employers with active member payroll.

Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 5

- If a proportion of the net deferred loss that is commensurate with the size of the valuation reserves were recognized immediately in the valuation value of assets, the average employer rate⁸ would increase from 23.67% to about 24.0% of payroll.

To the best of our knowledge, the December 31, 2024 funding valuation report is complete and accurate and in our opinion presents the Plan's current funding information.

December 31, 2025 GASB Statement No. 67 actuarial valuation for financial reporting purposes

Segal also prepared the December 31, 2025 GASB Statement No. 67 actuarial valuation for financial reporting purposes. The valuation was performed in order to comply with GASB Statement No. 67 and we certify that the assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and our understanding of generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by GASB. The GASB rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes.

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 is determined on generally the same basis as ACERA's AAL measure for funding. 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 a UAAL calculated on a fair value basis.

As stated in the funding valuation subsection herein entitled actuarial assumptions for funding valuation, the investment return assumption used in the funding valuation excludes the impact of any future 50/50 excess earnings allocation to the SRBR. For the December 31, 2024 funding valuation, the investment return assumption adopted by the Board was 7.00%, as noted earlier. For the December 31, 2025 funding valuation, the Board carried forward the 7.00% investment return assumption, and that assumption was also used for the December 31, 2025 GASB 67 valuation discussed in this section. In order to estimate the impact of the 50% allocation of future excess earnings to the SRBR for the December 31, 2025 valuation, we used our stochastic model, and the results of our model indicated that the 50% allocation 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. For financial reporting purposes, we have taken the 0.75% "outflow" and incorporated that into our GASB crossover test (Appendix A in the GASB Statement No. 67 valuation report)⁹ 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

⁸ For employers with active member payroll.

⁹ 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 in the GASB Statement No. 67 valuation 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.

5986546v6/05579.001



Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 6

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.)

The NPLs measured as of December 31, 2025 and 2024 were determined by rolling forward the TPLs as of December 31, 2024 and December 31, 2023, respectively. The TPL for the funded benefits is \$12,811.9 million as of December 31, 2025, which was calculated by rolling forward the AAL for the funded benefits as of December 31, 2024. Similar to last year, we have included in the total TPL as of December 31, 2025 the non-OPEB SRBR **unlimited** AAL of \$224.4 million related to the non-vested Supplemental COLA and retired member death benefit, which was calculated by rolling forward the non-OPEB SRBR unlimited AAL as of December 31, 2024.

It should be noted that 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. The Plan FNP related to the funded benefit is \$12,395.6 million as of December 31, 2025.

We have 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-OPEB SRBR as of December 31, 2025.¹⁰ 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.

The \$416.3 million difference between the \$12,811.9 million of TPL for the funded benefits and the net \$12,395.6 million of Plan FNP related to the funded benefit as of December 31, 2025 represents the NPL attributable to the funded benefits. 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 the non-OPEB SRBR benefits. The total NPL as of December 31, 2025 is therefore \$474.9 million.

Note number 5 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the Annual Report were prepared by the Association based on the results of the GASB Statement No. 67 actuarial valuation as of December 31, 2025 prepared by Segal.

This document has been prepared for the exclusive use and benefit of the Board of Retirement of the Alameda County Employees' Retirement Association, based upon information provided by ACERA or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced or shared with other parties in its entirety for the proper administration of the Plan.

¹⁰ 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.

Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 7

This document does not constitute legal, tax, accounting, or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

The undersigned are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,



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



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



Daniel Siblik, ASA, MAAA, FCA, EA
Vice President and Actuary

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Enclosures

5986546v6/05579.001



Actuary's Certification Letter – SRBR



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May 27, 2026

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, California 94612-1900

**Re: Alameda County Employees' Retirement Association
December 31, 2024 actuarial valuation of the discretionary Supplemental Retiree
Benefits Reserve (SRBR) benefits for sufficiency purposes**

Dear Members of the Board:

Segal prepared the December 31, 2024 actuarial valuation of the discretionary benefits provided through the SRBR of the Alameda County Employees' Retirement Association (ACERA) for sufficiency purposes. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for sufficiency purposes with regard to the Other Postemployment Benefits (OPEB) and non-OPEB benefits provided by the SRBR meet the parameters set by Actuarial Standards of Practice (ASOPs).

A discussion of the assumptions and methods used in the separate December 31, 2025 actuarial valuation for financial reporting purposes under Governmental Accounting Standards Board (GASB) Statement No. 74 for the discretionary OPEB benefits provided by the SRBR is presented on page 4 of this letter. In addition, we have also provided a discussion of the assumptions and methods used for financial reporting purposes under GASB Statement No. 67 for the statutory Retirement Plan benefits and the discretionary non-OPEB benefits provided by the SRBR at the end of our actuarial certification letter pertaining to the statutory Retirement Plan benefits dated May 27, 2026. The pertinent GASB Statement No. 67 information from that letter pertaining to the non-OPEB benefits provided by the SRBR is also provided herein.

December 31, 2024 actuarial valuation for sufficiency purposes

Actuarial valuations are performed on an annual basis with the last valuation completed as of December 31, 2024. The actuarial calculations were based upon the benefits provided under the terms of the substantive plan in effect at the time of the December 31, 2024 valuation. The December 31, 2024 actuarial valuation is based on the plan of benefits verified by ACERA and on participant, premium, and financial data provided by ACERA. Segal conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data. A summary of the average OPEB for new retired members, by years of service, is attached as Exhibit 4.

5986596v6/05579.001

Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 2

We did not audit the Association's financial statements. For the actuarial valuation for sufficiency purposes, SRBR assets are valued at actuarial value. Under this method, the assets used to determine the liabilities of the SRBR and the number of years the SRBR can continue to pay its current level of benefits (i.e., the sufficiency) take into account fair value by recognizing the differences between the total return at fair value and the expected investment return over 10 six-month periods. It should be noted that under the actuarial value of assets method, the total unrecognized net investment loss as of December 31, 2024 is \$82.6 million. This net investment loss will be recognized in the determination of the actuarial value of assets in the next few years (i.e., deferred), and it will offset any investment gains that may occur after December 31, 2024.

The discretionary benefits provided through the SRBR include OPEB and non-OPEB. Benefits classified under OPEB include postretirement medical, dental, and vision benefits. Benefits classified under non-OPEB include supplemental COLAs and retired member death benefits.

For valuation purposes, the total cost of providing future postemployment benefits is projected, using actuarial assumptions that are common for both the statutory retirement and the discretionary SRBR benefits (e.g. turnover, mortality, disability, retirement, etc.), and assumptions that are unique to the discretionary SRBR OPEB (e.g., health care trend assumptions, etc.). The liabilities associated with providing non-OPEB SRBR benefits are disclosed together with the statutory Retirement Plan benefits under GASB 67. The liabilities associated with providing OPEB SRBR benefits are disclosed under GASB 74.

Based on the actuarial value of assets available as of December 31, 2024, the SRBR would only be able to pay benefits until 2045 for OPEB and until 2048 for non-OPEB. As noted above, the Association had deferred investment losses of \$82.6 million that were not yet recognized in determining the combined actuarial value of assets for the Retirement Plan and the SRBR Plan as of December 31, 2024. The deferred losses of \$82.6 million represent 0.7% of the fair value of assets as of December 31, 2024, and when recognized will decrease the rate of return on the actuarial value of assets over the next few years, which may shorten the sufficiency period of the SRBR.

Segal prepared all of the supporting schedules in the actuarial section of the Association's Annual Comprehensive Financial Report ("Annual Report" or ACFR) based on the results of the December 31, 2024 actuarial valuation for sufficiency purposes. A listing of the supporting schedules related to the discretionary SRBR benefits that Segal prepared for inclusion in the actuarial and statistical sections of the Association's Annual Report is provided below. ACERA's staff prepared the remaining trend data schedules in the statistical section.

5986596v6/05579.001



Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 3

Actuarial Section (for sufficiency purposes)

- Exhibit 1: Schedule of Active Member Valuation Data;¹
- Exhibit 2: Retirees Added to and Removed from OPEB Payroll;¹
- Exhibit 3: Member Benefit Coverage Information (OPEB) and Schedule of Funded Liabilities by Type (non-OPEB); and

Statistical Section (for sufficiency purposes)

- Exhibit 4: Schedule of Average Other Postemployment Benefits (OPEB) By Years of Service.

The non-economic valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the November 30, 2022 Experience Analysis and specific health care related assumptions recommended for the December 31, 2024 SRBR valuation. The Board adopted a 7.00% investment return assumption for the December 31, 2024 valuation. The other changes in economic assumptions were documented in our November 30, 2022 Actuarial Experience Study report. Note that the investment return assumption for sufficiency purposes was developed without taking into consideration the impact of the 50/50 excess earnings allocation between the statutory retirement and SRBR asset pools.

The actuarial assumptions common to both the statutory retirement and discretionary SRBR benefits are provided in the Actuarial Section. Additional assumptions specific to the OPEB are included as an attachment to this letter (Schedule of Actuarial Assumptions). It is our opinion that the assumptions used in the December 31, 2024 valuation produce results, which, in aggregate, reflect the future experience of the SRBR. An experience analysis is performed every three years, and the actuarial assumptions adopted by the Board resulting from the experience analysis performed as of November 30, 2022 first became effective in the valuation as of December 31, 2023. The next experience analysis is due to be performed in late 2026, and the assumptions adopted from that study would first become effective in the valuation as of December 31, 2026.

To the best of our knowledge, the December 31, 2024 valuation report is complete and accurate and in our opinion presents the Plan's current sufficiency information.

¹ As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), Segal has utilized participant data provided by ACERA as of November 30, 2024 with age and years of service adjusted to December 31, 2024 in calculating the liabilities for the December 31, 2024 valuation.

Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 4

December 31, 2025 GASB Statement No. 74 actuarial valuation for financial reporting purposes for the discretionary OPEB benefits provided by the SRBR

Segal also prepared the December 31, 2025 GASB Statement No. 74 actuarial valuation for financial reporting purposes, which included information for the OPEB benefits payable from the SRBR. The valuation was performed in order to comply with GASB Statement No. 74 and we certify that the assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and our understanding of generally accepted accounting principles applicable in the United States of America as promulgated by the GASB. For the December 31, 2024 SRBR sufficiency valuation, the investment return assumption adopted by the Board was 7.00%, as noted earlier. For the December 31, 2025 GASB Statement No. 74 (OPEB) and Statement No. 67 (non-OPEB) financial reporting valuations, the Board carried forward the use of a 7.00% investment return assumption resulting from the November 30, 2022 experience analysis. In addition, the results of the December 31, 2025 GASB Statement No. 74 valuation reflect the health care cost trend assumptions recommended for the sufficiency study for the SRBR as of December 31, 2025, which were provided in our letter dated March 11, 2026.

The Total OPEB Liability (TOL) measured as of December 31, 2025 of \$1.468 billion has been determined by rolling forward the liability results used in determining the sufficiency of the SRBR to provide medical, dental, and vision subsidy benefits as of December 31, 2024.² That TOL has been adjusted to reflect the health care cost trend assumptions recommended for the sufficiency study for the SRBR as of December 31, 2025 (reference: our letter dated March 11, 2026). The changes in health care cost trend assumptions from the December 31, 2024 sufficiency of the SRBR OPEB valuation to the December 31, 2025 GAS 74 valuation reflect the actual Medicare Part B premium increase of 9.68% from calendar year 2025 to 2026. For the non-Medicare plans, the first-year trend rate was updated to 8.00% in 2026, graded down by 0.25% each year for 14 years until reaching an ultimate rate of 4.50%. For the Medicare plans, the first-year trend rate was updated to 7.50% in 2026, graded down by 0.25% each year until reaching an ultimate rate of 4.50% after 12 years. Medicare Part B trend was increased to 6.75% for calendar years 2026 through 2033, 6.25% for calendar year 2034, then graded down until the ultimate trend rate of 4.50% is reached in 2038. The dental trend rates begin at 5.00%, then decrease to 4.50% before reaching an ultimate rate of 4.00%. Vision trend was kept at 3.00%.

We have also continued the practice of adjusting the Plan Fiduciary Net Position of \$1.491 billion as of December 31, 2025 to include the \$1.148 billion set aside by the Retirement Board in the SRBR reserve to pay OPEB benefits as of December 31, 2025. This includes \$1.138 billion in the OPEB-related SRBR reserve (after reducing the reserve by the \$9.4 million SRBR implicit subsidy transfer), and \$10.3 million in the 401(h) reserve. It should be noted that as of December 31, 2025, the deferred investment gain for the entire Plan was \$761.8 million.

² When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age method) and, for benefits that are being fully funded on an actuarial basis, the same type of discount rate (expected return on assets) as ACERA uses for funding. See discussions on page 7 of the December 31, 2025 GASB Statement No. 74 actuarial valuation regarding the source of funding for payment of OPEB SRBR benefits not covered by current OPEB Plan Fiduciary Net Position in the SRBR.

5986596v6/05579.001



Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 5

We have added to the Plan Fiduciary Net Position the proportionate share of one-half of the net deferred investment gain that is commensurate with the size of the OPEB to total SRBR and 401(h) reserve to valuation and 401(h) reserves, or \$342.9 million.

Note number 7 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the Annual Report was prepared by the Association based on the results of the GASB Statement No. 74 actuarial valuation as of December 31, 2025 prepared by Segal.

December 31, 2025 GASB Statement No. 67 actuarial valuation for financial reporting purposes for the discretionary Non-OPEB benefits provided by the SRBR

As noted in our actuarial certification letter for the statutory Retirement Plan benefits dated May 27, 2026, Segal also prepared the December 31, 2025 GASB Statement No. 67 actuarial valuation for financial reporting purposes, which included information for the non-OPEB benefits payable from the SRBR. The valuation was performed in order to comply with GASB Statement No. 67 and we certify that the assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and our understanding of generally accepted accounting principles applicable in the United States of America as promulgated by the GASB.

For the statutory Retirement Plan benefits, the Net Pension Liabilities (NPLs) measured as of December 31, 2025 and 2024 were determined by rolling forward the Total Pension Liabilities (TPLs) as of December 31, 2024 and December 31, 2023, respectively.³ The TPL for the statutory funded benefits is \$12,811.9 million as of December 31, 2025, which was calculated by rolling forward the actuarial accrued liability (AAL) for the funded benefits as of December 31, 2024. Similar to last year, we have included in the total TPL as of December 31, 2025 the non-OPEB SRBR **unlimited** AAL of \$224.4 million related to the non-vested Supplemental COLA and retired member death benefit, which was calculated by rolling forward the non-OPEB SRBR unlimited AAL as of December 31, 2024.

It should be noted that 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 Fiduciary Net Position (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. The Plan FNP related to the funded benefit is \$12,395.6 million as of December 31, 2025.

We have 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-OPEB

³ 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 of the statutory Retirement Plan benefits.

Board of Retirement
Alameda County Employees' Retirement Association
May 27, 2026
Page 6

SRBR as of December 31, 2025.⁴ 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.

The \$416.3 million difference between the \$12,811.9 million of TPL for the funded benefits and the net \$12,395.6 million of Plan FNP related to the funded benefit as of December 31, 2025 represents the NPL attributable to the funded benefits. 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 the non-OPEB SRBR benefits. The total NPL as of December 31, 2025 is therefore \$474.9 million.

Note number 5 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the Annual Report were prepared by the Association based on the results of the GASB Statement No. 67 actuarial valuation as of December 31, 2025 prepared by Segal.

This document has been prepared for the exclusive use and benefit of the Board of Retirement of the Alameda County Employees' Retirement Association, based upon information provided by ACERA or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced or shared with other parties in its entirety for the proper administration of the Plan. This document does not constitute legal, tax, accounting, or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

The undersigned are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,



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



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



Daniel Siblik, ASA, MAAA, FCA, EA
Vice President and Actuary



Mehdi Riazzi, FSA, MAAA, FCA, EA
Vice President and Actuary

BTS/elf
Enclosures

⁴ 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.

Summary of Actuarial Assumptions and Methods

Assumptions For Pension Plan

The following assumptions have been adopted by the Board of Retirement for the December 31, 2024, valuation based on the November 30, 2022, triennial experience study.

Summary of Assumptions

Actuarial Assumed Interest Rate	7.00%
Inflation Rate	2.50%
Payroll Growth Increase	3.00%
Projected Salary Increases	
General:	8.00% to 3.45%
Safety:	11.40% to 4.00%
These rates include inflation and real across-the-board salary increases.	
Retiree Cost-of-Living Adjustment (Basic)	
for Tier 1 and 3 members:	2.75%
for Tier 2 and 4 members:	2.00%
Employee Contribution Crediting Rate	7.00%

Net Investment Return

For valuation purposes, the assumed rate of return on the valuation value of assets was 7.00%, net of administration and investment expenses.

Employee Contribution Crediting Rate

7.00%, compounded semi-annually, subject to the availability of net earnings. ACERA operates under the Alternate Financial Provisions of Article 5.5 of the 1937 Act. The employee contribution crediting rate is the assumed actuarial investment rate of return to the extent that “net earnings” as defined in Article 5.5 are available. In addition, whenever there is a remaining balance of “net earnings”, after all other required crediting, a portion of that remaining balance is also credited, as described in Article 5.5.

Actuarial Value of Assets

The Actuarial Value of Assets is determined by taking Market Value of Assets (MVA) less unrecognized returns in each of the last ten six-month interest crediting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized semi-annually over a five-year period. The actuarial value of assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of MVA, nor greater than 140% of MVA.

Post-Retirement Mortality

The actuarial valuation uses the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median

Mortality Tables (separate tables for males and females) for healthy General, beneficiaries not currently in pay status and for General member contribution rates, projected generationally with two-dimensional mortality improvement scale MP-2021, adjusted as shown below. The Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) for healthy Safety and for Safety member contribution rates, projected generationally with two-dimensional mortality improvement scale MP-2021, are adjusted as shown below.

The Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) for disabled General and Safety retirees, respectively, projected generationally with the two-dimensional mortality improvement scale MP-2021 are adjusted as shown below.

The Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) for beneficiaries currently in pay status, projected generationally with the two-dimensional mortality improvement scale MP-2021 are adjusted as shown below.

The Pub-2010 mortality tables and adjustments as shown below reasonably reflect the mortality experience as of measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

(A) HEALTHY	
General Members	No adjustments.
Safety Members	With rates increased by 5% for males and unadjusted for females.
(B) DISABILITY	
General Members	With rates unadjusted for males and decreased by 10% for females.
Safety Members	With rates increased by 5% for males and unadjusted for females.
(C) BENEFICIARIES	
Beneficiaries Not Currently in Pay Status	No adjustments.
Beneficiaries Currently in Pay Status	With rates increased by 5% for males and unadjusted for females.
(D) FOR MEMBER CONTRIBUTION RATE PURPOSES	
General Members	Projected 30 years (from 2010) with two-dimensional mortality improvement Scale MP-2021, weighted 30% male and 70% female.
Safety Members	With rates increased by 5% for males, projected 30 years (from 2010) with two-dimensional mortality improvement Scale MP-2021, weighted 75% male and 25% female.

Assumed Retirement and Termination Rates

The rates shown for each cause represent the likelihood that a given member will terminate at a particular age or with the particular service for the indicated reason. For example, if the rate of retirement for a General Tier 1 member age 50 is 2.00, then it is assumed that

2.00 percent of the General Tier 1 members in this age bracket will receive service retirement during the year.

The following schedule indicates the assumed retirement rates.

Assumed Retirement Rates - General

Age	Rates (%) ¹					
	Tier 1	Tier 2 Less Than 30 Years of Service	Tier 2 30 or More Years of Service	Tier 3	Tier 4 Less Than 30 Years of Service	Tier 4 30 or More Years of Service
50	2.00	1.50	3.00	10.00	0.00	0.00
51	4.00	1.50	3.00	10.00	0.00	0.00
52	4.00	2.00	3.00	10.00	3.00	3.00
53	5.00	2.00	3.00	10.00	2.00	2.00
54	5.00	2.50	3.00	10.00	2.00	2.00
55	6.00	3.00	5.00	12.00	2.00	5.00
56	10.00	3.50	5.00	14.00	2.00	2.50
57	14.00	4.00	5.00	16.00	2.00	3.50
58	14.00	4.50	7.00	18.00	4.00	4.00
59	14.00	5.00	10.00	20.00	4.00	4.50
60	25.00	7.50	12.00	20.00	4.00	5.00
61	25.00	9.50	12.00	20.00	4.00	5.00
62	30.00	15.00	23.00	30.00	12.00	18.00
63	26.00	15.00	25.00	25.00	12.00	15.00
64	26.00	17.00	28.00	25.00	12.00	17.00
65	26.00	27.00	35.00	50.00	23.00	25.00
66	26.00	27.00	35.00	50.00	23.00	30.00
67	26.00	27.00	35.00	50.00	23.00	30.00
68	26.00	30.00	35.00	50.00	23.00	30.00
69	31.00	30.00	35.00	50.00	20.00	30.00
70	36.00	30.00	30.00	60.00	20.00	25.00
71	36.00	30.00	30.00	60.00	20.00	25.00
72	36.00	30.00	30.00	60.00	20.00	25.00
73	36.00	30.00	30.00	60.00	20.00	25.00
74	36.00	30.00	30.00	60.00	20.00	25.00
75 & Over	100.00	100.00	100.00	100.00	100.00	100.00

¹ The retirement rates only apply to members that are eligible to retire at the age shown.

Assumed Retirement Rates - Safety

Age	Tier 1 ²	Rates (%) ¹				
		Tier 2, 2D Less Than 30 Years of Service	Tier 2, 2D 30 or More Years of Service	Tier 2C ²	Tier 4 Less Than 30 Years of Service	Tier 4 30 or More Years of Service
45	0.00	2.00	0.00	0.00	0.00	0.00
46	0.00	2.00	0.00	0.00	0.00	0.00
47	0.00	2.00	0.00	0.00	0.00	0.00
48	0.00	4.00	0.00	0.00	0.00	0.00
49	0.00	10.00	18.00	0.00	0.00	0.00
50	35.00	14.00	18.00	4.00	4.00	4.00
51	30.00	10.00	24.00	2.00	2.00	2.00
52	25.00	10.00	24.00	2.00	2.00	2.00
53	35.00	10.00	25.00	3.00	3.00	3.00
54	45.00	11.00	27.00	6.00	6.00	6.00
55	45.00	11.00	29.00	10.00	10.00	10.00
56	45.00	12.00	32.00	12.00	12.00	12.00
57	45.00	12.00	32.00	20.00	20.00	20.00
58	45.00	14.00	37.00	10.00	10.00	10.00
59	45.00	14.00	37.00	15.00	15.00	15.00
60	45.00	30.00	37.00	40.00	40.00	60.00
61	45.00	30.00	37.00	40.00	40.00	60.00
62	45.00	30.00	37.00	40.00	40.00	60.00
63	45.00	30.00	37.00	40.00	40.00	60.00
64	45.00	30.00	37.00	40.00	40.00	60.00
65 & Over	100.00	100.00	100.00	100.00	100.00	100.00

1 The retirement rates only apply to members that are eligible to retire at the age shown.

2 For Safety Tiers 1 and 2C, the retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Assumed Termination Rates Before Retirement

The following schedules indicate the assumed rates before retirement for disability, termination, and mortality.

Disability

Rate (%)		
Age	General ¹	Safety ²
20	0.00	0.00
25	0.01	0.03
30	0.02	0.38
35	0.05	0.96
40	0.08	1.50
45	0.13	1.70
50	0.21	2.33
55	0.31	3.62
60	0.35	4.44
65	0.44	0.00
70	0.62	0.00

1 70% of General disabilities are assumed to be service connected disabilities. The other 30% are assumed to be non-service connected disabilities.

2 100% of Safety disabilities are assumed to be service connected disabilities.

Termination Rate (%)

Years of Service ¹	General	Safety
Less than 1	12.25	5.20
1-2	9.25	4.20
2-3	8.00	4.20
3-4	6.25	4.00
4-5	6.25	4.00
5-6	6.25	4.00
6-7	5.75	4.00
7-8	5.00	2.40
8-12	4.00	2.00
12-15	3.25	2.00
15-16	3.25	1.50
16-17	3.00	1.40
17-18	3.00	1.30
18-19	3.00	1.20
19-20	2.75	1.10
20 or more	2.75	1.00

1 For members with less than five years of service, 55% of all terminated members are assumed to choose a refund of contribution and the other 45% are assumed to choose a deferred vested benefit. For members with five or more years of service, 25% of all terminated members are assumed to choose a refund of contributions and the other 75% are assumed to choose a deferred vested benefit. No termination is assumed after a member is eligible for retirement.

Mortality¹

Rate (%)				
General ²			Safety ²	
Age	Male	Female	Male	Female
20	0.04	0.01	0.04	0.01
25	0.02	0.01	0.03	0.02
30	0.03	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.14
65	0.41	0.27	0.35	0.20

1 Generational projections beyond the base year (2010) are not reflected in the above mortality rates. All pre-retirement deaths are assumed to be non-service connected.

2 Based on Pub-2010 General and Safety Employee Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Salary Increases

The annual rate of compensation increase has three components: inflation, across-the-board salary increases (other than inflation), and merit/promotion increases based on service.

Inflation at 2.50%, plus

Across-the-board salary increase of 0.50% per year, plus

Merit and promotion increases:

Years of Service	General	Safety
Less than 1	5.00%	8.40%
1-2	5.00%	8.40%
2-3	4.40%	8.40%
3-4	3.00%	5.40%
4-5	2.10%	4.00%
5-6	1.60%	2.50%
6-7	1.50%	1.80%
7-8	1.50%	1.60%
8-9	1.20%	1.20%
9-10	1.00%	1.20%
10-11	0.85%	1.00%
11 and Over	0.45%	1.00%

Additional Cashout Assumptions

Additional pay elements are expected to be received during a member's final average earnings period. The percentages, added to the final average salary, used in this valuation are:

Membership Category	Service Retirement	Disability Retirement
General Tier 1	5.00%	4.00%
General Tier 2	2.70%	1.00%
General Tier 3	5.00%	4.00%
General Tier 4	N/A	N/A
Safety Tier 1	6.00%	5.00%
Safety Tier 2	2.30%	2.20%
Safety Tier 2C	2.30%	2.20%
Safety Tier 2D	2.30%	2.20%
Safety Tier 4	N/A	N/A

Actuarial Cost Method

Entry Age Actuarial Cost Method. Entry Age is the age on valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formula for each individual has always been in effect.

Amortization Method

Unfunded Actuarial Accrued Liability (UAAL) is amortized as a level percentage of payroll (3.00% payroll growth assumed).

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 amortized over separate decreasing 5-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.

Alameda County Office of Education's UAAL amor-

tization under the declining employer payroll policy is level dollar.

The Voluntary County Safety UAAL contributions are amortized over a 13-year period effective July 1, 2021. 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. The UAAL as of December 31, 2024 is amortized over 20 years.

If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus) and the amount of the surplus is in excess of 20% of the AAL, such surplus that is in excess of 20% of the AAL and any subsequent such surplus will be amortized over an "open" amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over 20 years as the first of a new series of amortization layers.

Consumer Price Index (San Francisco Bay Area)

Inflation assumption is increase of 2.50% per year.

Retiree Cost-of-Living (COLA) Increases

For tiers with 3% maximum change per year, (General Tier 1, General Tier 3 and Safety Tier 1), the COLA increase reflected in the December 31, 2024 valuation is 2.75%; and for tiers with 2% maximum change per year (General Tier 2, General Tier 4, Safety Tier 2, Safety Tier 2C, Safety Tier 2D, and Safety Tier 4) the COLA increase reflected in the December 31, 2024 valuation is 2.00%. For General Tier 1, General Tier 3, and Safety Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.

Actuarial Experience Study

The postretirement and preretirement demographic assumptions are based on the plan's actuarial experience through the last triennial experience study from December 1, 2019 through November 30, 2022, which was approved by the Board of Retirement on December 21, 2023.

Retirement Age and Benefit for Deferred Vested Members

Current and future inactive member assumptions are as follows:

Membership & Reciprocity	% of Future Deferred Vested Members	Annual Salary Increases from Separation Date	Retirement Age
General with Reciprocity	20%	3.45%	61
General without Reciprocity	80%	N/A	62
Safety with Reciprocity	45%	4.00%	55
Safety without Reciprocity	55%	N/A	56

Current and future deferred vested non-reciprocal members who terminate with less than five years of service and are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit.

Future Benefit Accruals

One year of service per year of employment plus 0.003 years of additional service for General members and 0.006 years of additional service for Safety members, to anticipate conversion of unused sick leave for each year of employment.

Inclusion of Deferred Vested Members

All deferred vested members to the extent they are reported by ACERA for this valuation are included.

Data Adjustments

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.

Form of Payment

All active and inactive vested members are assumed to elect the unmodified option at retirement.

Percent of Members Married

For all active and inactive members, 70% of male members and 50% of female members are assumed to be

married at pre-retirement death or retirement.

Age and Gender of Spouse

For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.

Pre-retirement Death Optional Form Election

All active members with five or more years of service are assumed to elect the optional settlement 2 allowance that leaves a 100% continuance to their beneficiary upon the member's non-service connected pre-retirement death.

Beneficiary Type	Percentage	Age Difference with Active Member
Child	50%	30 years younger
Sibling	25%	Same Age
Parent	25%	30 years older

Note: It is assumed that the beneficiary is of the opposite sex of the member

Unknown Data for Members

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. If not provided, salary is assumed to be equal to the average salary of the membership group.

Payroll Growth

Inflation of 2.50% per year plus real "across-the-board" salary increases of 0.50% per year.

Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit

Increase of 2.50% per year from valuation date.

Increase in California Government Code Section 7522.10 Compensation Limit

Increase of 2.50% per year from valuation date.

CHANGES IN ACTUARIAL ASSUMPTIONS

There have been no changes in actuarial assumptions, methods and models since the prior valuation.

Active Member Valuation Data – Pension Plan (Actuary's Exhibit 1)

Valuation Date ¹	No. of Participating Agencies	Plan Type	Number	Annual Payroll (\$) ²	Annual Average Pay (\$)	% Increase in Average Pay ³
12/31/2016	7	General	9,673	\$ 839,157,054	\$ 86,753	2.85%
		Safety	1,438	164,494,775	114,391	4.77%
		Total	11,111	1,003,651,829	90,330	3.15%
12/31/2017	7 ⁴	General	9,887	884,429,873	89,454	3.11%
		Safety	1,436	171,231,780	119,242	4.24%
		Total	11,323	1,055,661,653	93,232	3.21%
12/31/2018	7	General	9,960	920,863,594	92,456	3.36%
		Safety	1,389	172,872,084	124,458	4.37%
		Total	11,349	1,093,735,678	96,373	3.37%
12/31/2019	7	General	9,960	952,171,197	95,600	3.40%
		Safety	1,376	177,005,751	128,638	3.36%
		Total	11,336	1,129,176,948	99,610	3.36%
12/31/2020	7	General	9,960	975,689,541	97,961	2.47%
		Safety	1,362	180,006,107	132,163	2.74%
		Total	11,322	1,155,695,648	102,075	2.47%
12/31/2021	7	General	9,903	1,010,957,679	102,086	4.21%
		Safety	1,423	193,541,750	136,010	2.91%
		Total	11,326	1,204,499,429	106,348	4.19%
12/31/2022	7	General	9,901	1,052,932,032	106,346	4.17%
		Safety	1,445	205,097,227	141,936	4.36%
		Total	11,346	1,258,029,259	110,879	4.26%
12/31/2023	7	General	10,143	1,110,492,047	109,484	2.95%
		Safety	1,404	208,904,418	148,792	4.83%
		Total	11,547	1,319,396,465	114,263	3.05%
12/31/2024	7	General	10,458	1,201,395,845	114,878	4.93%
		Safety	1,407	220,867,848	156,978	5.50%
		Total	11,865	1,422,263,693	119,871	4.91%
12/31/2025	7	General	10,705	1,308,220,136	122,206	6.38%
		Safety	1,438	236,900,946	164,743	4.95%
		Total	12,143	1,545,121,082	127,244	6.15%

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Projected compensation was calculated by increasing the prior calendar year's compensation (assuming every employee will work full time) by the salary increase assumption.

3 Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year. It does not reflect the average salary increases received by members who worked the full year.

4 Starting with the December 31, 2017 valuation date, there were no active members from the Alameda County Office of Education; however, there were still retired members from that participating agency.

Retirees and Beneficiaries Added To and Removed From Retiree Payroll (Actuary's Exhibit 2)

Valuation Date (December 31) ¹	Added to Rolls		Removed from Rolls		Rolls at End of Year		% Increase in Retiree Allowance	Average Annual Allowance	Change in Average Annual Allowance
	Number	Annual Allowance ² (in \$000's)	Number	Annual Allowance (in \$000's)	Number	Annual Allowance (in \$000's)			
2016	523	\$ 31,922	(271)	\$ (8,778)	9,242	\$ 416,699	5.88%	\$ 45,088	2.99%
2017	512	32,718	(275)	(8,112)	9,479	441,305	5.90%	46,556	3.26%
2018	583	36,805	(279)	(10,484)	9,783	467,626	5.96%	47,800	2.67%
2019	590	40,287	(295)	(10,784)	10,078	497,129	6.31%	49,328	3.20%
2020	540	40,256	(326)	(13,288)	10,292	524,097	5.42%	50,923	3.23%
2021	580	41,581	(336)	(14,580)	10,536	551,098	5.15%	52,306	2.72%
2022	588	43,835	(326)	(13,735)	10,798	581,198	5.46%	53,825	2.90%
2023	552	43,015	(324)	(14,786)	11,026	609,427	4.86%	55,272	2.69%
2024	541	43,216	(315)	(14,919)	11,252	637,724	4.64%	56,677	2.54%
2025	529	44,994	(376)	(18,781)	11,405	663,937	4.11%	58,215	2.71%

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Includes data adjustments and automatic cost-of-living adjustments granted on April 1.

Actuarial Analysis of Financial Experience

(Actuary's Exhibit 4)

(Dollars in Millions)

	Plan Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Prior Valuation Unfunded/(Prefunded) Actuarial Accrued Liability	\$ 1,404	\$ 1,492	\$ 1,477	\$ 2,500	\$ 2,195	\$ 2,137	\$ 2,157	\$ 1,802	\$ 1,791	\$ 1,911
Salary Increase Greater (Less) than Expected	142	21	60	25	(13)	13	16	(10)	(8)	(36)
COLA Increase Greater (Less) than Expected	(2)	(2)	26	28	-	-	-	-	-	(15)
Asset Return Less (Greater) than Expected	2	69	5	(208)	57	66	(17)	(11)	22	(61)
Other Experience (Including Scheduled UAAL Payment)	(69)	(91)	(76)	(868) ¹	(61)	(21)	(19)	(20)	(3)	(8)
Economic and Non-economic Assumption Changes	-	(97)	-	-	322	-	-	396	-	-
Plan Changes	-	12 ⁽²⁾	-	-	-	-	-	-	-	-
Ending Unfunded/(Prefunded) Actuarial Accrued Liability	\$1,477	\$1,404	\$1,492	\$1,477	\$2,500	\$2,195	\$2,137	\$2,157	\$1,802	\$1,791

1 Of this amount \$(813) is due to voluntary County Safety & LARPD General UAAL contributions.

2 A new election process that allows active members to elect an Optional Settlement 2 allowance in advance to provide a continuance of 100% to the member's spouse, domestic partner or other beneficiaries upon the member's active death.

Schedule of Funded Liabilities by Type - Pension Plan¹ (Actuary's Exhibit 3)

(Dollars in Thousands)

	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets			
Valuation Date	Active Member Contributions	Retired/Vested Members	Active Members (Employer Financed Portion)	Total	Valuation Value of Assets	Active Member Contributions	Retired/Vested Members	Active Members (Employer Financed Portion)
12/31/2015	\$ 1,070,157	\$ 4,966,693	\$ 1,838,170	\$ 7,875,020	\$ 6,083,536	100%	100%	3%
12/31/2016	1,122,671	5,210,571	1,904,473	8,237,715	6,436,138	100%	100%	5%
12/31/2017	1,173,799	5,662,738	2,150,524	8,987,061	6,830,379	100%	100%	0%
12/31/2018	1,223,983	5,939,611	2,212,803	9,376,397	7,239,327	100%	100%	3%
12/31/2019	1,258,309	6,266,979	2,269,731	9,795,019	7,599,977	100%	100%	3%
12/31/2020	1,296,260	6,730,506	2,457,414	10,484,180	7,984,241	100%	99%	0%
12/31/2021	1,362,455	7,051,592	2,515,888	10,929,935	9,453,108	100%	100%	41%
12/31/2022	1,420,116	7,414,115	2,580,889	11,415,120	9,923,019	100%	100%	42%
12/31/2023	1,466,082	7,714,914	2,565,671	11,746,667	10,342,556	100%	100%	45%
12/31/2024	1,546,360	8,041,794	2,752,512	12,340,666	10,863,317	100%	100%	46%

¹ The exhibit includes actuarially funded liabilities and assets. The non-valuation reserves such as Supplemental Retirees Benefit Reserve, Death Benefit and Reserve for Interest Fluctuation, etc., are not included.

Events affecting year-to-year comparability:

- 12/31/17 - Change in non-economic assumptions (including merit and promotional salary increase assumptions and terminal pay assumptions). Investment return assumption reduced from 7.60% to 7.25%; inflation assumption decreased from 3.25% to 3.00%.
- 12/31/20 - Change in non-economic assumptions (including merit and promotional salary increase assumptions and terminal pay assumptions). Investment return assumption reduced from 7.25% to 7.00%; inflation assumption decreased from 3.00% to 2.75%.
- 12/31/21 - The County made voluntary County Safety contributions of \$800 million on around June 29, 2021 to reduce their Safety UAAL and associated contribution rates. LARPD also made voluntary LARPD General contributions of \$12.611 million on around June 29, 2021 to reduce their General UAAL and associated contribution rates.
- 12/31/23 - Change in non-economic assumptions (including merit and promotional salary increase assumptions and terminal pay assumptions). Inflation assumptions decreased from 2.75% to 2.50%.

Schedule of Funding Progress – Pension Plan (Actuary's Exhibit 5)

(Dollars in Thousands)

Actuarial Valuation Date	Valuation Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) ² (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (%) (a/b)	Annual Covered Payroll (c)	UAAL as a % of Annual Covered Payroll (%) (b-a) / c
12/31/2015	\$ 6,083,536	\$ 7,875,020	\$ 1,791,484	77.3	\$ 969,534	184.8
12/31/2016	6,436,138	8,237,715	1,801,577	78.1	1,003,651	179.5
12/31/2017	6,830,379	8,987,061	2,156,682	76.0	1,055,661	204.3
12/31/2018	7,239,327	9,376,397	2,137,070	77.2	1,093,735	195.4
12/31/2019	7,599,977	9,795,019	2,195,042	77.6	1,129,175	194.4
12/31/2020	7,984,241	10,484,180	2,499,939	76.2	1,155,697	216.3
12/31/2021	9,453,108	10,929,935	1,476,827	86.5	1,204,499	122.6
12/31/2022	9,923,019	11,415,120	1,492,101	86.9	1,258,026	118.6
12/31/2023	10,342,556	11,746,667	1,404,111	88.0	1,319,397	106.4
12/31/2024	10,863,317	12,340,666	1,477,349	88.0	1,422,264	103.9

¹ Excludes assets for SRBR and other non-valuation reserves. Includes the following amounts transferred from the SRBR to the employers' advance reserve to compensate the County for the implicit subsidy: (estimate provided by ACERA) 2015 \$5,325; 2016 \$8,865; 2017 \$5,830; 2018 \$6,940; 2019 \$6,511; 2020 \$7,549; 2021 \$5,653; 2022 \$7,981; 2023 \$4,116 and 2024 \$2,472.

² Excludes liabilities for SRBR and other non-valuation reserves.

The actuarially determined contributions and actual contributions received from the participating employers are presented in the Schedule of Employer Contributions, included in the Required Supplementary Information Section.

Assumptions for Other Postemployment Benefits (OPEB) Plan

The actuarial assumptions used for the OPEB plan are consistent with those assumptions approved by the Retirement Board for the December 31, 2024, pension valuation, including the use of a 7.00% investment return assumption. For a complete list of actuarial assumptions, refer to the summary of assumptions and methods for the pension plan. The actuarial assumptions that are specific to the OPEB plan are as follows:

Per Capita Health Costs

The combined monthly per capita dental and vision claims cost for plan year 2025 was assumed to be \$55.68. The monthly Medicare Part B premium reimbursement for 2025 is \$185.00. For calendar year 2025, medical costs for a retiree were assumed to be as follows:

Medical Plan ¹	Election Assumption	Monthly Premium	Maximum Monthly Medical Allowance ²	Derivation of Via Benefits Monthly Per Capita Costs			
				Years of Service Category	10-14	15-19	20+
Under Age 65 ³				1 Maximum MMA for 2024	\$ 243.37	\$ 365.06	\$ 486.74
Kaiser HMO	69%	\$1,097.88	\$ 662.37	2 Total of Maximum MMA (From Jan. 2024 to Dec. 2024)	\$643,821	\$1,016,467	\$6,849,183
Via Benefits Individual Insurance Exchange ⁴	16%	N/A	662.37	3 Total of Actual Reimbursement (From Jan. 2024 to Dec. 2024)	\$463,913	\$ 681,366	\$4,182,062
United Healthcare HMO Current Network	6%	1,594.36	662.37	4 Ratio of Actual Reimbursement to Maximum 2024 MMA [(3)/(2)]	72.06%	67.03%	61.06%
United Healthcare HMO SVA Network ⁵	9%	1,042.48	662.37	5 Average Monthly Per Capita Cost for 2024 [(1)*(4)]	\$ 175.37	\$ 244.70	\$ 297.20
Age 65 and Older				6 Maximum MMA for 2025	\$ 253.72	\$ 380.57	\$ 507.43
Kaiser Senior Advantage	72%	\$ 375.22	\$ 662.37	7 Increased for Expected Medical Trend (16.47%) from 2024 to 2025 [(5)*1.1647]	\$ 204.25	\$ 285.00	\$ 346.15
Via Benefits Individual Insurance Exchange	28%	380.77 ⁶	507.43	8 Increase for Additional 10% Margin for 2024 Expenses Incurred in 2024 but Reimbursed after December 2024 [(7)*1.10]	\$ 224.68	\$ 313.50	\$ 380.77
1 There are other plans available to retirees under 65, and age 65 and older, that have a range of premiums. The same costs as Kaiser HMO and Kaiser Senior Advantage are assumed for current non-Medicare and Medicare retirees, respectively.							
2 The Maximum Monthly Medical Allowance of \$662.37 (\$507.43 for retirees purchasing individual insurance from the Medicare exchange) is subject to the following subsidy schedule:							
Completed Years of Service		Percentage Subsidized					
10-14		50%					
15-19		75%					
20+		100%					

1 There are other plans available to retirees under 65, and age 65 and older, that have a range of premiums. The same costs as Kaiser HMO and Kaiser Senior Advantage are assumed for current non-Medicare and Medicare retirees, respectively.

2 The Maximum Monthly Medical Allowance of \$662.37 (\$507.43 for retirees purchasing individual insurance from the Medicare exchange) is subject to the following subsidy schedule:

Completed Years of Service	Percentage Subsidized
10-14	50%
15-19	75%
20+	100%

3 Current retirees under age 65 as well as future retirees are assumed to elect medical plans in the same proportion upon age 65 as current retirees who are age 65 and over.

4 Via Benefits individual insurance coverage is available to retirees under age 65 residing outside of ACERA medical plans' coverage area. It is assumed that these current retirees under 65 will draw the Maximum Monthly Subsidy (\$662.37).

5 Terminated effective February 2026. It is assumed that members in the UHC SVA plan will migrate to Kaiser and UHC Current Network in proportions of 92% and 8%, respectively.

6 The derivation of amounts expected to be paid in 2025 from the Health Reimbursement Account for members with 20 plus years of service is provided in the following table. In the table, the amounts expected to be paid for members with 10-14 and 15-19 years of service are also provided.

Implicit Subsidy

The estimated average per capita premium for retirees under age 65 is \$13,529 per year. Because premiums for retirees under age 65 include active participants for purposes of underwriting, the retirees receive an implicit subsidy from the actives. Had retirees under age 65 been underwritten as a separate group, their age-based premiums would be higher for most individuals. The excess of the age-based premium over the per capita premium charged makes up the subsidy.

Below is a sample of the average 2025 annual medical and prescription age-based claims costs for retirees and spouses under age 65.

Age-Based Average Medical and Rx Costs for Retirees Under Age 65			
Retiree and Spouse			
Age	Male	Female	
50	\$ 14,270	\$ 15,068	
55	16,102	16,357	
60	18,540	17,731	
64	22,531	19,249	

The methodology the actuary uses to estimate the implicit subsidy was modified for this valuation to develop a more stable estimate of the long-term average. In prior years, the estimate was developed using the plan's unblended retiree rates and then adjusting the estimate to match the projection provided by the County's health care consultant. The key features of the new approach include the use of unblended retiree premiums and retiree demographics for the prior three years, a 7.88% assumption for trending the 2023 and 2024 experience forward to 2025, and the use of participant headcounts for determining the three-year weighted average.

The 2025 medical and prescription drug age-based claims costs for retirees age 65 and over are shown below at selected ages. Spouses are only eligible for the implicit subsidy while under age 65.

Age-Based Average Claims Costs for Retirees Age 65 and Over			
Kaiser Senior Advantage			
Retiree			
Age	Male	Female	
65	\$ 4,247	\$ 3,527	
70	4,770	3,946	
75	5,269	4,149	
80+	5,517	4,428	
Via Benefits			
Retiree			
Age	Male	Female	
65	\$ 4,250	\$ 3,530	
70	4,773	3,949	
75	5,273	4,152	
80+	5,521	4,431	

Health Care Cost Trend Rates

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capital costs shown above. The trend shown for a particular plan year is the rate that is to be applied to that year's cost to yield the next year's projected cost. For example, the projected 2026 calendar year premium for Kaiser (under age 65) is \$1,133.80 per month (\$1,097.88 increased by 3.27%).

Calendar Year	Rate (%)				
	United Healthcare HMO & Kaiser HMO Early Retiree ¹	Via Benefits & Kaiser Senior Advantage ²	Dental ³	Vision ⁴	Medicare Part B
2025	7.75 ⁵	7.50 ⁵	6.00 ⁵	3.00 ⁵	6.20
2026	7.50	7.25	5.00	3.00	6.20
2027	7.25	7.00	4.50	3.00	6.20
2028	7.00	6.75	4.00	3.00	6.20
2029	6.75	6.50	4.00	3.00	6.20
2030	6.50	6.25	4.00	3.00	6.20
2031	6.25	6.00	4.00	3.00	6.20
2032	6.00	5.75	4.00	3.00	6.20
2033	5.75	5.50	4.00	3.00	6.20
2034	5.50	5.25	4.00	3.00	5.75
2035	5.25	5.00	4.00	3.00	5.50
2036	5.00	4.75	4.00	3.00	5.25
2037	4.75	4.50	4.00	3.00	5.00
2038	4.50	4.50	4.00	3.00	4.75
2039 & Later	4.50	4.50	4.00	3.00	4.50

1 Non-Medicare Plans

2 Medicare plans.

3 There is a 3-year rate guarantee of the 2026 dental premium, but for the purpose of the long-term measurement, the focus is on the underlying trend.

4 There is a 5-year rate guarantee of the 2026 vision premium, but for the purpose of the long-term measurement, the focus is on the underlying trend.

5 The actual trends are shown below, based on premium renewals for 2026 as reported by ACERA.

Kaiser HMO Early Retiree	United Healthcare HMO Signature Value Early Retiree	United Healthcare HMO Signature Value Advantage Early Retiree	Kaiser Senior Advantage	Dental	Vision
3.27%	15.43%	N/A	6.08%	6.46%	0.00%

Assumed Increase in Annual Maximum Benefits

For the “substantive plan design” shown in this report, actuary has assumed:

- Maximum medical allowances for ACERA sponsored plans and individual out-of-area non-Medicare plans for 2026 will increase to \$687.21 per month (\$526.46 for individual Medicare plans), then increase with 50% of trend for medical plans, or 3.625% graded down to the ultimate rate of 2.25% over 11 years. If different types of medical plans have different initial trend rates, it is assumed that the future increase in MMA will be linked to the plan with the lowest projected medical trend;
- Dental and vision premium reimbursement will increase with full trend; and,
- Medicare Part B premium reimbursement will increase with full trend.

Participation and Coverage Election

Retired member and beneficiaries as of valuation date:

	Under Age 65	Upon Attaining Age 65
Medical Plan Subsidy (MMA)		
<u>MMA on Record</u>		
Current Retirees Under 65	100%	100% and assumed to choose carrier in same proportion as future retirees
Current Retirees 65 and Over	N/A	100%
<u>No MMA on Record</u>		
Less than 10 Years of Service	0%	0%
10+ Years of Service		
Current Retirees Under 65	0%	60%
Current Retirees 65 and Over	N/A	0%
Medicare Part B Premium Subsidy		
<u>MMA on Record</u>		
Current Retirees Under 65	N/A	100%
Current Retirees 65 and Over	N/A	100% if Part B reimbursement on record or purchasing individual insurance from the Medicare exchange
<u>No MMA on Record</u>		
Less than 10 Years of Service	N/A	0%
10+ Years of Service		
Current Retirees Under 65	N/A	60%
Current Retirees 65 and Over	N/A	0%
Implicit Subsidy		Current Retirees, married dependents and surviving beneficiaries under age 65 and enrolled in an ACERA non-Medicare plan are assumed to have an implicit subsidy liability.
Dental and Vision Subsidy		Current retirees not self-paying ("Voluntary" or "Under 10 YOS" dental or vision code) are assumed to receive the dental and vision subsidy.

Active and inactive vested members as of valuation date:

	Under Age 65	Upon Attaining Age 65
Medical Plan Subsidy (MMA)	75% of eligible members.	90% of eligible members.
Medicare Part B Premium Subsidy	75% of eligible members. (disabled only)	90% of eligible members.
Implicit Subsidy	63.00% of eligible members under age 65 are assumed to have an implicit subsidy liability. In other words, 84% of the non-Medicare retirees who receive a Medical Plan Subsidy were assumed to enroll in an ACERA sponsored health plan.	
Dental and Vision Subsidy	100% of eligible members.	

Dependents

Demographic data was available for spouses of current retirees. For future retirees, male members were assumed to have a female spouse who is 3 years younger than the member and female members were assumed to have male spouses who is 1 year older than the member. Of the future retirees who elect to continue their medical coverage at retirement, 35% males and 15% females were assumed to have an eligible spouse who also opts for health coverage at that time.

Please note that these assumptions were only used to determine the cost of the implicit subsidy.

Plan Design

Development of plan liabilities was based on the plan of benefits in effect as described in Exhibits 2 and 3 of the December 31, 2024, sufficiency valuation report.

Administrative Expenses

An administrative expense load was not added to projected incurred claim costs in developing per capita health costs.

Active Member Valuation Data – OPEB (Actuary's SRBR Exhibit 1)

Valuation Date ¹	No. of Participating Agencies	Plan Type	Number	Annual Payroll (\$)²	Annual Average Pay (\$)	% Increase in Average Pay³
12/31/2016	7	General	9,673	\$ 839,157,054	\$ 86,753	2.85%
		Safety	1,438	164,494,775	114,391	4.77%
		Total	11,111	1,003,651,829	90,330	3.15%
12/31/2017	7 ⁴	General	9,887	884,429,873	89,454	3.11%
		Safety	1,436	171,231,780	119,242	4.24%
		Total	11,323	1,055,661,653	93,232	3.21%
12/31/2018	7	General	9,960	920,863,594	92,456	3.36%
		Safety	1,389	172,872,084	124,458	4.37%
		Total	11,349	1,093,735,678	96,373	3.37%
12/31/2019	7	General	9,960	952,171,197	95,600	3.40%
		Safety	1,376	177,005,751	128,638	3.36%
		Total	11,336	1,129,176,948	99,610	3.36%
12/31/2020	7	General	9,960	975,689,541	97,961	2.47%
		Safety	1,362	180,006,107	132,163	2.74%
		Total	11,322	1,155,695,648	102,075	2.47%
12/31/2021	7	General	9,903	1,010,957,679	102,086	4.21%
		Safety	1,423	193,541,750	138,010	2.91%
		Total	11,326	1,204,499,429	106,348	4.19%
12/31/2022	7	General	9,901	1,052,932,032	106,346	4.17%
		Safety	1,445	205,097,227	141,936	4.36%
		Total	11,346	1,258,029,259	110,879	4.26%
12/31/2023	7	General	10,143	1,110,492,047	109,484	2.95%
		Safety	1,404	208,904,418	148,792	4.83%
		Total	11,547	1,319,396,465	114,263	3.05%
12/31/2024	7	General	10,458	1,201,395,845	114,878	4.93%
		Safety	1,407	220,867,848	156,978	5.50%
		Total	11,865	1,422,263,693	119,871	4.91%
12/31/2025	7	General	10,705	1,308,220,136	122,206	6.38%
		Safety	1,438	236,900,946	164,743	4.95%
		Total	12,143	1,545,121,082	127,244	6.15%

1 As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Projected compensation was calculated by increasing the prior calendar year's compensation (assuming every employee will work full time) by the salary increase assumption.

3 Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year. It does not reflect the average salary increases received by members who worked the full year.

4 Starting with the December 31, 2017 valuation date, there were no active members from the Alameda County Office of Education; however, there were still retired members from that participating agency.

Retirees Added To and Removed From OPEB Payroll (Actuary's SRBR Exhibit 2)

Valuation Date ¹ (December 31)	Added to Rolls		Removed from Rolls		Rolls at End of Year		% Increase in OPEB Allowance	Average Annual Allowance	Change in Average Annual Allowance
	Number	Annual Allowance ² (in \$000's)	Number	Annual Allowance ³ (in \$000's)	Number	Annual Allowance (in \$000's)			
2016	426	\$ 1,801	(207)	\$ (870)	8,021	\$ 36,660	2.61%	\$ 4,571	-0.17%
2017	443	1,979	(197)	365	8,267	39,004	6.39%	4,718	3.22%
2018	497	2,243	(212)	844	8,552	42,091	7.91%	4,922	4.32%
2019	516	2,255	(229)	776	8,839	45,122	7.20%	5,105	3.72%
2020	459	2,160	(251)	136	9,047	47,417	5.09%	5,241	2.66%
2021	466	2,035	(272)	(2,144)	9,241	47,308	-0.23%	5,119	-2.33%
2022	500	2,353	(256)	(1,218)	9,485	48,443	2.40%	5,107	-0.23%
2023	461	2,074	(259)	(2,340)	9,687	48,177	-0.55%	4,973	-2.62%
2024	422	1,932	(257)	1,093	9,852	51,202	6.28%	5,197	4.50%
2025	441	1,887	(292)	261	10,001	53,350	4.20%	5,334	2.64%

1 As permitted by the Actuarial Standard of Practice Statement No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

2 Includes data adjustments.

3 Also reflects changes in benefit for continuing members. For example, the increase for continuing members as of December 31, 2025 more than offsets the annual allowance removed from the rolls.

Note: Beneficiaries are not eligible for OPEB. The allowances include medical, dental, vision and Medicare Part B premium subsidies but do not include any implicit subsidy costs valued for SRBR sufficiency or valuation liabilities.

Member Benefit Coverage Information - OPEB

(Actuary's SRBR Exhibit 3)

Actuarial Accrued Liability Not Limited to Actuarial Value of Assets¹

(Dollars in Thousands)

Valuation Date	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets			
	Active Member Contributions	Retired/Vested Members ²	Active Members (Employer Financed Portion) ²	Total ²	Actuarial Value of Assets	Active Member Contributions	Retired/Vested Members ³	Active Members (Employer Financed Portion) ³
12/31/2015	N/A	\$ 511,694	\$ 389,287	\$ 900,981	\$ 822,858	N/A	100%	80%
12/31/2016	N/A	544,660	365,696	910,356	837,185	N/A	100%	80%
12/31/2017	N/A	585,466	416,176	1,001,642	858,005	N/A	100%	65%
12/31/2018	N/A	595,608	411,780	1,007,581	883,013	N/A	100%	70%
12/31/2019	N/A	631,644	442,548	1,074,192	888,184	N/A	100%	58%
12/31/2020	N/A	633,137	459,683	1,092,820	891,580	N/A	100%	56%
12/31/2021	N/A	680,657	512,070	1,192,727	1,082,704	N/A	100%	79%
12/31/2022	N/A	683,999	475,448	1,159,447	1,114,705	N/A	100%	91%
12/31/2023	N/A	728,623	457,012	1,185,635	1,081,108	N/A	100%	77%
12/31/2024	N/A	810,657	535,897	1,346,554	1,104,808	N/A	100%	55%

Note: At each valuation date, health care cost trend rates have been updated and starting premium costs have been revised to reflect updated data.

1 When the actuarial accrued liabilities were limited to the current assets, the UAALs were \$0. Similarly, the funded ratios were 100%.

2 Accrued liabilities have not been limited to benefits expected to be paid before the exhaustion of actuarial value of assets.

3 Assuming actuarial value of assets is first used to entirely fund the liabilities for retired/vested members before it is used to fund the liabilities for active members.

Events affecting year-to-year comparability:

12/31/15 - The Board acted to leave the 2016 MMA unchanged for 2017 and 2018.

12/31/17 - Changes in non-economic assumption. Investment return assumption decreased from 7.60% to 7.25%; inflation assumption decreased from 3.25% to 3.00%. The Board acted to increase the 2018 MMA for 2019. The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes \$558.00 and the maximum MMA for individual Medicare plans becomes \$427.46 for 2019.

12/31/18 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes \$578.65 and the maximum MMA for individual Medicare plans becomes \$443.28 for 2020.

12/31/19 - The Board acted to leave the 2020 MMA unchanged for 2021.

12/31/20 - Changes in non-economic assumption. Investment return assumption decreased from 7.25% to 7.00%; inflation assumption decreased from 3.00% to 2.75%. The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes \$596.73 and the maximum MMA for individual Medicare plans becomes \$457.13 for 2022.

12/31/21 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes \$616.12 and the maximum MMA for individual Medicare plans becomes \$471.99 for 2023.

12/31/22 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes \$635.37 and the maximum MMA for individual Medicare plans becomes \$486.74 for 2024.

12/31/23 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes \$662.37 and the maximum MMA for individual Medicare plans becomes \$507.43 for 2025.

12/31/24 - The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes \$687.21 and the maximum MMA for individual Medicare plans becomes \$526.46 for 2026.

Schedule of Funded Liabilities¹ by Type - Non-OPEB**(Actuary's SRBR Exhibit 3) Continued****Actuarial Accrued Liability Not Limited to Actuarial Value of Assets²**

(Dollars in Thousands)

Valuation Date	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets			
	Active Member Contributions	Retired/Vested Members ³	Active Members (Employer Financed Portion) ³	Total ³	Actuarial Value of Assets ⁴	Active Member Contributions	Retired/Vested Members ⁵	Active Members (Employer Financed Portion) ⁵
12/31/2015	N/A	\$ 83,016	\$ 84,635	\$ 167,651	\$ 35,194	N/A	42%	0%
12/31/2016	N/A	100,279	89,264	189,543	36,162	N/A	36%	0%
12/31/2017	N/A	84,063	65,558	149,621	37,517	N/A	45%	0%
12/31/2018	N/A	113,097	68,543	181,640	39,366	N/A	35%	0%
12/31/2019	N/A	124,174	71,375	195,549	40,430	N/A	33%	0%
12/31/2020	N/A	76,651	31,404	108,055	41,677	N/A	54%	0%
12/31/2021	N/A	101,298	32,725	134,023	51,921	N/A	51%	0%
12/31/2022	N/A	155,457	33,857	189,314	54,901	N/A	35%	0%
12/31/2023	N/A	163,553	32,860	196,413	111,280	N/A	68%	0%
12/31/2024	N/A	173,700	34,675	208,375	117,558	N/A	68%	0%

1 Actuarial accrued liabilities.

2 When the actuarial accrued liabilities were limited to the current assets, the UAALs were \$0. Similarly, the funded ratios were 100%.

3 Accrued liabilities have not been limited to benefits expected to be paid before the exhaustion of actuarial value of assets.

4 The 12/31/2023 assets reflect a one-time asset transfer of \$54.2 million from the funds earmarked for OPEB SRBR to funds earmarked for non-OPEB SRBR to equalize the sufficiency period.

5 Assuming actuarial value of assets is first used to entirely fund the liabilities for retired/vested members before it is used to fund the liabilities for active members.

Events affecting year-to-year comparability:

12/31/17 - Changes in non-economic assumption. Investment return assumption decreased from 7.60% to 7.25%; inflation assumption decreased from 3.25% to 3.00%.

12/31/20 - Changes in non-economic assumption. Investment return assumption decreased from 7.25 to 7.00%; inflation assumption decreased from 3.00% to 2.75%.

12/31/23 - Changes in non-economic assumption. Inflation assumption decreased from 2.75% to 2.50%.

Summary of Plan Provisions

Benefits Sections 31676.1, 31676.12, 31676.18, 31664, 31664.1, and 31664.2 Of The County Employees Retirement Law Of 1937 ("1937 Act") and Government Code Sections 7522.20(a) for General Tier 4 and 7522.25(d) for Safety Tier 4

Briefly summarized below are major provisions of the 1937 Act and the California Government Code as amended through December 31, 2024, and as adopted by Alameda County or other participating employers.

Membership Eligibility

With the exception of Alameda Health System, all full-time employees of participating employers who are appointed to permanent positions are statutorily required to become members of ACERA. With the passage of AB1008 in 2013, employees of newly acquired hospitals by Alameda Health System are not eligible for membership unless they are subject to an existing Memorandum of Understanding. Effective October 31, 2013, all newly hired unrepresented employees of any Alameda Health System facility are prohibited from membership.

Membership with ACERA usually begins with the second pay period following appointment to a full-time County or participating employer position. For Housing Authority of the County of Alameda and Livermore Area Recreation & Park District, membership with ACERA begins on the first day of hire. ACERA members who change from full-time to part-time are required to continue membership at ACERA (with future contributions and benefits adjusted accordingly).

Tiers (Benefit Levels)

General and Safety Tier 1 include, depending on the employer, all General and Safety members hired on or before June 30, 1983. For Housing Authority and LARPD General members the hire dates are on or

before September 30, 2011 and on or before September 30, 2008, respectively (instead of June 30, 1983). General and Safety Tier 2 include, depending on the employer, General and Safety members hired after June 30, 1983. For Housing Authority General members, the hire date is after September 30, 2011 (instead of June 30, 1983). General Tier 3 was effective October 1, 2008 for electing General active members of the Livermore Area Recreation and Park District (LARPD). LARPD adopted a benefit improvement for all service under the 2.5% @ 55 formula as an option to their employees. The County adopted Safety Tier 2 formulas, 2% @ 50 (Safety Tier 2C) and 3% @ 55 (Safety Tier 2D), for new hires starting October 17, 2010. General and Safety Tier 4 include all General and Safety members hired on or after January 1, 2013. See [page 150](#) and [page 151](#) for employer and employee contribution rates.

Final Compensation for Benefit Determination ("Final Average Salary")

Final Average Salary (FAS) is defined as the highest consecutive 12 months of compensation earnable for Tier 1 and Tier 3; and the highest consecutive 36 months of compensation earnable for Tier 2. For Tier 4 members, FAS is defined as the highest consecutive 36 months of pensionable compensation.

Eligibility for Service Retirement

General non-Tier 4 members are eligible to retire: at age 50 with 5 years of service and a total of 10 years of qualifying membership; or at age 70 regardless of years of service, or at any age with 30 years of service. General Tier 4 members are eligible to retire at age 52 with 5 years of service or at age 70 regardless of service. Safety non-Tier 4 members are eligible to retire: at age 50 with 5 years of service and a total of 10 years of qualifying membership; or at age 70 regardless of years of service;

or at any age with 20 years of service. Safety Tier 4 members are eligible to retire at age 50 with 5 years of service or at age 70 regardless of service.

Eligibility for Deferred Service Retirement

Vested deferred members are terminated members who have completed five years of service and leave accumulated contributions in the retirement fund. Vested deferred members are entitled to receive retirement benefits upon meeting the eligibility requirements.

Service Retirement Benefit

The monthly service retirement benefit depends on age at retirement and is based on a percentage of the final average salary (divided by 12 or 36 depending on Tier to get a monthly amount) multiplied by years of service. It is illustrated below for selected age-at-retirement figures.

For non-Tier 4 members integrated with Social Security, the benefit is reduced by one-third of the percentage shown below times the first \$350 of monthly final average salary per year of service credited after January 1, 1956.

Percentage of Final Average Salary for Selected Age-at-Retirement

Age-at-Retirement	General				Safety				
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 2C	Tier 2D	Tier 4
50	1.34%	1.18%	2.00%	N/A	3.00%	3.00%	2.00%	2.29%	2.00%
52	1.49%	1.30%	2.20%	1.00%	3.00%	3.00%	2.22%	2.54%	2.20%
55	1.77%	1.49%	2.50%	1.30%	3.00%	3.00%	2.62%	3.00%	2.50%
57	2.00%	1.64%	2.50%	1.50%	3.00%	3.00%	2.62%	3.00%	2.70%
60	2.34%	1.92%	2.50%	1.80%	3.00%	3.00%	2.62%	3.00%	2.70%
62	2.62%	2.09%	2.50%	2.00%	3.00%	3.00%	2.62%	3.00%	2.70%
65	2.62%	2.43%	2.50%	2.30%	3.00%	3.00%	2.62%	3.00%	2.70%
67 and over	2.62%	2.43%	2.50%	2.50%	3.00%	3.00%	2.62%	3.00%	2.70%

Maximum Benefit

The maximum basic benefit payable to a non-Tier 4 member or beneficiary is 100% of highest average compensation. There is no maximum basic benefit payable to Tier 4 members.

Disability Benefit

Members with five years of service, regardless of age, are eligible to apply for non-service connected disability benefits. As with the service retirement benefit, the disability benefit is based on a percentage of final compensation. The disability benefit is 1.8% of final compensation per year of service for General Tier 1 and Tier 3 members; and 1.5% final compensation per year of service for General Tier 2 and Tier 4 members. If the benefit does not exceed one-third of final compensation, the service

is projected to age 62 for General Tier 1 and Tier 3, and to age 65 for General Tier 2 and Tier 4, but the total projected benefit cannot be more than one-third of final compensation.

The disability benefit is 1.8% of final compensation per year of service for Safety members. If the benefit does not exceed one-third of final compensation, the service is projected to age 55, but the total projected benefit cannot be more than one-third of final compensation.

If the disability is service connected ("job-related"), then there is no age or service requirement. This benefit is the greater of 50% of final compensation, or 100% of the benefit amount derived from the member's age, years of service, and salary.

Members who apply for disability retirement benefits

must be able to prove they are permanently unable to perform the usual duties of their current job. In addition, those who apply for a service connected disability must prove their incapacity to perform their duties was job-related.

Active Member Death Benefit

In addition to the return of employee contributions with credited interest, a lump sum death benefit is payable to the member's beneficiary or estate equal to one month's compensation for each completed year of service under the retirement system, based on the final year's average salary, but not to exceed six month's compensation.

If a member dies while eligible for service retirement or non-service connected disability, the eligible surviving spouse/domestic partner may elect to receive 60% of the greater of service or non-service connected disability retirement allowance that the member would have received for retirement on the day of his or her death in lieu of the refund of employee contributions with interest and a lump sum death benefit.

A member with five years of service could also elect optional settlement 2 while active. This election provides the member's beneficiary with 100% of the greater of service or non-service connected disability retirement benefit, with actuarial adjustment for the optional settlement 2, in lieu of the 60% continuance to a beneficiary.

Service Connected Death Benefit

If a member dies in the performance of duty, the eligible surviving spouse/domestic partner may elect to receive 50% of the member's final compensation (or 100% of the service retirement benefit, if greater).

Retired Member Death Benefit

If a member dies after retirement, a lump sum amount of \$1,000 is paid to the beneficiary or estate. This benefit is excluded from the pension plan funding valuation but is included in the SRBR non-OPEB sufficiency valuation.

In addition, if the retirement was for service connected disability, 100% of the member's allowance as it was at death is continued to the eligible surviving spouse/domestic partner for life. An eligible surviving spouse is a spouse

who was married to the member at least one year prior to the date of retirement.

If the retirement was for other than service connected disability, 60% of the member's unmodified allowance is continued to the eligible surviving spouse/domestic partner for life. An eligible surviving spouse is a spouse who was married to the member at least one year prior to the date of retirement.

Return of Contributions

If a member should resign or die before becoming eligible for retirement, his or her contributions plus interest will be refunded upon request. In lieu of receiving a return of contributions, a vested member or member terminated after January 1, 2003, may elect to leave his or her contributions on deposit and receive a deferred vested benefit when eligible for retirement.

Basic Cost-of-Living Adjustments (COLA)

The basic Cost-of-Living Adjustments are based on the change in the San Francisco Bay Area Consumer Price Index (CPI) for the calendar year prior to the April 1 effective date. The basic COLA increase in retirement allowance is up to maximum of 3% per year for Tier 1 and Tier 3; and up to maximum of 2% for Tier 2 and Tier 4 members. For any year in which the CPI exceeds the COLA percentage cap for a member, the excess percentage is accumulated ("banked") for that member and subsequently applied as an increase to the allowance in a later year when the CPI figure falls short of the relevant cap.

Supplemental Benefits Excluded from Actuarial Valuation

Non-vested supplemental COLA and retiree healthcare program benefits are paid to eligible retirees and survivors. These supplemental benefits have been excluded from the pension plan funding valuation, but are included in the SRBR, OPEB and non-OPEB sufficiency valuation.

Contribution Rates

Basic member contribution rates are based on a formula reflecting the age at entry into the Association. The rates are such as to provide, for each year of service, an average

annuity at age 60 of 1/100 of FAS for General members under Tier 1; at age 60 of 1/120 of FAS for General members under Tier 2; at age 55 of 1/100 of FAS for General members under Tier 3; 50% of the total Normal Cost rate for General Tier 4 members; at age 50 of 1/100 of FAS for non-Tier 4 Safety members; and 50% of the total Normal Cost rate for Safety Tier 4 members.

Note that in estimating FAS, an assumption to anticipate how much unused vacation would be available for conversion at retirement is included for non-Tier 4 members. Member cost of living contribution rates are actuarially determined to pay for one-half of future cost of living liabilities.

For non-Tier 4 members whose benefits are integrated with Social Security, the above contributions are reduced by one-third of that portion of such contribution payable with respect to the first \$161 of biweekly salary. Member contributions are refundable upon termination from employment.

Employer contribution rates are actuarially determined to provide for the balance of the contributions needed to fund the benefits promised under the pension plan.

Exemption from Contributions After Thirty Years of Service

Non-Tier 4 Safety members with 30 or more years of service and General members hired on or before March 7, 1973, with 30 or more years of service are exempt from paying member contributions. However, Safety members in Tiers 1, 2 and 2D are required to continue paying the 3% cost-sharing contribution after 30 years of service.

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Statistical

Statistical

This section provides additional historical perspective, context, and detail in order to provide a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information, covering pension plan benefits, postemployment medical benefits and non-OPEB. This section also provides multi-year trend of financial and operating information to facilitate comprehensive understanding of how the organization's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data for the fiduciary net position, benefits, refunds, contribution rates and different types of retirement benefits. This information was produced by either ACERA's actuary or from ACERA's member database.

Additions to Fiduciary Net Position by Source

(Dollars in Millions)

Year Ended December 31	Member Contributions	Employer Contributions	Net Investment Income (Loss)	Misc. Income	Employer Contributions to 401(h) Account	Transfer from Employers' Advance Reserve to SRBR ¹	Transfer from SRBR for Implicit Subsidy	Total Additions
2025	\$ 144.5	\$ 717.4 ²	\$ 1,902.6	\$ 0.8	\$ 54.0	\$ 2.2	\$ 2.4	\$ 2,823.9
2024	134.5	311.1	1,025.2	0.4	51.9	2.0	4.0	1,529.1
2023	126.5	288.6	1,248.9	0.7	49.3	1.7	7.8	1,723.5
2022	120.7	281.6	(1,289.8)	0.1	47.5	1.7	5.6	(832.6)
2021	111.1	1,116.6 ³	1,601.2	1.0	46.8	1.5	7.5	2,885.7
2020	106.1	309.8	1,017.3	0.3	45.5	1.4	6.4	1,486.8
2019	103.1	298.5	1,358.2	1.2	44.9	1.4	6.9	1,814.2
2018	94.7	269.7	(356.0)	1.4	43.8	1.2	5.8	60.6
2017	89.3	247.1	1,308.2	0.9	38.3	1.2	8.8	1,693.8
2016	85.8	241.7	470.0	0.5	33.8	1.2	6.0	839.0

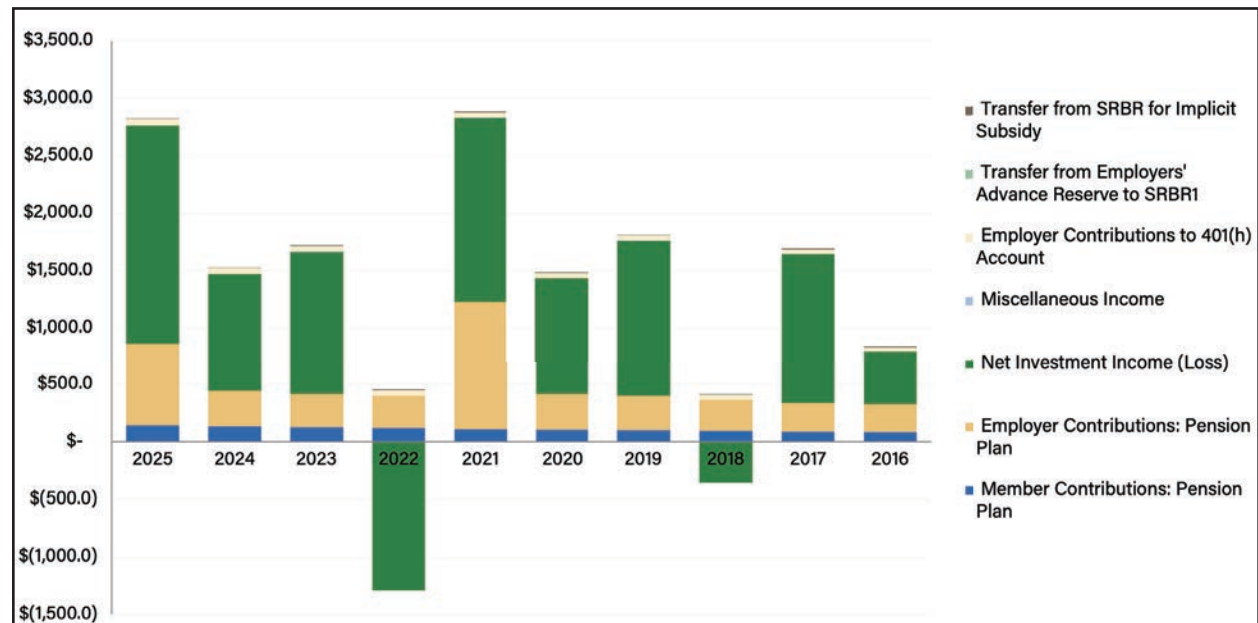
1 Effective July 1, 2011, ACERA adopted Section 31618.5 of the 1937 Act. In compliance with this law, employers allocate a portion of their contribution to the 401(h) account for estimated administrative cost of these benefits, in addition to contributions for the Postemployment Medical Benefits.

2 Includes voluntary advance UAAL contributions of \$400.0 million for County General membership to reduce their respective UAAL and contribution rates.

3 Includes voluntary advance UAAL contributions of \$800.0 million for County Safety and \$12.6 million for LARPD General to reduce their respective UAAL and associated contribution rates.

Additions to Fiduciary Net Position by Source

(Dollars in Millions)



Deductions from Fiduciary Net Position by Type

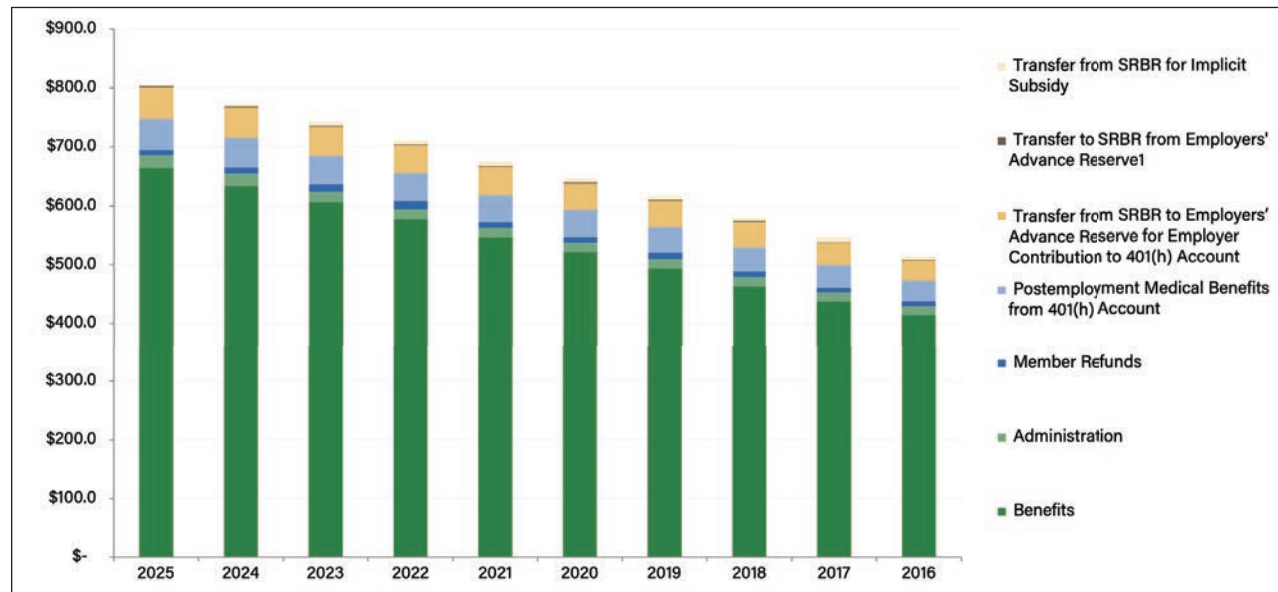
(Dollars in Millions)

Year Ended December 31	Benefits	Administration	Member Refunds	Postemployment Medical Benefits from 401(h) Account	Transfer from SRBR to Employers' Advance Reserve for Employer Contribution to 401(h) Account	Transfer to SRBR from Employers' Advance Reserve ¹	Transfer from SRBR for Implicit Subsidy	Total Deductions
2025	\$ 663.9	\$ 21.9	\$ 8.6	\$ 52.8	\$ 54.0	\$ 2.2	\$ 2.4	\$ 805.8
2024	634.0	20.4	10.1	50.2	51.9	2.0	4.0	772.6
2023	606.4	17.6	13.3	47.1	49.3	1.7	7.8	743.2
2022	577.6	17.0	13.7	46.7	47.5	1.7	5.6	709.8
2021	546.6	16.6	9.7	45.9	46.8	1.5	7.5	674.6
2020	521.6	16.2	9.2	46.0	45.5	1.4	6.4	646.3
2019	493.4	16.6	10.7	43.6	44.9	1.4	6.9	617.5
2018	463.2	16.5	8.7	40.9	43.8	1.2	5.8	580.1
2017	437.4	15.8	7.9	37.9	38.3	1.2	8.8	547.3
2016	413.8	15.8	8.5	34.9	33.8	1.2	6.0	514.0

¹ Effective July 1, 2011, ACERA adopted Section 31618.5 of the 1937 Act. In compliance with this law, employers allocate a portion of their contribution to the 401(h) account for estimated administrative cost of these benefits, in addition to contributions for the Postemployment Medical Benefits.

Deductions from Fiduciary Net Position by Type

(Dollars in Millions)



Changes in Pension Plan and Non-OPEB Net Position

Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Millions)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ADDITIONS										
Member Contributions	\$ 144.5	\$ 134.5	\$ 126.5	\$ 120.7	\$ 111.1	\$ 106.1	\$ 103.1	\$ 94.7	\$ 89.3	\$ 85.8
Employer Contributions	663.4	259.2	239.3	234.1	1,069.8 ²	264.3	253.6	225.9	208.8	207.9
Total Contributions	807.9	393.7	365.8	354.8	1,180.9	370.4	356.7	320.6	298.1	293.7
Investment and Miscellaneous Income (Net of Expenses)	1,903.4	1,025.6	1,249.6	(1,289.7)	1,602.2	1,017.6	1,359.4	(354.6)	1,309.1	470.5
Transfer from SRBR for Employers Contributions to 401(h) Account	54.0	51.9	49.3	47.5	46.8	45.5	44.9	43.8	38.3	33.8
Transfer from SRBR for Employers Implicit Subsidy	2.4	4.0	7.8	5.6	7.5	6.4	6.9	5.8	8.8	6.0
Earnings Allocated to Postemployment Medical Benefits Reserve	(105.5)	(76.2)	(71.6)	(86.6)	(242.6)	(56.8)	(55.2)	(72.8)	(64.5)	(58.8)
Earnings Allocated to Non-OPEB Reserve	(11.4)	(7.9)	(3.6)	(4.2)	(11.4)	(2.6)	(2.5)	(3.2)	(2.7)	(2.5)
Total Additions to Pension Plan	2,650.8	1,391.1	1,597.3	(972.6)	2,583.4	1,380.5	1,710.2	(60.4)	1,587.1	742.7
Earnings Allocated from the Pension Plan	11.4	7.9	3.6	4.2	11.4	2.6	2.5	3.2	2.7	2.5
Transfer from SRBR OPEB Reserve	-	-	54.2	-	-	-	-	-	-	-
Total Additions to Non-OPEB	11.4	7.9	57.8	4.2	11.4	2.6	2.5	3.2	2.7	2.5
Total Additions to Pension Plan & Non-OPEB	2,662.2	1,399.0	1,655.1	(968.4)	2,594.8	1,383.1	1,712.7	(57.2)	1,589.8	745.2
DEDUCTIONS										
Benefit Payments	662.4	632.4	605.0	576.4	545.4	520.3	492.0	461.9	436.0	412.3
Refunds	8.6	10.1	13.3	13.7	9.7	9.2	10.7	8.7	7.9	8.5
Administration Expenses	19.7	18.4	15.9	15.3	15.1	14.8	15.2	15.3	14.6	14.6
Transfer to SRBR from Employers' Advance Reserve ¹	2.2	2.0	1.7	1.7	1.5	1.4	1.4	1.2	1.2	1.2
Total Deductions from the Pension Plan	692.9	662.9	635.9	607.1	571.7	545.7	519.3	487.1	459.7	436.6
Burial Benefit Payments	0.2	0.4	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Supplemental Cost of Living Allowance	1.3	1.2	1.1	1.0	0.9	1.1	1.2	1.1	1.2	1.3
Total Deductions from Non-OPEB	1.5	1.6	1.4	1.2	1.2	1.3	1.4	1.3	1.4	1.5
Total Deductions from the Pension Plan & Non-OPEB	694.4	664.5	637.3	608.3	572.9	547.0	520.7	488.4	461.1	438.1
Changes in Pension Plan & Non-OPEB Net Position	\$1,967.8	\$ 734.5	\$1,017.8	\$(1,576.7)	\$2,021.9	\$ 836.1	\$1,192.0	\$ (545.6)	\$ 1,128.7	\$ 307.1

¹ Effective July 1, 2011, ACERA adopted Section 31618.5 of the 1937 Act. In compliance with this law, employers allocate a portion of their contribution to the 401(h) account for estimated administrative cost of these benefits, in addition to contributions for the Postemployment Medical Benefits.

Changes in Postemployment Medical Benefits Net Position

Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Millions)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ADDITIONS										
Employer Contributions	\$ 54.0	\$ 51.9	\$ 49.3	\$ 47.5	\$ 46.8	\$ 45.5	\$ 44.9	\$ 43.8	\$ 38.3	\$ 33.8
Earnings Allocated to Postemployment Medical Benefits	105.5	76.2	71.6	86.6	242.6	56.8	55.2	72.8	64.5	58.8
Transfer from Employers' Advance Reserve to SRBR ¹	2.2	2.0	1.7	1.7	1.5	1.4	1.4	1.2	1.2	1.2
Transfer to SRBR Non-OPEB Reserve	-	-	(54.2)	-	-	-	-	-	-	-
Total Additions	161.7	130.1	68.4	135.8	290.9	103.7	101.5	117.8	104.0	93.8
DEDUCTIONS										
Administrative Expenses ¹	2.2	2.0	1.7	1.7	1.5	1.4	1.4	1.2	1.2	1.2
Postemployment Medical Benefits Payments ²	52.8	50.2	47.1	46.7	45.9	46.0	43.6	40.9	37.9	34.9
Transfer to Employers' Advance Reserve from SRBR for Employer Contributions to 401(h) Account	54.0	51.9	49.3	47.5	46.8	45.5	44.9	43.8	38.3	33.8
Transfer to Employers' Advance Reserve for Implicit Subsidy	2.4	4.0	7.8	5.6	7.5	6.4	6.9	5.8	8.8	6.0
Total Deductions	111.4	108.1	105.9	101.5	101.7	99.3	96.8	91.7	86.2	75.9
Changes in Postemployment Medical Benefits Net Position	\$ 50.3	\$ 22.0	\$ (37.5)	\$ 34.3	\$ 189.2	\$ 4.4	\$ 4.7	\$ 26.1	\$ 17.8	\$ 17.9

1 Effective July 1, 2011, ACERA adopted Section 31618.5 of the 1937 Act. In compliance with this law, employers allocate a portion of their contribution to the 401(h) account for estimated administrative cost of these benefits, in addition to contributions for the Postemployment Medical Benefits.

2 Postemployment Medical Benefits are paid from the 401(h) account.

Benefit and Refund Deductions Combined from Pension Plan, Non-OPEB, and Postemployment Medical Benefits¹ Net Position by Type

Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Type of Benefit										
Age and Service Benefits:										
Retirees	\$ 603,307	\$ 576,967	\$ 552,457	\$ 526,779	\$ 502,012	\$ 482,905	\$ 456,754	\$ 429,651	\$ 406,234	\$ 383,144
Survivors	38,693	37,790	34,685	33,271	30,587	27,232	26,448	24,699	22,962	21,226
Death in Service Benefits:										
Survivors	4,874	4,437	4,453	4,181	4,394	3,140	3,052	3,050	2,967	2,809
Disability Benefits:										
Retirees - Duty	59,802	55,162	52,362	50,371	46,297	45,597	42,219	38,996	35,691	33,964
Retirees - Non-duty	4,749	4,819	4,805	4,966	4,815	4,409	4,775	4,199	4,115	4,264
Supplemental Disability	37	9	36	55	53	78	78	53	72	220
Survivors	5,201	5,049	4,660	4,712	4,384	4,239	3,696	3,465	3,258	3,052
Total Benefits	\$716,663	\$684,233	\$653,458	\$624,335	\$592,542	\$567,600	\$537,022	\$504,113	\$475,299	\$448,679
Type of Refund										
Death	\$ 1,357	\$ 1,026	\$ 3,837	\$ 2,849	\$ 2,948	\$ 2,492	\$ 1,940	\$ 2,154	\$ 1,822	\$ 1,501
Miscellaneous	48	51	35	13	93	37	135	21	56	295
Separation	7,188	9,004	9,421	10,851	6,603	6,655	8,650	6,534	6,015	6,675
Total Refunds	\$ 8,593	\$ 10,081	\$ 13,293	\$ 13,713	\$ 9,644	\$ 9,184	\$ 10,725	\$ 8,709	\$ 7,893	\$ 8,471

¹ Postemployment Medical Benefits are paid from the 401(h) account.

Benefit and Refund Deductions from Pension Plan and Non-OPEB Net Position by Type Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Type of Benefit - Pension Plan										
Age and Service Benefits:										
Retirees	\$ 555,722	\$ 531,767	\$ 510,303	\$ 485,024	\$ 460,979	\$ 441,185	\$ 417,295	\$ 392,589	\$ 371,716	\$ 351,440
Survivors	38,171	37,042	34,057	32,645	29,909	26,492	25,707	23,974	22,191	20,406
Death in Service Benefits:										
Survivors	4,808	4,374	4,396	4,134	4,351	3,096	3,000	2,993	2,908	2,744
Disability Benefits:										
Retirees - Duty	54,339	50,005	47,409	45,541	41,602	41,363	38,169	35,250	32,296	30,667
Retirees - Non-duty	4,185	4,250	4,223	4,376	4,212	3,848	4,197	3,654	3,606	3,753
Supplemental Disability	37	9	36	55	53	78	78	52	72	220
Survivors	5,124	4,977	4,599	4,665	4,330	4,170	3,616	3,391	3,188	2,984
Total Pension Plan Benefits	662,386	632,424	605,023	576,440	545,436	520,232	492,062	461,903	435,977	412,214
Type of Benefit - Non-OPEB										
Age and Service Benefits:										
Retirees	338	304	256	230	222	280	332	342	402	465
Survivors	522	748	628	626	678	740	741	725	771	820
Death in Service Benefits:										
Survivors	66	63	57	47	43	44	52	57	59	65
Disability Benefits:										
Retirees - Duty	454	401	325	207	169	190	160	103	85	88
Retirees - Non-duty	36	34	36	27	23	24	33	30	31	32
Supplemental Disability	-	-	-	-	-	-	-	-	-	-
Survivors	77	72	61	47	54	69	80	74	70	68
Total Non-OPEB Benefits	1,493	1,622	1,363	1,184	1,189	1,347	1,398	1,331	1,418	1,538
Total Pension Plan & Non-OPEB Benefits	\$ 663,879	\$ 634,046	\$ 606,386	\$ 577,624	\$ 546,625	\$ 521,579	\$ 493,460	\$ 463,234	\$ 437,395	\$ 413,752
Type of Refund										
Death	\$ 1,357	\$ 1,026	\$ 3,837	\$ 2,849	\$ 2,948	\$ 2,492	\$ 1,940	\$ 2,154	\$ 1,822	\$ 1,501
Miscellaneous	48	51	35	13	93	37	135	21	56	295
Separation	7,188	9,004	9,421	10,851	6,603	6,655	8,650	6,534	6,015	6,675
Total Refunds	\$ 8,593	\$ 10,081	\$ 13,293	\$ 13,713	\$ 9,644	\$ 9,184	\$ 10,725	\$ 8,709	\$ 7,893	\$ 8,471

Benefit and Refund Deductions from Postemployment Medical Benefits Net Position by Type¹ Last Ten Fiscal Years

For the Years Ended December 31 (Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Type of Benefit										
Age and Service Benefits:										
Retirees	\$ 47,247	\$ 44,896	\$ 41,898	\$ 41,525	\$ 40,811	\$ 41,440	\$ 39,127	\$ 36,720	\$ 34,116	\$ 31,239
Survivors	-	-	-	-	-	-	-	-	-	-
Disability Benefits:										
Retirees - Duty	5,009	4,756	4,628	4,623	4,526	4,044	3,890	3,643	3,310	3,209
Retirees - Non-duty	528	535	546	563	580	537	545	515	478	479
Supplemental Disability	-	-	-	-	-	-	-	1	-	-
Survivors	-	-	-	-	-	-	-	-	-	-
Total Benefits	\$ 52,784	\$ 50,187	\$ 47,072	\$ 46,711	\$ 45,917	\$ 46,021	\$ 43,562	\$ 40,879	\$ 37,904	\$ 34,927

¹ Postemployment Medical Benefits are paid from the 401(h) account.

Benefit Expenses by Type (Actuary's Exhibit 8)

For the Years Ended December 31¹ (Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Retirement Payroll										
Basic	\$ 412,903	\$ 399,597	\$ 385,811	\$ 369,103	\$ 352,518	\$ 337,357	\$ 321,874	\$ 304,103	\$ 290,499	\$ 275,935
COLA	140,906	133,199	125,168	117,864	110,264	103,891	96,957	89,585	82,757	75,702
Total	553,809	532,796	510,979	486,967	462,782	441,248	418,831	393,688	373,256	351,637
Disability Retiree Payroll										
Basic	42,911	39,725	38,936	37,865	34,979	33,707	31,974	30,196	27,674	26,572
COLA	14,555	13,981	13,028	12,226	11,334	10,669	9,929	9,335	8,569	8,003
Total	57,466	53,706	51,964	50,091	46,313	44,376	41,903	39,531	36,243	34,575
Beneficiaries and Survivors Payroll										
Basic	30,555	29,892	27,400	26,117	24,986	23,116	21,904	20,697	19,179	18,643
COLA	22,107	21,330	19,084	18,023	17,017	15,357	14,491	13,710	12,627	11,844
Total	52,662	51,222	46,484	44,140	42,003	38,473	36,395	34,407	31,806	30,487
Total	\$ 663,937	\$ 637,724	\$ 609,427	\$ 581,198	\$ 551,098	\$ 524,097	\$ 497,129	\$ 467,626	\$ 441,305	\$ 416,699

¹ As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

Retired Members by Type of Benefit and Option Selected (Actuary's Exhibit 9)

Summary of Monthly Allowances Being Paid for the Month of December 31, 2025¹

	Monthly Allowance				
	Number	Basic	Cost of Living	Total	
GENERAL MEMBERS					
Service Retirement					
Unmodified	6,499	\$ 22,948,286	\$ 7,716,477	\$ 30,664,763	
Option 1	533	1,609,056	414,096	2,023,152	
Option 2	519	1,496,026	391,787	1,887,813	
Option 3	25	82,690	23,103	105,793	
Option 4	46	134,267	28,484	162,751	
Total	7,622	26,270,325	8,573,947	34,844,272	
Disability					
Unmodified	545	1,294,599	584,435	1,879,034	
Option 1	26	52,020	18,997	71,017	
Option 2	5	10,388	2,051	12,439	
Option 3	3	7,594	2,537	10,131	
Option 4	1	2,414	529	2,943	
Total	580	1,367,015	608,549	1,975,564	
Beneficiaries	1,078	1,709,992	1,250,525	2,960,517	
Total General	9,280	\$ 29,347,332	\$ 10,433,021	\$ 39,780,353	
	Monthly Allowance				
	Number	Basic	Cost of Living	Total	
SAFETY MEMBERS					
Service Retirement					
Unmodified	1,148	\$ 7,115,754	\$ 2,918,716	\$ 10,034,470	
Option 1	53	283,144	62,392	345,536	
Option 2	137	672,817	172,065	844,882	
Option 3	5	38,488	12,337	50,825	
Option 4	4	28,092	2,675	30,767	
Total	1,347	8,138,295	3,168,185	11,306,480	
Disability					
Unmodified	439	2,163,838	590,641	2,754,479	
Option 1	6	16,478	7,214	23,692	
Option 2	2	2,900	1,153	4,053	
Option 3	3	16,953	3,525	20,478	
Option 4	2	8,682	1,858	10,540	
Total	452	2,208,851	604,391	2,813,242	
Beneficiaries	326	836,294	591,734	1,428,028	
Total Safety	2,125	\$ 11,183,440	\$ 4,364,310	\$ 15,547,750	
Total General and Safety	11,405	\$ 40,530,772	\$ 14,797,331	\$ 55,328,103	

¹ As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

Retired Members by Type of Benefit – Pension Plan

As of December 31, 2025

Amount of Monthly Benefit	Number of Retired Members	Type of Benefit								Option Selected			
		Duty Disability Retirement	Non-Duty Disability Retirement	DRO Lifetime Annuity	Service Retirement	Survivorship	Continuance	Supplemental Disability	Unmodified—60% Contingent Joint & Survivor	Option 1—Single Life	Option 2—100% Contingent Joint & Survivor	Option 3—50% Contingent Joint & Survivor	Option 4—33% Contingent Joint & Survivor
\$ 1 to \$ 1,000	1,063	9	4	73	770	22	184	1	874	71	110	4	4
1,001 to 2,000	1,783	22	50	53	1,366	51	241	-	1,504	123	136	7	13
2,001 to 3,000	1,811	205	55	34	1,329	27	161	-	1,575	122	104	3	7
3,001 to 4,000	1,492	189	19	25	1,126	11	122	-	1,312	105	60	7	8
4,001 to 5,000	1,078	101	2	13	847	7	108	-	950	63	56	2	7
5,001 to 6,000	896	161	3	7	666	4	55	-	822	39	30	3	2
6,001 to 7,000	665	66	2	8	538	1	50	-	586	35	40	1	3
7,001 to 8,000	623	38	2	4	540	4	35	-	546	42	30	2	3
8,001 to 9,000	445	25	-	-	400	1	19	-	400	15	26	-	4
9,001 to 10,000	349	18	-	1	309	-	21	-	326	8	13	1	1
Over \$10,000	1,185	60	1	2	1,074	6	42	-	1,085	36	57	6	1
Total	11,390	894	138	220	8,965	134	1,038	1	9,980	659	662	36	53

Retired Members by Type of Benefit – Postemployment Medical Benefits

As of December 31, 2025

Amount of Monthly Benefit	Number of Retired Members	Type of Benefit								Option Selected			
		Duty Disability Retirement	Non-Duty Disability Retirement	DRO Lifetime Annuity	Service Retirement	Survivorship	Continuance	Supplemental Disability	Unmodified - 60% Contingent Joint & Survivor	Option 1 - Single Life	Option 2 - 100% Contingent Joint & Survivor	Option 3 - 50% Contingent Joint & Survivor	Option 4 - 33% Contingent Joint & Survivor
\$ 1 to \$ 300	3,579	450	70	-	3,059	-	-	-	3,113	187	251	17	11
301 to 600	920	33	25	-	862	-	-	-	793	68	48	3	8
601 to 900	4,265	406	28	-	3,831	-	-	-	3,779	278	172	10	26
901 to 1,200	8	3	-	-	5	-	-	-	7	-	1	-	-
Total	8,772	892	123	-	7,757	-	-	-	7,692	533	472	30	45

Retired Members by Type of Benefit – Non-OPEB

As of December 31, 2025

Amount of Monthly Benefit	Number of Retired Members	Type of Benefit								Option Selected			
		Duty Disability Retirement	Non-Duty Disability Retirement	DRO Lifetime Annuity	Service Retirement	Survivorship	Continuance	Supplemental Disability	Unmodified - 60% Contingent Joint & Survivor	Option 1 - Single Life	Option 2 - 100% Contingent Joint & Survivor	Option 3 - 50% Contingent Joint & Survivor	Option 4 - 33% Contingent Joint & Survivor
\$ 1 to \$ 300	1,048	241	40	6	549	33	179	-	973	43	29	3	-
301 to 600	58	24	3	-	7	2	22	-	56	2	-	-	-
601 to 900	5	-	-	-	2	-	3	-	5	-	-	-	-
901 to 1,200	8	1	-	-	-	1	6	-	8	-	-	-	-
1,201 to 1,500	5	3	-	-	-	-	2	-	5	-	-	-	-
1,501 to 1,800	1	-	-	-	-	1	-	-	1	-	-	-	-
Total	1,125	269	43	6	558	37	212	-	1,048	45	29	3	-

Average Pension Benefit Payments (Actuary's Exhibit 6) — Last Ten Fiscal Years

Retirement Effective Dates¹	Years of Service							Unknown
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
Period 1/1/16-12/31/16								
Average Monthly Pension Benefit	\$ 998	\$ 1,820	\$ 1,742	\$ 2,737	\$ 3,456	\$ 5,217	\$ 6,164	N/A
Average Final Average Salary	\$ 13,095	\$ 10,334	\$ 10,108	\$ 7,775	\$ 7,960	\$ 9,002	\$ 8,324	N/A
Number of Retired Members Added	22	54	89	76	82	81	75	44
Period 1/1/17-12/31/17								
Average Monthly Pension Benefit	\$ 597	\$ 1,749	\$ 2,051	\$ 2,527	\$ 3,896	\$ 4,624	\$ 7,324	N/A
Average Final Average Salary	\$ 8,571	\$ 7,388	\$ 7,629	\$ 7,037	\$ 7,679	\$ 7,751	\$ 9,185	N/A
Number of Retired Members Added	30	50	87	76	83	82	69	35
Period 1/1/18-12/31/18								
Average Monthly Pension Benefit	\$ 983	\$ 1,565	\$ 1,988	\$ 2,985	\$ 4,179	\$ 4,590	\$ 6,873	N/A
Average Final Average Salary	\$ 8,091	\$ 7,099	\$ 7,238	\$ 7,636	\$ 8,163	\$ 7,878	\$ 9,204	N/A
Number of Retired Members Added	20	64	101	97	87	92	87	35
Period 1/1/19-12/31/19								
Average Monthly Pension Benefit	\$ 846	\$ 1,459	\$ 2,315	\$ 3,140	\$ 4,329	\$ 5,528	\$ 7,080	N/A
Average Final Average Salary	\$ 10,462	\$ 8,150	\$ 7,943	\$ 8,143	\$ 8,278	\$ 9,036	\$ 9,143	N/A
Number of Retired Members Added	43	61	89	88	95	93	98	23
Period 1/1/20-12/31/20								
Average Monthly Pension Benefit	\$ 1,170	\$ 1,782	\$ 2,439	\$ 3,396	\$ 4,639	\$ 5,139	\$ 7,717	N/A
Average Final Average Salary	\$ 9,793	\$ 8,479	\$ 9,045	\$ 8,413	\$ 9,378	\$ 8,605	\$ 9,925	N/A
Number of Retired Members Added	21	60	80	73	102	65	107	32
Period 1/1/21-12/31/21								
Average Monthly Pension Benefit	\$ 886	\$ 1,508	\$ 2,723	\$ 3,095	\$ 4,750	\$ 6,506	\$ 7,300	N/A
Average Final Average Salary	\$ 9,948	\$ 8,952	\$ 9,165	\$ 7,774	\$ 9,576	\$ 10,321	\$ 9,661	N/A
Number of Retired Members Added	35	65	77	78	113	63	101	48
Period 1/1/22-12/31/22								
Average Monthly Pension Benefit	\$ 680	\$ 1,682	\$ 2,638	\$ 3,611	\$ 4,875	\$ 6,245	\$ 6,991	N/A
Average Final Average Salary	\$ 9,359	\$ 8,726	\$ 9,219	\$ 9,495	\$ 9,532	\$ 9,989	\$ 9,260	N/A
Number of Retired Members Added	22	62	99	63	140	76	96	30
Period 1/1/23-12/31/23								
Average Monthly Pension Benefit	\$ 928	\$ 1,668	\$ 2,304	\$ 3,642	\$ 4,333	\$ 6,733	\$ 7,688	N/A
Average Final Average Salary	\$ 9,582	\$ 8,859	\$ 9,000	\$ 9,330	\$ 8,772	\$ 10,406	\$ 9,313	N/A
Number of Retired Members Added	25	61	69	68	122	63	106	38
Period 1/1/24-12/31/24								
Average Monthly Pension Benefit	\$ 804	\$ 1,705	\$ 2,908	\$ 3,706	\$ 5,360	\$ 7,908	\$ 7,302	N/A
Average Final Average Salary	\$ 11,829	\$ 8,866	\$ 9,274	\$ 9,529	\$ 10,391	\$ 12,241	\$ 9,547	N/A
Number of Retired Members Added	30	54	73	64	131	69	86	34
Period 1/1/25-12/31/25								
Average Monthly Pension Benefit	\$ 1,516	\$ 1,956	\$ 2,963	\$ 4,330	\$ 4,926	\$ 6,843	\$ 8,220	N/A
Average Final Average Salary	\$ 10,447	\$ 10,113	\$ 10,376	\$ 10,008	\$ 9,623	\$ 10,827	\$ 10,412	N/A
Number of Retired Members Added	35	71	64	77	103	82	79	18

¹ As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

Average Monthly Other Postemployment Benefits (OPEB)
(Actuary's SRBR Exhibit 4)
Last Ten Fiscal Years
Includes Monthly Medical Allowance, Dental, Vision, and Medicare Part B

Retirement Effective Dates ¹	Years of Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over
Period 1/1/16-12/31/16							
Average OPEB	\$ 0	\$ 0	\$ 205	\$ 337	\$ 504	\$ 502	\$ 567
Number of Retired Members Added	21	48	76	69	63	74	75
Period 1/1/17-12/31/17							
Average OPEB	\$ 0	\$ 0	\$ 227	\$ 398	\$ 509	\$ 528	\$ 522
Number of Retired Members Added	26	40	76	72	75	78	76
Period 1/1/18-12/31/18							
Average OPEB	\$ 0	\$ 0	\$ 207	\$ 389	\$ 483	\$ 527	\$ 565
Number of Retired Members Added	16	52	87	85	75	83	99
Period 1/1/19-12/31/19							
Average OPEB	\$ 0	\$ 0	\$ 195	\$ 373	\$ 498	\$ 544	\$ 541
Number of Retired Members Added	37	55	71	81	84	86	102
Period 1/1/20-12/31/20							
Average OPEB	\$ 0	\$ 0	\$ 199	\$ 380	\$ 545	\$ 574	\$ 542
Number of Retired Members Added	18	52	67	62	88	59	113
Period 1/1/21-12/31/21							
Average OPEB	\$ 0	\$ 6	\$ 203	\$ 341	\$ 469	\$ 547	\$ 584
Number of Retired Members Added	30	55	65	63	97	53	103
Period 1/1/22-12/31/22							
Average OPEB	\$ 0	\$ 0	\$ 213	\$ 369	\$ 523	\$ 503	\$ 593
Number of Retired Members Added	19	52	83	55	129	61	101
Period 1/1/23-12/31/23							
Average OPEB	\$ 0	\$ 0	\$ 272	\$ 362	\$ 480	\$ 521	\$ 539
Number of Retired Members Added	21	56	59	59	117	54	95
Period 1/1/24-12/31/24							
Average OPEB	\$ 0	\$ 2	\$ 299	\$ 349	\$ 517	\$ 516	\$ 559
Number of Retired Members Added	25	48	61	55	104	55	74
Period 1/1/25-12/31/25							
Average OPEB	\$ 0	\$ 0	\$ 236	\$ 342	\$ 514	\$ 535	\$ 560
Number of Retired Members Added	31	62	56	64	85	68	75

¹ As permitted by the Actuarial Standard of Practice Statement No. 6 (Measuring Retiree Group Benefit Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

Note: The "Average Final Average Salary" is not provided since these benefits are not dependent on salary.

Participating Employers and Active Members (Actuary's Exhibit 7) - Last Ten Years

As of November 30¹

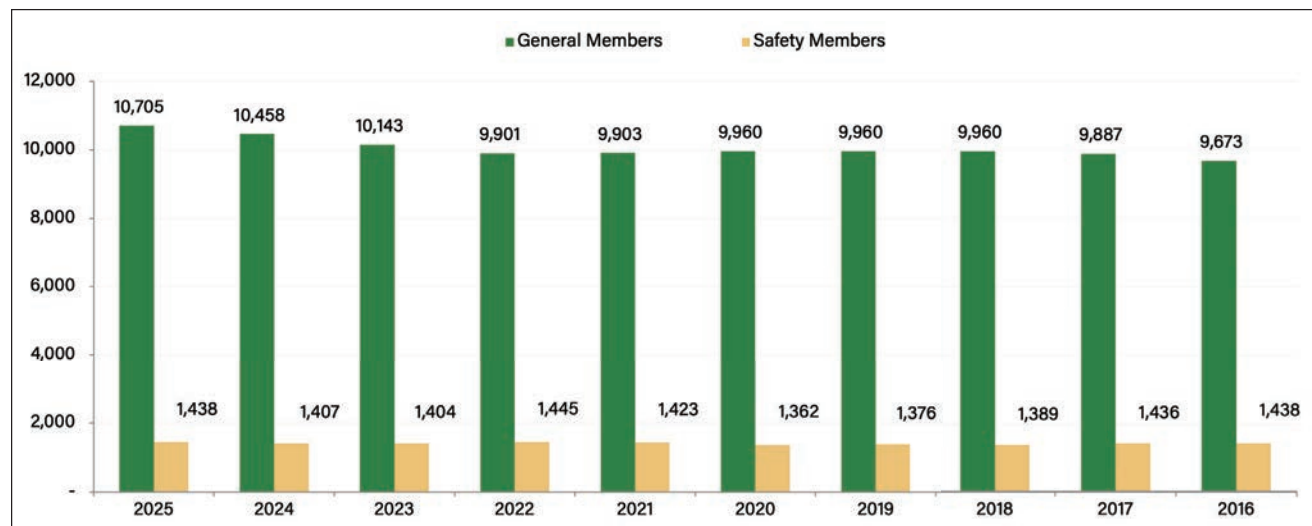
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County of Alameda										
General Members	7,051	6,870	6,609	6,554	6,655	6,680	6,707	6,708	6,681	6,606
Safety Members	1,438	1,407	1,404	1,445	1,423	1,362	1,376	1,389	1,436	1,438
Total	8,489	8,277	8,013	7,999	8,078	8,042	8,083	8,097	8,117	8,044
Other Participating Employers (General Members)										
Alameda Health System ²	2,814	2,751	2,690	2,571	2,486	2,451	2,409	2,430	2,431	2,246
Alameda County Office of Education ³	-	-	-	-	-	-	-	-	-	1
First 5 Alameda County	123	110	96	67	69	70	67	62	60	55
Housing Authority of the County of Alameda	69	66	67	61	60	60	59	61	57	59
Livermore Area Recreation & Park District	32	33	36	38	41	43	51	58	56	62
The Superior Court of California for the County of Alameda	616	628	645	610	592	656	667	641	602	644
Total	3,654	3,588	3,534	3,347	3,248	3,280	3,253	3,252	3,206	3,067
Total Active Membership										
General Members	10,705	10,458	10,143	9,901	9,903	9,960	9,960	9,960	9,887	9,673
Safety Members	1,438	1,407	1,404	1,445	1,423	1,362	1,376	1,389	1,436	1,438
Total	12,143	11,865	11,547	11,346	11,326	11,322	11,336	11,349	11,323	11,111

¹ As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

² Formerly named Alameda County Medical Center.

³ Starting with the December 31, 2017 valuation, there were no active members from the Alameda County Office of Education; however, there were still retired members from that participating agency as of that date.

Total Active Membership



Principal Participating Employers for Pension Plan, Postemployment Medical Benefits and Non-OPEB Benefits - Current Year and Nine Years Ago

As of December 31

Participating Employers	2025			2016		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
County of Alameda	8,499	1	69.8%	8,035	1	72.3%
Alameda Health System	2,819	2	23.2	2,256	2	20.3
The Superior Court of California for the County of Alameda	620	3	5.1	640	3	5.8
First 5 Alameda County	123	4	1.0	55	6	0.5
Housing Authority of the County of Alameda	70	5	0.6	59	5	0.5
Livermore Area Recreation & Park District	32	6	0.3	63	4	0.6
Total	12,163		100%	11,108		100%

Employee Contribution Rates (Percent of Payroll) Last Ten Years

Fiscal Year Beginning July 1 - Effective month of September

County and Other Participating Employers										
General Member					Safety Member					
Year	Tier 1	Tier 2	Tier 3 ¹	Tier 4	Tier 1	Tier 2	Tier 2C	Tier 2D ²	Tier 4	Aggregate
2016/2017	9.23	7.36	13.15	8.06	10.71	15.04	12.67	16.48	14.65	8.77
2017/2018	9.19	7.36	13.15	8.10	12.22	15.04	12.53	16.32	14.20	8.80
2018/2019	9.59	7.81	13.56	8.76	11.57	15.84	13.52	16.42	15.75	9.37
2019/2020	9.54	7.75	13.99	8.80	8.55	15.85	13.38	16.15	15.58	9.34
2020/2021	9.43	7.70	14.41	8.85	9.96	15.81	13.48	16.09	15.42	9.34
2021/2022	9.86	8.22	15.00	9.21	3.00	16.95	14.65	17.17	16.93	9.94
2022/2023	9.79	8.17	15.07	9.23	3.00	16.91	14.60	17.04	17.01	10.00
2023/2024	10.17	8.14	15.50	9.30	3.00	16.88	14.44	16.82	17.28	10.08
2024/2025	10.01	7.81	14.42	9.06	-	16.49	13.86	16.71	17.88	9.87
2025/2026	9.90	7.77	14.00	9.00	-	16.49	13.66	16.74	17.86	9.84

¹ Tier 3 rate only applies to LARPD effective from October 1, 2008.

² Rate includes the 5% cost-sharing contribution (with less than 5 years of vesting service) and 3% (with 5 or more years of vesting service).

Employer Contribution Rates (Percent of Payroll) (Actuary's Exhibit 10), Last Ten Years

Fiscal Year Beginning July 1 - Effective month of September

County									
General Member				Safety Member					
Year	Tier 1	Tier 2	Tier 4 ¹	Tier 1 ²	Tier 2	Tier 2C ³	Tier 2D ³	Tier 4 ¹	Aggregate ⁴
2016/2017	20.22	19.39	18.54	70.87	52.73	54.05	50.10	50.89	26.96
2017/2018	20.10	19.37	18.63	68.31	53.25	54.64	51.11	50.90	27.09
2018/2019	22.30	21.57	20.90	76.41	61.19	62.54	59.64	57.92	30.57
2019/2020	22.31	21.40	20.83	80.60	62.34	63.63	61.60	59.20	30.46
2020/2021	22.90	21.92	21.43	83.07	63.66	64.94	63.31	60.49	30.98
2021/2022 ⁵	25.54	24.05	23.79	88.95	69.15	73.87	69.83	66.52	33.86
2022/2023	24.75	23.20	23.01	43.64	23.84	29.18	24.60	21.44	23.15
2023/2024	24.77	23.19	23.10	42.29	25.53	30.50	26.37	23.55	23.57
2024/2025	24.35	22.69	22.44	-	27.52	31.81	28.50	25.26	23.51
2025/2026 ⁶	24.31	22.57	22.31	-	29.30	33.11	30.75	27.14	23.78

AHS, Superior Court and First 5				Other Participating Employers ⁷	Housing Authority	Housing Authority / Alameda County Office of Education ⁷	LARPD		
General Member				General Member			General Member		
Year	Tier 1	Tier 2	Tier 4 ¹	Tier 1	Tier 2	Tier 4 ¹	Tier 1 ⁸	Tier 3	Tier 4 ¹
2016/2017	20.84	20.01	19.16	26.22	25.39	24.54	-	26.17	19.29
2017/2018	20.81	20.08	19.34	26.21	25.48	24.74	-	26.39	19.76
2018/2019	23.06	22.33	21.66	28.32	27.59	26.92	-	29.77	23.12
2019/2020	23.13	22.22	21.65	28.34	27.43	26.86	33.62	38.41	32.14
2020/2021	23.77	22.79	22.30	28.97	27.99	27.50	38.07	43.82	36.60
2021/2022 ⁹	26.48	24.99	24.73	31.72	30.23	29.97	42.96	48.02	41.21
2022/2023	25.72	24.17	23.98	30.93	29.38	29.19	10.97	16.41	9.23
2023/2024	25.80	24.22	24.13	30.95	29.37	29.28	10.97	17.15	9.30
2024/2025	25.43	23.77	23.52	30.49	28.83	28.58	10.97	16.49	9.06
2025/2026	25.34	23.60	23.34	30.13	28.39	28.13	12.04	18.01	10.04

1 Resulting from CalPEPRA legislation. Tier 4 became effective January 1, 2013.

2 There were no Safety Tier 1 active members reported for the December 31, 2023 or later valuations.

3 New Sheriff's Department employees (excluding Probation Officers) hired on or after October 17, 2010.

4 The aggregate rate is based on payroll as of the prior December 31 date.

5 Employer rates for County Safety groups were adjusted effective FY 2021/2022 to reflect the voluntary UAAL contributions made by the County in June 2021. The adjusted employer rates are as follows:

Tier 1	Tier 2	Tier 2C	Tier 2D	Tier 4
46.10%	26.30%	31.02%	26.98%	23.67%

6 Employer rates for County General groups were adjusted effective FY 2025/2026 to reflect the voluntary UAAL contributions made by the County in June 2025. The adjusted employer rates are as follows:

Tier 1	Tier 2	Tier 4
18.01%	16.27%	16.01%

7 Includes Housing Authority and Alameda County Office of Education (ACOE). Rate applied to ACOE before the December 31, 2018 valuation. Effective with the December 31, 2018 valuation, ACOE's contribution is expressed as a level dollar amount based on the declining employer payroll policy. General Tier 4 rate also applied to LAFCO effective January 1, 2026 when they became an independent participating employer of ACERA.

8 Tier 1 rate combined with Other Participating Employers before the December 31, 2018 valuation.

9 Employer rates for LARPD General groups were adjusted effective FY 2021/2022 to reflect the voluntary UAAL contributions made by LARPD in June 2021. The adjusted employer rates are as follows:

Tier 1	Tier 3	Tier 4
14.88%	19.94%	13.13%

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Compliance



**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Board of Retirement
Alameda County Employees' Retirement Association
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Alameda County Employees' Retirement Association (ACERA), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise ACERA's basic financial statements, and have issued our report thereon dated June 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACERA's internal control. Accordingly, we do not express an opinion on the effectiveness of ACERA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

WILLIAMS, ADLEY & COMPANY-CA, LLP

Certified Public Accountants / Management Consultants

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<https://wadlp.com>



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACERA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communications is not suitable for any other purpose.

Williams, Adley & Company CA, LLP

Oakland, California

June 26, 2026